

HIGHTOWERS PETROLEUM CO.

"Fueling America's Petroleum Needs"



Part A1

**Technical Proposal for:
Bulk Fuel Purchase and Delivery Service
RFQ 3064**

**Hightowers Petroleum Company
3557 Commerce Drive
Middletown, OH 45005
513.423.4272
www.hightowerspetroleum.com**

Proposal Opening Date: October 9, 2013

Proposal Opening Time: 2:00 pm



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Project Overview

Hightowers Petroleum Company is providing this Request for Qualification to the State of Nevada. We understand the intent of this RFQ is to qualify as a potential vendor to provide Bulk Fuel Purchases and Delivery Services statewide, on an as needed basis for State-owned tanks. If approved as a qualified vendor, we would be placed on a list for potential opportunities to bid on fueling needs with State Agencies for a two-year period, beginning February 1, 2014. This contract carries an option to renew for two (2) additional years.

Request for Qualifications

Minimum Qualifications & Proposed Service Plan

- 3.2.1 All fuel supplied by Hightowers Petroleum Company (HPC) will comply with all governmental and industry standards and specifications in accordance with Nevada Revised Statutes (NRS) and Nevada Administrative Code (NAC) Chapter 590 which covers Motor Vehicle Fuel, Petroleum Products and Antifreeze.
- 3.2.2 HPC will be in full compliance with the Nevada Transportation Authority per NAC 706 (Motor Carrier Compliance) and be able to provide a copy of the Certification along with other appropriate licenses and documentation required when transporting certain fuels under NRS 365.530. This statute details the documentation required when transporting certain fuels
- 3.2.3 HPC will provide a Bill of Lading and Material Safety Data Sheets (MSDS) as defined and prescribed in 29 C.F.R., Section 1910.1200 to agency personnel at the time of each delivery.
- 3.2.4 HPC intends to provide service for the entire state
- 3.2.5 HPC intends to supply all the products listed in this proposal except Jet-A fuel.

All blending of fuel will take place prior to delivery. All diesel fuel sold during the core winter-time months will have the required winterizing fuel additives. We understand fuel sold under this agreement is subject to Fuel Sample Analysis.

Minimum Qualifications & Proposed Service Plan

3.4 Delivery Requirements

3.4.2 All other Fuel

HPC will deliver fuel at the agreed upon dates and times. Regularly scheduled “keep fulls” are an option. All regular deliveries will be completed in full within one (1) working day from order receipt. Deliveries will take place during regular business hours 7:30 am to 3:30 pm, Monday through Friday, with the exception of the State observed Holidays. All deliveries will include a meter ticket of delivery or meter reading to certify the actual volume of bulk fuel. HPC will adhere to all requirements for delivery into Department of Corrections’ Facilities.

3.5 Vendor Responsibility

HPC takes quality very seriously and we operate with the highest quality standards. We are committed to satisfying our customers’ requirements, safety and environmental regulations and other legal requirements. All of our deliveries will be conducted in a safe and professional manner. HPC provides 24 hour, 7 days a week customer service.

4 Invoicing Requirements

HPC will bill each agency individually for fuel deliveries. The invoice will show:

- a. Delivery location
- b. Description of fuel
- c. Quantity (net metered gallons delivered)
- d. Contract number
- e. Base Market Price per gallon and the extended price
- f. Appropriate taxes (separated by description and rate)
- g. Receipts of gallons delivered
- h. Bill of Lading from truck and trailer deliveries

5 Reporting Requirements

HPC will provide quarterly reporting to the Purchasing Division that contains all information requested in the format requested by the State of Nevada.

Company Background and References

6.1 VENDOR INFORMATION

Question	Response
Company Name	Hightowers Petroleum Company
Ownership	Corporation
State of Incorporation	Ohio
Date of Incorporation	November 26, 1985
# years in business	29 years
List of top officers	Stephen L. Hightower Chairperson Gary Visher CFO Stephen Hightower II COO Stephanie Thomas Secretary
Location of Company Headquarters	3577 Commerce Drive, Middletown OH 45005
Locations of Company offices	3577 Commerce Drive, Middletown OH 45005
Locations of Offices that will provide the services described in this RFQ	3577 Commerce Drive, Middletown OH 45005
Number of employees locally with the expertise to support the requirements identified in this RFQ	25
Number of employees nationally with the experience to support the requirements of this RFQ	35
Location(s) from which employees will be assigned for this project	3577 Commerce Drive, Middletown OH 45005

6.1.2 Registration as a Foreign Corporation

HPC is registered with the State of Nevada Secretary of State's Office as a foreign corporation.

6.1.3 Registration as a Foreign Corporation

Question	Response
Nevada Business License Number	1007920874-001
Legal Entity Name	Hightowers Petroleum Company
Is "Legal Entity Name" the same name as vendor is doing business as?	YES

6.1.4 Licensing Requirement

6.1.5 Contracts with any State of Nevada agency

Question	Response
Has the vendor ever been engaged under contract by any State of Nevada agency?	No

6.1.6 Employee of the State of Nevada

Question	Response
Are you now or have you been within the last two years an employee of the State of Nevada, or any of its agencies, departments, or divisions	No

6.1.7 Disclosure of significant prior or ongoing contract failures, contract breaches, civil or criminal litigation with the State of Nevada or any other governmental entity.

Question	Response
Any pending claim or litigation occurring within the past six (6) years which may adversely affect the vendor's ability to perform or fulfill its obligations if a contract is awarded as a result of this RFQ must also be disclosed. Does any of the above apply to your company?	No

6.1.8 Insurance Schedule

Yes. HPC will be able to provide the insurance requirements outlined in this RFQ by adding the State of Nevada to its existing Insurance Policy as an additional insured. A copy of our current Certificate of Liability Insurance coverage is included in Tab IV.

6.1.9 Company History and Qualifications (5 page limit)

Hightowers Petroleum Company History

Hightowers Petroleum Company is a full service petroleum distributor to business, government, and industry. The company was incorporated in 1985 and operates as a closely held Ohio corporation. Hightowers Petroleum, in conjunction with our alliance partners, is a major supplier of petroleum products and a value-added service including comprehensive environmental management programs. We are a Certified Minority Distributor of fuel, lubricants, oils and greases. Hightowers has expanded our capabilities to meet the broader fuel and lubricant management needs of our customers with a well-established fluid management system. Utilizing our vast supply chain, we have presence in 48 states and have been a supplier of government, retailers, commercial and industrial end users. We also offer a Hightowers Petroleum MasterCard Fleet Card and a Multi Card for our customer's convenience.

Stephen Hightower is the sole stockholder. Stephen serves as the President and Chief Executive Officer. As a licensed PUCO contract carrier, Hightowers Petroleum has established a stable and respected presence throughout the Midwest for fuel distribution. Hightowers Petroleum is a multi-faceted distributor with a management structure capable of addressing a multitude of upstream and

downstream petroleum needs ranging in size and complexity. Upstream refers to the supply of crude oil through networks of major oil producers, while downstream refers to the demand for lubricants, oils, and refined products, and delivery to end users in the broader marketplace. Both aspects of the business require a high level of support and knowledge regarding the specific requirements of the oil and gas industry. Hightowers Petroleum has a long established reputation for moving petroleum from the pipelines and marine vessels to the consumer at large. The company has received numerous honors and awards for its commitment to business excellence, innovation, and competitive pricing. An impressive customer portfolio bears witness to the fact that Hightowers Petroleum Company is poised for explosive growth now and in the future. Duke Energy, Ford Motor Company, General Motors, Transportation Research Center, AK Steel Corp., The State of Ohio, and the Ohio Department of Transportation are just a few of the companies that count on Hightowers Petroleum to get them moving every day. Because of the advent of E-commerce solutions, the oil and gas industry is rapidly evolving from upstream to downstream. To maintain a competitive edge, management at Hightowers Petroleum has determined that it is in the best interest of the corporation to develop and deliver a Supply Chain Management approach to the distribution of worldwide energy products and services. Along with our team of professional personnel, we pride ourselves in providing a quality product and a quality service; and have maintained ISO Certification since April of 2002.

Company Services Overview

Hightowers Petroleum, in conjunction with its alliance partners will supply your company with our products from more than 500 terminal facilities around the country. Our supply sources consist of more than 100 national, regional and local supply sources. These include refiners, trading companies, terminal operators and brokers. Our vast supply chains are some of the largest wholesale petroleum operations in the U.S. Their geographic coverage encompasses the entire continental U. S.

Services Offered:

- Single source national supply of gasoline, distillates, and alternative fuels (BioDiesel, etc,)
- Winter Additive Programs & Year Round Solutions
- Multiple Pricing options
- Daily Spot Bid Pricing
- Low Cost Plus Pricing
- Indexed based Pricing
- Forward Fixed Pricing
- Systems tracking and cataloging price changes daily
- Alternate terminal facilities are examined when determining supply origin for customer's delivery

Comprehensive Fluids Management Program

Hightowers Petroleum can offer additional services in a Comprehensive Program with full automation or simply with 'Supply Only' where our customer's employees would call and order fuel on demand. Our full Comprehensive Program would eliminate the need for our customer's employees to manage fuel, and will allow Hightowers Petroleum to take advantage of forecasting deliveries when market conditions are favorable. Pricing for these services would be determined at a later date if necessary.

Hightowers Petroleum has established distribution and supply to support our customer's locations with multiple supply points which brings value to our program. Hightowers will honor this agreement with third parties and outside contractors and customers, provided they meet credit requirements.

HPC has joined several of the largest wholesale distributors in the nation. We do not refine products, however, HPC and our supply chain pulls product from the lowest cost supply point at each terminal facility, thereby ensuring low-cost routing to our customer. HPC and our supply team will purchase the lowest cost available in the market from each terminal for every delivery. This will allow our customer to expand their supply base considerably. We use the power of "multiple supply point" to our clients' advantage, thereby guaranteeing "Low Rack" purchase at every opportunity.

DIFFERENTIATION

Supply Chain Management. Hightowers supply chain relationships allow us to extend our delivery capabilities to more than 500 terminal facilities. To maintain a competitive edge, Hightowers has determined that it is in the best interest of the corporation to develop and deliver a Supply Chain Management approach to the distribution of worldwide energy product and services. Supplier development is similar to customer development. We utilize e-commerce technologies and collaborative partnerships to provide an unparalleled level of service and efficiency for the negotiated sale of bulk fuels, on-site fueling and management of petroleum related processes. Our seamless fuel distribution network across 48 states adds value to collaborations, delivering economies of scale. One source delivers the breadth and depth of worldwide petroleum resources and expertise. One central location offers fuel distribution, delivery and retail products.

Hightowers Petroleum's Terminal Sources



Hightowers MasterCard. We offer our own MasterCard Fleet Card, supported and processed by Comdata and utilized at over 30,000 truck stops; and give you a single-card solution and eliminate the

need for separate charge cards for vehicles and purchasing. The largest discount network in the industry!

Sustainability. HPC is dedicated to doing our part to help solve both local and global sustainability challenges. We solicit input from our supply chain partners, employees and petroleum experts. Hightowers Petroleum Co. is a huge promoter of renewable energy products. HPC has held contracts with customers for over 10 years delivering BioDiesel and Ethanol fuels. Hightowers has assisted in the conversion to BioDiesel for a customer where 8% of the diesel purchase is Biodiesel and 95% of their gasoline purchase is Ethanol based. A significant number of Hightowers customers are Ethanol users. One customer in particular is beginning to expand their alternative fuel testing process to using larger percentages of Ethanol. This distinguishes Hightowers as a “go green supporter” that recognizes the environmental impact of utilizing alternative fuels. It presents an optimum opportunity for HPC to have a substantial role in sustainability, searching to maintain ecological balance. Hightowers will continue to encourage its customers to reduce their environment footprint by supporting the alternative products and manufacturers.

ISO Certified. Hightowers has maintained ISO Certification since 2002. This certification reflects our commitment to our customer to provide the highest quality products, on time deliveries, response to quality issues and underscores our belief in continuous improvement. Our dealings with our customers and with each other are based upon integrity and respect. We continually monitor our progress and proactively evaluate areas that may need improvement. Our certificate is included in Tab IV.

Risk Management. We are experts in facing the complexities of ordering fuel in bulk quantities. Risk Management is utilized to accommodate your budget. We will even maximize order quantities to economically support advantages for our customers. Hightowers has the ability to provide hedging at a minimum of 42,000 gallons per month of the same product. Fixed pricing or forward agreements lock in fuel prices for up to 18 months for diesel and 24 months for gas. Need tank wagon and transport orders? We are ready and willing to deliver them 24 hours a day, 7 days a week.

Hightowers Technology. Our systems are designed to provide instant visibility across your organization, our business intelligence tools combine to create an all-encompassing information management solution. Our customizable report generation, inquiry, analysis and integration applications can work seamlessly with your systems. Increase your productivity, improve business financial reporting and enhance functionality with our comprehensive technology solutions.

- **Inventory Management** – Hightowers Petroleum Co. offers full-service remote fuel tank monitoring giving you confidence that your petroleum needs are in place to fuel your business. Our system uses state-of-the-art radio and sensor technology to remotely monitor storage tanks in a number of applications for petroleum. We help eliminate inefficient partial fills, emergency deliveries and run outs. This increased level of efficiency, allows you to expand your business without adding new resources.

In May 2013, Hightowers Petroleum completed the implementation of a new improved Accounting software package. This package allows:

- **Custom Reports** – We understand importance of clear, accurate reporting. We are able to create and customize quality reports from our Sage MAS 90 or 200 data with Crystal Decisions Software. Crystal reports is a powerful WYSIWG report writer that allows us to create meaningful business financial reporting and other reports quickly.
- **Business Insights Dashboard** – Ideal solution for your managers and supervisors who need quick access to key financial reporting information in an easy-to-read format.

- **Inventory Management** – Hightowers Petroleum Co. offers full-service remote fuel tank monitoring giving you confidence that your petroleum needs are in place to fuel your business. Our system uses state-of-the-art radio and sensor technology to remotely monitor storage tanks in a number of applications for petroleum. We help eliminate inefficient partial fills, emergency deliveries and run outs. This increased level of efficiency, allows you to expand your business without adding new resources.
- **Accounting Software Package** - By 3rd Quarter 2012, Hightowers Petroleum is scheduled to complete implementation of a new improved Accounting software package. This package will allow:
 1. Deluxe Account Module
 2. Electronic Reporting
 3. Federal and State eFiling and Reporting
 4. Inventory Management
 5. eBusiness Management
 6. Sales Orders and Purchase Orders Management
 7. PetroLink - fuel tax setup, wholesale price quote, site tank level entry , customer notification letters
 8. DTN Interface
 9. Equipment Manager
 10. Delivery Scheduler System
 11. DM2 Paperless
 12. Credit Alerts
 13. General Ledger
 14. Robust CRM Module
 15. Business Insight Reporter & Report Building
 16. Crystal Reports
 17. Customer Office

6.1.10 Length of Time in the Fuel Business

Hightowers Petroleum Company has been a full service petroleum distributor to business, government, and industry since 1984.

6.1.11 Financial Information and Documentation

6.1.11.1	Dunn and Bradstreet Number	197228737
6.1.11.2	Federal Tax Identification Number	31-1151689

6.2 SUBCONTRACTOR INFORMATION

6.2.1 Use of Subcontractors

Question	Response
Does this proposal include the use of subcontractor, excluding the use of common carriers registered with a valid SCAC?	No

6.3 BUSINESS REFERENCES

Reference 1:	
Company Name	Duke Energy
Project Name	Duke Generating and Fleet Fuel
Hrs. of operation	24 hours
Contact Name	Ronald Riesing; ronald.riesing@duke-energy.com
Contact Phone #	704-382-6961
Reference 2:	
Company Name	General Motors
Project Name	Factory Filled and Common Use Fueling
Hrs. of operation	7am – 3pm
Contact Name	Nathan Siebert; Nathan.siebert@gm.com
Contact Phone #	
Reference 3:	
Company Name	Ford Motor Company
Project Name	Ford Dearborn and Livonia
Hrs. of operation	7am – 3:30 pm
Contact Name	Jack Smith; jsmi1245@ford.com
Contact Phone #	313.323.9458