

INTEGRATED SUPPLY AGREEMENT
THE CITY OF MIDWEST CITY
AND
GENUINE PARTS COMPANY D/B/A NAPA AUTO PARTS
(Piggyback Competitive Award)

This **AGREEMENT** (this “Agreement”) is made this 1st day of September, 2023 (the “Effective Date”) between Genuine Parts Company dba NAPA Auto Parts, 2999 Wildwood Parkway, Atlanta, Georgia 30339 hereinafter referred to as “NAPA” and the City of Midwest City, a municipal corporation, or Public Trust hereinafter referred to as the “Customer” or “the City”.

WITNESSETH:

WHEREAS, NAPA and Oklahoma State University previously entered into that certain Integrated Supply Agreement dated as of August 1, 2017 (the “Master Agreement”) in connection with a contract award provided by Oklahoma State University to NAPA following the issuance of Request for Proposal OSUA&M-RFP-000177-2017 pursuant to which Oklahoma State University sought proposals for an On-Site Vehicle Maintenance Parts Facility for the Vehicle Maintenance Division of Oklahoma State University, which Master Agreement remains in full force and effect and was renewed for an additional term effective beginning in July, 2023;

WHEREAS, the laws of the State of Oklahoma and the City provide authority for the City to select and contract through the use of the competitive bid process of any State contract as an exception to the otherwise required formal bidding process, which includes the Master Agreement; and

WHEREAS, NAPA agrees to sell and deliver to the City the items of material and/or services, specified in the Master Agreement and the proposal submitted by NAPA in connection therewith, both of which are made a part of this Agreement and incorporated herein;

NOW, THEREFORE, that in consideration of the covenants, agreements and representations as hereinafter set forth, it is mutually agreed by the parties that:

1. **AGREEMENT/CONTRACT PERIOD**. This Agreement shall last for a period of one (1) year from the Effective Date. This Agreement is renewal for four (4) additional one-year periods at the option of the City. Should the City desire to renew this Agreement, a written preliminary notice will be furnished to NAPA, at least sixty (60) days, prior to the expiration date of the Agreement. (Such preliminary notice will not be deemed to commit the City to renew.). Either the City or NAPA may terminate this Agreement in accordance with the terms of Master Agreement.

2. **CUSTOMER LOCATION**. NAPA agrees to sell and deliver to the City, the items of material and/or services, specified in the Master Agreement, the terms of which are incorporated by reference and made part of this Agreement, at the following City Location: **8730 SE 15th Street, building “C” Midwest City, OK 73110** (the “On Site Store”).

3. **PRICING**. The pricing for this Agreement shall be that set forth in the Master Agreement, which is set forth on Exhibit A attached hereto.

4. **NAPA SERVICES, STAFFING AND DELIVERIES**. In accordance with the terms of the Master Agreement and without limiting NAPA’s agreement to provide the services set forth in the Master Agreement, NAPA will provide the following services:

(a) NAPA will operate the On Site Store and provide the Inventory to the City's now existing location. NAPA shall provide all personnel and maintenance parts and supplies required to operate the On Site Store as part of an efficient and effective on-site parts operation that covers all hours worked, including overtime due to peak demand and emergency operations. All parts, and lubricants necessary to maintain, repair and operate vehicles and equipment, plus those items used by other City personnel that have been traditional stock items of the existing stock room will be covered by this Agreement. The City's standard hours of operation are 7:30a to 4:00p M-F.

(b) In those circumstances when delivery is required by the City, NAPA will provide parts to the City location on a daily route basis. In addition, NAPA will accelerate delivery on those items the City requires to be delivered on an expedited basis. NAPA will make all reasonable efforts to ensure prompt delivery to the City's location requesting part(s). All deliveries shall be F.O.B. Destination. NAPA shall prepay all packaging, handling, shipping and delivery charges and prices shall include all such charges. Deviations, substitutions or changes in products and services shall not be made unless expressly authorized in writing by the City.

(c) NAPA shall provide all computers and reports necessary to monitor monthly expenses as they pertain to the daily operation of the On Site Store. NAPA shall provide computer ordering and cataloging to each On Site Store through its proprietary TAMS (Total Automotive Management System), which it cannot assign nor leave with the City upon termination or expiration of this Agreement.

(d) NAPA shall provide a profit and loss statement of the parts operations to the City on approximately the 20th of each month for each On Site Store.

(e) NAPA shall provide back-up emergency service during non-working hour contingencies. The overtime expense (calculated at time and one half) will be charged on a cost basis to the City. NAPA will upon request provide a staffing plan, and will provide a list of personnel, including telephone numbers, who will respond to emergency service requests.

5. **SYSTEM INTEGRATION.** NAPA shall use good faith efforts to endeavor to integrate with the City's systems at a mutually agreed upon cost.

6. **CONFIDENTIALITY AND INDEMNIFICATION.** The confidentiality provisions of Section 15 and the indemnification provisions of Section 18 of the Master Agreement are specifically incorporated into this Agreement by reference, and made part of this Agreement.

7. **WARRANTY.** All items supplied pursuant to this Agreement are subject to the terms of written warranties provided by the manufacturer of each part, and NAPA shall use reasonable commercial efforts to assist the City in processing all warranty claims that the City may have against a manufacturer. The manufacturer's warranty will be the sole and exclusive remedy of the City in connection with any claims concerning the parts supplied to the City pursuant to this Agreement. ALL OTHER WARRANTIES BOTH EXPRESS AND IMPLIED INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARE HEREBY EXCLUDED. Copies of the manufacturers' warranties are available to the City upon request. For suppliers (or categories of suppliers) of Non-NAPA products that the City instructs NAPA to utilize or consider for future purchases, NAPA is under no obligation to (and NAPA disclaims all liability in connection with) investigate product quality, management, ownership, reputation, certifications, qualifications, price competitiveness, or any other related characteristics of the products, individuals or entities at issue.

8. BUY-BACK OF INVENTORY. Upon termination, expiration, or non-renewal of the Agreement, NAPA shall have the option to require the City to purchase all non-NAPA Inventory owned by NAPA and located in the On Site Store at NAPA's current acquisition cost, and the City shall have the option to purchase all NAPA Inventory, owned by NAPA and located in the On Site Store at NAPA's current acquisition cost. Upon the City's request, NAPA shall provide the City with a listing of all NAPA and non-NAPA Inventory owned by NAPA and located in the On Site Store.

9. COMPLIANCE WITH MASTER AGREEMENT; BUYBACK. Without limiting the terms set forth herein, NAPA and the City shall comply with all terms of the Master Agreement with respect to the items of material and services to be provided.

10. PURCHASE OF INVENTORY. NAPA shall purchase the mutually agreed upon existing City parts and lubricants inventory, as determined by mutual agreement of the parties, at current City Fleet Services Department cost and issue the City payment for said inventory, provided that (a) all purchased inventory must be either (i) new, saleable, complete, and currently needed by the City's active fleet/equipment and must have been used by the City within the twelve (12) month period immediately prior to the purchase date or (ii) mutually agreed upon seasonal maintenance and repair parts regardless of sales history, (b) NAPA cannot purchase any tires and (c) NAPA shall purchase a maximum of \$115,000 of such inventory. NAPA agrees to manage and distribute any current City Fleet Services' inventory, not initially purchased by NAPA, for the duration of the Agreement and issue such inventory to the City upon request at no cost. Upon the City's request, NAPA shall provide the City with a report of all inventory distributed from the original non-NAPA inventory list.

11. NOTICES. Whenever any notice, demand or request is required or permitted under this Agreement, such notice, demand or request shall be hand-delivered in person or sent via facsimile, by overnight mail through a reputable service, or by certified mail, return receipt requested, to the addresses set forth below:

As to NAPA: Genuine Parts Company
 2999 Wildwood Parkway
 Atlanta, GA 30339
 Attn: Corporate Counsel

As to the City: The City of Midwest City
 Fleet Services Department
 8730 SE 15th Street
 MidwestCity, OK 73110

12. OTHER CONTRACT TERMS. This Agreement and the Master Agreement set forth the entire agreement between NAPA and the City with respect to the subject matter. There are no understandings, agreements, or representations, oral or written, not specified herein or in the Master Agreement. Any attempt to amend this Agreement is null and void and hereby rejected, unless agreed to in writing by the City and NAPA. This Agreement shall be construed and interpreted under the laws of the State of Oklahoma.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto cause their hands and seals to be affixed by their duly-authorized representatives effective as of the date and year first above written.

GENUINE PARTS COMPANY

By:  _____

Name: Art Fischer

Title: Division Vice President

THE CITY OF MIDWEST CITY

By: _____

Name:  Matthew D. Dukes II

Title: Mayor

[SIGNATURE PAGE]

EXHIBIT A
PAYMENT TERMS/PRICING

NAPA shall invoice the CUSTOMER for all Inventory purchased pursuant to this Agreement on a monthly basis according to the pricing plan below. CUSTOMER agrees to pay the entire amount of all statements received from NAPA by the 25th day of the month following receipt of any such statement. In the event any statement has not been paid as of such date, NAPA shall impose a finance charge of 1.5% per month, or such lower amount as may be permitted by law. CUSTOMER shall reimburse NAPA for all costs incurred by NAPA in collecting any past due amounts owed to NAPA pursuant to this Agreement, including any attorneys' fees.

The overall goal of CUSTOMER's pricing plan is to achieve a ten percent (10%) net profit for NAPA (the "Net Profit Target") by adjusting the pricing of two elements:

(a) **Product Costs.** The pricing of the Inventory to be supplied to CUSTOMER by NAPA pursuant to this Agreement. Product Costs shall be further divided into "**NAPA Product Costs**," which is the pricing of NAPA supplier manufactured products, and "**Non-NAPA Product Costs**," which is the pricing of products which have not been manufactured by NAPA suppliers but which have been acquired for CUSTOMER by NAPA pursuant to this Agreement.

(b) **Operational Costs.** Any and all costs and expenses associated with the operation of the On Site Store(s), including, but not limited to, vehicle gas and maintenance costs, salary and benefits payable to NAPA employees at the On Site Store(s), worker's compensation benefits and insurance, unemployment insurance, personal property insurance for the On Site Store(s) and Inventory, any deductible for losses covered under the personal property, automobile liability, or general liability insurance policies of NAPA, all equipment supplied by NAPA, Corporate Allocation Expenses (as defined below), inventory investment expense, pension funding costs, executive fees, accounting fees, general office expenses, and shared service expenses. An example of a profit and loss statement reflecting such costs and expenses is attached hereto as Exhibit B. CUSTOMER acknowledges and agrees that the costs and expenses reflected on the profit and loss statement set forth on Exhibit B are subject to change based on actual monthly costs, expenses or Corporate Allocation Expenses incurred relative to the operation of the On Site Store(s). To achieve economies of scale, NAPA utilizes certain headquarter and corporate personnel to assist in the performance of this Agreement. As a result, each On Site Store location is charged a corporate allocation expense ("Corporate Allocation Expense") which is calculated as a percentage of sales for each contract year. As such, there is not a supportive invoice for such expenses other than an annual allocation rate statement. This Corporate Allocation Expense allows NAPA to have fewer employees performing routine general administrative tasks such as paper work and filing at the On Site Store(s), allowing NAPA counter personnel to focus more attention on serving the On-Site Store operations, and maximizing on-site cost efficiency.

PRICING PLAN SUMMARY

| | |
|------------------------|---|
| NAPA Product Costs | Billed to CUSTOMER at a 10% gross profit rate (gross profit is store acquisition cost divided by .90) |
| Non-NAPA Product Costs | Billed to CUSTOMER at a 10% gross profit rate (gross profit is acquisition cost divided by .90) |
| Operational Costs | Billed to CUSTOMER in accordance with item (b) above |
| Net Profit Target | 10% net profit for NAPA |

Both NAPA Product Costs and Non -NAPA Product Costs shall be set by NAPA to yield a gross profit of ten percent (10%). Operational Costs will be charged to CUSTOMER in accordance with item (b) above, with all such charges for Operational Costs to be included in CUSTOMER's monthly billing statement. CUSTOMER will be billed at the end of each month for operational costs on an " in arrears" basis.

In addition, NAPA may use any sub-contractor for the procurement of "outside" purchases or services (i.e., those parts or services not traditionally stocked or perform by NAPA), and CUSTOMER will be billed an additional charge for any such purchases so as to yield NAPA a ten percent (10%) gross profit on such purchases. CUSTOMER is solely responsible for improper or inappropriate instructions by CUSTOMER's employees to NAPA regarding NAPA's purchases of nontraditional parts or services, unless CUSTOMER provided prior written notice to NAPA of parts or services that may not be procured by NAPA in relation to this Agreement.

EXHIBIT B
Sample Profit and Loss Statement

[See attached.]

City of Midwest City



SAMPLE P&L

| Projected Expenses | NAPA Monthly Parts and Operational Projections | %To Sales |
|-------------------------------|--|---------------------------|
| Parts Purchases | 62,500 | 100.00% |
| Cost of Goods | 56,250 | 90.00% |
| Markup on Parts | 6,250 | 10.00% |
| GROSS PROFIT | 6,250 | 10.00% |
| Accounting Fees | 619 | 0.99% |
| PAYROLL: | | |
| Manager/Counter Salaries | 4,583 | 7.33% |
| Delivery Driver Salaries | 0 | 0.00% |
| Pension | 281 | 0.45% |
| Employee Benefits | 350 | 0.56% |
| Workers Comp Insurance | 60 | 0.10% |
| FICA/SECA/UI/SUI | 800 | 1.28% |
| Total IBS Payroll | 6,074 | 9.72%¹ |
| Miscellaneous Expenses | | |
| Delivery Truck Insurance | | 0.00% |
| Delivery Maintenance/Gas | | 0.00% |
| Truck Payment | | 0.00% |
| Shelving/Cage Depreciation | | 0.00% |
| Freight & Postage | 200 | 0.32% |
| General Liability Insurance | 100 | 0.16% |
| Interest | | 0.00% |
| Light, Heat, Water | | 0.00% |
| Rent | | 0.00% |
| Stationary, Shipping Supplies | 150 | 0.24% |
| Stock Loss | | 0.00% |
| Store Expenses | 100 | 0.16% |
| Personal Property Taxes | 100 | 0.16% |
| Telephone | | 0.00% |
| Inventory Computer | 900 | 1.44% |
| Training | 50 | 0.08% |
| TOTAL MISC. EXP. | 1,600 | 2.56%¹ |
| TOTAL EXPENSES | 8,293 | 13.27%¹ |
| Gross From Less Expenses | (2,043) | -3.27% |
| Miscellaneous Discounts | 0 | 0.00% |
| MGMT FEE | 8,293 | 13.27%¹ |
| NET PROFIT | 6,250 | 10.00%¹ |







GPC- City of Midwest City - Piggyback Contract (HKW 8-9-23)

Final Audit Report

2023-08-16

| | |
|-----------------|---|
| Created: | 2023-08-16 |
| By: | Hunter Beal (hunter_beal@genpt.com) |
| Status: | Signed |
| Transaction ID: | CBJCHBCAABAUA3c3H_68_6z-eNl6nlmH1E1EuE3kVA4 |

"GPC- City of Midwest City - Piggyback Contract (HKW 8-9-23)" History

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