Joint Venture Summary

If approved by SBA, a Participant may enter into a joint venture agreement with one or more other small business concerns, whether or not 8(a) Participants, for the purpose of performing a specific 8(a) contract.

A joint venture agreement is permissible only where an 8(a) concern lacks the necessary capacity to perform the contract on its own, and the agreement is fair and equitable and will be of substantial benefit to the 8(a) concern.

For any 8(a) contract, including those between mentors and proteges authorized by Sec. 124.520, the joint venture must perform the applicable percentage of work required by Sec. 124.510, and the 8(a) partner(s) to the joint venture must perform a significant portion of the contract.

SBA must approve a joint venture agreement prior to the award of an 8(a) contract on behalf of the joint venture.

Where SBA has approved a joint venture, the procuring activity will execute an 8(a) contract in the name of the joint venture entity.

All amendments to the joint venture agreement must be approved by SBA.

SBA may inspect the records of the joint venture without notice at any time deemed necessary.

<u>Submissions Required from the Joint Venture Partners:</u>

1. A letter from the lead 8(a) participant stating:
    - Specifically, what the firm lacks in the way of capacity and capability which makes the joint venture necessary for project performance.
    - What specific benefits the 8(a) firm will receive from participation in the Joint Venture (in addition to contract revenue).
    - That the Joint Venture is fair, equitable and beneficial to the 8(a) concern.
2. Three years of company financial statements for each participant.
3. The Joint Venture Agreement.

Every joint venture agreement to perform an 8(a) contract, including those between mentors and proteges authorized by Sec. 124.520, must contain a provision:

(1) Setting forth the purpose of the joint venture;

(2) Designating an 8(a) Participant as the managing venturer of the joint venture, and an employee of the managing venturer as the project manager responsible for performance of the 8(a) contract;

(3) Stating that not less than 51 percent of the net profits earned by the joint venture will be distributed to the 8(a) Participant(s);

(4) Providing for the establishment and administration of a special bank account in the name of the joint venture. This account must require the signature of all parties to the joint venture or designees for withdrawal purposes. All payments due the joint venture for performance on an 8(a) contract will be deposited in the special account; all expenses incurred under the contract will be paid from the account as well;

(5) Itemizing all major equipment, facilities, and other resources to be furnished by each party to the joint venture, with a detailed schedule of cost or value of each;

(6) Specifying the responsibilities of the parties with regard to contract performance, source of labor and negotiation of the 8(a) contract;

(7) Obligating all parties to the joint venture to ensure performance of the 8(a) contract and to complete performance despite the withdrawal of any member;

(8) Designating that accounting and other administrative records relating to the joint venture be kept in the office of the managing venturer, unless approval to keep them elsewhere is granted by the District Director or his/her designee upon written request;

(9) Requiring the final original records be retained by the managing venturer upon completion of the 8(a) contract performed by the joint venture;

(10) Stating that quarterly financial statements showing cumulative contract receipts and expenditures (including salaries of the joint venture's principals) must be submitted to SBA not later than 45 days after each operating quarter of the joint venture; and

(11) Stating that a project-end profit and loss statement, including a statement of final profit distribution, must be submitted to SBA no later than 90 days after completion of the contract.