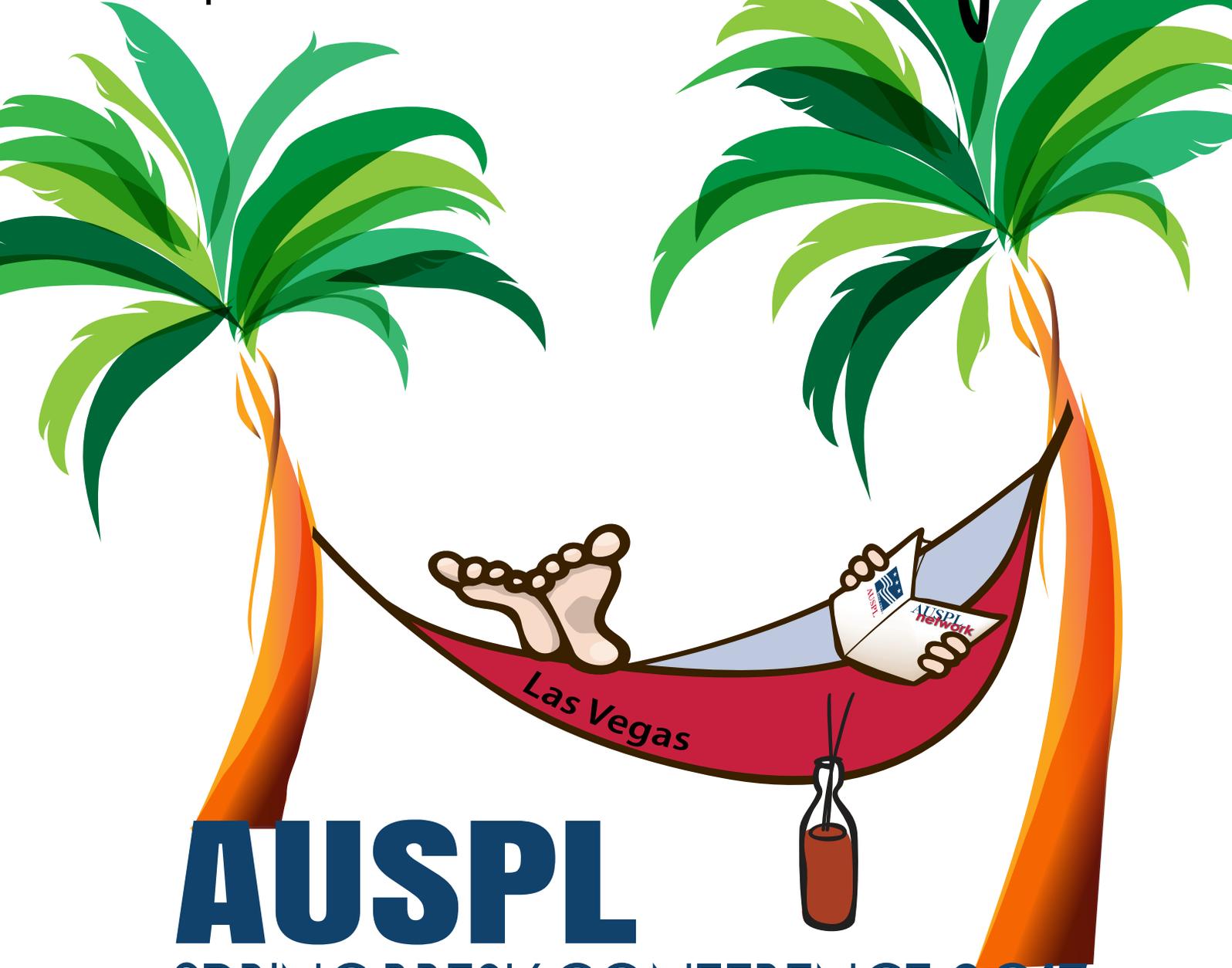


August 2017

POSTscript

AUSPL Special 2017 Conference Edition



AUSPL SPRING BREAK CONFERENCE 2017

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AUSPL Conference 2017

AUSPL's 2017 Members' Conference at Planet Hollywood in Las Vegas was a great success. A record number of Conference attendees enjoyed instructive educational workshops, networking opportunities, and informative presentations by the USPS Facilities Department, the USPS Office of Inspector General, the Postmasters organization and others.



AUSPL President Gary Phillips led the first Conference of his Presidency and used his introductory remarks to give attendees some personal background information. Gary followed in the footsteps of his grandfather and father, who built post offices in the early 1960s. After graduating from ASU in 1980, Gary joined the family construction firm and over the past 35 years, has completed a wide range of commercial real estate developments, including scores of post offices, both USPS owned and leased. He has also managed post office repair, alteration, and maintenance projects in 22 states including Alaska and Hawaii.

Gary outlined for Conference participants three objectives AUSPL has pursued for the last year:

- **Increasing political activity and influence to promote passage of meaningful postal reform legislation;**
- **Advocating for lessors with Congress, to ensure elected officials understand the issues facing postal lessors; and**
- **Strengthening AUSPL's partnership with the US Postal Service to help AUSPL influence management decisions affecting lessors.**

Furthering its objectives, AUSPL has continued to meet with Congressional leaders to promote postal reform legislation. During these meetings, the AUSPL Board stresses the success of the public/private partnership represented by the leased facilities network, and has found Congress receptive to that message. Four years into AUSPL's Congressional outreach program, recognition and understanding of AUSPL and its mission, the network of leased postal facilities, and the value of that network have all increased appreciably.

In virtually all meetings in the last year, Congressional leaders and spokespeople voiced strong support for small and rural post offices. Postmaster General Megan Brennan clearly expressed her support for small and rural post offices in a March 2017 meeting with AUSPL leadership, calling rural closures a "non-starter."

A principle objective of the AUSPL Conference is to provide education on topics important to postal lessors. Lessors





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need the tools to understand their leases, to fulfill their obligations under their leases, and to deal professionally with the USPS in lease negotiations and management of their properties. For that reason, the

Conference included educational workshops and presentations about new USPS lease forms, building maintenance, lease negotiation and other topics lessors need to know. Additionally, Conference participants received help with specific “real world” questions through “Ask the Expert” meetings.

AUSPL continues to build on its important relationship with the USPS Facilities Department. During development of the new lease forms, the Facilities Department invited comment from AUSPL. Because of AUSPL’s participation, the lease forms were changed in important ways beneficial to lessors. Although not all of AUSPL’s proposals were accepted, significant progress was made. AUSPL is committed to building on the relationship with the Facilities Department.

Additionally, Gary announced to Conference participants that the contract between the USPS and CBRE would terminate after June 2017. The USPS has now appointed Jones, Lang, LaSalle (JLL) as its representatives for lease negotiations. There will be a transition period during which CBRE will complete leases currently in process.

Gary also expressed appreciation for all the general session and workshop speakers, sponsors, exhibitors, and patrons whose contributions make the Conference a success. In addition, he recognized Dawn Bowman and the significant contributions she made to AUSPL during her 20 years on the Board. Due to health issues, Dawn submitted her resignation this year and has become a Board Member Emeritus. We wish Dawn the very best in the future and look forward to continued association.

USPS OIG AUDITS THE CONDITION OF USPS FACILITIES

Ms. Tammy Whitcomb, Acting Inspector General of the USPS Office of the Inspector General (OIG) spoke to attendees at AUSPL's 2017 Conference. She discussed the mission of the OIG, the OIG's recent audits of postal facilities (leased and owned), and governance of the US Postal Service. Ms. Whitcomb explained that, as an independent agency with oversight of the US Postal Service, the OIG seeks to promote efficiency, accountability and integrity in the US Postal Service.

As part of its mission, the OIG's office recently performed a series of audits of the condition of randomly selected, leased and owned post offices. The focus of the audits was on building maintenance, safety, and security.

According to Ms. Whitcomb, the OIG looks at postal offices because they are the principal business offices of the Postal Service. They are the public's only close-up view of Postal Service operations, and are the Postal Service's face to the citizenry. The appearance of post offices affects the public image of the USPS, which is one of its most important assets. The post office lobby is the lens through which postal customers view the brand. Poor maintenance reduces brand loyalty, affecting USPS revenue if customer choose to go elsewhere. Ms. Whitcomb views AUSPL's members as important partners helping to strengthen the brand of the USPS.

Addressing the issue of US Postal Service governance, Ms. Whitcomb informed Conference attendees that the U.S. Constitution requires that Executive Branch entities must be run by personnel appointed by the President and confirmed by the U.S. Senate. The Board of Governors of the USPS fulfills that requirement and, similar to the function performed by the board of directors of a corporation, is responsible for determining the strategic direction of the USPS.

To read the facilities reports from the OIG's office, go to <https://www.uspsoig.gov> and click on Audit Reports, under Quick Links.



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By law, the Board of Governors of the USPS consists of nine independent governors, plus the Postmaster General (PMG) and the Deputy Postmaster General (Deputy PMG). The Board has been operating short of that number for years, and since December of 2016 there have been no independent Governors. Currently there is a Temporary Emergency Committee consisting of the PMG and the Deputy PMG. While the temporary Committee can make some decisions, the law requires the appointed Board of Governors to make many critical decisions, including (for example) hiring and firing the Postmaster General or the Inspector General.

The USPS Looks to THE FUTURE

AUSPL's 2017 Conference included an address by Mr. Tom Samra, Vice President, USPS Facilities Department. Although the topic of Mr. Samra's speech was the current state of the US Postal Service, he began it by emphasizing the value of the longstanding partnership between AUSPL and the USPS Facilities Department.



Mr. Samra said the USPS is still going through tough times financially and needs help. He quoted USPS PMG Megan Brennan as saying the USPS **“Current financial situation is serious, but solvable.”** Total revenue for the USPS for the first 5 months of FY 2017 is down \$500 million from FY 2016, a development that is causing concern for the USPS. Compared to FY 2017 Plan, first class mail and standard mail volumes are dropping. Package mail revenue is even with Plan.

USPS has four corrective strategies for dealing with its financial issues.

★ First, the USPS hopes to receive help from Congress. H.R. 756, The Postal Service Reform Act of 2017 includes Medicare integration, restoration of 50% of the exigent postal rate increase that ended in 2016, increased product flexibility, and restructuring of pension liabilities using new Postal Service demographics and economic assumptions. With some help from the current PRC's ten-year review, adoption of the legislation could add an estimated \$26 billion to the bottom line in the next 10 years.

★ Second, the Postal Regulatory Commission (PRC) is conducting the ten year review mandated by the Postal Accountability and Enhancement Act of 2006 (PAEA). Currently, postage rates cannot increase more than increases in the Consumer Price Index. It is hoped that the PRC review might result in rate adjustment principles that reflect more directly the costs and financial stability of the USPS.

★ Third, USPS management is focusing on operational efficiency. Package mail has been growing at an average annual rate of 15%. Current sorting equipment cannot handle all the packages, and hand sorting is costly. New package sorting equipment has been developed and is being deployed. Also, new USPS vehicles are designed to handle the increase in package mail.

A concern is that package mail increases are substantially the result of the contract between the USPS and Amazon, which sends small packages through the US mail. However, if in the future Amazon were to deliver such packages itself or through other carriers, or if package mail were to change to larger packages, the new equipment could become obsolete.

★ Fourth, the USPS hopes to increase innovation in the products and services it provides. Marketing is creating technology driven products, such as emails to customers with a list of the mail they will receive later in the day.

A computer model being developed for the Facilities Department will project needed changes in equipment, space, transportation and people requirements by zip code over the next five years. First class mail is dropping over-all, but it is increasing in some zip codes and decreasing in others. Developing specific information by zip code will help management make better decisions about how to efficiently provide mail services to different locations.

With these changes, the US Postal Service will be able to continue its mission of binding the nation together.



Conflict

RESOLVING DISPUTES WITH THE US POSTAL SERVICE

Jeff Hilst, an AUSPL Board member and postal facility owner discussed the pro se version of filing a claim with the US Postal Service Board of Contract Appeals (PSBCA).

Steve Hurlbut, currently a partner with Akerman, LLP in Washington, DC, and formerly an attorney with the USPS, presented information on filing a claim with the PSBCA from the perspective of an attorney.

Jeff Hilst has filed several claims on his own behalf with the USPS Board of Contract Appeals. In his experience, the process generally involves disputes over maintenance responsibility. Lessors can request a Final Decision from their Contracting Officer (CO). In that process, the CO should be given all the information that might eventually be presented to the PSBCA. Resolving the dispute favorably at this stage will save time and effort for all parties.

Jeff says Lessors need not be intimidated about submitting an appeal to the PSBCA. This process is about a set of facts, and it is the Lessor's job to bring the four judges up to speed on what those facts are. In Jeff's experience, the PSBCA judges have been helpful and cordial. When a settlement is reached, the PSBCA will draft up the documents. Jeff cautions Lessors to be patient. This process takes time.

Despite best attempts to avoid conflict, when a dispute does arise, there is a process for resolution.

Steve Hurlbut discussed the importance of reading and understanding the lease to help avoid disputes before they occur. He advised Lessors to be aware that the lease is not confined to what is written. In addition to stated obligations there are implied obligations: the obligation of good faith and fair dealing, the obligations to cooperate, to be fair, and to be truthful, as well as not to hinder or delay another party. Despite best attempts to avoid conflict, when a dispute does arise, there is a process for resolution. First, a written claim with a request for a final decision must be submitted to the Contracting Officer. The CO will issue a Final Decision within 60 days.

Should the Lessor want to appeal that Final Decision, the Lessor must file a Notice of Appeal with the PSBCA within 90 days. Electronic filing is now required at <https://uspsjoe.justware.com>. This website has

a template of the Notice of Appeal form.

Questions can be directed to the PSBCA Recorder at (703) 812-1900. The next step is for the PSBCA to issue a Docketing Notice which explains deadlines and required actions.

In the Normal Procedure, the USPS then has 30 days to file an Appeal File with the PSBCA and provide a copy to the Lessor. This file will include all lease documents, all relevant correspondence, the Claim

and Final Decision, and any additional and pertinent information. The Lessor then has 30 days to supplement the Appeal File with any additional appropriate information as he sees fit.

The Expedited Procedure may be chosen by the Lessor, when the claim is for \$50,000 or less for a Lessor who is an individual, or for \$150,000 or less for a Lessor that is a small business concern. In the Expedited Procedure the USPS must file lease documents, claim and final decision within 10 days of notice. Also, either party can request a hearing and the time and location of the hearing. The Expedited Process is heard by a single judge whose decision will be given in 120 days or less. With the consent of the parties, the judge can render an oral decision at the hearing. The judges' decision will be unpublished. It does not set precedent, and cannot be appealed.

Alternative Dispute Resolution (ADR). As a matter of policy, the USPS encourages ADR to resolve disputes. The process can begin at any stage of the claim process, but both parties must agree. ADR includes mediation, facilitation, and a settlement conference with a settlement judge. PSBCA appoints the mediation judge.

Mr. Hurlbut had a few tips for Lessors:

- **Avoiding disputes is just as important as knowing what to do when you have one.**
- **When working on disputes, communication and credibility are key.**
- **If you need to put something in writing, make sure it is correct. Don't guess.**

To see Postal Service Board of Contract Appeals decisions, go to Auspl.com / AUSPL Members / Member Tools and Resources / USPS Board of Contract Appeals



Congratulations to the AUSPL Prize Winners

Ricki Goudie	\$25 Amazon Gift Card from AUSPL
William Hammett	\$25 Amazon Gift Card from AUSPL
Barbara Horak	\$25 Amazon Gift Card from AUSPL
Grace Ellsworth	\$25 Amazon Gift Card from AUSPL
Marjorie Melby	\$100 Amazon Gift Card from AUSPL
David Barrett	Two nights at Planet Hollywood during the conference



USPS on the New Lease and Building Maintenance

Ms. Karen LaFave, USPS Manager, Facilities Leasing began with a discussion of the new USPS lease forms. She stated that over time, it became necessary to repair flaws in the old Postal Service Lease forms. The goals were to address known areas of conflict, add commercialized terms where appropriate, seek suggestions from stakeholders, and create a product that cleared up issues frequently raised by both parties to the lease.

From the standpoint of the USPS, flaws in the old lease included lack of holdover and insurance language, lack of clarity regarding structural maintenance and maintenance of alterations made by the USPS, what Landlords may post on building exterior, and difficulties with lenders due to the Mortgage Agreement.

The USPS will begin using the new lease form in the summer of 2017. Ms. LaFave believes that the new lease will reduce friction between the Lessor and Tenant by providing clarity in division of maintenance responsibilities, and improving the ability to continue the lease if damage occurs.

On April 21, 2017, the USPS awarded a new Real Estate Service Provider contract to Jones Lang LaSalle Americas, Inc. (JLL), for a term of four years plus renewal options. The CBRE contract ends June 27, 2017. The overlapping period provides a transition period. Work already assigned to CBRE will remain with CBRE until completion of each assignment, even though that work may extend beyond the contract expiration date.

Initially, JLL will keep EMCOR in place and evaluate EMCOR's performance on Landlord Maintenance Program activities. After six months JLL will determine if EMCOR will remain under contract.

The Landlord Maintenance Program (LMP) is the Postal Service program which uses EMCOR to notify Landlords of their maintenance responsibilities. USPS maintenance responsibilities are managed through the Repair and Alteration Program (R&A).

The LMP can help Lessors with landlord requests for extension of time to complete maintenance and with lessor claims and disputes related to notices sent by the LMP. LMP does not help landlords with claims and disputes unrelated to LMP notices, landlord requests for lease modification and landlord requests for building maintenance or modification.

Lease actions are separate from LMP actions and require a USPS Real Estate Specialist (RES). Some of the tasks performed by Real Estate Specialists include negotiating new leases, processing renewal options, and facilitating **Lessors requests for building modifications. RES personnel can be contacted through the East Leasing Team - 336-665-2808 or the West Leasing Team - 303-227-5690.**

When contacting anyone in the Facilities Department, please include, or have available:
Facility Name,
Facility Fin-Sub (xxxxxx-xxx),
Facility street address, city, state and zip+4,
Lessor contact information.

Ms. LaFave provided contact information where Lessors can get answers to general questions, such as **"Which Leasing Team is my post office in?"**
Toll free phone number: 1-844-661-8729
Central Email Box: USPSLeasing@usps.gov.

Contracting Officers

Who Are They and What Can They Do For Lessors?

Contracting Officers make final decisions about lease disputes. It's important to know who these people are. But how do you find them? Mr. Steve Hurlbut of Akerman, LLC suggests that you:

1. Find the name of the last person who took some official act on the lease in question. Contact that person and ask if they are still the Contracting Officer (CO), and if not, who is.
OR
2. Call the Leasing Team for the post office and ask who the CO is.



East Leasing Team: 336-665-2808
West Leasing Team: 303-227-5690

After identifying the CO, it is fair to inquire as to that person's authority. Only Contracting Officers can bind the Postal Service. In private industry if an employee of a business appears to a reasonable party to have authority to act, he may have apparent authority. There is no apparent authority in the US Postal Service. If a USPS employee acts outside the limits of his authority, or even mistakenly tells a Lessor that he has authority when he does not, the USPS is not bound by his actions.

Ask for the limits of authority and if the warrant can be provided. Usually the USPS will put that information in writing and it will be something like "Authority up to \$5 million total and \$1 million per year on any lease." Different COs have different authority. For example, some have authority for repair and alterations, but not leases.

If a USPS employee has directed something he did not have authority for, the USPS can come in after the fact and ratify it. Various actions constitute ratification, such as making a payment. Silence does not. Ratification must be an affirmative action.

Claims can also be submitted for a determination of responsibility under the lease. Claims don't have to be for money.

Contractors have no contracting authority. For example, CBRE and EMCOR have no contracting authority. CBRE does not have authority to sign a lease. EMCOR does not make final decisions on maintenance responsibility.

EXHIBITORS CONFERENCE PRIZE WINNERS

David Kerberg	Salt Water Taffy from John Doherty, Eagle Consulting
Layton Radke	Gold Coin from Brian and Dottie Collins, Post Office Realty
Robert Thomas	\$400 from Margaret Glover, Atlanta Postal Credit Union
Jim Kohler	Canary Home Security System from Kevin Hutchens, First Oklahoma Bank
Barbara Hixson	\$50 from Karen Delamore, D.R.E. Consulting
Bruce Hassler	PO Box Bank from Tom Coe, Real Estate Asset Counseling

PREPARING FOR THE NEW USPS LEASE FORMS



The most crucial news for Lessors from the 2017 AUSPL Conference is the development of a new lease form by the USPS.

The revision of the lease process began in the late spring of 2015, and the USPS invited AUSPL to participate in the project. Following meetings with the USPS, leaders in Congress, and the USPS Office of the Inspector General, the USPS agreed, in a process that lasted through November of 2016, to remove or change some of the provisions that would have harmed Lessors the most. Some of the deleted provisions include:

- ★ Damage and destruction terms that would have permitted USPS to terminate a lease after a casualty for reasons completely unrelated to the casualty or the building.
- ★ Insurance terms that would have required lessors to insure against liability for the negligence of the USPS in its postal operations – coverage that would not have been available to lessors.
- ★ Terms regarding building restoration that would essentially have required the USPS to merely sweep the premises upon leaving, without regard to maintenance the USPS had not performed.

Despite these important improvements, the new lease form still contains several provisions that are detrimental to Lessors, and that require diligence by Lessors. For example, changes in the lease form will:

Increase maintenance costs for Lessors by shifting more housekeeping responsibilities to the Lessor.

Additionally, the new lease increases responsibility for hazardous materials for the Lessor. An example of a housekeeping responsibility that will shift from the USPS to the Lessor in the USPS Responsibility (Partial) Maintenance Rider is the cleaning of gutters and downspouts attached to the outer edge of the roof.

Create the potential for assumption of deferred maintenance that was formerly a USPS responsibility.

There is no mechanism in the lease for making sure the housekeeping that is shifting from the USPS to the Lessor is in good condition when the responsibility shifts. If the gutters around the outer edge of the roof have not been cleaned for several months when the Lessor takes on that responsibility, that deferred cleaning will become the responsibility and expense of the Lessor.

Require additional deadlines for actions by the Lessor. As an example, within ten days of receiving tax valuation notices, Lessors must provide those notices to the USPS. Failure to meet this

condition, could result in the USPS being responsible for reimbursing only 75% of the taxes. The reasoning behind this is that the USPS has the right to contest or appeal property valuations for tax purposes, and cannot exercise this right without the tax valuation notices.

Require Lessors to insure their buildings. Additionally, the contract will specify the general requirements for Liability and Casualty insurance and for the insurance carrier. AUSPL strongly encourages Lessors to have their buildings insured. However, insurance has not been a requirement in older leases. AUSPL Insurance meets all requirements of the new lease, both in terms of the carrier and the coverage specified.

Give the USPS the right to terminate if the Lessor does not cure defaults in time. In the case of a Lessor failing to perform some material provisions of a lease, or failing to meet repair deadlines in the lease, the new lease form gives the USPS a specific termination remedy.

The new USPS lease forms have become more detailed and more favorable to the USPS than prior forms. The new language specifies new lessor obligations that were not specifically covered in older lease forms. In most of those cases the new language has been drafted in a manner that is generally favorable to the USPS. If Lessors cannot avoid application of the new lease forms, they will need to review them carefully and negotiate their terms.

It is possible to avoid application of the new lease forms. Older leases may contain renewal options with specified rental rates that are favorable to the USPS. In such cases, the USPS will not want to be put to the choice of surrendering the favorable options by insisting on the use of the new lease form. Because substitution of the new lease form would be the creation of a new contract, the lessor would be under no obligation to honor the rental rates in the options being surrendered. Therefore, in any situation in which the USPS does not want rental rates for future renewal options renegotiated, the USPS can be forced to continue using older lease forms in order to retain the rental rates under existing renewal options.

When the new lease forms cannot be avoided, it is important for Lessors to read and understand them. Qualified professional help is advisable. Lessors should not be afraid to negotiate with the USPS. The USPS is aware that the leases contain new Lessor responsibilities that will be negotiated.

Finally, Lessors should make sure that rental rates under their leases are sufficient to cover any new maintenance obligations they accept in the new lease forms. That could also include periodic rent increases during the term to guard against increases in the cost of maintenance.



AUSPL Insurance provides comprehensive coverage for postal lessors.

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call 877-642-8775 today!**



Association of United States Postal Lessors
AUSPL Insurance Program

POST OFFICE MAINTENANCE

10 Tips For Avoiding the Big Loss

by Gary Phillips, AUSPL President

- 1 REMEMBER THE ROOF.** Determine the cost of a new roof, and amortize that cost over the remaining life of the roof to determine how much money to put aside monthly to cover the coming roof replacement.
- 2 THE NEW USPS LEASE REQUIRES LESSORS TO BE RESPONSIBLE FOR BUILDING SYSTEMS.** These include electrical service, sewer lines, water lines, fire lines and gas lines.
- 3 BEGINNING IN 2020 R-22 REFRIGERANT NO LONGER WILL BE PRODUCED.** It will only be available through licensed reclaimers at an inflated price. Take this into consideration when replacing HVAC systems.
- 4 SITE DRAINAGE IS THE RESPONSIBILITY OF LESSORS.** Water needs to drain away from the building. Standing water at the foundation can cause structural damage.
- 5 ASBESTOS AND ENVIRONMENTAL ISSUES CAN LEAD TO EARLY TERMINATION OF A LEASE, AND CAN BE EXPENSIVE.** Inspect for mold. Check Radon maps* for prevalence of radon in your area.
- 6 MAINTENANCE OF USPS INSTALLED EQUIPMENT IS THE RESPONSIBILITY OF THE USPS, UNTIL LEASE RENEWAL.** If the Lessor does not exclude USPS installed equipment, it becomes the responsibility of the Lessor.
- 7 SEPTIC SYSTEMS AND WELLS.** Postal facilities on septic systems will be required to hook up to a newly available sewer system. The USPS lease requires that well water be potable. Have well water tested.
- 8 LET THE COMMUNITY BE YOUR PARTNER.** If the USPS has ignored your requests for maintenance, consider asking the town or city to give you a letter asking for the maintenance.
- 9 PROPOSE UPGRADES AT RENEWAL TIME.** Renewal time is a terrific opportunity to propose building improvements to be amortized over the new lease term.
- 10 KNOW THE CONDITION OF YOUR BUILDING.** Maintenance issues do not correct themselves. They only get worse over time. The USPS considers facility inspections the responsibility of the Lessor. Never renew a lease, or sign a new lease without conducting a complete inspection. Notify the USPS in writing of maintenance deficiencies and press for resolution as part of renewal negotiations.

**Radon maps are available on the AUSPL website under AUSPL Members/Member Tools and Resources/ EPA – Radon Gas Zones by State.*

NEW AUSPL WEBSITE TOOL

The AUSPL website, www.auspl.com, has a new tool to help Lessors find information on their own buildings, as well as rents on comparable buildings. This tool can be found under: AUSPL Members/Member Tools and Resources/Property Searches

There are two functions:

★ FIND YOUR BUILDING

★ ADVANCED PROPERTY SEARCH

Selecting **FIND YOUR BUILDING** will bring up a form on which Lessors can enter search criteria about a postal facility. Searches can be done by entering Property ID or Property Address, or by entering the State and City of the property. This will produce a “Building Information Summary” which can be printed out and kept in the property file for quick reference.

The Summary includes:

Property Information:

Post office name/type
Property Address

USPS Facility ID number
Date Originally occupied

Owner information and lease information:

Owner Name
Additional Owners
Owner Address

Lease Information:

Lease Effective Date
Maintenance Responsibility
Building Interior Square Feet
Annual Rent per Square Foot

Lease Expiration Date
Tax Reimbursement Status
Annual Rent

Selecting **ADVANCED PROPERTY SEARCH** allows Lessors to look for facilities comparable to their own. The search criteria include:

- » Type of Post Office
- » Property Address
- » State
- » City
- » Zip Code (required)
- » Year Occupied
- » Maintenance Rider
- » Interior Square Footage

This Search will produce a list of comparable facilities, and an average per square foot rent.

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Frequently Asked Questions

MISS

AUSPL provides education and training to its members by making available experts in lease negotiation, maintenance, property taxes and other services lessors need to better manage their investments.

LEARN MORE



Facility Name/Location
- (-)

Lease (Single-Tenant Form)

County:
Solicitation:

This Lease, by and between _____, [an individual resident of (enter name of State)] [corporation] [limited partnership] [limited liability company] [trust] [general partner] of the United States Postal Service ("USPS" or "Postal Service"), is made as of the Effective Date of this Lease. _____ shall mean the date the Postal Service executes this Lease.

In consideration of the mutual promises set forth and for other good and valuable consideration, the parties covenant and agree as follows:

1. PREMISES: Landlord hereby leases to the Postal Service and the Postal Service hereby leases to the Landlord the premises (the "Premises") (located in a _____ (the "Building") situated upon the real property of _____ and legally described in Exhibit A attached hereto and by reference incorporated herein) and the Premises consists of approximately _____ square feet of _____ (the "Property"). The Postal Service shall have the right to use _____ areas, wherever located, including sidewalks, _____ intended _____



IMPROVING LEASE NEGOTIATION SKILLS

AUSPL Board Member, and former USPS employee Keith LaShier presented a workshop on Lease Negotiation, Establishing Fair Market Value and working with CBRE/JLL. His objectives were to provide Lessors with insights to help with negotiating, to point out features that add value to post office buildings, and to explain the role of CBRE or Jones, Lang, LaSalle (JLL).

When negotiating, Keith advises that Lessors remember that Renewal Options benefit the USPS. When the predetermined renewal rent is higher than they would like, the USPS will choose to renegotiate. Keith suggests that Lessors only negotiate on the rental amount, unless there are terms that the Lessor would like to change. Don't start negotiating on things that benefit the USPS, but not the Lessor.

In the case of new leases, every succeeding new lease gives more benefit to the tenant and less to the Lessor. Lessors can retain the current lease by proposing a Lease Amendment that will add one or two more Renewal Options to the current lease. If there is going to be a new lease, Lessors must read it before deciding on a rental amount so they can include the costs of any new obligations. Lease forms can be modified, but Keith cautions Lessors that modifications should be simple, and important. The USPS will resist changes in entire paragraphs.

When determining lease rates, Lessors need to value the special features in their building.

Lessors need to determine if there is a Termination Clause in the lease. These are detrimental to Lessors who are planning to sell or borrow on the property. Buyers are reluctant to buy where the USPS has an escape from the lease, and lenders will likely ask for a higher interest rate. It is reasonable for Lessors to ask to have this clause deleted.

There are two Maintenance Riders. In the Landlord Maintenance Rider the Lessor is responsible for all normal repairs. Lessors need to refer to the Utilities, Services and Equipment Rider for further details on those specific responsibilities. In the USPS Partial Maintenance Rider the USPS has most of the maintenance responsibilities. If the Postal Service is deferring maintenance, the Lessor should inspect the building annually, and send letters to the Contracting Officer putting the USPS on notice about the deferred maintenance. Should it become necessary to file a claim, the documentation will support the Lessors position.

UPMA Works Toward Postal Reform

Sean Acord and Tony Leonardi, co-presidents of United Postmasters and Managers of America, asked for the help of AUSPL members to support the UPMA by calling their representatives in Congress to ask for support of HR 756, The Postal Reform Act of 2017. They believe that this legislation will help return the USPS to financial stability by restructuring the health and retirement benefits of postal employees, increasing postage prices, and allowing some non-postal services.



Sean Acord also asked for AUSPL members to talk with their Representatives about returning routes to post offices which had routes removed prior to POSTPlan.

Prior to POSTPlan, some facilities were slated for closure. Routes were removed from these facilities. The introduction of POSTPlan saved those

facilities by reducing hours to 2, 4 or 6 per day. However, the transferred routes stayed in the new locations continuing to serve the same delivery points as before. In some cases, a route driver on his schedule will drive past the POSTPlan facility where the route was formerly located.

Saving money was the stated reason for the plans to close post offices and move the routes. Because the contract carriers in rural areas get paid by the mile, it appears that the savings would be greater if the routes returned to the POSTPlan facilities. Additionally, these facilities do not have full-time Postmasters. They are run by clerks, who are on a different pay scale, and often make more money than the Postmasters who previously ran them. The USPS has not provided any information on cost savings pursuant to POSTPlan.

Every January the USPS is supposed to re-evaluate, and if necessary, reclassify post offices. That did not happen in 2017. Were the USPS to return routes to the 2, 4 and 6 hour facilities from which they were removed, it is projected that the workloads at these facilities would increase. In that case, the 2, 4 and 6 hour facilities would have the opportunity to move up in classification, increasing the value of the facility and making it less likely to close.

Continued from page 12

When determining lease rates, Lessors need to value the special features in their building. These features include the parking lot, ADA modifications, dock, canopy, concrete pad, lifts, drip drains, retention ponds, antennas on the roof, and special cabling. These items will add value when negotiating.

CBRE and JLL have contracted with the USPS to handle lease negotiations. CBRE and JLL have no authority to make decisions. Generally, CBRE/JLL will want to discuss annual rent, termination clauses, renewal options and commission. Lessors are not required to pay a commission. Should Lessors choose to pay something because they believe that CBRE/JLL has added value, Keith suggests a Transaction Fee of a smaller amount, which should then be recaptured through increased rent. Keith cautions that CBRE/JLL employees make mistakes. Be sure to read the proposed lease and compare it to what is currently in place.

In summary, Keith advises Lessors to remember the USPS doesn't want to move. They don't have staff to find land or buildings, negotiate, build new, move, etc. They are looking for fair market rent. Lessors need to read the lease and understand the impact of the Maintenance Rider and Termination Rider. Know there are special features in the building that add value. If USPS wants to use a new lease, obtain a copy and read it before stating a rental amount.

How YOU Can Support Postal Reform



Harry Glenn of Van Scoyoc Associates and Morgan Wolaver, Director – Legislative Affairs spoke about the importance of AUSPL’s legislative activities and the value of involvement by AUSPL members.

AUSPL’s leadership meets regularly with members of Congress to discuss AUSPL and its 3,100+ members, the leasing program, the importance of post offices as a means of providing universal service, and postal reform legislation.

They have spent time with decision makers such as Representative Jason Chaffetz, former Chairman of the House Oversight Committee and sponsor of the postal reform bill now making its way through the House, as well as Representative Mark Meadows, Chairman of the House Oversight Committee Subcommittee on Government Operations. These relationships benefit AUSPL both in working with the USPS and by including Lessor’s issues in postal reform legislation.

Both Morgan and Harry asked AUSPL members to communicate with their Representatives about co-sponsoring House Resolution 166, a non-partisan resolution “Expressing the sense of the House of

Representatives that the United States postal facility network is an asset of significant value and the United States Postal Service should take appropriate measures to maintain, modernize and fully utilize the existing post office network for economic growth.”

Harry discussed the importance of passing the current postal reform bill, HR 756, The Postal Reform Act of 2017. AUSPL members need to be informed about postal reform because of the importance of the USPS being on firm financial footing.

“You have to show up to have a voice”

Morgan and Harry introduced four AUSPL members who attended Hill Day. Joyce McCutcheon, Bert Distelberger, Jim Kohler, and Jeremy Garber all reported on their impressions of the Hill Day experience. As a first time Hill Day participant Mr. Garber was impressed by the interest shown in AUSPL’s issues. “You have to show up to have a voice,” Mr. Garber said.

Joyce McCutcheon encouraged all AUSPL members to attend Hill Day. “Do it because you want to see positive changes made in legislation. Do it for your facilities. Do it for other members. It’s the right thing to do, and we have a right to do it.”

Call us! We are here to answer your questions.

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**Karen Delamore,
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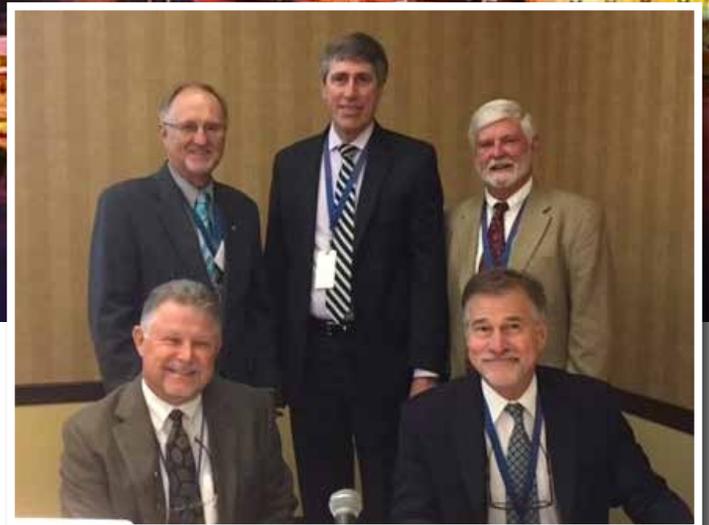
**Rodney Stine talks with attendee
Vision Bank**



AUSPL Regional Meeting Atlantic City, NJ



The AUSPL Regional Meetings provide the perfect opportunity for AUSPL members to meet AUSPL Board members and staff. At the August 25 meeting in Atlantic City, fifty AUSPL members had the opportunity to get answers to questions about post office maintenance, the progress of postal reform legislation, USPS Facilities Department operations, and what to expect from the new USPS lease forms.



Standing- from left: Keith LaShier, AUSPL Board Member; Harry Glenn, Van Scoyoc & Associates; Bill Eck, AUSPL Insurance. Seated - from left: Mark Karolczyk, AUSPL Director of Operations; and Gary Phillips, AUSPL President.



Sallie Bacher, AUSPL Office Manager, assisted by Jacquie LaShier

**Watch the AUSPL website
and upcoming newsletters for
information on the next
Regional Meeting and AUSPL
Conference 2018 in
Las Vegas, Nevada**



AUSPL

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