

The Clinton Fire Department is seeking approval of the city council to sign a contract on a new fire engine to replace engine 91.

The council approved \$125,000/year for 5 years for a lease purchase this budget cycle.

We do not have to go out to bid because we will be purchasing the truck through H-GAC which is a cooperative purchasing program that assists local governments in reducing costs through this government-to-government procurement service (state contract).

I have however reached out to 4 different manufacturers of fire engines and received pricing on a specific set of specifications. We have chosen Pierce manufacturing through Conrad Fire Equipment who happens to be the lowest price on the engine coming in at \$568,222.32 which will be purchased over the course of 5 years with an annual payment of \$124,950.00. Since Pierce came in at such an aggressive price on the engine It has enabled us to add the loose equipment that is needed for the engine to go right into service upon delivery as well as staying just under the budgeted amount. We have received a quote from Pierce financial solutions and will also shop locally for the lowest interest rate available. Most fire departments around choose to go with a lease purchase option so that the outlay for the city is not so great. The lease purchase option also allows fire departments the ability to keep their fleet in better working order by replacing trucks on a regular schedule.

The engine we are replacing is close to 30 years old and has served us well but It is time to replace It.

Engine 91 has some value and It will make a small department a great engine. Based on my research we should be able to sell Eng. 91 for \$18,000-\$25,000.



# CONRAD FIRE EQUIPMENT



### Apparatus Proposal

Customer Name: **CLINTON OKLAHOMA FD**

Sales Rep: **RYAN REEVES**

Submitted Date: **12/12/18**

Expiration Date: **1/31/19**

### Apparatus Detail

Qty.	Description	Price
1	<b>PIERCE SABER 2ND GEN PUMPER</b>	<b>\$ 520,915.10</b>
Proposal Bid No.:	<b>563</b>	Proposal Doc Date: <b>12/4/18</b>
Performance Bond:	<b>YES</b>	Warranty Period: <b>Standard</b>
Estimated Build Time:	<b>8.5</b>	

### Payment Options

#### OPTION 1 (with Pre-Payment Discount)

Apparatus Purchase Price	\$ 520,915.10
Trade-in Value	\$ 0.00
Price After Trade-in	\$ 520,915.10
Pre-Payment Discount	-\$ 18,222.61
Extrication Rescue Tools	\$ 31,379.43
Loose Equipment	\$ 34,150.40
Options	
Due Upon Order	\$ 568,222.32

#### OPTION 2 (w/o Pre-Payment Discount)

Apparatus Purchase Price	\$ 520,915.10
Trade-in Value	\$ 0.00
Price After Trade-in	\$ 520,915.10
Pre-Payment Discount	N/A
Extrication Rescue Tools	\$ 31,379.43
Loose Equipment	\$ 34,150.40
Options	
Due Upon Delivery	\$ 586,444.93

#### Payment Terms

OPTION 1 PRICING IS BASED ON PAYMENT MADE AT TIME OF ORDER.  
 OPTION 2 PRICING IS BASED ON PAYMENT MADE AT TIME OF PRODUCT ACCEPTANCE.

#### Notes

SEE ATTACHED QUOTES 135507 AND 135012 FOR EXTRICATION TOOLS AND LOOSE EQUIPMENT ATTACHED TO THIS PROPOSAL.

NOTE: Pre-payment discounts quoted may vary based on final purchase price, prevailing interest rates, and manufacturing build time and are subject to change up to the time an order is placed. If deferred payment arrangements are required, the Customer must make such financial arrangements through a financial institution acceptable to Company.] All taxes, excises and levies that Company may be required to pay or collect by reason of any present or future law or by any governmental authority based upon the sale, purchase, delivery, storage, processing, use, consumption, or transportation of the Product sold by Company to the Customer shall be for the account of the Customer and shall be added to the Purchase Price. All delivery prices or prices with freight allowance are based upon prevailing freight rates and, in the event of any increase or decrease in such rates, the prices on all unshipped Product will be increased or decreased accordingly. Delinquent payments shall be subject to a carrying charge of 1.5 percent per month or such lesser amount permitted by law. Company will not be required to accept payment other than as set forth in this Agreement. Company shall have and retain a purchase money security interest in all goods and products now or hereafter sold to the Customer by Company or any of its affiliated companies to secure payment of the Purchase Price for all such goods and products. In the event of nonpayment by the Customer of any debt, obligation or liability now or hereafter incurred or owing by the Customer to Company, Company shall have and may exercise all rights and remedies of a secured party under Article 9 of the Uniform Commercial Code (UCC) as adopted by the state of [KANSAS].



FINANCIAL SOLUTIONS



### Tax Exempt Lease Purchase

SALES ORGANIZATION: **Conrad Fire – Ryan Reeves**  
 LESSEE: Clinton FD  
 TYPE OF EQUIPMENT: (1) Pierce Saber Pumper  
 AMOUNT TO FINANCE: \$568,222.32  
 CUSTOMER DOWNPAYMENT: \$0.00  
 TRADE-IN: \$0.00  
 DELIVERY TIME: Standard delivery  
 PAYMENT MODE: Annual In Arrears  
 FIRST PAYMENT DUE DATE: March 2019  
 LEASE COMMENCEMENT DATE: January 2019

12/12/2018

Contact Information:  
 Michele Zitko  
 Locator: B4-B230-05-07  
 155 East Broad St  
 Columbus, OH 43215  
 Ph: (800) 820-9041 ext. 2  
 Fax: (866) 221-7894  
 michele.zitko@pnc.com

Term	5 years
Number of Payments	5 Annual
Payment Amount	\$124,950.00
Interest Rate:	4.57%

**NOTE:** All lease documents must be fully executed within 14 days of the date of this proposal. Failure to receive completed documents may alter the final payment schedule due to changes in rates and/or discounts.

**PERFORMANCE BOND:** To utilize the prepay program, a performance bond is required. Said performance bond shall be paid for directly to Pierce Manufacturing or financed by PNC Equipment Finance as part of the transaction

**ESCROW FUNDING OPTION:** At lease closing, if all of the equipment has not yet been delivered, Lessor will fund an escrow account from which disbursements will be made to the equipment provider(s) upon receipt of a Requisition Request and Certificate of Acceptance from Lessee. Escrow agent will either be Lessor or third-party provider selected by Lessor and approved by Lessee. All escrow earnings will be for the benefit of Lessee. The escrow agent will assess a \$250.00 account set up fee payable at closing.

**TYPE OF FINANCING:** Tax-exempt Lease Purchase Agreement with a \$1.00 buy out option at end of lease term. Said agreement shall be a net lease arrangement whereby lessee is responsible for all costs of operation, maintenance, insurance, and taxes.

**BANK QUALIFICATION:** This proposal assumes that the lessee will not be issuing more than \$10 million in tax-exempt debt this calendar year. Furthermore, it is assumed that the lessee will designate this issue as a qualified tax-exempt obligation per the tax act of 1986.

**LEGAL TITLE:** Legal title to the equipment during the lease term shall vest in the lessee, with PNC Equipment Finance perfecting a first security interest

**AUTHORIZED SIGNORS:** The lessee's governing board shall provide PNC Equipment Finance with its resolution or ordinance authorizing this agreement and shall designate the individual(s) to execute all necessary documents used therein.

**LEGAL OPINION:** The lessee's counsel shall furnish PNC Equipment Finance with an opinion covering this transaction and the documents used herein. This opinion shall be in a form and substance satisfactory to PNC Equipment Finance.

**VOLUNTEER FIRE DEPARTMENTS:** If Lessee is a Volunteer Fire Department, a public hearing under the requirements of Section 147(f) of the Internal Revenue Code of 1986 shall be conducted to authorize this transaction. It is recommended that a notice of the public hearing be published 10 to 14 days in advance of the public hearing.

This proposal will be valid for **fourteen (14) days** from the above date and is subject to final credit approval by PNC Equipment Finance and approval of the lease documents in PNC Equipment Finance's sole discretion. To render a credit decision, lessee shall provide PNC Equipment Finance with their most recent two years' audited financial statements, copy of their most recent interim financial statement, and current budget.

Accepted by: \_\_\_\_\_ Proposal submitted by Michele Zitko

Chief,

Sending this from my phone this morning just so you have something to look over a little ahead of time.

Below is part of an email i had sent back in the spring. It has the state statute and member form attached.

We (Pierce and CONRAD) experience zero financial gain based on how the truck is purchased (bid, buying consortium, ...). However, HGAC seems to us to be the most transparent and legitimate process available as compared to some of the others (Buy Board, GPO, NASPO, ...).

NASPO is being pushed by the state of Oklahoma as the new "state bid". While we do sell through NASPO, they assess a 1% fee against the purchase that goes back to the state. I would view this as a tax and do not really agree with it.

HGAC on the other hand, charges a single \$2,000 fee per product type, regardless of the quantity or overall cost. An example of this is a Ladder purchase the City of TULSA made recently. The approximate \$9 Million purchase resulted in a \$90,000 fee above and beyond the price of the trucks. If that had been done through HGAC it would have been \$2,000.

As far as the state statute goes, all of the recognized consortiums are accepted purchasing avenues.

### **HGAC Purchase Information**

Currently, we typically sell more apparatus utilizing a purchasing consortium such as HGAC than we sell through the traditional bid process. This is largely due to the following:

- All states allow for this type of buying (see attached)
- The process satisfies the requirements for competitive bidding
- Expedites the purchasing process by eliminating bid periods
- Guarantees the buyer is getting exactly what he wants without misinterpretation by bidders that commonly happens when trying to meet a competitors spec.

For HGAC, it does not cost to join and there is a simple form to fill out for membership (see attached)

**Ryan Reeves**  
Conrad Fire Equipment  
(405)269-3844 Mobile  
(800)779-5521 Toll Free

State of Oklahoma Statutes  
Title 74 State Government  
Chapter 31 Interlocal Cooperation Act

§ 74-1001. Purpose.

It is the purpose of Section 1001[74-1001] et seq. of this title to permit local governmental units to make the most efficient use of their powers by enabling them to cooperate with other localities on a basis of mutual advantage and thereby to provide services and facilities in a manner and pursuant to forms of governmental organization that will accord best with geographic, economic, population and other factors influencing the needs and development of local communities. The cooperating governmental units can, if they deem it necessary, create an entity to carry out the cooperative functions.

§ 74-1003. Definitions.

A. For the purposes of Section et seq. of this title, the term "public agency" shall mean:

1. Any political subdivision of this state;
2. Any agency of the state government or of the United States;
3. Each and every public trust of this state regardless of whether the beneficiary of such trust is a municipality, a county, or the State of Oklahoma, except the Oklahoma Ordnance Works Authority;
4. Any corporation organized not for profit pursuant to the provisions of the Oklahoma General Corporation Act, Section 1001[18-1001] et seq. of Title 18 of the Oklahoma Statutes, for the primary purpose of developing and providing rural water supply and sewage disposal facilities to serve rural residents or to provide community-based services or assistance to clients of the Department of Mental Health and Substance Abuse Services as provided in Section 43A-2-106[43A-43A-2-106] of Title 43A of the Oklahoma Statutes; and
5. Any political subdivision of another state.

B. The term "state" shall mean a state of the United States and the District of Columbia.

§ 74-1004. Agreements authorized

A. Any power or powers, privileges or authority exercised or capable of exercise by a public agency of this state may be exercised and enjoyed jointly with any other public agency of this state, and jointly with any public agency of any other state or of the United States to the extent that laws of such other state or of the United States permit such joint exercise or enjoyment. Any agency of the state government when acting jointly with any public agency may exercise and enjoy all of the powers, privileges and authority conferred by this act<sup>[fn1]</sup> upon a public agency.

B. Any two or more public agencies may enter into agreements with one another for joint or cooperative action pursuant to the provisions of this act.

Appropriate action by ordinance, resolution or otherwise pursuant to law of the governing bodies of the participating public agencies shall be necessary before any such agreement may enter into force.