

CAPITAL EXPENDITURE PURCHASES
AND LONG-TERM LEASE AGREEMENTS POLICY

I. NAME

This document shall be called the Capital Expenditure Purchases and Long-Term Lease Agreements Policy.

II. PURPOSE

This policy is, and will be in effect in order to state procedures to deal with capital expenditures in the Associated Students (AS) budgets.

III. DATE OF EFFECTIVENESS

This policy shall be effective upon approval of the AS Board of Directors (BOD).

IV. AMENDMENTS

This policy may be amended by a 2/3 vote of the AS BOD.

V. GUIDELINES

A. A capital expenditure budget will be approved as stated in the Budget process policy each year.

1. The capital expenditure budget will be based on an average of the past five years of purchases of each AS area, plus additional amounts as specified for unusual large capital expenditures.
2. The respective area committee shall approve the individual area amounts.

B. After approval of the budget, the following approval is necessary to expend funds from the capital expenditure budget or enter into a long-term lease agreement.

1. NEW PURCHASES AND/OR AGREEMENTS

a) Auxiliary Activities Fund (AS Bookstore, AS Food Service, AS Business Office, Administration Office, Human Resources Office and Marketing Services).

- (1) For items \$10,000 and under, a proposal to purchase and/or lease shall be submitted to the Executive Director and Financial Services Director. The item will be reviewed and approved by these two Directors. A report of these requests and/or their approval will be made to the respective area's committee.
- (2) For items over \$10,000, a proposal to purchase and/or lease shall be submitted to the Financial Services Director for review. After that review, the proposal will be submitted to the respective area's committee for approval and then reported to the AS BOD. The proposal will also be submitted to the University Vice President for Business and Finance for approval before the purchase/agreement is made.

b) Student Union Operating Fund (Student Union Areas).

- (1) For items \$10,000 and under, a proposal to purchase and/or lease shall be submitted to the Executive Director and Financial Services Director. The item will be reviewed and approved by these two Directors. A report of these requests and/or their approval will be made to the respective area committees.
- (2) For items over \$10,000, a proposal to purchase and/or lease shall be submitted to the Executive Director and Financial Services Director for

review. After that review, the proposal will be submitted to the respective area committee for approval and then reported to the AS BOD. The proposal will also be submitted to the University Vice President for Business and Finance for approval before the purchase/agreement is made.

c) Activity Fee Fund (Activity Fee Programs, Government Affairs Office, Election Board).

- (1) Proposals for purchases and/or leases shall be submitted to the chair of Activity Fee Capital Expenditure Council.
- (2) For items needed immediately under time sensitive or emergency circumstances, the Executive Vice President and Activity Fee Director may approve purchases up to \$1,000. A report of these items shall be made to the Executive Director and the Financial Services Director before the purchase is made. These items shall be reported to GAC at the first meeting after such expenditures are made.
- (3) For items with a cost over \$1,000, the Council reviews proposals and makes recommendations to GAC.
- (4) GAC approves proposal recommendations:
 - (a) For items \$2,500 and under, the proposal needs only GAC approval.
 - (b) For items over \$2,500, the proposal must also be submitted to the University Vice President for Business and Finance for approval.
- (5) The Executive Vice President reports all final decisions to the Board of Directors.

2. REPLACEMENT OF EXISTING (PREVIOUSLY APPROVED ITEMS) EQUIPMENT

- a) Replacement Definition: Item must have been in use at least the estimated useful life stated at the original purchase or not be functional.
- b) All Activity Fee Fund purchases shall be considered new purchases.
- c) Auxiliary Activities Fund, Student Union Fund and Corporate Overhead Fund.
 - (1) For replacement of existing capital expenditure items with a cost \$10,000 and under for the Auxiliary Activities Fund, Student Union Fund, and the Corporate Overhead Fund, the respective area director shall approve the purchase. A report of these items shall be made to the Director of Student Union or Executive Director, as appropriate, and the Financial Services Director before the purchase is made.
 - (2) For replacement of existing capital expenditure items or long-term lease agreements with a cost over \$10,000 for the Auxiliary Business Fund, Student Union Fund, and the Corporate Overhead Fund, a proposal to replace and/or lease shall be submitted to the Executive Director and Financial Services Director. The item will be reviewed and approved by these two managers. A report of these requests and/or their approval will be made to the respective area committee as information. The proposal will also be submitted to the University Vice President for Business and Finance for approval before the purchase/agreement is made.
 - (3) Items with a replacement cost of over \$20,000 shall be considered a new purchase and shall follow the new purchase policy stated previously.

Approved BOD: 12-9-88
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