



McNeece Bros. Oil Co., Inc. fuel purchasing proposal for City of San Luis, AZ

McNeece Bros. Oil is excited to have the opportunity to present the City of San Luis, AZ with a fuel purchasing proposal that will continue to extend the current 15-year fuel cost saving relationship between McNeece Bros. Oil and the City of San Luis. The McNeece Bros. Oil team attended a meeting in June 2022 with city employees in charge of fuel purchasing. In this meeting, McNeece Bros. oil gave a brief history of how the relationship originally came to fruition, as well as explained to the city employees how not a single other competitor could offer the fuel cost saving package that McNeece Bros. brings to the table. A brief explanation of the history of the relationship is as follows.....McNeece Bros. Oil approached the City of San Luis about 15 years ago to see if we could offer a fuel card solution that would save the city money of every fuel purchase. At the time, the City of San Luis informed us that they were using standard credit cards for fuel purchases for many years. The use of standard credit card purchases meant that the city was paying too much for fuel. McNeece Bros. oil informed the City of San Luis that because they were a city government entity that they were exempt from paying the federal excise tax on gasoline and diesel fuel. McNeece Bros. oil offered our Pacific Pride Commercial Fueling Network fuel card services that allow for government entity exemptions from the federal excise tax which translated to an instant savings of 18.4 cents per

gallon on gasoline and 24.4 cents per gallons on diesel fuel for the City of San Luis. The city of San Luis continued to purchase fuel at local gas stations in town that accepted the Pacific Pride fuel card and saw on their monthly billing that they were not being charged the federal excise tax on both gasoline and diesel fuel. McNeece Bros. takes pride in offering low-cost fuel solutions that in this case resulted in hundreds of thousands of dollars in fuel cost savings for the city during our current 15-year business relationship. During the meeting it was also explained that about 7 years ago a Pacific Pride commercial fueling location was built in San Luis located at 390 Cesar Chavez St. The availability of a Pacific Pride commercial fueling site located locally added the ability for even greater fuel savings for the city of San Luis. Pacific Pride fueling sites are private and not open to the public. They offer low-cost wholesale priced commercial fueling for their customers. With the addition of this private fueling location, the city of San Luis now purchases the majority of their fuel from this location and is paying a commercial wholesale price compared to the higher retail prices of public gas station and convenience stores. After our meeting city employees ran test transactions at multiple fueling locations and saw in real time that the city was paying 50 cents to a dollar less per gallon on fuel compared to other local fuel offerings. The Pacific Pride Fueling location located on Cesar Chavez St. is the only commercial fueling site located in the city of San Luis and therefore gives McNeece Bros. oil a competitive advantage over our competition for being able to continue to provide the city of San Luis with low cost fueling options. Our competition who is a franchisee of the CFN network which is similar to the Pacific Pride commercial fueling network may be able to offer you the federal excise tax exemption but the the closest

CFN commercial fueling site to fuel at would be all the way in the city of Yuma so it does not make sense to drive 50 miles round trip and a hour of time round trip to fill all of the vehicles that the city of San Luis operates. After our meeting, it seemed clear to the city employees that it made sense without a doubt to continue the relationship with McNeece Bros. Oil for their fueling purchases. They notified McNeece Bros. that they would be presenting to the city council for approval to continue purchasing fuel through the McNeece Bros. Oil program. McNeece Bros oil values the relationship with the city of San Luis and looks forward to continuing this mutually beneficial relationship for years to come. Thank you for your time and business!

Sincerely,

Patrick McNeece

A handwritten signature in cursive script that reads "Patrick McNeece".

Operations Manager

McNeece Bros. Oil Co., Inc.