

\$Mart News®

Volume 2, Edition 1

Spring 2001

Another year, another \$!

It's hard to believe that we're heading into our second volume of *\$Mart News*! The last year has been a very busy one here at the *State Financial Marketplace*—from successful copier salvage deals to local government interest to numerous presentations a month—time has passed quickly.

For those of you new to our program, welcome! To those of you who have supported the marketplace's efforts from the start, congratulations on a successful year! The latter may notice that this newsletter is revisiting a few articles and facts from past issues, but we felt that they were important enough to share with our new and emerging customer-base. But be aware—there's some new information you don't want to overlook! Enjoy! \$\$

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

INSIDE THIS ISSUE

- 1 \$how Me the Money!
- 2 Dollars and \$ense
- 2 New\$ You Can Use
- 3 \$Mart Facts
- 3 \$Mart Calendar of Events
- 4 \$Mart Roundtable 2001
- 4 Contact the \$Mart Managers

\$how Me the Money!

Saving Time and Taxpayer's Dollars through GS \$Mart®

Patrick Mullen
\$Mart Manager

Your agency can't afford to pay for the desired assets outright? Need to stretch those budget dollars? The purchase order must go out today and your agency is strapped for cash? Look no farther -- help has arrived, courtesy of **GS \$Mart®**!

Established in 1996, the GS \$Mart® (pronounced "G-S-Smart") program provides fast financial help at competitively-driven, tax-exempt interest rates.

Q - What does "tax-exempt" mean?

A - The interest accrued on installment purchases by the Lender is tax-exempt. Thus, the Lender passes along lower interest rates to the customer in exchange for not having to pay federal or state income tax on the interest collected. At this time, tax-exempt rates average around 4.5%-5.5% compared with commercial rates of 9%-10%.

The best way to describe the premise of the GS \$Mart® program is to equate it to purchasing a vehicle. You can't resist that brand new 4x4 truck sitting on the lot at the car dealership, but it costs much more than you can afford. So, you head to your bank and take out an auto loan. The bank then pays the dealership for the truck and you're sitting pretty in your new 4x4. From that point, you make monthly payments to the bank for the vehicle, with interest, of course.

That's how GS \$Mart® works; if your agency's budget can't afford to pay for the desired asset outright, then GS \$Mart® can help you obtain what you need, within the parameters of your budget.

Continued on page 3

Dollars and \$ense

Updates for \$Mart Lenders and Lessors

GS \$Mart® – Attention Lenders

All Lender responses to the *Rate Quote Form* must contain the amortization schedule and special provisions page, formatted as shown on the Web site.

All Lender responses to the *Rate Quote Form* will be honored for at least 30 days from the date of the quote. Many of the Lenders have been offering extra customer service and extending their responses up to 60 days, which has been favorably received by customers.

Technology Rider – This rider has been reinstated for use. Please contact a \$Mart Manager for more information.

Salvage Rider – This rider is fast becoming a favorite tool among customers for their leasing needs. Based on the Alpha Plan's tax-exempt structure, the Lender is responsible for finding and building a working relationship with the third-party salvage provider prior to a deal.

Three new Lenders have joined GS \$Mart®:

- \$ SBC Capital Services
- \$ Snap-on Credit
- \$ Xerox Corporation

Lease \$Mart® – Attention Lessors

Confusion exists regarding the term for a lease verses a rental; any term less than one year is considered a rental, and thus, does not qualify under the Lease \$Mart® program.

A “Lease v. Purchase v. Financing” on-line calculator is being created and will be available soon.

A new Lessor has joined Lease \$Mart®:

- \$ Xerox Corporation

Seat \$Mart – Attention All

Seat \$Mart is still being evaluated by DGS as to its impact on existing state programs.

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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, contact a \$Mart Manager.

Both \$Mart Managers are happy to help you with your *Rate Quote Form* and 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 required for nearly all financing and leasing transactions—this documents signals the close of the deal. Before this opinion can be obtained, a “Certification of Compliance” form must be signed by the requesting agency’s representative. Contact a \$Mart Manager for information.

With rates as low as they are right now, it is a good time to refinance, and the *State Financial Marketplace* can help! Either refinance an existing contract, or combine several to save money and administrative time. What could your agency do with the savings?

Torn between financing and leasing? Need help? Contact either \$Mart Manager for creative financing advice structured to fit your agency’s budget, timeframe, equipment needs and delivery schedule.

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\$MART FACTS

Did you know...

...that \$400 million in financing transactions have been shepherded through the GS \$Mart[®] program since its inception in 1996...

...and of that \$400 million, the program has saved government agencies over \$40 million in interest charges...

...and the savings per financing transaction averaged \$120,000...

...and that GS \$Mart[®], the only governmental E-commerce program of its kind in the nation, has been honored by industry and government leaders with four national awards...

...and usage of the GS \$Mart[®] program by local governments, such as cities, counties, school districts, university systems and special districts, has increased nearly tenfold over the last year...

...and local government entities can use either GS \$Mart[®] or Lease \$Mart[®] for all of their financing and leasing needs. How so? Per Assembly bills 1684 and 2866, as well as Public Contract Code sections 10298 and 10299. \$\$

\$MART CALENDAR OF EVENTS

GTC WEST 2001

PLACE: SACRAMENTO CONVENTION CENTER

DATE: MAY 14-18, 2001

INFO: 916/363-5000 OR WWW.GOVTECH.NET

\$MART ROUNDTABLE 2001

PLACE: CREST THEATRE, 1013 K ST., SACTO.

DATE: MAY 16, 2001

TIME: 9:00 A.M. TO NOON

For information, see the article on page four.

Have a question for the State Financial Marketplace? E-mail a \$Mart Manager and they'll be happy to answer it for you:

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SHOW ME THE MONEY!

Continued from page 1

Wow, that sounds too easy!

That's right, it is easy. And this is the most frequent comment we receive from customers. As the only governmental E-commerce program of its kind in the nation, GS \$Mart[®] has done practically all of the required pre-financing selection work for you.

Q - "E-commerce"- what's that?

A - Slang for "electronic commerce," this term refers to business which is conducted over, through, and by way of the Internet.

Lenders have been pre-qualified to conduct business with the State and have agreed to preset terms and conditions that are found on the Web. Lenders post their rates on the site weekly, thus driving the competition and ultimately benefiting the customer. Attaching the financing to a purchase order and executing the closing documents takes hardly any time at all. It's that simple.

What's the alternative?

Actually, GS \$Mart[®] is the alternative to the cumbersome days of coupling financing quotes with equipment costs in the archaic bid process. When a formal bid was released, bidders were asked to submit quotes for financing. Not knowing when the bid would be awarded, Lenders often hedged interest rates upward to protect themselves from potential market fluctuations. Nine times out of ten, GS \$Mart[®] can obtain quotes in less than a day, thus taking advantage of current market rates and saving taxpayers, and your budget, the extra "hedge" cost.

Where do I learn more?

Too good to be true? Don't believe me? Check out the information for yourself! Log onto www.pd.dgs.ca.gov, select "GS \$Mart[®]" and complete a *Rate Quote Form*. Forward the completed form to me and I'll get the quotes on your behalf. Then I'll show you the money, the money you'll save by using the GS \$Mart[®] program!

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\$Mart Roundtable 2001

A Gathering of \$Mart Stakeholders and Partners

Dahlynn Johnson Shiflet
\$Mart Manager

No date is more certain in the State Financial Marketplace than that of our annual \$Mart Roundtable, which is always held on the Wednesday morning of the week-long West Coast Government Technology Conference (GTC).

This year, the Sacramento-based conference begins on Monday, May 14th, and the \$Mart Roundtable 2001 will take place on Wednesday, May 16th, from 9:00 a.m. to noon. The venue will be a favored Sacramento icon—the restored historic Crest Theatre—located on the K Street Mall just a block away from the Convention Center.

As with past Roundtables, the event will showcase last year's highlights, as well as offer a forum to discuss issues relating to today's marketplace. New ideas will be introduced, such as an overview of the marketplace's latest innovation, a new and improved on-line calculator. The tool will allow customers to conveniently calculate and generate planning numbers for an operating lease (Lease \$Mart[®]), financing (GS \$Mart[®]) or for comparing the two programs.

And what Roundtable would be complete without interesting guest speakers; this year, one topic will be the GS \$Mart[®] Alpha Plan Salvage Rider, with Mike Nadeau of GATX Corporation and Steven Bissey of Savin Corporation representing both a salvage company's and manufacturer's successes in utilizing the new financial tool.

The \$Mart Roundtable continues to grow each year (from 12 attendees in 1998 to 120+ last year); it is strongly recommended that if you would like to join us, please send an e-mail RSVP to a \$Mart Manager as soon as possible.

See you at the \$Mart Roundtable 2001! \$\$

 REGISTERED!!!

Three names that fall under the State Financial Marketplace—GS \$Mart[®], Lease \$Mart[®] and \$Mart News[®]—have been accepted and recognized by the United States Patent and Trademark Office as registered trademarks.

Lenders, Lessors and Suppliers: If your company is using any of these names in its marketing materials, please be certain to include the “circle R” symbol.

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