

STATE BOARD OF COMMUNITY COLLEGES
Request for an Installment Purchase Contract - Southwestern Community College

Request: The State Board of Community Colleges is requested to approve an installment purchase contract for Southwestern Community College (Southwestern) to purchase Dell Vx Storage Area Network (SAN), Data Protection appliance with applicable software, migration services assist Xen VMs to VMWare VMs per hour, and a Cisco CATALYST 6880-X MULTI RATE PT CARD STD available to be purchased through the Statewide IT Procurement Term Contract 204X. Southwestern Community College has arranged, through Dell Financial Services, LLC, five-year fixed rate financing at an APR of 0.00 percent. The total purchase price is \$635,862.04. Payments will be made annually at a rate of \$127,172.41.

Rationale: The College is pursuing this method of procurement rather than a standard purchase to allow for greater cash flow flexibility and affordability. The College has several capital projects, including a \$20 million Health Science facility that will require the purchase of furniture and equipment utilizing a large amount of the College's capital equipment budget. Considering the useful life of the data center, the College will realize a significant annual savings in expenses. Securing the lease terms of zero percent interest (APR), makes the lease/installment purchase option the most feasible in terms of cash flow and affordability.

Statutory Authority: G.S. 115D-20(11):

"... The powers and duties of trustees shall include the following:

...

- (11) To enter into lease purchase and installment purchase contracts for equipment under G.S. 115D-58.15."

and G.S. 115D-58.15(a):

- "(a) Authority. - Notwithstanding any other provision of law to the contrary, the board of trustees of a community college may use lease purchase or installment purchase contracts to purchase or finance the purchase of equipment or real property as provided in this section. A college shall not have more than five State-funded contracts in effect at any one time."
- (b) Contract Approval. - Contracts for more than one hundred thousand dollars (\$100,000) or for a term of more than three years shall be subject to review and approval as provided in this subsection ... If the source of funds for payment of the obligation by the community college is intended to be State funds, the contract must be approved by resolution of the State Board of Community Colleges."

This legislation enables the board of trustees of a community college to use lease purchase or installment purchase contracts to purchase or finance the purchase of equipment.

Method of Procurement: In accordance with the procurement practice of the State of North Carolina, Community colleges are not required to seek approval from the State IT Procurement Office.

Contract Amount and Time Period: The contract will be for the five (5) year period of August 1, 2020 through July 31, 2025 for a total cost not to exceed \$635,862.04.

Fund Source Availability: College funding is available from FY 2020-21 State General Fund appropriations for the first annual payment. Future annual installment payments are contingent upon each fiscal year State General Fund appropriation availability.

Contact(s):

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