



November 17, 2016

MEMORANDUM FOR: REGIONAL COMMISSIONERS, PBS
REGIONAL LEASING DIRECTORS
REGIONAL LEASING ACQUISITION OFFICERS

11/17/2016

 James C Wisner

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Signed by: JAMES WISNER

FROM: JAMES C. WISNER
ASSISTANT COMMISSIONER FOR OFFICE OF LEASING
- PR

SUBJECT: LEASING ALERT (LA-FY17-02) – Price Negotiation
Memorandum (PNM) and Tenant Improvement/Building
Specific Amortized Capital (TI/BSAC) PNM templates

- 1. Purpose.** This Leasing Alert issues a revised template for the pre-award Price Negotiation Memorandum (PNM), originally issued via LAC 2010-01, as an attachment to Leasing Desk Guide (LDG) Chapter 2. This Leasing Alert also replaces the post-award Tenant Improvement (TI) PNM template, originally issued via RSL 2007-04, with a Tenant Improvement/Building Specific Amortized Capital (TI/BSAC) PNM template that incorporates potential BSAC post-award negotiations. This Leasing Alert also includes an optional “TI/BSAC PNM - Attachment A” to serve as supporting documentation to the TI/BSAC PNM.
- 2. Effective Date.** This Leasing Alert and its attachments are effective immediately for all applicable lease procurements.
- 3. Applicability.** This Leasing Alert and its attachments are mandatory as noted below and apply to all General Services Administration (GSA) real property leasing activities and to activities delegated by GSA to other Federal agencies.
- 4. Cancellation.** The following are canceled:
 - a. LAC 2010-01, LDG Chapter 2 (9/30/2010 version), Sample Price Negotiation Memorandum Template.



b. RSL 2007-04, Attachment 2, Tenant Improvement Price Negotiation Memorandum Template.

Instructions and Procedures.

a. The attached PNM templates are provided as mandatory templates for Leasing Specialists, Lease Contracting Officers (LCO), and Broker Contractors to use in documenting price negotiations. The pre-award PNM also serves as the LCO's Record of Award Decision for lowest priced technically acceptable procurements. Alternative formats for the pre-award PNM may be used, if authorized by the Regional Lease Acquisition Officer (LAO). Alternative formats must address the elements outlined under LDG Chapter 2 and conform to FAR Part 15.4. Alternative formats for the TI/BSAC PNM are not permitted. Use of the TI/BSAC PNM - Attachment A is optional for all projects except for GLS projects, where its use is mandatory.

b. All templates provide instructions to assist in preparation. Note that the preparer and LCO must sign and date the PNM before lease award (or, with respect to post-award TI/BSAC, before issuing the Notice to Proceed).

c. In instances where the TI or BSAC costs are below the allowance or placeholder estimates stated under the lease, the TI rent must be recalculated by re-amortizing the agreed upon pricing (principal) over the terms (number of months and interest rate) established in the lease. A lease amendment is not required at this time, although the lease amendment issued at rent commencement must reflect the adjusted TI rent. Note that TI or BSAC established as firm fixed (turnkey) pricing is not subject to readjustment.

d. In instances where the negotiated TI cost exceeds the TI allowance, Leasing Specialists must keep the client agency apprised during negotiations. Before issuing the NTP, the Leasing Specialist must confirm that the client agency has authorized this additional expenditure and the LCO has obtained sufficient RWA funds for the excess TIs and PBS fees. Under these circumstances, a lease amendment ordering the excess TIs must accompany the NTP. The overage amount and Pegasys Document Number (PDN) must be documented in the lease amendment. Send a copy of the obligating documents to the Budget Office within 10 business days of obligation, or by the end of the month for obligations of \$50,000 or more, when using RWA funds. Always refer to the latest RWA policy for detailed guidance related to RWAs.



GSA Public Buildings Service

- Attachment 1, Price Negotiation Memorandum (PNM) Template
- Attachment 2, Tenant Improvement/Building Specific Amortized Capital Price
Negotiation Memorandum (TI/BSAC PNM) Template
- Attachment 3, TI/BSAC PNM – Attachment A

COVER PAGE FOR ATTACHMENTS 1 THROUGH 3