

Standard Procedure 104 Employee Computer Purchase

Effective: May 1, 2010

Supersedes: 4/26/2002

Prepared by: William E. Stice, Director of Technology Services

Approved by: Benjamin T. Shivar, Town Manager

PURPOSE:

The purpose of this procedure is to implement the Employee Computer Purchase Policy as adopted by the Town Council. The Employee Computer Purchase Policy and this standard procedure shall guide this process.

TERMS AND CONDITIONS:

1. The Employee Computer Loan Program is for the benefit of Town employees to assist employees in acquiring and sharpening computer literacy skills by providing interest-free loans to purchase personal computer equipment and software similar to what employees may be asked to use for Town business. Loans are not available to purchase computer equipment for primary use of other family members, friends or outside business associates.
2. The total amount available as a loan for the purchase of the hardware and software will be established by the Schedule of Current Values Standard Procedure. This list is updated as needed by the Finance Department. Costs related to items such as services for installation and training, games or handheld devices with internet access (examples: I-Touch, I-Pad, cell phones), as well as certain software and hardware items that do not fit within the purpose of this program, are not eligible and will not be included in the loan amount. Purchase must include a personal computer to be eligible. The employee will be informed of any eligibility issues prior to approval or processing of the loan request. If an employee desires to purchase a system that costs more than the maximum amount allowed by this program or additional items that are considered ineligible, these additional costs must be paid by the employee.
3. Employees will make loan payments through payroll deduction as described in the Promissory Note and Loan Disclosure documents.
4. Employees are eligible to participate in this program once per four-years.
5. Because the purpose of the program is to encourage employee investment in developing computer skills, which they are likely to use for Town business, the Technology Services Department will review loan requests. This is to assure that the type of equipment and software purchased will be useful in developing skills which the employee will use, or might be called on to use, on the job. Review of the application will take into consideration that the Town's use of computer technology is evolving, as are the skills, knowledge and abilities of its employees.
6. Participating employees must submit the following to the Finance Department: 1) a signed "Request to Participate in Employee Computer Purchase Program" (Form A) and 2) either a detailed itemized receipt or a formal vendor quote, which includes a list of the software and hardware the employee purchased or wishes to purchase, and the prices of each. Form A,

along with the itemized detail will be submitted to the Technology Services Department. For more information on prepayments and reimbursements see "Purchasing Procedure" section below.

7. Loans will be made directly to the employee. Employees will be required to sign a Promissory Note for the full amount of the loan that grants the Town a security interest in the purchased equipment.
8. Participating employees must respect the terms of software licensing as defined by the individual software vendors. Software piracy (unauthorized duplication) is illegal.
9. Only regular employees who have been with the Town for six months and are in good standing with the Town may participate in this program. The Town reserves the right to discontinue this program at any time if it determines that it is in the best interest of the Town to do so.
10. If an employee leaves employment with the Town prior to completion of the payback period for the loan, the employee agrees to pay the balance of any amount owed to the Town. Payment may be either through deduction from the final paycheck (including any vacation or compensatory pay available at termination) and/or through an additional payment if the final paycheck is insufficient to pay the balance.
11. If an employee returns such computer equipment or software to the vendor, sells or disposes of the equipment, or otherwise render the equipment or software unavailable for employee's home use, the balance of the loan shall become due and payable to the Town immediately. If the balance is not paid within 30 days of such action, it shall be deducted from the employee's paycheck. Failure of an employee to inform the Town of such conversion of equipment or software may be grounds for discipline.
12. Any employee, who knowingly and with intent misuses loan funds, is subject to disciplinary action up to and including dismissal, as well as being subject to possible criminal charges.

PURCHASING PROCEDURES

Loans may be processed as a reimbursement for equipment already purchased or in advance of the approved equipment (with a itemized quote). Form A must be completed for both types of loans and approved by the Technology Services Department. Loans will be paid directly to the employee through direct deposit. Checks will be processed for exceptions only (as approved by Finance). Direct deposit forms for employee reimbursements must be completed by the employee prior to the transaction. Loans must be processed according to the established weekly accounts payable procedures. Loans will only be approved if funds are available within the loan program. Employee eligibility to participate will also be determined by Finance. Finance has the right to deny loans based on the lack of funds, eligibility requirements or budgetary restrictions that may exist.

Reimbursement:

Employees may opt to purchase equipment prior to loan request with the understanding that a loan is not guaranteed and must go through the same approval process. An itemized vendor receipt must be submitted with a completed Form A. This receipt must have sufficient information for Technology Services to review for compliance to this procedure. Only hardware, software and peripherals that are in compliance with the scope of this program will be approved.

Receipts for reimbursement must be turned in within 15 business days of the actual purchase. This timeline may be extended by Finance based on the availability of funds. Reimbursements will only be processed if funds are available in the program. Therefore, employees are encouraged to call ahead prior to the actual purchase to determine availability of funds. Funds are allotted on a first come first serve basis for all qualified loan requests.

Advance Loan Payment:

An itemized vendor quote must be submitted with a completed Form A. The original receipt must be submitted to Finance within 15 business days of receipt of funds. If more time is needed due to delay in shipping or other circumstances, Finance must be notified in writing (email accepted). In the event that a receipt has not been submitted in a reasonable time (and no arrangements are made with Finance), the Town has the right to treat the loan as a payroll advance and deduct the full amount from subsequent pay periods, with the maximum being deducted until fully paid.

If the amount on the receipt is less than the advance, the Town has the right to deduct the difference from subsequent pay periods. If the amount on the receipt is larger than advance, no additional loan will be made, even if the total is below the allowance amount.

The hardware, related equipment and/or software purchased must be the same or relatively similar to items listed on the approved request/quote. The Finance Department may require new Technology Services Departmental approval for changes to the equipment originally approved by the Technology Services Department. The Town has the right to deduct any previously paid loan amounts from the employee's paycheck for any unapproved purchases that do not conform to this procedure or established allowances.

RESPONSIBILITIES:

1. The Employee will:

- a. Prepare request (Form A), including an itemized receipt or formal vendor quote specifying hardware and software requested/purchased and prices of each, and deliver to the Finance Department. A checklist with helpful hints is available on C-Net. This is not a required document and is only meant to help assist you through this process.
- b. Read and agree to the terms and conditions of the purchase program as described in the policy and standard procedure prior to participating in this program.
- c. Sign Form A, which requires the employee to certify that the items purchased are for personal use of the employee as intended in the policy. Purchases on behalf of other family members, friends or outside business associates are not eligible for this program.
- d. Complete a direct deposit authorization for the initial loan payment.
- e. Sign Promissory Note after all approvals are received by Technology Services and reviews are completed by Finance. No funds will be disbursed until all of the appropriate documentation is received, approved and signed according to this procedure.

2. Finance will:

- a. Determine if sufficient funds are available for meeting requests. If not, hold requests until funds become available and process in the order received. Funds are allotted on a first come-first serve basis for all qualified loan requests.
- b. Document receipt of Form A from employee and forward to Technology Services for approval and track loan request through the process.
- c. Complete legal forms and obtain employee signatures prior to loan processing.
- d. Process loan through Accounts Payable to be directly deposited to the employee's bank account.
- e. Make any adjustments as needed through the payroll process.
- f. Initiate loan payments by payroll deduction entries.
- g. Follow up on receipts due for advances.
- h. Maintain all related records for the appropriate retention period as defined by Town policy.

3. The Technology Services will:

- a. Review requests and determine compliance with the purpose of the program, including a review of prices to ensure that amounts are within the established limits and allowances as stated in the Statement of Current Values standard procedure.
- b. Forward approved requests to Finance for disbursement of funds and loan processing.
- c. Approve any changes made to the original forms, if required by Finance.

FORM A

TOWN OF CARY EMPLOYEE COMPUTER PURCHASE PROGRAM LOAN REQUEST

Name:
Department:
Daytime contact number:

I have read and understand the terms and conditions of the Employee Computer Purchase Policy and Standard Procedure and I wish to participate in the Town's program.

I certify that the equipment listed on the attached itemized quote/receipt is for my personal use and benefit and is not for the primary use of other family members, friends or outside business associates.

I understand that in the event of an advance, if the final receipt has not been submitted in a reasonable time (and no arrangements are made with Finance), or if the receipt is less than the quote, the Town has the right to payroll deduct the full amount or the difference in the next pay period. I also understand that after funds are received, the Town has the right to payroll deduct any amount that is related to items not approved in this agreement and has the right to deduct full amount of the loan if it is determined that the purchased equipment is not for the benefit of the employee.

I request consideration for the equipment listed on the attached itemized quote/receipt.

SUMMARY OF QUOTE or RECEIPT: Abbreviated Description:	
Vendor:	
Quoted cost or Receipt Amount (see breakdown on back):	

EMPLOYEE SIGNATURE

Printed Name:	
Signature:	Date:

Breakdown of purchase -

	Amount Covered by Loan (maximum allowed)	Overage (to be covered with personal funds)	Total
Main system			
Software			
Digital camera			
Printers			
Other			
Other			
Total	\$1,500 (MAX)		



TS APPROVAL

Printed Name:		
Signature:		Date:

RECEIVED BY FINANCE

Signature:		Date:
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TOWN OF CARY EMPLOYEE COMPUTER LOAN DISCLOSURES

Employee Name:	
Mailing Address:	

This Disclosure pertains to your computer loan from the Town of Cary.

HERE IS A BREAKDOWN OF YOUR LOAN:

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after all payments have been made as scheduled.
0 %	\$ 0.00	\$	\$

PAYMENT SCHEDULE

Your Bi-Weekly Payment Schedule will be:

Number of Payments	Amount of Payments	When Payments are Due
		Each Payroll Period
		Last Payment

Prepayment.

You may prepay the outstanding loan balance in full at **any time** without penalty. You may make prepayments toward the outstanding balance with any installment payment, provided such prepayments are in the amount of one hundred dollars (\$100.00) or more.

Itemization of Amount Financed:

The amount financed, \$ _____ will be paid directly to the vendor from whom you purchase a qualifying computer or computer equipment.

Security:

You are giving a purchase money security interest in the computer and any computer equipment purchased with the loan.

See your contract documents or contact the Finance Department for any additional information about nonpayment, default, and any required prepayment in full before the scheduled date.

Printed Name:	
Signature:	Date:

Satisfaction: The debt evidenced by this Note has been satisfied in full this _____ day of _____, 20__.

Signed: _____

COUNTY OF WAKE

\$ _____ (1) _____

STATE OF NORTH CAROLINA

_____ (2) _____, 20__

PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned ("Maker"), jointly and severally, promise to pay to the Town of Cary, or order, the principal sum of _____ (3) _____ dollars (\$__ (4) __) with interest at the rate set forth below and pursuant to the terms set forth below.

This Note shall not bear interest (0.0% interest) unless and until default, subject to the terms and conditions set forth below. Maker shall make equal consecutive bi-weekly installment payments of principal in the amount of \$ _____ (5) _____ (the "Payment") commencing on the _____ day of _____ (6) _____, 20__ and continuing on Friday of every other week thereafter until _____ (7) _____, 20__ , a date that is approximately twenty-four months after the date of this Note ("Maturity Date"). Unless sooner paid, the entire remaining indebtedness shall be due and payable in full on Maturity Date.

Maker shall make payments in lawful money of the United States of America, at the office of the Town of Cary, Finance Department, Attention: _____, Post Office Box 8005, Cary, North Carolina 27512-8005, or such place as the legal holder hereof may designate in writing. Maker agrees that the amount financed shall be repaid through payroll deductions and authorizes and directs Town to withhold installment payment amounts from each of Maker's bi-weekly paychecks. This payroll deduction authorization is irrevocable until the amount financed plus any outstanding finance charge is paid in full. If Payments or payroll deductions should cease for any reason or employment with the Town of Cary should terminate, this loan will be in default and the entire unpaid portion of the amount financed, shall become immediately due and payable.

This Note is secured by a purchase money security interest, granted by Maker, in all the computer and equipment purchased with the proceeds of this Note.

If payable in installments, each such installment, shall, unless otherwise provided, be applied first to payment of interest then accrued and due on the unpaid principal balance, with the remainder applied to the unpaid principal.

Unless otherwise provided, this Note may be prepaid in full or in partial payments of at least one hundred dollars (\$100) each at any time without penalty or premium. Partial prepayments shall be applied to installments due in reverse order of their maturity.

The Maker covenants to fulfill all obligations of the employee borrower under Town of Cary Policy Statement 114, Employee Computer Purchase Policy as amended and the Town of Cary Standard Procedure No. 104 that implements that Policy, as amended.

In the event of (a) default in payment of any installment of principal or interest as the same becomes due and such default is not cured within fifteen (15) days from the due date, (b)

default under the terms of any instrument securing this Note and such default is not cured within fifteen (15) days after written notice to Maker, (c) termination of Maker's employment with the Town of Cary for any reason; (d) termination by Maker of payroll deduction authorization, or (e) Maker sells, assigns, transfers, conveys or otherwise alienates the computer or computer equipment purchased with the proceeds of this loan, then in any such event the holder may without further notice, declare the remainder of the principal sum, together with all interest accrued thereon at once due and payable. Failure to exercise this option shall not constitute a waiver of the right to exercise the same at any other time. The unpaid principal of this Note and any part thereof, and all other sums due under this Note and the Security Agreement, if any, shall bear interest at the rate of eight per cent (8.0%) per annum after default until paid.

All parties to this Note, including maker and any sureties, endorsers, or guarantors hereby waive protest, presentment, notice of dishonor, and notice of acceleration of maturity and agree to continue to remain bound for the payment of principal, interest and all other sums due under this Note notwithstanding any change or changes by way of release, surrender, exchange, modification, or by way of any extension or extensions of time for the payment of principal; and all such parties waive all and every kind of notice of such change or changes and agree that the same may be made without notice or consent of any of them.

Upon default the holder of this Note may employ an attorney to enforce the holder's rights and remedies and the maker, principal, surety, guarantor and endorsers of this Note hereby agree to pay to the holder reasonable attorneys fees not exceeding a sum equal to fifteen percent (15%) of the outstanding balance owing on said Note, plus all other reasonable expenses incurred by the holder in exercising any of the holder's rights and remedies upon default. The rights and remedies of the holder as provided in this Note and any instrument securing this Note shall be cumulative and may be pursued singly, successively, or together, in the sole discretion of the holder. The failure to exercise any such right or remedy shall not be a waiver or release of such rights or remedies or the right to exercise any of them at another time.

This note is to be governed and construed in accordance with the laws of the State of North Carolina.

I HEREBY AUTHORIZE PAYROLL DEDUCTIONS FOR REPAYMENT OF THIS NOTE , TO COMMENCE THE FIRST PAY PERIOD OF THE MONTH FOLLOWING THE DATE OF THIS NOTE AND TO CONTINUE UNTIL THIS NOTE IS PAID IN FULL. IN THE EVENT OF TERMINATION OF MY EMPLOYMENT WITH THE TOWN FOR ANY REASON, I AUTHORIZE OFFSETTING ANY BALANCE DUE ON THIS NOTE FROM ANY PAYCHECK(S) DUE TO ME.

I HAVE READ THIS PROMISSORY NOTE AND RECEIVED A COPY.

IN TESTIMONY WHEREOF, each individual maker has hereunto set his or her hand and adopted as his or her seal the word "SEAL" appearing beside his or her name, the day and year first above written.

_____ (8) _____ (SEAL) witness: _____ (10) _____
Print Name: _____ (9) _____

INSERTS:

- (1) Insert the date.
- (2) Insert the numeric amount of the loan.
- (3) Insert the written amount of the loan.
- (4) Insert the numeric amount of the loan.
- (5) Insert the amount of the bi-weekly payment.
- (6) Insert the date of the the first payment is due.
- (7) Insert the Maturity Date. The Maturity Date ____
- (8) This line is to be executed by employee. Although it is not necessary for the employee to place a seal on his signature, please do not remove the word "(SEAL)."
- (9) Print or type the employee's name on this line.
- (10) This line is to be executed by a witness to the employee's execution of the Note.

PURCHASE MONEY SECURITY AGREEMENT

The undersigned Borrower for a valuable consideration, receipt of which is hereby acknowledged, hereby grants to the Town of Cary, a North Carolina municipal corporation, whose principal address is 316 N. Academy Street, Cary, Wake County, North Carolina 27513, (hereinafter called "Town") a security interest in the following property (hereinafter called the "Collateral"):

All of that computer and/or related equipment consisting of:
_____ (1)

This security interest is given by Borrower to secure the payment in full of: Note dated ___(2)___ executed by ___(3)___ in the amount of \$___(4)___ to the order of Town, the proceeds of which were used to purchase Collateral; and as security for all expenses and charges incurred by the Town, including but not limited to attorneys' fees, in realizing upon or protecting this Security Agreement or the indebtedness secured hereby.

The Collateral will be kept at the Borrower's home address. Borrower will notify Town promptly in writing of any change of location of the Collateral.

This agreement is subject to the additional provisions set forth on the two pages attached, the same being incorporated herein by reference and made a part hereof.

Executed this ___(5)___ day of _____, 20__.

Borrower signature: _____ (6)

Print Borrower's name: _____ (7)

Address: _____ (8)

Acknowledgement By Town (to be signed only if this document is used as a financing statement)

Town of Cary

By: _____

ADDITIONAL PROVISIONS

Further Warranties and Covenants of Borrower. Borrower hereby warrants and covenants that:

- (a) Except for the security interest granted hereby, Borrower is the owner of the Collateral free from any adverse lien, security interest or encumbrance; and Borrower will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein;
- (b) No Financing Statement covering any of the Collateral or any proceeds thereof is in existence. The Borrower will immediately notify the Town in writing of any change in address from that shown in this Agreement and shall also upon demand furnish to the Town such further information and will execute and deliver to the Town such financing statements and other documents in form satisfactory to the Town and will do all such acts and things as the Town may from time to time reasonably request or as may be necessary or appropriate to establish and maintain a perfected purchase money security interest in the Collateral as security for the Obligations, subject to no adverse liens or encumbrances; and Borrower will pay the cost of filing the same or filing or recording this agreement in all public offices wherever filing or recording is deemed by the Town to be necessary or desirable;
- (c) Borrower will not sell or offer to sell, assign, pledge, lease or otherwise transfer or encumber the Collateral or any interest therein, without the prior written consent of the Town;
- (d) Borrower will have and maintain insurance at all times with respect to Collateral against risks of loss or damage by fire (including so-called extended coverage) and theft.
- (e) Borrower will keep the Collateral free from any adverse lien, security interest or encumbrance and in good order and repair and will not waste or destroy the Collateral or any part thereof; Borrower will not use the Collateral in violation of any statute, ordinance or policy of insurance thereon; and the Town may examine and inspect the Collateral at any reasonable time or times;

Events of Default. Borrower shall be in default under this agreement upon the occurrence of any of the following events or conditions:

- (a) Default in the payment or performance of any of the Obligations or of any covenants or liabilities contained or referred to on either side of this document or in the Note;
- (b) Any warranty, representation or statement made or furnished to the Town by or on behalf of Borrower proves to have been false in any material respect when made or furnished;
- (c) Loss, theft, substantial damage, destruction, sale or encumbrance to or of any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon;
- (d) Death, termination of employment with Town, insolvency, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Remedies. Upon such default and at any time thereafter (such default not having previously been cured), the Town at its option may declare all Obligations secured hereby immediately due and payable and shall have the remedies of a secured party under the Uniform Commercial Code, including without limitation the right to take immediate and exclusive possession of the Collateral, or any part thereof, and for that purpose may, so far as Borrower can give authority therefor, with or without judicial process, enter (if this can be done without breach of the peace), upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom and the Town shall be entitled to hold, maintain, preserve and prepare the Collateral for sale, until disposed of, or may propose to retain the Collateral subject to Borrower's right of redemption in satisfaction of the Borrower's Obligations, as provided in the Uniform Commercial Code. The Town without removal may render the Collateral unusable and dispose of the Collateral on the Borrower's premises. The Town may require Borrower to

assemble the Collateral and make it available to the Town at a place to be designated by the Town which is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Town will give Borrower at least 5 days' notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Borrower shown at the beginning of this agreement at least five days before the time of the sale or disposition. The Town may buy at any public sale and if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations, Town may buy at private sale. The net proceeds realized upon any such disposition, after deduction for the expenses of retaking, holding, preparing for sale, selling or the like and the reasonable attorneys' fees and legal expenses incurred by the Town, shall be applied in satisfaction of the Note secured hereby. The Town will account to the Borrower for any surplus realized on such disposition and the Borrower shall remain liable for any deficiency.

The remedies of the Town hereunder are cumulative and the exercise of any one or more of the remedies provided for herein or under the Uniform Commercial Code shall not be construed as a waiver of any of the other remedies of the Town so long as any part of the Note remains unsatisfied.

General. No waiver by the Town of any default shall operate as a waiver of any other default or of the same default on a future occasion. All rights of the Town hereunder shall inure to the benefit of its successors and assigns, and all obligations of Borrower shall bind his heirs, executors or administrators or his or its successors or assigns. This agreement shall become effective when it is signed by Borrower. The terms and provisions contained herein shall, unless the context otherwise requires, have the meanings and be construed as provided in the Uniform Commercial Code.

- (1) Insert description of computer and equipment, including model numbers and serial numbers, if known.
- (2) Insert date of Note
- (3) Insert name of Maker
- (4) Insert loan amount
- (5) Insert day, month and year
- (6) Borrower to execute the Agreement
- (7) Print borrower's name
- (8) Print borrower's home address
- (9) Town to execute Agreement