

March 28, 2020

The Honorable Dennis Davin
Secretary of the Pennsylvania Department of Community and Economic Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

Dear Mr. Secretary:

We are writing to you today to express serious concern about requirements within the COVID-19 Working Capital Access (CWCA) Program that are prohibitive to the innovative-intensive businesses in the Commonwealth. Our three organizations collectively represent nearly 2,000 companies, many of whom have contacted us asking for our assistance in seeking a resolution. Specifically:

Section I of the Program Guidelines: Guarantees

“1. The loan shall be guaranteed by any individual or entity with a 20% or greater ownership interest in the eligible business enterprise.”

The innovation community depends heavily on outside investment to fuel research and development. For example, it costs more than \$2 billion dollars to bring a medicine from concept to patient. This individual guaranteeing provision is next to impossible for any company that has shared equity in a company with any outside investor such as angel, corporate, private equity or venture investor as none of those entities are willing to supply any kind of documentation or lien against their assets. Additionally, under normal circumstances, if there is not a 20% ownership in a company, this provision is often waived by the Pennsylvania Industrial Development Authority (PIDA). We are asking that this requirement also be waived in the case of innovation companies to make the CWCA program more beneficial to a wider group of Pennsylvania companies.

Section J of the Program Guidelines: Debt Service Requirement

“1. The overall debt service coverage ratio should be at least 1:1 or better.”

Companies engaged in research and development are often not profitable as they work to prove their concept, or in the case of life sciences businesses pursue several years of phases of clinical trials for safety and efficacy. This particular provision eliminates any companies that are pre-revenue, many that employ much-needed Ph.D. level talent in Pennsylvania with job-

multiplier effects of over seven. We are asking that this requirement also be waived within the CWCA Program for early-stage and R&D intensive companies.

We realize we are in uncharted territory in a truly unique time in our Commonwealth's history. Many of our companies experienced similar issues with the SBA Disaster Declaration Loans and federal officials have addressed these concerns in the third federal stimulus package signed into law by the President. We and CEOs from our member companies would be happy to discuss these issues with you.

Thank you for your consideration and for your support.

Sincerely,



Christopher P. Molineaux
President & CEO
Life Sciences Pennsylvania



Audrey Russo
President & CEO
Pittsburgh Technology Council



Dean Miller
President & CEO
Philadelphia Alliance
for Capital & Technologies

cc: Life Sciences Caucus Co-Chairs:

Senator Andy Dinniman
Senator Bob Mensch
Representative Tim Briggs
Representative Valerie Gaydos
Representative Mark Longietti
Representative David Zimmerman