

Millennium Challenge Corporation  
Program Procurement Guidance

# Guidance on Property Leasing

August 2007



## MCC Guidance on Property Leasing

This paper provides guidance to the MCA Entity<sup>1</sup> on renting office space or other real estate for its use under Compact funding:

### General Instructions

Although procuring real estate is not well suited to a bidding process and is not covered by the MCC Program Procurement Guidelines<sup>2</sup>, it nonetheless must be based on the fundamental procurement principles of 1) open competition; 2) market price; and 3) no conflict of interest.

First, the MCA Entity should clearly define their requirements for the space, such as nature, size and functionality of the space. Factors they should consider include their needs for employee offices or cubicles, meeting rooms, document storage, utilities (such as telephone, internet, water, electricity, back-up generation), the cost of adapting the space for the usage requirements, parking, security, building management, and the overall value. Similarly, a set of clear selection criteria should be articulated. Two aspects which are distinctively critical for real estate are location and the costs of adapting the building for the tenant's anticipated uses.

After reaching a decision on specifications and requirements, the MCA Entity should conduct a search for possible space and seek proposals from several property owners (four to five would be ideal). Selection should be made based upon the best offer for office space that meets the requirements of the MCA Entity. The MCA Entity should also ensure that the budgeted amount<sup>3</sup> for office space is not exceeded without approval and indication from the chief financial officer of the MCA Entity<sup>4</sup> of the source for the additional funds. The MCC will review the process and terms prior to lease signing, as well as any modifications to the lease terms made after signing.

The lease shall be signed by an official of each party with authority to enter into such agreements. If the time period of the lease is negotiable, MCC prefers a fixed commitment for a shorter period (2-3 years) with option years that would complete the Compact period. Prepayment for a full year's lease is discouraged based upon principles of sound cash management and should only be made in circumstances where there is no alternative option or the full payment is more cost effective.

---

<sup>1</sup> The MCA Entity is the entity designated by the government of the country receiving assistance from the Millennium Challenge Account as responsible for the oversight and management of implementation of the Compact on behalf of the government.

<sup>2</sup> The Millennium Challenge Corporation ("MCC") provides funding to foreign governments under the authority of Section 605 of the Millennium Challenge Act of 2003 (the "MCA") (each a "Compact") or under Section 609(g) of the MCA (each a "609g Grant Agreement"). The MCC Program Procurement Guidelines are set out in supplemental agreements between the MCC and foreign governments and apply to MCC-funded contracts between the MCA Entity and contractors, suppliers and consultants. Contracts entered into directly by MCC are governed by the Federal Acquisition Regulations, not the MCC Program Procurement Guidelines.

<sup>3</sup> Although office space leasing will not be in the Procurement Plan, since it is technically not a procurement, it must be budgeted for, and therefore should appear in the Fiscal Agent's Detailed Budget Report.

<sup>4</sup> If the chief financial officer of the MCA Entity must go to a different budget category for these funds, approval must be obtained from MCC.