

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Committee: Finance/Facilities Policy Committee **Date of Meeting:** September 21, 2005

Agenda Item: Approval of Contract Exceeding \$1 Million Dollars –
Integrated Statewide Records System (ISRS) Server Lease

Proposed Policy Action Approval Required by Policy Other Approvals Monitoring

Information

Cite policy requirement, or explain why item is on the Board agenda:

Board Policy 5.14, Procurement and Contracts, adopted June 21, 2000, requires approval by the Board of Trustees for contracts of one million dollars or more.

Scheduled Presenter(s): Ken Niemi, Vice Chancellor - Chief Information Officer

Outline of Key Points/Policy Issues:

A proposed lease agreement of \$3,267,812.50 for a critically needed computer server is subject to Board approval. Procurement of the proposed equipment and resulting lease would be completed in accordance with Board Policy 5.14, Procurement and Contracts, and Board Procedure 5.14.1, Computer Sales, Leasing and Support.

Individuals from the following Office of the Chancellor divisions and State of Minnesota agencies participated in the study or review of the proposed equipment procurement and leasing: ITS division; Finance division; Office of General Counsel; Department of Administration's Materials Management Division; and the Attorney General's Office.

Background Information:

During the past three years, significant changes have occurred to the System's business model resulting in many key processes being transferred to and controlled by the students, e.g. registration, course application. During the same period, use of the computer system increased by faculty, administrators and staff as these customers became more reliant on the computer. Concurrently, the Integrated Statewide Records System (ISRS) servers, a primary component of the system, have been malfunctioning with increasing frequency. Those servers are obsolete and their parts no longer manufactured.

The results of the above are that the present computer system requires additional capacity and stability to fulfill the current and foreseeable information technology requirements.

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

BOARD ACTION

**APPROVAL OF CONTRACT EXCEEDING \$1 MILLION DOLLARS –
INTEGRATED STATEWIDE RECORDS SYSTEM (ISRS) SERVER LEASE**

BACKGROUND

Board Policy 5.14, Procurement and Contracts, adopted June 21, 2000, requires approval by the Board of Trustees for contracts of one million dollars or more. The proposed action item is for Board approval of a computer lease contract for \$3,267,812.50.

During the past three years, significant changes have occurred to the Minnesota State Colleges and Universities business model resulting in many key processes being transferred to and controlled by the students. For example, registration, tuition payments and course application have “moved” online. These changes occurred during the same period as use of the computer system increased by faculty, administrators and staff as these customers became more reliant on the computer as a mission-critical tool.

In addition to the changing and increasing demands, the Integrated Statewide Records System (ISRS) servers, a primary component of the system, have been malfunctioning with increasing frequency. Since the ISRS servers are obsolete and their parts no longer manufactured, the only available replacement parts are re-built, adding to the delay and instability associated with repairs.

The results of the above are that the present computer system urgently needs additional capacity and stability to fulfill the current and foreseeable information technology requirements.

Proposal

The ITS division must replace some of its existing equipment in order to re-establish and sustain an adequate, stable and secure information technology environment. It proposes entering into a 36-month lease with Hewlett Packard Financial Corporation to lease the following Hewlett Packard (HP) equipment:

- One new HP server that will support ISRS for all the institutions
- One additional Storage Area Network (SAN) unit to supplement the existing SAN capacity
- One new switch to connect the new server to the SAN

This equipment would replace two of the four existing ISRS servers, the thirteen ALPHA 4100 ISRS replicated database servers and much of the existing disk capacity.

HP equipment was selected because ISRS uses a database named "Rdb" marketed by Oracle. Rdb runs exclusively on a server that supports the operating system, OpenVMS, and OpenVMS operates exclusively on HP servers. The peripheral equipment is a SAN disk subsystem and switch. This equipment will supplement the ITS disk capacity and current technology by supporting data replication between various SAN subsystems. This is important because replicating data SAN to SAN, in association with the ISRS Server, Consolidation and Relocation Project, supports the disaster recovery recommendation by the Infrastructure Steering Committee.

This proposal, upon recommendation of the Leadership Council, is consistent with the ITS planned replacement architecture intended to provide adequate capacity for the balance of this year and the subsequent two years.

Procurement

The proposed equipment procurement and resulting lease would be transacted using a State of Minnesota master contract pre-negotiated by the Department of Administration's Materials Management Division. As required by the terms of that contract, a Request for Quote was sent to IBM Credit LLC and Hewlett Packard Financial Services Corporation, the two finance companies selected by the Materials Management Division to finance leasing of the equipment under the state's master contract.

HP Financial Services Corporation responded with a lease price of \$3,267,812.50, or \$90,772.57 per month. IBM Credit responded with a lease price of \$3,477,504.60, or \$96,597.35 per month. The proposed HP Financial Services lease is \$209,692.10 less than the proposed IBM Credit lease.

The proposed lease would commence October 17, 2005 and expire October 16, 2008.

Individuals from the following Office of the Chancellor divisions and State of Minnesota agencies participated in the study or review of the proposed equipment procurement and leasing: ITS division; Finance division; Office of General Counsel; Department of Administration's Materials Management Division; and the Attorney General's Office.

RECOMMENDED COMMITTEE ACTION

The Finance/Facilities Policy Committee recommends that the Board of Trustees approve execution of a 36-month contract with Hewlett Packard Financial Services Corporation totaling \$3,267,812.50 to finance the leasing of a Hewlett Packard server and peripheral equipment designed to increase the capacity and improve the stability and security of the System's information technology environment; and that the Board delegates execution of the contract to the Vice Chancellor-CFO.

RECOMMENDED BOARD ACTION

The Board of Trustees approves execution of a 36-month contract with Hewlett Packard Financial Services Corporation totaling \$3,267,812.50 to finance the leasing of a Hewlett Packard server and peripheral equipment designed to increase the capacity and improve the stability and security of the System's information technology environment. The Board delegates execution of the contract to the Vice Chancellor-CFO.

Date Presented to the Board: September 21, 2005