

Report on the

Gold State Financial Marketplace (GS \$Mart) Loans for Fiscal Year 2016-17

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

State of California

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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.

About the Procurement Division and the Golden State Financial Marketplace (GS \$Mart)

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 \$10 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 at \$127.7 million. This includes a total of \$59.1 million of new loans for this fiscal year. Please see Attachment 1 for the report on departments that have entered into loans in 2016/17, 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 2016-17**

Department	Supplier	Lender	Amount of Loan	Term	Interest Rate	Equipment Description
Judicial Council of California	AT&T	Key Government Finance, Inc. (Key)	\$9,891,204.82	5 annual payments	0.00%	Cisco SmartNet maintenance and support
Department of Justice	Sled IT Solutions Inc.	Key	\$1,316,919.00	3 annual payments	0.00%	Cisco SmartNet maintenance and support
Department of Water Resources (DWR)	NWN Corporation	Hewlett-Packard Financial Services	\$2,865,709.23	4 annual payments	0.00%	Data center equipment refresh
California Department of Technology (CDT)	ePlus Technology, Inc.	Key	\$3,525,225.97	36 monthly payments	0.808%	Cisco SmartNet maintenance and support
Department of Corrections and Rehabilitation	Garton Tractor Inc. Pape Machinery	US Bancorp Government Leasing and Finance, Inc. (US Bank)	\$88,131.30	5 annual payments	2.46%	Compact excavator and skid steer loader

Department	Supplier	Lender	Amount of Loan	Term	Interest Rate	Equipment Description
Legislative Data Center	AdvanTel, Inc.	Key	\$1,144,087.02	3 annual payments	0.00%	Juniper Care maintenance and support
DWR	Enterprise Network Solutions	International Business Machines Global Financing (IBMGF)	\$9,999,816.00	5 annual payments	1.34%	VMware software and maintenance
California Department of Public Health	NWN Corporation Carahsoft Insight Public Sector Kovarus Inc.	Banc of America Public Capital Corp (B of A)	\$2,856,543.44	60 monthly payments	1.37%	Screening Information System (SIS) migration
Alcoholic Beverage Control	Elk Grove Auto Group	US Bank	\$318,375.40	5 annual payments	2.10%	Dodge Charger law enforcement police pursuit vehicles
CDT	IBM Corporation	IBMGF	\$7,791,062.70	60 monthly payments	0.952%	IBM CPU mainframe upgrades
California Office of Emergency Services	Enovity, Inc.	All American Investment Group, LLC	\$1,426,419.00	15 annual payments	2.679%	Energy Savings

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Department	Supplier	Lender	Amount of Loan	Term	Interest Rate	Equipment Description
CDT	Direct Systems Support	IBMGF	\$3,230,340.69	36 monthly payments	1.09%	IBM mainframe storage and VTS hardware upgrade
DWR	NetApp, Inc.	B of A	\$1,466,794.90	5 annual payments	1.72%	NetApp storage hardware and support services
Department of Finance	Technology Integration Group	IBMGF	\$200,973.89	3 annual payments	1.485%	IT laptop refresh
CDT	ePlus Technology, Inc.	Key	\$2,234,340.23	36 monthly payments	0.92%	Cisco routers
CDT	ePlus Technology, Inc.	IBMGF	\$5,931,982.09	36 monthly payments	1.46%	Cisco SmartNet warranty renewal
Division of the State Architect	California Prison Industry Authority Campbell Keller All Steel Mother Lode Van and Storage	J.P. Morgan Chase Bank (J.P. Morgan)	\$563,667.12	5 annual payments	2.075%	Modular furniture

Department	Supplier	Lender	Amount of Loan	Term	Interest Rate	Equipment Description
Department of State Hospitals	Kovarus, Inc.	IBMGF	\$4,273,569.14	3 annual payments	1.46%	VMware software and maintenance

Total Financed **\$59,125,161.94** **1.22%**