

Opening Statement of John M. Barger

Senate Homeland Security and Government Affairs Committee

Confirmation Hearing, U.S. Postal Service Board of Governors

June 12, 2019

Chairman Johnson, Ranking Member Peters and members of the Committee, it is an honor to be here today. Thank you for considering my nomination to serve on the Board of Governors of the United States Postal Service, and thank you to President Trump for nominating me. I am humbled to be considered for this role and, if confirmed, I will do my level best as a Governor to assist in stewarding this historic and vital American institution as it faces profound challenges in a dynamic and increasingly technology-driven world. If confirmed, I look forward to providing oversight, support and guidance to the Postal Service management team as it serves the American people.

Our Founders understood the importance of creating a system of governance and institutions that would enable the United States and its people to thrive while inhabiting a vast territory. One of the vital institutions allowing this great country to expand and prosper has been the United States Postal Service. Historically, it has been as important as America's natural infrastructure of roads and waterways, enabling the American people to communicate and develop a common identity as one nation.

Today, however, the United States Postal Service faces profound challenges. Technology has changed the way people communicate and conduct commerce. One well known problem we face is America's expanded use of email and online bill payment, which erodes a key revenue driver: First-Class mail delivery. These and other changes in commerce and communications will continue to have a direct impact on the Postal Service's economic model, including the demand for its services and the type of products needed by its customers. Artificial Intelligence, advanced supply chain management and robotics, 3-D printing, and drone technology will likely impact the Postal Service, and how well the institution utilizes and adapts to these innovations will determine its future success. This business adaptation is more important for the Postal Service than it would be for a private enterprise, because unlike a private company, the Postal Service has a public purpose to provide Universal Service to all communities and all Americans. The Postal Service's goal for the 21st century must be to ensure that all Americans—whether urban or rural, rich or poor—have universal access to basic delivery infrastructure that is current and appropriate to the changes in modern communications and commerce.

The Postal Service already has assets that will help it meet this challenge. One part of the solution will be to find ways to take advantage of the unique and significant network in place today, which connects with practically every American in this great nation. Building on this, it

will need to understand customer needs, competitive forces, and supply-demand dynamics, and the latest technological developments. If done successfully, the Postal Service's core business model should be sufficiently viable to provide for the obligations and commitments of the USPS employees and retirees, without drawing on direct taxpayer assistance.

To help drive this change, I believe my educational, financial, legal, business and public governance background has prepared me to serve the USPS Board of Governors. I am a graduate of the University of California, Hastings College of the Law, and the London School of Economics, where I earned my Master's degree in finance and accounting. As an important balance to my technical education, I earned a degree in history and philosophy with honors from Ohio Wesleyan University.

I began my career at Citibank and Bankers Trust/Deutsche Bank, working on teams which financed very large and complex corporations including United Airlines, York International, and Macy's Federated. More recently, I have invested in and participated as an active director of private companies facing changing markets and technology demands, in turn requiring changing business strategies to serve addressable markets. One board directorship is with an e-commerce and logistics/supply chain company that has changed the way its customers, wineries, sell to their own consumers. Using cutting-edge logistics technology, this year our company will ship approximately \$1.7 billion in wine and consumer merchandise with combined annual growth rate exceeding 20 percent. I also serve on the board of an Atlanta-based LED visual display/technology company with a global supply chain and growing blue-chip customer base in the U.S., Asia, and Europe. In the past I also served as a director and investor in a technology partnership with SAP, an international market leader in enterprise software, seeking to serving the automotive/automotive dealership vertical markets.

In addition to my private sector experience, my public governance experience includes my work as a Director on the Investment and Retirement Boards of the Los Angeles County Employees Retirement Association (LACERA). LACERA is the largest county pension fund in the United States, with over \$60 billion in assets and providing benefits to approximately 160,000 current and retired Los Angeles County employees. I served on the LACERA Board for seven years, three times being elected Investment Board chair by my fellow board members. The role as LACERA board member and board chair required successful collaboration and consensus building among directors from labor, government, and the private sector.

Finally, I have experience as a successful entrepreneur, being a founder, director and officer of AXA/XL Group-Latin America (formerly XL Group, (NYSE: XL), an emerging market reinsurance company. In my role, I was responsible for forming and staffing our Bermuda, Swiss, Brazilian, Argentine, Mexican, and Colombian companies. After successfully building our company, XL acquired our partners' interest in 2002. More recently, I founded and assisted in building a successful and highly regarded boutique turn-around management/consulting firm in Los Angeles, Sierra Constellation Partners. I sold my interest in that firm in 2016.

In closing, I've learned that corporate governance works best when each participant contributes his or her experience and best ideas to work constructively with the other Governors or board members. I have been impressed with diverse backgrounds of those currently serving and those previously nominated to the role. It is my hope that that, if confirmed, my own background in finance, business, technology, political economy, and the liberal arts has prepared me to contribute also. I like to think of myself as a problem solver, someone with a sense of urgency to get things done while also working with divergent views and perspectives to find consensus. I will endeavor to bring this approach to the USPS Board, if I am approved by your Committee and confirmed by the Senate.

Again, thank you for taking up my nomination and I look forward to answering your questions.