Pierce Financial Solutions

Thom Kowatch

Velocity PUC
Pumper

Central Lyon County
Fire Protection District

CENTRAL LYON FIRE

Lease Purchase

Pierce FINANCIAL SOLUTIONS

Budgetary Numbers:	
Pierce Apparatus:	Velocity PUC Pumper
Estimated Delivery:	Per Contract
Cost:	$1,254,953.00
HGAC:	$2,000.00
Budgetary Prepayment Discount:	$103,894.00
Budgetary Performance Bond:	$3,074.63
Amount Financed:	$1,156,133.63

* *Rates as of July 20, 2026 and are fixed at closing.*

* *Effective rates are the rates based on the price of the apparatus excluding prepayment discounts. It's what the rate needs to fall to at the time of delivery to obtain the lease payment available today with the 100% prepayment discount.*

Date	5 Year Lease Purchase	5 Year Lease Purchase with I/O	
August 2026	Order/Lease Start	Order/Lease Start	
August 2027	$266,005.13	$58,615.98	*Interest Only*
August 2028	$266,005.13	$58,615.98	*Interest Only*
August 2029	$266,005.13	$267,554.66	
August 2030	$266,005.13	$267,554.66	
August 2031	$266,005.13	$267,554.66	
August 2032		$267,554.66	
August 2033		$267,554.66	
Rates	4.86%	5.07%	
Total Payments	**$1,330,025.64**	**$1,455,005.25**	
Effective Rates	***1.97%***	***3.22%***	

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PNC BANK

What is a Municipal Lease

What Is a Municipal Lease?

A municipal lease is similar to an installment sales contract or loan. The distinguishing features of a municipal lease are "tax-exempt interest" and a "non-appropriation clause." In a municipal lease, the Lessee (Fire Department) owns the asset subject to the Lessor's (PNC Bank) security interest and has lien-free ownership at the end of the term after completing all payments.

Tax-Exempt Interest

The interest income on a municipal lease is exempt from federal tax. The Lessor passes these tax savings to the Lessee in the form of a lower interest rate. The current federal corporate tax rate is 21%, which means a municipality can borrow at an interest rate that is 79% of the rate issued to a commercial entity.

Non-Appropriation Clause

A non-appropriation clause enables the Lessee to terminate the lease agreement at the end of the current appropriation period without further obligation or penalty. This may be done only in cases where the Lessee was unable to obtain funding for future payment obligations under the lease. The non-appropriation clause enables the Lessee to account for the lease obligation as a current expense instead of debt. In the vast majority of states, a municipal lease can be approved without a time-consuming and expensive voter referendum since it is not accounted for as debt. Please note that a non-appropriation clause is not available for volunteer fire departments.

** Some Volunteer Fire Departments depending on legal structure might not receive a "non-appropriation" clause and may have to hold a public hearing to receive tax-exempt interest.*

Benefits of a Municipal Lease

Conserve Cash

With leasing, a department only has to come up with a fraction of the cost of the apparatus versus the entire amount and can spread the entire capital cost gradually over time. Leases do not require down payments and tend to have faster processing times and lower legal and administrative expenses than bonds or grants.

Lower Cost with Prepay Discounts

In a lease, PNC Bank prepays the order and becomes eligible for Pierce's prepay discount program, which reduces the cost of the apparatus, lowers annual payments thus conserving even more cash. A lease with prepay discounts is generally more cost effective than a bond or grant financing that does not feature prepay discounts.

Defer Payments to Future Budget Years

Payments in a lease begin one year from the time of the apparatus order allowing a department to purchase at today's cost and interest rates. The interest rate and payments are fixed at the time of order which simplifies the budgeting process. A department needs the money in next year's budget to purchase the apparatus today. In certain situations, payments can be deferred even longer.

Leverage the Budget to Accelerate Apparatus Purchases

Leasing stretches the budget, allowing the department to buy more apparatus now – and save money by avoiding future inflation.

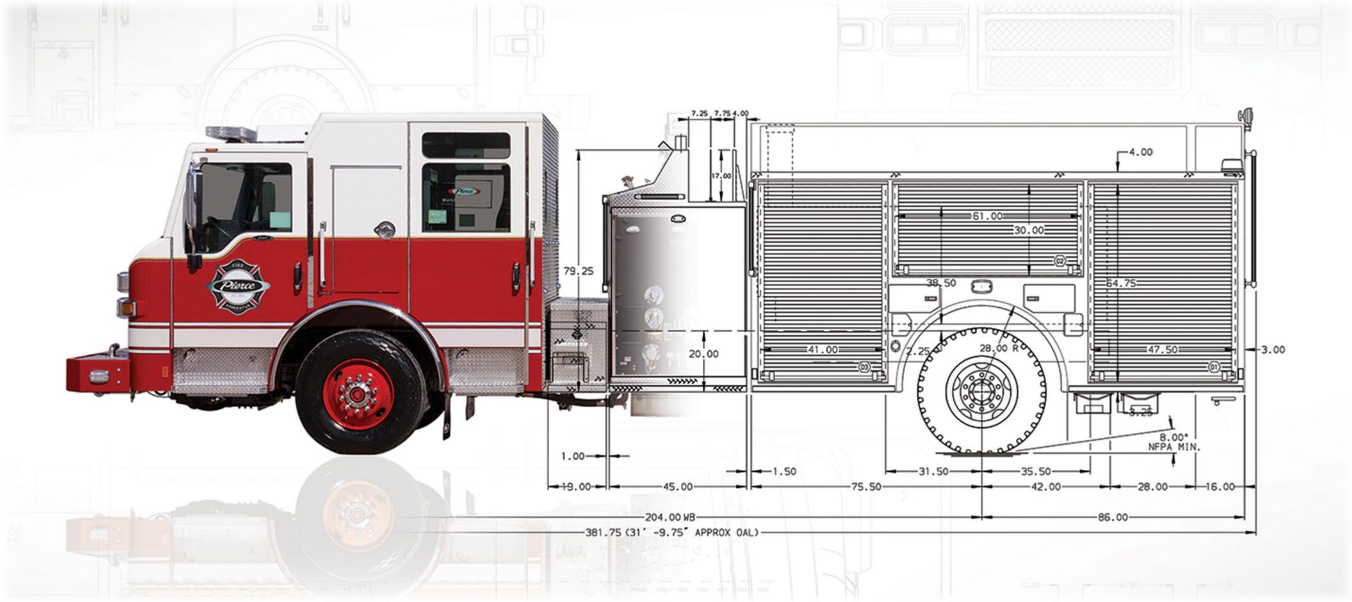
Maintain Fleet Replacement Plans

Fire apparatus(s) are often the most valuable assets in public safety and a lease plan enables a department to adhere to its fleet replacement plans in any economic environment through line-item budgeting of the apparatus investment. Older apparatus with escalating maintenance costs and depreciating resale values can be replaced with newer apparatus with lower maintenance and warranties. Maintaining fleet replacement plans is critical to matching the new technology and infrastructure demands of communities today. The new apparatus offers the latest advancements in both safety and operational efficiencies benefiting communities and their first responders.

Pierce Financial Solutions Program Advantage

- The same logic behind our custom chassis applies to our financial services: Tailor the product to the department, not the other way around.
- Pierce and PNC Bank (4th largest bank-owned leasing company in U.S.) partner to provide a tax-exempt municipal leasing program that has financed > $1.5 Billion in Pierce Apparatus!
- Pierce Financial Solutions Program Advantages:
  - Flexible payment structures to meet your budget requirements
  - Deferred payment option to simplify budgeting
  - Industry's most extensive lines of lease plans for fleet replacement
  - Prepay program to lower payments and eliminate interest rate risk
  - 100% Financing with no documentation fees
  - Highly Competitive tax-exempt interest rates
  - Quick approvals that can bypass voter referendums

Customized Financing



For a One-of-a-Kind Customized Apparatus.

Finance Program Options

All kinds of plans for all kinds of departments

Lease Purchase Plan

A lease purchase financing plan allows municipalities to make payments to own the apparatus at the end of the lease term. With a lease purchase plan, you can pay for the apparatus gradually over time, allowing municipalities to use available capital for operations or other needs. Terms for this plan range from 2 to 15 years (10 years for apparatus with commercial chassis).

Choose a lease purchase if:

You prefer ownership of the apparatus and need to spread capital costs over time.

Turn-In Lease Plan

The turn-in lease plan contains a "balloon payment" for the estimated resale value of the apparatus at the end of the lease. Terms for this plan range from 2 to 10 years of use. This lease contains mileage and apparatus condition provisions, with 10,000 and 15,000 annual mileage options available. A department has two options at lease term:

1. Purchase the apparatus by paying off or refinancing the "balloon payment."
2. Return the apparatus to Pierce and lease a new Pierce apparatus (Pierce pays off the balloon payment).

Choose a turn-in lease if:

You want to pay for the use of the apparatus over the lease term and need a flexible, cost-effective fleet management program.

Lease Start Options

- Central Lyon Fire can start the financing at *any time from the date of order to the date of delivery*
- *Central Lyon Fire will receive all remaining Pierce prepay discounts from the financing start date to the date of delivery.*

DRIVING THE FUTURE OF HOW WE BUILD.

The future demands smarter manufacturing—
not just faster production.

Unprecedented demand requires a new manufacturing mindset. Pierce is investing in advanced processes, digital tools, automation, and workforce development to create a manufacturing system built for consistency, scalability, and long-term excellence.

Built with discipline. Built with purpose.

Making Lease Payments Prior To Delivery

Lease payments made prior to delivery have *two* layers of protection:

1. Pierce Performance Bond

Ensures that the customer will receive the apparatus in accordance with the terms of the contract agreement. Guarantees one year warranty will be performed.

2. PNC "Four Party Agreement" in lease contract

If Pierce fails to deliver Equipment, then Pierce shall pay to Lessee the Lessee's payments and the amount owed to PNC (the lease is refunded).

PNC BANK

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We make it easy to get behind the wheel of your new Pierce.