

GLENBROOK HIGH SCHOOLS
District Business Office

TO: Dr. Riggle

FROM: Kimberly L. Ptak
Marcus Thimm

DATE: June 11, 2012

RE: Discussion/Action: Server and SAN Storage Lease

Recommendation

It is recommended that the Board of Education approve a 3-year fair market value (FMV) lease for technology server equipment in the amount of \$56,529 per year for 3-years and a 5-year \$1 buy-out lease for technology SAN storage in the amount of \$77,166 per year for a 5-year period with American Capital.

American Capital has worked with the district for the past 5 years on various technology leases, and has consistently been the lowest bidder. Headquartered locally in Lisle, American Capital works with hundreds of schools and municipalities on technology and other leasing needs.

Background

As discussed at several board meetings, the FY 11/12 technology plan includes updating servers and SAN storage. It has also been discussed that the equipment will be leased to spread the cost over the expected life of the equipment.

3-year FMV Lease

The servers have a life expectancy of 3-years. Quotes were received from 6 vendors for both a 3-year FMV lease and a 3-year \$1-buyout lease. Choosing a 3-year FMV lease lowers the district's payments by a total of \$20,500 over the 3-year period. At the end of the 3-years, the district will have the option of buying the servers at the current FMV or returning the servers to the leasing company.

5-year \$1-buyout Lease

The SAN storage units have a life expectancy of 5-years. Quotes were received from 6 vendors for both a 5-year FMV lease and a 5-year \$1-buyout lease. There was little difference in the overall payments between a FMV and \$1-buyout lease (approx \$300 over the 5-years.) With that said, a \$1-buyout lease is recommended as it gives the district the option to keep the equipment longer than 5-years and/or sell the equipment.

We feel comfortable that these SAN systems will meet the needs of the district for the coming five years. They are expandable to address any additional capacity needs that may arise.

Bid Summary

	Annual Costs of Bidders		
	<u>3-year FMV</u>	<u>5-year \$1 buy-out</u>	<u>Total</u>
American Capital	\$56,529	\$77,116	\$133,645
First American	\$55,422	\$79,693	\$135,115
Leasenet	\$61,584	\$78,972	\$140,556
LaSalle Leasing	\$58,224	\$86,112	\$144,336
CSI Leasing	\$62,652	\$83,658	\$146,310
Winthrop	\$57,696	N/A	N/A
Estimate			\$168,000

Financial Summary

	<u>FY 11/12</u>	<u>FY 12/13</u>	<u>FY 13/14</u>	<u>FY 14/15</u>	<u>FY 15/16</u>
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<u>Actual</u>					
Server	\$56,529	\$56,529	\$56,529	new lease	new lease
Storage	\$77,116	\$77,116	\$77,116	\$77,116	\$77,116
	\$133,645	\$133,645	\$133,645	\$77,116	\$77,116
<u>Budget</u>					
Server	\$58,800	\$58,800	\$58,800	new lease	new lease
Storage	\$109,200	\$109,200	\$109,200	\$109,200	\$109,200
	\$168,000	\$168,000	\$168,000	\$109,200	\$109,200
(Under)	(\$34,355)	(\$34,355)	(\$34,355)	(\$32,084)	(\$32,084)
					(\$167,233)