

STATE BOARD OF COMMUNITY COLLEGES

Pitt Community College
Request for Approval of a Lease/Purchase Agreement

Request:

Pitt Community College requests approval by the State Board to enter into a Lease/Purchase Agreement with SunTrust Leasing Corporation to finance the lease-purchase of Cisco Networking Equipment. The award for the purchase of the equipment was through the competitive bid process utilizing the Interactive Purchasing System (IPS) in conjunction with the Statewide IT Procurement Office. The financing of the Lease/Purchase Contract is being handled in accordance with the State of North Carolina Agency Purchasing Manual. The college provided information that by purchasing this equipment in this manner, it would allow Pitt Community College to establish an information technology foundation that can accommodate current and emerging instructional and administrative needs.

Statutory Authority:

This request is being made pursuant to Session Law 1998-111, which amended G.S. 115D-20 to add a new subsection to read:

- (11) To enter into lease purchase and installment purchase contracts for equipment under G.S. 115D-58.15.

The legislation enables the Board of Trustees of a community college to use lease purchase or installment purchase contracts to purchase or finance the purchase of equipment.

Guidelines for Submission and Review:

Upon receipt of the financing contract, the staff of the Administrative and Facilities Services Section (Staff) shall conduct a review of the following:

Non-substitution Clause: No contract entered into may contain a non-substitution clause that restricts the right of Trustees to:

1. Continue to provide a service or activity; or,
2. Replace or provide a substitute for any property financed or purchased by the contract.

Non-appropriations Clause: No deficiency judgment shall be rendered for breach of a contractual obligation. The taxing authority of the State may not be pledged directly or indirectly to secure any moneys due under a contract authorized by G.S. 115D-58.15.

Detailed Information:

Pitt Community College has arranged, through SunTrust Leasing Corporation, a 60-month Lease-Purchase Agreement with a fixed rate financing at an APR of 2.2 percent for the Cisco Networking Equipment and installation. The total purchase price of the Cisco Networking Equipment will be \$561,579.38 with a total pay-out over the five-year financing period of \$593,546.40, resulting in an interest charge of \$31,967.02. The final payment will be \$1.00.

Source of Funds:

Funds for this agreement will be from state funds.

Contact Person:

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