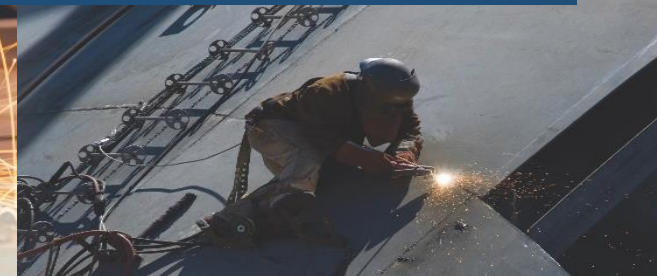
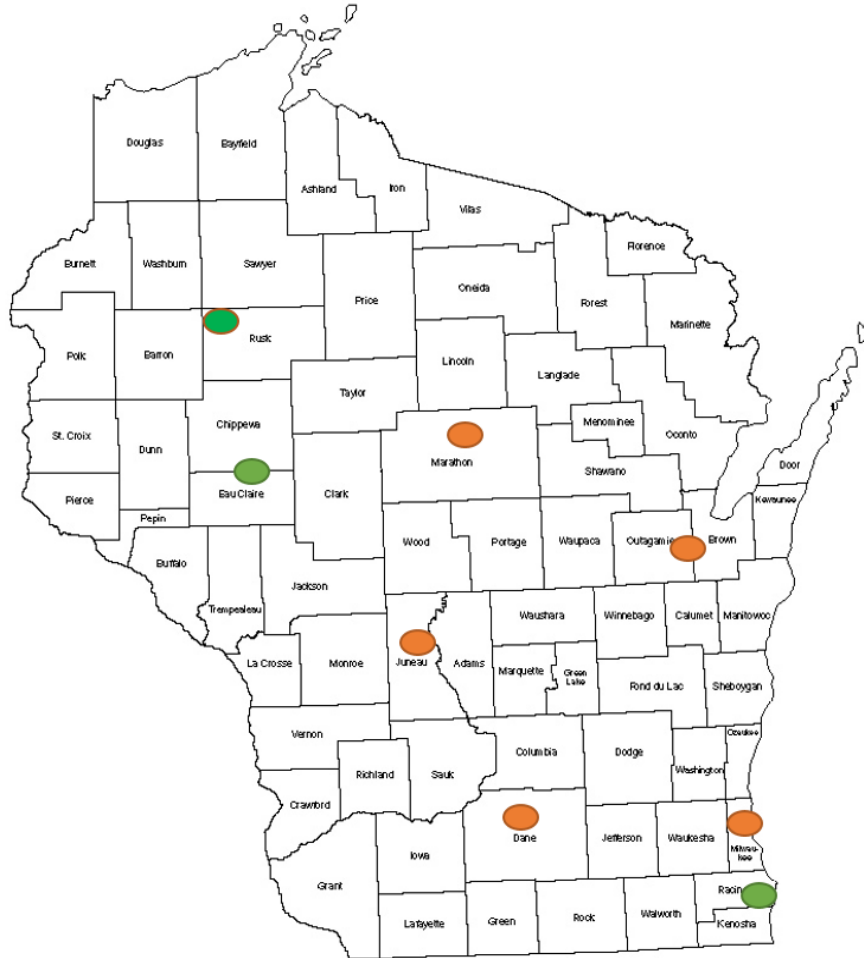




ACQUISITION HOUR : FEDERAL GOVERNMENT CONTRACTING – A LOOK AT RECENT CHANGES – PART 2 September 14, 2016





LOCATIONS:

- **Primary office – Milwaukee** - Technology Innovation Center
- **Staffed Satellite offices**
 - Madison** (FEED – Food Enterprise & Economic Development / MEC – Madison Enterprise Center)
 - Camp Douglas** (Juneau County Economic Development Corporation)
 - Wausau** (Wausau Region Chamber of Commerce)
 - Appleton** (Fox Valley Technical College)
- **Active Partnerships**
 - Racine** – LaunchBox
 - Eau Claire** - Western Dairyland
 - Ladysmith** – Indianhead Community Action



www.wispro.org

UPCOMING EVENTS

SEPTEMBER 13 2016
ACQUISITION HOUR: FEDERAL GOVERNMENT CONTRACTING – A LOOK AT RECENT CHANGES - PART 1

SEPTEMBER 14 2016
ACQUISITION HOUR: FEDERAL GOVERNMENT CONTRACTING – A LOOK AT RECENT CHANGES - PART 2

SEPTEMBER 16 2016
A WINNING APPROACH TO CONTRACT AWARD: PREPARATION, LEAD GENERATION, FOLLOW-UP AND CLOSING THE DEAL
MILWAUKEE, WI >

SEPTEMBER 20 2016
A WINNING APPROACH TO CONTRACT AWARD: PREPARATION, LEAD GENERATION, FOLLOW-UP AND CLOSING THE DEAL
WAUSAU, WI >

SEPTEMBER 21 2016
GREEN BAY PACKERS MENTOR PROTÉGÉ PROGRAM NETWORKING EVENT
GREEN BAY, WI >

CURRENT OPPORTUNITIES (3)

GET STARTED WITH THE BASICS

Questions & answers on how to get started.

GET STARTED

SIGN-UP FOR OUR NEWSLETTER

Stay up-to-date with the latest WPI news.

SIGN UP

HAVE A QUESTION? WE'RE HERE TO HELP.

One of our staff of experts is available to answer your questions.

GET HELP

WISCONSIN PROCUREMENT INSTITUTE
10437 INNOVATION DR., SUITE 320
MILWAUKEE, WI 53226

P: 414-270-3600



CONTACT US
CLIENT CONSENT FORM

Changes to Federal Government Contracting - Affiliation

James Strube

Business Opportunity Specialist



Affiliation

Affiliation exists when one business controls or has the power to control another or when a third party (or parties) controls or has the power to control both businesses.

Affiliation

Control may arise through ownership, management, or other relationships or interactions between the parties.

Affiliation

Affiliation may be found where an individual, concern, or entity exercises control indirectly through a third party.

Affiliation

In determining whether affiliation exists, SBA will consider the totality of the circumstances, and may find affiliation even though no single factor is sufficient to constitute affiliation.

Affiliation

In determining the concern's size, SBA counts the receipts, employees, or other measure of size of the concern whose size is at issue and all of its domestic and foreign affiliates, regardless of whether the affiliates are organized for profit.

Affiliation

Firms owned or controlled by married couples, parties to a civil union, parents, children, and siblings are presumed to be affiliated with each other if they conduct business with each other, such as subcontracts or joint ventures or share or provide loans, resources, equipment, locations or employees with one another.

Affiliation

This presumption may be overcome by showing a clear line of fracture between the concerns.

Other types of familial relationships are not grounds for affiliation on family relationships.

Affiliation

SBA may presume an identity of interest based upon economic dependence if the concern in question derived 70% or more of its receipts from another concern over the previous three fiscal years.

Affiliation

This presumption may be rebutted by a showing that despite the contractual relations with another concern, the concern at issue is not solely dependent on that other concern, such as where the concern has been in business for a short amount of time and has only been able to secure a limited number of contracts.

Affiliation

A joint venture of two or more business concerns may submit an offer as a small business for a Federal procurement, subcontract, or sale so long as each concern is small under the size standard corresponding to the NAICS code assigned to the contract.

SBA- Wisconsin District Office

For more information on SBA's programs and services
Please contact:

James Strube, Business Opportunity Specialist

Telephone: 414-297-3951

Email: James.Strube@sba.gov

Or visit our office web site at www.sba.gov/wi

SBA - Wisconsin Offices

Wisconsin District Office

310 West Wisconsin Ave.

Suite 580W

Milwaukee, WI

Phone: 414-297-3941

Wisconsin District Office

740 Regent Street

Suite 100

Madison, WI

Phone: 608-441-5261

Changes to Federal Government Contracting - Affiliation

Mary Trimmier

Lead Economic Development Specialist



Changes to the Requirements of Affiliation

The rule change:

- ▶ Separates and distinguishes affiliation requirements for financial assistance programs in new [§ 121.301\(f\)](#)

Changes to the Requirements of Affiliation

Programs affected by this rule change:

- ▶ **Business Loan Programs**
 - ▶ 7(a)
 - ▶ 504
 - ▶ Microloan
 - ▶ ILPP
- ▶ **Disaster Loan Programs**
- ▶ **Surety Bond Guarantee Program**

Changes to the Requirements of Affiliation

The general rules of affiliation for financial assistance are different from procurement assistance:

AND

Specific ways control can create affiliation are different for financial assistance

Changes to the Requirements of Affiliation

What Does it Mean When Two (or more) Businesses are Affiliated?



Changes to the Requirements of Affiliation

- **Determine Control of Applicant**
- **Control of any another businesses**
- **If yes, affiliation occurs**
- **Then combine applicant & all affiliate data to determine size of the applicant**

Changes to the Requirements of Affiliation

§121	Affiliation Based On:	Change
.301(f)(1)	Ownership	<ul style="list-style-type: none"> • > 50% ownership • Individuals - No longer combined with unrelated parties
.301(f)(2)	Stock Options and Agreements to Merge	<ul style="list-style-type: none"> • No change
.301(f)(3)	Management	<ul style="list-style-type: none"> • Clarified management includes Management Agreements
.301(f)(4)	Identity of Interest	<ul style="list-style-type: none"> • Only for Close Relatives per §120.10
.301(f)(5)	Franchise / License Agreements	<ul style="list-style-type: none"> • Franchise/License Agreement does not constitute affiliation • Review Applicant agreements only
.301(f)(6)	Determining Size	<ul style="list-style-type: none"> • No substantive changes
.301(f)(7)	Exceptions to Affiliation	<ul style="list-style-type: none"> • No substantive changes

Changes to the Requirements of Affiliation

§121	Affiliation Based On:	Change
.103(a)(5)	Totality of Circumstances	Replaced with specific guidance
.103(g)	Newly Organized Concerns	Not in Rule*
.103(h)	Joint Ventures	Not in Rule*

* The rules still apply to contracting and business development programs, but were not included in the financial assistance programs rules to determine if affiliation exists

Changes to the Requirements of Affiliation

Affiliation based on ownership

- ▶ SBA will deem that control exists based on ownership when a person owns or has the power to control more than 50% of the voting equity of the concern.
- ▶ The new rule simply determines that if there is not a majority share holder with voting rights, the Board of Directors or President or CEO are in control of the concern.

Changes to the Requirements of Affiliation

Affiliation based on management

- ▶ **May create affiliation if:**
 - ▶ Applicant SBC manages another entity
 - ▶ Management Agreement gives control to Management Company
 - ▶ e.g.: Management firm controls all business functions
- ▶ **Not Affiliation if:**
 - ▶ Management firm providing only non-essential activities not related to the actual business operations
 - ▶ e.g.: Management firm performing billing for Medical practice, NOT providing medical services

Changes to the Requirements of Affiliation

Affiliation based on identity of interest

- ▶ SBA will determine that affiliation arises when there is an identity of interest between close relatives with identical or substantially identical business or economic interests (such as where close relatives operate business in same or similar industry in the same geographic area).

Changes to the Requirements of Affiliation

Affiliation based on franchise & license agreements

- ▶ SBA has limited the franchise or license agreement reviews to the applicant franchisee or licensee and the franchisor.

Determining the concern's size

- ▶ SBA counts the receipts, employees or net income and net worth (the alternate size standard), if applicable, of the concern whose size is at issue and all its domestic & foreign affiliates, regardless of whether the affiliates are organized for profit.

SBA - Wisconsin Offices

Wisconsin District Office

310 West Wisconsin Ave.

Suite 580W

Milwaukee, WI

Phone: 414-297-3941

Wisconsin District Office

740 Regent Street

Suite 100

Madison, WI

Phone: 608-441-5261

Affiliation For Financial Assistance

Question on affiliation?



Upcoming WPI Events – Acquisition Hour Webinars

- **Selling to the State of Wisconsin and Local Governments** – September 28th, 2016
- **Introduction to Certifications available to Minority Owned Businesses** – October 11th, 2016
- **Export Controls: Export Administration Regulations (EAR)** – October 12th, 2016
- **Understanding Your Obligations When Quoting And Receiving Awards From Defense Logistics Agency (DLA) DIBBS** – October 25th, 2016
- **Introduction to Certifications available to Woman Owned Businesses** – October 26th, 2016
- **Contract Closeouts: Preparing for a Smooth Ending** – November 8th, 2016
- **Export Controls – ITAR and Associated Requirements** – November 9th, 2016
- **Preparing for CPSR Audit** – December 6th, 2016

Upcoming WPI Events – premarketplacewi.org

- **Pre-MARKETPLACE 2016 Series - Winning Approach to Contract Award: Preparation, Lead Generation, Follow-Up and Closing The Deal**
 - **Milwaukee** – September 16th 2016 - Milwaukee Urban League 435 W North Ave Milwaukee, WI 53212
 - **Wausau** – September 20th 2016 - Wausau Entrepreneurial & Education Center 100 N 72nd Ave Wausau, WI 54401
 - **Hayward**– September 22nd 2016 - Lac Courte Oreilles Ojibwa Community College 13466 West Trepania Road, Hayward, WI 54843
 - **Eau Claire** – September 28th, 2016 - Royal Credit Union (RCU)'s corporate headquarters 200 Riverfront Terrace, Eau Claire, WI 54703
 - **La Crosse** – October 4th, 2016 - Western Technical College; Room B121 in the Business Education Building 400 7th St N, La Crosse, WI 54601
 - **Keshena** – October 6th, 2016 - College of Menominee Nation N172 Hwy 47/55 Keshena, WI 54135
 - **Madison** – October 13th, 2016 - WWBIC Training Center 2300 S Park St #103 Madison, WI 53713
 - **Racine** – October 25th, 2016 - Gateway Technical College; Michigan Room 1001 S. Main Street, Racine, WI 53403
 - **Green Bay** – October 27th, 2016 - Wisconsin Economic Development Corporation (WEDC) 2071 Larsen Road Green Bay, WI 54303
 - **Wauwatosa** – November 3rd, 2016 - Milwaukee County Research Park - Technology Innovation Center 10437 Innovation Dr. Wauwatosa, WI 53226

Other Upcoming WPI Events

- **Green Bay Packers Mentor-Protégé Program Networking Event** - September 21st, 2016 - Lambeau Field, Green Bay
- **Fort McCoy Acquisition Open House** – October 18th, 2016 - Fort McCoy
- **Growing Your Business in Sawyer County Wisconsin** – October 20th, 2016 - Hayward
- **What it Takes to WIN – A Discussion with Successful GSA Schedule Contractors** – October 26th, 2016 – Milwaukee
- **Post-Election Federal Market Insights - Where's the Money?** – November 15th, 2016 - Milwaukee
- **What it Takes to WIN – Opportunities with the Department of Defense for Small Business Manufacturers** – November 17th, 2016 – Milwaukee
- **MarketPlace 2016** – December 13th-14th, 2016 - Milwaukee



QUESTIONS?

Continuing Professional Education



CPE Certificate available, please contact:

Benjamin Blanc

benjaminb@wispro.org

SURVEY



For Assistance or Additional Information contact

Wisconsin Procurement Institute (WPI)
Benjamin Blanc

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