



The Legislative Auditor's Summary of Public Lease Law

OVERVIEW

This document seeks to provide a brief summary of the laws applicable to leases of public property by public entities and leases by public entities of movable property.

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INDEX

- I. **What is a Lease?**
- II. **Capital v. Operating Lease**
- III. **Lease of Public Property**
- IV. **Additional Laws Governing Leases**
- V. **Select Attorney General Opinions**
- VI. **Select Cases**
- VII. **Sample Lease Template**

I. What is a Lease?

A lease is a contract generally with two parties, the Lessor, one who leases their property to another, and a Lessee, one who leases the property of the Lessor in return for payment of rent. La. C.C. Article 2668.

II. Capital v. Operating Lease

In discussing leases of property, especially movable property such as vehicles and equipment, there are generally two main types of leases. Capital Leases (financing leases) and Operating Leases.

A. Define Capital Leases

1. Capital leases are not defined by statute and are also often referred to as financing leases.. A capital lease from the perspective of the lessee (the one who leases) is generally a lease that either transfers ownership or provides an option to purchase at the end of the lease term or a lease in which the lease payments or lease term constitute a majority of the fair value or useful life of the leased item. A capital/financing lease often operates similar to an installment payment agreement.
2. **AG Op. No. 94-0452:** A Capital lease appears to be the functional equivalent of an installment sales transaction.
3. *Black's Law Dictionary* equates a capital lease to a lease-purchase agreement.

B. Define Operating Leases

1. Operating leases are not defined by statute. However, a lease is generally an Operating lease if it does not fit the criteria of a capital/ financing lease described above.
2. **AG Op. No. 94-0452:** An Operating lease expires at a time well before the end of the useful life of the leased assets.

C. The Role of the State Bond Commission (R.S. [39:1410.60](#)) with regard to Capital Leases and Debt

1. The State Bond Commission must provide consent and approval before any public body borrows money, incurs debt or issues bonds or other evidences of debt or levies taxes or pledges uncollected taxes or revenues for the payment thereof, EXCEPT for purchases made in the ordinary course of administration on terms of credit not to exceed 90 days.
2. The Bond Commission shall adopt rules and regulations for approval of financing of purchases of movables and approval of leases of movables that are not excluded from the term “debt” in this Section. The Commission shall also adopt rules and regulations to provide for an expedited review procedure for certain categories of financing and shall determine which financing is to be reviewed under the expedited procedure.
3. No equipment-lease-purchase contract may be effected under the provisions of R.S. [38:2319-2319.10](#) (Local Government Equipment-Lease-Purchase Act) unless prior written approval of the form of the lease is obtained from the Bond Commission.
4. Difference between a lease and lease purchase agreement:

A pure lease is not a purchase. If a purchase is involved, the lease must abide by Public Bid Law. The AG states that the lease must contain a non-appropriation clause that provides: if for any reason, the political subdivision fails to appropriate or make available funds to meet its obligations under the agreement during any fiscal year, the agreement may be terminated, without penalty. The clause, in essence, states that the contract is funded on a fiscal year to fiscal year basis and involves only currently appropriated revenue, and does not, therefore, incur indebtedness. See [R.S. 39:1410.60\(C\)\(1\)](#). See [AG Op. No. 02-0165](#) for clause language. The lease cannot contain an anti-substitution or penalty clause. [AG Op. No. 09-0003](#) states that a **penalty clause** is a clause by which the **lease** payments would be accelerated and the total amount of rent for the remainder of the term would become due upon the uncured failure to make timely rent payments. An anti-substitution clause would prohibit a public entity from replacing the leased equipment or service with a substitute, even through other means, when the lease is terminated by non-appropriation.

As stated in [AG Op. No. 00-0433](#), the AG’s office has long taken the position that a “pure lease” of equipment need not be publicly bid because the Public Bid Law, by its language, applies only to “purchases,” and a lease is not a purchase. If, however, a **lease** contract contains an option-to-purchase provision at any point during or at the end of the **lease** term, that **lease** is potentially a purchase and therefore must be treated as a contract for purchase that is subject to the bid requirements of the law.

D. Contrasting Procedures used by Universities and Political Subdivisions for Capital Leases

1. Universities are not required to obtain State Bond Commission approval prior to entering into capital leases covered by R.S. [17:3361-3366](#). State Bond Commission approval is required, however, when the Board of a university or college assists a sponsored organization under its supervision to erect, construct, or maintain facilities on the university's or college's grounds by unconditionally endorsing or guaranteeing any loan for that purpose. The Supervisory Boards of Colleges and Universities may grant leases to organizations for terms not to exceed 99 years. See R.S. [17:3361-3366](#).
2. All other governmental entities (political subdivisions, police juries, municipalities, school boards, or industrial development entities) are required to submit the following documents to the State Bond Commission for approval through an expedited process. These rules were adopted by the State Bond Commission pursuant to R.S. [39:1410.60\(C\)](#) and 71 La. ADC Pt III, §901-907.
 - A. The resolution of the governmental entity authorizing the lease.
 - B. A copy of the lease agreement.
 - C. A copy of the governmental entity's current budget, showing excess revenues pursuant to R.S. [33:2922](#).
 - D. A completed summary of the lease on forms approved by the State Bond Commission.
 - E. A certification from the governmental entity in the form approved by the State Bond Commission, attesting to compliance with all of the requirements of 71 La. ADC Pt III, §905.
3. The State Bond Commission does not consider the lease of a movable or an installment purchase agreement financing the purchase of a movable to be "debt" if the following conditions listed in R.S. [39:1410.60](#) are met:
 - A. The lease or installment purchase agreement contains a non-appropriation clause; and
 - B. The lease or installment purchase agreement does not contain an anti-substitution clause or penalty clause.

If, however, the lease or installment purchase agreement is entered into in conjunction with the issuance of bonds, notes, certificates, or other obligations that

otherwise require State Bond Commission approval, then State Bond Commission approval of the financing transaction shall continue to be required.

4. If a lease of a movable or an installment purchase agreement does meet the definition of a “debt,” the State Bond Commission may approve the debt through the expedited review rules. To be eligible for an expedited review, which is done by the Staff rather than Commission Members of the State Bond Commission, all of the following factors must be met and certified in writing by the governmental entity. These rules were adopted by the State Bond Commission pursuant to R.S. [39:1410.60\(C\)](#).
 - A. The leased equipment must be specifically identified in the proposed lease agreement and the lease must be used to acquire movable property necessary to provide essential governmental services such as those related to safety, sanitation, road and highway construction and repair, health services, communication, education, and transportation.
 - B. If the lease agreement transfers ownership of the leased property to the lessee at the end of the lease term or contains an option to purchase the leased property at a nominal price, the lease agreement must have been entered into in compliance with the public bid law.
 - C. The governmental entity must have sufficient revenues to cover annual debt service on the lease pursuant to the provisions of R.S. [33:2922](#).
 - D. The total amount of the lease cannot exceed the greater of \$100,000 or 10% of the governmental entity’s annual revenues.
 - E. There must have been no default on any debt obligation within the previous five years.

Additionally, all requirements for an expedited review stated in Section IV. 2 A-E must be submitted.

III. Lease of Public Property

There are several laws which provide specific requirements or restrictions on leases of certain types of public property by or to certain entities. However, R.S. [41:1211](#), et seq. provides for the general requirements for situations in which a public entity is seeking to lease immovable property, i.e. land, that it does not currently need to carry out its operations or functions.

A. Advertisement and Bids – [R.S. 41:1214](#)

Generally, if a public entity seeks to lease its unused lands, it must first advertise and award the lease through sealed-bidding.

R.S. 41:1214(B) provides that each bid for the lease of public land shall be submitted by hand, registered or certified mail or electronically. No bids may be accepted on holidays recognized by the U.S. Postal Service. The provision requires all lessors to provide for electronic receipt of bids in accordance with the standards of the governor's office, the division of administration, and the office of technology services, unless the lessor meets certain exceptions. Lessors that are currently without high speed internet access are exempt from this provision until a time when the lessor does have high speed internet access. The law also exempts the following:

1. Parishes with police juries and populations less than 20,000.
2. Governmental subdivisions (i.e. municipalities) with populations less than 10,000.
3. Lessors that are unable to comply without securing and expending additional funding.

The provision also provides that Lessors shall have the option to require that all bids be submitted electronically for any competitive bid let out of public bid.

The provision requires that Lessors include all information regarding advertisement of bids as set forth in R.S. 41:1214(A).

B. Term of Lease – [R.S. 41:1217](#)

Leases of public property, except where otherwise authorized by law, may not be for a period exceeding ten years. The Lease may be extended for additional periods of time, varying from 10 -40 years, depending upon the value of improvements made by the Lessee. See R.S. 41:1217(A)(2).

C. Leases between Political Subdivisions and State Agencies – [R.S. 41:1291](#)

The Public Lease Law provides for specific authority and requirements in situations where a political subdivision or State agency seeks to lease public property from another public entity, including the Federal Government.

Such contracts may generally be accomplished without formal advertisement and bidding and may be for a period of time not to exceed 99 years.

IV. [Additional Laws Governing Leases](#)

I. Louisiana Centers of Excellence Financing Corporation Act

[R.S. 39:1800.21](#) through 1800.35 create the Louisiana Centers of Excellence Financing Corporation Act to provide for the financing and leasing of the centers of excellence and to authorize the lease and sublease of the facilities.

II. **Select Statutes and Administrative Rules in regard to Public Leases**

R.S. 9:3301-3342	Leases of movables
R.S. 17:3361-3366	Leases of college and university properties
R.S. 33:4711	Sale, exchange, or lease of property by police jury
R.S. 33:4712	Sale, exchange, or lease of property by a municipality
R.S. 33:4712.1	Lease of air space above or below right of ways, streets, etc
R.S. 33:4715.1	Sale, sale-back, lease, sublease of public facilities as financing requirement
R.S. 38:2319 –2319.10	Local government equipment-lease-purchase
R.S. 39:1551-1736	Louisiana Procurement Code (LPC)
R.S. 39:1751-1755	Telecommunications Procurement
R.S. 39:1761-1771	State equipment lease-purchases
R.S. 41:137	Sale, exchange, or lease of state lands
LAC 71:III.901-907	Bond Commission, expedited review of leases
LAC 71:III.1501	Bond Commission, debt limit

V. **Select Attorney General Opinions**

AG Op. No. 18-0128	The Louisiana Public Lease Law is not applicable to a public charter school.
AG Op. No. 17-0134	Utility pole attachment agreements pursuant to the Consumer Choice for Television Act (R.S. 45:1361, <i>et seq.</i>) are not subject to the Louisiana Public Lease Law.
AG Op. No. 16-0111	An agreement between a school board and a non-profit health care facility to allow placement of a clinic on school sixteenth section lands in return for in kind credit towards treatment of children is a lease and must conform with both the requirements of R.S. 41:711, <i>et seq.</i> , regarding the lease of section sixteen school lands, and Article VII, §14 of the Louisiana Constitution, by ensuring that it receives fair market value in return for use of the public lands.
AG Op. No. 15-0030	Nicholls State University may enter into a cooperative endeavor and lease agreement for a Congressional District Office, provided that it can effectively demonstrate that it has a reasonable expectation of receiving a value in cash, service, and/or benefits that is commensurate with the fair value of the leased office space.

[AG Op. No. 15-0002A](#)

Clarifying La. Atty. Gen. Op. No. 15-0002 that the competitive process set forth in R.S. 17:3361(A)(5) is not required in the event that LSU seeks to lease its property pursuant to R.S. 17:3361(A)(2).

[AG Op. No. 14-0210](#)

Lease payments derived from the use of private property, separate from the portion of the property on which a public fire station is located, owned by a private volunteer fire department should be classified as private funds.

[AG Op. No. 13-0191](#)

City must comply with the provisions of R.S. 33:4712 in order to lease its surplus immovable public property.

[AG Op. No. 11-0202](#)

Leases of sixteenth section school lands must be accomplished in strict compliance with La. R.S. 41:711, *et seq.*, which contains requirements for following the Public Lease Law, including advertising leases and receiving fair market value.

[AG Op. No. 11-0074](#)

Discusses application of leases to private lands subsequently acquired by the State.

[AG Op. No. 10-0254](#)

Placement of Private Broadband Equipment on Public Water Towers must be accomplished using Public Lease Law.

[AG Op. No. 09-0211A](#)

Discussion of Indemnity Land. School Board property using a lease/exchange must be bid and sixteenth section land law applies.

[AG Op. No. 07-0076](#)

School Board must comply with the provisions of R.S. 17:87.6 and the Public Lease Law (La. R.S. [41:1211](#), *et seq.*), including the advertising and competitive bidding requirements, when leasing school board owned property. (See also AG Op. Nos. 08-0288, 08-0118 and 08-0315)

[AG Op. No. 06-0214](#)

Addresses the restrictions on lease or exchange of Section 16 lands by school boards and cooperative endeavor agreements or intergovernmental agreements with Indian Tribes.

[AG Op. No. 05-0395](#)

Port must comply with the provisions of the Public Lease Law (La. R.S. [41:1211 et seq.](#)), including the advertising requirements, when leasing port owned property -- unless the a lease is executed in accordance with a specific constitutional or statutory exemption, such as the provisions of industrial inducement statute (La. R.S. [33:4717.2](#)).

[AG Op. No. 10-0047](#)

The Louisiana Constitution prohibits a Parish School Board from donating school property. . Other options for the disposition of the property include sale and lease. (See also AG Op. No.05-0172)

[AG Op. No. 03-0365](#)

Restrictions on extension of current leases of immovable property owned by Plaquemine Parish Government is subject to amount of monetary improvements and maximum term of 99 years.

[AG Op. No. 05-0395](#)

Lease of property owned by Port for industrial inducement purposes executed in accordance with La. R.S. [33:4717.2](#) is excepted from the general public bidding requirements.

[AG Op. No. 02-0325](#)

Subject to revocation of dedication, Police Jury may use, lease and/or sell Parish owned property that formerly housed the Parish Library and that is no longer needed for public purposes.

[AG Op. No. 02-0165](#)

The La. Uniform Commercial Code Chapter 9 relative to secured transactions is applicable to some governmental transactions. Debts of political subdivisions require State Bond Commission approval. A security interest in public property is not enforceable, as public property cannot be seized.

[AG Op. No. 02-0141](#)

Louisiana Airport Authority has the authority to expropriate property if for a public purpose and if just compensation is paid. The LAA is subject to the public bid and public lease laws.

[AG Op. No. 01-0167](#)

Pursuant to Louisiana's Public Lease Law, a parish may lease land that it owns.

[AG Op. No. 01-0048](#)

NOBID must follow provisions of either Public Lease Law or inducement statute in R.S. [33:4717.2](#) to lease building. To loan money to the prospective lessee to rehabilitate the building would violate constitutional provision against loaning money.

[AG Op. No. 01-0045](#)

When leasing a portion of a publicly owned building and property, a parish must comply with the procedures of the Public Lease Law, unless a special law grants the parish an exemption from the Public Lease Law.

The Constitution mandates that a parish may acquire property only for a public purpose. Therefore, before public property can be declared no longer needed for a public purpose, it must first have been acquired for a public purpose.

A parish would be prohibited from purchasing a lot and building at a reduced price in return for allowing the vendor to retain use of a portion of the property, as this transaction would result in a disguised lease that would not comply with the requirements of the Public Lease Law.

[AG Op. No. 00-0440](#)

Higher education board can lease without competitive process to any lessee that fits the requirements of R.S. [17:3361](#) (A)(1) through (4).

[AG Op. No. 00-0433A](#)

The term “operating lease” has no significance in procurement determinations. Regardless of that term, any lease of equipment with an “option to purchase” provision must be publicly bid if the cost of the lease exceeds \$15,000 during its term. R.S. [38.2319.7](#) & R.S. [38:2319.10](#) are irrelevant unless the lessor is a non-profit entity. Leases that span more than one fiscal year and that contain no non-appropriation clause, or a non-appropriation clause with an anti-substitution provision must be submitted to the State Bond Commission for approval.

[AG Op. No. 00-0433](#)

Contracts for lease of equipment that contain an option for purchase of the equipment are treated as “purchases” under the Public Bid Law and are required to be publicly bid if the price exceeds the bidding threshold. Potential violations of the bid law must be examined on a case by case basis. Allegations of criminal conduct should be reported to local District Attorney.

[AG Op. No. 00-0351](#)

Aviation Board and City may lease property to nonprofit that will construct airport parking garage.

[AG Op. No. 98-0314](#)

General discussion of a cooperative endeavor agreement entered into between the Board of Supervisors of Louisiana State University, LSU Medical Center, Entergy Thermal, Inc. and the New Orleans Medical Center Complex, Inc. and the applicability of the Public Lease Law, the Public Bid Law and the Louisiana Procurement Code.

[AG Op. No. 98-0258](#)

Law enforcement district has the authority to enter into lease-purchase agreement for the acquisition of a prison facility. State Bond Commission approval is not required if no indebtedness is incurred by virtue of “non-appropriations” clause. Public Bid Law does not apply to the lease-purchase agreement itself, but should be followed with regard to construction of the prison facility pursuant to the agreement. (See also AG Op. No. 09-0003 for a discussion of sheriff’s office and lease term).

[AG Op. No. 97-0250](#)

The Madison Parish Hospital Association can enter into a management services agreement with a third-party whereby the third-party assumes the Association's management responsibilities, but the sixty day notice provision of R.S. [46:1055](#)(B) must be complied with before the management services agreement becomes valid.

The Madison Parish Hospital Association does not have to comply with the public bid law when entering into a management services agreement, but the public bid law must be complied with for the acquisition of “materials, supplies, and public works” pursuant to that agreement.

The Madison Parish Hospital Association can sublease the hospital to a third-party and may do so without the necessity of complying with the public lease law, but the sublessee must meet the same legal requirements as the original lessee. The sublease and/or the medical services agreement contractor can hold no greater rights than those held by the Madison Parish Hospital Association as provided in the original lease.

[AG Op. No. 97-0207](#)

Deals with several issues related to issuance of bonds for construction of a parking garage to be carried out by parking operator.

AG Op. No. 96-0440

This opinion addressed several issues.

1. May the state, acting through the Division of Administration (“Division”), lease state-owned land to OFC for use in connection with the development of a state office complex under and pursuant to a proposed state/OFC ground lease?
2. May OFC issue bid documents for the proposed development under and in compliance with the provisions of the Lease of Public Lands Law?
3. Do the proposed bid documents, including the proposed lease agreements, comply with the provisions of the Lease of Public Lands Law?
4. Are the proposed bid documents, including the proposed lease agreements for the proposed development, subject to the bidding requirements of the Public Bid Law pursuant to La. R.S. [38:2211](#) *et seq.*?
5. Is a ground lease of property from OFC to a private developer, setting forth as a component of the consideration for the lease, a requirement that the private developer construct improvements to the leased property, at the sole cost and expense of the private developer, if the improvements will be owned by the private developer until termination or expiration of the lease term, subject to the Lease of Public Lands Law and not the Public Bid Law?
6. Are the proposed state/OFC ground lease, the proposed OFC/developer ground lease, the proposed master lease and the proposed agency leases subject to the Louisiana statutory and constitutional provisions on debt limitation (i.e., La. R.S. [39:1367](#) and [Article VII, Section 6\(F\)](#) of the Louisiana Constitution)?
7. Is OFC entitled, under the Lease of Public Lands Law, to consider in the selection process those criteria set forth in the proposed bid documents in determining the successful bidder for the proposed development project and to assign to the criteria the points set forth in the proposed bid package to adequately weigh these criteria in the selection of the developer for the proposed development?

- AG Op. No. 95-0486** The board of commissioners operates, controls, and manages the assets of Catahoula Parish Hospital Service District No. 1 and may lease the hospital as authorized by LSA-R.S. [46:1074](#). Moreover, such leases are not subject to the public leasing law.
- [AG Op. No. 95-0232](#) Discussion of proposal for lease, lease-back to finance rehabilitation of university dormitory. Questions lease rental being adequate consideration. Mortgage would not violate constitution under case law. Issuer of debt must not violate non-profit corporation law. Debt may not be net state tax supported debt.
- AG Op. No. 95-0170** Sublease contract between the Northeast Economic Development District and a private managerial company need not be publicly bid, nor must the managerial service contract be publicly bid.
- AG Op. No. 94-0471** Addresses several issues regarding the Orleans Levee District, the Flood Comm Corporation and the lease entered into by Flood Comm Corporation with Levee Comm of Louisiana, a for profit limited liability company, for the stated purpose of installing fiber optic network in the levee system, operated by OLD, as a means of flood control.
- Several follow-up AG opinions have addressed issues relating to officers. (See AG Op. No. 94-471(A), (B) and (C)).
- AG Op. No. 94-0452** Discusses state's debt limitation.
- AG Op. No. 93-0389** Lease contract between Alexandria Port Authority and private company must adhere to the Public Lease and Bid Laws unless the lease is an industrial inducement contract or is too complex to be the object of bidding. Any doubt should be resolved in favor of the application of the bid laws.
- The proposed lease payment to be made “in kind” by the company with the construction of a road to be owned by the Authority is permissible so long as it does not violate [Art. VII, Sec. 14](#).
- In the absence of an exemption, public bid laws must be adhered to in executing a road construction contract,

regardless of whether the contract is executed by the Authority or the private company.

AG Op. No. 92-0821

Where hospital service district wishes to lease to a physician a medical office building or facility owned by it, it may do so without the necessity of compliance with the public lease law.

AG Op. No. 92-0426

Lease of state university property to a non-profit organization is regulated by L.S.A. - R.S [17:3361](#).

VI. Select Cases

ABL Management, Inc. and D'Wiley's Services, Inc. v. Board of Supervisors of Southern University and Agricultural and Mechanical College, 773 So.2d 131 (La. 11/28/00).

M.K.L. Development, L.L.C. v. City of New Orleans, World Trade Center of New Orleans, Inc. and International Trade Building Corporation, 772 So.2d 711 (La. App. 4 Cir. 10/16/00), writ denied 778 So.2d 1146 (La. 01/05/01).

Kleiser, Inc. v. Airport Com'n of Airport Dist. No. 1 of Jefferson Davis Parish, 640 So.2d 751 (La.App. 3 Cir. 6/1/94).

Terral Barge Line, Inc. v. Madison Parish Port Com'n, 577 So.2d 787 (La.App. 2 Cir., 1991).

See Arnold v. Board of Levee Com'rs of Orleans Levee Dist., 366 So.2d 1321 (La.1978) and *Hall v. Rosteet*, 247 La. 45, 169 So.2d 903 (1964) (both establishing the rule of law that any exemptions from the Public Lease Law, La. R.S. 41:1211, *et seq.*, must be express) *Louisiana Associated Gen. Contractors, Inc. v. Louisiana Dept. of Agric. & Forestry*, 2005-0131 La. 2/22/06, 924 So.2d 90, 96.

VII. Sample Lease Template

LEASE

STATE OF LOUISIANA

PARISH OF _____

The following contract of lease is made and entered into this ____ day of _____, 20__, by and between [Lessor Name], herein represented by [Lessor Representative Name], hereinafter referred to as “Lessor”, and the [Name of Political Subdivision], herein represented by [Name of Chief Executive/Designee], hereinafter referred to as “Lessee”.

1.

For the consideration and upon the term and conditions hereinafter, the Lessor has this day rented, let and leased unto Lessee, here present and accepting the same, for a period of _____Years (#) years, commencing [Begin Date], and ending [End Date], the following described property:

“_____sq ft square feet of usable space located at [Street Address, City], Louisiana, to be used by the Lessee as an [Type of space], at the rate of \$____sq ft rate per square foot per annum with _____number (#) parking spaces provided.”

2.

The consideration of this lease is the payment by Lessee to Lessor of the sum of [TOTAL] (\$_____) DOLLARS in [number] (#) equal installments of [TOTAL](\$_____) DOLLARS each, the first installment being due and payable on the [day of month, year], and the remaining installments being due and payable, respectively on the day of each month thereafter; however, in the event occupancy by Lessee occurs subsequent to the due date of the first rental payment, Lessor waives any right to receipt of rental payment for a period of thirty (30) days after Lessee actually occupies the leased premises. In any event rent is earned from the date of actual occupancy.

3.

Lessor grants to the Lessee the option to extend this lease from the end of its term for an additional period of number (#) years, on the same terms and conditions as specified in the primary lease upon giving sixty (60) days written notice prior to the expiration date of this lease. The rental rate per square foot shall also be the same as specified in the primary lease, unless the United

States Government Consumer Price Index reflects an increase in excess of 15% during the term of the primary lease, and Lessor requests, in writing, within sixty (60) days of notification of the Lessee's intent to exercise the option term, a rental increase during the option term to reflect said increase. In that event, the rental payments shall increase the same percentage as the Consumer Price Index, but in no event shall the rental payments increase in excess of 20% of the primary rental payment.

Any increase in rental due to increases in the United States Government Consumer Price Index is contingent upon approval of the Lessee and funding. In the event said increase is not approved by the [Chief Executive/Designee] and/or the [Political Subdivision's governing authority] does not appropriate funds for the increase in rental, said increase will not go into effect, in which event Lessor shall have the right to terminate said lease upon six (6) months written notice to the Lessee.

4.

The parties hereto agree that delivery of possession and occupancy hereunder shall not be deemed to commence until Lessor has provided Lessee with thirty (30) days prior written notice that the leased premises are ready for occupancy or at such time as Lessee takes occupancy thereof, whichever shall occur first. However, in no event shall Lessee accept occupancy prior to the commencement date established in paragraph one (1) herein, except by express consent of Lessor and approval of [Chief Executive/Designee]. Furthermore, under no circumstances shall occupancy be deemed to commence until the documentation provided for, relative to asbestos and the State Fire Marshal's Office requirements, elsewhere herein is furnished as required.

5.

Should the Lessor fail, for whatever reason, acts of God and military expedience excepted, to deliver possession and occupancy in accordance with specifications or negotiations by [Date], the Lessee shall be entitled to liquidated damages in the amount of the daily rental rate for every day thereafter that the Lessor fails to deliver possession and occupancy in accordance with specifications.

6.

Should the Lessor fail, for whatever reason, acts of God and military expedience excepted, to deliver possession and occupancy by [Date], the Lessee may, at its option and with the approval of the [Chief Executive/Designee] cancel this lease at any time after expiration of such time. If the Lessee elects not to cancel the lease, the Lessee is entitled to liquidated damages in the amount of the daily rental rate for every day thereafter that the Lessor fails to deliver occupancy in accordance with the specifications until such time as occupancy is delivered or the Lessee cancels the lease.

7.

Should the Lessee be unable, for whatever reason, to maintain possession of the leased premises in accordance with the terms set forth herein, the Lessee shall be entitled to the remission of rent for such term during which the Lessee is deprived of possession.

8.

All monthly payments of rent as herein fixed shall be paid by Lessee to:

[Address for receipt of payment]

Lessee shall remit to the above address, until notified in writing differently by Lessor.

9.

LESSOR agrees that the building, grounds, and facilities herein leased shall comply with the requirement of La. R.S. 40:Part V. EQUAL ACCESS TO GOVERNMENTAL AND PUBLIC FACILITIES FOR DISABLED COMMUNITY, specifically Articles La. R.S. 40:1731 through 40:1744.

10.

Lessor further agrees to make, at Lessor's own expense, all changes and additions to the leased premises required by reason of any laws, ordinances, orders or regulations of any municipality, parish, state, federal, or other public authority including the furnishing of required sanitary facilities and fire protection facilities, and Lessor shall furnish and maintain all fire extinguishers and equipment necessary to comply with the order of the Louisiana State Fire Marshal. Lessor shall be responsible for all costs associated with any required periodic inspections and servicing of fire extinguishers and equipment.

11.

Lessor must comply with all requirements of the State Fire Marshal's Office. Lessor further agrees to comply with any order issued during the lease term by the State Fire Marshal's Office within the timeframe mandated by that office. Failure to do so will constitute a breach of the terms of said lease.

12.

Lessor shall deliver the leased premises to the Lessee at the beginning of this lease in a thoroughly sanitary and tenantable condition, and, by assuming possession, Lessee admits that it has examined the leased premises and found them to be in good, safe, and acceptable condition. Provided, however, that Lessee shall provide to Lessor, no later than fifteen (15) days after occupancy, a list of all deficiencies in need of correction in order to bring the leased premises into compliance with the terms of the lease. Where Lessee already occupies these premises under a prior lease, possession and occupancy under this lease shall not be deemed to occur until the Lessee inspects the premises and agrees, in writing, that all requirements have been satisfied.

13.

Lessor further agrees to do painting of the interior of the leased premises and all hallways and corridors associated with such premises at not more than three (3) year intervals. All costs associated with this work will be the Lessor's responsibility, including, but not limited to, moving of all furniture and equipment.

14.

Should Lessor fail to keep the leased premises in good and tenantable condition, to make any of such repairs, replacements or changes, or to do painting or wall covering within thirty (30) days after written notice from Lessee of the necessity therefore, or should Lessor commit any other breach of the lease terms and conditions, the Lessee may at its option, correct the same and deduct the cost thereof from the rental payments, or Lessee may quit and surrender possession of the premises without further liability to Lessor hereunder, upon sixty (60) days written notice. Provided, however, that in the event of conditions requiring immediate maintenance and/or repair, including but not limited to flooding, roof leaks, failure of electrical system, etc., Lessee may at its option correct the same and deduct the cost thereof from the rental payments after reasonable attempts to contact the Lessor.

15.

Lessor agrees to do at Lessor's expense such painting and other maintenance to the exterior of the building as is necessary to maintain the building in good condition and appearance. Exterior clean-up shall be maintained constantly to ensure that areas outside of leased premises, including parking facilities are trash-free. All grass and weeds shall be cut weekly during growing season and otherwise as needed. Shrubberies shall be maintained in a neat condition, with pruning as necessary. Lessor shall have sole responsibility for all maintenance and repair to the heating and air conditioning systems, plumbing systems (including plumbing fixtures), sewerage disposal systems (including septic tanks), electrical systems, light fixtures (including replacement of light bulbs and fluorescent tubes), and all other equipment furnished by the Lessor.

The Lessor shall be responsible for maintaining the entire building and site in good condition throughout the term of the lease. Lessor shall make all such repairs to the premises as may become necessary because of breakage or other damages not attributable to the negligence of the Lessee, its agents, or its employees. Lessor shall be responsible for any damages to Lessee's employees, agents, invitees, visitors, and property and/or equipment that are a result of Lessor's negligence to properly maintain the premises.

16.

Any water intrusion in the building will require the following action by the Lessor:

Carpet: The following work shall be performed by a restoration contractor that is knowledgeable and experienced in remediation of wet carpet. Excess water shall be immediately vacuumed out of the carpet. The wet carpet shall be sanitized with a chemical approved for indoor use. Area fans shall be installed until the carpet is completely dry. If carpet is not professionally dried and sanitized within 24 hours of notification of the occurrence by Lessee, all areas of wet carpet and padding must be removed and replaced with new carpet and padding to match the existing.

Walls & Ceilings: The following work shall be performed by a restoration contractor that is knowledgeable and experienced in remediation of water damaged sheetrock. All sections of walls, baseboards, insulation and ceilings subjected to water intrusion shall be removed and replaced, within 24 hours of notification of the occurrence from Lessee and finished to match existing wall within 7 calendar days. The restoration contractor shall certify that the interior wall or ceiling cavities were completely dry prior to installing the replacement sheetrock.

Ceiling Tiles: All ceiling tiles subjected to water intrusion shall be removed and replaced within 24 hours of notification of the occurrence from the Lessee. Replacement ceiling tiles shall match existing.

17.

All communications desktop devices (intercom/paging instruments, line status indicators, computer terminals, radio/paging consoles, telephone answer-machines/consoles/sets, etc.) will be installed, maintained, and paid for by the Lessee.

Communications cable/wire shall be provided in the lease space by the Lessor.

All communications equipment (computer controllers, modems, multiplexers, telephone system controllers, etc.) will be installed, maintained, and paid for by the Lessee. The Lessor shall provide space and environment for this equipment. The Lessor's cable/wire shall terminate in the same space as the Lessee's equipment.

The Lessor shall have the local telephone company provide a service entrance cable into the leased space. The telephone company's service cable shall terminate in the same room/space as the Lessor's inside cable/wire and have a minimum capacity of one pair of twisted copper wires per 100 square feet of lease space to be occupied.

The Lessor shall provide the pathway(s) (conduit, trench, etc.) for the service cable according to the telephone company's requirements.

The Lessee will order and pay for dial tone and data services from the telephone company.

If the lease space has elevators, the Lessor shall provide each elevator that will be used by Lessee personnel with an emergency telephone as required by building codes. Charges for this line(s) (elevator dial tone service) shall be borne by the Lessor.

18.

LESSOR shall pay for all utilities such as electricity, gas, water, sewer, septic tank service, trash/garbage pickup and disposal.

19.

Complete janitorial services, including restroom and custodial supplies shall be provided by the LESSOR. LESSOR shall provide pest control services on a monthly basis.

20.

The parties hereto agree that no expense incurred as a result of Lessor originated changes,

renovations or improvements made during the term of the lease shall be borne by the Lessee.

21.

Lessor herewith grants Lessee the right to add to or to install in the leased premises at its own expense any fixtures, appurtenances, appliances, coverings, or other such objects as Lessee may desire, provided that the installations and alterations made by Lessee do not diminish the value of the leased premises, and the right to remove at Lessee's expense upon the termination of this lease, provided that the Lessee restores the leased premises to substantially the same condition as existed at the time of occupancy by Lessee.

22.

If, prior to the termination of this lease, through no fault, neglect or design of Lessee, the leased premises and/or said building be destroyed by fire or other casualty, or be unfit for occupancy, then this lease shall be cancelled ipso facto, unless the leased premises can be rendered fit for occupancy within one hundred twenty (120) days from the happening of such fire or other casualty and the Lessor commences the repairs to the damages within thirty (30) days of the occurrence. The Lessee shall be entitled to such reduction or remission of rent as shall be just and proportionate.

If this lease be cancelled for such cause, Lessee shall be entitled to a credit corresponding to the unexpired term of this lease, the unearned proportion of rent shall be annulled and returned to Lessee, and Lessor shall have the right to take possession of the leased premises, discharged of this lease.

If the leased premises and/or said building be only so slightly injured by fire or other casualty as not to render the leased premises unfit for occupancy, Lessor agrees that same shall be repaired with reasonable diligence, in which event Lessee shall not be entitled to any reduction or remission of rent whatever.

23.

Lessor agrees to carry Property Insurance to the replacement cost value of the building structure. Lessee agrees to carry commercial general liability insurance of \$1,000,000 per occurrence for Bodily Injury/Property Damage claims for those incidents in which the occurrence is the result of the negligence of the lessee.

For other than intentional and/or negligent acts of the Lessee, Lessor agrees to waive rights or claims against the Lessee, its agents, or employees for any loss to the premises that arises due to force majeure, Acts of God, and other conditions outside the control of Lessee.

If Lessor requires an insurance certificate verifying lessee coverage, please contact _____ to request the insurance certificate. Lessor will be required to provide a fully executed lease agreement upon insurance certificate request.

24.

It is agreed that any assignment of this lease or the proceeds thereof must be approved in advance of such assignment, in writing, by the appropriate party. If the request to assign is by the Lessee, such assignment must be approved by the Lessor. If the request to assign is by the Lessor, such assignment must be approved by the Sheriff. Approval of requested assignment shall not be unreasonably or arbitrarily withheld by either party. Provided, however, that the Sheriff may condition approval of an assignment of this lease or the proceeds of this lease upon receipt of reasonable assurances from assignee of his ability and willingness to assume responsibility for performance of the terms of the lease in the event of failure of performance by the assignor.

25.

It is agreed by both Lessee and Lessor that in the event the Lessee requires adjacent additional space which could not reasonably have been foreseen at the time of execution of the lease or of the exercise of Lessee's option to extend, it shall promptly notify Lessor in writing of such requirement. Lessor shall respond in writing within fifteen (15) days of receipt of such notification whether such additional space is available.

In the event such additional space is available, the Lessor shall provide such additional space on the same basis and at the same rate as for such comparable space under the then current lease.

26.

In the event the State of Louisiana or the [Name of Parish in which political subdivision is located] provides the Lessee with adequate space in a building owned by the State or owned or leased by the Parish, the Lessor agrees to terminate said lease after sixty (60) days' notice.

27.

In the event that public funding for Lessee becomes inadequate to meet the obligations of

this lease, Lessee may terminate the lease or reduce the space provided and the rental due by giving sixty (60) days written notice to Lessor. The rental payment due when such a reduction in space is exercised shall be on the same terms and at the same rate per square foot as for the original space under the then current lease.

28.

All notices required under this lease shall be in writing and shall be sent by United States Mail and in the case of notices to the Lessor shall be addressed as follows or in such manner as the Lessor shall from time to time make notification to the Lessee:

Lessor Representative Name	Lessee Representative Name
Lessor Company Name	Political Subdivision Name
Lessor Address	Lessee Address
City, State, Zip	Lessee Address
Lessor phone number	Lessee Phone number

29.

Upon execution and approval of the lease, it will be the responsibility of the Lessor to have the lease or extract of lease recorded in the office of the parish recorder of the parish where the property herein leased is located.

IN WITNESS WHEREOF, the parties hereto have signed their names on the dates listed below, in the presence of the undersigned competent witnesses:

WITNESS:

Printed Name:

Printed Name

WITNESS:

Printed Name:

Printed Name

LESSOR: Company Name

BY: _____

Printed Name

Title

Date

LESSEE: [Political Subdivision]

BY: _____

Printed Name

Title

Date