



# STAFF REPORT

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**Meeting Type:** City Council Meeting  
**Meeting Date:** October 2, 2023  
**From:** Andi Howell, Transit Director  
**Subject:** Purchase Authorization: Three 35-foot Gillig Electric Buses

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## **DECISION TO BE MADE:**

Whether to authorize staff to purchase three 35-foot electric buses from Gillig.

## **BACKGROUND / CONTEXT:**

In accordance with local and state goals, Sandy Transit is beginning the process of electrification of the Transit fleet. Sandy Transit was awarded funding for three 35-foot buses. Under the Federal Law and the No Emission grant program, Transit partnered with Proterra. As of August 7, 2023, Proterra has filed chapter 11 bankruptcy. As Sandy Transit has not signed a contract with Proterra, staff immediately contacted the Oregon Department of Transportation (ODOT) to discuss changing vendors. As a rural transit provider, ODOT acts as liaison to the Federal Transit Association Region 10 office.

On August 15, Sandy began conversations with Gillig, a trusted manufacturer of Class A transit vehicles and the manufacturer currently used for the Sandy Gresham route. Several years ago, when Sandy began exploring electric vehicles and working to find a good partner, Gillig had not released an electric vehicle. This has changed with the release of Gillig electric vehicles two years ago. To date, Gillig remains a champion of vehicles in the Transit industry, including their electric line of buses. Sandy drivers and maintenance staff are thrilled at the recent chain of events and the ability to continue driving a familiar and trusted vehicle.

As of Friday, September 15, 2023 ODOT confirmed with the Transit Department that a conversation with the FTA was not necessary as Sandy had no binding commitment with Proterra allowing the City to pivot to Gillig for the procurement of vehicles.

By September 22, 2023 Gillig returned a quote to the Transit Department for three 35' Gillig vehicles.

## **KEY CONSIDERATIONS / ANALYSIS:**

Due to Proterra filing chapter 11 bankruptcy, their current and future business standing is uncertain. Sandy Transit has historically purchased Gillig buses for larger vehicles due to their long-standing history of reliability both as an organization and quality of vehicle. At the time the grant funding was requested Gillig had not produced an electric vehicle. Gillig now has a line of electric available, and, if approved, the Sandy production date would begin within 20-24 months from the date of contract signing.

**BUDGET IMPACT:**

The price per vehicle is \$1,054,556 with a total not to exceed \$3,163,668 for the three vehicles. \$2,770,000 was included in the FY 24-25 budget. With the successful award of \$382,833 in grant funding through the Carbon Reduction Program for the Sandy Operation Center upgrades, Sandy Transit is comfortable with the cost difference (\$393,668).

**RECOMMENDATION:**

Transit staff recommends that the Council approve the purchase of three Gillig electric buses.

**SUGGESTED MOTION LANGUAGE:**

“I move to authorize staff to purchase three Gillig electric buses, as detailed in the agenda packet.”

**LIST OF ATTACHMENTS / EXHIBITS:**

- Exhibit A Proterra Chapter 11 Filing
- Exhibit B Gillig Quote
- Exhibit C Price Variance
- Exhibit D Vehicle Diagram

**IN THE UNITED STATES BANKRUPTCY  
COURT FOR THE DISTRICT OF  
DELAWARE**

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In re:

PROTERRA INC, *et al.*,<sup>1</sup>

Debtors.

)

) Chapter 11

)

) Case No. 23-11120 (BLS)

)

) (Jointly Administered)

)

**NOTICE OF BIDDING PROCEDURES, AUCTION DATE, AND POTENTIAL SALES**

**PLEASE TAKE NOTICE** that, on August 7, 2023, Proterra Inc and Proterra Operating Company, Inc. (collectively, the "Debtors" or the "Company") filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), in the United States Bankruptcy Court for the District of Delaware (the "Court").

**PLEASE TAKE FURTHER NOTICE** that, on August 8, 2023, the Debtors filed the *Debtors' Motion for Entry of (I) an Order (A) Approving Bidding Procedures to Govern the Sale of All Or Substantially All of the Debtors' Assets Pursuant to Section 363 of the Bankruptcy Code, (B) Approving Procedures Regarding Entry Into One or More Stalking Horse Agreements, (C) Establishing Procedures for the Assumption and Assignment of Executory Contracts and Unexpired Leases, (D) Approving the Form and Manner of the Notice of Assumption and Assignment of Executory Contracts and Unexpired Leases, (E) Scheduling Auctions for the Sales of the Company Assets and Hearings to Consider Approval of the Sales and Approving the Form and Manner of the Notice Thereof, (F) Approving Certain Wind-Down Procedures, and (G) Granting Related Relief, - and (II) an Order (A) Authorizing and Approving the Debtors' Entry Into One or More Asset Purchase Agreements, (B) Authorizing the Sale of All or Substantially All of the Debtors' Assets Free and Clear of Liens, (C) Approving the Assumption and Assignment of the Assumed Executory Contracts and Unexpired Leases, and (D) Granting Related Relief*[Docket No. 36] (the "Motion").

**PLEASE TAKE FURTHER NOTICE** that, on September 7, 2023, the Court entered that certain *Order (A) Approving Bidding Procedures to Govern the Sale of All Or Substantially All of the Debtors' Assets Pursuant to Section 363 of the Bankruptcy Code, (B) Approving Procedures Regarding Entry Into One or More Stalking Horse Agreements, (C) Establishing Procedures for the Assumption and Assignment of Executory Contracts and Unexpired Leases, (D) Approving the Form and Manner of the Notice of Assumption and Assignment of Executory Contracts and Unexpired Leases, (E) Scheduling Auctions for the Sales of the Company Assets and Hearings to Consider Approval of the Sales and Approving the Form and Manner of the Notice Thereof, and (F) Granting Related Relief*[Docket No. 218] (the "Bidding Procedures Order").<sup>2</sup> which approved,

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The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Proterra Inc (1379); and Proterra Operating Company, Inc. (8459). The location of the Debtors' service address is: 1815 Rollins Road, Burlingame, California 94010.

<sup>2</sup> Capitalized terms used but not defined have the meanings ascribed to them in the Bidding Procedures Order.

among other things, (a) procedures pursuant to which the Debtors are authorized to solicit and pursue (such procedures, the "Bidding Procedures") one or more sales or dispositions of all or any portion of the Debtors' assets (the "Company Assets") under section 363 of the Bankruptcy Code (each, an "Asset Sale") and any other type of strategic transaction involving the Debtors and/or the Company Assets, including, without limitation, a financing process for the potential raising of debt or equity financing through a chapter 11 plan of reorganization and/or a chapter 11 plan of reorganization proposed by the Cowen Parties, as holders of the Second Lien Convertible Notes, premised upon the preservation of the Debtors' net operating losses upon their emergence from these chapter 11 cases (any of the immediately foregoing, a "Recapitalization Transaction", and, any of the foregoing, including an Asset Sale, a "Potential Transaction"), (b) the scheduling of a hearing to approve (i) the Sale of the Track A Assets and (ii) the Sale of the Track B Assets, each free and clear of any liens, claims, and encumbrances under section 363 of the Bankruptcy Code, and (c) procedures in connection with the assumption and assignment of any executory contracts or unexpired leases the. Debtors seek to have assumed and assigned in connection with a Potential Transaction. *All interested bidders should carefully read the Bidding Procedures Order and the Bidding Procedures in their entirety.*

**PLEASE TAKE FURTHER NOTICE** the Bidding Procedures provide for the consideration of Qualified Bids (as defined therein) to acquire substantially all of the Company's assets or separate Bids to acquire portions of the Company Assets, to the extent that the consummation of such transactions maximizes value for stakeholders and can be accomplished efficiently.

**PLEASE TAKE FURTHER NOTICE** that all interested parties are invited to provide materials (as described in the Bidding Procedures) to apply to become a Potential Bidder (as defined in the Bidding Procedures) and submit a Bid in accordance with the Bidding Procedures and the Bidding Procedures Order. The Bidding Procedures provide information regarding the requirements for a Potential Bidder to be a "Qualified Bidder" and a bid to be a "Qualified Bid" for purposes of competing at an Auction (as defined below).

**PLEASE TAKE FURTHER NOTICE** that the deadline to submit a Qualified Bid for (i) the Track A Assets is **October 16, 2023 at 4:00 p.m. (prevailing Eastern Time)** (the "Track A Bid Deadline") and (ii) the Track B Assets is **November 6, 2023 at 4:00 p.m. (prevailing Eastern Time)** (the "Track B Bid Deadline" and, together with the Track A Bid Deadline, the "Bid Deadlines"). Pursuant to the Bidding Procedures Order, in the event that the Debtors timely receive one or more Qualified Bids other than one from the Stalking Horse Bidders, if any, the Debtors are authorized to conduct an auction (the "Auction") for the Track A Assets and the Track B Assets, respectively, in accordance with the Bidding Procedures Order. The Auctions, if held, will occur (i) for the Track A Assets, on **October 19, 2023 at 10:00 a.m. (prevailing Eastern Time)** and (ii), for the Track B Assets, on **November 9, 2023 at 10:00 a.m. (prevailing Eastern Time)** at the offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP, New York, New York or such other location as shall be timely communicated to all entities entitled to attend each respective Auction. Only (a) Qualified Bidders (including the Stalking Horse Bidder, if any) and their legal and financial advisors, (b) the Consultation Parties, and (c) actual creditors of the Debtors (provided that they give at least three (3) business days' notice to the Debtors' counsel and the Committee's counsel of their intention to attend an Auction via email to Paul, Weiss, Rifkind, Wharton &

Garrison LLP (Attn: Joshua A. Esses [Qesses@paulweiss.com](mailto:Qesses@paulweiss.com)) and Vida Robinson ([virobinson@paulweiss.com](mailto:virobinson@paulweiss.com)) and (ii) Lowenstein Sandler LLP (Attn: Jeffrey Cohen

Gcohen@lowenstein.com), Eric Chafetz (echafetz@lowenstein.com), Jordana Renert Grenert@lowenstein.com), and Keara Waldron (kwaldron@lowenstein.com)), shall be entitled to attend an Auction. If an Auction is cancelled, the Debtors shall file a notice of cancellation of the Auction.

**PLEASE TAKE FURTHER NOTICE** that objections, if any, to any Sales (the "Sale Objections"), shall be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of Practice and Procedure for the United States Bankruptcy Court for the District of Delaware, shall set forth the name of the objecting party, the nature and amount of any claims or interests held or asserted against the Debtors' estate or properties, the basis for the objection, and the specific grounds therefore, and shall be filed and served upon the following so that such objections are received by **October 16, 2023 at 4:00 p.m. (prevailing Eastern Time)** (the "Sale Objection Deadline") by: (a) counsel for the Debtors, (i) Paul, Weiss, Rifkind, Whaiion & Garrison LLP, 1285 Avenue of the Americas, New York, New York 10019 (Attn. Paul Basta (pbasta@paulweiss.com) and Robert Britton (rbritton@paulweiss.com)), and (ii) Young Conaway Stargatt & Taylor LLP, 1000 North Street, Wilmington, Delaware, 19801 (Attn: Pauline K. Morgan (pmorgan@ycst.com) and Andrew L. Magaziner (amagaziner@ycst.com)); (b) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Wilmington, Delaware, 19801 (Attn: Linda J. Casey (linda.casey@usdoj.gov)); (c) counsel for the Committee, (i) Lowenstein Sandler LLP (Attn: Jeffrey Cohen Gcohen@lowenstein.com), Eric Chafetz (echafetz@lowenstein.com), Jordana Renert Grenert@lowenstein.com), and Keara Waldron (kwaldron@lowenstein.com)) and (ii) Morris James LLP (Attn: Eric Monzo (emonzo@morrisjames.com) and Brya Keilson (bkeilson@morrisjames.com)); and (d) the Notice Parties.

**PLEASE TAKE FURTHER NOTICE** that, for each Auction that is held, if any, the deadline to object only to (i) the conduct at the Auction or (ii) solely with respect to the Non-Debtor Counterparties to the Contracts, to the specific identity of and adequate assurance of future performance provided by the Successful Bidder (only if such Successful Bidder is not the Stalking Horse Bidder) (such a limited objection, a "Post-Auction Objection") is (a) the later of **October 27, 2023 at 4:00 p.m. (prevailing Eastern Time)** or within one day of the filing of the notice of the Successful Bidder with respect to the Track A Sale Hearing and (b) the later of **November 17, 2023 at 4:00 p.m. (prevailing Eastern Time)** or within one day of the filing of the notice of the Successful Bidder with respect to the Track B Sale Hearing (these deadlines, together, the "Post-Auction Objection Deadlines"). A Post-Auction Objection must be filed with this Court and served in the same manner as Sale Objections set forth above so to be actually received no later than the Post-Auction Objection Deadline.

**PLEASE TAKE FURTHER NOTICE** that failure of any entity to file an objection on or before the Sale Objection Deadline or applicable Post-Auction Objection Deadline shall be deemed to constitute consent to the sale of the Company Assets to the Successful Bidder and the other relief requested in the Motion, and be a bar to the assertion, at the applicable Sale Hearing or thereafter, of any objection to the Motion, the applicable Auction, the applicable Sale, or the Debtors' consummation and performance of the terms of the applicable Definitive Purchase Agreement.

**PLEASE TAKE FURTHER NOTICE** that the Bidding Procedures Order provides that a hearing to approve the Sale of (a) the Track A Assets to the Successful Bidder therefor shall take

place on **November 1, 2023 at 10:00 a.m. (prevailing Eastern Time)**, and (b) the Track B Assets to the Successful Bidder therefor shall take place on **November 28, 2023 at 10:00 a.m. (prevailing Eastern Time)** (these hearings, together, the "Sale Hearings"). The Sale Hearings will be held before the Honorable Brendan L. Shannon, at the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 6th Floor, Wilmington, DE 19801.

For ease of reference, the following chart has been included to summarize key dates relevant to this notice:<sup>3</sup>

Deadline/Event	Proposed Dates/Deadlines	
	Track A Bids	Track B Bids
Service and Publication of Sale Notice	1 business day after entry of Bidding Procedures Order or as soon as reasonably practicable thereafter	
Debtors' Deadline to File a Proposed Form of Sale Order	Monday, September 25, 2023 @ 4:00 p.m. (ET)	
Debtors' Deadline to File and Serve Cure Notices	Monday, September 25, 2023	
Initial Indication of Interest ("IOI") Deadline	Tuesday, September 26, 2023 @ 4:00 p.m. (ET)	
Sale Objection Deadline	Monday, October 16, 2023 @ 4:00 p.m. (ET)	
Cure/Assignment Objection Deadline	Monday, October 16, 2023 @ 4:00 p.m. (ET)	
Qualified Bid Submission Deadline (can be extended at Debtors' discretion, in consultation with the Consultation Parties)	Monday, October 16, 2023 @ 4:00 p.m. (ET)	Monday, November 6, 2023 @ 4:00 p.m. (ET)
Determination of Qualified Bids	Wednesday, October 18, 2023	Wednesday, November 8, 2023
Auction (if necessary)	Thursday, October 19, 2023 @ 10:00 a.m. (ET)	Thursday, November 9, 2023 @ 10:00 a.m. (ET)
Identification of Successful Bidder and Backup Bidder, if any	Friday, October 20, 2023 (or as soon as reasonably practicable thereafter)	Friday, November 10, 2023 (or as soon as reasonably practicable thereafter)



All dates, times, and deadlines are subject to change or modification in accordance with the Bidding Procedures Order.

Deadline/Event	Proposed Dates/Deadlines	
	Track A Bids	Track B Bids
Post-Auction Objection Deadline	The later of Friday, October 27, 2023 @ 4:00 p.m. (ET) or within one day of the filing of the notice of the Successful Bidder	The later of Friday, November 17, 2023 @ 4:00 p.m. (ET) or within one day of the filing of the notice of Successful Bidder
Deadline to File Replies in Connection with Sale	Monday, October 30, 2023 @ 10:00 a.m. (ET)	Wednesday, November 22, 2023 @ 10:00 a.m. (ET)
Sale Hearing	Wednesday, November 1, 2023 @ 10:00 am (ET)	Tuesday, November 28, 2023 @ 10:00 a.m. (ET)
Closing Date	As soon as reasonably practicable following entry of a Sale Order	As soon as reasonably practicable following entry of a Sale Order

**PLEASE TAKE FURTHER NOTICE** that this notice is subject to the full terms and conditions of the Motion, the Bidding Procedures Order, and the Bidding Procedures, and the Debtors urge parties in interest to review such documents in their entirety. Copies of the Motion, the Stalking Horse Agreements, if any, the Bidding Procedures, and the Bidding Procedures Order, in addition to any related documents that may be filed, may be obtained by accessing (a) the website of the Debtors' notice and claims agent, Kurtzman Carson Consultants LLC ("KCC"), at [www.kccllc.net/proterra](http://www.kccllc.net/proterra) for no charge, or (b) the Court's internet site: <https://ecf.deb.uscourts.gov>, for a fee, through an account obtained from the PACER website at <http://pacer.psc.uscourts.gov>. The documents also may be obtained from the Debtors' claims and notice agent, KCC, at 888-251-3076 (USA or Canada) or 310-751-2617 (International).

**CONSEQUENCES OF FAILING TO TIMELY FILE AND SERVE A SALE OBJECTION**

**ANY PARTY OR ENTITY THAT FAILS TO TIMELY FILE AND SERVE AN OBJECTION ON OR BEFORE THE SALE OBJECTION DEADLINE OR APPLICABLE POST-AUCTION OBJECTION DEADLINE, AS APPLICABLE, IN ACCORDANCE WITH THE BIDDING PROCEDURES ORDER SHALL BE FOREVER BARRED FROM ASSERTING ANY OBJECTION TO SUCH SALE, INCLUDING WITH RESPECT TO THE TRANSFER OF THE COMPANY ASSETS OF THE DEBTORS FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS AFFECTED THEREUNDER.**

**IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING. ANY CREDITOR THAT RECEIVES NOTICE OF A SALE HEARING AND FAILS TO TIMELY FILE AN OBJECTION TO THE SALE ON OR BEFORE THE APPLICABLE OBJECTION DEADLINE IN ACCORDANCE WITH THE BIDDING PROCEDURES ORDER SHALL BE DEEMED TO HAVE CONSENTED UNDER SECTION 363(F)(2) OF THE BANKRUPTCY CODE TO SUCH SALE FREE AND CLEAR OF SUCH CREDITOR'S LIEN, CLAIMS, ENCUMBRANCES, OR INTERESTS, IF ANY.**

Dated: September 7, 2023  
Wilmington, Delaware

Respectfully submitted,

**YOUNG CONAWAY STARGATT &  
TAYLOR,LLP**

*Isi Shella Borovinskaya*

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- and-

**PAUL, WEISS, RIFKIND,  
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*Counsel to the Debtors and  
Debtors in Possession*

**If you have any questions related to this notice, please call (888) 251-3076 (U.S./Canada)**

September 21, 2023

Andi Howell Transit  
Manager City of  
Sandy  
16610 Champion Way  
Sandy, OR 97055

Dear Ms. Howell:

Thank you for your interest to purchase three (3) 35' Low Floor Battery Electric Bus's using the State of Washington Contract (06719-01)

Attached you will find the price variance that would pertain to the Sandy, OR order. The price variance also includes the escalation formula (PPI) per the contract. Gillig is pleased to quote the following:

**THREE (3) 35' LOW FLOOR EBUS's**

**\$1,054,556.00 each**

This price is valid for 60 days and is FOB Sandy, OR. Price does not include Sales Tax or License fees. The production start date of the buses will be within 20 to 24 months from receipt of a firm purchase order.

We thank you for this opportunity and appreciate your interest in Gillig and our products. We at Gillig certainly look forward to building your order and continuing to build our lasting partnership. Should you have any questions, please do not hesitate to contact me at 510-867-5108.

Sincerely,



Lee Petersen  
Regional Sales Manager