

## BUDGET POLICY AND REPORTING MANUAL

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### Purpose and Scope

This item provides instructions for financing installment- and lease-purchases of (1) real property and capital improvements and (2) personal property (equipment) for all State agencies, departments, the State University of New York (SUNY), the City University of New York (CUNY), and the Unified Court System. This item does not apply to purchases financed by State public authorities.

State agencies may, with Division of the Budget (DOB) approval, finance acquisitions through State-supported bonds (New York State Personal Income Tax Revenue Bonds or the Statewide Lease Purchase Agreement). *Based on the availability of low cost tax-exempt financing through the Personal Income Tax Revenue Bond Program vendor financing requests will no longer be considered for approval.*

The term "installment purchase" will be used hereafter and should be understood to include all purchases financed with State-supported bonds and the Statewide Lease Purchase Agreement. The method of financing will be based upon the lowest cost alternative, as determined by DOB.

The Statewide Lease Purchase Agreement includes financing by pre-qualified equipment vendor financing companies through a statewide equipment lease-purchase agreement. Agencies are responsible for the payments to the vendor for the life of the lease-purchase agreement. Beginning in 2011-12, in order to comply with tax-exempt financing rules, any approved projects which have not started to spend within eighteen months of the sale of bonds may be reallocated by DOB. In addition, any unspent bond proceeds remaining after all debt service has been paid will be used at the discretion of DOB to retire outstanding debt.

This item: (1) defines equipment costs eligible for State-supported bonds and the Statewide Lease Purchase Agreement; (2) identifies the criteria and procedures for DOB approval of all installment-purchase financings; (3) outlines the procedures and debt service payment structure for State-supported bond financing; (4) provides information on the statutory requirements for lease-purchases; (5) provides for all of the mandatory clauses required to be included in lease-purchase contracts; (6) provides instructions for requesting DOB approval of State-supported bond financing (forms H-101, H-101B and H-101C); and (7) provides instructions for requesting DOB approval for Statewide Lease Purchase Agreement (forms H-101S and H-101B).

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In addition to the guidance provided by this item, State agencies may find further guidance on installment purchase financing in the [Manual of Procedures for Use of State Supported Bond Proceeds](#), issued by DOB and the Office of General Services (OGS).

**1. Definition of Equipment Costs Eligible for Financing**

The following equipment costs are eligible for financing through State-supported bonds or the Statewide Lease Purchase Agreement.

Equipment costs are all costs of payment of, or reimbursement for, acquisition, installation, customization and delivery of the equipment including software licensing fees, architectural, engineering, consultant and installment management costs, shipping costs, performance and payment bond costs and letters of credit, administrative costs and capital expenditures relating to installation and financing payments, costs of feasibility, environmental and other reports, inspection costs, permit fees, filing and recording costs, printing costs, reproduction and binding costs. However, equipment costs *shall not* include personal service expenses of agencies, or any annual fees or costs for vendor maintenance, with the exception of fees or costs for vendor maintenance of statewide, multi-year projects costing \$50 million or more, supplies, training, software support or prepaid upgrade of computer software and/or hardware. Please consult DOB for additional information on the types of equipment that may be eligible for financing.

**2. Criteria for Installment Purchases**

Equipment financed with State-supported bonds must have a useful life of three years or more, and an outright purchase price of \$1,000,000 or more. Real property projects must have an outright purchase price of \$1,000,000 or more and a useful life of 10 years or more.

Equipment financed through the Statewide Lease Purchase Agreement must have a useful life of three years or more, and the minimum and maximum dollar amounts which may be financed through the Agreement are \$1,000,000 and \$15,000,000 respectively. Real property projects are not eligible for financing under the Statewide Lease Purchase Agreement.

The following criteria apply to all installment purchase contracts entered into by State agencies, departments, SUNY, CUNY, and the Unified Court System.

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All equipment acquisitions will be financed for a term of three years, unless approval for a term of more than three years is obtained in writing from the DOB. The justification for a longer term must include evidence that the equipment has a useful life of at least the longer financing term. The lease term of any financing arrangement cannot be greater than the useful life of the property.

Agencies may not group unrelated items of equipment to reach the minimum outright purchase price eligible for installment purchase financing. However, multiple items of the same type of personal property, or related items of property acquired as the result of a single Request for Proposal (RFP), may be grouped under one or several contracts as part of a procurement package to reach the applicable minimum purchase price.

Consultant services for software improvements are only eligible for State-supported bonds and the Statewide Lease Purchase Agreement if they are an integral part of a hardware/software procurement package. The hardware/software component of the procurement package must have a value of at least \$250,000. Stand-alone consultant services *may not be* financed. Requests to finance eligible consultant services must be clearly defined on the H-101 or H-101S and H-101B submitted to DOB.

Before entering into new installment purchases, agencies should consider any Federal grant or aid conditions which could affect an agency's ability to make lease payments (e.g., debt service payments). Federal Funds cannot be used to directly finance agency lease payments to OGS to reimburse the State for debt service paid on State-supported bonds. State appropriations that can be reimbursed with Federal Funds must be appropriated to make lease payments to OGS. This is due to the uncertain timing of the receipt of Federal Funds as it relates to the time the equipment is purchased (i.e., Federal Funds cannot be definitively determined to be available when the debt service payments are due and debt service payments are due regardless of when the equipment is purchased). In addition, it is not possible to reimburse Federal Funds that were used to pay debt service on equipment that is not ultimately purchased.

Interest income on financings is ordinarily tax-exempt. Agencies should therefore be cognizant of potential private use issues regarding the equipment to be financed to ensure that the purchases meet Federal Tax Law requirements. If there is use or access by any non-State or local government entity to the asset intended to be financed, it must be indicated on the H-101B form.

Agencies should keep their contract files and those at the Comptroller's Office up to date for each installment-purchase contract. Amendments to contract documents, including revised installment-purchase payment schedules and

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assignment and reassignment documents, must be forwarded to DOB for review. DOB will then forward the revisions to the Comptroller.

**3. Schedule of Required Installment/Debt Service Payments for State-Supported Bond Financing**

Agencies which use State-supported bond financing are required to make installment payments to OGS. Agencies which receive approval to finance equipment through State-supported bonds will be required to make semi-annual debt service/installment payments to OGS 15 days prior to when debt service payments are due to State-supported bondholders. Beginning in 2011-12, in order to comply with tax-exempt financing rules, any approved projects which have not started to spend within eighteen months of the sale of bonds may be reallocated by DOB. In addition, any unspent bond proceeds remaining after all debt service has been paid will be used at the discretion of DOB to retire outstanding debt. The reallocation or use of proceeds to retire debt will not result in a refund of installment payments.

For example, agency lease/debt service payments on State-supported bonds, which are typically issued in the month of October, will begin in the following February. Agencies will be required to make semi-annual payments to OGS in February and August for three consecutive fiscal years (or longer depending on the term of the bonds). Agencies will be required to make installment/debt service payments to OGS on State-supported bonds issued on their behalf *regardless of when the agency actually purchases the equipment.* Agency installment/debt service payments due to OGS must be timely and paid in full. *Requests for State-supported bond financing by agencies with past due State-supported bonds billings will not be approved.*

**4. State Law Regarding Installment and Lease-purchase Financings**

State Finance Law requires the Budget Director to approve all new “financed equipment acquisitions” which includes State-supported bonds (e.g., State Personal Income Tax Revenue Bonds) and the Statewide Lease Purchase Agreement. In addition, the State Finance Law provides for the responsibilities of the Executive and the Legislature regarding the State's annual budget authorization and implementation process to finance equipment and real property projects with State-supported bonds.

Section 138 of the State Finance Law requires that any assignment or reassignment of an installment-purchase contract by a financing vendor through the Statewide Lease Purchase Agreement must have the prior written approval

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of the State agency involved. Agencies must notify the Comptroller of all changes in assignment.

Section 66-a of the State Finance Law requires approval by the Comptroller of any assignment of rights under an installment-purchase contract if the assignment will result in the sale of COPs by an entity other than New York State. This section provides that all contracts must include language that prohibits any other State or private party from issuing COPs to finance New York State installment-purchases without the express written approval of the State Comptroller. Section 66-a applies regardless of whether the contract contains this language.

**5. Mandatory Clauses for Installment- and Lease-purchase Financings of Consultant Services for Software Improvements**

Consultant services for software improvements are only eligible for State-supported bonds or the Statewide Lease Purchase Agreement if they are an integral part of a hardware/software procurement package. The hardware/software component of the procurement package must have a value of at least \$250,000, and stand-alone consultant services may not be financed. Agencies financing consultant services for software improvements through the use of State-supported bonds or the Statewide Lease Purchase Agreement must include the following language in the contract documents between the State agency and the consultants. Using this contract language is essential for the financings to be considered tax-exempt which results in lower interest rate costs to the State.

The mandatory contract language is as follows:

It is anticipated the Project Deliverables under this [Agreement] may include “existing” and/or “custom” materials. “Existing Materials” include, without limitation, such things as: programs, program listings, programming tools, documentation, reports, drawings, data, modules, components, utilities, interfaces, templates, subroutines, algorithms, formulas and technical information, existing prior to or independently developed by [Vendor] or another Third Party other than as a result of this [Agreement]. “Custom Materials” include, without limitation, such things as: programs, programming tools, source codes, object codes, user or training manuals, programming, reports, drawings and any other materials, preliminary, final and otherwise, created, prepared, written or developed, whether jointly or individually, for the [Agency] under this [Agreement].

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New York State shall have ownership and the perpetual rights to use, copy, modify, and prepare derivative works of the Custom Materials, developed in the course of the [Services] pursuant to this [Agreement], whether jointly or individually, subject to the terms of [specify any Articles or sections of Agreement related to confidentiality treatment of Existing Materials and Custom Materials]. All rights in the Custom Materials remain in the [Agency]. The parties will cooperate with each other and execute such other documents as may be appropriate to achieve the objectives of this [Article]. With respect to any third party software provided by the [Agency] to [Vendor] hereunder which [Vendor] modifies and/or enhances as provided for under this [Agreement], the [Agency] shall be responsible for obtaining from the third party licensors the necessary rights to such software, including the rights for [Vendor] to access, use and modify the software on behalf of the [Agency] to own such modifications and replacements thereto.

The [Agency] acknowledges that [Vendor] in performing hereunder may use any information, products and Existing Materials that are proprietary to the [Vendor]. The [Agency] will use reasonable efforts to preserve the proprietary character of Existing Materials. Other than those rights or interest in the Existing Materials specifically provided by this [Agreement], the [Agency] shall receive no rights or interest in such Existing Materials of the [Vendor] including any enhancements and improvements thereto which are not created as a result of this [Agreement], except pursuant to a separate written agreement. Furthermore, nothing herein shall preclude the [Vendor] from using the related or underlying general knowledge, skills and experience developed in the course of providing the deliverables and intellectual property under this [Agreement] in the course of [Vendor's] business.

The State retains the right to sell, or license on an exclusive or non-exclusive basis, the Custom Materials developed under this [Agreement]. The sale or licensure of such Custom Materials shall not occur until such Custom Materials are or become useable. The sale or licensure of such Custom Materials shall be at a fair market value. The fair market value of such Custom Materials shall be determined at the time of sale or licensure. In the event the [Vendor] wishes to purchase any Custom Materials developed under this [Agreement], such purchase shall be pursuant to a separate written agreement.

### 6. Other Mandatory Clauses for Installment- and Lease-purchase Financings

Installment-purchase contracts should include a “non-appropriation” or “executory” clause which states that installment-purchase contracts are not State debt as defined in Article VII of the State Constitution, nor are they a contractual obligation, except to the extent that money is appropriated to make installment-

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purchase payments. Additionally, the State has no continuing legal or moral obligation to appropriate funds to make installment-purchase payments or any other payments due under installment-purchase contracts.

Installment-purchase contracts for the Statewide Lease Purchase Agreement may contain a “non-substitution” clause. This prohibits an agency from acquiring substitute equipment to replace equipment for which installment payments were not appropriated. This type of restriction would stipulate a time period during which substitution was prohibited. The intent of this clause is to prevent the State from arbitrarily using an event of non-appropriation to terminate an installment-purchase contract.

**7. Instructions for Requesting Budget Approval of State-Supported Bonds to Finance Equipment (H-101, H-101B and H-101C)**

**Links to Forms**

**In PDF**

**In Microsoft Word**

[Form H-101](#)

[Form H-101](#)

[Form H-101B](#)

[Form H-101B](#)

[Form H-101C](#)

[Form H-101C](#)

Agencies, upon receipt of a Budget Bulletin announcing a planned State-supported bonds issuance, must submit an H-101, H-101B and H-101C request for *prior approval* by the Director of the Budget for all new equipment or real property installment-purchase obligations and all refinancings of such obligations. Form H-101 identifies basic information on the installment-purchase, form H-101B provides narrative justification, and form H-101C provides the anticipated schedule of proceeds expenditures. Requests for H-101, H-101B, and H-101C approval should be submitted to the agency's budget examiner.

**a. Instructions for Completing Form H-101 – Request for Approval of Installment- Purchases – State-Supported Bonds**

**General Heading Entries**

“H-101 Number \_\_\_\_\_”. This number will be assigned by DOB when it processes the agency request.

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“FY 20\_\_-20\_\_”. Enter the fiscal year in which your agency will enter into an installment-purchase obligation for the items listed on the H-101.

Identify the agency, program, division/institution and agency code for which the item will be procured. Identify the fund type and the name and code numbers for the fund and account that will be used to make installment-purchase payments.

### **Column A – “Description of Equipment or Real Property”**

Describe the item of equipment (e.g., computer mainframe) or real property (i.e., capital project or real property acquisition) to be financed.

### **Column B – “Acquisition Cost”**

Identify the cost of the equipment or real property if it were paid for outright rather than financed over time. If a refinancing is involved, specify the prepayment amount required to buy out the existing installment-purchase contract.

### **Column C – “Date to Order Equipment/Property”**

Identify the date the equipment purchase or real property project will be initiated through the execution of a contract, contract amendment, or purchase order. Contracts and purchase orders must be approved by OSC prior to ordering equipment or initiating a real property project, and if appropriate, reviewed by OFT.

### **Column D – “Date(s) Financing Required”**

Identify the date(s) when you expect to purchase the equipment/property from the vendor/contractor. If the contract for the equipment acquisition or real property project includes a provision for progress payments, agencies should identify the amounts of progress payments and payment dates on the H-101. Progress payments are used for real property projects where the contractor is paid as work is completed.

### **Column E – “Useful Life”**

Identify the useful life of the equipment or real property to be financed. The useful life should generally be consistent with recognized industry or professional standards.

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### **Column F – “Finance Term”**

Agencies can only finance equipment for three years unless approval for a different term is obtained from DOB. In no event can a term of a lease exceed the useful life of the property being financed.

### **Column G – “Date of First Installment-Payment”**

Enter the month of February and the calendar year following the October in which State-supported bonds are expected to be sold.

### **Column H – “First Year Installment-Payments”**

For the purpose of calculating first-year installment payments, agencies should assume that State-supported equipment finance bonds will be issued in October. Enter the total amount of installment/debt service payments to be made to OGS in February following the October in which the State-supported bonds are issued. Please refer to the most recently issued *Budget Bulletin for Installment-Purchase Financing of Equipment* for guidance on the interest rates to be used in calculating installment payments.

### **Column I – “Total Installment-Payments”**

Enter the total amount of installment/debt service payments to be made during the three (or term of the bonds) years following the October in which the State-supported bonds are issued. Please refer to the most recently issued *Budget Bulletin for Installment-Purchase Financing of Equipment* for guidance on the interest rates to be used in calculating installment payments.

Agencies which receive approval to finance equipment through State-supported bonds will be required to make semi-annual debt service/installment payments to OGS 15 days prior to when debt service payments are due to State-supported bondholders. Typically, the first payment will begin in February following the October in which State-supported bonds are issued and will be made for three years. Since State-supported bonds are typically sold annually in October, agencies will be required to make semi-annual debt service payments to OGS in February and August.

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Agencies will be required to make installment/debt service payments to OGS on State-supported bonds issued on their behalf *regardless of when the agency actually purchases the equipment.*

Agency installment/debt service payments due to OGS must be timely and paid in full. Requests for State-supported bond financing by agencies with past due COPs or State-supported bonds billings will not be approved.

### **Column J – “Expenditure Object Code”**

Identify the State Comptroller’s object code against which the contract will be charged.

### **Signatures for Agency Request and Division of the Budget Approvals**

The H-101 must be signed by an agency representative, the examination unit, and the Expenditure/Debt Unit of the Division of the Budget. State-supported bond financing requests must be amended by the agency and approved by the Division of Budget.

#### **b. Instructions for Form H-101B – Request for Approval of Installment-Purchase Contracts- Justification for State-Supported Bonds**

This justification schedule should be completed for all items listed on Form H-101. If additional space is required, attach separate sheet(s) and be sure to identify the item which such material supplements.

### **General Heading Entries**

“FY 20\_\_-20\_\_”. Enter the fiscal year in which your agency will enter into an installment-purchase obligation for the items listed on the H-101.

Identify the agency, agency contact person and phone number, program and division/institution for which the item will be procured. Identify the fund type and the name of the fund and account that will be used to make installment-purchase payments.

“Item of Equipment or Real Property”. Provide the same description of equipment or real property as shown on form H-101.

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**1. Description of the Installment-Purchase**

Describe the equipment or real property to be procured in sufficient detail to explain its purpose and use. This description will be used as a basis for determining whether the proposed purchase is eligible for financing.

If multiple items of related equipment/property are grouped together under a general description to reach the program's minimum purchase price of \$250,000 (e.g., office equipment, vehicles, computer equipment), please provide a list describing each item and identifying the anticipated cost of each item.

**2. Cost Estimate**

For the item(s) of equipment and real property, provide a cost estimate for the hardware, software and consulting components (if applicable). Standalone consulting services are not eligible for installment-purchase financing. Consulting services may be financed if the services are part of an integrated system and the hardware and/or software component(s) total \$250,000. Indicate if there are progress payments.

**3. Is it an Integrated System?**

Explain if the equipment to be procured (i.e., hardware, software, consulting services) is part of an integrated system.

**4. Private Use**

Explain if the equipment or real property intended to be financed will be used or accessed by any non-State or local government person, including any non-employee position (e.g., SUNY Hospitals).

**5. Contingent Factors**

Explain if this purchase is contingent upon some other event, such as the major renovation of a building to install the equipment to be financed.

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**6. Related Procurement**

Explain any planned equipment or real property procurements that would have a significant relationship to this purchase.

**7. Source of Payment for Installment-Purchases**

Explain the appropriation source (e.g., State Operations, Special Revenue Other) and the amount, by appropriation, planned for all installment-purchase payments for the current fiscal year.

**8. Planned for Outright Purchase**

If funds have been appropriated for the outright purchase of all or a portion of this equipment, identify the appropriation source (e.g., State Operations, Special Revenue Other) and the amount appropriated for outright purchase by appropriation source.

**9. Technology Purchases**

Budget Policy and Reporting Manual [Item H-300A](#) requires agencies to submit Annual Technology Plans (ATPs) to facilitate statewide planning and coordination of technology initiatives. Among other requirements, ATPs must include a detailed proposal for each new initiative summarizing the types of goods and services to be acquired and the planned method of acquisition. Please indicate whether the equipment was identified in an ATP and how it relates to an initiative identified in the ATP. In addition, please indicate whether OFT has approved an Intent to Purchase Technology in connection with this purchase.

**10. Useful Life Justification**

All equipment acquisitions will be financed for a term of three years, unless approval for a term of more than three years is obtained from DOB. If a financing term greater than three years is requested, agencies must provide a thorough explanation of how the stated useful life of the equipment or real property was determined. The useful life justification should generally be consistent with recognized industry or professional standards.

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**c. Instructions for Form H-101C – Request for Approval of Installment Purchase Contracts- Schedule of Payments to Vendors**

This schedule of anticipated payments to vendors should be completed for all items listed on Form H-101. If additional space is required, attach separate sheet(s) and be sure to identify the item which such material supplements.

**General Heading Entries**

“FY 20\_\_-20\_\_”. Enter the fiscal year in which your agency will enter into an installment-purchase obligation for the items listed on the H-101.

Identify the agency and program for which the item will be procured. Identify the fund type and the name for the fund and account that will be used to make installment-purchase payments.

**“H-101 Description”**

Describe the item of equipment (e.g., computer mainframe) or real property (i.e., capital project or real property acquisition) to be financed.

**“Total Project Amount”**

Estimate the total amount of the project cost to be financed.

**“Dates”**

Identify the dates the agency expects vendor payments to occur.

**“Amounts”**

Enter the amounts expected to be paid to the vendor for each of the dates listed above.

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**8. General Guidelines for Statewide Lease-purchase Agreements**

Statewide Lease Purchase Agreements are a statewide vendor equipment financing program that pre-qualifies equipment vendor financing companies through a statewide equipment lease purchase agreement. Agencies requiring financing for equipment will conduct a mini-bid process using the pool of pre-qualified vendors. Agencies using the Statewide Lease Purchase Agreements will not need to draft, submit and review Requests for Proposals to finance equipment purchases. Agencies cannot finance more than \$15 million for a single purchase through the Statewide Lease Purchase Agreement.

Installment-purchase agreements must provide that title passes to the State at some point during the term of the payment period. If there is a purchase option price due at the close of the financing term, it must be a nominal cost (i.e., one dollar). In addition, installment-purchase agreements should allow for pre-payment of the agreement. If the contract requires a premium charge (i.e., penalty) for pre-payment of the agreement, the charge should not exceed two percent of the outstanding principal balance due, and should be considered in determining overall costs.

Agencies are responsible for the payments to the vendor for the life of the lease-purchase agreements.

**9. Instructions for Requesting Budget Approval of Statewide Lease-purchase Agreements Financing (H-101S and H-101B)**

**Links to Forms**

**In PDF            In Microsoft Word**

[Form H-101S](#)    [Form H-101S](#)

[Form H-101B](#)    [Form H-101B](#)

Agencies must submit an H-101S and H-101B request for pre-approval and approval by the Director of the Budget for all new equipment or real property installment-purchase obligations. Form H-101S identifies basic information on the installment-purchase and form H-101B provides narrative justification. Requests for H-101S and H-101B approval should be submitted to the agency's budget examiner.

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**a. Instructions for Completing Form H-101S – Request for Approval of Installment-Purchases – Statewide Lease Purchase Agreements Financing**

**General Heading Entries**

“H-101S Number \_\_\_\_\_” . This number will be assigned by OSC when it processes the agency request.

“FY 20\_\_-20\_\_” . Enter the fiscal year in which your agency will enter into an installment purchase obligation for the items listed on the H-101S.

“Statewide Lease Purchase Agreement” . Indicate which type of installment purchase financing the agency is requesting.

“Pre-approval” or “Approval” . Indicate if this is a pre-approval for the agency to solicit bids or a final approval of a vendor and interest rate.

Identify the agency, program, division/institution and agency code for which the item will be procured. Identify the fund type and the name and code numbers for the fund and account that will be used to make installment purchase payments.

**Column A – “Description of Equipment or Real Property”**

Describe the item of equipment (e.g., computer mainframe) or real property (i.e., capital project or real property acquisition) to be financed.

**Column B – “Acquisition Cost”**

Identify the cost of the equipment or real property if it were paid for outright rather than financed over time.

**Column C – “Date to Order Equipment/Property”**

Identify the date the equipment purchase or real property project will be initiated through the execution of a contract, contract amendment, or purchase order. Contracts and purchase orders must be approved by OSC prior to ordering equipment or initiating a real property project, and if appropriate, reviewed by OFT.

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### **Column D – “Date(s) Financing Required”**

Identify the date(s) when the vendor/contractor must be paid for the equipment acquisition or real property project. For most equipment purchases, the vendor payment date occurs after installation and acceptance of equipment. If the contract for the equipment acquisition or real property project includes a provision for progress payments, agencies should identify the amounts of progress payments and payment dates on the H-101S. Progress payments are used for real property projects where the contractor is paid as work is completed, and for some equipment acquisitions which require lengthy installation and testing periods (e.g., telecommunications systems).

### **Column E – “Useful Life”**

Identify the useful life of the equipment or real property to be financed. The useful life should generally be consistent with recognized industry or professional standards.

### **Column F – “Lease Term”**

Agencies can only finance equipment for 3 years unless approval for a different term is obtained from DOB. In no event can a term or a lease exceed the useful life of the property being financed.

### **Column G – “Date of First Installment-Payment”**

Identify the date the agency will begin installment-purchase payments to the vendor. The first installment-payment normally occurs after the vendor is paid for an invoice, either for a progress payment or a payment-in-full.

### **Column H – “First Year Installment-Payments”**

Estimate the agency’s total installment-purchase payments in the first year of the financing.

### **Column I – “Total Installment-Payments”**

Estimate the total amount of all agency installment-purchase payments for the entire term of the installment-purchase.

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### **Column J – “Expenditure Object Code”**

Identify OSC’s object code against which the contract will be charged.

### **“Financing Institution”**

Indicate the financing institution that has been chosen through the Statewide Lease Purchase Agreement mini-bid process. This must be included on the “Approval” H-101S form.

### **“Approved Interest Rate”**

Indicate the approved interest rate of the financing institution. This must be included on the final approval H-101S form.

### **Signatures for Agency Request and Division of the Budget Approvals**

The H-101S must be signed by an agency representative and DOB. Statewide Lease Purchase Agreement requests must be amended by the agency and approved by DOB.

### **b. Instructions for Form H-101B – Request for Approval of Installment – Purchase Contracts – Justification**

This justification schedule should be completed for all items listed on Form H-101S. If additional space is required, attach separate sheet(s) and be sure to identify the item which such material supplements.

### **General Heading Entries**

“FY 20\_\_-20\_\_”. Enter the fiscal year in which your agency will enter into an installment-purchase obligation for the items listed on the H-101S.

Identify the agency, agency contact person and phone number, program and division/institution for which the item will be procured. Identify the fund type and the name for the fund and account that will be used to make installment-purchase payments.

“Item of Equipment or Real Property”. Provide the same description of equipment or real property as shown on form H-101S.

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**1. Description of the Installment-Purchase**

Describe the equipment or real property to be procured in sufficient detail to explain its purpose and use. This description will be used as a basis for determining whether the proposed purchase is eligible for financing under the program.

**2. Cost Estimate**

For the item(s) of equipment and real property, provide a cost estimate for the hardware, software and consulting components. Stand-alone consulting services are not eligible for installment-purchase financing. Consulting services can be financed if the services are part of an integrated system and the hardware and/or software component(s) total \$250,000. Indicate if there are progress payments.

**3. Is it an Integrated System?**

Explain if the equipment to be procured (i.e., hardware, software, consulting services) is part of an integrated system.

**4. Private Use**

Explain if the equipment or real property intended to be financed will be used or accessed by any non-State or local government person, including any non-employee position (e.g., SUNY Hospitals).

**5. Contingent Factors**

Explain if this purchase is contingent upon some other event, such as the major renovation of a building to install the equipment to be financed.

**6. Related Procurement**

Explain any planned equipment or real property procurements that would have a significant relationship to this purchase.

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### 7. Source of Payment for Installment-Purchases

Explain the appropriation source (e.g., State Operations, Special Revenue Other) and the amount, by appropriation, planned for all installment-purchase payments for the current fiscal year.

### 8. Planned for Outright Purchase

If funds have been appropriated for the outright purchase of all or a portion of this equipment, identify the appropriation source (e.g., State Operations, Special Revenue Other) and the amount appropriated for outright purchase by appropriation source.

### 9. Technology Purchases

Budget Policy and Reporting Manual Item [H-300A](#) requires agencies to submit Annual Technology Plans (ATPs) to facilitate statewide planning and coordination of technology initiatives. Among other requirements, ATPs must include a detailed proposal for each new initiative summarizing the types of goods and services to be acquired and the planned method of acquisition. Please indicate whether the equipment was identified in an ATP and how it relates to an initiative identified in the ATP. In addition, please indicate whether OFT has approved an Intent to Purchase Technology in connection with this purchase.

### 10. Useful Life Justification

All equipment acquisitions will be financed for a term of three years, unless approval for a term of more than three years is obtained from DOB. If a financing term greater than three years is requested, agencies must provide a thorough explanation of how the stated useful life of the equipment or real property was determined. The useful life justification should generally be consistent with recognized industry or professional standards.