

\$Mart News™

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July 2000

Only \$Mart Questions

“There’s never a dumb question when it’s a \$Mart question.”

This was the final thought expressed during our annual \$Mart Roundtable held in May. And this quote couldn’t be more true; unless you’re financially savvy and have a wealth of experience in this industry, you should have questions about your financing or leasing transaction. If you don’t, then you may be doing something wrong!

That’s where we come in. As \$Mart managers, we stay abreast of the stock market, trends in the financing industry, and have seen nearly ever trick played when it comes to financing and leasing. So, please take advantage of our expertise and contact us with your \$Mart questions! \$\$

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The State Financial Marketplace is found at www.dgs.ca.gov/pd

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Clo\$ing Your Deal

It’s Easier Than You Think

Patrick Mullen
GS \$Mart™ Manager

Congratulations! Your purchase order is done, the prerequisite \$Mart financing information is included and you’ve forwarded the order to the supplier who has guaranteed quick delivery of the equipment. But wait—did you remember to send a copy of the purchase order to the selected Lender? And to the \$Mart program? If not, you’re not quite done, yet.

While many agencies take great care with the “front end” of their financing transaction, we’re finding that the “back end” is delegated to someone else or is neglected all together. In the case of a \$Mart deal, the back end is more important than its counterpart. Without closing documents, a financing deal is not a truly funded or acceptable transaction.

Q – Where can I find samples of these documents?
A – Closing documents for both GS \$Mart and Lease \$Mart programs are found on the appropriate web site page – www.dgs.ca.gov/pd

As with other aspects of the \$Mart programs, completing closing documents is a relatively easy process. Upon receiving a signed purchase order, the Lender/Lessor will immediately forward the documents to the agency. When acceptance occurs, the agency executes the documents and returns the originals to the Lender/Lessor. The agency also must send copies of these documents to the \$Mart program; once all closing documents are received, then the \$Mart manager will obtain an Opinion of Counsel from the DGS Office of Legal Services (OLS). Without this document, the Lender/Lessor can not fund the transaction or pay the supplier.

CLOSING YOUR DEAL

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Dollars and \$ense

Updates for \$Mart Lenders and Lessors

GS \$Mart™ – Attention Lenders.

All Lender responses to the *Rate Quote Form* must be honored for at least 30-days from the date of the quote, and you must follow the guidelines as specified on the Web site – there are no exceptions. Agencies will be advised to disqualify a submitted rate quote that does not follow the required format, then forward the quote to us for further action.

Lenders must remember to submit completed 8038G forms for the state’s quarterly filing.

RATE QUOTES MUST BE ALL-INCLUSIVE!

Believe it or not, there are several Lenders who are willing to chance their company’s standing in the GS \$Mart™ program by not adhering to this minor requirement. For those Lenders who always submit inclusive rates, thank you. Please be assured that we are addressing this issue.

FYI – New Lenders:

- \$ Providence Capital Resources
- \$ SBC Capital Securities
- \$ Xerox Corporation

Lease \$Mart™ – Attention Lessors

Currently in development are new leasing scenarios for copiers and telecommunication and video conferencing equipment. Any Lessors interested in posting for this type of equipment should contact the \$Mart Manager.

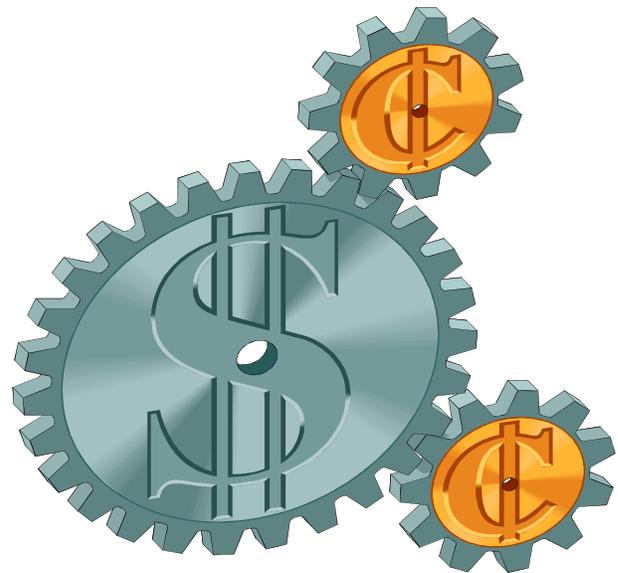
FYI – New Lessors:

- \$ Providence Capital Resources

Seat \$Mart – Attention All

See page three for an update on this program.

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New\$ You Can Use

Updates for Customers of the \$Mart Programs

Read the article to the left, “Dollars and \$ense” – this information is just as important to you, as a customer, as it is to the Lenders and Lessors. If you encounter a Lender or Lessor not adhering to any of these routine requirements, please contact the appropriate \$Mart Manager immediately.

Both \$Mart Managers are happy to help you with your *Rate Quote Form* and in issuing your financing quotes. But keep in mind, neither \$Mart Manager can make the final determination on the selection of a Lender or Lessor; they can only make recommendations.

An *Opinion of Counsel* is necessary to fund a financing transaction, and the \$Mart Manager is responsible for securing this document. If you know you have a transaction that needs to be funded, please forward all purchase orders, ancillary documents, including equipment bid information, to the appropriate \$Mart Manager immediately. An Opinion cannot be executed without copies of all final documents, including all amendments. For more information, please see “Clo\$ing Your Deal” on page one.

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SEAT
\$MART
UPDATE



Due to customer demand, the \$Mart managers, along with Lenders, Lessors and suppliers are finalizing the development of “Seat \$Mart,” anticipating the release of this hybrid form of seat management by October.

What is “seat management?” In a nutshell, it’s akin to desktop outsourcing in which a third-party is used for both the supply of desktop-to-network technology and the day-to-day support for maintaining this deployed equipment. In other words, if your agency has 800 employees who utilize personal computers, then you have 800 “seats-in-seats.” “Seat management” is also the name of the federal General Services Administration’s (GSA) recent family of desktop outsourcing contracts.

Outsourcing options are determined by the customer. From help desk support to LAN support, basic hardware assistance to asset management and surplus, to training and future project management support, seat management can be constructed to fit the needs of each customer. Selected services and equipment are then calculated and paid on a “per-seat” basis.

Like its sister-programs, Seat \$Mart will be a convenient on-line offering to state and local agencies to procure the services of a seat management company. In unison with the California Multiple Awards Schedule (CMAS) program, Seat \$Mart will prequalify the suppliers to conduct business via Seat \$Mart. Thus, in order for a supplier to be considered, their company must be on the GSA or other public contract, or have related services posted in CMAS. So far, only two suppliers have recognized this great business opportunity and are negotiating with CMAS and the \$Mart programs to become the premier suppliers of Seat \$Mart. \$\$

Have a question for the State Financial Marketplace? Contact a \$Mart Manager:

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CLOSING YOUR DEAL

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Recently, OLS has been taking a closer look at all of the \$Mart program’s financing and leasing transactions when rendering their legal opinion. Following are the two areas OLS must attest to when executing this document:

This purchase order/agreement has been duly authorized, executed and delivered by the State acting through its duly qualified elected or appointed officers or agents in accordance with its terms and conditions, and;

This purchase order/agreement is a legal, valid and binding obligation of the State of California.

OLS is mainly concerned with the first bullet as it relates to the procurement portion of the deal, not the financing portion. This puts us \$Mart managers in a Catch-22; we’re not involved with an agency’s procurement process, but in order for us to get the Opinion of Counsel, which triggers the funding of a \$Mart deal, we must demonstrate and convince OLS that the agency completed the procurement process in a legal manner per the State Administrative Manual and other purchasing practices and policies. Thus, in order for us to obtain the Opinion, it is imperative that we receive as much information about the procurement process used by your agency, especially if the procurement was done by bid.

Again, closing a deal is simple as long as the \$Mart managers are kept in the loop from beginning to end. Check the Closing Documents section on the web site or call a \$Mart manager—we’re ready to help you close your \$Mart deal! \$\$

REQUALIFICATION PROCESS

June 15, 2000, was the magical date for all posted GS \$Mart Lenders to requalify for the program. And, keeping to the deadline, multitudes of packages arrived. Piles of packages. So many that Pat has to crawl over the top of them to reach his telephone!

The review process will take a while, but we want to thank everyone for their cooperation. Now it’s time for all GS \$Mart Lenders and Lease \$Mart Lessors to mark their calendars for the next requalification process—June 15, 2002. \$\$

\$ign of the Times

Place Your Digital John Hancock on the Dotted E-line

Dahlynn J. Shiflet
Lease \$Mart™ Manager

Who would guess that the last day of this fiscal year would become such a historic day for those of us frantically trying to expend “use-it-or-lose-it” budget dollars before the June 30th deadline.

With one stroke of a smart pen, President Clinton has changed the future of E-commerce, thus making it easier, faster and more cost-effective to conduct on-line business-to-business transactions.

Known officially as the “Electronic Signatures in Global and National Commerce Act,” but informally as the “e-Sign Act,” the new law becomes effective October 1, 2000. While e-signatures are already legally binding in over 40 states, issues still remain as to what actually constitutes an e-signature.

The premise behind the e-Sign Act is fairly straight-forward—an e-signature is what two entities agree it is. Per the e-Sign Act, the signature may be “an electronic sound, symbol, or process, attached to or logically associated with a contract or other record and executed or adopted by a person with the intent to sign the record.”

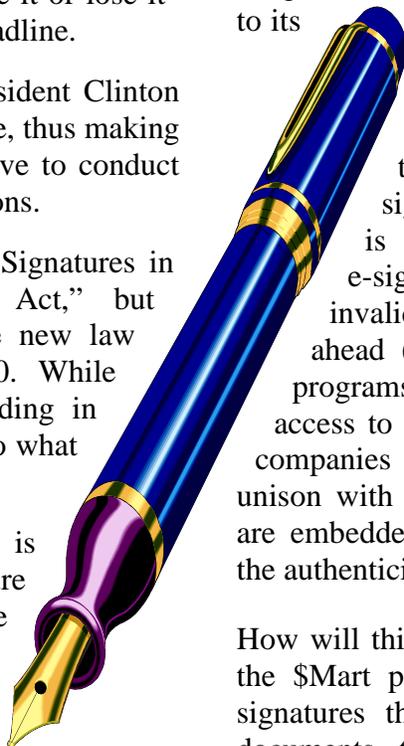
For instance, passwords or PINs act as a type of e-signature, with the most prevalent use being that of ATM cards. Your bank has given you the use of an

ATM card to access your account, and when obtaining the card you created a PIN which doubles as your personal e-signature with the bank; only you and the bank know the PIN. Then when you utilize an automated bank teller or other point-of-access machine, your PIN acts as your e-signature.

But what about more legally binding contracts? Again, it is up to a business to create its desired e-signature criteria then convince their customers as to its safety, security and ease of use.

Sophistication can vary from the aforementioned password or PIN to a digitized image of a signature that is tied to an algorithm that verifies the signature’s authenticity. If the signature is altered after the fact, then the e-signature is broken and considered invalid. Software companies are forging ahead (sorry for the pun) and writing new programs which will offer speed, security and access to this new digital boon. Many software companies suggest using digital certificates in unison with e-signatures; these certificates, which are embedded within each autograph, help verify the authenticity of that signature.

How will this newest trend in E-commerce impact the \$Mart programs? Well, think about the few signatures that are required now on the \$Mart documents, then think about the time- and cost-savings that could be realized if no hard-signatures were required at all. We’re excited about the possibility of adopting this latest business tool, but bureaucracy is bureaucracy and we all know what hurdles must be faced and cleared before we see an e-signature on a \$Mart deal. \$\$



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