

LEASE-PURCHASE

Section I: RESPONSIBLE AGENT

Lease-purchase agreements are a vehicle to assist the Jackson Public School District achieve its major function of providing quality education for all students. The designee of the superintendent shall be responsible for analyzing the benefits of a lease-purchase agreement as opposed to an out-right purchase. This analysis shall be discussed and reviewed by the superintendent prior to any presentation to the Board of Trustees.

Section II: IMPACTING FACTORS FOR A LEASE-PURCHASE

When analyzing the benefits of a lease-purchase agreement, the designee of the superintendent shall consider the following factors:

1. The surplus cash reserve of the district being above the minimum reserve balance set by the board,
2. The length of time of the lease-purchase agreement,
3. The interest rate of the lease-purchase,
4. The interest rate received on the investment of surplus funds, and
5. The expected increase or decrease of interest rates on the investment of surplus funds during the life of the lease-purchase agreement.

The final recommendation to use a lease-purchase agreement or an outright purchase shall be made by the superintendent prior to presentation for consideration and action by the Board of Trustees.

Section III: PAYING OFF LEASE-PURCHASE AGREEMENTS EARLY

The designee of the superintendent shall be responsible to review lease-purchase agreements periodically to determine if early payoff would be beneficial. Lease-purchase agreements are to be reviewed closely during the district's budgeting process.

Factors to be considered in analyzing whether to pay off a lease-purchase agreement include the following:

1. Whether the lease-purchase agreement has a clause allowing the early payoff,
2. The surplus cash reserve of the district being above the minimum reserve balance set by the board,
3. The length of time the lease-purchase has remaining before it is paid off,

4. The interest rate of the lease-purchase agreement,
5. The interest rate received on the investment of surplus funds,
6. The expected increase or decrease of interest rates on the investment of surplus funds during the remaining life of the lease-purchase agreement, and
7. The cost associated with the early pay off of the lease-purchase agreement.

The final recommendation to use a lease-purchase agreement or an outright purchase shall be made by the superintendent prior to presentation for consideration and action by the Board of Trustees.

SOURCE: Jackson Public School District, Jackson, Mississippi

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