August 31, 2016

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 2015-16 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/2016Reports.aspx. The report is entitled Golden State Financial Marketplace (GS $Mart) Loans for Fiscal Year 2015-16.

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 Kristopher Bianchini, GS $Mart Program Analyst, Procurement Division, Department of General Services at (916) 617-3659.

Sincerely,

Daniel C. Kim
Director

cc: See attached distribution list
Pat Mullen, GS $Mart Manager, Procurement Division, Department of General Services
Kristopher Bianchini, GS $Mart Program Analyst, 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
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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
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Electronic copy of report & letter to Tina.McGee@lao.ca.gov

COPY OF JLBC NOTIFICATION TO EACH OF THE FOLLOWING:

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Sacramento, CA 95814

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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 8/18/16

Report on the

Golden State Financial Marketplace (GS $Mart) Loans for Fiscal Year 2015-16

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
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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)

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 $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 $116.4 million. This includes a total of $32.3 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 2015-16

Department	Supplier	Lender	Amount of loan	Term*	Interest rate	Equipment description
California Correctional Health Care Services	ePlus, Inc.	International Business Machines Global Finance (IBMGF)	$ 743,474.14	3 annual payments	1.45%	Cisco SmartNet
Department of General Services, Office of State Publishing	Hewlett Packard	Santander Bank	$ 2,037,057.00	5 annual payments	1.39%	HP Indigo 10000 Printer
California Environmental Protection Agency* (Cal EPA)	ePlus, Inc.	Key Government Finance, Inc. (Key)	$ 645,261.20	3 annual payments	0.00%	Cisco SmartNet
Department of Community Services and Development	Patriot IT	IBMGF	$ 191,674.29	4 annual payments	1.46%	Computer hardware
Housing and Community Development	Kovarus, Inc., TIG	IBMGF	$ 225,201.73	4 annual payments	1.72%	Computer equipment

Attachment 1 to the Report on the Golden State Financial Marketplace (GS $Mart) Loans for Fiscal Year 2015-16

Department	Supplier	Lender	Amount of loan	Term*	Interest rate	Equipment description
Department of Technology, Data Center Services (Otech)	IBM	IBMGF	$ 10,883,304.52	60 monthly payments	0.89%	IBM mainframe upgrades
Franchise Tax Board (FTB)	GigaKOM Epoch Universal Strato Communications	Key	$ 676,819.35	3 annual payments	0.716%	Tanburg Video Network Infrastructure
FTB	IBM	IBMGF	$ 751,563.60	29 monthly payments	0.89%	IBM Virtual Tape Library
Cal EPA	Kovarus Inc.	US Bancorp Government Leasing and Finance, Inc. (US Bank)	$ 1,012,497.19	3 annual payments	1.445%	VM Ware software and extended warranty
Napa State Hospital	Verizon Entisys NWN Corporation Capital Datacorp	JP Morgan Chase	$ 3,664,877.03	6 annual payments	1.470%	Fiber optic cabling for campus network
California Department of Public Health, Genetic Disease Screening Program	PerkinElmer	JP Morgan Chase	$ 4,431,561.01	60 monthly payments	1.455%	Genetic screening equipment

Attachment 1 to the Report on the Golden State Financial Marketplace (GS $Mart) Loans for Fiscal Year 2015-16

Department	Supplier	Lender	Amount of loan	Term*	Interest rate	Equipment description
Alcoholic Beverage Control	PC Specialists, Inc.	IBMGF	$ 207,098.43	3 annual payments	1.770%	Dell Computers
Department of Water Resources	Network Appliance	Key	$ 1,903,762.18	5 annual payments	0.00%	NetApp Storage
Department of Justice	Enterprise Networking Solutions	US Bank	$ 4,989,859.00	5 annual payments	1.36%	VM Ware
	Total financed		**$ 32,364,010.67**		**1.10%**	

* Including orders from departments within the agency: Air Resources Board, CalRecycle, Department of Pesticide Regulation, Department of Toxic Substances Control, Water Resources Control Board, and Office of Environmental Health Hazard Assessment.