

August 19, 2015

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

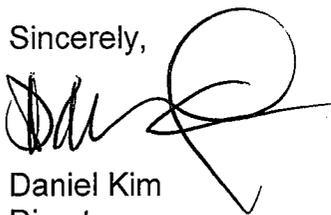
Dear Senator Leno:

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 2014-15 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/2015reports.aspx>. The report is titled Golden State Financial Marketplace (GS \$Mart) Loans for Fiscal Year 2014-15.

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,



Daniel Kim
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 John Chiang
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 Shirley Weber Vice Chair
Joint Legislative Budget Committee
State Capitol, Room 3126
Sacramento, CA 95814

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

Vacant, Deputy Secretary, Legislation
California Government Operations Agency
915 Capitol Mall, Room 200, G-25
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 3rd Street, 8th Floor, Z-1
West Sacramento, CA 95605
Sacramento, CA 95814

Bryan O'Dell, Acting Deputy Director–Legislative Affairs
Department of General Services
707 3rd Street, 8th Floor, Z-1
West Sacramento, CA 95605

Justin Smith, Budget and Planning Officer
Office of Fiscal Services
Department of General Services
707 3rd Street, 9th Floor, Z-1
West Sacramento, CA 95605

Becky Granroth, Budget and Planning Officer
Office of Fiscal Services
Department of General Services
707 3rd 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 8/17/15

Report on the

**Golden 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

Edmund G. Brown Jr., Governor

Government Operations Agency

Marybel Batjer, Secretary

Department of General Services

Daniel Kim, 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 \$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 1 to the Report on the Golden State Financial Marketplace
(GS \$Mart) Loans for Fiscal Year 2014-15**

| <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 (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 |
| OTech | IBM | IBMGF | \$ 7,473,091.19 | 48 monthly payments | 0.86% | CPU upgrade |

**Attachment 1 to the Report on the Golden State Financial Marketplace
(GS \$Mart) Loans for Fiscal Year 2014-15**

| <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> |
|---|--|---------------|-------------------------|--------------------------|-------------|--|
| 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 |
| California Department of Forestry and Fire Protection | AT&T | JPMCEL | \$ 1,354,235.13 | 7 annual payments | 1.63% | Cicso 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 | | \$ 52,973,951.42 | Avg. rate | 1.43% | |