

UNION COUNTY FISCAL MEETING
May 3, 2021

All supporting documents to these Minutes may be found in the office of the County Judge/Executive.

The meeting opened at 1:00 p.m. with a Prayer by Judge O’Nan, and the Pledge to the American flag.

The Union County Fiscal Court met in a special called meeting with the Honorable Adam O’Nan presiding. The Union County Fiscal Court met in the conference room at the Central Office Building. Magistrates present were Wyatt, Floyd, Ricketts, and Byrnes.

The only thing on today’s agenda is our fleet management enterprise presentation. Jesse Gross, who is an outside sales representative with Enterprise Management, met with us in a virtual meeting to discuss how Enterprise can help us with the management of our vehicle fleet. She explained that what she does is she takes our existing fleet data from our year, make, model, mileage and VIN, and she determines what type of services make the most sense to help us operate our fleet more efficiently and cost effectively. She said that their customers really appreciate the fact that they can deal with the acquisition for them and that they purchase off of state contract pricing, so there’s no difference in terms of their price of the vehicle, and that they may actually be a little bit cheaper because of the relationships they have with the manufacturer, and the volume that Enterprise purchases in rent-a-car, as well as fleet management across the country. One of the advantages of Enterprise is that they take us out of the habit of the three-bid process and they take care of all that for us and apply that incentive.

She said that there are three ways to fund our vehicles:

1. Paying in cash (which is what we do now)
2. Close ended lease-will probably set us up with really strict mileage and really strict wear and tear, with early termination fees.
3. Open ended equity lease (which is more truly like a market value finance), where you take your delivered price, with your client incentive, they will set it up on a term, finance it down to a balance where Jessi will identify when’s the best time to sell based on annual mileage. The equity made will be rolled back to us to where it can go back into our next vehicle purchased, it can come is as a check to us, they can extend the lease, or at any point and time we can purchase the vehicle and own it outright. There are a lot of options and flexibility on what we can do with the open-ended equity lease.

Jessi stated that Enterprise handles license, title, registration and that they will hold the title so that they can make decisions with it in terms of when to sell and be a little faster with that, but the vehicle that’s in our fleet is ours. She said that when it comes to aftermarket, especially on our shared vehicles, there’s a lot of details when it comes to what type of aftermarket those vehicles need. She said that she will mirror what we are currently doing or she can go in a different direction. She will match those specifically to make sure that one, we’re not

violating warranty and two, that we have the exact specifications that we need on these types of vehicles.

Enterprise has its own maintenance program. When she looked at our fleet, it looked like we were holding on to our vehicles anywhere from 10 to 13 years as an average. In 5 years or 100,000 miles she said our fuel starts going up, our maintenance and repairs start going up and we're also losing value in our vehicles. With Enterprise, they are able to bring some stability with our maintenance and they can get us out of those repairs so that we can budget everything so that we are only doing routine and preventative maintenance on our new vehicles. They have one maintenance program that applies to two parts of our fleet. Ideally, we'll purchase vehicles through them and they will be new, more predictable vehicles so they can budget our maintenance and they will manage the rest of our fleet as well on their maintenance management program, giving us access to exactly how much things are costing, giving them visibility to help make recommendations on if a high dollar repair needs to be done, what's the fair market value, does it make sense to replace it versus repair it and helping us navigate those obstacles as they occur. Magistrate Ricketts asked if the individual in the vehicle calls in the maintenance and does Enterprise contract with our local shops? Jesse stated that they do contract with local shops, and they can set them up for the recording, to where they can plug into the one software system, it will go to the same place as if you were to go to a Jiffy Lube to get something done, and it will all flow through one website. So, if one of our drivers were out on the road and the change oil light came on in their vehicle, they could pull into Jiffy Lube and get this taken care of. Jiffy Lube would read the VIN number of that vehicle, call Enterprise and get everything done the way it's supposed to be done and get our driver back on the road. The benefit of this from a payment standpoint is that we'll only get one consolidated bill, whether we're getting stuff done in house or outside. We won't have to worry about getting different receipts of services that they had done if they hadn't been outside the shop. She usually sets our government shop up to do in house maintenance for us because everything should become routine and preventative.

As far as the fuel, they will do the same thing we're doing now with our fuel cards, except they will be able to apply more visibility and control to helping our drivers see how much fuel they're putting in each vehicle and what are some opportunities to maybe reduce those costs and bring some stabilization. She explained that anyone can drive a vehicle but each driver will have their own pin number. So, if Tony Ratley from the Road Department needed to drive a jail vehicle and had to put fuel in it, he would use that vehicle's fleet card but would use his pin number and when the bill comes in, the Judge's Office would see that Tony drove a jail vehicle and instead of the fuel bill coming from the jail fuel account, it would be taken out of the road fuel account. This allows us the visibility to see if someone is using more fuel than they should be and to track what account the fuel needs to be taken out of. Lissa, Kim and Jill will be able to give out specific codes to each department so that when the bill comes in it's automatically coded with what account the fuel needs to be taken from. Magistrate Floyd asked what the cost of this would be? Judge O'Nan said that it is \$10 a month on the maintenance plan for our old vehicles that we purchased before joining Enterprise. He recommends that we do this with our Sheriff's and Road Department vehicles for sure. Jesse stated that this \$10 gives us full access to the website and allows them to track our older vehicles, because without this data, they can't really tell which vehicles we should look into replacing.

She then went into resale because she feels driver safety and resale go hand in hand. She stated that when you have a newer, fresher fleet, not only are your operational expenses down, but your people are driving safer vehicles and your community is being served by safer vehicles. You're not having to deal with downtime, of not being able to do something because you have one vehicle that's only able to do something for someone out on the road and they have to wait until it's repaired. You're able to say let's look at the backend of this ownership of a vehicle, we purchased it, we've maintained it properly, why not sell it and make a profit off of it that can go toward our next purchase of vehicles so that way our fleet becomes no older than five years? She said that every vehicle has its own sweet spot as to when to sell and it's their expertise to identify where that is for our existing vehicles and our leased vehicles.

At this point Jessi asked if there were any questions? Magistrate Ricketts wanted to know what the length of the contract would be should we want out of it? She stated that there is no contract. We only enact a partnership with them by signing a vehicle order to purchase a vehicle, and if at any point we want out, we just pay off that balance and the vehicle is ours. He then asked how many municipalities do they have engaged in this relationship? Sharing her screen, Jessi showed us their current number of customers and said that in addition to this number is an extensive list of over 300 commercial clients as well. She said that Joe Nee, who would be our account manager works with Green River, Cumberland Valley, their Health Department, Kateland sanitation, Anchorage Middletown fire and EMS, Marshall County, and Hopkins County to name a few. She said that most of their clients use the equity lease, because there's no wear and tear penalty, no over mileage charge, you can get out of it or adjust it at any time and it improves cash flow. Jesse said that payments could be set up as a lump sum payment 3 times a year, annually, semi-annually or monthly, however we choose to do it and we will not start making payments until the vehicle is delivered. Judge O'Nan asked what the interest rate would be? Jesse said the interest rate is 3.5%.

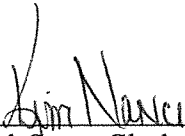
After discussing a few other pieces of information, Jesse said that she was going to crunch some numbers for us and get that information to us as soon as possible. She then closed out the virtual meeting by stating that it would be an honor and privilege to bring us on board and to help Union County.

After the conclusion of the virtual meeting, Judge O'Nan asked for the Court's thoughts on partnering with Enterprise for helping to manage our fleet. He said that it is a departure from what we've been doing, but that we have to start somewhere. Another positive is that they work through KACo, so nothing would have to be changed in that aspect. Magistrate Floyd asked what the county would be out the first year? Judge O'Nan said it would be around \$100,000 to lease 11 vehicles: (3) for the Sheriff's Department, (4) for the Senior Citizens, (1) EMA and (3) for the Road Department. If we were to purchase just the 3 Sheriff's vehicles the way we previously have, that alone would probably cost a little over \$100,000 and we would be responsible for having them equipped. If we were to go with Enterprise, the trucks would be equipped and ready to go upon delivery. County Attorney, Julie Wallace said that the only thing she would advise is that we really pay attention to the maintenance section. With the vehicles being brand new, she didn't foresee there being a whole lot of maintenance needed. She was under the impression that tire replacement, oil changes, wiper replacement, etc. were things that we have to take care of ourselves and all of this work can be done at the Road Department Garage. Judge O'Nan said

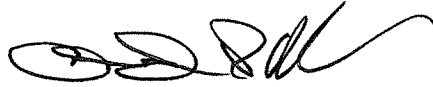
that we do take care of those needs at the Road Department and that we still can, but with going with Enterprise, it's his understanding that if we do this work in house, they will pay the Road Department for doing the repairs. We will pay a maintenance fee of \$63 a month per vehicle, but any maintenance we do ourselves, will be paying ourselves back. Judge O'Nan is going to confirm this with Jesse and let the Court know if it's correct.

Judge O'Nan asked the Court if this is something they want to move forward on? Magistrate Wyatt made a motion to move forward with Enterprise, seconded by Magistrate Ricketts, motion carried.

There being no further business to come before the Court, a motion to adjourn was made by Magistrate Floyd, seconded by Magistrate Ricketts, motion carried.



Fiscal Court Clerk
Kim Nance



Adam O'Nan
County Judge/Executive