



## **Information and Action Item: Capital Lease – Network Equipment**

TO: School Board  
Superintendent Kocanda

FROM: Greg Kurr, Chief Financial Officer

September 29, 2015

### **Overview & Background**

The District's technology department has identified a need to upgrade the District's network. This upgrade entails the purchase of various aged switches, which will be installed by District personnel. Given the magnitude of the estimated cost of the equipment of approximately \$500,000 and the availability of low financing rates, Administration recommended the use of 3-year capital lease financing for this purchase. This need and suggested capital lease financing approach was identified and budgeted for in the FY16 Updated Tentative Budget and is also included in the FY16 Final Budget.

Quotes for the equipment manufactured by Cisco/Meraki were received from three suppliers; CDW, Insight and PC Connection. Cisco/Meraki does not deal direct with the consumer. The lowest quote for the equipment of \$480,579 was received from CDW.

Quotes were also received from three lessors, American Capital, Cisco Financing and Marlin Finance for the three-year capital lease financing of the equipment. Marlin Finance's proposal was not competitive. Cisco Financing provided the lowest financing rate at 0.99% with annual payment term of \$161,916. American Capital, a recognized vendor in the education market, provided a slightly higher proposal including a financing rate of 1.673% with annual payments of \$162,859.

### **Recommendation**

The recommendation, subject to Board approval of the FY16 Final Budget which includes budgeted amounts for this proposal, is for the Board to authorize Administration to purchase network equipment from CDW at a cost of \$480,579, and to enter into a three year capital lease agreement with Cisco Financing to finance the equipment purchase. In the event that the final documents received from Cisco adversely vary from the proposal, Administration further recommends that the Board authorize Administration to enter into a three-year capital lease agreement with American Capital to finance the equipment purchase.