

## **Lease Agreements**

The agency will find itself in need of obtaining additional facilities and equipment for which immediate property ownership is not advisable. In such instances, lease (including lease purchase) agreements are a viable means by which to meet program and agency needs. Since any lease agreement will entail entering into a legally binding contract, a specific process is outlined in the following regulations.

Lease agreements should be considered when purchasing facilities or equipment is not cost effective and/or feasible. As with any program purchase, adequate program budget authority is required prior to considering any lease agreements. When considering different lease options, procurement of the most cost effective alternative should not be compromised. Prior to agency approval, documentation regarding comparative cost options will be required of the program.

Board approval will be necessary when:

1. The annual cost of the lease exceeds \$25,000;
2. The lease agreement is for multiple years (except in lease purchase agreements); and
3. Any lease purchase agreement for real property.

Lease purchase agreements for equipment should follow the agency's purchasing procedures, as they are essentially a purchase.

Superintendent approval is required on all leases regardless of the monetary value and the length of the lease. Therefore, only the Board and/or the superintendent are empowered to enter into lease agreements on behalf of the agency.

All real property leases must undergo a legal review by the agency's attorney and a review for insurance risks by the agency's agent of record.