

SBA'S ALL SMALL MENTOR PROTÉGÉ PROGRAM

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Presenter



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All Small Mentor-Protégé Program

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I. Background

- Historically, the SBA has had a successful mentor protégé business development program for 8(a) firms only
- The Small Business Jobs Act of 2010 and FY 2013 National Defense Authorization Act authorized the SBA to establish government-wide mentor protégé program for all small business concerns
- SBA's rule for "All Small" Mentor Protégé Program was effective on August 24, 2016, with applications received starting on October 1, 2016
- All Small program patterned on 8(a) Mentor Protégé Program

II. Benefits of Mentor Protégé Program

- Protégé
 - Financial, marketing and proposal assistance
 - Training
 - Subcontracts
 - Bonding
 - Joint Ventures without affiliation
- Mentor
 - Joint Ventures without affiliation
 - Purchase up to 40% of protégé without affiliation
 - Public relations

III. Mentor Eligibility

- Large or small business
- For-profit entity that demonstrates its commitment and ability to assist small business concerns
- Mentor must annually certify that it continues to possess good character and favorable financial position
- Maximum of 3 protégés

IV. Protégé Eligibility

- Open to all small businesses
- May self-certify as small under primary NAICS code or seek assistance in secondary NAICS code
- For a secondary NAICS approval, the protégé must demonstrate a “logical business progression”
- Maximum of 2 mentors, but only if second mentor is for secondary NAICS code or protégé seeks to acquire specific expertise that first mentor does not possess

V. Mentor Protégé Agreement: Contents

- Mentor Protégé Agreement (MPA) must be written agreement
- MPA details the specific benefits and assistance mentor will provide to protégé to meet its goals as defined in its business plan
- MPA will establish a single point of contact in the mentor who is responsible for managing and implementing the agreement
- MPA term is a minimum of 1 year; up to 3 years for one MPA, with a possible second 3-year term, for a total of 6 years
- Either party can terminate MPA on 30-days' notice to other party and SBA
- MPA must be approved by the SBA prior to receiving any benefits

Mentor Protégé Agreement: Evaluation

- SBA reviews the MPA annually and can terminate at any time
- Within 30 days of its approval anniversary, protégé must report to SBA for the preceding year:
 - All technical and/or management assistance or loans and/or equity
 - All subcontracts awarded to and between the mentor and protégé
 - All federal contracts awarded to the any mentor protégé JV
 - Description of the assistance protégé has had in meeting developmental goals
 - Mentoring services it receives by category and hours

Mentor Protégé Agreement: Approval

- SBA reviews annual report and decides whether to approve continuation of the relationship
- Any proposed changes to the MPA must be in writing and approved by the SBA
- MPA can continue even if mentor undergoes a change in ownership

Mentor Protégé Application Process

- Apply online at www.certify.sba.gov
- All applicants must:
 - Register with SAM.gov
 - Execute and submit a Mentor-Protégé Agreement; a template is available at SBA website
 - Complete online training module
 - Submit other documents to substantiate eligibility
 - SBA processing time currently is less than a month

VI. Mentor Protégé Joint Ventures

- Joint Ventures (JV) without affiliation are a significant benefit of mentor protégé relationship
- Protégé may JV with its mentor for any government prime contract or subcontract, provided that the protégé qualifies as small for the size standard for NAICS code assigned to the procurement
- JV will qualify for a set-aside contract for specific socio-economic programs, such as for SDVOSBs, WOSBs, or HUBZone, if the protégé meets the particular program-specific requirements

Joint Venture Requirements

- Structure: the joint venture can be formal (established as corporation or LLC) or informal
- Protégé must own 51% of separate legal entity
- Joint venture must do business in own name
- Joint venture must be identified in SAM
 - Joint venture must have own CAGE and DUNS numbers
 - Must be identified as joint venture and list JV partners
 - No prior SBA approval required for All Small JV agreements

Joint Venture Agreement: Content Requirements

- Agreement must be in writing
- Describe purpose of the JV
- Protégé must be the managing venturer of the JV
- Employee of protégé must be the project manager responsible for performance of the contract
- Mentor and protégé must receive profits from the JV commensurate with the percentage of work performed

Joint Venture Agreement: Content Requirements (*cont'd*)

- Set-up of special bank account in JV's name
- Itemize all major equipment, facilities, and other resources to be furnished by each party
- Specify responsibilities regarding contract negotiations, source of labor, and contract performance between mentor and protégé
- Obligate JV parties to complete performance of set-aside contract despite withdrawal of the other member

Joint Venture Agreement: Content Requirements (*cont'd*)

- All JV accounting and administrative records, including final records, must be retained in protégé's office
- Quarterly financial statements submission to SBA no later than 45 days after operating quarter
- Project-end profit and loss statement submission to SBA no later than 90 days after completion

Joint Venture Agreements: Performance of Work

- For set-asides, the JV must comply with the limitation on subcontracting in FAR 52.219-14, and protégé must perform at least 40% of work performed by JV
- Protégé's work must be more than administrative or ministerial functions
- In calculating the respective work performed by the parties, the SBA will aggregate all work done by the mentor and any of its affiliates at any subcontracting tier

Joint Venture Agreements: Compliance Certification

- The mentor and protégé must certify to SBA and contracting officer prior to first set-aside contract:
 - the JV agreement's compliance with the content regulations;
 - the JV's compliance with the JV agreement terms; and
 - the JV's compliance with the performance of work requirements between the mentor and the protégé
- Annually during performance and at contract completion, the protégé must report on how the JV complied with the performance of work requirements (signed by both parties)
- Adverse consequences for noncompliance

VII. Conclusion

- The All Small Mentor Protégé program presents exciting opportunities for both small and large businesses
 - QUESTIONS ???