



March 27, 2020

The Honorable Steven Mnuchin
Secretary of the Treasury
United States Department of the Treasury
1500 Pennsylvania Ave., NW
Washington, DC 20220

Dear Mr. Secretary:

As the Treasury Department enacts the provisions of the Coronavirus Aid, Relief, and Economic Security Act we would like to bring to your attention the unprecedented challenges faced by foodservice distributors. The government closure of restaurants, schools and other businesses across the country has created severe financial hardship for the foodservice distributors that service these outlets. As a result, they are facing top line losses of up to \$24 billion over the next three months. These critical businesses are in desperate need of capital and the loan guarantees created by the CARES Act are essential to help weather this difficult storm. We request that you ensure that foodservice distributors are made a priority as you implement the Economic Stabilization provisions of the CARES Act

Foodservice distributors deliver to professional kitchens across America by supplying food and related products to restaurants, the U.S. government and military, colleges and universities, hospitals and care facilities, hotels and resorts, and other foodservice operations. Foodservice distribution is a \$303 billion industry, operating 15,000 distribution centers and employing 350,000 Americans in all 50 states and the District of Columbia.

While many foodservice distributor customers such as hospitals and other care facilities are still functioning, the reduced business has resulted in a significant reduction in distributor sales. Foodservice distributors typically operate with margins at 2% or below so the loss of a major portion of a company's sales can have a dire impact. Distributors must continue to operate their warehouses and transportation operations in order to service their remaining customers yet are experiencing severely diminished cash flow, available cash reserves and borrowing capacity. Companies are doing their best to retain the highly skilled workforce they rely on to service their customers but reduced revenue has made this extremely challenging.

Foodservice distribution is an industry comprised of largely family-owned businesses that have survived through wars, recessions, and other challenges but who say two weeks of this is all it will take to have a significant impact on their business. The CARES Act provides the Treasury Department with the authority to provide the liquidity relief these businesses need to continue their operations. Foodservice distributors are an essential industry with a critical need. They will need the ability to access the loan guarantees provided by the CARES Act to ensure they have the capital they need to survive.

Sincerely,

A handwritten signature in black ink that reads "Mark S. Allen".

Mark S. Allen
President and CEO