

Board of Trustees of the Nebraska State Colleges

Business and Finance

POLICY NAME: Lease Purchase Agreements

POLICY NUMBER: 6402

A. PURPOSE

To provide guidance on when a lease purchase agreement may be used to procure materials.

B. DEFINITIONS

1. **Lease Purchase Agreement** – When a College (lessee) enters into an agreement to procure materials, equipment, facilities, or other investments that will be paid for over a period of time to the vendor (lessor).

C. POLICY

1. Use of Lease Purchase Agreements

Periodically it may be necessary or advantageous for the Colleges or System Office to enter into lease purchase agreements for the procurement of equipment, energy management projects, facilities management systems, vehicles, furnishings, fixtures, facilities, and other essential types of purchases.

2. Thresholds for Lease Purchase Agreements

All purchases shall conform to bidding thresholds as well as the following lease purchase thresholds:

2.1. Less than \$25,000

- College agreements shall be signed by the College President and the Vice President for Administration and Finance
- System Office agreements shall be signed by the Chancellor, Vice Chancellor for Finance and Administration, or General Counsel.
- Must be reported to the Board

2.2. From \$25,000 but less than \$50,000

- Shall be approved by the Chancellor, and signed by the Chancellor or Vice Chancellor for Finance and Administration, or General Counsel

- College agreements shall be signed by the President or Vice President for Administration and Finance
- Must be reported to the Board

2.3. \$50,000 or more

The following process shall be followed for all such agreements whereby the financing amount is \$50,000 or more:

- Discuss proposed purchase with DAS representative for the State of Nebraska's Master Lease Program and obtain financial data for using that program;
- Solicit information on other available Lease-Purchase programs and analyze the advantages/disadvantages of each program that is appropriate for use;
- Submit material to System Office with recommendation on designated program, including draft of proposed agreement which recognizes the following:
 - Since the Colleges are not permitted, by law, to mortgage or grant a security interest in real or personal property to which it has title, the title to the property must be vested in the lessor until such time as all of the rental payments are made.
 - The Colleges may not permit title to any equipment, fixture, etc. to remain in another parties name if its removal would impair the integrity of the building to which it is attached or in which it is housed.
 - The lease-purchase agreement for qualifying projects would be subject to an annual appropriation and be annually renewable.
 - Unless there are other restrictions imposed by other documents, there are no restrictions on the source of funds that may be used for payment of the colleges' obligation under the agreement. However, the Board must specifically approve the source of funds intended to be used.
 - The Colleges may combine various sources of funds for lease purchase financing, but it must be recognized that failure of any one of the sources might cause a default for the entire agreement.
- Prepare recommendation to be submitted to the Board for approval.
- The Agreement, once approved by the Board, shall be signed by the Chancellor or Vice Chancellor for Finance and Administration, or General Counsel.
- College agreements shall be signed by the President or Vice President for Administration and Finance

FORMS/APPENDICES:

None

SOURCE:

Legal References: Neb. Rev. Stat. 81-1107 Director of Administrative Services; duties, powers, and responsibilities.

Policy Adopted: June 1998

Policy Revised: September 2006, March 2013, January 2022, February 2025