



Meeting Date: June 25, 2024

Submitted By: Dr. Lacey Gosch
Title: Assistant Superintendent

Agenda Item: Discussion and possible action regarding the approval of Employee and Staff Device Lease Program

DISCUSSION/ACTION ITEM

RECOMMENDATION:

That the Board of Trustees approve the employee and staff laptop lease program through Insight Financial Services.

IMPACT/RATIONALE:

Judson ISD provides each staff member with a laptop device to support the instruction and business of the district. The process of providing devices for all staff members includes the need to ensure that devices remain in compliance with software updates, security updates, and provides the necessary processing power and longevity to support district resources and technology standards. The typical life of a personal computing device is approximately 4-5 years. This requires districts to be fiscally vigilant in developing a strong refresh and recycle process to ensure that devices remain useable to support employee job responsibilities. For the last three years, the Judson ISD technology department has developed a process to work toward a typical replacement schedule while setting a standard for devices utilized by administrators, teachers, and office staff. Therefore, Technology developed a trial process for teachers, admins, and office staff to evaluate devices that best met their needs. Based on the feedback of the devices evaluated, specific devices and models were adopted by each group. For the last three years, the district has invested in these technologies and began the process of working toward a standard replacement process. To develop a strong recommendation for device maintenance and refresh, technology evaluated the total cost to purchase devices yearly on a rotating schedule factoring in the additional costs of device warranties, repairs, replacements, data wiping, and disposal. The process of purchasing devices directly can vary from year to year based on pricing changes, inflation and device model changes. In addition, the technology department incurs costs for repairs, materials, and contractor costs for data wiping and disposal aside from the employee hours dedicated to the task of collection, data wiping, cataloging and disposal. This proposal examines the ability for the district to lease all employee devices rather than purchase. Some of the



JUDSON INDEPENDENT SCHOOL DISTRICT

benefits of a technology refresh lease program include: Larger scale hardware and software bulk purchases increases the ability to negotiate better upfront pricing, fixed cost avoids inflation related to the hardware & software on future purchases (on average, OEM's pricing increases anywhere between 5-10% annually, included services free up many of the district's resources that will enable them to focus on more critical initiatives, refreshing devices every 4-years avoids a significant increase in cost to maintain out-of-warranty devices, ability to standardized devices across all staff & teachers, enhances equity within the district (standardizing devices also helps with the support & management of the laptops), and with the end of term Level 3 data wipe and freight included, it helps streamline the refresh and disposal process while protecting sensitive data (market avg for level 3 data wipe can range between \$20-\$30 per device, estimated \$52K - \$79K for 2,625 windows laptops). From a strategic standpoint, the lease refresh option stabilizes costs on a fixed scale year to year. The lease will renew each September for the four year term with a cost of \$1,301,312.88 per year. This cost has been evaluated and factored into the technology budget accounting for the decrease in funds projected for the 2024-2025 budget cycle of \$996,500.00. The cost of the yearly lease does not impede on the continued purchase of any other district resources. Employee device replacement costs for teacher devices from 2021-present were approximately \$1,165,671.00 based on current pricing for the same device. The total represents 729 teacher devices that are less than 2 years of age. The district currently has 3,415 devices in inventory utilized by staff. The replacement of 729 devices over the three year term is a 21% replacement rate. To truly meet the need for device replacements, the district needs to replace a minimum of 25% of devices yearly. This program allows for the appropriate replacement process at an affordable cost compared to current direct purchase. Of the district devices, there are currently 3,415 devices in inventory. Of those 3,415 devices, 2,318 devices are currently between the ages of 4 years and 12 years old and need to be replaced to account for security updates, battery life, costs of extending warranties, and general repairs. The lease program would allow for the replacement of the aged devices. The lease request is for a total of 2,300 teacher devices, 138 administrator devices, and 187 office staff devices. This is a total of 2,625 devices. The district intends to retain the recently purchased devices that are between the ages of 1-2 years that include 729 teacher devices, 92 administrator devices, and 58 Macintosh devices. The district will also retain approximately 200 other devices that are 3 years old or less for swap outs for repairs or any additional needs required for the district. With the lease program device count of 2,625 plus the 729 teacher devices, 92 admin devices, and 58 macintosh devices, the total device count will be 3,504. The extra devices compared to current inventory will be used for contractors, swap-outs, or additional employees as needed. A total of three bids was requested for this request. One vendor provided documentation of a no-bid and two other competitive bids were received. The final selected vendor for the equipment purchase is CDW-G and the lease program is provided through Insight Financial Services. The provided costs for this project was additionally renegotiated with the vendor prior to submission to the Board for approval and resulted in an additional \$300,000.00 reduction in yearly fees.

BOARD ACTION REQUESTED:

Approval/Disapproval



IT REFRESH AND LEASE PROPOSAL

PREPARED FOR:

JUDSON INDEPENDENT SCHOOL DISTRICT

STAFF & TEACHER LAPTOP REFRESH

Insight Investments, LLC is pleased to present this equipment finance proposal to Judson Independent School District for the amount of \$4,787,202.05 in equipment described below according to the terms and conditions indicated herein.

Lessee

Judson Independent School District
8012 Shin Oak Drive
Live Oak, TX 78233

Lessor

Insight Investments, LLC
611 Anton Blvd., Suite 700
Costa Mesa, CA 92626



The Right Resources. Right Now. **Insight Investments, LLC - Contract # 22/043KN-07**

Quote Reference: 47-Month Lenovo & Microsoft Laptop Refresh – Staff & Teacher Devices

Vendor	Quote No.	Total Cost	Term	Lease Type	Estimated Lease Start Date	Lease Maturity Date
CDWG	NXCC924	\$4,787,202.05	47-Months	Fair-Market-Value	September 1, 2024	July 31, 2028

Payment Schedule Overview:

#	Payment:	Due Date:	Amount Due:
1	Payment Date:	SEP 1, 2024	\$ 1,301,312.88
2	Payment Date:	SEP 1, 2025	\$ 1,301,312.88
3	Payment Date:	SEP 1, 2026	\$ 1,301,312.88
4	Payment Date:	SEP 1, 2027	\$ 1,301,312.88



AMOS
Lease and Asset Management System

- Executive Dashboard
- Alerts to Maturing Leases
- Manage Your Entire Portfolio
- Flexible API Integrations
- Lease Accounting Reports

Included in IFS' solution to Judson ISD:

- Customized billing structure to align with IT budget cycles.
- Choice Partners Cooperative Contract for Technology Leasing.
- Complimentary access + use of AMOS to manage asset and lease details.
- SOC1 Audited Right-of-Use + Lease Liability Reporting.
- Line – item flexibility to return, renew, or purchase any device.
- Serial number substitution for end of lease returns (we accept like-kind devices).
- Rebill capped for missing or damaged PC accessories upon end of term.
- End of term return pack + ship included – will occur at JISD's Technology Distribution center.
- Level 3 Data wipe + sanitization of all devices at end of lease in our ISO-certified tech center.

FastTrack: With respect to any executed lease proposal outlining the cost, rent, term and equipment to be leased under a Schedule, Lessee agrees that: (a) Lessor may order such equipment from a manufacturer or vendor thereof in Lessor's own name, and (b) in such case, Lessee will indemnify and hold Lessor harmless from and against all claims, actions and/or demands of said manufacturer or vendor resulting from any cancellation or termination of said purchase order in the event that the lease financing of said Equipment contemplated in lease proposal is not consummated.

Vendor Payments: Lessor will issue vendor milestone or invoice payments upon receipt of an executed Equipment Acceptance certificate or payment authorization during the Equipment installation intervals.

Interim Rent: No interim rent.

Fair Market Value Purchase Option: At the expiration of the Base Term, Lessee may purchase all or any complete systems of Equipment for an amount equal to the Fair Market Value plus applicable taxes.

Fair Market Value Fixed Term Extension Option: At the expiration of the of Base Term, Lessee may extend the Base Term covering all or any complete system of the Equipment equal to the Fair Market Value of the Equipment over the extended period.

Month to Month Extension Option: At the expiration of the Base Term, Lessee may extend the Base Term covering all or any complete system of Equipment on a month to month basis at the same rate in effect as in the Base Term.

Return Option: At the expiration of the Base Term, Lessee may return all or any complete system of Equipment that has not been renewed or purchased.

Nonappropriation: Lessee reasonably believes that legally available funds in an amount sufficient to pay the Rent for the Base Term can be obtained. Lessee will do all things within its power to obtain, maintain, and properly request and pursue funds from which the rental payments may be paid including: (i) making provisions for the rent payments to the extent necessary in each annual budget submitted for the purpose of obtaining funding; (ii) using its best efforts to have such portion of the budget approved; and (iii) exhausting all available means in the event such portion of the budget is not approved. If either no funds or insufficient funds are appropriated for the rental payments due under any Schedule, then Lessee shall have the right to terminate the applicable Schedule effective upon the start of the fiscal year for which such funding was not received. Lessee must give Lessor ninety days notice of any such termination and will provide a written certification that funds have not been appropriated and that such nonappropriation did not result from any act or failure to act by the Lessee. Lessor and Lessee understand and intend that the obligation of Lessee to pay the Rent under each Schedule shall constitute a current

expense of Lessee and shall not in any way be construed to be a debt of Lessee in contraventions of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by Lessee, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or monies of Lessee.

Lease Rate Adjustment: The lease rate quoted in this proposal has been calculated, in part, using an interest rate tied to the current yield of a comparable term Interest Rate Swaps as reported at www.barchart.com for June 4, 2024. The lease rate quoted is subject to change in the event such Interest Rate Swap yields increase by 10 or more basis points (1/10th per cent) prior to the lease commencement date or Lessor has determined that there is an adverse change in Lessee's credit standing, or a material adverse change in the financial business operations, properties, assets or prospects of the Lessee. The calculation for any Interest Rate Swap adjustment shall be determined by increasing the monthly lease rate factor by .000045 for each 10-basis point increase in the referenced Swap Rate

End Of Term Return Transportation Costs (Including Packing, Palletizing, Loading, Pickup and Return Shipment) / One Time Pick Up: Notwithstanding anything to the contrary set forth in Section 9 of the Master Lease, Lessor will assume the total return transportation costs including the costs of packing, palletizing, loading, pickup and return shipment (the "Return Transportation Costs") for the Equipment covered under this Schedule.

Data Destruction Services: For the Equipment set forth on this Schedule, Lessee has elected to contract under a separate agreement with 2ndGear LLC (an affiliate of Lessor) to provide the data removal services required under Section 9 of the Master Lease. The fees payable under such services agreement have been rolled into the Rent as set forth in this Schedule.

End Of Term Not to Exceed Cap on PC Accessories: For any missing or damaged AC Charging Adapters, and/or Stylus Pens, lessor is not to exceed \$15.00 per unit rebill fee. For any missing or damaged Docking Stations, lessor is not to exceed \$35.00 per unit rebill fee.

Conditions Precedent: In addition to the conditions set forth above, this transaction is contingent upon (i) successful execution of mutually agreed upon documentation, including Master Lease, Schedules and other required documents; (ii) the continuing review and approval by Insight's Finance Committee; and (iii) verification that the Equipment is of the general description contemplated above.

Proposal Expiration: This proposal may be withdrawn at any time at Lessor's sole discretion and shall expire 30 days from the date specified above unless extended by Lessor.

Please indicate your acceptance of the terms of this proposal by having an authorized signer sign in the space below. Upon receipt of the signed proposal, Insight will commence its formal credit approval and documentation process. We look forward to the opportunity to serve your financial needs. Please do not hesitate to call me at 281-210-1221 if you have any questions.

Sincerely,



Kyle G. Singer
Sr. Account Executive
(P): 281.210.1221
(E): ksinger@ifsleasing.com

Agreed to and Accepted by:
Judson Independent School District

By: _____
Name: _____
Title: _____
Date: _____

