

*Report on the*

# **Gold State Financial Marketplace (GS \$Mart) Loans for Fiscal Year 2012-13**

**Report to the Joint Legislative Budget Committee  
As required by Government Code Section 14934(d)**

**State of California**

Edmund G. Brown Jr., Governor

**Government Operations Agency**

Marybel Batjer, Secretary

**Department of General Services**

Fred Klass, Director

**Procurement Division**

Jim Butler, Deputy Director

*Prepared by the:*

Procurement Division  
707 Third Street  
West Sacramento, CA 95605  
(916) 375-4617

[www.dgs.ca.gov/pd](http://www.dgs.ca.gov/pd)

## Overview

Pursuant to Government Code Section 14934 (d) this annual report is to update the Joint Legislative Budget Committee, the State Treasurer's Office, and the Department of Finance on the following information for each loan entered into during the preceding fiscal year:

- Each agency that entered into a Golden State Financial Marketplace (GS \$Mart) Loan.
- The amount financed by each loan.
- The term of the loan.
- A description of the item, good or service financed by each loan.
- The total amount of outstanding GS \$Mart Loans.

## Procurement Division

The State of California purchases a wide variety of goods and services, including information technology (IT), vehicles, food, protective gear, firearms, asphalt and more, with annual purchases totaling over \$8 billion. The Department of General Services (DGS) Procurement Division (PD) is the central purchasing authority for all state departments, agencies, and institutions. DGS/PD sets state procurement policies and provides purchasing services that help state agencies and departments achieve their missions. DGS/PD is responsible for delegating purchasing authority, training state purchasing professionals, resolving contract disputes, conducting supplier outreach, certifying small and disabled veteran-owned businesses to receive state purchasing preferences, overseeing state agency purchasing processes, environmentally preferable purchasing, and establishing and administering master contracts used by state agencies and local governments.

## GS \$Mart

The Golden State Financial Marketplace (GS \$Mart, pronounced "G S Smart") was established by DGS/PD in 1996.

The award-winning GS \$Mart Program is an efficient, open, organized marketplace on the internet for state of California installment purchase agreements. It enables financing arrangements to be made quickly and conveniently by eliminating much of the workload, lengthy process, and complexity that existed before GS \$Mart was established. The result is lower interest rates and greater administrative efficiency. Current available plans are tailored specifically for state contracts for IT and non-IT goods, many IT services, and energy retrofits.

Each potential lender undergoes a thorough prequalification process to ensure the lender is qualified to do business with the state. This process includes a determination of the lender's financial rating, a review of financial statements, customer references, supplier references, other government agencies' financing experience, and additional

evaluations as necessary to determine the lender's qualifications. There are currently 21 lenders that are prequalified to do business with the state.

The combination of GS \$Mart Program features---prequalifying lenders, prenegotiated terms and conditions, and current market rates-provide state agencies with easier, quicker installment purchase agreements.

## **The Report**

The total outstanding loan balance in the GS \$Mart Program is currently \$90.5 million. This includes a total of \$61.7 million of new loans for this fiscal year. Please see Attachment 1 for the report on departments that have entered into loans, the amounts financed by each loan, the term of each loan, and the purpose for which the money was borrowed.

**Attachment to the Report on the Golden State Financial Marketplace (GS \$Mart)  
Loans for Fiscal Year 2012-13**

<b>Department</b>	<b>Supplier</b>	<b>Lender</b>	<b>Amount of Loan</b>	<b>Term</b>	<b>Rate</b>	<b>Description of item, good or service financed</b>
California Environmental Protection Agency	Cisco Systems, Inc.	Cisco Capital	\$741,817.92	3 Years	0.00%	Cisco SmartNet Maintenance
Office of Technology Services, California Technology Agency (OTech)	Direct Systems	International Business Machines Government Finance (IBMGF)	\$2,723,678.86	4 years	1.48%	Virtual Tape Library
Department of Housing and Community Development (HCD)	Technology Integration Group	Hewlett Packard Financial Services (HPFS)	\$81,794.07	12 quarters	3.29%	Dell Servers
Department of Justice, Hawkins Data Center	Applied Computer Solutions	Key Bank Government Leasing and Finance (KBGLF)	\$1,525,152.00	60 months	0.00%	Net App Storage

Department	Supplier	Lender	Amount of Loan	Term	Rate	Description of item, good or service financed
OTech	NWN	US Bancorp Government Leasing and Finance (USBGLF)	\$1,895,704.50	36 months	1.39%	HP Servers
HCD	Ablegov, Inc.	HPFS	\$79,808.66	12 quarters	3.216%	Store Simple Storage
California Department of Corrections and Rehabilitation (CDCR)	NWN	USBGLF	\$3,075,246.00	6 years	1.68%	McAfee Software
OTech	International Business Machines Corporation (IBM)	IBMGF	\$6,397,992.90	60 months	1.11%	Mainframe Upgrade
OTech	IBM	IBMGF	\$2,256,698.94	36 months	0.78%	HP AIX Servers
OTech	Entisys Solutions, Inc.	USBGLF	\$2,625,382.60	36 months	1.02%	HP Storage
CDCR	IBM	IBMGF	\$20,976,137.79	5 years	2.00%	Refinance of BIS 1 & BIS 2

Department	Supplier	Lender	Amount of Loan	Term	Rate	Description of item, good or service financed
CDCR	Scottel Voice & Data, Inc. (Scottel)	IBMGF	\$1,451,558.77	4 years	2.75%	Refinance of BISLOAN1 (Consolidated Information Technology Infrastructure Program [CITIP])
CDCR	Scottel	IBMGF	\$2,248,298.54	4 years	2.75%	Refinance of BLDOLN1 (CITIP)
CDCR	Scottel	IBMGF	\$2,680,772.23	4 years	2.75%	Refinance of BLDOLN2 (CITIP)
CDCR	Scottel	IBMGF	\$1,848,796.66	4 years	2.75%	Refinance of BLDOLN3 (CITIP)
CDCR	Scottel	IBMGF	\$2,434,839.98	4 years	2.75%	Refinance of BLDOLN4 (CITIP)
CDCR	Verizon Business Services (Verizon)	IBMGF	\$1,672,493.00	4 years	2.75%	Refinance of BLDOLN5 (CITIP)
CDCR	Verizon	IBMGF	\$1,766,278.89	4 years	2.75%	Refinance of BLDOLN6 (CITIP)
CDCR	Verizon	IBMGF	\$1,188,368.25	4 years	2.75%	Refinance of BLDOLN7 (CITIP)
Enterprise Technology Solutions, Department of General Services	NWN	IBMGF	\$1,091,683.32	3 years	1.06%	VM Ware, HP Blade Servers
OTech	WNW	USBGLF	\$1,499,622.69	60 months	1.24%	EMC Storage

<b>Department</b>	<b>Supplier</b>	<b>Lender</b>	<b>Amount of Loan</b>	<b>Term</b>	<b>Rate</b>	<b>Description of item, good or service financed</b>
State Water Resources Control Board	SLED IT Solutions	KBGLF	\$128,120.07	5 years	0.00%	Cisco SmartNet Maintenance
OTech	NWN	IBMGF	\$1,358,841.54	36 months	0.94%	HP Servers

**Total Financed**

**\$61,749,088.18**