



City Council Agenda Form

Meeting Date: January 11, 2021

Department: Finance

Public Hearing: Yes No

For Clerk's Use Only
AGENDA ITEM #

	X	
<i>Consent Agenda</i>	<i>Regular Agenda</i>	<i>Closed Session</i>

Presenter: Debra Gibson, Finance Director

Request Type: Informational Discussion Action Item

Does this item require legal review? Yes No **City Attorney E-Mail attached?** Yes No

Time Required for Request: 3 Minutes

Agenda Item Title:

Subject:

Equipment purchase for Fire Department

Attachment(s):

Brief Summary:

The Fire Department needs a reliable fire truck. The truck has been in the shop longer than in service and has recently shut down.

Action Requested:

Approve equipment proposal. Approve financing.

Issue Overview:

Background Information & Issue Summary:

The Fire Department need a reliable fire truck. The truck has been in the shop longer than in service and has recently shut down on the way to a call. The truck is very unreliable and has reduced the number of engines that can run currently. An equipment proposal has been received. Finance has also reached out to local banks and PNC Equipment Finance for finance proposals. Currently, only two have been received.

Financial Impacts:

Budgeted Purchase

Staff Recommendations/Comments:

Approve the equipment proposal and the financing for the equipment.



Equipment Proposal

This Equipment Proposal (the "Proposal") has been prepared by Ten-8 Fire Equipment, Inc. ("Company") in response to the undersigned Customer's request for a proposal. This Proposal is comprised of the special terms set forth below, the Proposal Option List, Warranty, and Company's Purchasing Terms and Conditions. Through its signature below or other Acceptance (as defined below), Customer acknowledges having received, read and being bound by this Proposal, all attachments and Company's Purchasing Terms and Conditions.

Date: December 22, 2020 ("Proposal Date") **Customer:** Defuniak Springs Fire Department ("Customer")

Customer Address: 58 W Burdick Ave, Defuniak Springs, FL 32433

Quantity	Product Description & Options	Price
1	Pierce - Saber Pumper Stock # 33963 Per FireRescue GPO Spec 2.1	\$472,929.65
Purchase Price:		\$472,929.65

Delivery Timing: The Product described above in the Product Description and Options Section of this document will be built by and shipped from the manufacturer approximately 1-2 (months) after Company receives Customer's acceptance of this Proposal as defined below.

Other: Note: This is a stock unit and is subject to sale nationwide on a first come, first served basis.

Unless accepted within 30 days from date of proposal, the right is reserved to withdraw this proposal.

ACCEPTANCE OF THIS PROPOSAL CREATES AN ENFORCEABLE BINDING AGREEMENT BETWEEN COMPANY AND CUSTOMER. "ACCEPTANCE" MEANS THAT CUSTOMER DELIVERS TO COMPANY: (A) A PROPOSAL SIGNED BY AN AUTHORIZED REPRESENTATIVE, OR (B) A PURCHASE ORDER INCORPORATING THIS PROPOSAL, WHICH IS DULY APPROVED, TO THE EXTENT APPLICABLE, BY CUSTOMER'S GOVERNING BOARD. ACCEPTANCE OF THIS PROPOSAL IS EXPRESSLY LIMITED TO THE TERMS CONTAINED IN THIS PROPOSAL AND COMPANY'S PURCHASING TERMS AND CONDITIONS. ANY ADDITIONAL OR DIFFERENT TERMS, WHETHER CONTAINED IN CUSTOMER'S FORMS OR OTHERWISE PRESENTED BY CUSTOMER AT ANY TIME, ARE HEREBY REJECTED.

INTENDING TO CREATE A BINDING AGREEMENT, Customer and Company have each caused this Proposal to be executed by their duly authorized representatives as of date of the last signature below.

Customer: City of Defuniak Springs, Florida

By: _____

Title: _____

Print: _____

Date: _____

Ten-8 Fire Equipment, Inc.

By:

Title: **Authorized Sales Representative**

Print: **Rob McAtee 850-276-3247**

Date: **December 22, 2020**



FINANCIAL SOLUTIONS



Tax Exempt Lease Purchase

SALES ORGANIZATION: **Ten-8 - Rob McAtee**
 LESSEE: **Defuniak Springs FD**
 TYPE OF EQUIPMENT: **(1) Pierce Saber FR Pumper**
 AMOUNT TO FINANCE: **\$472,929.65**
 CUSTOMER DOWNPAYMENT: **\$0.00**
 TRADE-IN: **\$0.00**
 DELIVERY TIME: **Standard delivery**
 PAYMENT MODE: **Annual In Arrears**
 FIRST PAYMENT DUE DATE: **1 Year After Lease Commencement**
 LEASE COMMENCEMENT DATE: **Upon contract signing**

12/22/2020
 Contact Information:
 Michele Zitko
 Locator: **B4-B230-06-07**
 155 East Broad St
 Columbus, OH 43215
 Ph: (800) 820-9041 ext. 2
 Fax: (866) 221-7894
 michele.zitko@pnc.com

Term	5 years	7 years
Number of Payments	5 Annual	7 Annual
Payment Amount	\$99,957.73	\$73,890.06
Rate	1.87%	2.29%

NOTE: All lease documents must be fully executed within 7 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 seven (7) 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 three years' audited financial statements, copy of their most recent interim financial statement, and current budget.

Accepted by: _____ Proposal submitted by Michele Zitko



Good Morning Debra,

Here is the proposed term for the new Fire Truck you are looking to purchase. The rate is of today and may fluctuate slightly. That being said, it has been flat for a long time.

- Amount 90% of Invoice - \$425,636
- Term 5 years (60 months)
- Rate 3.65%
- Collateral New vehicle
- Fee \$500
- Guarantee None

Thanks again for the opportunity. If there is something that does not work for you let me know, we may be able to adjust one way or another on the line items to make it work for you.

Stan Janicki

Ameris Bank | City President, Panama City Market

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Please visit us online at www.amerisbank.com

City of DeFuniak Springs, Florida



Memorandum

Date: January 6, 2021

To: City Council Members

Cc: Bob Campbell, Mayor

Mell Smigielski, City Manager

Re: Purchase of new fire engine and financing of fire engine

The Fire Department needs a reliable fire truck. The truck has been in the shop longer than in service and has recently shut down on the way to a call. The Council approved the purchase of the engine in the budget but at the time bond financing was discussed.

Chief Sheffield sent out request for equipment proposals and is recommending the purchase of a Pierce – Saber Pumper Fire Rescue Truck in the amount of \$472,929.65.

With the urgency of this matter, finance has reached out to local banks as well as PNC Finance (the finance company for the equipment vendor) for finance proposals. Two proposals have been returned to the City. This are attached for your review and are summarized below:

	Number of Payments	% Down	Rate	Amount Financed	Fee
PNC Equipment Finance	5 Annual/Arrears	0	1.87%	\$99,957.73 Annually	\$250 one time
PNC Equipment Finance	7 Annual/Arrears	0	2.29%	\$73,890.06 Annually	\$250 one time
Ameris Bank	5 Annual	10%	3.65%	\$7,771.69 Monthly	\$500 one time

Staff is requesting approval of the new Fire Truck as well as financing for the vehicle.