

August 28, 2014

The Honorable Mark Leno, Chair
Joint Legislative Budget Committee
1020 N Street, Room 553
Sacramento, CA 95814
Attn: Peggy Collins, Principal Consultant

Dear Senator Leno:

Pursuant to the requirements of Government Code Section 14934 (d), the Department of General Services is submitting the Golden State Financial Marketplace (GS \$Mart) Loans for Fiscal Year 2013-14 Report.

In keeping with our commitment to encourage conservation, we have posted this report to our website. The report can be viewed at <http://www.dgs.ca.gov/ola/home/2014Reports.aspx>. The report is titled Golden State Financial Marketplace (GS \$Mart) Loans for Fiscal Year 2013-14.

If you wish to receive a printed copy of this report, please contact Pat Mullen, GS \$Mart Manager, Procurement Division, Department of General Services at (916) 375.4617 or Debra Neisen, GS \$Mart Staff Specialist, Procurement Division, Department of General Services at (916) 375.4450.

Sincerely,



Fred Klass
Director

cc: See attached distribution list

Pat Mullen, GS \$Mart Manager, Procurement Division, Department of General Services

Debra Neisen, GS \$Mart Staff Specialist, Procurement Division, Department of General Services

DISTRIBUTION #19
JLBC, TREASURER & DOF

ORIGINAL LETTER TO EACH OF THE FOLLOWING:

The Honorable Mark Leno, Chair **(Hand carry 2 copies)**
Joint Legislative Budget Committee
1020 N Street, Room 553
Sacramento, CA 95814
Attn: Peggy Collins, Principal Consultant
Electronic copy of report & letter to Peggy.Collins@sen.ca.gov

The Honorable Bill Lockyer
California State Treasurer
PO Box 942809
Sacramento, CA 94209-0001

Mr. Michael Cohen, Director
Department of Finance
State Capitol, Room 1145
Sacramento, CA 95814

Mr. Mac Taylor **(Hand carry)**
Legislative Analyst
925 L Street, Suite 1000, B-29
Sacramento, CA 95814
Electronic copy of report & letter to Tina.McGee@lao.ca.gov

COPY OF JLBC NOTIFICATION TO EACH OF THE FOLLOWING:

The Honorable Nancy Skinner Vice Chair
Joint Legislative Budget Committee
State Capitol, Room 6026
Sacramento, CA 95814

Gareth Elliott, Secretary–Legislative Affairs
Office of the Governor
State Capitol, First Floor, E-15
Sacramento, CA 95814

Nancy Farias, Deputy Secretary, Legislation
California Government Operations Agency
915 Capitol Mall, Room 200, C-14
Sacramento, CA 95814

Karen Finn, Program Budget Manager **(electronic copy only)**
Department of Finance
915 I Street, A-15
Sacramento, CA 95814
Karen.Finn@dof.ca.gov

Tom Dyer, Legislative Director **(electronic copy only)**
Department of Finance
915 L Street, A-15
Sacramento, CA 95814
Tom.Dyer@dof.ca.gov

Rohimah Moly, Director of Legislation
Office of the Treasurer
PO Box 942809
Sacramento, CA 94209-0001

Esteban Almanza, Chief Deputy Director **(electronic copy only)**
Department of General Services
707 Third Street, 8th Floor, Z-1
West Sacramento, CA 95605
Sacramento, CA 95814

Jemahl Amen, Deputy Director–Legislative Affairs
Department of General Services
707 Third Street, 8th Floor, Z-1
West Sacramento, CA 95605

Ray Gibson, Budget and Planning Officer
Office of Fiscal Services
Department of General Services
707 Third Street, 9th Floor, Z-1
West Sacramento, CA 95605

Becky Granroth, Budget and Planning Officer
Office of Fiscal Services
Department of General Services
707 Third Street, 9th Floor, Z-1
West Sacramento, CA 95605

California State Library
Information Resources and Government Publications
914 Capitol Mall, E-29
Sacramento, CA 95814

Office of Legislative Counsel **(Hard Copy of Report)**
Attention: Indexing Division
925 L Street, Suite 1150, B-30
Sacramento, CA 95814
Electronic copy of report & letter to Jim.Lasky@lc.ca.gov

Originating Office
JLBC, TREASURER & DOF REVISED 8/20/14

Report on the

**Golden 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

Fred Klass, Director

Procurement Division

Jim Butler, Deputy Director

Prepared by the

Department of General Services

Procurement Division

707 3rd Street

West Sacramento, CA 95605

916.375.4617

916.376.6249

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)

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 Internet-based marketplace 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 with the lender, 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—provides 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 1 to the Report on the Golden State Financial Marketplace
(GS \$Mart) Loans for Fiscal Year 2013-14**

<u>Department</u>	<u>Supplier</u>	<u>Lender</u>	<u>Amount of loan</u>	<u>Term</u>	<u>Rate</u>	<u>Description of item, good or service financed</u>
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 (IBM)	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

**Attachment 1 to the Report on the Golden State Financial Marketplace
(GS \$Mart) Loans for Fiscal Year 2013-14**

<u>Department</u>	<u>Supplier</u>	<u>Lender</u>	<u>Amount of loan</u>	<u>Term</u>	<u>Rate</u>	<u>Description of item, good or service financed</u>
Department of Housing and Community Development	NWN 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 & 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

**Attachment 1 to the Report on the Golden State Financial Marketplace
(GS \$Mart) Loans for Fiscal Year 2013-14**

<u>Department</u>	<u>Supplier</u>	<u>Lender</u>	<u>Amount of loan</u>	<u>Term</u>	<u>Rate</u>	<u>Description of item, good or service financed</u>
Department of Technology, Data Center Services	Direct Systems Support	IBMGF	\$ 1,148,182.69	48 monthly payments	1.23%	IBM server processor & 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