

SMALL BUSINESS ADMINISTRATION
ADVISORY COMMITTEE ON VETERANS BUSINESS AFFAIRS

PUBLIC MEETING

Wednesday, June 11, 2014

9:00 a.m.

U.S. Small Business Administration
409 3rd Street, S.W.
Conference Room A
Washington, D.C. 20416

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MEMBERS PRESENT:

Rhett Jeppson, Associate Administrator, OVBD
Barbara Carson, Deputy Associate Administrator,
OVBD
Craig Heilman, Director, Veterans Programs, Boots
to Business
Stanley Fujii, Veterans Procurement Liaison, OVBD
Edwin Fielder, Fielder's Choice Consulting
Stephen H. White, Founder, Veteran Business
Network
Robert Kurt Mueller, President of the Atlanta
Vietnam Veterans Business Association
Kathy Roth-Douquet, CEO, Blue Star Families
Marcie Ulses, Executive Director of the National
SDVOSB Council
John Shoraka, Office of Government Contracting
Business Development, SBA
Robert Bailey, President and CEO of Bailey
Information Technology Consultants
Davy Leghorn, American Legion
Cheryl Simms, Program Liaison, OVBD
Luis MacDonald, SDVOSB, AutoFlex, Inc., President
Larry Webb, attorney-advisor, OGC, SBA
Al Munoz, Project Manager, USDA

Also Present:

Justin Tanner, Senior Advisor, OGC, SBA

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P R O C E E D I N G S

MR. JEPPSON: I want to just start and give you guys a quick update on some of the things that are going on from within inside the agency, and then we'll run through to introductions around the table, because we do have some new members, hopefully, our team members. And then we're going to have an ethics briefing.

I. Opening Remarks

MR. JEPPSON: I know that because we have new members here, we'll spend just a short time with Larry Webb. He's also the new ethics lawyer that we have here. So I'll give him a chance to introduce himself, so you guys know. Take a break about 10:15, and then we'll actually kind of maybe jockey a few things around, because I know a couple of you all are going to have to leave earlier today. I know Marcie is.

MR. MUELLER: I'm going to leave.

MR. JEPPSON: What time are you --

MR. MUELLER: My flight leaves at 5.

MR. JEPPSON: Your flight leaves at 5. And yours?

1 MS. ULSES: My flight leaves at 5 also.

2 MR. JEPPSON: At 5, but you're out even a
3 little bit earlier.

4 MS. ULSES: Yeah.

5 MR. JEPPSON: And there's one piece of
6 business that we actually have to do, especially when
7 we get the other vets here. We have enough of a quorum
8 to select a new chairman. And, you know, the statute -
9 - we should have done it last time, but I think that
10 we've made the comment since. You know. Call to make
11 sure that we have the right people here, and then there
12 are enough people. And I want to make sure that we
13 have a chairman selected, you know, within the day, if
14 there's one thing that we do. In that way we can begin
15 to formulate the way ahead.

16 MR. WHITE: Davy?

17 MR. JEPPSON: Davy? Yeah. When you're not
18 here, you know, you never know what kind of tasking
19 you're going to get. And then we've got a couple of
20 program updates from government contracting, lending.
21 And then we have one government agency, USDA, with Al
22 Munoz who's already here. He's going to update us on

1 one of their initiatives. And then Bruce MacDonald,
2 who runs AutoFlex, wants to bring up an issue about
3 some of the GSA contracts that he faces. And then we
4 do want to spend some time today, though, focusing on
5 the group. What are we going to do as a committee
6 within the next year. So, did you see the table here?
7 And you guys know my opinion on this here. You see
8 it's up here. In the future that's not the case. You
9 guys are independent body and should operate
10 independently. So once we get that, then you'll have
11 Cheryl and direct support to the chairman, and we will
12 support it in any way we can.

13 I just want to recap a couple of things we
14 said that we would do last time. And, also, we haven't
15 done all of them, or perfectly, but we did talk about
16 making sure you guys would come in on Tuesday to try to
17 wind up. So if there was an opportunity to go to VET-
18 Force, we will continue to try and do that when it
19 makes sense. But it will really be the chairman when
20 they call the meetings, and we'll have another meeting
21 before the end of the year. So the three statutory
22 meetings a year, we'll make sure that we have those

1 pressing on forward.

2 And then we're excited about that. And then
3 new members, you know. We do have new members coming
4 onboard. So one of the members who's not here who's
5 been confirmed is Eric Eversole from the Chamber, and
6 we talked about adding the Chamber. So we're very
7 excited about that. So as we have the discussion on
8 the way ahead and things that we want to focus in the
9 future, we'll capture that. We'll kind of memorialize
10 it, and then we can -- you know, I can try and focus
11 staff on making that happen, and so forward on what you
12 want to do. So, we're not perfect, but we're trying to
13 get there. So I appreciate your patience with us.

14 MR. JEPPSON: So I should have some slides up
15 here for a minute. Let me just start, and I'll give
16 you a copy of this before you leave today. So,
17 yesterday, our new administrator, Maria Conteras-Sweet
18 -- and she'll join us at our next advisory committee --
19 she gave her priority speech. And she talked about
20 three areas she prioritized.

21 [Slide presentation.]

22 MR. JEPPSON: Number 1 is it was really Access

1 To Capital, and there were two components. One is
2 we've streamlined the process with the express loans,
3 SBA1. It's a single, online application, and all banks
4 can now use it. Probably even more important than the
5 streamlining of that process is that we for some time
6 at Cap Access have been working on a model -- a
7 predictive model for credit scoring -- not on your
8 credit score, but your scoring, whether does the loan
9 makes sense and what the chances of repayment are.

10 Big banks have done this for a long time, and
11 it's been available to them; but the smaller banks have
12 not had the resources to develop this type of model
13 with this type of big data that it takes to get a
14 really accurate one. And so SBA has worked on this for
15 some time, along with some partners, and we are now
16 making that 1 July available to all of our small
17 lenders. So, you know. If you look at the 900
18 additional lenders that could be in the pool and have
19 use of this model for this express loan, so we think
20 that this could be very helpful to the lenders and
21 incentivize, you know, making it easier for them to say
22 yes on loans if they have that particular tool.

1 So it brings a little bit of parity between
2 the big banks and the small banks and their ability to
3 make those small dollar loans. So we're excited about
4 that. So that was the first thing. The second thing
5 she talked about is entrepreneurial development, and
6 I'll come back to that in just a second. And then the
7 third thing was SBA is a market creator. So she's
8 focusing SBA on two specific areas. She wants us to
9 help open up new markets for small business, but in two
10 specific areas she mentions.

11 One is supply chain initiative, we actually
12 call the American Supply Chain Initiative. In other
13 words, working with large companies to make sure that
14 we have suppliers who want small business of all kinds
15 in their supply chain in all the different industries.
16 And then the second was in the export arena, how we
17 help small businesses into that area. Because, as you
18 know, that's been very important to the Administration;
19 the President spoke about that frequently about
20 increasing exports and small business playing a key
21 role in that.

22 So coming back to the second thing she talked

1 about, the entrepreneurial development piece. So she
2 mentioned two programs, specifically. There's many
3 things that we're doing. There's two that she
4 mentioned specifically. Number one, she mentioned the
5 expansion of Reboots To Business, which is the offering
6 of Boots To Business, which has been for only the
7 transitioning veteran now, to the 20 million American
8 veterans that are out there now, 20 plus, 22 million
9 veterans. And I'm actually, as we go through these
10 slides, I'll give you an update on that.

11 And the second is a new program we have called
12 Scale Up. So for companies that have about a half
13 million dollars in sales, a couple of employees, how do
14 they make that next step to, you know, 10 employees and
15 five million to where they can participate in something
16 more like a merging leaders program here at SBA. So
17 the fact that we made it a priority speech for
18 veterans, one of the major segments I thought was
19 really important. Because when we talk about the
20 things we do here at the agency, Access To Capital is
21 the single-most important thing we do in the agency.

22 Entrepreneurial development can't be divorced

1 from that, but the fact that we have the specialized
2 programs for veterans, it shows where she puts the
3 veterans in priority there. And we were the number one
4 thing she talked about. So let me just run through a
5 couple of things here that I should update you on that
6 probably changed since we met last. So Veterans
7 Advantage is -- you guys remember Patriot Express.
8 Right? So Patriot Express sunset in December of this
9 past year, and so Veterans Advantage began on 1st of
10 January and goes through the end of this fiscal year.

11 And so Veterans Advantage began on the 1st of
12 January and goes through the end of this fiscal year.
13 So Veterans Advantage -- for those who you don't know -
14 - on all SBA loans, express loans below \$350,000, a
15 veteran or veteran's spouse pays zero borrower fee. So
16 on a loan of about \$350,000, you can save him about
17 \$5,000 at closing.

18 Now, Patriot Express, if you guys remember,
19 Patriot Express had a higher fee. It had a higher
20 guarantee, but it had a higher fee. And so there was a
21 big fee associated with getting that loan. So that
22 benefit was never seen by the borrower. I mean they're

1 paying that fee. They were actually guaranteeing their
2 loan, because of the higher subsidy rate and higher
3 guarantee. So there was no tangible cash benefit. You
4 may have made some of the banks willing to bank some,
5 but when we looked at the numbers, a lot of veterans
6 were going to the lower fee loan.

7 So we think this is a real benefit, tangible
8 benefit to the veterans. We'll still continue to look
9 at that guarantee for the veterans, because we think
10 that that's an important thing for us to look. And we
11 actually have asked our partners in the building to do
12 some modeling on this so that we can maybe make some
13 further recommendations on the guarantee side, or other
14 ways to incentivize the lender. Because there's
15 something for the borrower here, but however we're
16 incentivizing the lender, we need to figure that out.

17 Now in the budget for '15, we told OMB and the
18 Hill that our intent is to maintain that. And then for
19 all 7(a) loans above \$350,000, veterans will pay half
20 the borrower fee that everybody else pays on there.
21 So, for example, when we were on the Hill the other
22 day, one of the veterans there has a construction

1 company. He applied for a million-dollar cap line on a
2 7(a), and he translated that into real dollars for him.
3 It saves him \$15,000 at closing on the million-dollar
4 cap line. So that's \$15,000 more in his pocket.

5 So that's a real tangible benefit to him, you
6 know. It can't even be higher than that, depending on
7 the bank has some control over the amount of fee on
8 that. So we're happy with Veterans Advantage. Where
9 we're headed is the right trajectory, but there's a lot
10 more to do there. And so we're looking for, you know,
11 the good idea fairy on how to improve that and how do
12 we engage. And we'll continue to engage with others
13 inside the building to make sure we are understanding
14 the -- I'm not sure what the right word is -- value
15 proposition.

16 What we want to do is make sure that we're
17 making good loans and as get as much capital as we can
18 out without a high default rate. You know. There's no
19 sense making a loan to a veteran that he can't repay.
20 So we're walking that fine line.

21 MS. CARSON: I would make one point on the 350
22 and above in the 7(a) program. There are programs that

1 have a much higher guarantee than the 50 percent
2 they're getting now at 350 and below. So that could
3 also be we could see some real growth there, because
4 you'd bring back that higher guarantee with a reduced
5 fee.

6 MR. JEPPSON: Right. The 75 to 85 on the
7 debt.

8 MS. CARSON: Yes.

9 MR. JEPPSON: Absolutely. Okay. One thing
10 that happened since we met last time was that the White
11 House OSTP, which is the Office of Science and
12 Technology Policy, the National Economic Council in
13 joining forces along with SBA, we held a --

14 [A member entered the room.]

15 MR. JEPPSON: All right. It's a full house
16 almost now. All we need is Eric and we've got the team
17 assembled.

18 MS. CARSON: We haven't done introductions
19 yet. Rhett's going through updates.

20 MR. JEPPSON: Yeah. So just --

21 MS. CARSON: Sorry.

22 MR. JEPPSON: Thank you. Okay. So, and the

1 meeting I was telling you about, Robert and Davy --
2 Davy wasn't there but Joe represented the Legion, Joe
3 Sharpe did. But Robert was there at that meeting at
4 the White House where we brought together a group of
5 big businesses, some non-profits, the VSO community,
6 some people within government, altogether, and some
7 veteran entrepreneurs, most importantly. And we did
8 some brainstorming by teams about things we could do to
9 build awareness and support our veterans entrepreneurs,
10 the veterans small business owners. There were some
11 great ideas, and I want to talk about a couple of those
12 -- two of these -- real quick here.

13 So there were three things that are on here.
14 The Vet Tank, the Champions of Change, and the Reboots
15 To Business, and those are all outcomes of that. And
16 I'm assuming everybody's familiar with Shark Tank. So
17 through joining forces in the First Lady's office,
18 we've been working with the producers of Shark Tank.
19 We now have a pool of veterans cast. And so they'll go
20 through selection process, and we'll have a) an episode
21 of Shark Tank dedicated to veterans, and so they're
22 working on the timing, the filming and all those

1 things.

2 There's been some negotiations and going back
3 and forth, but that's the process, you know. It's one
4 of these things we're keeping our fingers crossed and
5 holding our mouth just right so that we, you know, that
6 it happens the way we want it to. In conjunction with
7 that, we are going to do in the August-September
8 timeframe, we will do a veteran's entrepreneurship
9 Champions of Change at the White House where we honor
10 several people who've been instrumental in the
11 community. And Sharp Tank will actually be there to
12 film that event and actually one or two of the sharks
13 will be there. And that will be part of the episode
14 where we highlight veterans' entrepreneurship.

15 We are pushing very hard for that to be during
16 National Veterans Small Business Week, which is the
17 week before Veterans Day and starts on the 2nd or 3rd
18 this year of November, so those two things together. I
19 mentioned the veterans' Champions of Change. We'll
20 have a call for nominations for the Champions and so
21 you may want to start thinking about that. We'll
22 certainly reach out to you for nominations, but if

1 you've got somebody in mind now, you might to want to
2 just start sharing it with us or think about it. And
3 there'll be a form that you'll have to complete on it,
4 so.

5 MS. ROTH-DOUQUET: And spouses are eligible
6 for that, or no?

7 MR. JEPPSON: Yes.

8 MS. ROTH-DOUQUET: Yes?

9 MR. JEPPSON: Yes, spouses will be eligible.
10 The VBOCs, as you know, we have 15 VBOCs right now.
11 We've been flat-lined at about 2.5 million in the VBOC
12 program, 15 VBOCs, an average of 150,000 grant per VBOC
13 right now. It, you know, varies depending on their
14 location a little bit, but average. We will recompetete
15 the VBOCs this fall. They're in their fourth year of
16 the grant, or fifth year of their grant right now.
17 It's a five-year grant. It's a one-year grant with
18 four option years.

19 We're at the end of this grant, and so we'll
20 recompetete that. We will take a hard look at the
21 location and the grant holders. We've got some who are
22 in the right spot doing the right things. We've got

1 some others who we probably need to make an adjustment
2 on, and we're going to look for opportunities to make
3 sure that we're positioned as best we can. In a couple
4 of bills that have been introduced, they have more
5 money in there for VBOCs. And if we have the
6 opportunity throughout the program, we're also going to
7 look at focusing the VBOCs a little bit by region or by
8 locale.

9 In some cases, for example, you know, we have
10 one up in California closer to the Bay area, which is
11 very tech heavy. It may make sense for us to --
12 there's certain specific things that the start-ups out
13 there look at. They look a little bit differently in
14 that area, or have a specialized versus the one maybe,
15 say, in the D.C. area here where we have so many of the
16 veterans in the federal procurement process here. So
17 if you're trying to participate in federal procurement,
18 your needs are a little bit different than if you're a
19 start-up out there in the Silicon Valley looking for
20 venture capital, I think. So we'll look to do some
21 specialization and make the VBOCs as useful as we can.
22 You know we don't want to lose the core capability that

1 we have, but we want to expand on it and make sure that
2 we're servicing the needs of all our veterans.

3 Boots To Business update since we met last
4 time, as you know, we were fully funded this year,
5 booked for seven million. So since we met, we put up
6 the core grant which covers development of curriculum
7 and refinement of curriculum, which we are in the
8 process of going through. It also covers the eight-
9 week, online course, which is probably the single-most
10 expensive component, because we have a consortium of
11 eight universities to provide that eight-week online
12 course. And I mean these are great universities, you
13 know. It's obviously Syracuse is the lead on the
14 grant, but, you know, we have Cornell, UConn, FSU.
15 There's a Florida graduate that always kills me with
16 "That arrogant school," so a little bit of rivalry
17 there.

18 You know, UCLA, Texas A&M, we have some good
19 schools with great professors providing this education
20 and mentorship to our veterans, and also it gives us
21 the capability to deliver overseas Boots To Business.
22 So our service members, if they're transitioning from

1 Germany or Korea, they get that same one on one
2 instruction that you would get if you were here. So
3 there's no degradation of service. You still get that
4 live interactive experience with an instructor.

5 MR. FIELDER: Rhett, is there an ability to
6 add universities in locations where there are not
7 presently one of the eight universities?

8 [A loud mechanical background noise occurred.]

9 MR. JEPPSON: So Syracuse is in the process of
10 doing that, and they'll work with any of the
11 universities to -- on that, so we have the grant out
12 right now. It's a one-year grant with two option years
13 in it.

14 MR. FIELDER: So is it looking to stabilize
15 the seven million in eight universities?

16 MR. JEPPSON: Well it's only three million on
17 that grant, and it will stabilize once we give the
18 grant out, when they've made that consortium came in.
19 And I don't know how they're going to do that. Again,
20 yeah, we'll give you the details on this with the Boots
21 To Business.

22 [Mechanical background noise continues.]

1 MR. JEPPSON: The resource program grant, we
2 put a grant in place now. We've gone round and round
3 about how we would provide resourcing, in other words,
4 funding to the resource partners. As you know, last
5 year the resource partners -- and for those of you who
6 aren't familiar with the resource partners, it's the
7 Score chapters, the Women's Business Development
8 Centers, the Small Business Development Centers and the
9 VBOCs. They did all the Boots To Business classes
10 without reimbursement last year for the travel or a
11 stipend for conducting that. So we want to make sure
12 that we have a way to get them money to cover their
13 cost for executing the program, because they're under a
14 resource constrained environment, like everybody else.
15 And so always our intent was to provide money to
16 the resource partners. So we are putting grants in
17 place now with each of those four entities to build --
18 cover their cost and make sure that they're funded to
19 do that.

20 Additionally, I mentioned teaching Boots To
21 Business outside of conus being part of that program.
22 We started in Germany last week, and then Craig will

1 update you. I'll show you on the map on what our roll-
2 out plan is to make sure that we're getting all the
3 overseas corrections. We had a request to go a little
4 further afield, but right now we're going to
5 concentrate on the Pacific and the European theater
6 right now at the high installations and then we'll see
7 what our capacity is to get to some of the other more
8 far flung installations in the CENCOM AOR.

9 MS. ROTH-DOUQUET: When do you expect this to
10 start?

11 MR. JEPPSON: So we started last week. So
12 Craig was over at Rose Barracks?

13 MR. HEILMAN: Correct at Fort Barry.

14 MR. JEPPSON: Yeah. And I guess that's the
15 new name for one of the installations over in Bavaria.
16 That's, you know. To me that was a --

17 MR. HEILMAN: That was MILSEC.

18 MR. JEPPSON: Yeah.

19 MS. ROTH-DOUQUET: Yeah.

20 MR. HEILMAN: That was MIL sector.

21 MR. JEPPSON: MILSEC, yeah.

22 MS. ROTH-DOUQUET: Oh, okay. Okay.

1 MR. JEPPSON: Yeah. But I think Landstuhl and
2 some of the others are coming up pretty quick here, so.

3 MS. ROTH-DOUQUET: How are people finding out
4 about this?

5 MR. HEILMAN: So you were able to put out
6 public service announcements on Armed Forces Network
7 and Pentagon channel. And so, you know, if anyone's
8 ever been overseas, you get in that bump all right
9 where you listen to those -- one English channel over
10 and over again. So we had our Boots To Business
11 commercials on there, which were great, working through
12 the global networks that manage all the transmission
13 services, so the Army Career Alumni Program, the Fleet
14 and Family Service Centers, et cetera, so, a lot of
15 them.

16 MS. ROTH-DOUQUET: And are spouses eligible
17 for that program?

18 MR. HEILMAN: Yes.

19 MR. JEPPSON: Yeah. Here's an interesting
20 statistic. Well we'll talk about that. I'll give them
21 the courtesy. The statistics are impressive, and one
22 thing, I testified last week. And one of the comments

1 back -- and not to be too braggadocio -- the fact that
2 we had numbers and we were actually able to explain
3 them to one of the Senators, you know. The comment was
4 "Every federal program should be able to tell me, you
5 know, what the numbers look like, like you guys do."
6 And so we're doing -- Craig's doing a great job on
7 that, you know.

8 So I'll be brief on this next one -- the Boots
9 To Business Reboots. So we have Boots To Business
10 transition for our transitioning veterans. So the
11 250,000 veterans that leave the service every year who
12 were on the installations were fully funded the \$7
13 million to be able to provide them that high level of
14 education and mentorship. So there's entrepreneurship,
15 but we've got the 20 million Americans, 22 million
16 American veterans out there who probably aren't close
17 to -- or not probably -- anything to it. They were not
18 close to an installation, and, even if they were,
19 they'd have a hard time getting back on there. And
20 they can't participate in Boots To Business. So we
21 want to try and find a way to make this program
22 available to all of those veterans. So next slide,

1 please.

2 So working with the White House, the American
3 Legion and Syracuse University, we are going to go out
4 and hold a 12 Boots To Business classes in 12 cities
5 across the nation in July and August. We're going to
6 hold 12 classes. The goal is to have 100 per class.
7 We'll do 1200 students, and we'll take those lessons
8 learned there, and then come back to the Administration
9 and to Congress and say this is what we've learned.
10 This is how we think we need to proceed to make this
11 available to our veterans community.

12 You know, 20 million veterans out there, we're
13 talking World War II veterans to guys and gals who left
14 the service two or three years ago who couldn't
15 participate in the transition assistance program. Some
16 of them were just coming out of school or just coming
17 out of VoTech, and it may make sense for them there.
18 Others may have had a second career and retired, or are
19 looking to do something different, but want to be
20 active. And then if you look at that, a lot of them
21 have spouses who we are making this course available
22 to, and it makes sense for them.

1 You know, and then when we get into the
2 discussion idea, I'll just forecast a little bit. So
3 we've got Boots To Business transition, Boots To
4 Business Reboot, which will be for veterans population.
5 We think that we need to extend that a little bit more
6 so that we would have, for example, Boots To Business,
7 a version of Scale Up, or one for federal procurement.
8 It would be obviously a much lower level. And then,
9 also, I think one of the groups we consistently on a
10 routine basis tend to neglect or don't pay attention to
11 is the caregivers.

12 So I'm not telling you that there's -- you
13 know -- a million of them out there, but there is a
14 segment of our community, of our family, that needs our
15 support and attention; and their needs are unique and
16 we need to have something there, because they really
17 are the underserved. And just while I'm on that, on my
18 soapbox a little bit about that, if everybody who
19 sacrificed for our country, I will tell you that nobody
20 sacrifices more than that caregiver. For years after
21 that service member's injury, they are going to
22 continue to pay the price for us. And, so, I think

1 that it's really important that we start to focus on
2 that component from our perspective. So let me just
3 give you the dates and locations for what we're going
4 to do here, and tell you how we're going to kick this
5 off and anchor it. So next slide, please.

6 MS. ULSES: Rhett, can I ask you a quick
7 question?

8 MR. JEPPSON: Yeah.

9 MS. ULSES: You talked about the scale of
10 veterans in business, scaling them up. Are you worried
11 about crossing the line where the P-Tacs provides that
12 -- that service?

13 MR. JEPPSON: Well P-Tacs are only focused on
14 government contracting.

15 MR. HEILMAN: True.

16 MR. JEPPSON: Yeah, and so -- and that's a
17 great point. And here's one thing I just want us to
18 put into context as we go down the road here. Because
19 of our proximity, we'd spend a lot of time on federal
20 contracting, and that's a great opportunity. I mean
21 Robert is in that business and he said veterans do over
22 a trillion dollars on the economy a year. We, last

1 year in 2011, had the best year we've ever had in
2 government contracting at 3.23 percent. The score
3 card's going to come out again very soon, and we're
4 going to have good numbers, I believe, on that, too.

5 That will tell us a good story about veterans'
6 entrepreneurship. That's \$12.25 billion. So most
7 veterans out there -- and my goal is to make sure we're
8 servicing our veterans in that arena, but most veterans
9 don't want anything to do with the Federal Government.
10 Their needs are capital and education, so when they
11 start to scale. And when we're in the discussion I
12 want to talk to you about, one of the other things that
13 came out of the White House that probably should have
14 been on the slide there was a thing called Vet Cap that
15 I went to recently out in San Francisco, and what the
16 veterans community is doing out there. And the ideas
17 they had there were just fantastic.

18 So next slide, Cheryl. Okay. So just go
19 forward one, if you would -- slide. There we go.
20 Okay. I didn't realize it was a build on this. So
21 this is the cities that we've chosen to go to here.
22 And so we'll kick-off in Washington on the 11th and

1 12th. We'll start at the White House. That Boots To
2 Business class will be over in EOB, the Old Executive
3 Office Building there. We'll have a hundred veterans
4 there, and then we'll hold them through July and August
5 through across the country. Each of the district
6 offices will host one in each of the cities here. And
7 then we'll finish up with the American Legion at their
8 National Conference in Charlotte on the 25th and 26th.
9 And, so, we think that this will give us a good sensing
10 of where we're at, best practices, learn the lessons,
11 figure out what our costs are going to look like and do
12 some predictive analysis on what we need to execute a
13 program for our existing veterans population.

14 So this is Boots To Business Reboot, and look
15 forward to talking with you and get your ideas about
16 that one. We have more time for discussion. I'm way
17 ahead on this, so questions off the top of your head,
18 real quick?

19 MR. MUELLER: Yeah. Yesterday, when you
20 discussed this briefly at the VET-Force, you indicated
21 all these various cities were where the greatest
22 population of veterans were located. Or what were the

1 bases of why you picked these cities?

2 MR. JEPPSON: Well we picked cities where we
3 had a strong district office, a strong resource partner
4 network, and a strong veterans population. So we kind
5 of looked at those three things. I'll tell you.
6 Honestly, we started out and we were going to do six.
7 I said, "Okay. This is a pretty big lift. We're
8 trying to do it in two months. We're starting out with
9 six." And so we would, okay, we're going to cut it off
10 at 10. We can't do any more than 10, and then we
11 actually had two other districts actually come in and
12 stay there.

13 So we're trying to keep it at a manageable
14 pool so that we can actually be there, capture the
15 lessons learned. We are executing this without
16 resourcing other than from the office here right now
17 out of our office which we have money for, a small
18 amount of money that we do engagements with and
19 outreach. And we'll use that money for this in the
20 past, and we'll continue to use it for things like
21 Yellow Ribbon. But our Yellow Ribbon number is down,
22 our requests aren't classified. So we're going to

1 focus some of that on this.

2 MR. MUELLER: Now is there something that you
3 would want us to attend to?

4 MR. JEPPSON: Absolutely.

5 MR. MUELLER: Okay.

6 MR. JEPPSON: Yeah. So if you let us know
7 where one's close by, just let us know that you're
8 going to be there and we'd love to have you there. So.
9 Okay. So there was my opening comments, a little long.

10 MR. WHITE: I don't know if this is the one
11 you wanted, but if you'd look for all these different
12 programs that you have with particularly like the
13 Veteran Business Outreach Centers and the rest, funding
14 is always an issue, you know. You're always depending
15 on going to Congress. Do you try to partner with
16 anybody else on this stuff, like the states -- state
17 veteran affairs groups -- the big corporations in those
18 areas that are already got their hand up saying we want
19 to hire vets, we want to support veteran
20 entrepreneurship?

21 MR. JEPPSON: We always look for
22 opportunities, especially in the corporate world when

1 we do things like this. So we actually have a DAC out
2 right now looking at having a discussion with one of
3 the larger companies that's founded by a Marine veteran
4 about possibly supporting us financially on this, so
5 that we can do things like have lunch and do a little
6 marketing and things like that. But we don't have
7 capacity to do it. So we do do that. When you talk
8 about the VBOC, for example, that's an open competition
9 and there's no match requirement right now.

10 MR. WHITE: No, I understand. I mean there's
11 only 15 of them.

12 MR. JEPPSON: Right. But we do have -- we do
13 have them like in New Mexico. The state Department of
14 Veterans Affairs actually holds the grant there. We've
15 had several states talk to us about that as well.

16 MR. WHITE: Yeah. Good.

17 MR. JEPPSON: But some of the VBOCs are very
18 proactive, and this is one of the things we'll take
19 into consideration when we do the evaluations next
20 time. This was their ability to raise in partner with
21 people in their community. That's not something that
22 they leaned forward into, and the grants have been a

1 straight grant prior to this. So in the prior bill
2 that's out there, which raises the amount we have for
3 VBOCs, it does require a match. And, so, I will tell
4 you that we like the public/private partnership.

5 We think it makes a lot of sense. But if you
6 look at what's happened in the Women's Business Centers
7 right now, we've lost some, because they can't make the
8 match right now. In a resource constrained
9 environment, when you do put a match in there or a
10 match requirement, it makes infinite amount of sense.
11 But, sometimes, it's going to limit participation or
12 cases we have had to shatter more than a couple WBCs
13 because of that match requirement.

14 MS. ROTH-DOUQUET: It's nice if you could do
15 it as an added bonus, like if you could get an outside
16 support, or then you can have the lunch or the other
17 thing. And, if you don't, you still have it. In
18 Seattle, you know, the Schultz Foundation's now looking
19 to do a lot of funding in veteran employment. That's
20 the Starbucks CEO.

21 MR. JEPSON: Right.

22 MS. ROTH-DOUQUET: And I'm talking with them a

1 lot. So if that's an interesting connection, I'd be
2 happy to make it.

3 MR. JEPPSON: Yeah, it certainly is, and we
4 have a strong VBOC there. As a matter of fact, the new
5 VBOC director up there, Juliana DeSoto, she was
6 actually -- when we testified last week, she was
7 actually the VBOC director that was on the panel with
8 us.

9 MS. ROTH-DOUQUET: Okay.

10 MR. JEPPSON: Yeah. So that would be great.
11 But we do see lots of opportunities, and we want the
12 VBOCs to be more proactive. And maybe at lunchtime we
13 can talk about that, the VBOCs there. But we always --

14 MS. ROTH-DOUQUET: And what does VBOC stand
15 for?

16 MR. JEPPSON: The Veterans Business Outreach
17 Centers.

18 MS. ROTH-DOUQUET: Centers?

19 MR. JEPPSON: Yeah. Yeah.

20 MR. MUELLER: In terms of the comments on the
21 Boots To Business program and what Mike Haynie's doing
22 and all that, and how you partner with them, do you

1 want to hold any discussion on that?

2 MR. JEPPSON: Yeah. Let's go programmatic.

3 MR. MUELLER: Okay.

4 MR. JEPPSON: Now, the one thing we'll talk
5 about when we have the free kind of time -- some time
6 here for discussion. I want to talk about the VWISE
7 program and the EVE program. I don't have those on the
8 agenda, but I want to delve into those a little bit so
9 I can give you a sense of what we're at on those. But
10 they've been around for a while, so. So with that I'm
11 really bad about keeping on time here. So I'll try and
12 do that. What I want to do is let's keep the agenda
13 through the first break here, and then we may look at
14 reordering here so we make sure we get those important
15 parts before I know Marcie's got to leave after lunch
16 here, and then you guys have flights. So I want to be
17 respectful of your time, because we do have new people
18 here, I thought we'd take a few minutes to introduce
19 ourselves.

20 II. New Committee Member Profile/Introductions

21 MR. JEPPSON: So if we get about five minutes
22 or so on you with background, interests and kind of

1 what you represent here and where you see yourself in
2 the world here. And we'll run through that and then
3 Larry Webb, our new Ethics attorney, will be here to
4 give us an update on rules and responsibilities here
5 for committee members. And then we'll take a quick
6 break.

7 So, with that, why don't we start with Davy on
8 this end, and we'll just work around the table here.

9 MR. LEGHORN: My name is Davy Leghorn. A lot
10 of you already know me already. I represent the
11 American Legion. So we have a pretty extensive small
12 business portfolio. We're partnered with the OVBD on a
13 lot of their programs and services, and we provided
14 quite a few ourselves, and we rely on them heavily and
15 the resources partners heavily.

16 Other than that, I'm an Army veteran, short-
17 timer. Yeah. That's it.

18 MR. JEPPSON: So, Davy, do you want to tell
19 them what your role is at the Legion, your day-to-day
20 job?

21 MR. LEGHORN: Right. So at the American
22 Legion, part-time employment, I cover employment issues

1 and small business issues. I also do small business
2 counseling when it comes to verification, or rather VA
3 verification. I administer our National Job Fairs
4 Initiative, and I also just do everything we need to do
5 to, you know, advocate and make sure that the program
6 services like Boots To Business Reboots, and our VBOCs
7 are funded adequately -- more than adequately.

8 MR. JEPPSON: Yeah. So the Legion's certainly
9 been a great partner of ours here, and we appreciate
10 what Davy and those guys do on a daily basis. And,
11 Davy's a little bit modest. He really carries a lot of
12 influence up there on the Hill and makes sure that our
13 legislative members are paying attention to the Legion
14 and the needs of the Veterans community, so.

15 MR. BAILEY: Robert Bailey, I'm president and
16 CEO of Bailey Information Technology Consultants, a
17 professional services company providing IT support,
18 everything from IT help desk through system engineering
19 design, architecture development. I currently support
20 DOD and the intelligence community in geospatial
21 science and technology. I've been in business about
22 three years, if you will.

1 We're one of the DOD's newest protégés to NGA
2 and LIDOS. I am a 20-year veteran, service disabled
3 veteran, Gulf War vet. So been around a little while
4 hiring veterans, I'm a graduate of the Entrepreneur
5 Camp for Veterans, a graduate of VIP. I'm not familiar
6 with Boots To Business, but very curious to learn more
7 about it, and would love to have a discussion on how we
8 could potentially incorporate veterans into the mentor-
9 protégé program. It is a development program. And
10 regardless of what a veteran core product offering is,
11 the foundation of running a business is really to see
12 what the protégé portfolio is.

13 So I'd like to have a discussion on how to
14 write, see, write a couple of veterans that's already
15 funded. We have to -- you know. There are some
16 mandates where the money is there to provide support to
17 college interns. Why not to a veteran, so, just
18 something to think about. Would the funding already be
19 there? It's not increased funding. I can essentially
20 bring in a veteran to help support my tech transfer,
21 which is cyber security and mobile app development, at
22 no cost. But the key component is how does a veteran

1 learn how to run a business, all the internal controls.
2 So I'd like to have a discussion where they can
3 actually learn how to do that.

4 LIDOS is my mentor along with NGA. So they're
5 really firming me up and getting me ready for prime
6 opportunities in the DOD forum in the government space,
7 so.

8 MR. JEPPSON: Yeah. So when John Shoraka
9 comes down who's head of our government contracting,
10 they handle the mentor-protégé program here at the SBA.
11 And, as you know, they're in the process of redoing the
12 rules right now, because in the last NDAA, there was an
13 expansion of the program.

14 MR. BAILEY: Right.

15 MR. JEPPSON: And so he'll gives us an update
16 on where they're at, and I think you're right. Well, I
17 know you're right. It's a great program. There's a
18 lot of opportunity there, but it's a program expanse.
19 There's even more opportunity for us there, so.

20 MR. BAILEY: Great, okay. All right.

21 MR. JEPPSON: Thanks Robert. We're glad
22 you're on the team here.

1 MR. BAILEY: Appreciate you having me. Thank
2 you.

3 MR. JEPPSON: All right. Marcie?

4 MS. ULSES: Hi. I'm Marcie Ulses. I'm the
5 Executive Director of the National SDVOSB Council.
6 Currently, we have a chapter, which is where we started
7 in the Hampton Roads area, a couple years later a bunch
8 of businesses up here in D.C. asked us to chapter them.
9 We weren't set up that way. We did that. Next month
10 I'm headed to Las Vegas. There's a hundred SDVOSBs who
11 said: "Hey. Will you organize us?"

12 I've been to San Antonio. We're headed to
13 Jacksonville, Florida. So we are geographically trying
14 to organize these businesses so that our goal, the
15 Council's goal, is business development. We focus a
16 lot on matchmaking, especially up here in D.C. The
17 membership is made up of SDVOSBs, but also corporate
18 members too. I mean we have Huntington Engels, and
19 Cache, and Del Tech, and Redhat, Wells Fargo. So our
20 goal is to constantly reach out to primes, and we
21 talked to government agencies about who are you looking
22 for, what do you need, thinking about these SDVOSBs.

1 My background is I was at Old Dominion
2 University. I had a VBOC, a P-Tac, a manufacturing
3 intention partnership, STEM program, a federal STEM
4 program called Project Lead the Way. So I've been
5 involved with these programs. I am a Navy Vet. So the
6 Council is my full-time job, and we are just focused on
7 business development, however we can facilitate that
8 for businesses around the country.

9 MS. ROTH-DOUQUET: Are you a for profit? A
10 non-profit?

11 MS. ULSES: Non-profit.

12 MR. JEPPSON: So do you want to tell them a
13 little bit about your meeting that will happen this
14 evening?

15 MS. ULSES: Yeah. I have the National Board
16 of Directors, and we're meeting up here today. Each
17 Chapter has, of course, their own board, but a few
18 months ago -- and many of you know -- Scott Denison
19 came to us and said "Can we" -- and I'm going to use
20 these terms loosely -- "fold into your council." They
21 do not have chapters. They have their Reno meeting.
22 He told me that they have about 180 members. We have

1 225, and he likes what we are doing as a council as far
2 as meeting geographically -- organizing groups so that
3 they can get business in their own areas. So, this
4 afternoon, we're having a third and sort of a final
5 discussion about moving forward with that merger, I
6 will call it.

7 Scott's been there a long time, for all of you
8 guys that know him. And he just will probably stay
9 involved, but he likes the way our council is set up
10 from a standpoint of business development. So we'll
11 work on that. It's not been announced. He would like
12 to announce it at the Reno meeting next week, if we can
13 just have a memorandum of understanding on file. But
14 we will not probably be the National SDVOSB Council.
15 We will not be the National Small Business Coalition.
16 We will combine that somehow and we were talking about
17 this earlier.

18 Marketing and branding is going to be tough,
19 but we really just want to move forward with a larger
20 organization to have more impact. We, the Council, has
21 just employed a lobbyist to start working on issues
22 with the SDVOSB businesses. We're going to iron that

1 out this afternoon also. Vance Boyock Associates who
2 we're going with, and so we have a whole legislative
3 committee that, you know, this Council was formed,
4 specifically, for that issue to change some
5 legislation. And I don't know where that's going. I'm
6 the Executive Director. I set back. We have board
7 members that are SDVOSBs themselves, except for one.
8 Brad Reeves is with Reeves Coley. So that's where
9 we're going.

10 MR. JEPPSON: Are you participating in that
11 event at the Hilton tonight?

12 MS. ULSES: No.

13 MR. JEPPSON: No?

14 MS. ULSES: No, because we have our last D.C.
15 meeting for the season tonight, so.

16 MR. JEPPSON: Okay. Good.

17 MS. ULSES: Yeah. I think some of the folks
18 are.

19 MR. JEPPSON: Okay. All right. Craig? Do
20 you want to introduce yourself?

21 MR. HEILMAN: Great. Good morning, everybody.
22 Craig Heilman, Director of Veterans Programs here,

1 primary responsibility for Boots To Business. I've
2 been on the SBA team for almost a year, coming up on a
3 year anniversary. It hasn't felt like it's moved
4 pretty quickly. Lots to do. You know, really focused
5 on the start up to Scale Up, so scaling up the Boots To
6 Business program and expanding as Rhett was mentioning.
7 My background, I'm a Navy veteran, aviation, and then
8 some time in the intelligence community, and then all
9 private sector after that. Well, private and non-
10 profit.

11 So prior to SBA I was running a small trade
12 association in the defense industry, which was
13 primarily individual equipment manufacturers, folks
14 that were making gear for the troops. A lot of issues
15 surround that, a lot of work on procurement reform and
16 other issues just related to taking care of the current
17 troops engaged. And then I spent five good years at
18 Dupont, was running their military Kevlar business, so
19 selling out into the individual equipment space all
20 things: body armor and protective apparel, and so
21 marketing and management responsibilities there.

22 So a little bit of experience on the big

1 company side and on the small company side, but the big
2 thing I learned in my time at Dupont was some of the
3 difficulties facing the veterans community as they
4 integrated, whether it was a large company, at Dupont,
5 or pursuing their own opportunities, self-employment.
6 A led our hiring initiatives there for veterans and
7 sort of saw there was a real need for that. So as I
8 kind of move forward, joining this team and doing this
9 from the government policy side has been a really great
10 experience.

11 MR. JEPPSON: Okay. Barb?

12 MS. CARSON: Have you said enough about you?

13 MR. JEPPSON: Okay. So Rhett Jeppson --

14 [Laughter.]

15 MR. JEPPSON: -- if you don't know me right
16 now. So I will tell you the single most important
17 thing about me. I am a Marine Corps infantry officer,
18 and my daughter's a Marine. And, so, I think everybody
19 kind of knows me, but so infantry guy in the Marine
20 Corps; left; ran my dad's business when he underwent a
21 bone marrow transplant. Went back on active duty for a
22 while; had opportunity to be a director of purchasing

1 in the state of Florida.

2 My other couple of jobs, running parimutuel
3 wagering, which was a lot of fun. I did that, and then
4 9/11, recalled to active duty and spent a lot of time -
5 - between 9/11 and when I came to this job here. So
6 multiple tours, OEF-OIF, a Desert Storm vet as well,
7 you know, as a lieutenant making the breach. And so
8 have run a small business, have a pretty good handle on
9 federal contracting and general just having been the
10 director of purchasing for the state of Florida. And I
11 thought that was really big. It was \$12 billion, you
12 know, and I come to the federal level and I think DOD
13 spends that in a day.

14 So I do understand that space, so I think
15 that's one of the reasons why they selected me was
16 because I do understand the government contract, have
17 appreciation for that. But I will tell you that the
18 single-most hardest thing I did was run that small
19 business. That is a tough, tough thing to do. So I
20 have an appreciation for that, but I've been here for
21 two years now -- just over two years -- and it's been a
22 great job. There's been very few days when I just

1 haven't been excited to be here, so very fortunate to
2 be here and be in a position where I can help the
3 people who matter a lot to me, who I consider family,
4 and that's the veterans community.

5 So as a segue, I will tell you that I have by
6 far the best deputy in all of SBA and probably the
7 Federal Government. So, Barb, if you'd introduce
8 yourself?

9 MS. CARSON: That was a great intro. Thanks.

10 [Laughter.]

11 MS. CARSON: I'm Barb, and likely I've met
12 many of you before. And I'm happy to see new faces
13 too. I look forward to getting to know you. This job,
14 I've been here for a year, and it brings together so
15 many elements of my life. I'm energized every day to
16 come here. I am still serving the reserve. I've been
17 active duty Air Force and I'm a military spouse as well
18 with three kids. And so we've had a very exciting and
19 challenging last 10 years as many of you can relate to.

20 I come from a family of entrepreneurs, briefly
21 have my own small business in Okinawa before my
22 husbands orders took us far away from there. So I

1 understand some of the challenges of populations that
2 we're trying to make a difference for and I feel like
3 we're going in the right direction and look forward to
4 your guidance and counsel as you come together and give
5 us new ideas too. Thanks.

6 MR. JEPPSON: Stan?

7 MR. FUJII: Stan Fujii, I'm the veterans
8 procurement liaison, start off in government with the
9 Defense Logistics Agency working on weapons systems,
10 stealth technology, stuff like that. Came over to the
11 SBA; worked at the VA program for about 18 years, as a
12 contracting officer for 17 of those years. I went over
13 to the Hub Zone program for 2-1/2, and now working for
14 the Office of Veterans Assistance Development.

15 Primarily, I go out to the agencies, not
16 necessarily to help keep them up on their three percent
17 goal for vets, disabled vets; but it's more we trained
18 them on how to utilize the program, how to find the
19 vets. They're not sure how the procurement process
20 works, train them on that. And then I worked with a
21 lot on the VSOs and I do a lot of one on ones with a
22 lot of firms here. Not much.

1 MR. WHITE: Hi. I'm Steve White. I served
2 with the 1st CAV in Vietnam. I came back, was a banker
3 -- Small Business Development Bank in Connecticut --
4 then went up to New Hampshire and worked for the SBA
5 for three or four years. I've started a number of
6 small businesses since. I do some small business
7 publishing and writing a number of publications on
8 managing business and stuff focusing on veterans, also
9 a piece on women veteran entrepreneurs; started an
10 organization called the Veterans Business Network,
11 which Marcie I'd be happy to talk to you about helping
12 you promote well on what you're doing through that.

13 MS. ULSES: I usually read that all the time,
14 so.

15 MR. WHITE: And I've been on this committee
16 probably longer than I should have, I think. But,
17 anyway, it's a mirror. From the time I worked with the
18 SBA and the time I worked with them on projects after
19 the fact that was an employee, the difference in what
20 the SBA is doing now for veterans is night and day that
21 used to be barely lip service.

22 They've always had a veterans affairs

1 coordinator, but he didn't report to anybody, didn't
2 have any responsibility, didn't do anything. So it's
3 been truly night and day. And I'm pleased to see what
4 you guys are doing, and especially the things you've
5 accomplished in the last couple of years. I'm pleased
6 to see it. So keep it up.

7 MR. JEPPSON: Thanks Steve. Okay. Ed?

8 MR. FIELDER: Ed Fielder, retired Marine
9 lieutenant colonel logistician.

10 MR. JEPPSON: Rah?

11 MR. FIELDER: Yeah, hoo rah.

12 MR. JEPPSON: Hoo rah.

13 MR. FIELDER: Post-Marines, went into
14 corporate facility services, had many, if you will,
15 Fortune 500 clients, which would included AT&T,
16 Equifax, ran the Atlanta Airport for a while, Orlando
17 Airport. Mixed in amongst all that I was lucky enough
18 to be selected as the senior executive in the previous
19 administration where I was the regional administrator
20 for GSA in the Southeast, and eventually ended up being
21 the chief of staff up here. And you can have working
22 up here. I like it much better down there.

1 About two years ago, the company I helped
2 start and get going was acquired, and a great profit
3 for many of us. And so I sat there and contemplated,
4 and started my own firm, which was called Fielder's
5 Choice Consulting. I do business development
6 consulting, both on the commercial side and on the
7 government side using both of my experiences. And I
8 found an interesting thing, where I'm working.

9 Half my clients are large businesses, half of
10 them are small. None of them are in the same business
11 opportunity together, but I kind of find matching and
12 teaming arrangements where, for instance, a small
13 business might not have the qualities and experience to
14 reach out to do a particular opportunity. But, if we
15 can put them in the right team relationship, and my
16 first large business that don't have the social
17 economic categories, but are interested in these larger
18 and larger set-asides, I find them appropriate small
19 business candidates to work with them. And we've had a
20 great deal of success doing that; and between the three
21 of us, I think we're the original leftover members. So
22 this is TIS, some time in service.

1 MR. JEPPSON: There, you go.

2 MS. ROTH-DOUQUET: I'm sure there's a nicer
3 way to put that.

4 MR. WHITE: Not really.

5 MR. FIELDER: No. No, it felt like leftovers.

6 MS. ROTH-DOUQUET: The old guys, just the old
7 guys.

8 MR. WHITE: Sequester specialists.

9 MR. MUELLER: All right. And I'm Kurt
10 Mueller. I'm a Vietnam veteran also, also an infantry
11 guy. But I got smart and became an aviator, flew with
12 two air CAV units from Vietnam. After the service I've
13 had people look at my career. They wondered why I kept
14 changing jobs. I was a chemical engineer in the law
15 business for a number of years. My family owned a
16 Miller Beer distributorship. I went and eventually
17 took over and ran that business until we sold it in
18 '86, moved to Atlanta, Georgia, to start up the Hagen
19 Das ice cream operation for Pillsbury; went from there,
20 managed Crystal Spring bottled water company, and went
21 from there to construction business is actually how I
22 met this guy.

1 I was in that and eventually formally retired
2 from the construction business several years ago;
3 formed a small consulting firm, which my company hired
4 me back I was working for. So all of that being said,
5 most of my effort, particularly in the last number of
6 years, has been focused a lot on the veteran community
7 about giving back now, since it was such a part of
8 particularly the guys I served with, and particularly
9 the guys now that are coming out of the service.

10 Recently, I was -- this last year I was
11 elected to be president of the Atlanta Vietnam Veterans
12 Business Association, which is a non-profit
13 organization, and I have 300 plus members, all of them
14 military careers and business careers. And one of the
15 initiatives we're doing now is we're all going back
16 into the business community looking for opportunities
17 to help guys start up businesses. Many of us had
18 experiences in running businesses, and this is one
19 reason I wanted to talk to you a bit more about the
20 whole Boots To Business thing, because there's another
21 -- our group is now beginning to merge ourselves back
22 into working with various organizations and with

1 veteran start-ups. So that's another thing I'm not
2 doing too as well. So that's about it.

3 MR. JEPPSON: Okay. Great. And so Kathy?

4 MS. ROTH-DOUQUET: Thank you. I'm Kathy Roth-
5 Douquet. I'm with Blue Star Families. Blue Star
6 Families is a national, non-profit organization --
7 international really -- that serves active duty guard
8 and reserve, transitioning service members, wounded and
9 their families. We are a start-up that's become an
10 institution. We're almost five years old, but we now
11 serve 1.2 million people in our programs and researches
12 every year.

13 We have almost 100,000 members who are going
14 to hit that goal at the end of next month. And I had
15 50 chapters, including in five countries. And I think
16 one of the reasons we've grown so fast and so robustly
17 is that our mission is to strengthen, connect and
18 foster leadership in the military family community. It
19 gives a platform for family members that they own, that
20 they haven't had before for their own development, and
21 we partner with everything. Partnership is key to
22 everything we do, coupled with private partnership, in

1 particular, but partnered with other institutions.

2 We have an annual survey that gets released in
3 Congress every year that's the basis of our programs.
4 What it tells us is that spouse employment is a top
5 issue for military families. For the service members,
6 themselves, and their spouses, we have a 26 percent
7 unemployment rate among military spouses, which is a
8 shocking statistic. And if it was anyone other than a
9 person with the name "spouse" attached to their name,
10 it would be a scandal. If veterans have that kind of
11 unemployment rate, it would be on the front page of
12 every newspaper.

13 No one except felons has a higher unemployment
14 rate in America, even though military spouses are more
15 educated and more credentialed. 52 percent feel that
16 they are unemployed or underemployed. So they are not
17 using their training or their -- and I see Barb shaking
18 her head.

19 MS. CARSON: Oh, yeah, nodding it.

20 MS. ROTH-DOUQUET: And we think and the
21 Chairman of the Joint Chiefs of Staff agrees with us
22 that this is the biggest threat to the nation's

1 military right now, because it undermines military
2 strength, undermines readiness, and undermines the
3 ability for service members to transition. It adds to
4 the isolation in families. So I'm so thrilled and
5 delighted to be invited onto this panel because it
6 helps us look at really tangible solutions. We think
7 they're absolutely solutions to this problem, because
8 these are desirable places for people who want to work
9 or capable of working.

10 A very high percentage of them want to be
11 entrepreneurs. They want to start their own businesses
12 or run their own businesses, whether that's an
13 individual consulting business or something more of a
14 burden in Okinawa. So it's unlocking the barriers to
15 allowing this to happen that we think will really
16 deliver outside benefits to individuals, to families,
17 to the military service and to America. And, by the
18 way, to veterans as well, because there's nothing
19 better than your transitioning to having other income
20 coming in as I think probably many here can attest.

21 So, thank you. My background: I'm an
22 attorney. I have prior government service in the

1 Clinton Administration and I'm an author. I've had to
2 change my career many times, because I've moved with my
3 husband to 10 different cities and countries over the
4 course of our marriage. I'm currently living in
5 Germany, and I commute back here, a week, a month, to
6 continue running my organization. I'm lucky my Board
7 has tolerated that, but that's coming to the end at the
8 end of July. So thank you for having me here.

9 MR. JEPPSON: So while we're waiting for
10 Larry, the ethics briefing, I will tell you that when I
11 first met Kathy, it took me about two seconds for us to
12 go to what an intersection Blue Star Families had was
13 what we had when we looked at the issues that face the
14 -- you know. You're absolutely right. The readiness,
15 the health of the families, everything right there, you
16 know, that we needed her on our team. So we're very
17 excited for all of you new members to be here and glad
18 that you accepted the challenge.

19 III. Committee Elections

20 With that, while we wait for Larry, let's just
21 talk about reordering this a little bit, what I'd like
22 to do. Hopefully he'll be here in a few minutes. If

1 not, I want to go ahead and, as we look at this, the
2 single most important thing that I want to do is just
3 make sure that we have the committee election. I had
4 saved that for the end of the day, but I think that we
5 may need to move that up. So what I want to do is
6 maybe I'll hop on the computer here real quick. Let's
7 go down and talk. Let's move right in while we're
8 waiting, right, to Cheryl's component right here. And
9 let me show you the vacancies on there, and then talk
10 about the rules for the election real quick.

11 MR. HEILMAN: Do you have a slide for that?

12 MR. JEPPSON: Yeah. If you can find that,
13 we'll just scroll through the slides. We'll flip
14 through the deck here and we'll get down there. So
15 we're going to excuse Barb for a little bit. She's
16 going to be in and out. To say that we're busy with
17 the small office we've got right now I think would be
18 an understatement. And we have a lot of irons on the
19 fire right now, and she's got to keep -- you know --
20 everything moving in one direction.

21 [Slide presentation.]

22 MR. JEPPSON: Let's go one more. Okay. So

1 what I'd like to do is just go through kind of how
2 we're set up. Like if you could go back a few slides,
3 there'll be a wire diagram here.

4 MR. FUJII: The what?

5 MR. JEPPSON: There'll be a wire diagram or --
6 I'm sorry, Stan. Keep going.

7 [A pause in the proceeding.]

8 MR. JEPPSON: Okay. So this is how we're kind
9 of organized, and just as a refresher, by statute
10 there's 15 members on the committee. We have eight
11 veteran-owned small businesses and then eight for VSOs,
12 NGO type of -- what we need right now is there are two
13 vacancies left for small business.

14 MR. MUELLER: I think there's a person in
15 vetting in small business.

16 MS. SIMMS: There's two, yeah.

17 MR. JEPPSON: Yeah. So we've got two in
18 vetting. So, currently, and then we have one PSO
19 that's in vetting as well, so two vacancies. So we
20 still -- I've got some names that we submitted, but we
21 hadn't done it yet. And once we have a president here,
22 we'll let them make those recommendations to the

1 administrator.

2 MR. MUELLER: Just a quick question. I did
3 ask you. I did expire, by the way.

4 MR. JEPPSON: Right. We extended you for a
5 year.

6 MR. MUELLER: Extended for one more year.

7 MR. JEPPSON: For one year, yeah.

8 MR. MUELLER: Okay. Yeah. Okay.

9 MR. JEPPSON: So, Cheryl will have that
10 updated to reflect that.

11 MS. SIMMS: Okay. Well --

12 MR. JEPPSON: And just so we do ask party
13 affiliations on this. The way the statute's set up, it
14 says you would have -- you know -- equal amounts. And
15 so we do as that; however, I'll be honest. We haven't
16 enforced it in there to this point. You know. We've
17 been looking for qualified members who our vettings
18 worked out. It takes forever to get through. I wish
19 it was different. It is a bit arcane. Our front
20 office knows about it, and was working on it; but, it
21 is a cumbersome process.

22 MS. SIMMS: And we have to find the

1 presentation that has my presentation.

2 MR. JEPSON: Okay. And so Cheryl's going to
3 go over the election process or the statute real quick,
4 and we'll talk about what we want to do. And so what
5 I'd like to do is immediately after she'll run through
6 that, we'll probably -- I keep thinking Larry's going
7 to show up here in a minute. And then after the break,
8 we'll come back. We'll probably break a little bit
9 earlier for lunch, and then come back and do the
10 election right after that, so that we can get Marcie
11 out of here in a timely fashion and we can have a new
12 chair in place. So do you want to run through that
13 real quick? Have you got your --

14 IV. Open Committee Positions

15 MS. SIMMS: Okay. Good morning, everyone.
16 I'm Cheryl Simms. I'm program liaison here in the
17 office of Veteran Business Development. I've been in
18 this position for 13 years, although I've been here at
19 the SBA for 15. Right now, what you're looking at is a
20 graph as Rhett had mentioned that we have approximately
21 four business owners and four representatives, service
22 veterans, veteran service organization.

1 So what we need now is to fill in those slots.
2 And what I'm asking is that you all, if you need, if
3 any of you all know anyone who is interested in serving
4 on this committee that you give me the names, and then
5 I in turn will send it on a copy of the SBA 198 -- I'm
6 sorry -- 898, and a copy of the -- I forget the form.
7 It will come to me. But, anyway, so as you can see, we
8 have some vacancies there. We have people that are
9 going through the process of vetting.

10 We don't know exactly the numbers, you know,
11 who are going, as I mentioned to you all yesterday that
12 I don't have the precise number of people who are going
13 through the vetting process. What we're looking for is
14 people to fill in those slots.

15 MR. WHITE: You mean some of them dropped out,
16 or what?

17 MS. SIMMS: No. The problem is the issue, is
18 that during the transition the administrator, and also
19 staff, so things kind of got pushed behind, just a
20 little. And so right now they're trying to regroup and
21 get everything back in order. And so now there are
22 people who are actually going through the vetting

1 process. Some people that has gone through the
2 process, I don't know if they've cleared or not.
3 Apparently, I don't think so, because I see how empty
4 it is. But there's -- sometimes when you go through
5 the vetting process and for certain program offices,
6 that has to vet you, something may come up, a
7 discrepancy and so forth. And they necessarily may not
8 let me know, but that person will not make the
9 committee, if you will.

10 So I -- you know -- get to the next one, the
11 next one, the next one, and keep going on and so forth.
12 As I was told, like I report to Rhett about, you know,
13 the people who are going, there are a number of people
14 who are up there. And I just can't tell you exactly
15 how many, because now they're reaching back from the
16 past; you know, trying to play catch up in order to get
17 these people vetted. So we should know something.
18 This is in June. I guess we should know something
19 maybe by August, July or August.

20 MS. ULSES: Cheryl, if there's a pile of folks
21 there making recommendations, we're just going to add
22 to that pile. We need to know if -- I mean hate to

1 make a recommendation if there's already six people in
2 line for these --

3 MR. JEPPSON: Okay. So let me add one thing
4 to this here. So I'll add a little bit to what Cheryl
5 said. If you know someone -- so we actually know -- I
6 have a handle on that. So we have two vacancies on
7 those veterans small business owners, and I've got two
8 vacancies still to fill on the VSO side. I have one
9 person in vetting, one VSO that we're going to -- we
10 have another candidate in vetting for the Small
11 Business that we're waiting to -- you know -- to hear
12 on it. And I will tell you that the candidate e-mailed
13 me the other day, and it's been like four months. It
14 jumped up and down there. So we're looking for those.

15 The way that this will work is if you have a
16 candidate, once we have a chair in place, you will
17 forward that name to the chair. If the chair approves
18 that, then it will come to Cheryl to run the traps and
19 do the vetting process from here. So I forgot to
20 mention that step. So once we have the chair in place,
21 that's the person it will go to.

22 MR. MUELLER: You had up there on the Small

1 Business side -- and so go back in vacant and
2 candidate. What's the difference in a vacant --

3 MR. JEPPSON: So I said there are two
4 vacancies that candidate is -- um. We have the one in
5 vetting and we have a candidate that it should say it's
6 filled. We just don't have them notified yet and in
7 place, so. I can tell you who that is offline.

8 MR. MUELLER: On the candidate it's who had
9 been vetted.

10 MR. JEPPSON: On the candidate, yeah, right.
11 And so we have two.

12 MR. WHITE: In the past we even had a banker -
13 -

14 MR. JEPPSON: Ah-hah.

15 MR. WHITE: -- that was included.

16 MR. JEPPSON: Okay.

17 MR. WHITE: We're in the position everybody's
18 sort of thinking that Access to Capital is number one
19 on everybody's mind. I don't know if any bankers that
20 are representing a veterans service organization or
21 would be considered a small business guy. And I'm just
22 saying somebody that's in finance that's in the

1 business of making loans in small business and folks
2 Vietnam veterans would be a handy person to have
3 involved here, but it happened.

4 MR. JEPPSON: Okay.

5 MR. MUELLER: And I do have a question for
6 you. Before you got onboard, we did submit names. I
7 assume I did too, and those people keep calling me and
8 asking me what's going on. And I got -- quite
9 honestly, it's embarrassing sitting on this committee
10 and I can't tell them anything. I don't know what the
11 protocol is, but it doesn't fly well on these.

12 MR. JEPPSON: I'd like to disagree with you,
13 but I can't. I mean absolutely it's ridiculous. It is
14 ridiculous, the type of vetting. You know. I've got a
15 guy right now who've had in there to represent one of
16 the small businesses, really super successful veteran
17 entrepreneur, and I can't even say the words in the
18 public setting. It makes us look foolish; you're
19 right. I couldn't agree more.

20 MR. MUELLER: Well couldn't you not at least
21 if we did submit names?

22 MR. JEPPSON: If it was prior to me coming

1 here I don't know. And even once we submit them,
2 sometimes, we have a hard time following back up
3 through the vetting process. Now, our person in OGC,
4 we've raised this issue continuously. And we hope
5 they're doing something soon. The fact that we were
6 able to get these through in a timely fashion, we were
7 happy. I say "timely," but, still, how long were you
8 there, Kathy?

9 MS. ROTH-DOUQUET: I think it was like six
10 months or something.

11 MR. JEPPSON: Six months, yeah.

12 MS. ROTH-DOUQUET: It was a really long time.

13 MR. JEPPSON: Yeah.

14 MS. ROTH-DOUQUET: I thought I'd dropped off.

15 MR. FIELDER: So something happened to the
16 vetting process.

17 MR. JEPPSON: In what?

18 MR. FIELDER: Something happened in the
19 vetting process. I've been on the committee for two
20 years, and when I submitted my paperwork to Cheryl, she
21 says, "Ed, don't call me. I'll call you. It sometimes
22 takes two to four months." She called me the next

1 week. It was complete. So, somehow, I skimmed
2 through in about a week. And you can go back and check
3 the dates, but it was exactly a week.

4 MR. WHITE: Yeah, but you were a bureaucrat.

5 MR. JEPPSON: No.

6 MR. FIELDER: So I guess why couldn't it work
7 so smoothly back then, and now --

8 MS. SIMMS: Again, I mean I blame it on change
9 of staff, you know, the transition is so poor. I mean
10 you have different people up there now and I'll have to
11 -- well, pretty much, you know, familiarize themselves
12 with the process.

13 MR. JEPPSON: I will tell you when I've gone
14 up there and I've started to try to peel the layers
15 back on this, there's a staff component. There's a
16 process foul, if you will, in the way that we do the
17 business. It's not streamlined. It's not efficient,
18 and it's ridiculous. I won't sit here and try to
19 defend it. But what I would ask, though, for those, if
20 they're still interested, that once we have a chair in
21 place let's resubmit their package. Because, you know,
22 if you've got a package sitting there, you may have it.

1 You know. I couldn't tell you if there was.

2 MR. MUELLER: Well, that would be a tough one.
3 And this has been, yeah. I mean we could always go
4 back and ask if they wanted to get resubmitted. But I
5 will tell you this. This committee is only effective
6 if we have it with a good percentage of the people
7 here. Because if we start bringing people in to meet
8 with us and we have -- what if everybody can't show up?
9 We only have four or five people, it doesn't send the
10 right message to the marketplace at all.

11 MS. SIMMS: Absolutely.

12 MR. MUELLER: And, again, I don't understand
13 all the bureaucracy. That's one reason why some of us
14 don't work in this world, but it seems like somebody,
15 some person up there, has the final authority to say
16 so. It would really seem so.

17 MR. JEPPSON: Yeah. Okay.

18 MS. SIMMS: Okay. I guess that brings me to
19 this spot here, and I attended the VET-Force meeting
20 yesterday. And Curt, Steve and Ed was there, and they
21 asked me a particular question in which, you know,
22 here's the slide, here's the answer to that question.

1 It's approximately eight veterans -- I'm sorry -- eight
2 shall be veterans who are owners of business concerns.
3 Okay. And yesterday I kind of had it twisted around
4 with you all, I think. So I wanted to be able to show
5 you exactly and tell the rest of the committee that
6 eight shall be veterans business owners, and the other
7 seven will be representative of veteran service
8 organizations. Okay? So, and then you have the
9 initial appointment not later than 90 days after the
10 date of enactment of this acting administrator shall
11 appoint the initial members of the committee.

12 Cheryl does not appoint members. So let's
13 make that clear. I do not appoint members. I just
14 take the information. I forward it up to the
15 administrator's office, and there the vetting begins.
16 Okay. Not more -- not more than eight members shall be
17 of the same political party as the President, okay, and
18 the prohibition of federal employment in general,
19 except as provided in subparagraph.

20 Can we just move on to the next one? Thank
21 you. Okay. Officers. I just want to touch on this
22 because I do know at some point -- I'm not sure if it

1 was this group, but I had a group that asked me who
2 could serve. You know, who could. Federal officers
3 cannot serve. You all are here because you're business
4 owners, again, and representatives. You cannot serve
5 if you are a federal officer, so can't send me any
6 nominee of that nature. Okay. And, let's see. The
7 date on the letter that I send you, which is the
8 appointment letter, whether it may be June 1st, August
9 30th, whatever the date is, from that time that your
10 appointment day and that's the extension of your -- I'm
11 sorry. The service of your position is three years.
12 So you would serve three years from the dates on that
13 letter. Does that make sense? Yeah? All right.
14 Chairperson and vice chairs has to be selected today.
15 We have to have one.

16 MR. JEPPSON: So let me go back to that just
17 real quick. The statute, it asks for a chair. In the
18 past we've had a vice chair. That position doesn't
19 exist. So if you want to have an alternate that will
20 fill in or something like that, we can do that, but
21 there's no vice chair. There's a chair and that's all
22 that's authorized in statute. That's what we

1 recognize, so.

2 MS. SIMMS: Right.

3 MR. FIELDER: But the way these committees
4 worked in the past, even if there's not a formal
5 requirement to have that, this is that there'd be
6 someone that's dated in a succession planning mode so
7 that that person fills in, but informally is
8 acknowledged. If everything goes the way it's supposed
9 to go, then that's the next chair.

10 MS. SIMMS: Then that's why I mentioned vice
11 chair. Public Law does state just chair; however, I
12 have seen it in the past in historic meeting, you know,
13 no one showed up. Maybe because there's like whatever
14 cancelled, or maybe there's a situation that happened
15 at home; we had no chair, no one to chair the meeting.
16 So that's why I was asking, you know, legally vote for
17 chair. Off the record, do a vice chair, have someone
18 to cover for the chairperson in the event of his or her
19 absence.

20 MR. JEPPSON: So we'll go back and revisit
21 this, but right now, when we actually had Marilyn as
22 the vice chair there, there was an issue with our OGC

1 over naming and electing a vice chair. So we're not
2 going to do that today.

3 MS. SIMMS: Oh. I didn't know.

4 MR. JEPSON: Okay.

5 MS. SIMMS: I apologize.

6 MR. JEPSON: Yeah, and we appreciate all
7 that. When the last guy, he was called back to active
8 duty. So the next time we meet, we'll select a new
9 chair. So that's the way that will work. It says that
10 if the chair leaves, at the very next meeting, if the
11 statute -- and the statute says that if the chair
12 leaves, at the very next meeting we'll select a chair.
13 We should have done it last time, but then our
14 discussion was we certainly didn't have enough for a
15 quorum. It didn't make sense to do it at that time. I
16 think we've kind of passed that common sense test, but
17 I will tell you that -- well, it is kind of -- it kind
18 of is what it is. So, with that, what I'd like to do -
19 -

20 MS. SIMMS: Can I just say real quick?

21 MR. JEPSON: Yeah.

22 MS. SIMMS: If any of you all have any

1 questions for me later on, my name is Cheryl Simms, and
2 I'm at 202-619-1697. My e-mail is
3 Cheryl.Simms@SBA.gov.

4 MR. JEPPSON: So with that, we've been at it
5 about an hour and a half. Now, so what I'd like to do
6 is take a 15-minute break. Let's do this. We'll go
7 ahead and just drop the ethics briefing, and when I get
8 Larry here we'll go ahead and move on. I'm just going
9 to reorder, so I think we've got Al Munoz here. So
10 we'll move Al up in the program. We'll let him, and
11 then we'll go into the updates here with Craig, and
12 then John. And then we'll talk a little bit about
13 lending, and we'll see if Luis makes it here before we
14 break for lunch.

15 We'll try and move the schedule up a little
16 bit, and let you guys have an opportunity, let you
17 break. We'll break for lunch and come back a bit
18 early, hold the election for Marcie.

19 MR. MUELLER: Can I -- before we do the break,
20 can I ask a couple of administrative things here?

21 MR. JEPPSON: Sure.

22 MR. MUELLER: One, I would like to get a

1 roster with all of our names on it, all of our contact
2 information. And, if not before we leave, have it e-
3 mailed to us when we -- after this meeting.

4 MR. JEPPSON: So there's a couple things that
5 we're going to do as part of this. We actually have --
6 do you have the sheets down here, the bio sheets?

7 MS. SIMMS: Yes.

8 MR. JEPPSON: Okay. So we're going to have
9 you fill out a sheet. And one of the things the
10 previous chair had asked for previously was a web page,
11 this committee, with the bios on there. So we actually
12 have somebody who's supposed to come down and take your
13 picture. Then we'll get your contact information. You
14 know. We have your address and other things.

15 We're not going to put that on the website,
16 but we're going to collect all that and we'll give that
17 to everybody so that you have that collected amongst
18 the committee members. So you can have contact.
19 Whoever the chair is will keep that and distribute all
20 that stuff and be responsible for those activities.

21 MR. MUELLER: So those that have submitted
22 files two or three times?

1 MR. JEPPSON: We would, again, yeah. We'll
2 dig yours out then. Okay. But we're going to put it
3 in a certain format, so we're going to post the same on
4 the web.

5 MR. MUELLER: All right. So we don't have to
6 rewrite them today?

7 MR. JEPPSON: No, but if you want to give us,
8 there's certain things we're wanting there. Dates of
9 service, I don't know if they're in there. You know,
10 what branch of service you're in, the dates of service,
11 if you've got awards that are not in there. So there's
12 a format.

13 MR. MUELLER: All right.

14 MR. JEPPSON: Okay. All right. You said you
15 had another administrative question, or just you want
16 tech information?

17 MR. MUELLER: Oh, slides -- are you going to
18 e-mail those to us?

19 MR. JEPPSON: Yeah. We can do that.

20 MR. MUELLER: Okay. All right. I would.

21 MR. JEPPSON: Okay. We can do that. Okay.

22 So let's take a break and let's come back at 10:40, so

1 about 15 minutes.

2 [A brief recess was taken.]

3 MR. JEPPSON: So let's go ahead and press
4 here. So we've got Al Munoz here. So, Al, are you
5 ready to go? And Stan can help flip slides for you.

6 MR. MUNOZ: Okay.

7 V. Farm Bill 5 - Veteran Agriculture Initiatives, U.S.
8 Department of Agriculture.

9 [Slide presentation.]

10 MR. MUNOZ: Good morning. I am Al Munoz. I'm
11 a project manager for the Department of Agriculture.
12 About 30 or 40 pounds ago, maybe a bit more, I was also
13 Marine Corps Infantry. I got lucky after getting out.
14 I went immediately to work for a Navy in the
15 contracting office as contracting officer for many
16 years. I still hold the contracting officer's warrant,
17 but now just for disaster response, incident type
18 response. I don't do the regular contracting any more.

19 My day job is as a project manager, and one of
20 the projects that I manage for USDA is the project
21 that's up on the screen right now. This is the
22 "Returning veterans to agriculture project." And what

1 we know over at Department of Agriculture is that many
2 of our veterans come out of rural communities and
3 farms, take over 40 percent, in fact, of all veterans
4 come from rural communities and from farming, ranching,
5 fishing, forestry backgrounds. And when they get out
6 of the military service, of course, they get class on
7 getting out of the military and how to become a
8 veteran, how to write a resume, how to put on a suit,
9 how to tie a tie, other skills that they'll need as
10 veterans.

11 What we don't teach them, however, is how to
12 go back to the family farm, if that's where they're
13 from. And, as you know, a family farm, a veteran-owned
14 farm, is actually a veteran-owned small business and
15 has many of the same characteristics of any other small
16 business and many that are unique, actually, to the
17 farming community. So this project we started about a
18 year ago. It's still in the pilot phase. We started
19 the project because we saw the need at USDA.

20 What we didn't have, however, is the funding.
21 That's been rectified, just recently, by the passage of
22 the *2014 Farm Bill*, and there are some special

1 incentives, I'm going to say, in the *Farm Bill* for
2 veterans -- special set-asides in the *Farm Bill* that
3 I'll talk to you a little bit about. And they're
4 actually here on this hand-out there I gave you. So
5 what we started off with was just providing information
6 for veterans that are getting out; you know, folks that
7 are getting out of the service, people that are already
8 out there somewhere in rural communities or in farms,
9 to give them the resources that they need to either
10 return back to rural communities and farms after their
11 service, or to just stay there if they're there; or, if
12 they're interested in starting a career in agriculture
13 somewhere, to give them those resources as well.

14 So we started to put them together, and we
15 came up with a guide for the TAP program, for the DTAP
16 program. At USDA a supplement for that program, and we
17 just recently got permission to actually execute that
18 through the Department of Labor and the VA. So there
19 will be a USDA portion of that program where in the
20 past there hasn't been. It will be part of these new,
21 optional VAIs.

22 If you've heard the DTAP program is going to

1 be extended by two days, they're going to be optional
2 VAIs for service members. And one of the things that
3 they'll be able to go to is for the Department of
4 Agriculture, if they want to go back to the family farm
5 and run it, or if they want to start farming, or
6 whatever they would like to do -- go back to the rural
7 community, farming, ranching, and fishing.

8 MR. JEPPSON: So, Al, real quick. Who did you
9 guys deal with over at DOD?

10 MR. MUNOZ: Over at DOD?

11 MR. JEPPSON: Yeah, to get this part of the
12 TAP transition?

13 MR. MUNOZ: Oh, over at Department of Labor?
14 I could get you those things, but I don't have them in
15 my head.

16 MR. JEPPSON: Okay.

17 MR. MUNOZ: Okay. Actually, if you could just
18 leave the site up, okay. So the guide has a number of
19 resources that are not sponsored by USDA directly. So
20 there are many partners for USDA for beginning farmers
21 and ranchers, education programs, land grant
22 universities and colleges around the country. Those

1 resources are here on the website as well. It's
2 running a little slow there, but it scrolls through a
3 few of them there. And there's some resources across
4 the top for whatever they happen to be interested in.

5 So there are specific resources for folks that
6 are interested in farming and ranching, others for
7 agri-related businesses. Once you take something off a
8 tree, of course you have to can it or freeze it or
9 process it some other way. Those types of businesses
10 are represented here as well. Folks that aren't
11 interested in running the family farm or maybe don't
12 have that opportunity or are not interested in doing
13 something like that or interested in doing some other
14 type of business, those resources are here as well.

15 USDA provides a number of resources through
16 its many, many agencies. USDA is a federated agency.
17 There are 29 pieces of it that are out there that all
18 have some responsibility for the safety of your food,
19 the adequacy of its supply, making sure that when
20 you're walking to the grocery store there is whatever
21 it is that you're looking for that particular day.
22 It's all run through the Department of Agriculture. So

1 just going across the top there, you can see that folks
2 that are interested in training or education, if
3 they're looking for apprenticeship programs -- for
4 example, they wanted to get into farming or ranching --
5 those are under the "Resources" tab.

6 Careers in agriculture go through careers out
7 in agribusinesses in farming and ranching, but also at
8 USDA. So a federal jobs that one of the tabs over
9 there to the right is a live feed of jobs that are
10 available -- all jobs that are available at USDA across
11 the country -- actually around the world. USDA has
12 many, many positions outside the country as well that
13 veterans can apply for and links to link them to those
14 jobs.

15 Some news. There are stories, of course, of
16 success; veterans that had gone into farming and
17 ranching, forestry or fishing with the help of a USDA
18 program, and have a success story. They're helping
19 other veterans. Many of them have started very
20 successful businesses where they hadn't had the
21 opportunity before. Those resources, those stories,
22 rather, are up there so that veterans can get a sense

1 of kind of what's possible, if they're interested in
2 going into these fields. And I will pause there, if
3 there's any question so far.

4 MR. BAILEY: Have you all looked at either an
5 interim program, or some type of partnership to allow
6 if the veteran doesn't want to go to school, because,
7 most importantly, they're trying to generate revenue
8 and trying to build the business? Do you have a
9 program where they can write C drive with their --

10 MR. MUNOZ: Yes. Yeah, many actually, and the
11 *Farm Bill*, actually. I'll talk about one of the
12 programs that the *Farm Bill* enhanced for veterans, just
13 specifically for that. So folks that are either not
14 ready to start their own farm, needs some more training
15 or education, or just getting into taking a look at
16 farming. There are apprenticeship and training
17 programs where they can partner with an experienced
18 farmer and learn from that farmer, and even potentially
19 take over that farm if they chose to do that. And the
20 farmer that's leaving farming, for example, or retiring
21 from farming, would be interested in that.

22 MR. BAILEY: Okay. If there's some due

1 diligence that goes into that, because farming is
2 different.

3 MR. MUNOZ: Hmm-hmm, yes.

4 MR. BAILEY: And so, you know, they're what I
5 call the corporate farm, if you will, that really gives
6 a good appreciation for that whole supply chain to be
7 working with them on that.

8 MR. MUNOZ: Yes.

9 MR. BAILEY: Okay.

10 MR. MUNOZ: Yeah, actually. And many of the
11 programs, even though there are some that are very,
12 very easy to reach for farmers, there's a microloan
13 program for example that is very, very easy to get
14 into. There's no way to get a complete farm loan from
15 USDA until you have some experience. So you have to
16 come in with that experience. It just doesn't make any
17 sense to give a veteran a farm and say go for it.

18 MR. BAILEY: Right.

19 MR. MUNOZ: If they don't have the experience,
20 you know, it's a heavy lifted depth one, so we don't do
21 that.

22 MS. ROTH-DOUQUET: Does this include newer

1 hybrid businesses like container fish farming, that
2 sort of farm?

3 MR. MUNOZ: Oh, yeah, absolutely. Yeah, right
4 into rooftop farms; if they're living in New York City
5 and they want to start a rooftop farm, we have programs
6 for them as well. Now, hydroponics is a big industry
7 right now; organic is a big industry. There's a new
8 labeling program. We haven't got it up on the site
9 right now, but it's called "Home Grown By Heroes." So
10 products, agricultural products, a can of peas, for
11 example, or frozen -- I don't know -- lettuce, that was
12 grown by veterans has this new label now that's
13 sponsored by USDA -- "Home Grown By Heroes." So you
14 can pick up a package in your local store that you know
15 provided a job for a veteran.

16 MS. ROTH-DOUQUET: Hmm-hmm. Thank you.

17 MR. WHITE: You mentioned fishing. Is it
18 farm-raised fishing, or charter?

19 MR. MUNOZ: Yes. So actually both. So farm-
20 raised fishing, obviously, that's a big part of the
21 fishing industry here in the United States. But, also,
22 if somebody wants to take a boat out and start doing

1 commercial fishing, we'll help them as well. So all of
2 those related agribusinesses, I mention those
3 frequently. Because when people think USDA, they think
4 of farming.

5 MS. ROTH-DOUQUET: Right.

6 MR. MUNOZ: But it's farming, fishing,
7 ranching, forestry work, anything where somebody is
8 taking something that is living and putting it into a
9 grocery store or sending it overseas to help out other
10 countries, or whatever. USDA is there to help them.

11 MR. WHITE: Okay.

12 MR. MUNOZ: So I'll get into this handout that
13 I brought with me today. Like I was saying, the *Farm*
14 *Bill* provided some enhancements to existing USDA
15 programs. And it started some new programs, including
16 this program, which is going to be rolled up into that
17 program, into the *Farm Bill* stuff that's going on, so
18 that veterans specifically get kind of a leg up on USDA
19 programs that are designed to help other socially and
20 economically disadvantaged people getting into farming.
21 So the programs themselves, this is the little bit of
22 hype on the program on the *Farm Bill* on the front page,

1 and then on the back there are some of the programs
2 that are enhanced by the *2014 Farm Bill*.

3 One of the major parts of the *Farm Bill* for
4 veterans was the designation of veteran farmers. So
5 somebody who is interested in getting into farming,
6 ranching, whatever, there's a special designation for
7 them. So in the past you have like the 8(a) program,
8 where you have socially and economically disadvantaged
9 small business owners, or you have women-owned small
10 businesses, or you have these other programs that are
11 designed to help businesses.

12 So now there's one at USDA, and it's called
13 "Veteran Farmers." And Veteran Farmers, the only thing
14 that they have to do to qualify to be a Veteran Farmer
15 is to just typically be a veteran. They don't have to
16 be a minority. They don't have to be a woman. They
17 don't have to be injured. They don't have to have a
18 service-connected disability. They just have to be a
19 veteran. And they can apply for many of these programs
20 that are designed for socially and economically
21 disadvantaged folks around the country. And some of
22 these programs -- and I'll talk about just a couple of

1 them -- also designate certain amounts of money to go
2 specifically to veterans. So when veterans come into
3 an office in a local county and apply for a farm loan
4 or a grant or something to start a business, they go
5 right to the head of the line. Money is reserved
6 specifically for them.

7 So one of those programs is the Transition
8 Incentive Program. And what you were asking about a
9 little bit earlier about apprenticeship programs, this
10 is right in line with that. So what this does, the
11 Transition Incentive Program, is for the large number
12 of older farmers that are leaving the farm, they're
13 retiring. The average age of a farmer now, I think, is
14 over 60 years old in the United States. Many of them
15 are retiring. The farming can be kind of a brutal
16 existence. It can be difficult. So people, they will
17 stay into it, but it's very difficult to continue to
18 produce as you get older.

19 So many of you are leaving the industry. Many
20 of you are leaving the farms, and the farms themselves
21 are actually going fallow there. They're not being
22 picked up again by anybody else. The transition

1 incentive program, gives an incentive to these farmers
2 that are leaving to bring on an apprentice, teach them
3 how to do the farming, to apprentice them as farmers,
4 and then gives them an incentive to, if they wanted to
5 lease that land back to that veteran, gives them a cash
6 incentive to do so.

7 Conservation Programming Preference is another
8 program. Each one of these programs is applied a
9 little bit differently. In some of these, like I was
10 saying, the veteran goes to the top of the -- they go
11 to the front of the line, because there's money set
12 aside specifically for them. Other programs are not so
13 generous. They simply allow veterans to apply where
14 they could not have applied before, and some of these
15 are specifically for veterans. So it's kind of a mixed
16 bag, depends on where they were at in USDA before
17 passage of the Farm Bill, what type of money was set
18 aside, if any money was set aside, that could be set
19 aside for them. It was others not so much.

20 Do you have a question? Okay. So microloans,
21 I was mentioning that just a little bit earlier. The
22 microloans are small dollar loans up to \$30,000.

1 Veterans can apply for these. The incentive here for
2 veterans is that the loan terms, which are capped for
3 the majority of people that get microloans, aren't
4 there for veterans. So a veteran that applies for a
5 microloan to buy a tractor or piece of equipment
6 doesn't have the same term limit that other farmers
7 would have if they're applying for a microloan for the
8 same thing. So it gives them a little bit easier lift
9 if they wanted to buy a piece of equipment or even
10 expand their land. The money can be used for a great
11 variety of things. It's just capped at \$30,000.

12 Beginning farmer and rancher development
13 program is exactly what it sounds like. It's a program
14 for giving, you know, new farmers, people that are
15 interested in getting into farming and ranching. It's
16 a grant program, and it also is a Priority Program for
17 Veterans. So when veterans come in and apply for the
18 program, they go directly to the head of the line. The
19 one thing that I do want to mention that's not in this
20 list, but you can find on the website if you're
21 interested, is that USDA now has a physician for a
22 veteran's liaison.

1 So there is a person designated at USDA
2 specifically for veterans' issues that, you know, one
3 point of contact for veterans, veterans groups that are
4 interested in doing something with USDA, applying for
5 USDA assistance, for example, or looking for local help
6 through one of our NGOs out in Iowa, somewhere. That
7 would be the person that they would contact. That
8 person will have -- you know -- be the person that will
9 direct them to the appropriate program and help them
10 get started in doing whatever it is that they want to
11 do in farming or ranching.

12 MS. ROTH-DOUQUET: Is that you?

13 MR. MUNOZ: That is not me. No.
14 Unfortunately, that position hasn't been filled yet,
15 but that person will likely take over this program.
16 That will probably be able to happen at that point.

17 MR. BAILEY: Is your plan to reach into some
18 of the veteran training programs that are out there now
19 to try to catch veterans while they're active in a
20 setting to branch over into you? Or what is your
21 outreach with regards to a veteran getting into this
22 program?

1 MR. MUNOZ: So the veteran liaison will be in
2 our office of advocacy and outreach, and they do
3 extensive work with the land grant universities that
4 are scattered across the country. So it's a
5 possibility that that's exactly what will happen, is
6 that there will be some outreach through colleges and
7 universities as veterans are going through those
8 programs. Some of the programs that are already on the
9 website -- some of the resources that are available --
10 are run at the Langford University. So there's already
11 that type of interaction going on. I can't say for
12 sure what's going to happen after the liaison comes
13 onboard, because the person's not there yet, so, and
14 it's a brand new thing.

15 MR. BAILEY: All right. I understand. I mean
16 you haven't spent quite a bit of time out in Boise,
17 Idaho. And I was, you know, working with the Guard out
18 there. And I usually don't hear much about veteran
19 talk out there unless you're another veteran is the
20 reason why I'm saying that. And then with Mike Haynie
21 and some of the other programs, you know, Barbara Ash,
22 that you get again a good snapshot of America in those

1 settings, which I think this is great. It's just a
2 matter of is it touching the right audience. That's
3 it.

4 MR. MUNOZ: Right. Yeah, and I would leave it
5 to OAO. I'm not in OAO, the Office of Advocacy and
6 Outreach. I would leave it to them to be the experts
7 in how to do that type of outreach. The pilot program,
8 which has been going on for about six months now, we've
9 tried to include as many veterans groups and existing
10 partners as we could that had some interest in helping
11 veterans or had some existing program.

12 We tried to gather them together, make those
13 connections. A lot of them are very, very active with
14 one another, passing back and forth information and
15 sharing resources; coming to each other's conferences
16 and events so that as much of that could be done, as
17 much of that information sharing could be done and we
18 reach as many veterans as we can.

19 MR. BAILEY: Thank you, very informative.

20 MR. JEPPSON: Okay. So, Al, thank you for
21 being here today. I appreciate it.

22 MR. MUNOZ: You're welcome.

1 MR. JEPPSON: Any last questions before we
2 move on? Okay. So thank you again for being here.
3 So, next, I'd like to go to John Shoraka. John's the
4 head of our government contracting here, GCBD. That is
5 what we refer to. So he'll give us an update on the
6 state of government contracting here and some of the
7 initiatives. There are things going on within the
8 agency. And then after him, we'll give Luis about 15
9 minutes. He's going to give us an update on some of
10 the issues and challenges that some of the veterans are
11 facing in conjunction with GSA. So let's proceed for
12 the next half-hour that way. Okay. John?

13 MR. SHORAKA: Thank you. Thanks, Rhett, for
14 having me today. Real quick, I just want to introduce
15 my senior advisor, Justin Tanner, who's with me as well
16 today.

17 VI. Government Contracting

18 [Slide presentation.]

19 MR. SHORAKA: Real quick, a quick background
20 on my office and then some of the initiatives that
21 we're working on, and then maybe open it up for
22 questions. I know I have a very limited time period

1 here today. My office -- how many of you know what
2 Government Contracting Business Development does at
3 SBA? Anybody? No. Okay. So my office oversees the
4 set-aside programs for the Federal Government.

5 We establish the goals with each of the
6 agencies to make sure that the Federal Government meets
7 the statutory 23 percent goal. We look at that as a
8 floor, not a ceiling. We work with all the agencies to
9 meet all the socio-economic categories, which include
10 SDVOSB, women owned small business, small disadvantaged
11 business, SDB, which is basically the 8(a) program, and
12 the Hub Zone goals, which is our 5533, how we explain
13 that. And the SDVOSB goal is three percent.

14 In order to do that, we have what we call
15 procurement center representatives out in the field.
16 They oversee the buying activities. We make sure that
17 the buying activities do the necessary research and
18 market research to set aside contracts where they
19 should be. And, actually, our PCRs have the ability to
20 stop the procurement if they think it should be set
21 aside, and it's not. And it's basically what we call
22 "the rule of two." If you have two or more small

1 businesses that can provide the good or the product of
2 the service, it shall be set aside. Not maybe set
3 aside; it has to be set aside. So in addition to the
4 PCRs, we actually have the program offices where we do
5 their full certification, front end certification for
6 the AA program, which is a socially and economically
7 disadvantaged program.

8 We do the front-end certification for the Hub
9 Zone program, which is historically under utilized
10 business zones. And then with the two other programs,
11 which is of course of interest to this group on the
12 Service Disabled Veteran-Owned Small Business Program,
13 that's a self-certification program. And I know
14 there's a lot of interest with respect to what the VA
15 does, what we do, et cetera. Our program, all our
16 self-representation program, the SDVOSB program, is
17 indeed the contracting program for the rest of the
18 Federal Government outside of the VA.

19 Now, obviously, there's a lot of
20 miscommunication at times. There's a lot of
21 misunderstanding and a need for training. But the
22 SDVOSB program for the rest of the Federal Government

1 falls under our jurisdiction, and it's a self-
2 representation program, similarly to the women-owned
3 small business program, which is a self-representation
4 program.

5 Where we get involved in those two programs is
6 if there's a protest. So it's not a front-end
7 certification program. If there's a protest, we get
8 involved. That's when we get the documentation and
9 make certain that the firm is indeed what they say they
10 are. What we have found over the last several years is
11 that in the last four years we've actually had more
12 suspensions, debarments, and proposed suspensions and
13 debarments than in the previous decade. So the self-
14 policing mechanism certainly is a mechanism that works,
15 but it's also something that could probably be improved
16 as well.

17 Some of the things that we're working on that
18 are very relevant, I think, to small business
19 procurement and service disabled veteran-owned small
20 business procurement came out of either the *Small*
21 *Business Jobs Act of 2010*, which had over 19 provisions
22 to level the playing field, and then others came out of

1 the National Defense Authorization Act of '13, which
2 also had a lot of provisions to level the playing
3 field. We've been in the process of writing rules,
4 implementing those rules, et cetera. Real quick, I
5 would say, most interestingly, out of the *Small*
6 *Business Jobs Act of 2010*, which we moved very quickly
7 on, was parity. There had been a lot of discussion as
8 to what hierarchy is there in the set-asides program,
9 and really *SBJA '10, Small Business Jobs Act of 2010*,
10 reemphasized or reestablished or reemphasized parity in
11 that it's the contracting officer's discretion.

12 If they're not meeting their service-disabled
13 goal, and they identify two or more small businesses in
14 that category, it's at their discretion to set it
15 aside. There is no hierarchy. Obviously, the 8(a)
16 program has some statutory provisions which make it
17 more favorable, sometimes, for contracting officers to
18 use, which is a sole source. SDVOSB has a sole source
19 authority, but it's much more limited.

20 The other thing that came out of the *Small*
21 *Business Jobs Act* that I think was very relevant was
22 keeping subcontractors -- keeping prime contractors

1 accountable to their subcontracting plans, in other
2 words, having to get buy-in, or at least informing the
3 contracting officers that are making changes to the
4 subcontracting plan. That rule was finalized last
5 year, and we're working to get into the Federal
6 Acquisition regulations. And the other is setting
7 aside under multiple award contracts and federal supply
8 schedules. Before *Small Business Jobs Act*, even though
9 contracting officers were setting aside, there was no
10 clear guidelines and rules on how to set aside under
11 IDIQs in federal supply schedules.

12 We changed that. It became effective last
13 year. Again, we're working with the Federal
14 Acquisition regulation for our FAR counsel to make sure
15 that that gets into FAR. On the *Small Business Jobs*
16 *Act*, two things that were very relevant, and we just
17 sent the rule -- our administrator just sent this rule
18 -- signed this, and we're sending it out for
19 interagency comments. One was allowing similarly
20 situated firms to team together much easier. So if you
21 can imagine, if there is a set-aside contract for,
22 let's say, SDVOSB, what the requirement is is that

1 small firm -- that designated firm -- that that prime
2 contractor do 51 percent of the work. Right?

3 Now, what we have found is that a lot of times
4 contracts are getting bigger and contracts are getting
5 more complex. There's lack of contracting officers.
6 There's lack of personnel. So agencies tend to combine
7 requirements. And so that creates a difficulty for
8 that small firm to be able to do the 51 percent of the
9 work. What the *National Defense Authorization Act of*
10 *2013* allowed us to do was write a rule where if you're
11 similarly situated, in other words, if you get two
12 SDVOSBs together as prime and sub, as long as you're
13 similarly situated, together you can do that 51 percent
14 of the work. So this allows firms to get together to
15 pursue much larger, more complex projects. So if it's
16 SDVOSB set aside, it has to be similarly situated
17 companies. If it's Hub Zone and set aside, it's --

18 MR. FIELDER: John, is that rule, is that
19 enacted now?

20 MR. SHORAKA: No. To the rule?

21 MR. FIELDER: The time of the year for it --

22 MR. SHORAKA: The statute was signed.

1 MR. FIELDER: -- would the contract, they
2 think it's on the horizon now?

3 MR. SHORAKA: Yeah, yeah. So that's a great
4 question. So the statute was signed. The President
5 signed it. Navy actually had a case where they relied
6 on that statute to write a solicitation to allow for
7 that. Right? Our position is that until the rule gets
8 cleared through the OMB process, until the rule goes
9 out for public comment, it doesn't get incorporated
10 into the CFRs, which are our SBA Rules. So it becomes
11 very difficult if it goes to protest to defend it. But
12 there is the Navy has relied on the statute itself and
13 written their solicitations accordingly, and put that
14 language into the solicitation.

15 So there are agencies that are currently
16 taking advantage of that. It becomes more difficult if
17 it goes into protest, because our Rules have not caught
18 up yet, and they're in that process. The other thing
19 that we added -- this was not part of NDAA, but we
20 included it into the Rule package, which I think is
21 kind of neat -- is that if you do a joint venture.
22 When you joint-ventured in the past, the parties to the

1 joint venture were considered affiliated. So if you
2 had two small businesses joining together, we wouldn't
3 look at them individually. We would say you guys are
4 doing a joint venture. Therefore, we have to affiliate
5 your net worth, your company size, your number of
6 employees to determine if you're still small. What
7 this Rule says is that as long as you're individually
8 small, we will consider you small. So here, again,
9 we're allowing small businesses to team up to go after
10 more complex, larger projects.

11 So we think that's also another big benefit to
12 small businesses in order to be competitive in the
13 procurement arena. The last thing that I'll sort of
14 talk about, because we get a lot of questions on this
15 as well, is the mentor protégé program, which is
16 traditionally been an 8(a) program where a mentor can
17 team up with a protégé who's a new entrant into the
18 8(a) program. And the mentor that can now jointly
19 pursue set-aside contracts, right, as a team, it's not
20 meant as just an opportunity for large firms to get
21 set-aside contracts.

22 The intent is that mentor actually provides

1 some benefit to the protégé. In other words, do they
2 need technical experience? Do they need management
3 experience? Are their past performance experiences no
4 sufficient? Do they need financial backing? Do they
5 need a footprint geographically? Some sort of benefit
6 is supposed to convey. So when we look at the
7 applications for it, we want to make sure that they're
8 not just teaming together to go after contracts. There
9 is a development of that protégé.

10 The *Small Business Jobs Act of 2010* had
11 required us to roll that out to all the other socio-
12 economic categories, including service disabled, women-
13 owned, Hub Zone. Our Rule was in the process, but what
14 happened is that *NDAA '13* required us to expand that to
15 all small businesses. So we had to pull back the Rule,
16 rewrite the Rule, get it through clearance again, and
17 that is now, I think, this week being signed by our
18 administrator through the OMB process.

19 MR. FIELDER: Submitted for comment?

20 MR. SHORAKA: For interagency comment, and
21 then it will go out for public comment.

22 MR. FIELDER: Oh, in a perfect world it's

1 still six months to a year out?

2 MR. SHORAKA: Yeah, yeah. And, unfortunately,
3 you know, I come from the private sector. I used to be
4 a government contracting. Being on this side, as you
5 guys are probably much more aware than I am, is that
6 the rulemaking process, you know, we get these
7 statutes, but the rulemaking process itself can take 18
8 months, 24 months, 36 months before we get all the
9 agencies brought in.

10 MR. JEPPSON: It's kind of like vetting here.

11 [Laughter.]

12 MR. FIELDER: I was responsible for the FAR
13 group for a short period of time, and that pull for us
14 was just archaic.

15 MR. SHORAKA: Right, right. And if you can
16 imagine, you know, even when we get our rule finally
17 approved or finalized, it goes through the *Federal*
18 *Register*. It goes through public comment. And the
19 other thing I would encourage everybody to look at is
20 we really have to look at the public comments. You
21 know. I was on the private sector side. I even
22 chaired an association for a while. I always thought

1 well, the *Federal Register*, who's going to look at my
2 comments and how much an impact I'm going to make? We
3 actually have to look at everybody, and you guys are
4 probably much more familiar with this than I am. You
5 actually have to look at your comments and incorporate
6 them, or explain why we're not incorporating them. So
7 I would encourage you to --

8 MR. FIELDER: From a service disabled vet's
9 perspective.

10 MR. SHORAKA: Yeah.

11 MR. FIELDER: We've been waiting since the
12 2010 Act for women-owned business service disabled
13 veterans to have similar status in the sense of the
14 8(a) mentor-protégé, that the way we understood it in
15 the law it would be the same, that we could do two or
16 three deals a year, that there would be rigor and teeth
17 to the mentor-protégé part in the sense that it would
18 be a development program, and SBA would then come. And
19 so we're still waiting.

20 MR. SHORAKA: Yes, yes, unfortunately.

21 MR. FIELDER: So a range of your most
22 optimistic timeframe to your --

1 MR. SHORAKA: Least optimistic?

2 MR. FIELDER: Yeah.

3 MR. SHORAKA: So, the challenge --

4 MR. FIELDER: There's a lot of companies
5 waiting for this. Because the teaming part, when you
6 go to a government contracting officer and try to --
7 even though teaming agreements have been in place for
8 years, or whatever, depends on which government
9 contracting officer you go particularly on the service
10 side. You'll go, yeah, but the small service disabled
11 veteran business doesn't have all those calls, receive
12 those calls. And we understand that the teaming
13 agreement describes, essentially, mentor protégé
14 without using those words.

15 MR. SHORAKA: Yes.

16 MR. FIELDER: We think that having the service
17 disabled vet mentor-protégé is going to mean a lot of
18 difference.

19 MR. SHORAKA: Opportunities -- yeah, I agree.

20 MR. FIELDER: In the sense of developing
21 companies quickly, because we're poking around at the
22 small contracts and it takes years, as opposed if we

1 had mentor-protégé opportunities, we could go after
2 bigger ones quicker.

3 MR. SHORAKA: Yeah. And, and to that point,
4 that's why we're really moving forward with this
5 similarly situated companies against the 51 percent and
6 the JDs, as long as both of them are small. Where we
7 got into sort of, I want to say, necessarily, a slow
8 down, but where we see issues around the mentor-protégé
9 program, and I'll point them out to you. One is that
10 the statutory authority requires us to take over or
11 authorize all other agencies, except for the DOD. They
12 have their own statutory authority, all other agencies'
13 mentor-protégé programs within five years. So we
14 either have to take them over or approve them.

15 MR. FIELDER: Just an abstract comment.

16 MR. SHORAKA: What's that?

17 MR. FIELDER: The other agencies' mentor-
18 protégé programs have no teeth. They're just an
19 informal teaming agreement. You still have the --

20 MR. SHORAKA: Right. And usually it's a
21 subcontract, the small business sub.

22 MR. FIELDER: Well it has to be a subcontract,

1 because the large business brings in their revenue, and
2 you get into the requirement.

3 MR. SHORAKA: So, but the challenge there is
4 that we have to work with all the other agencies to
5 bring them under our umbrella, and make sure that we're
6 not contradicting any other programs as we move forward
7 with our own rules. Right? That's one challenge. So
8 what happens obviously, in the rulemaking process, if
9 there are equities at other agencies, they're going to
10 have a lot of comments when it goes for interagency
11 clearance. So we expect that that will probably be the
12 case in this particular instance.

13 The other thing that I would sort of caution,
14 sort of raise a red flag on, if you could imagine the
15 mentor-protégé program for the 8(a) program, right, and
16 it's really, as you say --

17 MR. FIELDER: I've taken companies through the
18 process.

19 MR. SHORAKA: And, as you said, it's a
20 development program. Right? So there's a lot of
21 oversight. There's teeth, et cetera. And so if you
22 expand that, we have about 5,000 to 5,500 8(a)

1 companies. Right? Under that, we have roughly 500
2 live and ongoing mentor-protégé plants approved,
3 monitored, et cetera. Under that, we have a whole
4 bunch of JDs that contract, et cetera, but we have to
5 monitor. So we have a staff that can manage that
6 portfolio between our headquarters and our district
7 offices, and you're probably familiar with the process
8 since you've taken firms through it. You multiply that
9 out or the exponentially to now there is about 227,000
10 small business registered in the VSBS.

11 There are about 125 to 130,000 that have
12 contracts. So you assume how many potential mentor-
13 protégé plans we would receive once the floodgates
14 open. And, the question becomes once we get the Rule
15 in place, how are we going to institutionalize and
16 implement this, because we haven't been getting funding
17 to set up a new operation to do this. So is it a
18 question of putting additional burdens on the district
19 offices?

20 We asked the district offices can they manage
21 that additional burden. Is it a question of having an
22 open season, an on and off. You know, somehow being

1 able to manage the spigot, and having, you know, in the
2 summertime, open season, for mentor-protégé plans, and
3 then closing it and monitoring it the rest of the year.
4 Is it a question of delegating that authority to the
5 agencies and then having some sort of oversight
6 capacity and auditing capacity to make sure that
7 they're being implemented effectively, and they're not
8 being taken advantage of in the programs?

9 MR. FIELDER: So I wasn't being optimistic
10 when I suggested six months to a year?

11 MR. SHORAKA: I would say that hopefully we
12 can get the Rule finalized in six months to a year, but
13 in parallel, we are developing the institutionalization
14 of that program as well. So I will say that we have
15 assigned that responsibility. We've already developed
16 a sort of umbrella office to be responsible for that.
17 We've already developed different alternatives that we
18 are going to study cost-wise to see how we can correct
19 this. So in parallel it's not like we're going to wait
20 until the Rule gets finalized and then we're going to
21 say, oh, well wait a second. How are we really going
22 to implement that.

1 MR. FIELDER: The Rule gets finalized in the
2 end.

3 MR. SHORAKA: Yeah.

4 MR. FIELDER: Just turn the page down a little
5 bit, if you don't mind.

6 MR. SHORAKA: No. No, that's fine.

7 MR. FIELDER: Implementation of that rule in
8 the sense of people actively being able --

9 MR. SHORAKA: Being able to do that.

10 MR. FIELDER: -- to submit their packages.

11 MR. SHORAKA: Yeah. I would say
12 optimistically I'm looking at 18 months.

13 MR. FIELDER: That's fair. That's where we
14 felt we were on the *2010 National Defense Act*.

15 MR. SHORAKA: Yes.

16 MR. FIELDER: It was kind of through, then
17 started again.

18 MR. SHORAKA: Yes.

19 MR. FIELDER: We thought we wouldn't do that.

20 MR. WHITE: They're still using cassettes to
21 record this stuff.

22 MR. BAILEY: John, real quick, I know the time

1 is getting remedied.

2 MR. SHORAKA: No, that's fine.

3 MR. BAILEY: But in that same vein, it looks
4 like we're trying to come up with work-arounds relative
5 to not having that Rule passed, if you will. You get a
6 mixed read in regards to SDVOSBs having qualified past
7 performance. Some contracting officers you go in to,
8 they'll say that the individual past performance is
9 representation towards that. And some say, well your
10 business must have three past performance at a certain
11 dollar threshold. Have you looked at easing that
12 burden off of those people?

13 MR. SHORAKA: Yeah. And a lot of times -- and
14 there's been cases where we've had to comment as to the
15 validity of that particular solicitation and how the
16 contracting office is looking at past performance. To
17 a certain degree, the contracting officer has
18 discretion on how they're going to look at past
19 performance. Statutorily, it gives them sort of the
20 ability to structure their solicitation in a way where
21 they will either select the subcontractor's
22 qualifications, or they will give some weight to the

1 subcontractors past performance quals or even sometimes
2 individual quals. But it is to a large extent to the
3 discretion of the contracting officer.

4 MR. BAILEY: Right. So here's to the reason
5 why I'm asking. Have you all been vetted at your
6 level?

7 MR. SHORAKA: Yeah, at our level, where we get
8 involved in a number of occasions is if there is a
9 solicitation that seems to be excessively restricted,
10 and it's brought to the attention of our PCRs, our
11 procurement center representatives that cover that
12 particular buying activity. We can sometimes work with
13 the contracting officer to explain to them. Look, this
14 is a small business set-aside. This is a firm that has
15 the quals, either through its principals or through its
16 partners, et cetera. And, sometimes, we can work to
17 get an amendment to a particular solicitation that's
18 extensively restrictive.

19 We haven't looked at -- and that's a good
20 point that you make. We haven't looked at addressing
21 this through our rulemaking process, because I suspect
22 that a lot of the agencies, like I said, we go through

1 an interagency clearance process. I suspect that one -
2 - and I don't know this for a fact, because we haven't
3 really looked at it, but that discretion, since it's a
4 contracting officer discretion, if we're limiting that
5 we're going to get a lot of feedback and pushback from
6 either agencies or OIPP or others. But that may be
7 something that we can recommend.

8 MR. FIELDER: So if we take Robert's question,
9 I'm dealing with this a little bit recently. His
10 question is when we put these teaming arrangements
11 together, or when others put these teaming arrangements
12 together, you build it on the service disabled vets
13 qual, the company's qual. You have a paragraph that
14 talks about the quals of the individual. In the case
15 of Robert, he had outside corporate experience that he
16 brings to the table in addition. Then you bring in the
17 quals and experience of the teaming partner, typically
18 a large business, and then you sandwich that with a
19 letter of commitment from the large business that puts
20 the whole seal on it in a teaming agreement.

21 MR. SHORAKA: Yeah.

22 MR. FIELDER: Some contracting officers are

1 silent on the point of whether or not they'll accept
2 team agreements; and, the assumption on our part is
3 that if it's solid, then it's clearly a practice that's
4 been. And then you'll get back from the Department of
5 Labor, or whatever, this is how you were graded, post-
6 award debrief, and your company -- they didn't look at
7 the individual. They didn't look at the teaming
8 partners.

9 MR. SHORAKA: They just looked at the past
10 performance reference sheets that were attached.

11 MR. FIELDER: Right.

12 MR. SHORAKA: Yeah.

13 MR. FIELDER: For the small business, which
14 happened to be the service disabled vet.

15 MR. SHORAKA: Yeah. Now, let me ask you this.
16 In that particular instance where they're silent, would
17 you traditionally reach out to the contracting officer
18 in that question and answer period to get
19 clarification? Say, look. This is how we're
20 structuring. Are you going to look at it?

21 MR. FIELDER: We have, and in most cases we
22 get a straight answer.

1 MR. SHORAKA: Yes, well --

2 MR. FIELDER: Some cases you get the circular
3 answer.

4 MR. SHORAKA: Okay.

5 MR. FIELDER: We will consider all of this and
6 we'll use our scoring matrix.

7 MR. BAILEY: And, not to beat a dead horse,
8 but yeah, you're right. You do get the circular,
9 whereas, they don't come out and say flat no to the --

10 MR. SHORAKA: To the question.

11 MR. BAILEY: -- the entity principal's past
12 performance.

13 MR. SHORAKA: Yeah.

14 MR. BAILEY: Saying that the entity may have
15 the past performance in the company, but they don't
16 meet a certain threshold. So I mean we can go around
17 the world on it, but I'm just offering it on your
18 level, if you would just consider some relief for a
19 veteran. I mean clearly past performance is normally
20 there, either from service or even in their company;
21 but they may not meet a threshold in dollars and/or --
22 you know.

1 MR. SHORAKA: Yes?

2 MR. FIELDER: John, there's a question I've
3 been waiting to ask, and now I see that it ties into
4 the question that Robert asked. Recently, I saw a
5 service disabled vet award where the contracting
6 officer pulled out a FAR clause that requires that when
7 you make an award to a small business you have to make
8 an announcement or notification to the other small
9 businesses so they can challenge size. I've not seen
10 that FAR clause before. And I found it, and it does
11 exist. We've never seen it before.

12 MR. SHORAKA: Was it a set-aside, or wasn't a
13 set-aside?

14 MR. FIELDER: It was a service disabled vet
15 set-aside, and so we're looking at this FAR clause.
16 And I used to work directly with the FAR, and I had not
17 seen this, but it required them and it gave us 10 days
18 to respond on size. And then it would be adjudicated
19 by what I think now is your organization, because it
20 would go to SBA for adjudication. And so I guess my
21 long-winded question is if we were appealing sides --
22 or can we appeal -- what Robert just brought to

1 everyone's attention in the sense of individual qual
2 and maybe the other quals of the teaming partner --
3 could we question that then? And when we do question
4 it, does that cause the -- under self-determination,
5 does that cause the contracting officer to go back and
6 check? Or is the contracting officer then coming back
7 to your organization in the districts to make that
8 check?

9 MR. SHORAKA: Well, so, on a size protest,
10 right? On an official size protest it comes back to
11 us. So --

12 MR. FIELDER: One of the things that could be
13 challenged, it was a list of six things.

14 MR. SHORAKA: Yeah.

15 MR. FIELDER: I don't remember all six things.

16 MR. SHORAKA: So size and status would come to
17 us.

18 MR. FIELDER: Okay.

19 MR. SHORAKA: Right? So if it's a size
20 protest, in other words the claim is that somehow
21 you're either affiliated with one of your partners, or
22 you alone are beyond the size standard for that

1 particular NAICS Code.

2 MR. FIELDER: Well you may not have a ten
3 percent disability, but you're depending on that.

4 MR. SHORAKA: No, that's status.

5 MR. FIELDER: Right.

6 MR. SHORAKA: so, again, there's two places
7 where we would get involved. One is if for some reason
8 they found or the allegation was that either alone
9 you're not small for that particular NAICS Code. And
10 remember it's the NAICS Code that decides the
11 solicitation. Or, somehow you're affiliated and overly
12 reliant with your partners, and therefore your size
13 should be affiliated and determined accordingly, and
14 status. If there's a question of no, you don't have
15 the right status in SDVOSB or the WOSB, et cetera. On
16 those two cases it would come to us to determine if you
17 are indeed what you say you are. There can always be a
18 GAO protest on how the solicitation was structured.
19 Was it structured fairly? Was it evaluated fairly, et
20 cetera? Those would be GAO-type protests.

21 MR. FIELDER: So, and this will be my last
22 follow-up.

1 MR. SHORAKA: Yes.

2 MR. FIELDER: But in the case of it's a set-
3 aside, they give you this notice. They give you ten
4 business days to -- they don't use the word appeal, but
5 question or something.

6 MR. SHORAKA: Yeah, to the other respondents,
7 the other --

8 MR. FIELDER: To the other respondents that
9 had --

10 MR. SHORAKA: Yeah, they have 10 days.

11 MR. FIELDER: -- the desire and intent to
12 award to this company unless you provide information
13 otherwise.

14 MR. SHORAKA: Yeah.

15 MR. FIELDER: In that self-determination, are
16 the contracting officers doing due diligence on their
17 part at all, or are they just accepting the self-
18 determination?

19 MR. SHORAKA: The would generally, unless
20 there is something that will raise a huge -- a
21 contracting officer can always request a size or status
22 protest from us, and they do on occasion. In other

1 words, if there is a huge burning flag --

2 MR. FIELDER: But there may be a case where
3 they don't and they may be relying on the VA's
4 certification program to --

5 MR. SHORAKA: Yeah, they have the discretion
6 to do a size or status protest at any time or request
7 the size or status protest from us at any point. There
8 was a case where a business had just recently won
9 several tens of million dollars of contract, and the
10 question was, well, if the contracting officer is
11 giving them a new contract, shouldn't they ask for a
12 size determination, because they just won the year
13 before that was tens of millions of dollars.

14 So that's why they have the ability at any
15 point to request a size determination from us. They
16 don't have to. So even in the WOSB program, it's a
17 little bit different than the service disabled program,
18 because the service disabled is really just a checkmark
19 in SAM of protests we will look. On the women-owned
20 small business program, we actually have a repository
21 where the WOSBs will enter data and forms into a
22 repository. The requirement there is that the

1 contracting officer actually gets into the repository -
2 - not confirms that the data is accurate, but at least
3 confirms that all the required forms are in there
4 before awarding the contract. Did that answer your
5 question?

6 MR. FIELDER: I got it.

7 MR. SHORAKA: Okay. Any other questions?

8 MR. JEPPSON: Okay. I'm happy to let this one
9 go if anybody's got any questions, because it's not
10 often you get the head of GCBD, because his schedule's
11 busy. But also, we know that in this area this is
12 certainly one of the most contentious. It is. There's
13 a lot in this space here, and it is so important to so
14 many veterans, especially in the D.C. area here. So,
15 John?

16 MS. ULSES: Yeah. I would like to ask a
17 question. People hit me with this. I'm head of the
18 SDVOSB Council. And they'll say things like we talk
19 about not necessarily getting verified by the CDE. A
20 lot of people don't want to go through the process.
21 And then they will be amongst themselves having this
22 argument. But, if there's a protest, the first thing

1 the SBA does is go look at that CDE site, and that is
2 their determining factor.

3 MR. SHORAKA: So it's not our determining
4 factor.

5 MS. ULSES: I mean if it's there, they're
6 good. If it's not, they're not good. I mean it's not
7 that black and white. Is it?

8 MR. SHORAKA: No.

9 MS. ULSES: Okay.

10 MR. SHORAKA: No, that is not the determining
11 factor.

12 MS. ULSES: I'd like some words to use.

13 MR. SHORAKA: Yeah. And if you -- if you want
14 to shoot me an e-mail, I can certainly explain to you,
15 have our folks walk you through the process of a status
16 protest and what we'd look at specifically.

17 MS. ULSES: Okay.

18 MR. JEPPSON: So could you just touch on OHA
19 for a second for everybody real quick?

20 MR. SHORAKA: Sure.

21 MR. JEPPSON: Because that's the appeal
22 process.

1 MR. SHORAKA: Yeah. So for us at the SBA on
2 our programs we have the appeals process. Right? So
3 if we determine SDVOSB to be not compliant or not to
4 have the proper documentation to have status, and
5 therefore say, you know, you shouldn't have gotten this
6 contract, they can appeal to our office of hearings and
7 appeals. What happens at the VA, which is something
8 we're actually working with the VA on, is there is no
9 appeal process outside of that certification office.
10 And to us that's a process where it sets precedent.
11 Right? Because some of these issues are not white and
12 black issues.

13 MS. ULSES: Right.

14 MR. SHORAKA: Some of these issues around
15 control, ownership, are grayer issues. Right? And so
16 when OHA makes a decision or determination and
17 overrules us, it really sets precedent for us. It sets
18 sort of like to us case law, where we can go to and
19 say, okay. Well this is how OHA has been determining
20 these decisions. So it's never for us OHA's a white
21 and black issue. There are cases where control and
22 ownership -- especially when boards are involved and

1 they are service disabled -- and veteran ownership
2 that's also non-service disabled veteran ownership,
3 what are the voting rights? How is the board made up?
4 How are the decisions made? What is the right of first
5 refusal when it comes to ownership and sale, et cetera?

6 Those are all issues that can be very grayish
7 areas. And so we use the OHA process, one, to allow
8 the service disabled veteran-owned firm to have an
9 opportunity to appeal outside of our process, but also
10 to establish sort of what I consider case law to help
11 us guide us in the future on how some of these
12 decisions are being made. We are in discussions with
13 the VA on bringing their appeals over to our OHA as
14 well to allow for that process. And I know there's --
15 you know -- there's always discussions and proposals on
16 the Hill to just bring the whole process in to us.

17 I will say that, you know, when it comes to
18 front-end certification versus the protest function, I
19 to-date haven't seen an analysis of the cost benefit of
20 either. Right? But we always get into the question of
21 is front-end certification better than, you know, the
22 front desk function. What I'll say is that the self-

1 policing mechanism works, if it's enforced and it's
2 encouraged. A lot of times I will hear from small
3 firms that, hey. I don't want to. I'm not going to go
4 protest, because they're going to say, you know, you're
5 a trouble maker, and next time they're not going to
6 give me. But I think that's an education piece that
7 OFTP and us have to work through is the self-policing
8 mechanism is based on the fact that if you feel the
9 winner is neither small or has status that there will
10 be a protest.

11 That's the intent of the process. Contracting
12 officers will say, well that slows everything down. I
13 don't want to be held up in a protest function. That's
14 why we have very strict deadlines to respond back.
15 Obviously, then you have the question of resources and
16 how quickly we can respond. But the question is and I
17 get this all the time is look. We have 5,000 8(a)
18 firms certified. We probably go through about 4,000 to
19 4,500 applications a year. Of those 5,000 there's
20 probably only around 150 firms, maybe 200 firms that
21 get the lion's share of the contracts.

22 So you're going through 4,500 application fee

1 or you're certifying 5,000 firms to be in the program;
2 yet, 150 of them get contracts. So what is the cost
3 benefit of that and what is the impact of the fraud,
4 waste and abuse if you have a self-certification or
5 self-representation program? And how do you make sure
6 you dedicate resources to that to make it more
7 appropriate and enforceable? In other words, is there
8 a tracking mechanism? You found someone not to be
9 eligible. Do they go on a list somewhere and do they
10 remain on that list until they get themselves off? Are
11 there mechanisms like that to make sure that we're
12 keeping that accuracy out of federal procurement.

13 MR. BAILEY: One quick question?

14 MR. SHORAKA: Yeah?

15 MR. BAILEY: In regards to your set-aside
16 programs, if you will, economic develop programs?

17 MR. SHORAKA: Yeah.

18 MR. BAILEY: GLS system you can, you know,
19 apply for Hub Zone, 8(a). Have you looked at, you
20 know, the CBE program? I mean if you look at paperwork
21 wise between those programs.

22 MR. SHORAKA: Yeah.

1 MR. BAILEY: I mean they're similar in nature,
2 even the things, the DBE program. I mean they're
3 similar in nature.

4 MR. SHORAKA: Yeah.

5 MR. BAILEY: I mean from a cost efficiency
6 perspective, one would assume if you go this phase,
7 meet the prerequisites or, you know, satisfy the
8 criteria, boom. You're at that level. But within the
9 same system you would think that some business
10 intelligence would say, hey. If you continue on to
11 this portal, they map you on to go to the other
12 programs. Have you looked at maybe -- I'm not saying
13 consolidation, because the programs are different. And
14 I understand that.

15 MR. SHORAKA: Yeah, yeah.

16 MR. BAILEY: But if you looked at within that
17 portal, pulling out some of that key data to self-
18 populate to go on to the next.

19 MR. SHORAKA: That's an awesome point that you
20 make. We are looking at and Rhett is aware of this,
21 obviously. Any time you look at implementing, I think,
22 new systems in the federal marketplace, it's

1 challenging and unique. We are looking at automating
2 some of the functionality around the 8(a) application
3 process, and also at some point making sure that all
4 that relevant prepopulated data can be shared between
5 our other socio-economic categories, so around the Hub
6 Zone program, et cetera.

7 MR. BAILEY: Right.

8 MR. SHORAKA: When it comes to cross-sharing
9 with other agencies and their programs, like I think
10 transportation has a DBE program.

11 MR. BAILEY: They do. They do, yeah.

12 MR. SHORAKA: That becomes significantly more
13 challenging.

14 MR. BAILEY: I understand.

15 MR. SHORAKA: But we are looking at a first-
16 phase of just making the application process more
17 transparent for the 8(a) program and easier, more in
18 line, more documentation uploaded, et cetera. And the
19 second phase of that would be to expand that and make
20 sure it's pre-populated, so that if you are an 8(a) and
21 you could be a Hub Zone you're notified and it's
22 prepopulated and the application process becomes

1 easier. And then even making sure that it's connected
2 and data is shared between our protest functions and
3 our SDVOSB and the women-owned small businesses.

4 MR. BAILEY: Right. I would just offer a
5 quick follow-up. I mean the application process and
6 verification is similar to 8(a) in this.

7 MR. SHORAKA: Yeah.

8 MR. BAILEY: And so even if it's an import, an
9 Excel file, or whatever, you can assume -- to me that
10 will be a quick work-around to import that into GLS, if
11 you will.

12 MR. SHORAKA: Yeah.

13 MR. BAILEY: And it would just make it for the
14 veteran.

15 MR. SHORAKA: You mean from the CVE?

16 MR. BAILEY: From the CVE --

17 MR. SHORAKA: Yeah, yeah.

18 MR. BAILEY: -- importing to your system for
19 the veteran, it would make it a really streamlined
20 process, even if it was just narrowed down to the
21 veterans.

22 MR. SHORAKA: If they were applying for 8(a),

1 yeah.

2 MR. BAILEY: It would be right, yeah.

3 MR. SHORAKA: And I know -- I know that the
4 group there is going through a systems upgrade
5 development, et cetera, and that might be an
6 opportunity, because we're doing something similar to
7 that.

8 MR. BAILEY: The case management business
9 intelligence type, you know, solution wouldn't be that
10 difficult.

11 MR. SHORAKA: Yeah, yeah. That's a good
12 point. Okay.

13 MR. JEPPSON: Okay. Good. So, John, thank
14 you very much.

15 MR. SHORAKA: Thank you. I appreciate it.
16 And if there's any e-mails, follow-ups, Rhett knows how
17 to track me down.

18 MR. JEPPSON: I do. So, thanks, John.

19 MR. SHORAKA: Thanks, Rhett.

20 MR. JEPPSON: I will tell you that John is run
21 of our best partners in the building, a great guy. So
22 we're fortunate to have him. So thanks.

1 MR. SHORAKA: Okay. Okay.

2 MR. JEPPSON: So I propose this as a way
3 ahead. So, Marcie, I understand you've got leave about
4 what time today?

5 MS. ULSES: About 1:30, 1:45.

6 MR. JEPPSON: Okay. Good. So let's do this,
7 then. And I want to propose this way ahead for you
8 guys and for your concurrence. So what I'd like to do
9 is just spend the next 15 minutes or so, and we'll let
10 Luis Macdonald update us on GSA so we don't have to
11 keep some of the issues they're facing with GSA. I
12 want to surface this for you. Then what I'd like to do
13 is I'd like to break for an extended lunch, because
14 what I'd like to do is let you guys socialize a little
15 bit more amongst yourselves.

16 I'd like to come back at 1:30. And Stan
17 Fujii's going to have a piece of paper, a blank piece
18 of paper for you. Simply write down the name of your
19 vote for chairperson and then he'll take that off and
20 we'll tabulate that. And then Craig will jump in too
21 from 3:30 to --

22 MR. HEILMAN: One.

1 MR. JEPPSON: Excuse me, at 1:30, sorry. I'm
2 seeing 1330. Until 4:00, and then we'll do the ethics
3 piece you who had the last time we were here. So, and
4 then we'll announce there. What I would ask too is if
5 this is one of the frustrating -- not frustration -- so
6 obviously is we try to do these things. It's not an
7 easy thing to have a committee. So as you talk with
8 your peers, if you don't have the time and resources to
9 really be able to take advantage of this, because it is
10 supposed to be an independent board, now Cheryl will be
11 here as your government GS person to help you do help
12 you do agendas and things like that.

13 But, you know, we will help do invites and
14 travel orders and funding, and all those type of
15 things. But, setting the agenda, producing the report,
16 deriving the coalition, kind of the networking outside
17 of here making sure that we're connected to other VSOs,
18 small businesses, the other people in the space to the
19 other agencies as an independent board, we really want
20 you to be as autonomous as possible; and, otherwise,
21 you just become an extension and you write the same
22 things we write. It's the same things.

1 What we really want to do is really kind of
2 force feed us and hold us kind of accountable on some
3 of those things. So if you don't have that type of
4 time or commitment and ability, you know, I would hope
5 that you would express that to your candidates. Or, if
6 you do, I'm not asking you to lobby for the job. But,
7 you know, really, maybe I'm beating a dead horse or
8 stating the completely obvious that --

9 [The operator announced the conference is
10 ending.]

11 MR. JEPPSON: -- we could redial that. There
12 is that time commitment. And I will tell you in times
13 past when it came time to write reports and things -- I
14 was only here for one cycle -- that we're not going to
15 write that report. I mean we -- my office is not.
16 We're really going to look for you guys to produce
17 that. And, also, Cheryl will help with the
18 distribution of it, but the distribution is the
19 responsibility of this committee, not OPAs. I produced
20 an interagency report. I'm required to produce another
21 report. If I'm just writing another report, trying to
22 ship it out and distribute it for you guys, I mean

1 that's not independent. And, you know, so -- okay.

2 I'm done whipping that horse.

3 So, anyways, what I would do is when we get
4 done with Luis, I would ask you to -- this is a great
5 topic, and we spend a lot of time on it -- condense it
6 as brief as possible. And then the highlights, then
7 we'll break for lunch. I'll give you the lay of the
8 land for lunch here, and you guys can come back to your
9 network and discuss amongst yourselves, and being ready
10 to vote at 1:30. So I'll reconvene and leave you.
11 Okay. All right.

12 So, with that, we'll go with Luis to run
13 through your presentation. I'll come back in and give
14 you the lay of the land here in a little bit, and then
15 we'll be in good shape.

16 VII. Auto-Flex, Inc.

17 [Slide presentation.]

18 MR. MACDONALD: Hello, everyone. I know I
19 stand between you and lunch, so I hope you appreciate
20 my presentation. My name is Luis MacDonald and I am a
21 fellow veteran. And I am also an advocate for supplier
22 diversity within the motor vehicle fleet industry. And

1 so the presentation I'm going to share with you is
2 going to be focused on veterans and service disabled
3 veteran-owned companies doing business inside the
4 Federal Fleet. So the best way to do that is to kind
5 of introduce you to the Federal Fleet, give you an
6 overview that you know what the opportunities are there
7 for the veteran community.

8 The Federal Fleet spends on an annual basis \$3
9 billion to acquire, operate and maintain federal agency
10 fleets. There are approximately 500,000 non-tactical
11 vehicles in the Federal Fleet, and on an annual basis,
12 each model year, they acquire 50,000 vehicles. That
13 means all the different agencies in the Federal
14 Government, all are ordering their vehicles so they can
15 perform their missions. What this is is an opportunity
16 for Federal Government spending and contracts for
17 veteran companies and opportunity for veteran companies
18 to grow, create some jobs for fellow veterans.

19 That's what it's all about. That's why we're
20 here. The title of my presentation, by the way, is
21 "Barriers To Overcome For Vets Within GSA Schedule 751
22 programs." So I'm being specific to a GSA Schedule.

1 These are the barriers we need to overcome with it.
2 The Federal Fleet has a GSA fleet leasing program, and
3 it is an operation that leverages all the volumes
4 agencies order and budgets to negotiate fleet pricing
5 with all the major manufacturers: Ford, General
6 Motors, you know, Chrysler.

7 You know the leverage and negotiating the best
8 price comes from the fact that the Federal Fleet is
9 500,000 vehicles and they order 50,000 a year. This
10 GSA fleet program has in place a federal revolving fund
11 that was authorized under the *Federal Property Act of*
12 *1949*, which allows GSA to utilize a special account
13 into which agency customers' money is deposited for
14 expenditure without regard to fiscal year limitations.
15 As a result, GSA Fleet leasing terms are based on five
16 years plus. So when they buy vehicles from Ford, GM or
17 Chrysler, they're advertising it over five years, eight
18 years, even longer sometimes.

19 That's very important to note, because the GSA
20 Schedule Program for commercial companies and veteran-
21 owned companies is based on a base year with options.
22 All right? So that's a very important apples to

1 oranges that people need to understand. You know. If
2 they say, oh, the government gives us the better price,
3 that's because they're advertising over 5 years plus,
4 and the commercial pricing is based on 12 months. We
5 don't know if the government's going to renew or extend
6 the option. So there is an apples and oranges cost
7 comparison that you have to look at.

8 So, as a result, the market share of GSA Fleet
9 has historically controlled over 99 percent of all
10 agency fleet leasing orders and budgets. That's a
11 pretty significant number, but it's interesting to note
12 that GSA Fleet is not mandatory. A lot of people in
13 government believe the GSA Fleet is mandatory to
14 purchase the vehicles, and that's accurate; but, for
15 leasing, it's not mandatory and there is a federal
16 regulation for that. So they are not the mandatory
17 source of supply for vehicle leasing.

18 The GSA Schedule 751 program is a multiple
19 work schedule contract for OAM supplied and warranted
20 vehicles. 751 has historically been the lowest or most
21 under-utilized of all GSA Schedule contracts. So,
22 SAMEDY, all the ones you're familiar with, 751 is all

1 the way at the bottom. So we could only hopefully go
2 up from this opportunity here. In recent years 751
3 contracts has been just under \$4 million annually.
4 Okay? The NAICs Code for commercial leasing by SBA is
5 \$35.5 million annual gross receipts.

6 MS. ROTH-DOUQUET: So you mean under utilized
7 by vets?

8 MR. MACDONALD: It's been under utilized by
9 Federal Government agencies and the contracting
10 officers and programs that order vehicles to perform
11 their mission.

12 MS. ROTH-DOUQUET: So what are they using
13 instead?

14 MR. MACDONALD: They're going to GSA Fleet
15 direct, automatically.

16 MS. ROTH-DOUQUET: I see.

17 MR. MACDONALD: Next please. Who's on the
18 multiple work Schedule 751? Well, due to under
19 utilization, it's an ongoing turnover of commercial
20 private sector companies. Currently, there are eight
21 companies. Three are large; three are small. One is a
22 veteran-owned small business, and one is a service

1 disabled veteran owned small business. That means 25
2 percent of all the contractors, vendors for commercial
3 leasing to the Federal Fleet under the GSA scheduled
4 program are veteran-owned companies.

5 The value added that the Schedule 751 offers
6 to the Federal Fleet is, you know, fleet industry
7 experience, custom and special order equipment for
8 upfitting. There's a lot of things that the GSA fleet
9 does not do that customer's agencies are interested in
10 having. Right? So, you know. We can even provide
11 express locator and delivery services. We've got
12 access to all the manufacturers, dealership networks.
13 But, in particular, the key area is going to be 751
14 commercial side is very cost effective solution for new
15 technology.

16 Federal Fleet, you know, we're talking about
17 energy security. We're talking about the environmental
18 issues. There's new technologies coming in in terms of
19 electric and presidential gas. And there's a lot of
20 small businesses that have a great deal of added value
21 to offer to the Federal Fleet but aren't given the
22 opportunity to come in. So there's tax credits.

1 There's incentives. In terms of incremental costs up
2 front, that's not a problem for 751. And it turns out
3 that's the reason a lot of agencies don't go with the
4 new technology because of incremental costs up front
5 that they do have to pay with the GSA Fleet program.
6 Obviously, the opportunity also for agencies to meet
7 their socio-economic goals is another added value.

8 One of the barriers that I wanted to address
9 with the slides here is the FAR clause for fair and
10 reasonable, 552.212-73 is used by GSA contracting
11 officers to evaluate fair and reasonable lease pricing
12 for all 751 Schedule contractors. The determination
13 has primarily been based on lowest bid per line item,
14 and line item is like, you know, a particular pickup
15 truck or van. You know. They go specific line item
16 for the vehicle and they get the pricing from all the
17 vendors, and they're going to evaluate based on who
18 provided the lowest price.

19 And so 751 small business contractors are
20 being unfairly compared to large business pricing
21 without any consideration in economies of scale. So
22 now we're having to deal with the GSA Fleet Program

1 that has a revolving fund, right, where agencies are
2 doing their apples and oranges comparisons. But, now,
3 we're also being limited in terms of pricing through
4 the GSA contracting officers and being compared,
5 basically, to large business pricing which some of
6 these companies have thousands and thousands of
7 vehicles. So, you know, economies and scales are not
8 there. So the question we asked the task force last
9 Friday is what is the value of veteran participation.
10 What is the value of SDVOSB participation?

11 GSA, you know, this past model year rejected
12 an SDVOSB line item because it was \$20 a month higher
13 than that of a -- you know -- a large business. So \$20
14 a month, that's \$240 a year. Okay? Is SDV
15 participation, worth at least \$240 a year --

16 [A loud machine noise continued intermittently
17 throughout the presentation.]

18 MR. MACDONALD: This is the question, but
19 let's get the task force. But, you know, it's
20 important for you folks to understand if some of these
21 barriers are that your fellow veterans are dealing
22 with. And, by the way, there is an effort, and Rhett

1 actually invited GSA to come speak at the next task
2 force meeting. We actually were invited over to GSA to
3 talk to senior automotive folks Monday. So there is a
4 good line of communication going on. Next, please.

5 Veteran business concerns -- obviously, our
6 concern is there's limited opportunity to develop under
7 the Schedule 751 program. The glass ceiling is at \$4
8 million right now. Right? And it's a glass ceiling
9 that's been there for many years in an area that's
10 spending \$3 billion annually. Okay? I mean what's
11 wrong with this picture. You know, obviously, there's
12 disparity there. The most important for me concern is
13 the limited opportunity for meaningful participation in
14 emerging market fleet technology, referring to
15 alternative fuels, electric, CNG. We actually offer
16 lower pricing than GSA in the new technology.

17 We also, in addition, having a 751 Schedule
18 contract had a Schedule 23V contract, which is an SIN
19 for new technology. So these opportunities are very
20 limited based on the current automatic, you know,
21 agencies ordering automatically for a month from the
22 GSA program. And, obviously, the other concern is the

1 limited opportunity for federal agency fleets to
2 achieve their socio-economic goals for veteran-owned
3 small businesses and for SDVOSB, the minimum three
4 percent goal.

5 And even on simplified acquisition, threshold
6 acquisitions, you know, there's a lot of procurements
7 that are under that threshold; but they're really not
8 coming in the direction of the small businesses or
9 veteran businesses. So recommendations we had for the
10 interagency task force, which I'll share with you, is
11 why not conduct a survey of federal agency senior
12 leadership to value socio-economic value of SDV
13 participation and try to determine is it \$20 a month,
14 \$100 a month? You know, is it worth that for a
15 particular agency?

16 Obviously, it's the agencies that need to
17 answer that, but they are the end user that is giving
18 the volume purchasing power. Right? Which can go to
19 the GSA Fleet program or to the vendors that are on
20 contract that can then turn around and also negotiate
21 with the same manufacturers and get as low a price as
22 possible on the goods and services.

1 The other recommendation is continuing
2 education of commercial leasing rules and regulations
3 among federal fleet contracting officers, you know, try
4 to level the playing field in terms of the apples and
5 oranges; and, in particular, to promote multi-year
6 lease terms to federal agency fleet customers,
7 obviously subject to the availability of annual funding
8 from the U.S. Congress.

9 If we were allowed longer terms to lease to
10 the federal agencies -- you know -- five years would be
11 good. Our pricing, particularly in new technology,
12 would be very competitive with everyone else, even
13 large businesses as well as the Government Fleet
14 Program. So I appreciate you all giving me the
15 opportunity to share this perspective from a fellow
16 veteran. So if you have any questions, I'd be more
17 than happy to answer them at this time before you run
18 to lunch.

19 MS. ROTH-DOUQUET: What is AutoFlex?

20 MR. MACDONALD: AutoFlex is a company that is
21 an SBA-verified as a minority-owned company,
22 participated in the 8(a) program. It actually through

1 the SBA was the first to go into 751 Schedule to lease
2 to the Federal Fleet, and so we've got experience
3 there. We're also VA verified as SDVOSB and we are in
4 the GSA mentor-protégé program -- there was a
5 discussion about that -- for our 23V contract for new
6 technology.

7 We have relationships with manufacturers for
8 new technology. So we're looking for turnkey solutions
9 to offer where you can lease the vehicle and the new
10 technology; but we can't even get to first base, you
11 know, because of the glass ceiling. So this is what
12 we're hoping is addressed. There's obviously a
13 willingness to try to address it and try to increase
14 participation and vehicle participation by the GSA.
15 You know. We've talked with Tony Eiland over there and
16 we met with senior folks this week. So we're very --
17 I'm an optimistic kind of guy. So I'm feeling good
18 about it that, you know, the important that we share
19 and give you an overview of that federal spending
20 segment of the Federal Government that a lot of people
21 don't really think about or know how to get their
22 vehicles. But, let me tell you. You can't run a

1 government without transportation and vehicles, and
2 getting around from around town.

3 MR. BAILEY: So, Luis, first of all, thank you
4 for the briefing. I guess what I'm trying to get my
5 head wrapped around is the real issue that you're
6 having when you perceive what veterans may be having.
7 I mean, because there are a number of things that
8 you've pointed out. Just to get on a GSA Schedule
9 period is a challenge.

10 MR. MACDONALD: Absolutely.

11 MR. BAILEY: However, you've narrowed it down
12 to a specific schedule. In saying that, though, I
13 think that if you open the aperture a little bit, it's
14 not really the price. It's really understanding the
15 rules in which they actually are doing the awards.
16 Have you looked at trying to see what exactly the
17 criteria they looked at, outside of the dollar
18 threshold? Have you really looked at that rule that
19 maybe made the determining factor for them to go that
20 way on the award?

21 MR. MACDONALD: We've asked that question over
22 the years, and the automotive section at GSA is two

1 divisions. One is for the automotive; the other one's
2 the GSA Fleet.

3 MR. BAILEY: Right.

4 MR. MACDONALD: And we've tried to address it.
5 There seems to be a need for more education by
6 contracting officers. They don't really understand the
7 procurement process of the industry. Right? And I
8 hope I'm responding to you.

9 MR. BAILEY: You are. You are. I'm asking
10 the question from the perspective of just getting on
11 the schedule period is complicated. It's complex for
12 the average veteran stepping out. There's a lot of
13 criteria you have to meet just to get on the Schedule.

14 MR. MACDONALD: As I shared with Rhett, you
15 know, we were all celebrating D-Day, but there was also
16 the 70th anniversary of the GI Bill. So, you know, I'm
17 like a lot of you folks. You know. We served.

18 MR. BAILEY: Right.

19 MR. MACDONALD: Right? Then we went to get an
20 education. And then if we were going to do business
21 with the Federal Government, went to SBA to get certain
22 kinds of small business. Go to the VA to get verified

1 as a veteran. But if you're going to do business in
2 most industries -- not just automotive -- the gateway
3 or the doorway is GSA.

4 MR. BAILEY: Right.

5 MR. MACDONALD: You have to, you know, gain
6 credibility to do business with agency contracting
7 officers. And the best way to do that, you know, for
8 the marketing research for any procurement or whatever,
9 they're always looking at the GSA Schedule, who's in
10 there, who's already been vetted, who's already
11 qualified and knows what they're doing. Right? And,
12 yeah. So we go through all that. It's very time
13 consuming, right, and it's very -- you know -- costs
14 money to do all that. And then we're running into
15 barriers that are really artificial barriers, you know,
16 that don't need to be there.

17 If we were addressed, and fair and reasonable
18 people were to look at it and go okay. What a second.
19 We can't have 99 percent of all of this going to an in-
20 house government program. You know? And so that's
21 what I am hoping GSA and the agencies will look at
22 since they are the end users. And you as an advisory

1 council now are aware of this area of federal
2 procurement, and I hope to gain your assistance to get
3 the message to agencies that what is the value of
4 veteran participation. Should they be excluded because
5 of \$20 a month?

6 By the way, that line item was for cargo vans,
7 right, line item 20, and we were told we were \$20 a
8 month higher than a company that's pretty large.
9 Right? And so as a result, we're not even allowed to
10 put that on our catalog for agencies to look at to even
11 order from. Okay? I hope you understand what that
12 means. We didn't even get the opportunity to market.
13 All right? And what I'm saying is should GSA have made
14 that decision, or should that have been the decision of
15 an agency? You know. Maybe an agency might want to
16 move their goals and pay that extra \$20.

17 You know. That's the question we're asking.
18 So, we're hoping that we can increase participation for
19 us as well as other veteran companies. It's an area
20 that will create jobs for veterans, particularly in the
21 new technology. That's a growing area. We really need
22 to be a part of the growth for that. It's very

1 important that we participate. So, thank you again.
2 Hope you enjoy your lunch. I'm assuming that all the
3 questions are answered.

4 MR. JEPPSON: Okay. Luis, thank you. Thank
5 you very much.

6 MS. ROTH-DOUQUET: Hi. I just have a
7 question.

8 MR. JEPPSON: I'm sorry. Yeah.

9 MS. ROTH-DOUQUET: Were you given the
10 opportunity to reduce your price by that \$20 a month,
11 or did you just not want to reduce it? Was that not
12 tenable to you at some level?

13 MR. MACDONALD: We weren't even given that
14 opportunity. It was, you know, submit.

15 MS. ROTH-DOUQUET: And, if you were, would you
16 have?

17 MR. MACDONALD: On a particular line item like
18 that where we know there's a lot of government agencies
19 ordering it, we probably could have done something.
20 Right? But we didn't even really get that opportunity.

21 MS. ROTH-DOUQUET: Yeah. I mean in some ways,
22 I have to say, it sounds like a more compelling

1 argument to me to say we could match that price that we
2 just say pay more, because of the benefit, the psychic
3 benefit of knowing you've done it, if you can, if that
4 \$20 is acceptable to you. I'd just offer that.

5 MR. MACDONALD: Right. Yeah, but keep in mind
6 when I negotiate with the manufacturers, they're
7 looking at me and they're saying, well, you only order
8 so many cars a year from us. So we're going to give
9 you this much of a price concession. But GSA, they're
10 ordering thousands and thousands. They're getting much
11 better concessions and discounts than we are.

12 MS. ROTH-DOUQUET: Right.

13 MR. MACDONALD: So that \$20 is significant. I
14 mean we're trying to, you know. We were trying to stay
15 in business, fair business.

16 MR. WHITE: Well where you taking them to
17 lunch?

18 MS. ROTH-DOUQUET: Yeah.

19 MR. BAILEY: I was going to say during the
20 supply chain, you know, issue where you're looking for
21 them to give the veteran-owned entity some help on the
22 supply chain.

1 MR. MACDONALD: Exactly.

2 MR. BAILEY: And then you can better compete
3 within this arena.

4 MS. ROTH-DOUQUET: Right.

5 MR. MACDONALD: Good point. Maybe we should
6 be going to Detroit and talking to manufacturers, you
7 know?

8 MS. ROTH-DOUQUET: Yeah.

9 MR. WHITE: And you can buy them lunch, go out
10 to McDonald's.

11 MR. BAILEY: Rhett will take you up there.

12 [Laughter.]

13 MR. JEPPSON: I will tell you now that will
14 get you about no where.

15 [Laughter.]

16 MR. JEPPSON: So, no, actually. Well that's
17 the supply chain initiative, yeah, on the back end. So
18 just some of you know the area, just real quickly. So
19 as you come out the front door, there's a Potbelly's
20 there. Around the corner is a Quiznos, and a couple of
21 other.

22 (Luncheon recess.)

1 A F T E R N O O N S E S S I O N

2 VIII. Lunch

3 MR. JEPPSON: By my read on this, we really
4 have about an hour left before we start to lose
5 critical mass here. So I want to get the highlights
6 here. So, obviously Stan's got the paper.

7 MR. BAILEY: Well, wait a minute. I thought
8 we went over it already.

9 MS. CARSON: No, we've got to officially do
10 it. You mean the vote?

11 MR. FUJII: Come on in and circle your choice
12 for chairman.

13 MR. HEILMAN: Or you can write it in.

14 MR. JEPPSON: So as I understand it, and I
15 understand in the charter, this will run for a period
16 of one year as the chairman if we do that. So just
17 because have about an hour, at 2:00 we've got the
18 ethics guy coming in. So we'll just do that right
19 there. And I know you'll be gone by then.

20 I wanted to launch in the Boots to Business,
21 and then we'll see how far we get, because ethics will
22 take a little bit, and we're going to lose two. I want

1 to talk about when the next meeting will be, and then
2 kind of like what I need to review it. It will really
3 be to the chairman once we know who it is. And because
4 what I'm going to need to know is when do we meet
5 again, what do you want. You're free to -- and we'll
6 make sure the chairman has everybody's stuff to
7 distribute contact information and everything else.
8 Then you guys will be responsible for self-informing.
9 Let me know when it's there, when you want to meet.
10 And then I would like from you guys a budget, if
11 there's things you want to do.

12 Travel is more difficult, because we have the
13 travel cap that we're butting up against that was the
14 issue last year. I still run into that. But for
15 things you need to do, if there's budgetary things, we
16 want to try and support in you a more robust manner,
17 and we'll have some more administrative support coming
18 than you've had in the past, because we've got a couple
19 of contracts.

20 That ought to give us the flexibility to help
21 do a few things. So we want to move ourselves where
22 we're kind of like in a bit of, you know, we can

1 discuss whether it was a good caretaker status over the
2 past eight or nine months to where we're back in really
3 where we should be, which is an administrative support
4 role to you guys. So, with that said, we'll turn it
5 over to Craig and run through the Boots To Business
6 update.

7 IX. BOOTS TO BUSINESS UPDATE

8 [Slide presentation.]

9 MR. HEILMAN: Good afternoon, everyone.
10 Again, Craig Heilman, and I have primary responsibility
11 for Boots To Business and really appreciate the
12 opportunity to give you an update on this. I think
13 some have heard about Boots to Business; but,
14 recognizing that there's some new folks here, and by
15 the way it was great introductions to see what
16 incredible experiences everyone in this room is
17 bringing to the veteran community.

18 So, personally, thank you for that. But a
19 little bit of an introduction on the program, just so
20 we can level set for those who might have heard of it
21 before. So the mission is certainly to develop veteran
22 entrepreneurs who want them to understand what

1 entrepreneurship could be for them as opposed to
2 service vocation for all of its forms, whether it be
3 self-employment, sole proprietorship type or small
4 business ownership or, you know, an existing business,
5 or we're starting a new one. And the program really
6 achieved, you know, it started in January of 2013.

7 It was piloted prior to that, and it's part of
8 the new TAP program that's available to all
9 transitioning service members, and there are three
10 tracks that they can go down. One is vocational; one
11 is higher ed; and the third is Boots To Business or
12 entrepreneurship. And there's a continuum that they're
13 offered and it starts with a two-day course that's
14 taught in installations all around the world, now. And
15 that two-day course, there's three learning objectives
16 for them. One is to understand what entrepreneurship
17 will be as a post-service vocation.

18 The second is to understand the challenges and
19 opportunities, and what are some of the next steps they
20 can take. How do they evaluate their business concept
21 if they have one, and what are some of the nuts and
22 bolts components of business planning and getting ready

1 for it. It's not all the way to the business plan, but
2 it's the start we want.

3 And the third piece, which is really, really
4 important to us and to the veterans is where they can
5 go to get help and how they can connect to resources,
6 understanding that they're in the middle of
7 transitioning. So they may not be starting right at
8 that period in time. It may be down the road, and sort
9 of connecting them to the SBA resource partners as well
10 as all the other support. And we've heard about a lot
11 of them today.

12 So once they do that, if they elect to, they
13 can continue onto the eight-week online course, which
14 we talked about a little bit. And then there were some
15 questions on that, which I'll address. And that eight-
16 week online is that you're doing it. You're going to
17 go all the way to a business plan. You're going to
18 have a business plan that's informed with expertise and
19 that's actionable, because presumably the next stage is
20 to go get some money to get started, and whatever. And
21 whatever way that might be and so that's the eight-
22 week, online, and that's the whole continuum. And it's

1 been moved forward.

2 We have some success. So I'm going to give
3 you a couple of stats and tell you where we're at and
4 where we're going, if you could just maybe give me the
5 next slide, thanks. So we've had a couple of program
6 goals that have been out there for 2014, like I said.
7 We got started in 2013. We got kind of a full calendar
8 year under our belts. We learned a lot. We didn't
9 have any funding. So we have all kinds of plans that
10 we had to bootstrap ourselves, always a good exercise
11 for entrepreneurial kind of program.

12 And coming into '14, we were able to be funded
13 and we had some concrete goals that are up here and I
14 want a report back on where we're at against that. So
15 the very first thing was well how are we going to get
16 to the full scale that we need to be to address the
17 need, again, the 250,000 service members coming
18 through? And for us that was expanding and improving
19 what we were doing in the U.S. It was unlocking
20 capacity in eight-week, because we weren't able to put
21 a whole lot of people through that without funds. And
22 then to get to everyone that wanted it, which included

1 overseas, so we'll go deeper into stats, but we're up
2 over 10,000 transitioning service members that have
3 gone through the two-day class since we started. In
4 calendar year 2014, that's over 4,000 in the two-day
5 class.

6 Our eight-week enrollments, we've had over a
7 thousand that have enrolled in the eight-week. It's
8 dramatically increased just in the last quarter as
9 we've applied funding. And Rhett mentioned a little
10 bit earlier about the grant that went out and
11 consortium instructors that we have teaching the eight-
12 week, and I'll come back to that, because there were
13 some questions. And, again, we were able to go
14 overseas starting last week.

15 And I guess one of the things that's really
16 great about this job for me, now, is to see those
17 connections when you see the veteran entrepreneur with
18 the idea to get connected to the mentor, or start to
19 really see all those steps. And Robert and I were
20 talking earlier about, you know, how well prepared
21 veterans are prepared to pursue business ownership, but
22 there's a couple of critical things that really the

1 light bulb has to go on, and you can see that happen in
2 the classroom when they connect with the mentors,
3 whether they be SBA resource partners or someone like
4 everyone that's in this room that has conversations or
5 comes in and helps. So that's always exciting to see.

6 Our resource partners is number two. They
7 really have been doing a lot with little in terms of
8 funding, and we're getting ready to put in place
9 funding for them which will be coming online in the
10 next month or so. A lot of marketing and outreach to
11 make sure that we talked earlier about the commercials
12 that were airing on Armed Forces Network and the
13 Pentagon Channel, and we have a lot more to do there as
14 well, getting ready to launch all of our social media
15 efforts for the program to really build that community.

16 Because as all of the successful business
17 owners in the room know, it's really about the network.
18 And you've got to have a place to access that network
19 and connect with it over time. So a lot going on
20 there. A lot of continuous, you know, the boring
21 stuff, but the important stuff on operations and
22 improving those processes or putting infrastructure in

1 place, just getting all the classes scheduled, getting
2 the books, all that stuff. And we just finished around
3 a focus group, and to make sure that we knew where
4 there might be gaps. And so we keep working that.

5 We're doing some hiring here, both full-time
6 as well as some contract actions to support the
7 program. And the other really important thing, the
8 last on the list is the overall outcomes and
9 performance of it. And so we got a really good handle
10 at this point on who's coming through, what the
11 demographics looked like, where we think sustained
12 right of demand is going to be for it. But we're still
13 a little bit early to determine how many business
14 starts are coming out of it.

15 What's the aggregate, you know, economic
16 impact of that going to be? How many veterans are they
17 going to hire? And we're working, you know, within our
18 office, but also across the SBA, because we have a lot
19 of similarities in terms of how we're measuring
20 entrepreneurial activity. And then this also goes to
21 the interagency. I didn't mention up front, but this
22 is an interagency process: DOD, Labor and the VA kind

1 of own the interagency governance of which we're a part
2 of it. So it's a chance for us to build integration
3 across all those efforts. We're talking about the
4 cowboy boots this morning, and there's all kinds of
5 different efforts and how do you put it together so
6 that you don't overwhelm the veteran that's -- you know
7 -- so many different places to go for help. And so
8 that interagency helps with that.

9 So the next slide. It's just a little bit --
10 these are kind of interesting. I've talked a bit about
11 the numbers, and you can see the totals in terms of
12 what we've done in the two-day and that eight-week, and
13 then by service, you know, Army's our biggest customer,
14 since they're the biggest service. But all the
15 services are there. The rank is interesting --
16 predominantly enlisted -- both at the first term and
17 then the retiring enlisted, and then some officers.

18 Well, gender's always been really interesting
19 and encouraging to us. You know. It hovers between 22
20 and 25 percent women veteran entrepreneurs of all
21 ethnicities. And I'd just mention eight-week
22 enrollments really spiked because we were able to turn

1 on that funding. So those are kind of a snapshot of
2 where we're at. I wanted to get into a couple of
3 questions around the eight-week that I heard earlier
4 with around of this consortium. So 14 universities
5 that are providing instructors for eight-week, we want
6 to have as much capacity as there is to meet demand.
7 And we're seeing it ramped sharply now.

8 We're not sure where it will ultimately end
9 up, if it will be 10 percent of all our two-day
10 participants or 20 percent, or even higher than that.
11 We think it will work out to be 20 to 25 percent, but
12 we're watching that closely. But, so, 14 universities.
13 Right now, that grew out of a lot of universities that
14 were doing work on some of the earlier programs, the
15 boot camp for disabled veterans, primarily. And so
16 Syracuse leads that and they managed that.

17 And if there's other universities that are
18 interested, it's really a conversation with Syracuse to
19 kind of register interest, and then they can -- you
20 know. And then they can kind of vet and fold in other
21 instructors as required. And, again, right now, we
22 have 14 universities. We may need more. Maybe we

1 don't need all. I mean it just kind of depends on how
2 that growth trajectory shapes up. So that was one
3 thing I heard.

4 I think I heard another question around this
5 overall engagement, and instructors in the class. And
6 predominantly it's the resource partner network that
7 instructs or that score or are small business
8 development centers and the VBOCs, of course, and then
9 we often will bring in a guest speaker that's a
10 successful veteran entrepreneur.

11 That all gets coordinated locally so that we
12 have really good relationships between our SBA district
13 offices and the installations, and then the local
14 veterans business community. And so they're kind of
15 empowered to put together their instructors in the
16 course in a way that best brings all that enthusiasm
17 that's resonated in their local area for that
18 particular installation to the course.

19 That was kind of the quick update. Are there
20 questions or other places that I can talk about?

21 MR. WHITE: Is the majority of them, are they
22 still active duty going through the transition process?

1 Or are these -- they're already out?

2 MR. HEILMAN: For the most part, they're kind
3 of in the 180-day window.

4 MR. WHITE: Okay.

5 MR. HEILMAN: They're eligible to start their
6 transition -- 365 out, I believe.

7 MR. JEPPSON: So, ideally, we'll catch them a
8 year before they leave.

9 MR. WHITE: The sooner the better, obviously.

10 MR. JEPPSON: About a year prior. So do you
11 want to talk about the military life cycle, just real
12 quick?

13 MR. HEILMAN: Yeah, sure. So when the *VOW Act*
14 came forward and the interagency -- DOD with the
15 interagency partners -- was mandated to redo the
16 transition assistance and make it better, they looked
17 at that critical period of the 365 days out all the way
18 through the day-to-day. You know. Get the DD 214 and
19 roll out, and there was a good sense that that might be
20 a little too late in some cases, particularly if you
21 start talking about something like entrepreneurship or
22 business ownership.

1 And so they've instituted the military
2 livestock, but they've tried to institutionalize that
3 post-service career planning from day one so that
4 there's all the skills building or skills transfer.
5 The counseling and that whole process happens almost
6 continually from day one when they enter the service.

7 MS. CARSON: I'll just give a couple of
8 examples of milestones. So each time they change duty
9 location, they add a family member onto their insurance
10 promotion. Those are the times when they're going to
11 target to have an education opportunity for preparing
12 for the next step if the service is no longer your
13 option.

14 MR. HEILMAN: Yeah. For the most part, the
15 service has had pretty good kind of career planning,
16 career counseling built in, but it was focused on the
17 military career with other resources. But you kind of
18 had to ask, and this is trying to build it into a more
19 comprehensive model. And we're excited about that,
20 obviously, from our component, because we know that
21 that would be very helpful for those aspiring to
22 business ownership.

1 MR. JEPPSON: So there's some cultural changes
2 that have to go on, you know. I mean TAP has always
3 gone -- what -- about 30 days before you leave the
4 service? It's like how you balance your checkbook, and
5 most people never went. You know; or they ran an
6 executive TAP for general officers and colonels who are
7 leaving the service, and everybody flew in. And
8 there's a hall and we did this, and it was an okay
9 product. It varied by installation, you know. We had
10 some SBA research partners on the installation on a
11 regular basis doing a great job. Others, it was
12 completely non-existent. So we're trying to bring some
13 uniformity to it, but we can bring one component.

14 There's a whole list of components. So you
15 mentioned the career counselors that are in the units,
16 you know. In the Marine Corps, you know, he's focused
17 on your retention and helping you find and promoted.
18 If you're leaving, it's like okay, great. Yeah, here
19 you go. And go over and see the guys in Family who may
20 or may not know anything, or Fleet handling finance.
21 So there is a seed shift that comes with this. The
22 Army -- normally, you see the Army with its numbers up

1 a little bit.

2 The Army has now made it a -- I forget the
3 Army term for it. In other words it's a rating block -
4 - did your guys go through it. You know. There's a
5 readiness thing for you that commanders get rated up
6 and that's commanders' requirement. I don't think the
7 other services are there yet, but we don't make it a
8 commanders' requirement. You know. You're only at 60
9 percent.

10 MR. HEILMAN: Right.

11 MR. JEPPSON: You know they start paying
12 attention to that pretty fast.

13 MR. HEILMAN: Right.

14 MR. JEPPSON: But the other services are more
15 than that. But, so, we're pleased with the progress
16 that we've made, but we're not satisfied with the
17 progress we've made. So what I want to do --

18 MR. WHITE: Is the Department of Labor
19 involved at all?

20 MR. JEPPSON: They are. So in the first week,
21 the mandatory week that everybody has to go through,
22 it's VA, Labor and DOD that teach those components, and

1 it's mandatory week. It's required, unless you're part
2 of a really small, exempted category that you go
3 through TAP there, and then the optional tracks are the
4 following week.

5 MR. BAILEY: So we're just -- I mean I like
6 it. I like it a lot. And my question is though have
7 you all gotten the data to measure success from your
8 graduates?

9 MR. JEPPSON: So this is a great question, and
10 I got asked this on the Hill last time. We can tell
11 you what the cohort looks like going through there, but
12 because ideally we're getting about a year before they
13 go, some cases, we're still within that first year
14 window to get out and start a business, which is the
15 next milestone. How many starts did we have? And
16 then, you know, are they still in business of the year?
17 Once it starts at three years and what's the mortality
18 rate, we're still kind of in that window. So what
19 we're spending part of the \$7 million in is to develop
20 a metric and a way to capture a metric on there, which
21 is always a challenge, just like with the resource
22 partner program.

1 It's hard for us to tell you how effective we
2 are as resource partners, other than through a survey.
3 And then you know how surveys are predictive. You
4 know. It's not like -- I mean there'd be a lot.
5 There's some really good ways for me to do it. I can
6 capture your Social Security Number when you
7 transition, and then I can look to see if you applied
8 for EIN, and then I can look at your tax returns. But
9 that's pretty big brother, and we're not going be able
10 to cross that Rubicon. So there's ways to do this to
11 get that bigger data, but we're not going to go there.
12 So it's going to be -- it's going to be a little more
13 circuitous, but we've met at some places that --

14 MR. HEILMAN: We're doing a lot of our
15 community building now, and some of it is social media
16 and some of it is you become an alumni of the eight
17 weeks, kind of. You're Syracuse alumni or Florida and
18 some of it is their resource partner data systems. And
19 so we got -- you'll appreciate this. We got a systems
20 integration issue, right, where we're how do you make
21 sure that there's a field for Boots To Business grad
22 across all the various different databases that might

1 touch these folks as they go through. So that's the
2 infrastructure we're trying to build.

3 MR. BAILEY: It almost begs for this as teed
4 up to be handed off this case is to be handed off to
5 the next entity that can get them to the business plan,
6 that can get them to understanding, you know, the
7 discriminators that value proposition for whatever
8 they're doing. You know, a self entity consulting will
9 be at a garage. They still need to understand how to
10 put together that marketing plan. What's the handle?

11 MR. MUELLER: Well we can talk about that, and
12 that's what I would want to chime in here. But that's
13 a lot about what Mike Haynie does.

14 MR. BAILEY: I'm a graduate.

15 MR. MUELLER: Oh, you are? Okay. So you,
16 well --

17 MR. BAILEY: So what I'm trying to understand
18 is this in the on ramp to whatever might or like.
19 That's what I'm trying to understand.

20 MR. HEILMAN: So the eight-week is a component
21 of Boots to Business. So the handoff is from the two-
22 day. You're still in uniform and you may still be in

1 uniform when you go there.

2 MR. BAILEY: Right.

3 MR. HEILMAN: You may have separated, but
4 you've signed up and you're now going through that
5 eight-week online. There's two handoffs there. One is
6 you're part of that community. Right? Which has some
7 follow-up and you've got access to those resources even
8 after you've finished the eight-week. The other part
9 of the handoff is you have developed relationships with
10 the SBA resource partners, the ones that helped
11 instruct your class; or, you've now left and gone back
12 to wherever you decided to relocate to, and you know
13 that you can go and sit down and score the SBC.

14 And, our success stories that we -- a lot of
15 our success stories that's exactly what's happened. It
16 got so far, and then they went back and they sat down
17 over multiple sessions with the resource partner to get
18 to that final business plan, or to figure out which
19 lender they ought to go talk to first.

20 MR. MUELLER: But don't you feed into Haynie's
21 program in that part of the --

22 MR. JEPPSON: No.

1 MR. MUELLER: No, you don't feed into that?

2 MR. JEPPSON: So let me -- let me go back.

3 Okay. So Haynie runs one program, one.

4 MR. MUELLER: Right.

5 MR. JEPPSON: And it's EBV. It's

6 Entrepreneurship Bootcamp for Service Disabled

7 Veterans.

8 MR. MUELLER: For Disabled Veterans, right.

9 MR. JEPPSON: He gets a cohort of about 200
10 people a year that go through that program. It's a
11 very high touch program. It's nothing. We grant about
12 \$150,000 to it total. So, ideally, his class size is
13 only 25 at the different eight universities.

14 MR. MUELLER: Yeah.

15 MR. JEPPSON: So he doesn't have a real
16 throughput capacity. I mean it's a great program, but
17 it's small in scale. What we're doing is we're scaling
18 something that goes all the way through there. Now,
19 the component of the eight-week, it's very similar to
20 the eight-week that he runs before you go to the week
21 in residence. We just don't have an in-residence piece
22 in ours, because we can't afford to follow the vets to

1 one area and spend a week on campus and cover that
2 cost.

3 MR. MUELLER: Right.

4 MR. JEPPSON: EBV covers every bit of that
5 cost on there. So, I mean, he has limited through
6 capacity. We've taken what we think the best parts are
7 and incorporated them into the most cost-effective
8 manner that we could.

9 MR. MUELLER: Well let me just ask you a
10 question. One of the things that Mike, you know,
11 basically he kind of franchises public universities to
12 be a part of this program. And I kind of put it that
13 way. I know and I can give you an example of one.
14 There's a university that I'm very familiar with who
15 recently applied to be a part of his program. And for
16 some reason they were not authorized. They got one
17 vote, one on one against them, to not be part of it;
18 and, I never found out the reason why, but there are
19 universities out there that have programs that are even
20 in some way -- but I know of Haynie's program, because
21 I've seen him. But there are other ones out there that
22 are putting these programs together strictly for

1 veteran entrepreneurial training programs, and they're
2 clearly endorsed all through the business schools. And
3 my question is if it's not a Haynie program, how do you
4 -- do you want to know about these, or is there an
5 opportunity to build relationships with these
6 universities?

7 MR. JEPPSON: Let's divorce a couple of things
8 here. You're drawing some conclusions to connections
9 that don't exist.

10 MR. MUELLER: Okay.

11 MR. JEPPSON: Okay. So EBV is a program that
12 they run, that we make a small grant to. So we
13 actually ran a grant for EBV programs.

14 MR. MUELLER: Right.

15 MR. JEPPSON: So and then we had just like we
16 do any grant evaluation, so we awarded Syracuse for an
17 EBV program. The University of Oklahoma at
18 Fayetteville, they had the top three proposals and we
19 granted to those universities. In three years we'll
20 run that again. Now there's a separate boots To
21 business program that we run. That is an SBA program
22 that we run. Syracuse happens to be a grantee that

1 helps us execute that program.

2 MR. MUELLER: Okay. Right, right.

3 MR. JEPPSON: So, but we don't want to be the
4 sole proprietor of government programs, but we do have
5 a pathway for the transitioning veteran right now. So
6 if you go back and you look at how I'm doing Boots To
7 Business, and Haynie only does the online component, so
8 --

9 MR. MUELLER: For you all.

10 MR. JEPPSON: For Boots To Business.

11 MR. MUELLER: Yeah. All right. Yeah.

12 MR. JEPPSON: Now if you go back and you look
13 at the Reboot, which is for our transition to veterans,
14 we do that strictly through the district offices, you
15 know. We use them to consult lots of curriculum, but
16 that's where it's at. But I will be honest too,
17 though. There's some other people out there that
18 Syracuse IBMF is the national leader in Veterans
19 Entrepreneurship Training right now. Nobody, nobody
20 else is in the same league. There's some good ones out
21 there, and, like I said, we grant to them, but -- you
22 know -- they're strong.

1 MS. ROTH-DOUQUET: I think Robert raises a
2 good issue and it's sort of -- you know. It's the vet
3 eye view of this and it's a problem across the whole
4 field of veteran and military families. It's 46,000
5 NGOs who service veterans or military families right
6 now. There's any number of other organizations and
7 corporate programs, university programs. And from a
8 vet perspective, it can be just orienting to the point
9 of discouragement. And then we also find that people
10 have -- and our surveys show this -- people have very
11 different preferences about how they ask this
12 information and who they trust, and who they're
13 comfortable with.

14 So the mapping of how you get there, I think,
15 becomes a very interesting question, exactly the
16 question you're asking. And I wonder if there's a
17 place -- and I don't know who the person would be. But
18 to say even if we just take veteran and military
19 family-oriented entrepreneur programs to promote
20 entrepreneurship, wouldn't it have been wonderful to
21 have a big conference and you invited everyone who was
22 involved in trying to get this issue from one place?

1 Whether they were government or non-profit, or church-
2 based or university based, start trying to see where
3 are the overlaps, where are the gaps, you know. Is
4 there a way to map this, so that someone, no matter
5 where they come into it, can find their way to the
6 place that is a good fit for them?

7 MR. JEPPSON: It's almost like an Aspen event
8 for this.

9 MS. ROTH-DOUQUET: Exactly. And I actually
10 run a program like this for military family issues
11 overall, a LIDO program that that's what ended up
12 resulting in this hundred-million-dollar raised from
13 the foundation community for services. But to narrow
14 it down to a specific TAP like this I think would be
15 enormously productive.

16 MR. JEPPSON: I think you're right.

17 MR. BAILEY: Yeah, I agree. I mean for me a
18 person who's gone through two of the programs, you
19 know, the vet program, the veterans for procurement
20 entity, EVB, the question is that what's the next
21 level, and where do they really get their real time
22 mentorship to get them there. I mean the programs are

1 great with establishing the foundation, but there's
2 still a gap in how do you prepare a proposal, how do
3 you respond to this.

4 It doesn't matter if it's defense or
5 commercial, as long as it's a proposal, and then also
6 the follow-through in providing that guidance for the
7 service member or the spouse. I mean it's just the
8 fundamental rule. It's there, but we just need that,
9 and you're right. You go out on the website. You've
10 got this program and that program. Then you've got a
11 training program that says training and how to do a
12 business, but, oh, by the way -- and that will link you
13 to there. So, yeah. There is some validity to that,
14 so how do you really --

15 MR. JEPPSON: I mean every time I turned
16 around I'd hear about a new program.

17 MR. BAILEY: Yeah. They're the ones that are
18 new.

19 MS. ROTH-DOUQUET: If we want to do that, we
20 can do it. We can get the funding for it. We can get
21 the interagencies to pull for it. It could take some
22 time.

1 MR. JEPPSON: I think that I'd love to do
2 that.

3 MR. MUELLER: Can we discuss that?

4 MR. HEILMAN: Well, and to your point, Robert,
5 I mean the mentorship piece that's needed, sustained
6 mentorship is one of the harder things to put a program
7 around, because some of that is the natural section.

8 MR. MUELLER: Right.

9 MR. HEILMAN: We're trying to create the
10 channels where if you tune in, you'll have access; and
11 VetNet's a good example of that, which is the Google
12 Plus. It's got 22,000 vets and it's social. And the
13 part I didn't talk about that I think it's the last
14 time we talked about Boots To Business in this group,
15 talking about what our overall coupled street
16 strategies we had. And one was funding, which we were
17 able to do. The other was, you know, improvement
18 around our day-to-day operations and getting it
19 sustainable.

20 The third one was the integration piece, which
21 we're just talking about now. And where we were
22 starting on that was the Access To Capital piece, or

1 something we touched a little bit on that cap. And
2 we've had some business plan competitions that have
3 kind of started to tie into Boots To Business.
4 Because, so, Boots to Business could be your ticket to
5 some other things as you go down the road. And so
6 those are some of the areas that we're working up and
7 it's really ready for primetime yet, but, to your
8 point, you know, there needs to be a lot more. So
9 that's Rhett's.

10 MR. JEPPSON: Okay. So we've reached, because
11 we've got some hard stops here. So it's 2:00. We'll
12 move right into Larry Webb. He's from our OGC office,
13 handles ethics, and he'll run us through that. And
14 while he's coming up here, I'll tell you that your new
15 chairperson is going to be Ed Fielder.
16 Congratulations!

17 MR. FIELDER: Thank you.

18 MR. JEPPSON: So --

19 MR. MUELLER: My condolences.

20 MR. JEPPSON: So Ed?

21 MR. FIELDER: These guys know the condolence
22 part.

1 MR. JEPPSON: Yeah. So I find that surprising
2 that a Marine would be in charge. The Army guys must
3 have immediately recognized that.

4 MR. MUELLER: Well this is our last chance.

5 MR. BAILEY: What we did is allow the Marines
6 to show their best at the end, because we push them out
7 after this.

8 MR. JEPPSON: Okay. All right.

9 MR. FIELDER: So here's to the fight.

10 MR. BAILEY: All right. We'll clean it up.

11 MR. JEPPSON: There you go.

12 MR. MUELLER: What's wrong with me?

13 X. Committee Focus for 2014

14 MR. JEPPSON: So we'll press through this, and
15 then I know some of you have got to leave at 2:30. So
16 we'll go ahead and wrap it up there. Now, I'll just
17 offer, Ed, is that shows your point of contact on
18 anything you need. Just if you would cc me on it, and
19 that way I can just be cognizant of the things that are
20 going on. You'll have all the contact, points of
21 contact here. Let us know when you want to meet again
22 before the end of the year, and then we're here to help

1 in any way we can with agenda and stuff; but, really,
2 we'll defer to you guys now on the way forward you want
3 to go.

4 MR. FIELDER: I think we look at the budget
5 for San Francisco, and so the '12 report. Can I just
6 have like a couple minutes?

7 MR. JEPPSON: Sure. Sure. Why don't we --

8 MR. FIELDER: And then give me five minutes.

9 MR. JEPPSON: Yeah. We can talk. Okay.

10 MR. FIELDER: Because if we all walk out of
11 here and I don't get the chance to sort of get things
12 organized a little bit.

13 MR. JEPPSON: So five minutes, real quick.

14 MR. FIELDER: Go ahead.

15 MR. JEPPSON: Okay.

16 MR. FIELDER: Oh. He just doesn't want to
17 listen to me. Well, first of all, the next meeting
18 seems logical to be the last week of August, the first
19 week of September.

20 MR. JEPPSON: Okay.

21 MR. FIELDER: And so -- and I don't know if
22 that works out with one of the VET-Force meetings or

1 not.

2 MR. MUELLER: They're usually the second
3 Tuesday of the month.

4 MR. JEPPSON: Yeah.

5 MR. FIELDER: So if we could do the second
6 Tuesday of September?

7 MR. JEPPSON: My phones are dead. So tell me
8 what that is.

9 MR. FIELDER: I'm going there right now. Hang
10 on.

11 MR. JEPPSON: Have you got it, Stan?

12 MR. FUJII: Yes, the 9th.

13 MR. JEPPSON: Okay. We'll see what we can do
14 then.

15 MR. FIELDER: So that will be the 9th and
16 10th?

17 MR. JEPPSON: So 9-10.

18 MR. BAILEY: 9-10 of September.

19 MR. FUJII: 9 is Tuesday; 10 is Wednesday.

20 MR. FIELDER: Let me see. No. The 1st is the
21 -- the 8th is not Labor Day. Labor day is the 1st.

22 MR. FUJII: September, right, yeah.

1 MR. FIELDER: The long weekend was the week
2 before.

3 MR. BAILEY: All right. You said 9-10?

4 MR. FIELDER: 9-10, for those of us who travel
5 from out of town, traveling on Sunday is kind of a pain
6 in the butt to tell you the truth.

7 MR. BAILEY: All right. So what day? Tuesday
8 or Wednesday?

9 MR. FIELDER: Well Tuesday would be the VET-
10 Force meeting. So we'd come in Tuesday morning. Go to
11 the VET-Force meeting.

12 MR. BAILEY: What is VET-Force?

13 MR. FIELDER: It's one of the vet
14 organizations that stage --

15 MR. JEPPSON: I can tell you. I can tell you
16 afterwards.

17 MR. FIELDER: And then our meeting would be on
18 the 10th.

19 MR. BAILEY: Okay.

20 MR. FIELDER: A big part of our meeting would
21 be collecting the information and tasking everyone to
22 write on the report; but, unlike the previous report,

1 this is the most recent report. You guys might want to
2 see it. I'm assuming it never got submitted.

3 MR. JEPPSON: Uh, no. Not that I'm aware of.

4 MR. FIELDER: Okay. Well I can show you the
5 previous report from 2012. That was the last full year
6 that we had. I suspect this report would be more of a
7 statement of what we did in our two meetings this year,
8 and the third meeting, and what we accomplished in the
9 third meeting, and then a statement of what we will
10 want to do in 2014 fiscal year. And the important
11 thing for me is for you to all get thinking about what
12 that is so that we can make that part of the agenda for
13 the September meeting.

14 I've written down some notes while we've been
15 talking for the last day here. Access to Capital in my
16 mind, and we would obviously vote on this, but that
17 would still be our number one agenda because we never
18 got to touch it this year. We'll make that our number
19 one agenda. Service disabled vet mentor-protégé,
20 continuing interest in entrepreneur programs, this is a
21 personal pet one for me. And I'm a procurement guy.

22 You guys know that, but service disabled vet

1 goaling within agencies that are not meeting their
2 goal. If you told us today for the first time, I
3 heard, that we actually made the three percent goal for
4 the year. But some agencies are struggling and have a
5 very high priority. I'd like to bring some of those
6 agencies in and maybe have some conversations with
7 them. What are the barriers and why are you still
8 having trouble with it if others aren't? And maybe we
9 can kind of comment on that.

10 Coordination with the interagency task force:
11 I always thought we should do that because there's some
12 redundancies with what we're doing and what they're
13 doing. And, frankly, we should have covered that over
14 by talking to each other every once in a while. And I
15 kind of like to make that an agenda item. And that's
16 the kind of things, and I'll just fill them out.
17 That's not a complete list, and with that we may take
18 some off that list. But if you all can be thinking
19 about what that is so that as we start moving an agenda
20 for a September meeting, we would then have you all's
21 input for that.

22 MR. BAILEY: So just to be clear, are we going

1 to wait 'til September to address issues?

2 MR. JEPPSON: I think this is a pretty good
3 segue into what we were talking about.

4 MR. FIELDER: Okay.

5 MR. JEPPSON: As I segue into this here, so
6 you guys are required to have open meetings here. We
7 make a public record of them and they're open to the
8 public whenever we meet. But if you guys are doing
9 coordination and preparation, that could be done, and
10 we make our electronic facilities available to you, our
11 calling members and things like that. So that's the
12 segue to Larry who's just recently taken over this role
13 for this committee. So, Larry, all yours.

14 XI. Ethics Briefing

15 [Slide presentation.]

16 MR. WEBB: Well good afternoon, everyone. As
17 stated, my name is Larry Webb. I'm an attorney-advisor
18 with the Office of General Counsel here. And although
19 earlier it said ethics advice, it's just sort of a
20 slight misnomer, because you guys are not actually
21 employees of the agency. You are not covered by ethics
22 rules. That being said, we do ask and expect a sort of

1 code of conduct. And so we're just going to go through
2 a few of the dos and don'ts, very high level. These
3 are the types of things that have come up in the past
4 and we just want to talk about them. And if you have
5 any questions, it won't take very long.

6 So I think you'll be able to hit your 2:30
7 mark, but obviously, if you have any questions, I'm
8 here to answer those questions; and, if I can't answer
9 the question today, I'll get back to you. I'll either
10 work through Rhett or get with you individually, if you
11 have specific questions after the presentation today.

12 So our basic duty, show up to the meetings.
13 That's obviously I just heard you guys discussing that.
14 Hopefully, you will work it out so that the meetings
15 are accessible to your calendars and there are issues
16 with that; but, that's sort of one of the basic dues of
17 advisory committee work is show up. If, for any
18 reason, there's a change of status, please let Rhett
19 know or his contact person in his office. He's the
20 designated federal officer, the DFO for this committee.

21 I don't know if all of you are new or some
22 people have been on it before. So I'm just going to

1 sort of talk about this generally. Forgive me if
2 you've heard this before. But if there's any change in
3 status, please let him know so that he can address
4 those issues. The types of things that come up there
5 are conflict of interest matters. You have gotten a
6 loan from the SBA. A business that you own has gotten
7 a loan from the SBA. You have become involved in an
8 8(a) program or something to that effect.

9 Traditionally and typically, if you are
10 receiving any type of financial assistance from the SBA
11 -- and forgive me, but I have a friend who is flying
12 around me here. If we get any type of assistance from
13 the SBA, we have to have our ethics folks -- they're
14 called something different, standards of conduct
15 committee, but basically our ethics officers -- look at
16 the financial assistance, determine if that is a
17 conflict with the agency, because as an advisory, your
18 role should be free of conflict. You should be able to
19 speak and act without any concern about your own
20 personal well being or the well being of your company.
21 So that happens, please let Rhett know.

22 Confidentiality is pretty simple. You may

1 become privy to information through the course of your
2 work with the advisory committee that is not public.
3 And so that should be maintained the highest of
4 confidentiality. And when you think about that, it
5 should not just be that you don't talk to other people.
6 You should also be concerned about where you leave it
7 if you carry it around, so agree that you don't have to
8 move items around. If it's electronically, you use
9 electronic. Because people lose files. People lose
10 thumb drives, et cetera. So be mindful of not only
11 what you speak about, but how you carry other people's
12 private, individual information around with you.

13 So, and we've just spoken about the last sort
14 of "do." If you have any question about applying for
15 or receiving any benefit, or if you have any questions
16 about your role on the committee and something that
17 appears to be a conflict, please seek me out. I will
18 put you in contact with our ethics officials or as I
19 said here the standards of conduct committee, since
20 technically you guys don't have ethics rules. And
21 we'll work it out. That's our job. That's what we do.
22 That's our role in assisting the committee.

1 Some don'ts; I don't think this should be a
2 problem, but I think it's clear. Don't lobby and
3 fundraise on behalf of the SBA, for the Federal
4 Government or the committee generally. I'm not exactly
5 sure what everyone's role is, but I know that we've
6 vetted everyone. And I assume nobody is a lobbyist.
7 But people have things that they feel very strongly
8 about that very well may be just sort of individual
9 passions.

10 We're not saying that you can't have your
11 individual passions, and we're not saying that you
12 can't speak for yourself. But be very mindful, when
13 you are having those types of conversations, that you
14 are not doing it on behalf of the SBA, Federal
15 Government or this committee. So you have to make sure
16 that you have the right hat on when you're having
17 conversations.

18 Yes, sir. You have a question?

19 MR. WHITE: Half of those committees are
20 supposed to be made up of veterans service
21 organizations; and obviously part of the VFW, American
22 Legion, the VVA, whoever, I mean they're an advocacy

1 group for veterans. And, obviously, they go to the
2 Hill and they lobby for bills and lobby for the rest of
3 that.

4 MR. WEBB: Absolutely.

5 MR. WHITE: But they're doing that on behalf
6 of their members.

7 MR. WEBB: Absolutely.

8 MR. WHITE: Is that an issue?

9 MR. WEBB: That is not an issue. Once again,
10 making sure you have on the appropriate hat when you're
11 having the conversation; I am representing the American
12 Legion, and the American Legion feels that we need to
13 enact these types of legislation or we need to remove
14 these types of regulations because they are harming our
15 constituency. That is absolutely okay. That's the
16 reason that many people are sought out.

17 For that very reason, you have skin in the
18 game. You have information. You have a constituency
19 that you can -- whose issues and concerns you can bring
20 to the table. The issue there is that when you're
21 doing that it is I'm Mr. White. I'm a representative
22 of this particular constituency. It's not I, a member

1 of the advisory committee at the SBA.

2 MR. WHITE: Yeah, I know. That makes a lot of
3 sense.

4 MR. WEBB: And so that's -- and thank you for
5 the question for anyone else who may not have
6 understood specifically what I was saying there. So
7 thank you for that question. Any other questions that
8 you -- anyone else on that one?

9 The second one: Don't engage in conduct which
10 casts your good character into serious doubt. I don't
11 think that's a big concern here, but it's what's
12 expected of you. And I suspect all of the committees
13 and other organizations that you are connected with
14 that people conduct themselves with good character.
15 Obviously, don't do anything -- and we spoke about this
16 a moment ago -- that utilizes the committee for your
17 own financial gain. I think everyone pretty much
18 understands that. Any question at all about how that
19 might play out? Okay.

20 Obviously, don't misuse your title/position.
21 Many of these are broken out into separate little
22 sections. They all sort of say the same thing.

1 Respect the committee; respect the line of demarcation
2 between your nomination and your participation on the
3 committee, and what your personal life and what your
4 representation of other committees are.

5 I think the last one is important as well. It
6 kind of goes back to Mr. White's conversation. Don't
7 advocate or represent a small business or other entity
8 applying for SBA assistance. Once again, keep the line
9 clear, because you are an advisory committee member.
10 Some of this is perception. It's not necessarily what
11 is legal and what isn't legal. It's what perception is
12 made by that.

13 If a member of a committee seems to have some
14 sort of in with someone at the agency, an AOA -- the
15 administrator of the agency -- maybe that person got
16 preference on particular assistance. They jumped
17 someone; they got some benefit from that. And you want
18 to avoid that, one, because it calls into question
19 whatever that assistance is. So that person who would
20 have gotten assistance may be someone decides they want
21 to protest it. They want to challenge it, and so
22 they're not getting the assistance. So no benefit

1 actually came from it and it also just looks unseemly,
2 and so we just want to avoid that.

3 Business cards -- simple. If you have
4 business cards related to your position with the
5 advisory committee, it says right there -- should not
6 contain personal or professional information and titles
7 other than your membership here. So to the degree that
8 -- and I don't know if you provide or people get them
9 individually, if you want business cards that say
10 you're a member of this committee, it should just say
11 that you're a member of this committee, and whatever
12 contact information that goes along with that.

13 MR. JEPPSON: No double-sided business cards.

14 [Laughter.]

15 MR. JEPPSON: No Rhett Jeppson's hot dog stand
16 with I'm a member of the advisory committee on the
17 back.

18 MR. WEBB: Exactly. Last but not least, once
19 again, it seems all like the same thing with different
20 roles coming from it to the degree that you want to
21 express your own personal views or the views of your
22 member organizations to the media. You want to speak

1 to the media. That voice should be personal or
2 representing the organization, the American Legion or
3 other organization, as long as they don't have a
4 problem with that.

5 We don't have a problem with that, but they
6 want to be in clear line that you are not representing
7 the SBA. And how that comes up, typically, is someone
8 goes out and they say, well, I feel very strongly about
9 this particular piece of legislation. I believe it's a
10 travesty, yada, yada, yada. And during the course of
11 that conversation or with the media, whatever, one may
12 be representing the American Legion, but then all of a
13 sudden -- and then also I'm on the SBA advisory
14 committee. And we do that sometimes. I'm not saying
15 anyone in this room would do it, but if we do that
16 sometimes to add credence to our statements, we want to
17 avoid that. We want to keep it clean and, but, at the
18 same time want to be really clear, once again, to Mr.
19 White's point.

20 There is nothing about any of these rules that
21 say that you cannot represent yourselves and your
22 personal views. One of the reasons that you were

1 nominated and asked to be on these committees is
2 because you have talent. You have background; you have
3 insights into things that we want to leverage and bring
4 to bear on the committee. So that's why you're here.
5 So this is not asking you to stop doing any of those
6 things; but, just to make sure that we're clear about
7 the lines of demarcation and that you're representing
8 those views or those individual, personal views in
9 public.

10 MR. JEPPSON: So one thing that came up, this
11 was early on, right after I got here. And I'll give
12 you a case in point. So sometimes I think it's good
13 advice when you go to a venue, determine what hat
14 you're wearing and keep that hat on. Switching hats
15 will, I think, get you in trouble.

16 For example, it is difficult for you to go to,
17 say, the VA has their small business convention, their
18 get together. It's hard to go there as a business
19 owner, and then in the middle of the course put on your
20 other hat, because you're already on your own dime.
21 You're on this; you're representing your company. And
22 then put on your SBA hat, operate for a little bit, and

1 then take it off again. I'm not saying that it
2 couldn't happen, but it's difficult and we need to
3 really be careful there. And that's one where -- you
4 know -- I really thought, oh, well, that passes the
5 test. And then as I got further and further in this, I
6 just realized how difficult it is with the rule set
7 that we have here. So Larry -- I mean that was just
8 one example I saw where we had the representation.

9 MR. WEBB: Yeah, absolutely. And once again
10 no one's going to be standing over your shoulder.
11 There really is no police part. A lot of this is, you
12 know, conducting ourselves in a way that is of
13 standing. And so we had this conversation with you
14 early on in the process so that you can be aware. You
15 can be mindful. And to the degree that those things do
16 come up, you can kind of think oh, we had a
17 conversation about that. Let me sort of comport myself
18 appropriately in the situation. But, there is no
19 police, so everyone is on the honor system as it
20 pertains to this work.

21 Any other questions? I know that you guys had
22 a hard stop, and this really isn't a long presentation.

1 We just wanted to give you some things to think about.
2 I believe you're going to get a copy of the PowerPoint.
3 So you'll have that information. And I believe that my
4 information is also connected to that. So if you have
5 questions, if you want to get in touch with one of our
6 conduct individuals, please feel free to give me a call
7 or an e-mail. I'll be happy to answer your questions
8 all right. I'll put you in touch with the appropriate
9 SBA employee, so.

10 MR. JEPPSON: Okay. Thank you, Larry, very
11 much.

12 MR. WEBB: All right.

13 MR. JEPPSON: Okay. So I think we're at about
14 that time here. I know we've got -- you guys it's
15 getting close. I'm going to wrap it up in a second.
16 So as we wrap up, Ed, it's all over to you now, sir.

17 XII. Public Comments and Closing

18 MR. FIELDER: Okay. I will be in touch with
19 everyone as soon as I get the full contact list. We'll
20 set up a reply all kind of conversation. That's
21 generally what I find works best. Start talking about
22 the September meeting and what that agenda would be,

1 and then as we get closer to that date, start talking
2 about how we would then do a two- or three-page annual
3 report based on the two meetings that we would have had
4 by then, and then that would be probably about 50
5 percent of what we do on that meeting in September is
6 get that work done.

7 MR. WHITE: I guess before Kathy leaves could
8 you give us an idea of what it would entail, as though
9 you had a soft spot for me with this list of veteran
10 organizations, because half of them shouldn't be around
11 in the first place, but that's besides the point. So
12 it's almost some sort of here's what's by state, and
13 here's who it is, and here's we can recommend them
14 comfortably. You know. Is that the thing?

15 MS. ROTH-DOUQUET: Yeah. We got \$75,000 in
16 six months to pull something like that together.

17 MR. WHITE: Because that to me is --

18 MR. FIELDER: What you just hinted about,
19 that's always been the axe I have to grind is that
20 there are so many organizations and most of them intend
21 to do good.

22 MS. ROTH-DOUQUET: Right.

1 MR. FIELDER: But they're diluting resources;
2 and there's some that are doing better, and the
3 resources need to go to them instead of being diluted.

4 MR. WHITE: But your organization has had
5 experience doing this?

6 MS. ROTH-DOUQUET: We do it every other year,
7 and it's been tremendously successful.

8 MR. WHITE: Okay. Because I mean that could
9 be one of our recommendations, but we could almost help
10 find the money to do that.

11 MR. FIELDER: No, we can't raise money.

12 MR. ROTH-DOUQUET: Well we can identify --

13 MR. WHITE: No, but we can help identify the
14 organizations that could do it.

15 MR. JEPPSON: There's different ways for us to
16 skin that cat. SBA could do it and do it --

17 MR. WHITE: Rhett's got lots of experience
18 doing that.

19 MR. JEPPSON: Or, I've never had one of the
20 committees do anything, you know, in that way. But we
21 could certainly talk to the legal folks. We -- you
22 know. There's opportunities. There's always a way to

1 do something. It's just how do we. We just have to
2 make sure it's structured right and get GC in from the
3 get-go to make sure.

4 MS. ROTH-DOUQUET: Right. And I have some
5 experience with BOGCs in this too. This is the way I
6 did it with these other ones, yeah. So we can talk
7 about it.

8 MR. JEPPSON: Okay.

9 MS. ROTH-DOUQUET: I should, probably.

10 MR. MUELLER: Okay. Well, anyway, it was good
11 to meet you.

12 MS. ROTH-DOUQUET: Great to meet you too. It
13 was an honor to be in the company.

14 MR. MUELLER: And my name's not Robert. It's
15 Kurt. If you call me Robert, I won't know who you're
16 talking about.

17 MS. ROTH-DOUQUET: Yeah.

18 [The meeting was concluded at 2:26 p.m.]

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