

**SOUTH DAKOTA BOARD OF REGENTS**

**Budget and Finance**

**AGENDA ITEM: 6 – E**

**DATE: May 11-12, 2016**

\*\*\*\*\*

**SUBJECT: DSU & SDSMT Laptop Leases RFP**

Both Dakota State University and South Dakota School of Mines and Technology require students participate in one-to-one computing programs, where a university device is assigned to each individual student. The institutions acquire new devices each year to support the program and has done so through a lease. By financing the computers, the campuses avoid having to pay for the computers upfront, and are able to manage the costs over several years. The lease payments will be made from student fees collected for the purpose of leasing such computers.

RFPs for financing the computer purchase were last issued in 2012. To ensure the most competitive rates, an RFP was issued this spring. Five RFP responses were received. The plan is to continue to work with US Bank and University Lease. The Board is being asked to qualify these two vendors. These two vendors could be used in the future for financing. Nonexclusive master lease agreements that have been approved by the General Counsel and are in place with US Bank and University Lease.

The plan at this time is to do a capital lease with US Bank based on the interest costs, as long as there are no other contractual hurdles. The rates may change based on when the campuses finalize their purchase, which could change which company they would work with. The below information is the cost of financing 400 devices at DSU and 250 devices at SDSMT.

**SDSM&T 4 Year Lease Details - Interest Rate 3.47% with US Bank**

	<u>Amount Financed</u>	<u>Total Lease Payment</u>	<u>Total Interest Paid</u>
US Bank	\$426,449.00	\$447,658.10	\$21,209.10
University Lease	\$426,449.00	\$449,664.88	\$23,215.88
Trimarc Financial	\$426,449.00	\$452,164.73	\$25,715.73
Tetra Financial Group	\$426,449.00	\$453,195.88	\$26,746.88
High Plains Technology	\$426,449.00	\$459,336.75	\$32,887.75

(Continued)

\*\*\*\*\*

**DRAFT MOTION 20160511\_6-E:** I move to qualify the use of US Bank and University Lease for capital lease financing through FY19, and authorize DSU and SDSM&T to execute financing leases with either of these vendors.

DSU & SDSMT Laptop Leases RFP

May 11-12, 2016

Page 2 of 2

**DSU 3 Year Lease Details - Interest Rate 3.18% with US Bank**

	<u>Amount Financed</u>	<u>Total Lease Payment</u>	<u>Total Interest Paid</u>
US Bank	\$540,000.00	\$566,856.47	\$26,856.47
University Lease	\$540,000.00	\$569,397.60	\$29,397.60
Trimarc Financial	\$540,000.00	\$572,563.08	\$32,563.08
Tetra Financial Group	\$540,000.00	\$573,868.80	\$33,868.80
High Plains Technology	\$540,000.00	\$581,644.80	\$41,644.80