

Report on the

Gold State Financial Marketplace (GS \$Mart) Loans for Fiscal Year 2013-14

**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

Daniel C. Kim, 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

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 \$127.9 million. This includes a total of \$86.9 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 2013-14

Department	Supplier	Lender	Amount of Loan	Term	Rate	Description of item, good or service financed
Department of General Services, Office of State Publishing	Ray Morgan Co.	IBM Global Finance (IBMGF)	\$922,667.06	5 annual payments	2.09%	Canon color copier/printer
Department of Technology, Data Center Services	International Business Machines	IBMGF	\$8,937,971.96	60 monthly payments	1.07%	Mainframe computer upgrade
California Department of Corrections and Rehabilitation	Hewlett-Packard Enterprise Services	IBMGF	\$57,025,000.00	6 annual payments	2.89%	Strategic Offender Management System – Integrated System
Department of Technology, Data Center Services	IBM	IBMGF	\$1,448,282.18	48 monthly payments	1.10%	IBM servers
Department of Water Resources (DWR)	Evolve Technology Group	Key Government Finance (KGF)	\$566,139.63	5 annual payments	1.945%	Cisco SmartNet

Department	Supplier	Lender	Amount of Loan	Term	Rate	Description of item, good or service financed
Department of Housing and Community Development	BWN Corporation, Allied Network Advance Tech. Sol. Tech. Integration	IBMGF	\$399,039.53	16 quarterly payments	2.02%	IT equipment
California Department of Insurance	Taborda Solutions, Inc.	Oracle Credit Corp.	\$1,278,760.63	4 annual payments	0.00%	Oracle Enterprise License Agreement
DWR	NWN Corporation, Evolve Technology Group, Hewlett-Packard (HP)	HP Financial Services	\$3,930,111.86	4 annual payments	0.107%	HP equipment and software
Department of Technology, Data Center Services	Evolve Technology Group	KGF	\$7,738,182.33	36 monthly payments	0.00%	Cisco SmartNet
California Department of Social Services	Evolve Technology Group	KGF	\$166,645.14	5 annual payments	1.00%	Cisco equipment and SmartNet

Department	Supplier	Lender	Amount of Loan	Term	Rate	Description of item, good or service financed
Department of Technology, Data Center Services	Direct Systems Support	IBMGF	\$1,148,182.69	48 monthly payments	1.23%	IBM server processor and memory upgrade
Department of Technology, Data Center Services	Global Blue DVBE, Inc.	US Bancorp Government Leasing and Finance, Inc.	\$1,429,184.50	24 monthly payments	0.98%	EMC Data Protection Suite
Superior Court of California, County of San Diego	SIGMAnet, Inc.	KGF	\$406,461.19	3 annual payments	0.00%	Cisco SmartNet

Total Financed **\$85,396,628.70**