



The Taylor Group
of
Companies

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Dear Friends:

As we all know, there are huge efforts to save our economy during this COVID-19 crisis. Every aspect of our lives has been affected by this pandemic. All our trade organizations are working on different levels to help.

As an equipment manufacturer, Taylor had a decent backlog going into this thing and we are okay going into the summer. However, ninety days out, our order board declines severely, and we have no demand for new orders. It's almost like falling off a cliff, but you see it coming in slow motion. Therefore, we are slashing stock schedules and finding ways to protect our precious cash and revolving credit lines. This will impact employees and severely impact our supply chain. When demand comes back it will take months to rebuild that supply chain and rebuild our workforce and schedules.

We need demand that is not here. Somehow America must create an interim demand to carry us through until the real demand returns. Automotive dealerships, Equipment dealerships and other retail outlets use a floorplan to have inventory on their yard to sell. Typically, this is a six-month free payment plan that is sponsored by the OEM and administered through a banking institution. Manufacturers do not have this plan available to them and must use their traditional banking to finance their stock. Right now, this plan will not work.

I am proposing that the United States Government provide a 12 to 18-month interest and payment free floorplan arrangement for manufacturers. Each manufacturer would qualify a percentage of their previous year's sales as the floorplan amount and would have that dollar amount as the extent of the credit line they would be offered. The Federal government would either be the first dollar funding source (like the PPP) or be the guarantor of the credit line and provide the interest dollars to the banks for this 12 to 18-month period. This would be administered through the current floorplan providers. As the stock inventory is completed, an invoice to the provider would transpire and the provider would pay the invoice within five days. At the very least, the complete cost of the unit would be the invoice amount. This stock would be carried on this floorplan for 12 to 18 months interest and principle free. At the end, this amount would be paid back through the traditional banking of the manufacturer or the manufacturer would begin making some sort of payments to the floorplan provider.

We do not have time for an infrastructure bill, even though that would be a great long-term answer. This would create demand that would save jobs and save our supply chain. I have spoken with several manufacturers and our trade organizations such as AEM and NAM. All agree this is an idea that needs to be explored. Please get in front of your Legislators and other industry executives to try and let our Nation's Leaders know we must have some plan to create demand NOW!

Thank you for your time and consideration and please give your thoughts to this idea. Feel free to contact me with any input or ideas on this proposed plan.

Sincerely,

Robert D. Taylor, Sr.
President

