

Continuing contracts, including lease purchase contracts, installment purchase contracts, and straight leases, provide flexibility to meet the school system's needs within its financial resources. The board encourages the superintendent and finance officer to consider the viability of such options in making purchasing decisions as permitted by state law.

The following procedures and standards will be used in making decisions to enter continuing contracts.

1. In addition to cash price bids, the school system may solicit financing proposals from the equipment vendors or inform equipment vendors that the purchase of the equipment is contingent on obtaining satisfactory financing.
2. The finance officer or other designee of the superintendent shall analyze the fiscal impact of any continuing contracts, including the amount of interest to be paid and the useful life of the equipment or goods, before entering into such a contract.
3. Straight leases and financing services are not subject to competitive bidding; however, a reasonable effort will be made to obtain a competitive price and good value.
4. Guaranteed energy savings contracts must be entered into following the procedures established in G.S. 143-64.17A, -64.17B, -64.17D, -64.17E, -128.2, and -135.3. Guaranteed energy savings contracts are exempt from otherwise applicable bidding requirements.
5. Policy 6420, Contracts with the Board, must be followed for all continuing contracts.
6. The finance officer shall report to the board on at least a quarterly basis on the overall debt load incurred through continuing contracts for goods and services (other than for employee salaries). The report will specify the principal, interest paid, and amount of outstanding obligations.
7. The board attorney shall review installment financing agreements with terms of more than one year.

Legal References: G.S. 143-64.17A, -64.17B, -64.17D, -64.17E, -128.2, -129.4, -135.3; 115C-47(28), -441(c), -441(c1), -432(b)(4), -528, -530; 159, art. 8; 160A-19, -20

Cross References: Contracts with the Board (policy 6420), Planning to Address Facility Needs (policy 9000)

Adopted: