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May 15, 2020

The Honorable Steven Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue N.W.
Washington, D.C. 20220

The Honorable Jerome Powell
Chairman
Board of Governors
Federal Reserve System
20th Street and Constitution
Avenue NW
Washington, DC 20551

Re: Proposed Assistance to Provide Relief to the American Car Rental Industry

Dear Secretary Mnuchin and Chairman Powell:

As President of the Board of Directors of the American Car Rental Association ("ACRA"), I urge you both to work with our industry and its members that represent more than 98 percent of this country's car rental companies, all of whom have been significantly harmed by the impact on travel from the COVID-19 pandemic. ACRA is comprised of over 200 domestic car rental companies and the 160,000 employees that serve our customers. The "Coronavirus Aid, Relief, and Economic Security (CARES) Act" (the "CARES Act") is a historic and critical measure to combat this crisis, yet a significant segment of our industry is not currently eligible for the loans, loan guarantees, and other liquidity programs provided by the Act.

The car rental industry is an integral part of the travel industry and the ecosystem of airports. Accordingly, the industry has been significantly impacted by the COVID-19 pandemic. One of the largest companies in our industry has disclosed publicly that it expects revenue to be approximately 80% lower in April and May compared to the same months last year. Yet, there are companies in our industry that remain among the few companies in the United States with no access to direct support from their federal government, while our industry's two largest competitors in Europe have received attractive government financing.

While we applaud your agencies' work to establish and refine lending facilities under Section 4003 of the CARES Act to provide much-needed assistance to a range of impacted businesses, some of these programs, as currently constituted, would fail to reach some car rental

companies and their employees with the support they greatly need. We therefore write to urge you to initiate and support several key program changes that are needed to ensure that all car rental companies have appropriate access to financial assistance options under Section 4003 of the CARES Act.

While the Main Street Lending program could be of significant interest to many of our members, a significant portion of ACRA's members do not qualify based on the employee or revenue eligibility requirements. We encourage you to revise the terms of all three Main Street facilities to allow businesses with 40,000 or fewer employees, or 2019 annual revenue of \$15 billion or less, to qualify. We also encourage you to increase the maximum loan size under the New Loan and Priority Loan Facilities to \$50 million, and under the Expanded Loan Facility to \$400 million, which together would help to ensure that more operators in the car rental industry can obtain the critical financing they need. Absent these modifications to the current eligibility requirements, our industry's ability to weather the financial crisis resulting from the COVID-19 pandemic will be seriously challenged.

Other aspects of the Expanded Loan Facility are also in need of clarification. For example, for our industry, the definition of debt, as used in the section "Eligible Loans," must exclude vehicle-backed indebtedness under standard industry securitization and other structures, as well as undrawn revolving credit facilities, given the industry's significant capital needs. Our industry also would benefit from including the refinancing provisions of the Priority Loan Facility in the Expanded Loan Facility.

In addition, those of our members with asset-backed security (ABS) programs could also benefit from access to the Term Asset-backed Liquidity Facility (TALF), except that, under the TALF's current terms, eligible collateral does not clearly include ABS backed by rental vehicle fleet leases and other related assets. We encourage you to amend the enumerated list of underlying credit exposures in the TALF term sheet to expressly include rental vehicle fleet leases and other related assets, including those for which the lessees are affiliated car rental companies. In addition, we urge you extend the Program Termination Date to at least March 31, 2021 and to include, as Eligible Collateral, ABS that have a credit rating that is investment-grade, but is not necessarily in the highest investment-grade rating category. Those of our members that finance their rental car fleets

using ABS programs acquire a significant number of rental cars in the U.S. market each year, providing needed sales and liquidity to U.S. car manufacturers. Allowing investors in those ABS programs to access TALF funds will increase the likelihood that new rental car ABS will be issued in 2020 and beyond, and that the large volumes of U.S. car purchases that these ABS support may continue.

There are a number of other initiatives, including tax considerations, reasonable liability parameters and incentives for consumer purchases that our industry supports and which will further mitigate the continuing impacts from this pandemic on the broader economy. We look forward to working together with U.S. Treasury on these initiatives as additional relief is being considered.

We do not make these requests lightly. Our industry encompasses a wide range of businesses, including large operators that collectively generate billions of dollars in revenue, to regional and independent car rental companies as well as smaller, "mom & pop" operators. Collectively, these companies have nearly 2.2 million registered vehicles in service in the United States, with fleets ranging in size from one million cars to ten cars. These fleets are essential to providing clean and safe transportation options to travelers, relief and other workers, and to all who need mobility solutions.

ACRA and its member companies stand ready to work with you and your team to ensure that the companies critical to serving this nation's transportation and mobility needs can continue to provide their services after the COVID-19 pandemic abates.

Sincerely,



William Plamondon
President
American Car Rental Association

Advantage Rent a Car
Orlando, Florida