


## AGENDA REPORT



To: Mayor Pat Humphrey and the Clare City Commission

From: Steven J. Kingsbury, Treasurer, Finance Director and  
Director of Information Technology

Date: January 27, 2010

Regarding: Approval of the Installment Purchase Agreement for the Fire Tender

For the Agenda of February 1, 2010

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**Background** During the City Commission's December 21, 2009 meeting the Commission reviewed and approved the purchase of a fire tender and also concurrently approved an amendment of the Fiscal Year 2009/10 Budget (copies of the agenda report and Resolution 2009-103 are attached). To complete the purchase of this vehicle the City is required under Michigan law to enter into an Installment Purchase Agreement with the vehicle manufacturer and also the financial institution that provides the financing. Our bonding attorney Miller Canfield has prepared the required documentation which is hereby presented to the City commission for review and approval.

**Financial Impact** The total cost of the fire tender as previous approved is \$186,218 with the City making a \$50,000 down payment and Isabella Bank, the financial institution which submitted the lowest financing offer, extending a loan of \$136,218 to complete the purchase.

**Recommendation** To approve the Installment Purchase Agreement to complete the purchase of the fire tender as previous approved.

### **Attachments**

1. The December 21, 2009 Fire Tender Purchase Agenda Report; and
2. Resolution 2009-103;
3. Resolution 2010-008 and the Installment Loan Purchase Agreement.

**Note that as of the publication time of the Commission's read ahead packet these documents had not yet been completed and therefore will be provided to the City Commission during the Commission meeting Monday evening.**

## AGENDA REPORT

TO: Mayor and City Commission  
FROM: Ken Hibl, City Manager  
DATE: December 16, 2009  
RE: Purchase of New Fire Department Tender



For the Agenda of December 21, 2009

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Background. The Clare Fire Department's current top-priority equipment need is a second tender to increase its ability to fight rural fires and to augment the already-great mutual aid relationship it enjoys with neighboring fire departments. Due to the fact that the purchase of a new tender is a fiscal matter requiring the recommendation(s) of the Clare Area Fire Council, Chief Chapman expressed the Department's need for a new tender to the Council at a scheduled meeting in October 2009. The Council unanimously approved the solicitation of bids for the possible purchase of a new tender. The City solicited bids, and five were received (*see copy of att'd memo and bid tabulation*).

Chief Chapman presented the results of the bid solicitation to the Fire Council at another scheduled meeting on December 14<sup>th</sup>. The Council again discussed at length the need for a new tender and reviewed and discussed the bids; the Council unanimously recommended (*see copy of att'd unapproved Fire Council minutes*) that the Clare City Commission approve the purchase of the new tender from the low bidder (Custom Fab & Equipment of Marion, Wisconsin) and that the purchase be made with a \$50K cash down payment from the uncommitted reserves of the Clare Fire Fund and finance the remaining balance at the most favorable local interest rate available for a period not to exceed three years.

The City solicited financing quotations (*copies att'd*) from local lending institutions and asked the equipment bidder with the lowest submitted and qualified bid whether they desired to propose a lease/purchase option to the City. Copies of all the financing quotations received and other related quotation correspondence is attached.

**Note: build/delivery time for the new tender is estimated to be six months from the date of placement of the order for the fire apparatus.**

Issues & Questions Specified. Should the City Commission approve the purchase of the new tender and approve one of the proposed financing options for the purchase?

Alternatives.

1. Approve the purchase and select the most favorable financing option.
2. Do not approve the purchase.
3. Set aside decision regarding this matter to a later date.

Financial Impact. A new tender for the Clare Fire Department is not an approved capital purchase in the City's 2009/2010 budget appropriation; consequently, if the Commission

approves the purchase, a budget amendment will be required. We have called a Fiscal Oversight and Budget Committee meeting for 5:30pm on December 21<sup>st</sup> to review, discuss, and provide a recommendation(s) regarding the proposed purchase and financing options; those recommendations will be provided to the City Commission at Monday's scheduled Commission meeting.

The Fire Fund has a comfortable uncommitted fund balance and can afford the recommended \$50K cash down payment. The target fund balance set for the Fire Fund by our Fire Council is \$75K; we estimate that the fund balance will remain at \$70K or better at fiscal year-end, even with the proposed \$50K cash down payment, thereby continuing to meet (or nearly so) the target set by the Council.

As a reminder to the Clare City Commission, the preponderance of all revenues for the Fire Fund are provided by the four Fire Council-Member Townships (Grant, Sheridan, Vernon, & Wise) and the City of Clare – all who have contractually agreed to contribute the equivalent of 1.1mils of their respective taxable value to the Fire Fund on an annual basis. The Clare Fire Department simply could not continue operating at its current funding and resource level without this mutually-agreed-upon millage contribution from all five municipal entities...it is truly a case of all for one and one for all, and the relationship has proven tremendously successful and beneficial for all parties concerned.

Recommendation. I recommend that the City Commission adopt Resolution 2009-103, thereby approving the purchase of a new tender from Custom Fab & Body for \$186,218; that the purchase be consummated with a \$50K Fire Fund cash down payment and by financing the balance with the proceeds of the most favorable loan terms offered to the City by our local financial institutions; and that a budget amendment be concurrently approved authorizing an increase in the approved capital appropriations to allow the purchase. These recommendations are made contingent upon a similar determination and recommendation(s) by the Clare City Commission's Fiscal Oversight & Budget Committee.

Attachments.

1. Memo & Bid Tab.
2. Unapproved Fire Council Minutes.
3. Financing Quotations.
4. Resolution 2009-103.

## MEMORANDUM

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**TO:** Ken Hibl, City Manager  
**FROM:** Jim Chapman, Fire Chief  
**DATE:** December 15, 2009  
**SUBJECT:** 2100-Gallon Wet Side PolyTanker Bids

We recently advertised for sealed bids to purchase a 2100-Gallon Wet Side PolyTanker. Five bids were received (detailed bid tabulation attached):

CSI	\$219,181.00
Custom Fab & Body	\$186,218.00
LTM Fire Equipment	\$228,886.00
Payette & Associates	\$204,914.00
Circle K	\$241,767.00

In addition, Payette & Associates offered two alternatives for 'demo' equipment – one for \$170,000.00 and the other for \$172,000.00.

After reviewing all bids, it is my recommendation that we award the bid to the low bidder of Custom Fab & Body in the amount of \$186,218.00, with an anticipated delivery date of July 8, 2010.

JC:cd

Attachment: Bid Tabulation

**BID TABULATION FOR POLY TANKER BIDS**  
**BIDS DUE BY 2:00 P.M. ON TUESDAY, DECEMBER 8, 2009**

BIDDER INFORMATION	BID	BID DESCRIPTION:
CSI Emergency Apparatus, LLC 2332 Dupont Street Grayling, MI 49738 Scott J. Patzhin, Vice President 888/264-2877	\$219,181.00	2010 CSI/International Tanker
		<b>Delivery:</b> July of 2010
Custom Fab & Body, LLC P.O. Box 125 Marion, WI 54950 Joe Stuhr, Inside Sales 715/754-5316	\$186,218.00	2010 International 4400
		<b>Delivery:</b> July 8th, 2010
LTM Fire Equipment 1591 E. Highwood Pontiac, MI 48340 David "Doc" Broadack, Apparatus Sales 810/300-0231 - Cell 248/333-3772 - Office	\$228,886.00	2011 E-One Raider 1
		<b>Delivery:</b> 240 days after PO
Payette & Associates, Inc. 8474 Macomb Road, PO Box 378 Grosse Ile, MI 48138 Gregory F. Klco, Sales Representative 734/676-2451	\$204,914.00	2009 KME Navistar Elliptical Tanker
		<b>Delivery:</b> 120-140 days after receipt of chassis
Payette & Associates, Inc. - <i>ALTERNATE BID</i> 8474 Macomb Road, PO Box 378 Grosse Ile, MI 48138 Gregory F. Klco, Sales Representative 734/676-2451	\$170,000.00	DEMO #1 - Delivery 30 days
	\$172,000.00	DEMO #2 - Delivery 30 days
Circle K Service 4300 James Savage Road Midland, MI 48642 Brad A. Brandon, Sales Representative 989/496-0511	\$241,767.00	2010 Circle K Service Vision Tanker
		<b>Delivery:</b> 200 - 275 days

*Bids were opened at 2:00 p.m. on Tuesday, December 8, 2009 in the Clare City Hall Commission Chambers by Bob Bonham, DPW Director, assisted by Diane Schmidt, City Clerk, and witnessed by Jim Chapman, Fire Chief.*

1. CALL TO ORDER. Pat Humphrey, the Council Chairman, called the scheduled meeting of the Clare Fire Department Fire Council to order at 7:14 p.m. at the Clare Public Safety Building and subsequently led the Pledge of Allegiance. All Council members were present: Pat Humphrey, Dan Dysinger, Firefighter Jeff Michels, Jeff Bean, Dan McNerney, Bill Strouse, Ken Hibl (nonvoting member), and Chief Jim Chapman. Members absent: None. Also present: Ass't Chief Mike Sargent and Wise Township Trustee Joe Babosh.
2. APPROVAL OF AGENDA. Moved by Jeff Bean and supported by Bill Strouse to approve the agenda as presented. Yeas: 7. Nays: 0. Absent: 0.
3. APPROVAL OF MINUTES. Moved by Bill Strouse and supported by Dan McNerney to approve the minutes of the May 11, 2009 Fire Council meeting. Yeas: 7. Nays: 0. Absent: 0.
4. OLD/UNFINISHED BUSINESS. None.
5. NEW BUSINESS.
  - A. Review and Consideration of Fire Tender Bids. Chief Chapman provided the Council information related to the five bids received for the proposed new tender. A lengthy discussion ensued regarding the need for the tender and the justification for that need. The Council also discussed the current and projected fund balance of the Fire Fund. After approximately 25 minutes of great discussion, Dan Dysinger made a motion to purchase the new tender from the low bidder with a cash down payment of \$50K from the uncommitted fund balance of the Fire Fund and to finance the remainder of the purchase price by means of a three-year loan at the most favorable rate offered and provided by local lending institutions; Bill Strouse supported the motion. Yeas: 7. Nays: 0. Absent: 0.
  - B. Other Fire Department Updates – Chief Chapman. The Fire Chief advised the Council that the 50/50 grant submitted to MDNR for the purchase of woodland turn-out gear has been approved in the amount of \$6.5K. The Department has also purchased the necessary equipment (exposure suits and related ancillary rescue equipment) for ice and water rescue and that three Clare firefighters had attended “train-the-trainer” training the previous weekend; those individuals will train other Clare firefighters in ice/water rescue. Chief Chapman also provided an update regarding the recruitment of four new firefighters and the return of two previously trained, former Clare firefighters.
  - C. Next Council Meeting. No specific date was set for the next meeting.
6. PUBLIC COMMENT. None.

7. INTRACOUNCIL COMMUNICATIONS. Dan Dysinger asked that the Council be provided a minimum of 30-days notice for the 2010/2011 Fire Department budget meeting that is held each spring.
8. ADJOURNMENT. Motion made to adjourn Jeff Bean and supported by Dan McNerney. Yeas: 7 Nays: 0. Absent: 0. The meeting was adjourned by Presiding Council Member Strouse at 8:14pm.

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Pat Humphrey, Chairman

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Ken Hibl, Secretary



December 15, 2009

City of Clare  
202 W Fifth St  
Clare, MI 48617

ATTN: Clare City Commision

RE: Fire Truck Purchase

Central Michigan Community Federal Credit Union would like to make the following financing quote.

Purchase price                    \$187,000

Amount to Finance            \$137,000

Financing from 36 to 60 months at 4.25% a.p.r.

We appreciate the opportunity to work with the City of Clare in this endeavor. Attached are printouts of what payments would be for 36, 48, & 60 months.

If you should have any questions, please contact me.

Sincerely,

Wanda J. Rawson  
CEO/President

Attachments

650 W. Fifth St.	PO Box 207	Clare, MI 48617	(989) 386-7112
1200 W. Cedar Ave.	PO Box 335	Gladwin, MI 48624	(989) 426-1456
201 E. 7 <sup>th</sup> St.	PO Box 843	Evart, MI 49631	(231) 734-3161
3641 N. Clare Ave.	PO Box 784	Harrison, MI 48625	(989) 539-3300



December 15, 2009

Mr. Stephen J. Kingsbury  
Treasurer  
532 N. McEwan St  
Clare MI 48617

Dear Mr. Kingsbury:

Pursuant to your request we would like to submit a bid of 3.79% (Tax Exempt Rate) on the Installment Loan to purchase the Fire Department tender.

Rate:	3.79%
Balance:	\$137,000
Term:	5 years

This proposal is subject to the following conditions:

1. Qualified Tax Exempt Obligation
2. Municipal Purchase Agreement requirements, if applicable

If you have any questions or require further information, please call me at (989) 779-6371.

Sincerely,

A handwritten signature in black ink, appearing to read "David Gillespie".

David Gillespie  
Vice President



## CHEMICAL BANK<sup>SM</sup>

807 N. McEwan Street / P.O. Box 710 / Clare, MI 48617-0710  
Telephone: (989) 386-3411 800-722-6050

December 11, 2009

Steven J. Kingsbury,  
Treasurer, Finance Director, and Director of Information Technology  
City of Clare  
202 W. Fifth St.  
Clare, MI 48717-1490

Dear Mr. Kingsbury:

Thank you for the invitation to make a proposal on an installment purchase agreement in the amount not to exceed \$187,000 for a Fire Department water tender. You have requested pricing for a five (5) year loan term.

Chemical Bank will make the loan according to your request and subject to the conditions noted below at a **fixed rate of 4.79% per annum for 5 years** payable in regular payment intervals.

This proposal is subject to the following conditions:

- That the loan be exempt from federal and state income tax and further be declared to be a "Qualified Tax-Exempt Obligation" for the purpose of deduction of interest expense by financial institutions;
- That the loan be a general obligation of the City of Clare;
- That the loan be structured in accordance with Michigan statutes pertaining to the authority of the City to borrow;
- That City of Clare provides loan documents and a legal opinion acceptable to bank counsel, and;
- That the City of Clare files the required IRS report and provides a copy of the completed form to the bank.
- There will be no penalty for early repayment.

This rate commitment will expire 30 days from the date of this letter unless extended by the bank in writing.

Sincerely yours,

Rod Loomis  
Community President  
Chemical Bank Clare

## Steven J. Kingsbury

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**From:** Loomis, Rod [Rod.Loomis@chemicalbankmi.com]  
**Sent:** Monday, December 14, 2009 1:50 PM  
**To:** 'Steven J. Kingsbury'  
**Subject:** RE: UPDATED Request for financing proposal

Good Afternoon Steven,

Thanks for your email requesting additional financing options for the purchase of fire equipment. Please accept this email as an addendum to our original bid dated December 11, 2009.

In addition to our quote of 4.79% for 5 years with regular payment intervals, we can offer alternatives of:

3.79%            3 (three) years            with regular payment intervals  
-or-  
4.14%            4 (four) years            with regular payment intervals.

We look forward to hearing from you soon on this quote.

**Rod Loomis, Community President**  
Chemical Bank Clare  
807 N. McEwan St, PO Box 710, Clare, MI 48617  
[P] 989-386-6223 [F] 989-386-9479 VOIP 55059  
[rod.loomis@chemicalbankmi.com](mailto:rod.loomis@chemicalbankmi.com) | [www.chemicalbankmi.com](http://www.chemicalbankmi.com)

MADE IN MICHIGAN.

**From:** Steven J. Kingsbury [mailto:skingsbury@cityofclare.org]  
**Sent:** Monday, December 14, 2009 10:56 AM  
**To:** Loomis, Rod  
**Subject:** UPDATED Request for financing proposal  
**Importance:** High

Good morning Rod,

Please consider this electronic communication our official request to receive additional financing alternatives for the purchase of the fire tender. In addition to the five year financing originally requested (as described below and also in the attached request for financing proposal) we would like to receive a proposal for financing this vehicle for a period of three (3) years and also for (4) years.

Steven J. Kingsbury  
Treasurer, Finance Director and  
Director of Information Technology  
City of Clare  
[skingsbury@cityofclare.org](mailto:skingsbury@cityofclare.org)  
989-386-7541 extension 107

**From:** Steven J. Kingsbury [mailto:skingsbury@cityofclare.org]  
**Sent:** Thursday, December 10, 2009 4:40 PM  
**To:** Rod Loomis  
**Subject:** Request for financing proposal

Good afternoon Rod,

The City of Clare is proposing to the Fire Department Council and then to the City Commission that an additional water tender be purchased for the Fire Department in accordance with the previously approved fiscal budget for 2009/10. To insure timely delivery of our request for a proposal to finance the purchase this vehicle attached you will find our written request for this proposal which is being mailed/delivered today.

If you should have any questions concerning this request please feel encouraged to contact us at your convenience.

Steven J. Kingsbury  
Treasurer, Finance Director and  
Director of Information Technology  
City of Clare  
[skingsbury@cityofclare.org](mailto:skingsbury@cityofclare.org)  
989-386-7541 extension 107

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# TAX EXEMPT LEASE QUOTE

December 15, 2009

Requested by  
**Joe Thomas**

Provided by



l e a s i n g 2

Presented To (As Lessee)

**City of Clare**

City of Clare, Michigan  
Attention: Chief Jim Chapman

Proposal Date:	December 15, 2009
Equipment Description:	Custom Fire Tanker
Commencement Date:	January 13, 2010
	<u>Option 1</u>
Equipment Cost:	\$186,218
Lessee Down Payment:	\$50,000
Amount Financed:	\$136,218
Lease Term:	3 Years
First Payment Date:	1/15/2010
Payment Frequency:	1 / year
Lease Rate:	6.11%
Payment Amount:	\$48,140.55
Payment Factor:	0.35341

The information contained in this lease quote is privileged and confidential.  
Any communication of this information in whole or in part is prohibited.

Vendor/Manufacturer Payment Terms from Lessor as follows:

Payment Type: Chassis  
Amount: \$29,850  
Not Earlier Than: 3/1/2010

Payment Type: Final  
Amount: \$106,368  
Not Earlier Than: 8/1/2010

Qualifications:

1. Pricing: This is a lease proposal for the payment stream(s) indicated above. If any of the information identified above are not correct, please advise us so that we can determine if a new proposal is required. Other important elements of this proposal are:

a) Rate Expiration: Signing this proposal does not in itself lock in your rate. This lease must be credit approved, contracts properly signed, and the lease funded by Leasing 2 within thirty days from the date of this proposal to protect the rates quoted in this proposal. This process can take 30 days. If more than a week has elapsed since we provided this proposal, we recommend that you allow us to update our proposal immediately before your decision.

b) Closing Costs: There will be no up-front costs of any kind charged by Lessor including closing costs, points, administrative costs, etc. Your attorney may charge you to review the lease documents and complete the opinion letter required with our lease documentation.

c) Type of Lease: This is a lease-purchase type of financing. After all the lease payments are made, Lessee will own the equipment without further cost.

d) Fixed Rates: Unless otherwise noted, the interest rates in this proposal are fixed for the entire term.

e) Bank Qualified: Lessee shall certify that it has not designated, and does not reasonably anticipate designating, more than \$30,000,000.00 of obligations during the calendar year that the proposed lease is executed.

f) Vendor Payable / Escrow Account (where applicable): In the event that the truck(s) and/or equipment are not ready to be delivered, proceeds of this lease will be held in a vendor payable account until delivery/acceptance. This is a non-interest bearing account to Lessee. Lessor has used projected earnings from this account to lower the lessee's borrowing costs. There will be no disbursements from escrow earlier than the vendor terms highlighted above (Vendor/Manufacturer Payment Terms from Lessor).

2. Credit Approval and Documentation: This is a proposal only, and does not represent a commitment to lease. This financing is subject to credit review and approval and execution of mutually acceptable documentation, including the opinion of lessee's counsel opining that the agreement is legal, valid and binding, and qualified as a tax exempt obligation under the tax reform act of 1986 as amended.

Leasing 2, Inc.

BY: Whitey Meyers (via email or facsimile)

DATE: December 15, 2009

Phone: 800-287-5155 Fax: 813-258-9333



VISIT OUR WEBSITE:  
[www.firetruckleasing.com](http://www.firetruckleasing.com)

**REQUEST TO PROCEED:**

When you are ready to proceed and would like to move towards finalizing this lease, please acknowledge that you have reviewed this entire proposal and understand its contents and that you have awarded this business to Leasing 2, Inc. by completing this section of the proposal and faxing it to Leasing 2. We will immediately fax you "next step" instructions.

In the event Lessee refuses to finalize this transaction once this "Request to Proceed" has been signed and received by Lessor, Lessee agrees to pay Lessor \$1,000.00 in order to cover costs incurred by Lessor as a result of receiving this "Request To Proceed" from Lessee.

We appreciate your confidence and consideration.

Proposal date: December 15, 2009

Option Chosen: \_\_\_\_\_ (where applicable)

Upcoming Governing Body meeting date for lease approval \_\_\_\_\_

City of Clare

Name of Lessee

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name Of Authorized Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Contact Name (If Different Than  
Authorized Signature)

\_\_\_\_\_  
Contact Phone

\_\_\_\_\_  
Contact E-Mail Address

\_\_\_\_\_  
Contact Fax

Do you prefer e-mail or fax? \_\_\_\_\_

*Please complete the above information and fax all pages of the proposal to  
813-258-9333.*

**In the event that you require board action to sign this proposal,  
please call us so that we may forward  
the preferred form of Resolution for your convenience.**

**RESOLUTION 2009-103**

**A RESOLUTION OF THE CLARE CITY COMMISSION APPROVING THE PURCHASE OF A NEW FIRE DEPARTMENT TENDER AND CONCURRENTLY APPROVING A BUDGET AMENDMENT RELATED TO THE VEHICLE PURCHASE.**

**WHEREAS,** the Clare Fire Department has a justified need to purchase a second tender to increase its capability to fight rural fires and to augment established mutual aid relationships it enjoys with surrounding fire departments; and

**WHEREAS,** the Clare Area Fire Council has recommended that the Clare City Commission approve the purchase of said equipment and offered its recommendations regarding the vendor of choice for said purchase and further offered its specific recommendations regarding the financing of said vehicle; and

**WHEREAS,** said purchase is not an approved capital purchase in the City of Clare 2009/2010 budget appropriation; and

**WHEREAS,** the City Commission's Fiscal Oversight and Budget Committee has met to consider and discuss said proposed equipment purchase and has tendered its recommendations to the Clare City Commission regarding said purchase; and

**WHEREAS,** the City Commission has reviewed, considered and discussed said purchase, to include the recommendations of the City Staff, the Clare Area Fire Council, and the City Commission's Fiscal Oversight and Budget Committee.

**NOW THEREFORE BE IT RESOLVED** that the Clare City Commission hereby approves the purchase of a new tender for the Clare Fire Department, said purchase to be made from Custom Fab & Body, LLC of Marion, Wisconsin for a purchase price not to exceed \$186,218.

**BE IT FURTHER RESOLVED** that the City Commission hereby approves the recommendations of the Clare Area Fire Council, the City Commission's Fiscal Oversight & Budget Committee, and the City Staff regarding the means, methods, and terms of financing the purchase of said vehicle.

**BE IT FURTHER RESOLVED** that the City Commission approves an amendment to the approved 2009/2010 Budget to include the purchase price of said vehicle and concurrently directs its Treasurer and Finance Director to take any and all actions necessary and required to amend said approved Budget.


**The Resolution was introduced by Bill Horwood Commissioner supported by Commissioner Tom Koch. The Resolution declared adopted by the following roll call vote:**

**YEAS: Bill Horwood, John Koch, Tom Koch and Jean McConnell**

**NAYS: None**

**ABSENT: Pat Humphrey**

Resolution approved for adoption on this 21st day of December 2009.

A handwritten signature in cursive script that reads "Diane Schmidt". The signature is written in black ink and is positioned above a horizontal line.

Diane Schmidt, City Clerk