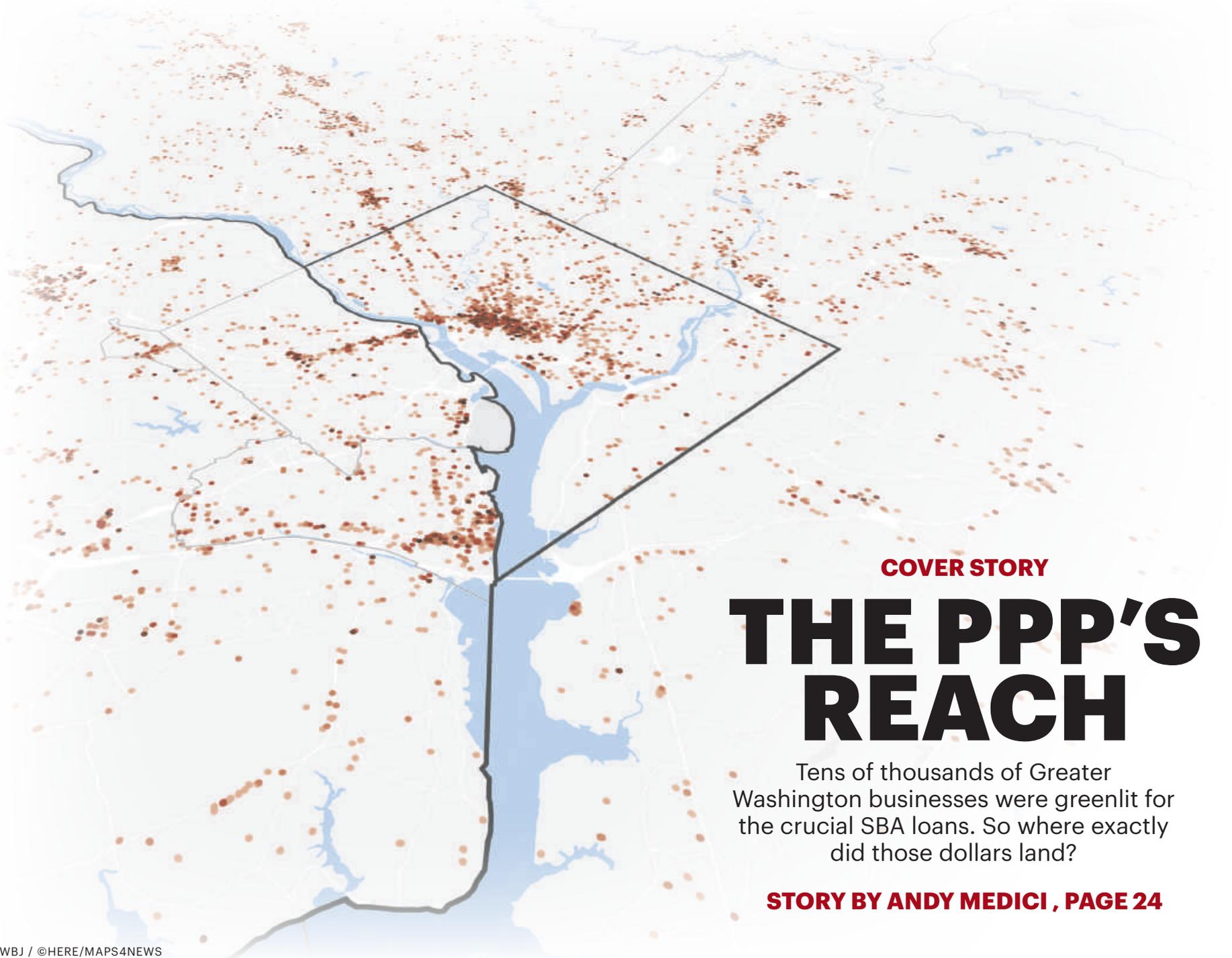


WASHINGTON BUSINESS JOURNAL

New caretaker

Kaiser Permanente gets new mid-Atlantic chief

SARA GILGORE, 10



COVER STORY

THE PPP'S REACH

Tens of thousands of Greater Washington businesses were greenlit for the crucial SBA loans. So where exactly did those dollars land?

STORY BY ANDY MEDICI, PAGE 24

WBJ / ©HERE/MAPS4NEWS

SPORTS & HOSPITALITY

Your room is ready

A new Capitol Hill-area hotel nears its debut even as the hospitality industry takes a beating through the pandemic. **KATISHI MAAKE, 6**

FEDBIZ

Defense mechanism

A clause of the CARES Act means federal agencies are footing the bill for contractors to keep their workforces in a ready state. But ultimately, contractors may pay the price. **CARTEN CORDELL, 8**



EXECUTIVE PROFILE

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COVER STORY

A LOAN IN A CROWD

More than 78,000 PPP loans were approved in the region, per the SBA. So where did the money land?

BY ANDY MEDICI | amedici@bizjournals.com | @WBJAndy

The seemingly inexorable spread of Covid-19 – and social distancing measures enacted to limit its damage – have been nothing less than apocalyptic for many Greater Washington businesses.

In the pandemic's first two months, 10% of the region's jobs essentially vanished. March and April alone have been five times worse than the 1996 federal shutdown, four times larger than the economic fallout of the Sept. 11 terrorist attacks and double the effects of the Great Recession, finds the Stephen S. Fuller Institute at George Mason University's Schar School of Government.

To avoid mass layoffs, Congress enacted what ultimately became the now infamous lifeline known as the Small Business Administration's \$659 billion Paycheck Protection Program. Small businesses could apply for a forgivable loan designed to cover salaries and some administrative expenses to stay afloat. The program evolved over time with the business community's needs, adding in requirements and tweaking the spending required for payroll, or how fast the money must be spent. Frustrations abounded over the PPP's ambiguities – but it didn't stop businesses from partaking.

Of the nearly 4.9 million small businesses approved for a total of \$521.4 billion in PPP loans through June 30 nationally, about 78,734 were for Greater Washington businesses. That's according to a Washington Business Journal review of the data, which held its own challenges: It contained numerous misspellings, errors and inconsistencies in the number of jobs retained, which didn't appear to be a mandatory data point for applicants. This data also indicates approved loans, not necessarily the amount of money a business ultimately received.

Per the data, the SBA approved 64,687 loans under \$150,000 and 14,047 loans above \$150,000 regionwide, though another caveat: The agency excluded dollar amounts for bigger loans, opting instead to provide broader loan ranges, and also eschewed applicant names for smaller ones.

While some details are missing, the data still offers the first real glimpse into who may have gotten PPP loans – and which lenders made them happen.

COVERAGE CONTINUED ON PAGE 26

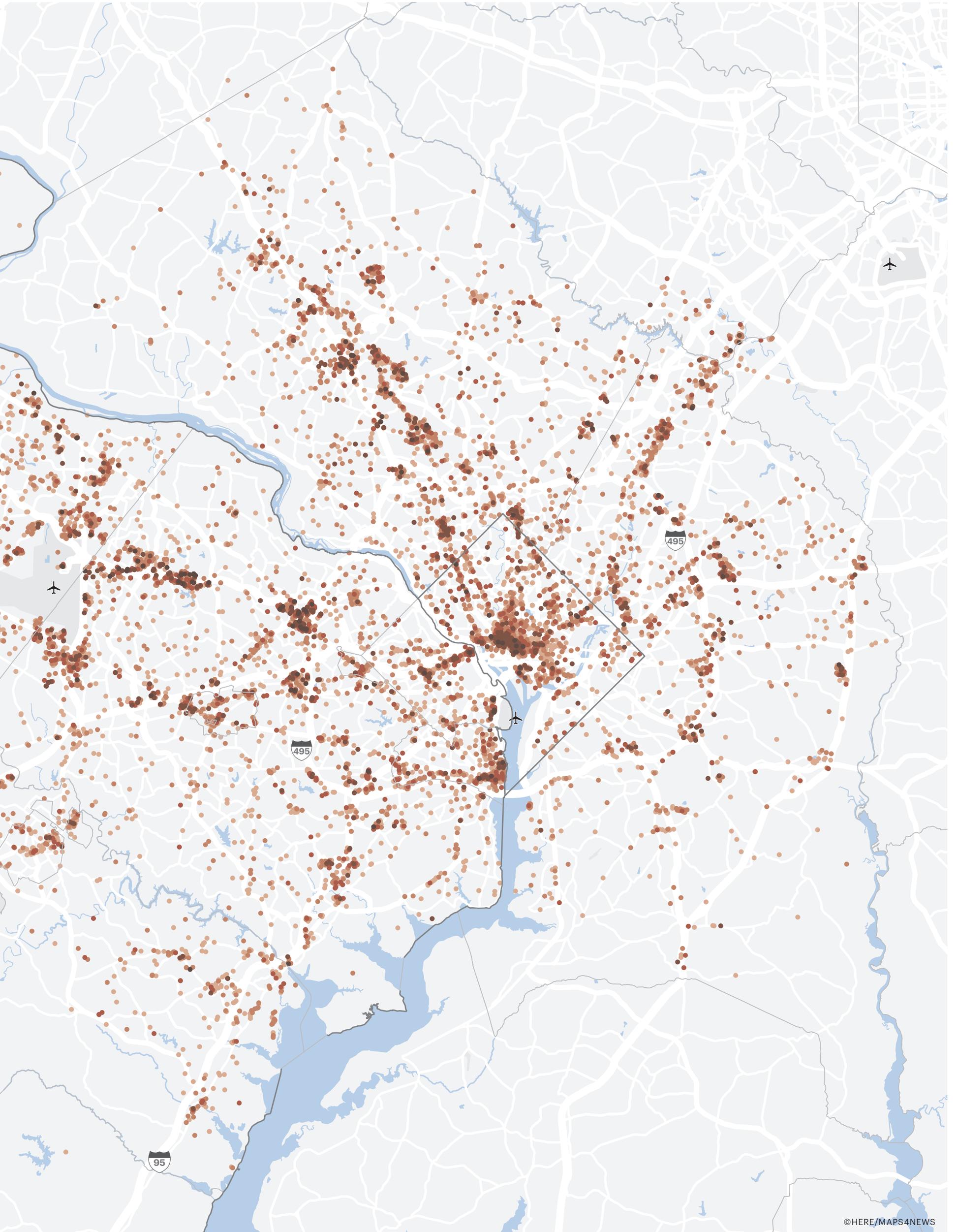
All data provided by the Small Business Administration.

ABOUT THIS MAP

ALL LOANS OVER \$150K

This map lays out the geographic distribution of the Small Business Administration's largest Paycheck Protection Program loans approved since early April, ranging from \$150,000 up to the highest amount, \$10 million. As part of its data release, the SBA only disclosed loan approvals within the loan size ranges shown below, without specifying a dollar amount for each named applicant. In all, 14,047 local businesses were approved for a loan above \$150,000, from Woodbridge to Washington to Wheaton. Though, as the map here shows, many of those dollars were concentrated in downtown D.C. and its immediate suburbs.



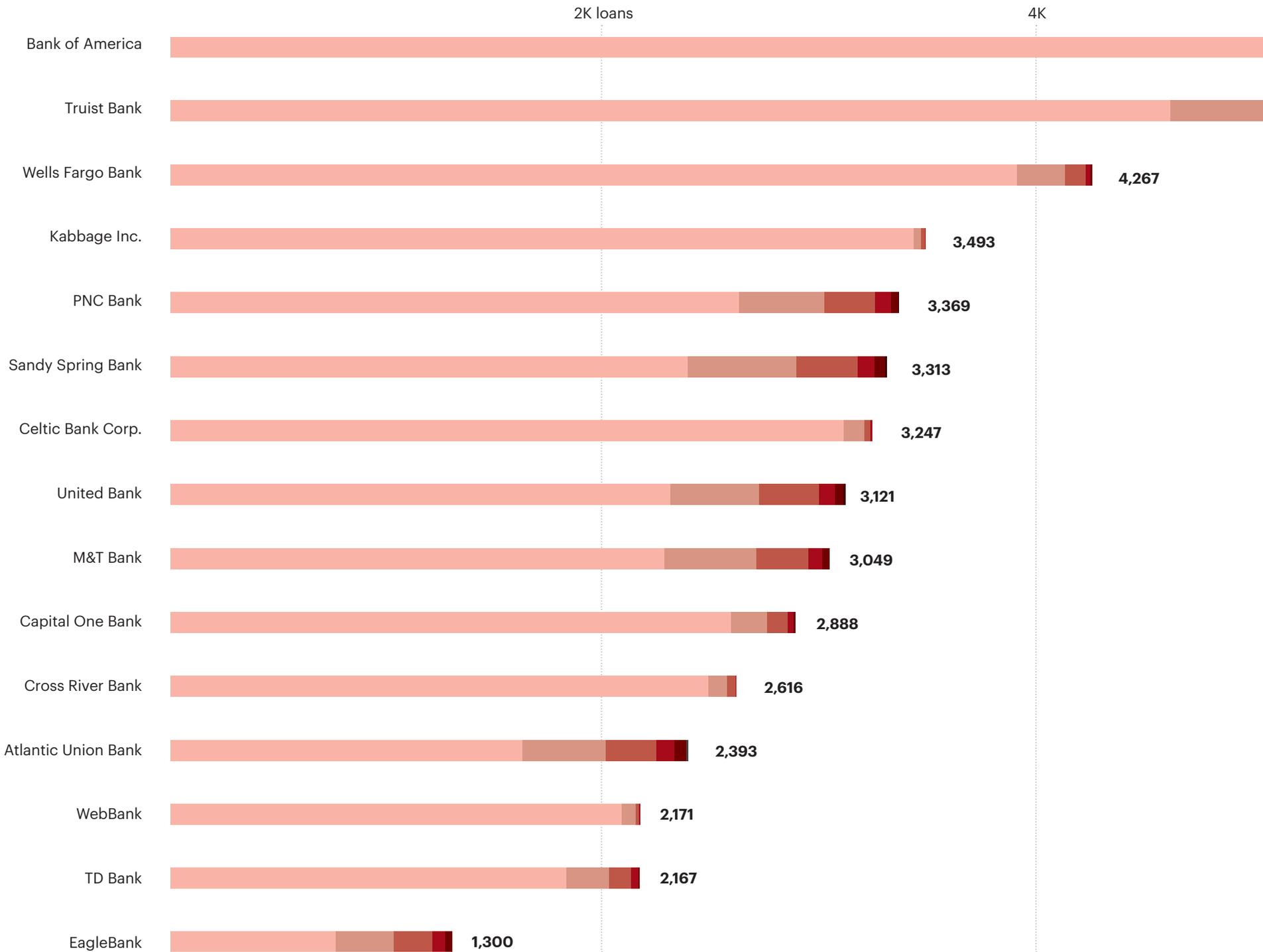


COVER STORY

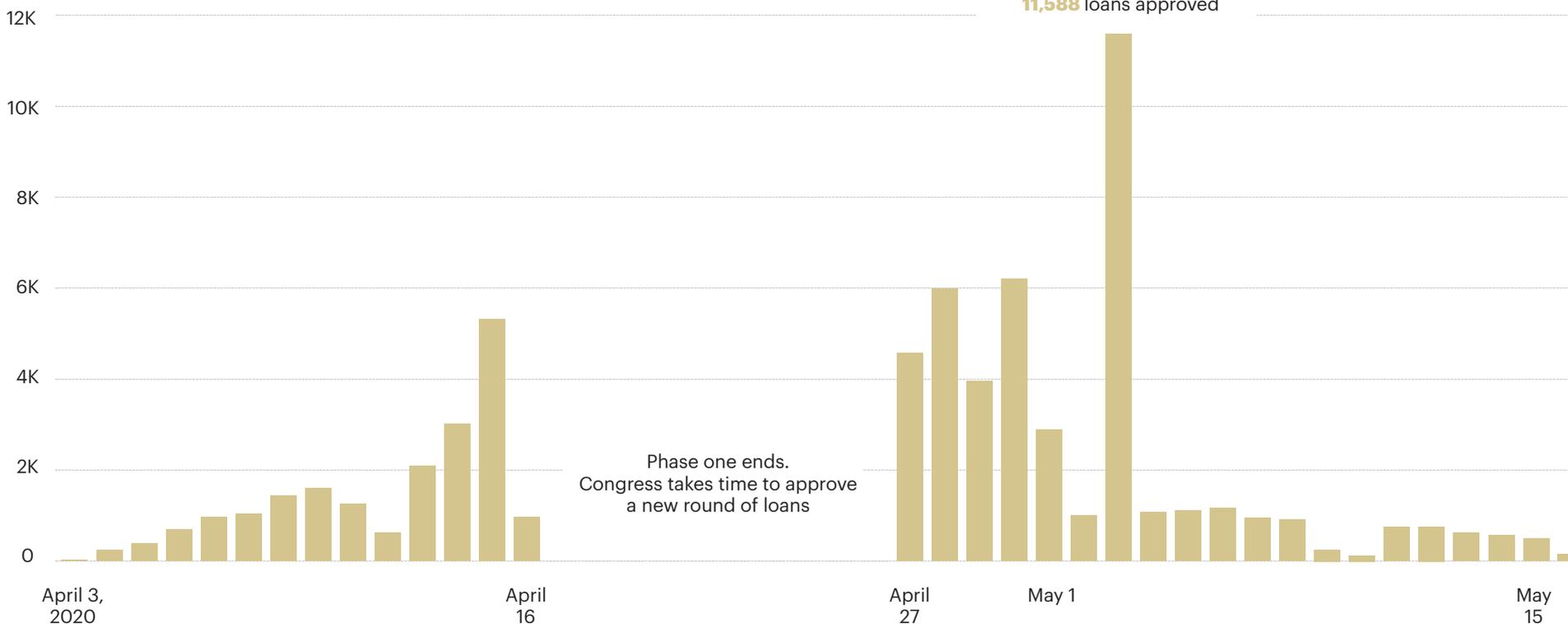
LENDERS WHO APPROVED THE MOST LOANS LOCALLY

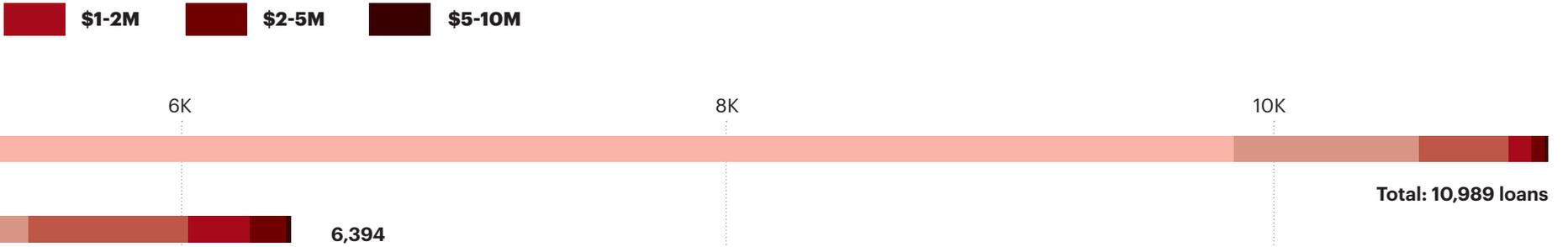
A few of the region's top 15 PPP lenders don't even have a significant presence here, including Celtic Bank Corp., Cross River Bank and WebBank. Kabbage is new to the SBA lender network, while some smaller community banks outperformed national giants.

Under \$150K \$150K-350K \$350K-1M



Number of loans approved





A LOOK AT THE LENDERS

SMALLER BANKS RISE TO CHALLENGE

Sandy Spring Bank’s acquisition of Revere Bank closed April 1. Two days later, the Small Business Administration unleashed its \$659 billion Paycheck Protection Program — an exceedingly complicated curveball for even the most established banks in the middle of a pandemic.

For Sandy Spring, that curveball pushed the newly combined banks to work together to process, and win approval for, about 5,204 PPP loans for its client businesses, according to CEO Dan Schrider. About 3,313 of those loans were in Greater Washington, and they all came even as the banks were wading through the usual motions of post-M&A integration — all from home.

“The PPP program probably forced us to move more quickly and adapt to change, much like we all have, with remote work, and using technology for things like electronic signatures and things that take longer to implement under normal circumstances,” Schrider said. “We realized that we were pretty good and pretty agile, and we delivered.”

Most lenders in the D.C. area processed hundreds — and about a dozen banks completed thousands — of PPP loan applications in the past three-plus months. Now, a loan-by-loan data dump by the SBA detailing the number of loans for each lender offers a fuller picture of the program’s demand and activity within the Greater Washington business community.

Of its brethren, Bank of America secured the most local loan approvals



“The PPP program probably forced us to move more quickly and adapt to change, much like we all have, with remote work, and using technology for things like electronic signatures and things that take longer to implement under normal circumstances.”

DAN SCHRIDER,
CEO, Sandy Spring Bank

by far, with 10,989, according to the SBA data. Truist Bank, the super-regional bank formed last year from the merger of BB&T Bank and SunTrust Bank, saw the second-highest number of loans in Greater Washington, with 6,394. Wells Fargo Bank and online lender Kabbage Inc., new to the SBA network, followed in third and fourth places for locally approved loans, according to the data.

Olney-based Sandy Spring Bank topped other community banks in its number of local PPP loans, beating out the region’s largest community bank by market share, United Bank, as well as McLean-based banking giant Capital One Financial Corp. despite being 1/44th of the latter’s size.

Capital One, which counts about \$400 billion in assets, got a delayed start to the loan program as it worked to bring its PPP application portal online. That resulted in only a handful of loans approved in the PPP’s early days — and just 15,062 loans ultimately approved in

all, nationwide (read more, Page 12).

For some banks, it was a chance to not only serve their existing customer base, but also land new ones frustrated by an inability to snag one of the coveted loans through a different lender. At FVCBank, about 170, or more than one-fifth, of its 750 total approved PPP loans were for new customers. About 634 were local.

“We got calls from other companies in the community who were unsure their lenders would be able to accommodate them,” said FVCBank President Patricia Ferrick. “We think we are going to have a lot of new relationships as a result.”

United Bank, now based in Vienna but founded and long headquartered in West Virginia, saw approvals for 11,349 PPP loans nationwide, about 27% of which, or 3,121, were for Greater Washington beneficiaries. Richard Adams Jr., president of United Bank, said 80% of the bank’s approved PPP loans were for amounts of less than \$150,000 and were spread across industries.

“Despite the confusion and uncertainty that surrounded the program, we decided to participate early on and were up and running the first day of the program,” Adams said. “We opened the program to customers and noncustomers alike. We just felt it was the right thing to do for the businesses in the region, for the economy, and for the country.”

In comparison, Bethesda-based EagleBank, which has often run neck-in-neck with United Bank in metro-area deposits, saw approvals for a total 1,300

loans locally and about 1,441 nationally. That count placed the community bank, with \$7 billion in total deposits and \$8.7 billion in total assets as of June 2019, behind its peers, and on the heels of its smaller Bethesda neighbor, Congressional Bank. That bank, with \$922.6 million in deposits and \$1.08 billion in assets, saw 1,627 PPP loans approved nationwide and 927 locally.

Tony Marquez, EagleBank’s president of commercial banking, said he couldn’t comment on specific numbers of loans but said the bank was “incredibly happy” with its ability to put resources behind approving PPP loans and helping its clients. He said the bank focused on its own client base during the program and is no longer accepting new PPP loan applications.

As for how EagleBank performed relative to other banks, Marquez said the bank was not “focusing relative to other banks. We are focusing relative to our customer base.”

Of EagleBank’s PPP loans, 43% were for more than \$150,000 apiece, compared with about 29% for Congressional Bank, 18% for United Bank and 29% for Sandy Spring Bank. That puts EagleBank above all local lenders for its percentage of loans topping \$150,000.

Marquez said the bank did not solicit for PPP loans outside of its existing customers. As for the size breakdown, he said, “I think it’s reflective of our client base, and I wouldn’t really read too much into that.”

– Andy Medici

NUMBER OF LOANS APPROVED PER DAY

The pace of the Paycheck Protection Program has been a big part of its story. Soon after Congress passed the CARES Act that created the forgivable loans, the SBA opened its application portal — and chaos ensued. Desperate businesses in need of aid or uncertain about the future rushed to its electronic gates, crashing the agency’s site and causing backlogs. Ultimately, that \$310 billion round of PPP funding was expended in fewer than 10 business days. But the next round, at \$349 billion, encountered significantly less demand, as shown here, with \$100 billion still unspent today.



COVER STORY

A LOOK AT THE GEOGRAPHY

WHERE WAS THE MOST NEED?

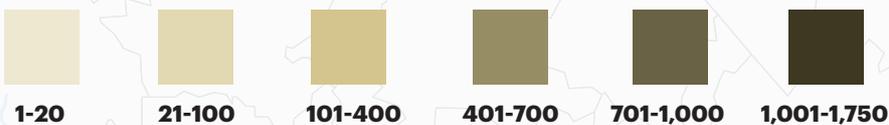
At its core, the coronavirus pandemic has been a time of dire need for every member of Greater Washington’s business community — no one has been spared, from chief executive to entry-level worker, from Fortune 100 behemoth to mini mom’n’pop shop. But one of the criticisms of the Paycheck Protection Program has been that not enough of the loans were directed toward the underserved or lower-income communities in perhaps the greatest need. Below are the region’s top 10 wealthiest ZIP codes, also mapped to indicate how many loans landed within their borders

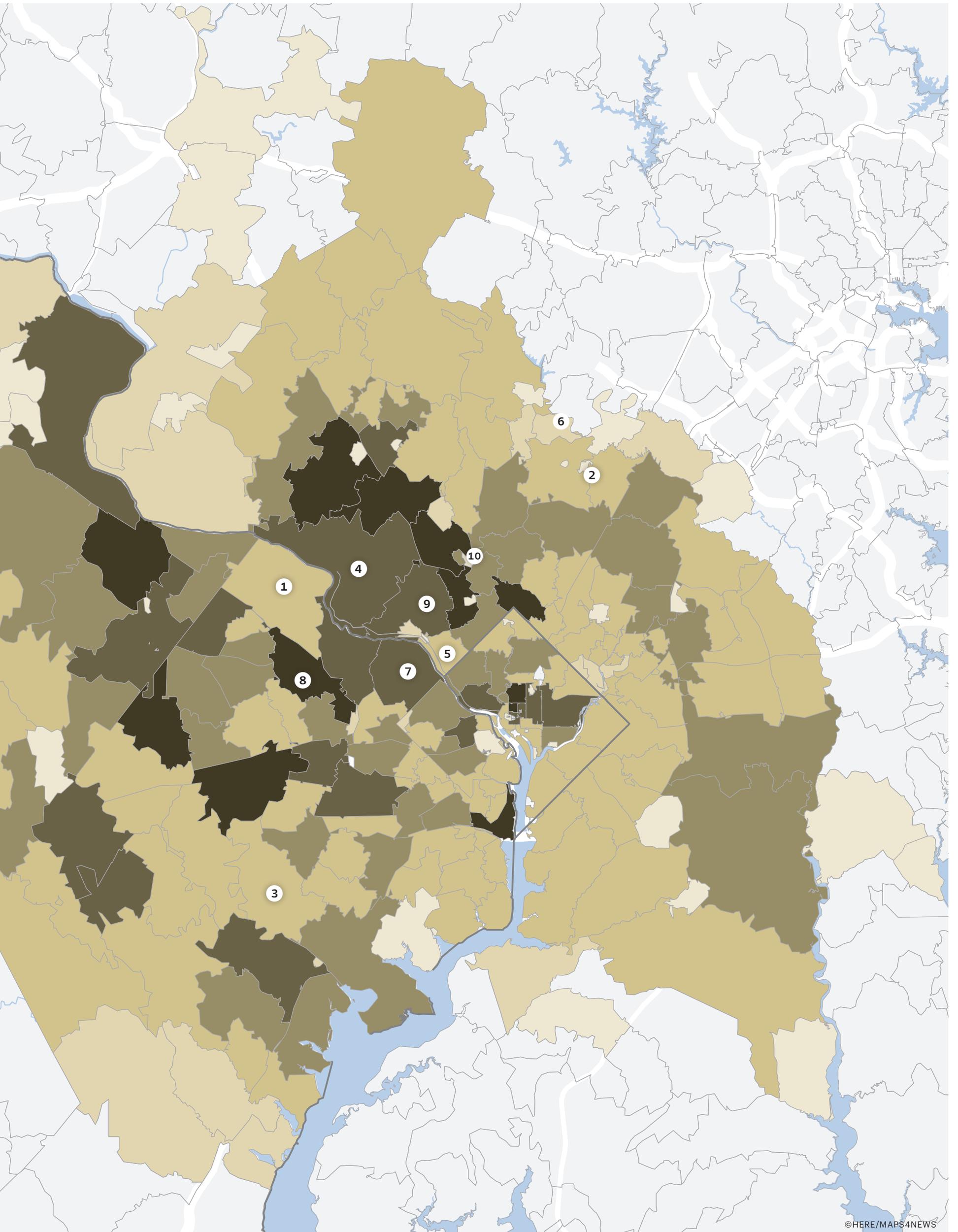
RANK	ZIP CODE	CITY, STATE	MEDIAN INCOME
1	22066	Great Falls, VA	\$223,434
2	20868	Spencerville, MD	\$212,422
3	22039	Fairfax Station, VA	\$210,000
4	20854	Potomac, MD	\$206,040
5	20816	Bethesda, MD	\$204,432
6	20861	Ashton, MD	\$204,167
7	22101	McLean, VA	\$195,631
8	22182	Vienna, VA	\$188,918
9	20817	Bethesda, MD	\$187,731
10	20896	Garrett Park, MD	\$186,528

ABOUT THIS MAP

NUMBER OF LOANS BY ZIP CODE

Let’s zoom in a bit more. In the prior map on Page 24, we showed you where the largest loan approvals landed throughout the region. Here, we see where the most number of approved loans found homes, as mapped by ZIP codes. Most local ZIPs housed some number of businesses approved for a PPP loan, but Montgomery and Loudoun counties appear to host the largest number of entities greenlit for the coveted loans, while Prince George’s County saw less overall representation.





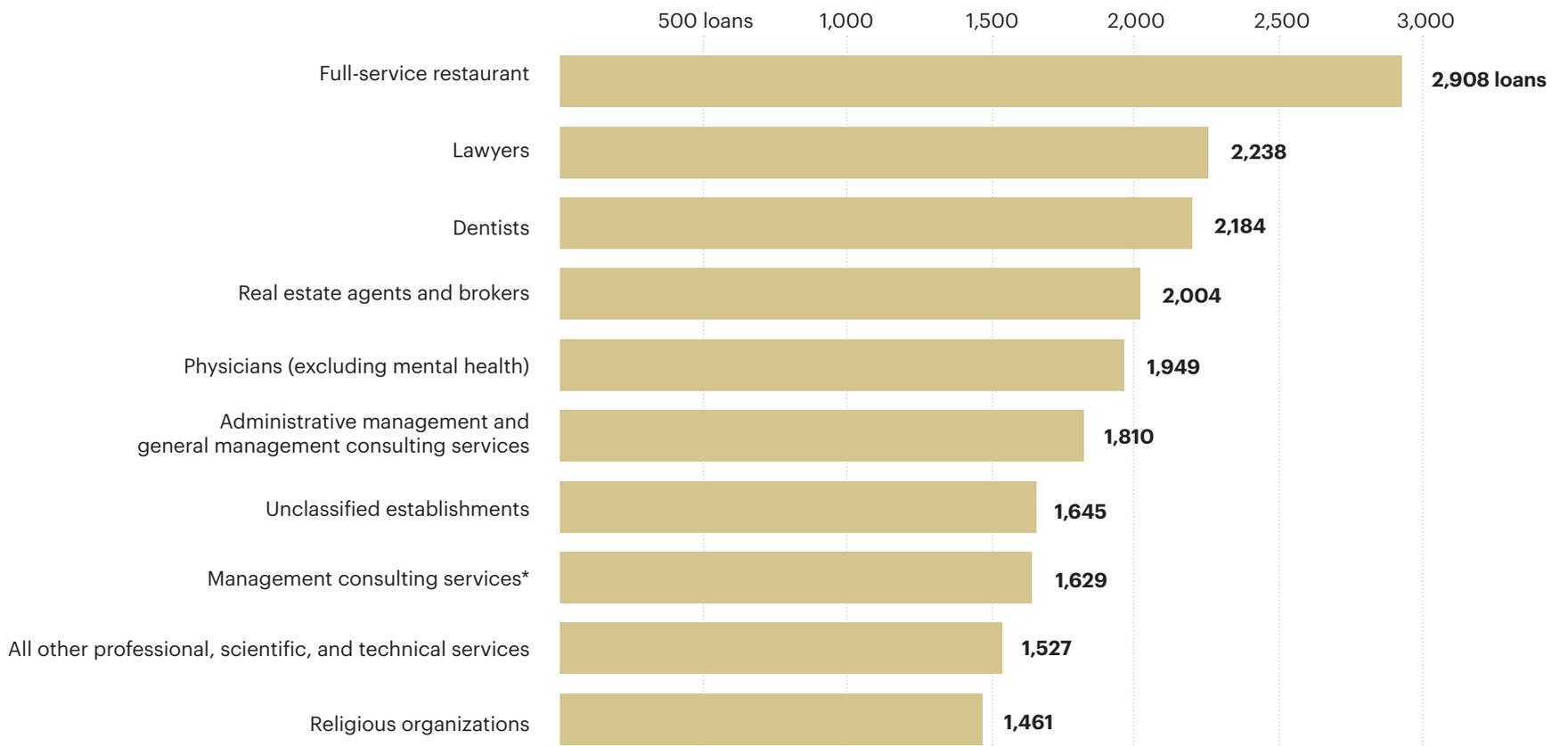
COVER STORY

A LOOK AT THE INDUSTRIES

HOSPITALITY LEADS IN PPP PURSUIT

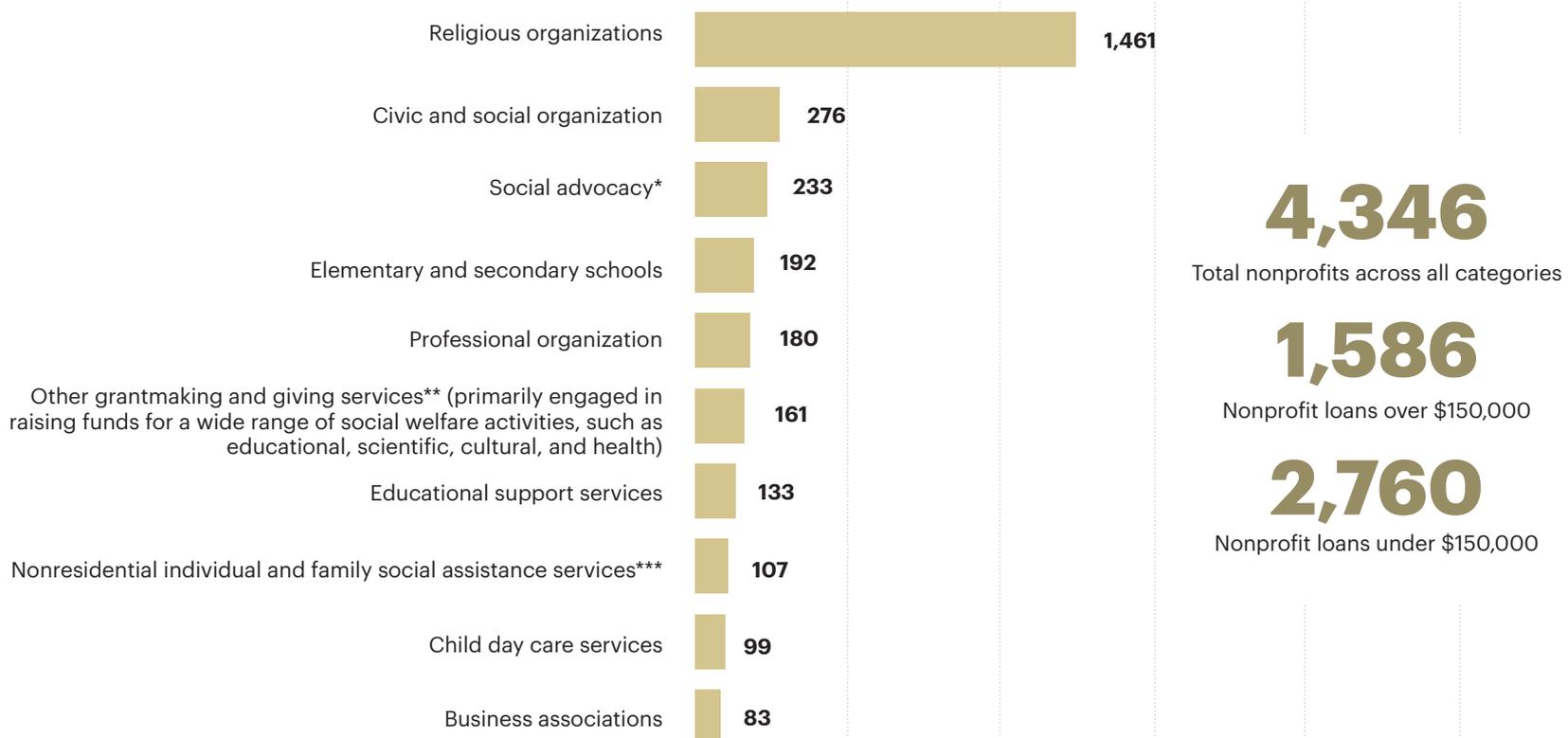
It should come as no surprise that restaurants topped the list of applicants for Paycheck Protection Program loans across the D.C. area — the food and beverage industry was punished by a pandemic that forced residents to stay home and rely only on takeout and delivery. Full-service restaurants saw the most loan approvals. Add in other types of restaurants and dining establishments, and that number balloons (see story, Page 31). Individual white-collar practices were another frequent pursuer for PPP loans, from law firms to dentist and physician practices, as well as Realtors. See the region's top sectors below for both for-profit and nonprofit applicants.

INDUSTRIES THAT HAD THE MOST LOANS APPROVED



*This excludes administrative and general management consulting; human resources consulting; marketing consulting; or process, physical distribution, and logistics consulting. Establishments providing telecommunications or utilities management consulting services are included in this industry.

NONPROFIT LOANS APPROVED



*Excludes human rights and environmental protection, conservation, and wildlife preservation

**Excludes voluntary health organizations

***Excludes those specifically directed toward children, the elderly, persons diagnosed with intellectual and developmental disabilities, or persons with disabilities

RESTAURANTS

D.C.-AREA RESTAURANTS FED ON PPP LOANS — BUT NOT ALL BUSINESSES HAVE FELT FULLY NOURISHED

Nearly 4,300 D.C.-area restaurants were approved for Paycheck Protection Program loans combining for an aggregate value of more than \$425 million — and yet, the program’s many hurdles for the industry may still end up leaving restaurateurs in a tough spot.

Add in other players in the food and beverage industry — catering services, breweries, and coffee and ice cream shops, for example — and that brings the region’s total number of dining establishments to 4,975 with a potential minimum \$509.15 million in approved PPP loans, according to the Small Business Administration’s data.

Some of the bigger restaurant brands listed in the SBA data as getting approved for the highest bracket of loans, between \$5 million and \$10 million, were Potomac Family Dining Group Operating Co. LLC, which is an Applebee’s franchisee based in Herndon; Matchbox Food Group LLC, majority owned by Reston-based Thompson Hospitality Corp.; Silver Diner Development LLC; Chesapeake Bay Seafood House Associates LLC; Team Washington Inc., a Dominos franchisee; and Cava Mezze Grill LLC.

Other recognizable names that received loan approvals include two Bob & Edith’s Diner locations, each within a \$150,000 and \$350,000 range. In addition, three separate Thompson Hospitality firms were approved for three loans cumulatively ranging from \$8 million to \$17 million, while three Busboys and Poets locations were each approved for at least \$350,000 each.

A bulk of the loans approved, however, were in \$150,000 and \$350,000 range, the data shows. That category includes Songbyrd, a music venue and cafe in Adams Morgan

whose owner, Joe Lapan, constructed a comprehensive plan on how he planned to use the PPP funds when they were approved this past spring.

At the time, the PPP required beneficiaries to direct 75% of the proceeds toward payroll and to spend it all within eight weeks of receipt in order to maximize loan forgiveness. Their loan amounts were initially based on a 2.5x multiplier of payroll expenses. So at Songbyrd, which was fully closed when it received its PPP loan by early May, Lapan used the funds to pay or rehire around a dozen employees.

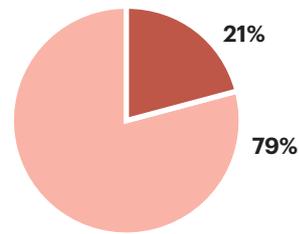
Late last month, Congress reconfigured the loan program to allow businesses more time and flexibility to spend the money. But by then, Lapan had already used or committed a majority of his loan, which he said was closer to the \$150,000 end of the range. Now, as costs of reopening rise, he said, the funds are nearly running dry at a point when he needs them most.

“People had made plans and commitments in reliance on the initial rules. The mindset was: Keep people employed, try to hire people back and basically execute a plan based on eight weeks,” Lapan said in an interview. “It was hard because we were mostly closed. So, what activities am I looking for people to do with this money?”

With many restaurants still in negotiations with their landlords, Lapan said another round of PPP funding would be particularly helpful for restaurateurs who find themselves in a similar scenario. His operations are still not generating their original revenue — at the moment, Songbyrd is offering some takeout and delivery and has opened up some outdoor dining. But coffers aside, he doesn’t believe it’s safe

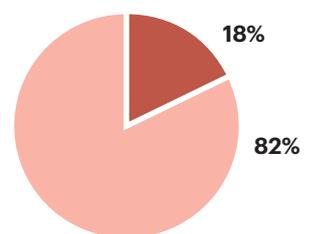
THE DATA: NUMBER OF LOANS

Full-service and limited-service restaurants



Loans **above** \$150,000: **919** (at least \$268.9 million in value)
Loans **below** \$150,000: **3,368** (\$159.61 million)

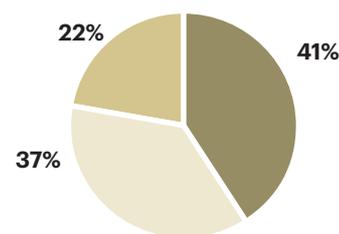
Other dining establishments



Loans **above** \$150,000: **122** (at least \$55.8 million in value)
Loans **below** \$150,000: **566** (\$24.86 million)

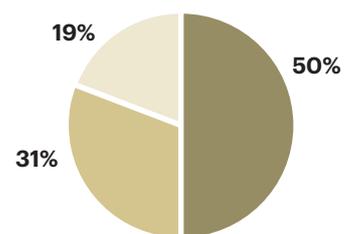
GEOGRAPHIC BREAKDOWN

Loans above \$150,000



Northern Virginia: **374**
D.C.: **339**
Suburban Maryland: **206**

Loans below \$150,000



Northern Virginia: **1,675**
Suburban Maryland: **1,049**
D.C.: **643**

SOURCE: Small Business Administration. Percentages rounded to the nearest whole number.

to reopen his bar to the public even if it were permitted.

“There’s sort of two sides to the equation — there’s the subsidy, ‘help out small business’ side,” he said. “But there’s a lot of conflict or controversy

over phased reopening and what’s safe to do and what isn’t safe to do. It’s challenging when you put a business in a situation to have to balance what’s safe and what’s economically correct.”

– *Katishi Maake*

LAW FIRMS

THESE LOCAL LAW FIRMS, MOSTLY ON SMALLER SIDE, NABBED THE LARGEST PPP LOAN APPROVALS

Across the country, law firms were prominent applicants of the Small Business Administration’s Paycheck Protection Program loans, and this region was no different.

About 2,238 PPP loans were approved for Greater Washington law firms through June 30, according to a review of SBA data. The vast majority of those — 5,790, or 85% — were for more than \$150,000, while 973 were for less. About 8.5% of all PPP loans approved for Greater Washington entities went to law firms, per the data.

Most approvals went to smaller firms. Of the top 50 local law firms, two were approved for a PPP loan, including Hollingsworth LLP, whose 93 metro-area lawyers ranked it at No. 50 among largest law firms this year, according to Washington Business Journal research. Hollingsworth was approved for a loan ranging from \$2 million to \$5 million, according to SBA data.

The largest local firm to be approved for a PPP loan, per SBA data, was Wiley Rein LLP, the 15th largest

law firm with 249 attorneys locally. The firm received approval for a PPP loan between \$5 million and \$10 million, according to the data. The loan was processed April 28 by Los Angeles-based City National Bank.

“This pandemic and the economic uncertainty it brings is far from over. Our people are our greatest asset and it is our goal to protect them and to continue to serve our clients at the highest level,” said Wiley Rein Chief Marketing Officer Diana Courson. “To date, the PPP funding, along with other cost-saving measures, has allowed us to keep everyone employed without reducing compensation.”

Only one other local law firm was OK’d for a loan between \$5 million and \$10 million, the program’s highest loan level, according to SBA data: Alexandria-based Oblon, McClellan, Maier & Neustadt. The firm has about 62 lawyers, making it the 76th largest law firm in the region, according to Washington Business Journal research.

Oblon did not return a request for comment.

– *Andy Medici*

LOAN RANGE	NAME OF FIRM
\$5-10 million	OBLON, MCCLELLAN, MAIER & NEUSTADT, L.L.P.
\$5-10 million	WILEY REIN LLP
\$2-5 million	OLIFF PLC
\$2-5 million	ERICKSON IMMIGRATION GROUP PC
\$2-5 million	NIXON & VANDERHYE PC
\$2-5 million	LERCH, EARLY & BREWER, CHARTERED
\$2-5 million	ADAMS MORRIS & SESSING
\$2-5 million	SHULMAN ROGERS GANDAL PORDY & ECKER PA
\$2-5 million	BWW LAW GROUP LLC
\$2-5 million	STEIN SPERLING BENNETT DE JONG DRISCOLL PC
\$2-5 million	BEVERIDGE & DIAMOND PC
\$2-5 million	BONNER KIERNAN TREBACH & CRICIATA LLP
\$2-5 million	CAPLIN & DRYSDALE CHARTERED
\$2-5 million	COHEN MILSTEIN SELLERS & TOLL PLLC
\$2-5 million	EDGEWORTH ECONOMICS LLC
\$2-5 million	GROOM LAW GROUP CHARTERED
\$2-5 million	HOLLINGSWORTH LLP
\$2-5 million	KELLER AND HECKMAN LLP
\$2-5 million	MILLER & CHEVALIER CHARTERED
\$2-5 million	SUGHRUE MION PLLC
\$2-5 million	VAN NESS FELDMAN LLP
\$2-5 million	WILKINSON BARKER KNAUER LLP
\$2-5 million	ZUCKERMAN SPEADER LLP

COVER STORY

A LOOK AT THE DEMOGRAPHICS

A PARTIAL VIEW OF PPP

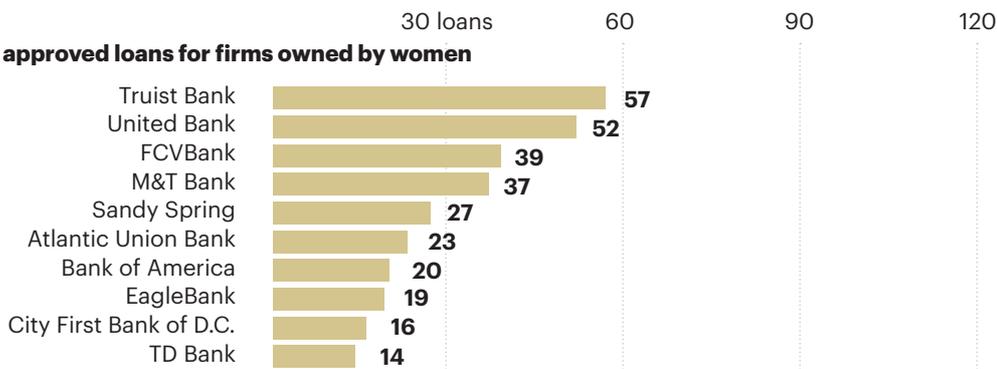
Much of the attention around the Paycheck Protection Program has focused on whether enough funding flowed to owners and entrepreneurs of color or women. Unfortunately, the SBA's data release does little to fully answer that question — its demographic segments were a voluntary data point for applicants, the SBA confirmed. However, we did pull out the small percentage of applicants who chose to identify themselves as women or people of color — and which banks processed the highest number of their loans. But this is by no means comprehensive.

LOANS ABOVE \$150,000

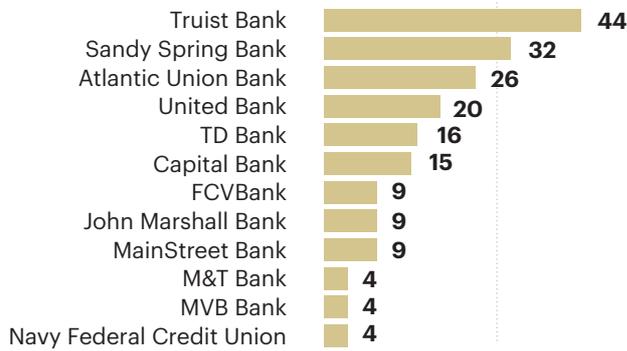
Businesses with leaders or owners who:



Top lenders of approved loans for firms owned by women



Top lenders of approved loans for firms owned by people of color

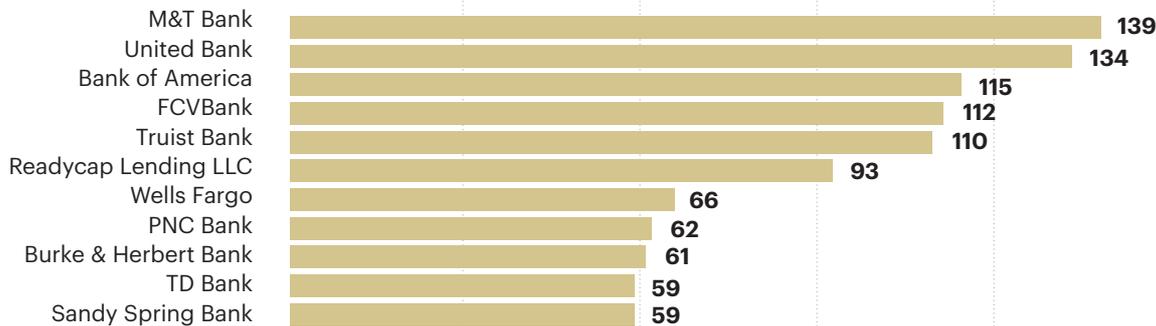


LOANS BELOW \$150,000

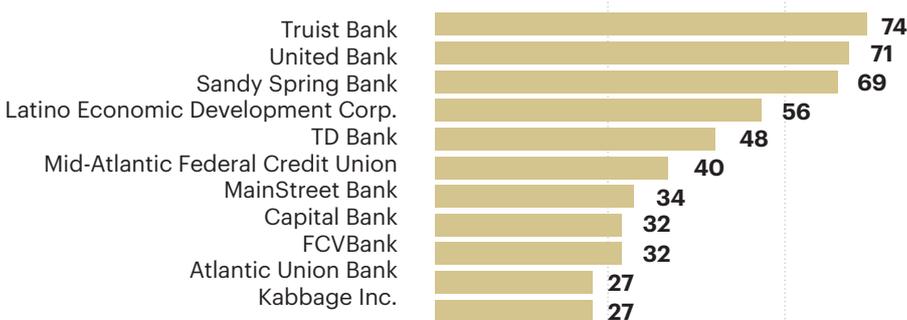
Businesses with leaders or owners who:



Top lenders of approved loans for firms owned by women



Top lenders of approved loans for firms owned by people of color



AND THE EXCEPTIONS

NOT ALL OPT IN FOR SBA LOANS

Some of D.C.'s largest developers and landlords sought loans through the Small Business Administration's Paycheck Protection Program to stay afloat amid the pandemic, with a very notable exception: JBG Smith Properties.

A JBG Smith spokesperson confirmed the developer did not pursue financial assistance through the program, which was designed to help businesses save jobs as the coronavirus crisis rages on. "While the situation is ever-changing, we believe that JBG Smith is uniquely poised to weather this crisis because of our robust liquidity and strong balance sheet," JBG Smith wrote in a statement.

CEO Matt Kelly told shareholders in May that the company had limited near-term debt maturities or capital obligations and about \$2 billion in liquidity to carry it through the economic downturn. In its first-quarter report, the company said it had deferred about \$69 million worth of planned capital expenses for its portfolio, and it drew down \$300 million from its revolving loan fund in late March and another \$100 million from a term loan in April — a month when it said nearly half of its retail tenants couldn't pay rent.

Some of JBG Smith's peers around the region felt differently, seeking loans ranging from \$150,000 to the maximum \$10 million, SBA data show — Douglas Development and MRP Realty, ranked as the region's two largest commercial developers via the Washington Business Journal's own research, both applied for PPP loans. Norman Jemal, managing principal of Douglas Development, previously told the WBJ that he saw the program as "free money" that helped the company retain jobs during a difficult economic crisis. A spokeswoman for MRP declined to comment on the matter.

JBG Smith ranks a bit behind those firms in terms of projects under construction, checking in at 16th overall, but many developers with similar portfolios also pursued loans, including Roadside Development, the Carr Cos., Madison Marquette Realty Group, Rappaport Management Co., Hoffman & Associates and Peterson Cos.

JBG Smith said in its quarterly report it worked with its business improvement districts to help tenants pursue loans. With 196 buildings, it's the fifth-largest property manager in Greater Washington, per WBJ research, and is Amazon.com Inc.'s landlord in Arlington.

"We quickly understood that the small and local businesses, many of which occupy our retail and office spaces, were the ones that would be most negatively affected by the economic impacts caused by Covid-19," the company wrote. "We helped make our tenants aware of available resources and supported their applications, but did not apply for a PPP loan for ourselves."

JBG was not the only large developer to forgo the loans. Boston Properties, Washington Real Estate Investment Trust and Federal Realty Investment Trust all do not appear in the SBA's data release. A spokeswoman for Boston Properties declined to comment, while spokespeople for the other companies did not return requests for comment.

— Alex Koma