



TEXAS TECH UNIVERSITY

Operating Policy and Procedure

OP 72.18: Lease-Purchase of Equipment

DATE: January 5, 2024

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to establish the procedures to be followed when acquiring equipment through a lease-purchase method.

REVIEW: This OP will be reviewed in January of even-numbered years by the Assistant Vice President and Chief Procurement Officer with substantive revisions forwarded through the TTU Senior Vice President for Administration & Finance and Chief Financial Officer (SVP/AF/CFO) to the TTUS Vice Chancellor and Chief Financial Officer (VC/CFO).

POLICY/PROCEDURE

1. Policy

This policy will apply when acquiring all types of equipment through a lease-purchase method regardless of the source of funds.

2. Definitions

A “proposed lease-purchase arrangement” for purposes of this OP shall mean a proposed arrangement whereby the requisitioning department intends to obtain title to equipment, whether by installment purchase or by lease with option to purchase, and where the pay-off period extends beyond an existing appropriation period, such as extending beyond a fiscal year.

This policy does not apply to a traditional purchase of equipment or to a traditional lease of equipment without an option to purchase.

3. Procedure

- a. All requisitions for lease-purchase must be submitted to Procurement Services on a *TechBuy non-catalog* form.
- b. Written justification for the lease-purchase must be attached to the TechBuy requisition and shall include the following:

A statement supporting why the proposed lease-purchase is cost-effective compared to an outright purchase. The supporting dollar value documentation must include details pertaining to any actual or imputed interest, carrying charges, or other extra costs added to the purchase price over the proposed contract’s life.

- c. The lease-purchase will then be referred to the TTUS VC/CFO and/or the TTU SVPAF/CFO to determine if the Texas Tech University System may provide internal financing with better terms through the Revenue Finance System (see Section 07.05.4, *Regents' Rules*, Equipment financing). The TTUS VC/CFO and/or the TTU SVPAF/CFO will either approve the lease-purchase as submitted or refer the lease-purchase for a conversion to a traditional purchase to be financed through the Revenue Financing System.
- d. All lease-purchases must be approved in writing by the TTUS VC/CFO and/or the TTU SVPAF/CFO.