

the status of a contract that could jeopardize the guarantee agency designation if it is not obtained by the federal due dates. The revised procurement/contract policy, adopted at the September 4-5, 2008 Commission meeting, will require EdFund Board approval for competitively bid contracts over \$500,000. Additionally, EdFund will be required to obtain approval of the Commission General Counsel and the Federal Policy and Program Division staff for RFPs prior to issuance. This will ensure that the Commission will be aware of contracts that are in negotiation.

6. EdFund's Lease Obligation of \$1.3 Million for Empty Building

- A. *Lease Obligation for Empty Building:* EdFund Management signed a lease that obligated EdFund to pay up to \$1.3 million annually for an empty building until it finds a tenant.
- B. *Finance's Approval Delay Caused Excess Moving Costs:* Finance's delay in approving the lease authorization forms caused the Commission to have to pay the costs of moving twice.

Results: One item was substantiated and one item was not substantiated as follows:

A. *Lease Obligation for Empty Building:* Substantiated

When the lease was signed, the empty building was intended to be occupied by the Commission. This agreement was signed before the plans to sell EdFund were announced and was approved by the Commission. Currently, EdFund is looking for a new tenant and would prefer a tenant that could offer a ten-year lease commitment to the developer with the goal of being released from the obligations associated with the empty building. EdFund had previously located a tenant, but that tenant rescinded its offer in July 2008.

B. *Finance's Approval Delay Caused Excess Moving Costs:* Unsubstantiated

Based on a discussion with a Department of General Services (DGS), Real Estate Services representative, DGS usually needs 18 to 24 months notice to locate space and complete all the necessary procedures to get space ready for occupancy for an organization of the size of the Commission. In an emergency situation, DGS requires one year to locate a space and complete all the processes.

The State Administrative Manual Section 6453, states the normal Finance review of a Space Action Request and Estimate of Occupancy Costs is 30 days. Finance reviewed and approved the Commission's forms within 34 days of receipt. The forms requiring approval were submitted to Finance only six months prior to the expiration of the lease. Therefore, it appears likely that the Commission would have had to move twice based on the DGS time requirements.