

Report on the

Gold State Financial Marketplace (GS \$Mart) Loans for Fiscal Year 2014-15

**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 \$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 \$96.7 million. This includes a total of \$53 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 2014-15**

Department	Supplier	Lender	Amount of Loan	Term	Rate	Description of item, good or service financed
Department of Technology, Data Center Services (OTech)	NWN	US Bancorp Equipment Leasing and Finance (USBEL&F)	\$1,335,501.76	36 monthly payments	1.13%	94 HP DL38p Gen 8 Servers
OTech	Entisys Solutions, Inc.	Hewlett Packard Financial Services	\$518,216.52	12 monthly payments	0.00%	HP XP7 storage
Department of Consumer Affairs (DCA)_	Accenture	International Business Machines Global Finance (IBMGF)	\$20,471,521.44	20 quarterly payments	2.500%	BreEZe project
OTech	Evolve Technology Group	JP Morgan Chase Equipment Leasing (JPMCEL)	\$695,803.84	36 monthly payments	1.300%	Cisco encryption hardware and software
Commission on Teacher Credentialing	NWN	IBMGF	\$138,251.07	5 annual payments	2.01%	HP racks and CL380s

Department	Supplier	Lender	Amount of Loan	Term	Rate	Description of item, good or service financed
OTech	IBM	IBMGF	\$7,473,091.19	48 monthly payments	0.86%	CPU upgrade
Housing and Community Development	TIG/Advanced Technical Solutions	IBMGF	\$143,367.09	3 annual payments	1.53%	Dell servers
DCA	NWN/State Store	USBEL&F	\$570,408.74	3 annual payments	1.36%	McAfee software
Franchise Tax Board (FTB)	Kovarus	JPMCEL	\$2,167,957.05	3 annual payments	1.09%	Brocade switches
DCA	Accenture	IBMGF	\$15,839,952.39	28 quarterly payments	2.71%	BreEZe project

Department	Supplier	Lender	Amount of Loan	Term	Rate	Description of item, good or service financed
California Department of Forestry and Fire Protection	AT&T	JPMCEL	\$1,354,235.13	7 annual payments	1.63%	Cisco routers and switches
Department of Community Services and Development	Castro Consulting	IBMGF	\$231,496.44	3 annual payments	1.42%	EMC storage
FTB	Canon	JPMCEL	\$2,034,148.76	3 annual payments	1.01%	Canon Mainframe printer

Total Financed **\$59,973,951.42** **1.43%**