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

Diversified Reporting Services, Inc.
(202) 467-9200
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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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?
MS. ULSES: My flight leaves at 5 also.

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

MS. ULSES: Yeah.

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

MR. WHITE: Davy?

MR. JEPPSON: Davy? Yeah. When you're not here, you know, you never know what kind of tasking you're going to get. And then we've got a couple of program updates from government contracting, lending. And then we have one government agency, USDA, with Al Munoz who's already here. He's going to update us on
one of their initiatives. And then Bruce MacDonald, who runs AutoFlex, wants to bring up an issue about some of the GSA contracts that he faces. And then we do want to spend some time today, though, focusing on the group. What are we going to do as a committee within the next year. So, did you see the table here? And you guys know my opinion on this here. You see it's up here. In the future that's not the case. You guys are independent body and should operate independently. So once we get that, then you'll have Cheryl and direct support to the chairman, and we will support it in any way we can.

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

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

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

[Slide presentation.]

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

Big banks have done this for a long time, and it's been available to them; but the smaller banks have not had the resources to develop this type of model with this type of big data that it takes to get a really accurate one. And so SBA has worked on this for some time, along with some partners, and we are now making that 1 July available to all of our small lenders. So, you know. If you look at the 900 additional lenders that could be in the pool and have use of this model for this express loan, so we think that this could be very helpful to the lenders and incentivize, you know, making it easier for them to say yes on loans if they have that particular tool.
So it brings a little bit of parity between the big banks and the small banks and their ability to make those small dollar loans. So we're excited about that. So that was the first thing. The second thing she talked about is entrepreneurial development, and I'll come back to that in just a second. And then the third thing was SBA is a market creator. So she's focusing SBA on two specific areas. She wants us to help open up new markets for small business, but in two specific areas she mentions.

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

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

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

Entrepreneurial development can't be divorced
from that, but the fact that we have the specialized
programs for veterans, it shows where she puts the
veterans in priority there. And we were the number one
thing she talked about. So let me just run through a
couple of things here that I should update you on that
probably changed since we met last. So Veterans
Advantage is -- you guys remember Patriot Express.
Right? So Patriot Express sunset in December of this
past year, and so Veterans Advantage began on 1st of
January and goes through the end of this fiscal year.

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

Now, Patriot Express, if you guys remember,
Patriot Express had a higher fee. It had a higher
guarantee, but it had a higher fee. And so there was a
big fee associated with getting that loan. So that
benefit was never seen by the borrower. I mean they're
paying that fee. They were actually guaranteeing their loan, because of the higher subsidy rate and higher guarantee. So there was no tangible cash benefit. You may have made some of the banks willing to bank some, but when we looked at the numbers, a lot of veterans were going to the lower fee loan.

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

Now in the budget for '15, we told OMB and the Hill that our intent is to maintain that. And then for all 7(a) loans above $350,000, veterans will pay half the borrower fee that everybody else pays on there. So, for example, when we were on the Hill the other day, one of the veterans there has a construction
company. He applied for a million-dollar cap line on a 7(a), and he translated that into real dollars for him. It saves him $15,000 at closing on the million-dollar cap line. So that's $15,000 more in his pocket.

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

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

MS. CARSON: I would make one point on the 350 and above in the 7(a) program. There are programs that
have a much higher guarantee than the 50 percent they're getting now at 350 and below. So that could also be we could see some real growth there, because you'd bring back that higher guarantee with a reduced fee.

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

MS. CARSON: Yes.

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

[A member entered the room.]

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

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

MR. JEPPSON: Yeah. So just --

MS. CARSON: Sorry.

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

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

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

We are pushing very hard for that to be during National Veterans Small Business Week, which is the week before Veterans Day and starts on the 2nd or 3rd this year of November, so those two things together. I mentioned the veterans' Champions of Change. We'll have a call for nominations for the Champions and so you may want to start thinking about that. We'll certainly reach out to you for nominations, but if
you've got somebody in mind now, you might to want to just start sharing it with us or think about it. And there'll be a form that you'll have to complete on it, so.

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

MR. JEPPSON: Yes.

MS. ROTH-DOUQUET: Yes?

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

We're at the end of this grant, and so we'll recompete that. We will take a hard look at the location and the grant holders. We've got some who are in the right spot doing the right things. We've got
some others who we probably need to make an adjustment on, and we're going to look for opportunities to make sure that we're positioned as best we can. In a couple of bills that have been introduced, they have more money in there for VBOCs. And if we have the opportunity throughout the program, we're also going to look at focusing the VBOCs a little bit by region or by locale.

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

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

You know, UCLA, Texas A&M, we have some good schools with great professors providing this education and mentorship to our veterans, and also it gives us the capability to deliver overseas Boots To Business. So our service members, if they're transitioning from
Germany or Korea, they get that same one on one instruction that you would get if you were here. So there's no degradation of service. You still get that live interactive experience with an instructor.

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

[A loud mechanical background noise occurred.]

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

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

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

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

Additionally, I mentioned teaching Boots To Business outside of conus being part of that program. We started in Germany last week, and then Craig will
update you. I'll show you on the map on what our roll-out plan is to make sure that we're getting all the overseas corrections. We had a request to go a little further afield, but right now we're going to concentrate on the Pacific and the European theater right now at the high installations and then we'll see what our capacity is to get to some of the other more far flung installations in the CENCOM AOR.

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

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

MR. HEILMAN: Correct at Fort Barry.

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

MR. HEILMAN: That was MILSEC.

MR. JEPPSON: Yeah.

MS. ROTH-DOUQUET: Yeah.

MR. HEILMAN: That was MIL sector.

MR. JEPPSON: MILSEC, yeah.

MS. ROTH-DOUQUET: Oh, okay. Okay.
MR. JEPPSON: Yeah. But I think Landstuhl and some of the others are coming up pretty quick here, so.

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

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

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

MR. HEILMAN: Yes.

MR. JEPPSON: Yeah. Here's an interesting statistic. Well we'll talk about that. I'll give them the courtesy. The statistics are impressive, and one thing, I testified last week. And one of the comments
back -- and not to be too braggadocio -- the fact that we had numbers and we were actually able to explain them to one of the Senators, you know. The comment was "Every federal program should be able to tell me, you know, what the numbers look like, like you guys do." And so we're doing -- Craig's doing a great job on that, you know.

So I'll be brief on this next one -- the Boots To Business Reboots. So we have Boots To Business transition for our transitioning veterans. So the 250,000 veterans that leave the service every year who were on the installations were fully funded the $7 million to be able to provide them that high level of education and mentorship. So there's entrepreneurship, but we've got the 20 million Americans, 22 million American veterans out there who probably aren't close to -- or not probably -- anything to it. They were not close to an installation, and, even if they were, they'd have a hard time getting back on there. And they can't participate in Boots To Business. So we want to try and find a way to make this program available to all of those veterans. So next slide,
So working with the White House, the American Legion and Syracuse University, we are going to go out and hold a 12 Boots To Business classes in 12 cities across the nation in July and August. We're going to hold 12 classes. The goal is to have 100 per class. We'll do 1200 students, and we'll take those lessons learned there, and then come back to the Administration and to Congress and say this is what we've learned. This is how we think we need to proceed to make this available to our veterans community.

You know, 20 million veterans out there, we're talking World War II veterans to guys and gals who left the service two or three years ago who couldn't participate in the transition assistance program. Some of them were just coming out of school or just coming out of VoTech, and it may make sense for them there. Others may have had a second career and retired, or are looking to do something different, but want to be active. And then if you look at that, a lot of them have spouses who we are making this course available to, and it makes sense for them.
You know, and then when we get into the discussion idea, I'll just forecast a little bit. So we've got Boots To Business transition, Boots To Business Reboot, which will be for veterans population. We think that we need to extend that a little bit more so that we would have, for example, Boots To Business, a version of Scale Up, or one for federal procurement. It would be obviously a much lower level. And then, also, I think one of the groups we consistently on a routine basis tend to neglect or don't pay attention to is the caregivers.

So I'm not telling you that there's -- you know -- a million of them out there, but there is a segment of our community, of our family, that needs our support and attention; and their needs are unique and we need to have something there, because they really are the underserved. And just while I'm on that, on my soapbox a little bit about that, if everybody who sacrificed for our country, I will tell you that nobody sacrifices more than that caregiver. For years after that service member's injury, they are going to continue to pay the price for us. And, so, I think
that it's really important that we start to focus on that component from our perspective. So let me just give you the dates and locations for what we're going to do here, and tell you how we're going to kick this off and anchor it. So next slide, please.

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

MR. JEPPSON: Yeah.

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

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

MR. HEILMAN: True.

MR. JEPPSON: Yeah, and so -- and that's a great point. And here's one thing I just want us to put into context as we go down the road here. Because of our proximity, we'd spend a lot of time on federal contracting, and that's a great opportunity. I mean Robert is in that business and he said veterans do over a trillion dollars on the economy a year. We, last
year in 2011, had the best year we've ever had in
government contracting at 3.23 percent. The score
card's going to come out again very soon, and we're
going to have good numbers, I believe, on that, too.

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

So next slide, Cheryl. Okay. So just go
forward one, if you would -- slide. There we go.
Okay. I didn't realize it was a build on this. So
this is the cities that we've chosen to go to here.
And so we'll kick-off in Washington on the 11th and
12th. We'll start at the White House. That Boots To Business class will be over in EOB, the Old Executive Office Building there. We'll have a hundred veterans there, and then we'll hold them through July and August through across the country. Each of the district offices will host one in each of the cities here. And then we'll finish up with the American Legion at their National Conference in Charlotte on the 25th and 26th. And, so, we think that this will give us a good sensing of where we're at, best practices, learn the lessons, figure out what our costs are going to look like and do some predictive analysis on what we need to execute a program for our existing veterans population.

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

MR. MUELLER: Yeah. Yesterday, when you discussed this briefly at the VET-Force, you indicated all these various cities were where the greatest population of veterans were located. Or what were the
bases of why you picked these cities?

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

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

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

MR. JEPPSON: Absolutely.

MR. MUELLER: Okay.

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

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

MR. JEPPSON: We always look for opportunities, especially in the corporate world when
we do things like this. So we actually have a DAC out right now looking at having a discussion with one of the larger companies that's founded by a Marine veteran about possibly supporting us financially on this, so that we can do things like have lunch and do a little marketing and things like that. But we don't have capacity to do it. So we do do that. When you talk about the VBOC, for example, that's an open competition and there's no match requirement right now.

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

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

MR. WHITE: Yeah. Good.

MR. JEPPSON: But some of the VBOCs are very proactive, and this is one of the things we'll take into consideration when we do the evaluations next time. This was their ability to raise in partner with people in their community. That's not something that they leaned forward into, and the grants have been a
straight grant prior to this. So in the prior bill that's out there, which raises the amount we have for VBOCs, it does require a match. And, so, I will tell you that we like the public/private partnership. We think it makes a lot of sense. But if you look at what's happened in the Women's Business Centers right now, we've lost some, because they can't make the match right now. In a resource constrained environment, when you do put a match in there or a match requirement, it makes infinite amount of sense. But, sometimes, it's going to limit participation or cases we have had to shutter more than a couple WBCs because of that match requirement.

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

MR. JEPPSON: Right.

MS. ROTH-DOUQUET: And I'm talking with them a
lot. So if that's an interesting connection, I'd be happy to make it.

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

MS. ROTH-DOUQUET: Okay.

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

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

MR. JEPPSON: The Veterans Business Outreach Centers.

MS. ROTH-DOUQUET: Centers?

MR. JEPPSON: Yeah. Yeah.

MR. MUELLER: In terms of the comments on the Boots To Business program and what Mike Haynie's doing and all that, and how you partner with them, do you
want to hold any discussion on that?

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

MR. MUELLER: Okay.

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

II. New Committee Member Profile/Introductions

MR. JEPPSON: So if we get about five minutes or so on you with background, interests and kind of
what you represent here and where you see yourself in  
the world here. And we'll rum through that and then  
Larry Webb, our new Ethics attorney, will be here to  
give us an update on rules and responsibilities here  
for committee members. And then we'll take a quick  
break.

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

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

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

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

MR. LEGHORN: Right. So at the American  
Legion, part-time employment, I cover employment issues
and small business issues. I also do small business counseling when it comes to verification, or rather VA verification. I administer our National Job Fairs Initiative, and I also just do everything we need to do to, you know, advocate and make sure that the program services like Boots To Business Reboots, and our VBOCs are funded adequately -- more than adequately.

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

MR. BAILEY: Robert Bailey, I'm president and CEO of Bailey Information Technology Consultants, a professional services company providing IT support, everything from IT help desk through system engineering design, architecture development. I currently support DOD and the intelligence community in geospatial science and technology. I've been in business about three years, if you will.
We're one of the DOD's newest protégés to NGA and LIDOS. I am a 20-year veteran, service disabled veteran, Gulf War vet. So been around a little while hiring veterans, I'm a graduate of the Entrepreneur Camp for Veterans, a graduate of VIP. I'm not familiar with Boots To Business, but very curious to learn more about it, and would love to have a discussion on how we could potentially incorporate veterans into the mentor-protégé program. It is a development program. And regardless of what a veteran core product offering is, the foundation of running a business is really to see what the protégé portfolio is.

So I'd like to have a discussion on how to write, see, write a couple of veterans that's already funded. We have to -- you know. There are some mandates where the money is there to provide support to college interns. Why not to a veteran, so, just something to think about. Would the funding already be there? It's not increased funding. I can essentially bring in a veteran to help support my tech transfer, which is cyber security and mobile app development, at no cost. But the key component is how does a veteran
learn how to run a business, all the internal controls.
So I'd like to have a discussion where they can
actually learn how to do that.
LIDOS is my mentor along with NGA. So they're
really firming me up and getting me ready for prime
opportunities in the DOD forum in the government space,
so.

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

MR. BAILEY: Right.

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

MR. BAILEY: Great, okay. All right.

MR. JEPPSON: Thanks Robert. We're glad
you're on the team here.
MR. BAILEY: Appreciate you having me. Thank you.

MR. JEPPSON: All right. Marcie?

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

I've been to San Antonio. We're headed to Jacksonville, Florida. So we are geographically trying to organize these businesses so that our goal, the Council's goal, is business development. We focus a lot on matchmaking, especially up here in D.C. The membership is made up of SDVOSBs, but also corporate members too. I mean we have Huntington Engels, and Cache, and Del Tech, and Redhat, Wells Fargo. So our goal is to constantly reach out to primes, and we talked to government agencies about who are you looking for, what do you need, thinking about these SDVOSBs.
My background is I was at Old Dominion University. I had a VBOC, a P-Tac, a manufacturing intention partnership, STEM program, a federal STEM program called Project Lead the Way. So I've been involved with these programs. I am a Navy Vet. So the Council is my full-time job, and we are just focused on business development, however we can facilitate that for businesses around the country.

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

MS. ULSES: Non-profit.

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

MS. ULSES: Yeah. I have the National Board of Directors, and we're meeting up here today. Each Chapter has, of course, their own board, but a few months ago -- and many of you know -- Scott Denison came to us and said "Can we" -- and I'm going to use these terms loosely -- "fold into your council." They do not have chapters. They have their Reno meeting. He told me that they have about 180 members. We have
225, and he likes what we are doing as a council as far as meeting geographically -- organizing groups so that they can get business in their own areas. So, this afternoon, we're having a third and sort of a final discussion about moving forward with that merger, I will call it.

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

Marketing and branding is going to be tough, but we really just want to move forward with a larger organization to have more impact. We, the Council, has just employed a lobbyist to start working on issues with the SDVOSB businesses. We're going to iron that
out this afternoon also. Vance Boyock Associates who
we're going with, and so we have a whole legislative
committee that, you know, this Council was formed,
specifically, for that issue to change some
legislation. And I don't know where that's going. I'm
the Executive Director. I set back. We have board
members that are SDVOSBs themselves, except for one.
Brad Reeves is with Reeves Coley. So that's where
we're going.

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

MS. ULSES: No.

MR. JEPPSON: No?

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

MR. JEPPSON: Okay. Good.

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

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

MR. HEILMAN: Great. Good morning, everybody.

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

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

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

MR. JEPPSON: Okay. Barb?

MS. CARSON: Have you said enough about you?

MR. JEPPSON: Okay. So Rhett Jeppson --

[Laughter.]

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

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

So I do understand that space, so I think that's one of the reasons why they selected me was because I do understand the government contract, have appreciation for that. But I will tell you that the single-most hardest thing I did was run that small business. That is a tough, tough thing to do. So I have an appreciation for that, but I've been here for two years now -- just over two years -- and it's been a great job. There's been very few days when I just
haven't been excited to be here, so very fortunate to be here and be in a position where I can help the people who matter a lot to me, who I consider family, and that's the veterans community.

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

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

[Laughter.]

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

I come from a family of entrepreneurs, briefly have my own small business in Okinawa before my husbands orders took us far away from there. So I
understand some of the challenges of populations that
we're trying to make a difference for and I feel like
we're going in the right direction and look forward to
your guidance and counsel as you come together and give
us new ideas too. Thanks.

MR. JEPPSON: Stan?

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

Primarily, I go out to the agencies, not
necessarily to help keep them up on their three percent
goal for vets, disabled vets; but it's more we trained
them on how to utilize the program, how to find the
vets. They're not sure how the procurement process
works, train them on that. And then I worked with a
lot on the VSOs and I do a lot of one on ones with a
lot of firms here. Not much.
MR. WHITE: Hi. I'm Steve White. I served with the 1st CAV in Vietnam. I came back, was a banker -- Small Business Development Bank in Connecticut -- then went up to New Hampshire and worked for the SBA for three or four years. I've started a number of small businesses since. I do some small business publishing and writing a number of publications on managing business and stuff focusing on veterans, also a piece on women veteran entrepreneurs; started an organization called the Veterans Business Network, which Marcie I'd be happy to talk to you about helping you promote well on what you're doing through that.

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

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

They've always had a veterans affairs
coordinator, but he didn't report to anybody, didn't have any responsibility, didn't do anything. So it's been truly night and day. And I'm pleased to see what you guys are doing, and especially the things you've accomplished in the last couple of years. I'm pleased to see it. So keep it up.

MR. JEPPSON: Thanks Steve. Okay. Ed?

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

MR. JEPPSON: Rah?

MR. FIELDER: Yeah, hoo rah.

MR. JEPPSON: Hoo rah.

MR. FIELDER: Post-Marines, went into corporate facility services, had many, if you will, Fortunate 500 clients, which would included AT&T, Equifax, ran the Atlanta Airport for a while, Orlando Airport. Mixed in amongst all that I was lucky enough to be selected as the senior executive in the previous administration where I was the regional administrator for GSA in the Southeast, and eventually ended up being the chief of staff up here. And you can have working up here. I like it much better down there.
About two years ago, the company I helped start and get going was acquired, and a great profit for many of us. And so I sat there and contemplated, and started my own firm, which was called Fielder's Choice Consulting. I do business development consulting, both on the commercial side and on the government side using both of my experiences. And I found an interesting thing, where I'm working.

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

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

MR. WHITE: Not really.

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

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

MR. WHITE: Sequester specialists.

MR. MUELLER: All right. And I'm Kurt Mueller. I'm a Vietnam veteran also, also an infantry guy. But I got smart and became an aviator, flew with two air CAV units from Vietnam. After the service I've had people look at my career. They wondered why I kept changing jobs. I was a chemical engineer in the law business for a number of years. My family owned a Miller Beer distributorship. I went and eventually took over and ran that business until we sold it in '86, moved to Atlanta, Georgia, to start up the Hagen Das ice cream operation for Pillsbury; went from there, managed Crystal Spring bottled water company, and went from there to construction business is actually how I met this guy.
I was in that and eventually formally retired from the construction business several years ago; formed a small consulting firm, which my company hired me back I was working for. So all of that being said, most of my effort, particularly in the last number of years, has been focused a lot on the veteran community about giving back now, since it was such a part of particularly the guys I served with, and particularly the guys now that are coming out of the service.

Recently, I was -- this last year I was elected to be president of the Atlanta Vietnam Veterans Business Association, which is a non-profit organization, and I have 300 plus members, all of them military careers and business careers. And one of the initiatives we're doing now is we're all going back into the business community looking for opportunities to help guys start up businesses. Many of us had experiences in running businesses, and this is one reason I wanted to talk to you a bit more about the whole Boots To Business thing, because there's another -- our group is now beginning to merge ourselves back into working with various organizations and with
veteran start-ups. So that's another thing I'm not
doing too as well. So that's about it.

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

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

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

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

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

MS. CARSON: Oh, yeah, nodding it.

MS. ROTH-DOUQUET: And we think and the Chairman of the Joint Chiefs of Staff agrees with us that this is the biggest threat to the nation's
military right now, because it undermines military strength, undermines readiness, and undermines the ability for service members to transition. It adds to the isolation in families. So I'm so thrilled and delighted to be invited onto this panel because it helps us look at really tangible solutions. We think they're absolutely solutions to this problem, because these are desirable places for people who want to work or capable of working.

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

So, thank you. My background: I'm an attorney. I have prior government service in the
Clinton Administration and I'm an author. I've had to change my career many times, because I've moved with my husband to 10 different cities and countries over the course of our marriage. I'm currently living in Germany, and I commute back here, a week, a month, to continue running my organization. I'm lucky my Board has tolerated that, but that's coming to the end at the end of July. So thank you for having me here.

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

III. Committee Elections

With that, while we wait for Larry, let's just talk about reordering this a little bit, what I'd like to do. Hopefully he'll be here in a few minutes. If
not, I want to go ahead and, as we look at this, the
single most important thing that I want to do is just
make sure that we have the committee election. I had
saved that for the end of the day, but I think that we
may need to move that up. So what I want to do is
maybe I'll hop on the computer here real quick. Let's
go down and talk. Let's move right in while we're
waiting, right, to Cheryl's component right here. And
let me show you the vacancies on there, and then talk
about the rules for the election real quick.

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

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

[Slide presentation.]

MR. JEPPSON: Let's go one more. Okay. So
what I'd like to do is just go through kind of how
we're set up. Like if you could go back a few slides,
there'll be a wire diagram here.

MR. FUJII: The what?

MR. JEPPSON: There'll be a wire diagram or --

I'm sorry, Stan. Keep going.

[A pause in the proceeding.]

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

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

MS. SIMMS: There's two, yeah.

MR. JEPPSON: Yeah. So we've got two in
vetting. So, currently, and then we have one PSO
that's in vetting as well, so two vacancies. So we
still -- I've got some names that we submitted, but we
hadn't done it yet. And once we have a president here,
we'll let them make those recommendations to the
MR. MUELLER: Just a quick question. I did ask you. I did expire, by the way.

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

MR. MUELLER: Extended for one more year.

MR. JEPPSON: For one year, yeah.


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

MS. SIMMS: Okay. Well --

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

MS. SIMMS: And we have to find the
presentation that has my presentation.

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

IV. Open Committee Positions

MS. SIMMS: Okay. Good morning, everyone.

I'm Cheryl Simms. I'm program liaison here in the
office of Veteran Business Development. I've been in
this position for 13 years, although I've been here at
the SBA for 15. Right now, what you're looking at is a
graph as Rhett had mentioned that we have approximately
four business owners and four representatives, service
veterans, veteran service organization.
So what we need now is to fill in those slots. And what I'm asking is that you all, if you need, if any of you all know anyone who is interested in serving on this committee that you give me the names, and then I in turn will send it on a copy of the SBA 198 -- I'm sorry -- 898, and a copy of the -- I forget the form. It will come to me. But, anyway, so as you can see, we have some vacancies there. We have people that are going through the process of vetting.

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

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

MS. SIMMS: No. The problem is the issue, is that during the transition the administrator, and also staff, so things kind of got pushed behind, just a little. And so right now they're trying to regroup and get everything back in order. And so now there are people who are actually going through the vetting
process. Some people that has gone through the process, I don't know if they've cleared or not. Apparently, I don't think so, because I see how empty it is. But there's -- sometimes when you go through the vetting process and for certain program offices, that has to vet you, something may come up, a discrepancy and so forth. And they necessarily may not let me know, but that person will not make the committee, if you will.

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

MS. ULSES: Cheryl, if there's a pile of folks there making recommendations, we're just going to add to that pile. We need to know if -- I mean hate to
make a recommendation if there's already six people in line for these --

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

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

MR. MUELLER: You had up there on the Small
Business side -- and so go back in vacant and
candidate. What's the difference in a vacant --

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

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

MR. JEPPSON: On the candidate, yeah, right.

And so we have two.

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

MR. JEPPSON: Ah-hah.

MR. WHITE: -- that was included.

MR. JEPPSON: Okay.

MR. WHITE: We're in the position everybody's
sort of thinking that Access to Capital is number one
on everybody's mind. I don't know if any bankers that
are representing a veterans service organization or
would be considered a small business guy. And I'm just
saying somebody that's in finance that's in the
business of making loans in small business and folks Vietnam veterans would be a handy person to have involved here, but it happened.

MR. JEPPSON: Okay.

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

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

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

MR. JEPPSON: If it was prior to me coming
here I don't know. And even once we submit them,  
sometimes, we have a hard time following back up  
through the vetting process. Now, our person in OGC,  
we've raised this issue continuously. And we hope  
they're doing something soon. The fact that we were  
able to get these through in a timely fashion, we were  
happy. I say "timely," but, still, how long were you  
there, Kathy?

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

MR. JEPPSON: Six months, yeah.

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

MR. JEPPSON: Yeah.

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

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

MR. JEPPSON: In what?

MR. FIELDER: Something happened in the  
vetting process. I've been on the committee for two  
years, and when I submitted my paperwork to Cheryl, she  
says, "Ed, don't call me. I'll call you. It sometimes  
takes two to four months." She called me the next
week. It was complete. So, somehow, I skimmied through in about a week. And you can go back and check the dates, but it was exactly a week.

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

MR. JEPPSON: No.

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

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

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

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

MS. SIMMS: Absolutely.

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

MR. JEPPSON: Yeah. Okay.

MS. SIMMS: Okay. I guess that brings me to this spot here, and I attended the VET-Force meeting yesterday. And Curt, Steve and Ed was there, and they asked me a particular question in which, you know, here's the slide, here's the answer to that question.
It's approximately eight veterans -- I'm sorry -- eight shall be veterans who are owners of business concerns. Okay. And yesterday I kind of had it twisted around with you all, I think. So I wanted to be able to show you exactly and tell the rest of the committee that eight shall be veterans business owners, and the other seven will be representative of veteran service organizations. Okay? So, and then you have the initial appointment not later than 90 days after the date of enactment of this acting administrator shall appoint the initial members of the committee.

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

Can we just move on to the next one? Thank you. Okay. Officers. I just want to touch on this because I do know at some point -- I'm not sure if it
was this group, but I had a group that asked me who could serve. You know, who could. Federal officers cannot serve. You all are here because you're business owners, again, and representatives. You cannot serve if you are a federal officer, so can't send me any nominee of that nature. Okay. And, let's see. The date on the letter that I send you, which is the appointment letter, whether it may be June 1st, August 30th, whatever the date is, from that time that your appointment day and that's the extension of your -- I'm sorry. The service of your position is three years. So you would serve three years from the dates on that letter. Does that make sense? Yeah? All right. Chairperson and vice chairs has to be selected today. We have to have one.

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

MS. SIMMS: Right.

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

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

MR. JEPPSON: So we'll go back and revisit this, but right now, when we actually had Marilyn as the vice chair there, there was an issue with our OGC
over naming and electing a vice chair. So we're not
going to do that today.

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

MR. JEPPSON: Okay.

MS. SIMMS: I apologize.

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

MS. SIMMS: Can I just say real quick?

MR. JEPPSON: Yeah.

MS. SIMMS: If any of you all have any
questions for me later on, my name is Cheryl Simms, and I'm at 202-619-1697. My e-mail is Cheryl.Simms@SBA.gov.

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

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

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

MR. JEPPSON: Sure.

MR. MUELLER: One, I would like to get a
roster with all of our names on it, all of our contact
information. And, if not before we leave, have it e-
mailed to us when we -- after this meeting.

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

MS. SIMMS: Yes.

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

We're not going to put that on the website,
but we're going to collect all that and we'll give that
to everybody so that you have that collected amongst
the committee members. So you can have contact.

Whoever the chair is will keep that and distribute all
that stuff and be responsible for those activities.

MR. MUELLER: So those that have submitted
files two or three times?
MR. JEPPSON: We would, again, yeah. We'll dig yours out then. Okay. But we're going to put it in a certain format, so we're going to post the same on the web.

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

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

MR. MUELLER: All right.

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

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

MR. JEPPSON: Yeah. We can do that.

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

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

So let's take a break and let's come back at 10:40, so
about 15 minutes.

[A brief recess was taken.]

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

MR. MUNOZ: Okay.

V. Farm Bill 5 – Veteran Agriculture Initiatives, U.S. Department of Agriculture.

[Slide presentation.]

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

My day job is as a project manager, and one of the projects that I manage for USDA is the project that's up on the screen right now. This is the "Returning veterans to agriculture project." And what
we know over at Department of Agriculture is that many
of our veterans come out of rural communities and
farms, take over 40 percent, in fact, of all veterans
come from rural communities and from farming, ranching,
fishing, forestry backgrounds. And when they get out
of the military service, of course, they get class on
getting out of the military and how to become a
veteran, how to write a resume, how to put on a suit,
how to tie a tie, other skills that they'll need as
veterans.

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

What we didn't have, however, is the funding.
That's been rectified, just recently, by the passage of
the 2014 Farm Bill, and there are some special
incentives, I'm going to say, in the Farm Bill for veterans -- special set-asides in the Farm Bill that I'll talk to you a little bit about. And they're actually here on this hand-out there I gave you. So what we started off with was just providing information for veterans that are getting out; you know, folks that are getting out of the service, people that are already out there somewhere in rural communities or in farms, to give them the resources that they need to either return back to rural communities and farms after their service, or to just stay there if they're there; or, if they're interested in starting a career in agriculture somewhere, to give them those resources as well.

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

If you've heard the DTAP program is going to
be extended by two days, they're going to be optional VAIIs for service members. And one of the things that they'll be able to go to is for the Department of Agriculture, if they want to go back to the family farm and run it, or if they want to start farming, or whatever they would like to do -- go back to the rural community, farming, ranching, and fishing.

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

MR. MUNOZ: Over at DOD?

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

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

MR. JEPPSON: Okay.

MR. MUNOZ: Okay. Actually, if you could just leave the site up, okay. So the guide has a number of resources that are not sponsored by USDA directly. So there are many partners for USDA for beginning farmers and ranchers, education programs, land grant universities and colleges around the country. Those
resources are here on the website as well. It's running a little slow there, but it scrolls through a few of them there. And there's some resources across the top for whatever they happen to be interested in.

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

USDA provides a number of resources through its many, many agencies. USDA is a federated agency. There are 29 pieces of it that are out there that all have some responsibility for the safety of your food, the adequacy of its supply, making sure that when you're walking to the grocery store there is whatever it is that you're looking for that particular day. It's all run through the Department of Agriculture. So
just going across the top there, you can see that folks
that are interested in training or education, if
they're looking for apprenticeship programs -- for
example, they wanted to get into farming or ranching --
those are under the "Resources" tab.

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

Some news. There are stories, of course, of
success; veterans that had gone into farming and
ranching, forestry or fishing with the help of a USDA
program, and have a success story. They're helping
other veterans. Many of them have started very
successful businesses where they hadn't had the
opportunity before. Those resources, those stories,
rather, are up there so that veterans can get a sense
of kind of what's possible, if they're interested in
going into these fields. And I will pause there, if
there's any question so far.

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

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

MR. BAILEY: Okay. If there's some due
diligence that goes into that, because farming is different.

MR. MUNOZ: Hmm-hmm, yes.

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

MR. MUNOZ: Yes.

MR. BAILEY: Okay.

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

MR. BAILEY: Right.

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

MS. ROTH-DOUQUET: Does this include newer
hybrid businesses like container fish farming, that
sort of farm?

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

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

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

MR. MUNOZ: Yes. So actually both. So farm-
raised fishing, obviously, that's a big part of the
fishing industry here in the United States. But, also,
if somebody wants to take a boat out and start doing
commercial fishing, we'll help them as well. So all of those related agribusinesses, I mention those frequently. Because when people think USDA, they think of farming.

MS. ROTH-DOUQUET: Right.

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

MR. WHITE: Okay.

MR. MUNOZ: So I'll get into this handout that I brought with me today. Like I was saying, the Farm Bill provided some enhancements to existing USDA programs. And it started some new programs, including this program, which is going to be rolled up into that program, into the Farm Bill stuff that's going on, so that veterans specifically get kind of a leg up on USDA programs that are designed to help other socially and economically disadvantaged people getting into farming. So the programs themselves, this is the little bit of hype on the program on the Farm Bill on the front page,
and then on the back there are some of the programs
that are enhanced by the 2014 Farm Bill.

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

So now there's one at USDA, and it's called
"Veteran Farmers." And Veteran Farmers, the only thing
that they have to do to qualify to be a Veteran Farmer
is to just typically be a veteran. They don't have to
be a minority. They don't have to be a woman. They
don't have to be injured. They don't have to have a
service-connected disability. They just have to be a
veteran. And they can apply for many of these programs
that are designed for socially and economically
disadvantaged folks around the country. And some of
these programs -- and I'll talk about just a couple of
them -- also designate certain amounts of money to go specifically to veterans. So when veterans come into an office in a local county and apply for a farm loan or a grant or something to start a business, they go right to the head of the line. Money is reserved specifically for them.

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

So many of you are leaving the industry. Many of you are leaving the farms, and the farms themselves are actually going fallow there. They're not being picked up again by anybody else. The transition
incentive program, gives an incentive to these farmers that are leaving to bring on an apprentice, teach them how to do the farming, to apprentice them as farmers, and then gives them an incentive to, if they wanted to lease that land back to that veteran, gives them a cash incentive to do so.

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

Do you have a question? Okay. So microloans, I was mentioning that just a little bit earlier. The microloans are small dollar loans up to $30,000.
Veterans can apply for these. The incentive here for veterans is that the loan terms, which are capped for the majority of people that get microloans, aren't there for veterans. So a veteran that applies for a microloan to buy a tractor or piece of equipment doesn't have the same term limit that other farmers would have if they're applying for a microloan for the same thing. So it gives them a little bit easier lift if they wanted to buy a piece of equipment or even expand their land. The money can be used for a great variety of things. It's just capped at $30,000.

Beginning farmer and rancher development program is exactly what it sounds like. It's a program for giving, you know, new farmers, people that are interested in getting into farming and ranching. It's a grant program, and it also is a Priority Program for Veterans. So when veterans come in and apply for the program, they go directly to the head of the line. The one thing that I do want to mention that's not in this list, but you can find on the website if you're interested, is that USDA now has a physician for a veteran's liaison.
So there is a person designated at USDA specifically for veterans' issues that, you know, one point of contact for veterans, veterans groups that are interested in doing something with USDA, applying for USDA assistance, for example, or looking for local help through one of our NGOs out in Iowa, somewhere. That would be the person that they would contact. That person will have -- you know -- be the person that will direct them to the appropriate program and help them get started in doing whatever it is that they want to do in farming or ranching.

MS. ROTH-DOUQUET: Is that you?

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

MR. BAILEY: Is your plan to reach into some of the veteran training programs that are out there now to try to catch veterans while they're active in a setting to branch over into you? Or what is your outreach with regards to a veteran getting into this program?
MR. MUNOZ: So the veteran liaison will be in our office of advocacy and outreach, and they do extensive work with the land grant universities that are scattered across the country. So it's a possibility that that's exactly what will happen, is that there will be some outreach through colleges and universities as veterans are going through those programs. Some of the programs that are already on the website -- some of the resources that are available -- are run at the Langford University. So there's already that type of interaction going on. I can't say for sure what's going to happen after the liaison comes onboard, because the person's not there yet, so, and it's a brand new thing.

MR. BAILEY: All right. I understand. I mean you haven't spent quite a bit of time out in Boise, Idaho. And I was, you know, working with the Guard out there. And I usually don't hear much about veteran talk out there unless you're another veteran is the reason why I'm saying that. And then with Mike Haynie and some of the other programs, you know, Barbara Ash, that you get again a good snapshot of America in those
settings, which I think this is great. It's just a
matter of is it touching the right audience. That's
it.

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

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

MR. BAILEY: Thank you, very informative.

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

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

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

VI. Government Contracting

[Slide presentation.]

MR. SHORAKA: Real quick, a quick background on my office and then some of the initiatives that we're working on, and then maybe open it up for questions. I know I have a very limited time period
here today. My office -- how many of you know what
Government Contracting Business Development does at
SBA? Anybody? No. Okay. So my office oversees the
set-aside programs for the Federal Government.

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

In order to do that, we have what we call
procurement center representatives out in the field.
They oversee the buying activities. We make sure that
the buying activities do the necessary research and
market research to set aside contracts where they
should be. And, actually, our PCRs have the ability to
stop the procurement if they think it should be set
aside, and it's not. And it's basically what we call
"the rule of two." If you have two or more small
businesses that can provide the good or the product of
the service, it shall be set aside. Not maybe set
aside; it has to be set aside. So in addition to the
PCRs, we actually have the program offices where we do
their full certification, front end certification for
the AA program, which is a socially and economically
disadvantaged program.

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

Now, obviously, there's a lot of
miscommunication at times. There's a lot of
misunderstanding and a need for training. But the
SDVOSB program for the rest of the Federal Government
falls under our jurisdiction, and it's a self-representation program, similarly to the women-owned small business program, which is a self-representation program.

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

Some of the things that we're working on that are very relevant, I think, to small business procurement and service disabled veteran-owned small business procurement came out of either the Small Business Jobs Act of 2010, which had over 19 provisions to level the playing field, and then others came out of
the National Defense Authorization Act of '13, which also had a lot of provisions to level the playing field. We've been in the process of writing rules, implementing those rules, et cetera. Real quick, I would say, most interestingly, out of the Small Business Jobs Act of 2010, which we moved very quickly on, was parity. There had been a lot of discussion as to what hierarchy is there in the set-asides program, and really SBJA '10, Small Business Jobs Act of 2010, reemphasized or reestablished or reemphasized parity in that it's the contracting officer's discretion.

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

The other thing that came out of the Small Business Jobs Act that I think was very relevant was keeping subcontractors -- keeping prime contractors
accountable to their subcontracting plans, in other words, having to get buy-in, or at least informing the contracting officers that are making changes to the subcontracting plan. That rule was finalized last year, and we're working to get into the Federal Acquisition regulations. And the other is setting aside under multiple award contracts and federal supply schedules. Before Small Business Jobs Act, even though contracting officers were setting aside, there was no clear guidelines and rules on how to set aside under IDIQs in federal supply schedules.

We changed that. It became effective last year. Again, we're working with the Federal Acquisition regulation for our FAR counsel to make sure that that gets into FAR. On the Small Business Jobs Act, two things that were very relevant, and we just sent the rule -- our administrator just sent this rule -- signed this, and we're sending it out for interagency comments. One was allowing similarly situated firms to team together much easier. So if you can imagine, if there is a set-aside contract for, let's say, SDVOSB, what the requirement is is that
small firm -- that designated firm -- that that prime contractor do 51 percent of the work. Right?

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

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

MR. SHORAKA: No. To the rule?

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

MR. SHORAKA: The statute was signed.
MR. FIELDER: -- would the contract, they think it's on the horizon now?

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

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

When you joint-ventured in the past, the parties to the
joint venture were considered affiliated. So if you had two small businesses joining together, we wouldn't look at them individually. We would say you guys are doing a joint venture. Therefore, we have to affiliate your net worth, your company size, your number of employees to determine if you're still small. What this Rule says is that as long as you're individually small, we will consider you small. So here, again, we're allowing small businesses to team up to go after more complex, larger projects.

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

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

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

MR. FIELDER: Submitted for comment?

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

MR. FIELDER: Oh, in a perfect world it's
still six months to a year out?

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

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

[Laughter.]

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

MR. SHORAKA: Right, right. And if you can imagine, you know, even when we get our rule finally approved or finalized, it goes through the Federal Register. It goes through public comment. And the other thing I would encourage everybody to look at is we really have to look at the public comments. You know. I was on the private sector side. I even chaired an association for a while. I always thought
well, the Federal Register, who's going to look at my comments and how much an impact I'm going to make? We actually have to look at everybody, and you guys are probably much more familiar with this than I am. You actually have to look at your comments and incorporate them, or explain why we're not incorporating them. So I would encourage you to --

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

MR. SHORAKA: Yeah.

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

MR. SHORAKA: Yes, yes, unfortunately.

MR. FIELDER: So a range of your most optimistic timeframe to your --
MR. SHORAKA: Least optimistic?

MR. FIELDER: Yeah.

MR. SHORAKA: So, the challenge --

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

MR. SHORAKA: Yes.

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

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

MR. FIELDER: In the sense of developing companies quickly, because we're poking around at the small contracts and it takes years, as opposed if we
had mentor-protégé opportunities, we could go after bigger ones quicker.

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

MR. FIELDER: Just an abstract comment.

MR. SHORAKA: What's that?

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

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

MR. FIELDER: Well it has to be a subcontract,
because the large business brings in their revenue, and you get into the requirement.

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

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

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

MR. SHORAKA: And, as you said, it's a development program. Right? So there's a lot of oversight. There's teeth, et cetera. And so if you expand that, we have about 5,000 to 5,500 8(a)
companies. Right? Under that, we have roughly 500 live and ongoing mentor-protégé plants approved, monitored, et cetera. Under that, we have a whole bunch of JDs that contract, et cetera, but we have to monitor. So we have a staff that can manage that portfolio between our headquarters and our district offices, and you're probably familiar with the process since you've taken firms through it. You multiply that out or the exponentially to now there is about 227,000 small business registered in the VSBS.

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

We asked the district offices can they manage that additional burden. Is it a question of having an open season, an on and off. You know, somehow being
able to manage the spigot, and having, you know, in the
summertime, open season, for mentor-protégé plans, and
then closing it and monitoring it the rest of the year.
Is it a question of delegating that authority to the
agencies and then having some sort of oversight
capacity and auditing capacity to make sure that
they're being implemented effectively, and they're not
being taken advantage of in the programs?

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

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

MR. SHORAKA: Yeah.

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

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

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

MR. SHORAKA: Being able to do that.

MR. FIELDER: -- to submit their packages.

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

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

MR. SHORAKA: Yes.

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

MR. SHORAKA: Yes.

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

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

MR. BAILEY: John, real quick, I know the time
is getting remedied.

MR. SHORAKA: No, that's fine.

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

MR. SHORAKA: Yeah. And a lot of times -- and there's been cases where we've had to comment as to the validity of that particular solicitation and how the contracting office is looking at past performance. To a certain degree, the contracting officer has discretion on how they're going to look at past performance. Statutorily, it gives them sort of the ability to structure their solicitation in a way where they will either select the subcontractor's qualifications, or they will give some weight to the
subcontractors past performance quals or even sometimes individual quals. But it is to a large extent to the discretion of the contracting officer.

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

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

We haven't looked at -- and that's a good point that you make. We haven't looked at addressing this through our rulemaking process, because I suspect that a lot of the agencies, like I said, we go through
an interagency clearance process. I suspect that one -
- and I don't know this for a fact, because we haven't
really looked at it, but that discretion, since it's a
contracting officer discretion, if we're limiting that
we're going to get a lot of feedback and pushback from
either agencies or OIPP or others. But that may be
something that we can recommend.

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

MR. SHORAKA: Yeah.

MR. FIELDER: Some contracting officers are
silent on the point of whether or not they'll accept
team agreements; and, the assumption on our part is
that if it's solid, then it's clearly a practice that's
been. And then you'll get back from the Department of
Labor, or whatever, this is how you were graded, post-
award debrief, and your company -- they didn't look at
the individual. They didn't look at the teaming
partners.

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

MR. FIELDER: Right.

MR. SHORAKA: Yeah.

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

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

MR. FIELDER: We have, and in most cases we
get a straight answer.
MR. SHORAKA: Yes, well --

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

MR. SHORAKA: Okay.

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

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

MR. SHORAKA: To the question.

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

MR. SHORAKA: Yeah.

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

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

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

MR. FIELDER: It was a service disabled vet set-aside, and so we're looking at this FAR clause. And I used to work directly with the FAR, and I had not seen this, but it required them and it gave us 10 days to respond on size. And then it would be adjudicated by what I think now is your organization, because it would go to SBA for adjudication. And so I guess my long-winded question is if we were appealing sides -- or can we appeal -- what Robert just brought to
everyone's attention in the sense of individual qual
and maybe the other quals of the teaming partner --
could we question that then? And when we do question
it, does that cause the -- under self-determination,
does that cause the contracting officer to go back and
check? Or is the contracting officer then coming back
to your organization in the districts to make that
check?

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

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

MR. SHORAKA: Yeah.

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

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

MR. FIELDER: Okay.

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

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

MR. SHORAKA: No, that's status.

MR. FIELDER: Right.

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

MR. FIELDER: So, and this will be my last follow-up.
MR. SHORAKA: Yes.

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

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

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

MR. SHORAKA: Yeah, they have 10 days.

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

MR. SHORAKA: Yeah.

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

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

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

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

So that's why they have the ability at any
point to request a size determination from us. They
don't have to. So even in the WOSB program, it's a
little bit different than the service disabled program,
because the service disabled is really just a checkmark
in SAM of protests we will look. On the women-owned
small business program, we actually have a repository
where the WOSBs will enter data and forms into a
repository. The requirement there is that the
contracting officer actually gets into the repository - not confirms that the data is accurate, but at least confirms that all the required forms are in there before awarding the contract. Did that answer your question?

MR. FIELDER: I got it.

MR. SHORAKA: Okay. Any other questions?

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

MS. ULSES: Yeah. I would like to ask a question. People hit me with this. I'm head of the SDVOSB Council. And they'll say things like we talk about not necessarily getting verified by the CDE. A lot of people don't want to go through the process. And then they will be amongst themselves having this argument. But, if there's a protest, the first thing
the SBA does is go look at that CDE site, and that is
their determining factor.

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

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

MR. SHORAKA: No.

MS. ULSES: Okay.

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

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

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

MS. ULSES: Okay.

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

MR. SHORAKA: Sure.

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

MS. ULSES: Right.

MR. SHORAKA: Some of these issues around control, ownership, are grayer issues. Right? And so when OHA makes a decision or determination and overrules us, it really sets precedent for us. It sets sort of like to us case law, where we can go to and say, okay. Well this is how OHA has been determining these decisions. So it's never for us OHA's a white and black issue. There are cases where control and ownership -- especially when boards are involved and
they are service disabled -- and veteran ownership
that's also non-service disabled veteran ownership,
what are the voting rights? How is the board made up?
How are the decisions made? What is the right of first
refusal when it comes to ownership and sale, et cetera?

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

I will say that, you know, when it comes to
front-end certification versus the protest function, I
to-date haven't seen an analysis of the cost benefit of
either. Right? But we always get into the question of
is front-end certification better than, you know, the
front desk function. What I'll say is that the self-
policing mechanism works, if it's enforced and it's encouraged. A lot of times I will hear from small firms that, hey. I don't want to. I'm not going to go protest, because they're going to say, you know, you're a trouble maker, and next time they're not going to give me. But I think that's an education piece that OFTP and us have to work through is the self-policing mechanism is based on the fact that if you feel the winner is neither small or has status that there will be a protest.

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

So you're going through 4,500 application fee
or you're certifying 5,000 firms to be in the program; yet, 150 of them get contracts. So what is the cost benefit of that and what is the impact of the fraud, waste and abuse if you have a self-certification or self-representation program? And how do you make sure you dedicate resources to that to make it more appropriate and enforceable? In other words, is there a tracking mechanism? You found someone not to be eligible. Do they go on a list somewhere and do they remain on that list until they get themselves off? Are there mechanisms like that to make sure that we're keeping that accuracy out of federal procurement.

MR. BAILEY: One quick question?

MR. SHORAKA: Yeah?

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

MR. SHORAKA: Yeah.

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

MR. SHORAKA: Yeah.
MR. BAILEY: I mean they're similar in nature, even the things, the DBE program. I mean they're similar in nature.

MR. SHORAKA: Yeah.

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

MR. SHORAKA: Yeah, yeah.

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

MR. SHORAKA: That's an awesome point that you make. We are looking at and Rhett is aware of this, obviously. Any time you look at implementing, I think, new systems in the federal marketplace, it's
challenging and unique. We are looking at automating some of the functionality around the 8(a) application process, and also at some point making sure that all that relevant prepopulated data can be shared between our other socio-economic categories, so around the Hub Zone program, et cetera.

MR. BAILEY: Right.

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

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

MR. SHORAKA: That becomes significantly more challenging.

MR. BAILEY: I understand.

MR. SHORAKA: But we are looking at a first-phase of just making the application process more transparent for the 8(a) program and easier, more in line, more documentation uploaded, et cetera. And the second phase of that would be to expand that and make sure it's pre-populated, so that if you are an 8(a) and you could be a Hub Zone you're notified and it's prepopulated and the application process becomes
easier. And then even making sure that it's connected and data is shared between our protest functions and our SDVOSB and the women-owned small businesses.

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

MR. SHORAKA: Yeah.

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

MR. SHORAKA: Yeah.

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

MR. SHORAKA: You mean from the CVE?

MR. BAILEY: From the CVE --

MR. SHORAKA: Yeah, yeah.

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

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

MR. BAILEY: It would be right, yeah.

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

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

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

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

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

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

MR. SHORAKA: Thanks, Rhett.

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

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

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

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

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

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

But, you know, we will help do invites and travel orders and funding, and all those type of things. But, setting the agenda, producing the report, deriving the coalition, kind of the networking outside of here making sure that we're connected to other VSOs, small businesses, the other people in the space to the other agencies as an independent board, we really want you to be as autonomous as possible; and, otherwise, you just become an extension and you write the same things we write. It's the same things.
What we really want to do is really kind of
force feed us and hold us kind of accountable on some
of those things. So if you don't have that type of
time or commitment and ability, you know, I would hope
that you would express that to your candidates. Or, if
you do, I'm not asking you to lobby for the job. But,
you know, really, maybe I'm beating a dead horse or
stating the completely obvious that --

[The operator announced the conference is
ending.]

MR. JEPPSON: -- we could redial that. There
is that time commitment. And I will tell you in times
past when it came time to write reports and things -- I
was only here for one cycle -- that we're not going to
write that report. I mean we -- my office is not.
We're really going to look for you guys to produce
that. And, also, Cheryl will help with the
distribution of it, but the distribution is the
responsibility of this committee, not OPAs. I produced
an interagency report. I'm required to produce another
report. If I'm just writing another report, trying to
ship it out and distribute it for you guys, I mean
that's not independent. And, you know, so -- okay. I'm done whipping that horse. So, anyways, what I would do is when we get done with Luis, I would ask you to -- this is a great topic, and we spend a lot of time on it -- condense it as brief as possible. And then the highlights, then we'll break for lunch. I'll give you the lay of the land for lunch here, and you guys can come back to your network and discuss amongst yourselves, and being ready to vote at 1:30. So I'll reconvene and leave you. Okay. All right.

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

VII. Auto-Flex, Inc.

[Slide presentation.]

MR. MACDONALD: Hello, everyone. I know I stand between you and lunch, so I hope you appreciate my presentation. My name is Luis MacDonald and I am a fellow veteran. And I am also an advocate for supplier diversity within the motor vehicle fleet industry. And
so the presentation I'm going to share with you is
going to be focused on veterans and service disabled
veteran-owned companies doing business inside the
Federal Fleet. So the best way to do that is to kind
of introduce you to the Federal Fleet, give you an
overview that you know what the opportunities are there
for the veteran community.

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

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

The Federal Fleet has a GSA fleet leasing program, and it is an operation that leverages all the volumes agencies order and budgets to negotiate fleet pricing with all the major manufacturers: Ford, General Motors, you know, Chrysler.

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

That's very important to note, because the GSA Schedule Program for commercial companies and veteran-owned companies is based on a base year with options. All right? So that's a very important apples to
oranges that people need to understand. You know. If
they say, oh, the government gives us the better price,
that's because they're advertising over 5 years plus,
and the commercial pricing is based on 12 months. We
don't know if the government's going to renew or extend
the option. So there is an apples and oranges cost
comparison that you have to look at.

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

The GSA Schedule 751 program is a multiple
work schedule contract for OAM supplied and warranted
vehicles. 751 has historically been the lowest or most
under-utilized of all GSA Schedule contracts. So,
SAMEDY, all the ones you're familiar with, 751 is all
the way at the bottom. So we could only hopefully go
up from this opportunity here. In recent years 751
contracts has been just under $4 million annually.
Okay? The NAICS Code for commercial leasing by SBA is
$35.5 million annual gross receipts.

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

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

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

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

MS. ROTH-DOUQUET: I see.

MR. MACDONALD: Next please. Who's on the
multiple work Schedule 751? Well, due to under
utilization, it's an ongoing turnover of commercial
private sector companies. Currently, there are eight
companies. Three are large; three are small. One is a
veteran-owned small business, and one is a service
disabled veteran owned small business. That means 25 percent of all the contractors, vendors for commercial leasing to the Federal Fleet under the GSA scheduled program are veteran-owned companies.

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

Federal Fleet, you know, we're talking about energy security. We're talking about the environmental issues. There's new technologies coming in in terms of electric and presidential gas. And there's a lot of small businesses that have a great deal of added value to offer to the Federal Fleet but aren't given the opportunity to come in. So there's tax credits.
There's incentives. In terms of incremental costs up front, that's not a problem for 751. And it turns out that's the reason a lot of agencies don't go with the new technology because of incremental costs up front that they do have to pay with the GSA Fleet program. Obviously, the opportunity also for agencies to meet their socio-economic goals is another added value.

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

And so 751 small business contractors are being unfairly compared to large business pricing without any consideration in economies of scale. So now we're having to deal with the GSA Fleet Program
that has a revolving fund, right, where agencies are
doing their apples and oranges comparisons. But, now,
we're also being limited in terms of pricing through
the GSA contracting officers and being compared,
basically, to large business pricing which some of
these companies have thousands and thousands of
vehicles. So, you know, economies and scales are not
there. So the question we asked the task force last
Friday is what is the value of veteran participation.
What is the value of SDVOSB participation?

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

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

    MR. MACDONALD: This is the question, but
let's get the task force. But, you know, it's
important for you folks to understand if some of these
barriers are that your fellow veterans are dealing
with. And, by the way, there is an effort, and Rhett
actually invited GSA to come speak at the next task force meeting. We actually were invited over to GSA to talk to senior automotive folks Monday. So there is a good line of communication going on. Next, please.

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

We also, in addition, having a 751 Schedule contract had a Schedule 23V contract, which is an SIN for new technology. So these opportunities are very limited based on the current automatic, you know, agencies ordering automatically for a month from the GSA program. And, obviously, the other concern is the
limited opportunity for federal agency fleets to achieve their socio-economic goals for veteran-owned small businesses and for SDVOSB, the minimum three percent goal.

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

Obviously, it's the agencies that need to answer that, but they are the end user that is giving the volume purchasing power. Right? Which can go to the GSA Fleet program or to the vendors that are on contract that can then turn around and also negotiate with the same manufacturers and get as low a price as possible on the goods and services.
The other recommendation is continuing education of commercial leasing rules and regulations among federal fleet contracting officers, you know, try to level the playing field in terms of the apples and oranges; and, in particular, to promote multi-year lease terms to federal agency fleet customers, obviously subject to the availability of annual funding from the U.S. Congress.

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

MS. ROTH-DOUQUET: What is AutoFlex?

MR. MACDONALD: AutoFlex is a company that is an SBA-verified as a minority-owned company, participated in the 8(a) program. It actually through
the SBA was the first to go into 751 Schedule to lease
to the Federal Fleet, and so we've got experience
there. We're also VA verified as SDVOSB and we are in
the GSA mentor-protégé program -- there was a
discussion about that -- for our 23V contract for new
technology.

We have relationships with manufacturers for
new technology. So we're looking for turnkey solutions
to offer where you can lease the vehicle and the new
technology; but we can't even get to first base, you
know, because of the glass ceiling. So this is what
we're hoping is addressed. There's obviously a
willingness to try to address it and try to increase
participation and vehicle participation by the GSA.
You know. We've talked with Tony Eiland over there and
we met with senior folks this week. So we're very --
I'm an optimistic kind of guy. So I'm feeling good
about it that, you know, the important that we share
and give you an overview of that federal spending
segment of the Federal Government that a lot of people
don't really think about or know how to get their
vehicles. But, let me tell you. You can't run a
government without transportation and vehicles, and
getting around from around town.

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

MR. MACDONALD: Absolutely.

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

MR. MACDONALD: We've asked that question over
the years, and the automotive section at GSA is two
divisions. One is for the automotive; the other one's the GSA Fleet.

MR. BAILEY: Right.

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

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

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

MR. BAILEY: Right.

MR. MACDONALD: Right? Then we went to get an education. And then if we were going to do business with the Federal Government, went to SBA to get certain kinds of small business. Go to the VA to get verified
as a veteran. But if you're going to do business in most industries -- not just automotive -- the gateway or the doorway is GSA.

MR. BAILEY: Right.

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

If we were addressed, and fair and reasonable people were to look at it and go okay. What a second. We can't have 99 percent of all of this going to an in-house government program. You know? And so that's what I am hoping GSA and the agencies will look at since they are the end users. And you as an advisory
council now are aware of this area of federal procurement, and I hope to gain your assistance to get the message to agencies that what is the value of veteran participation. Should they be excluded because of $20 a month?

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

You know. That's the question we're asking. So, we're hoping that we can increase participation for us as well as other veteran companies. It's an area that will create jobs for veterans, particularly in the new technology. That's a growing area. We really need to be a part of the growth for that. It's very
important that we participate. So, thank you again.
Hope you enjoy your lunch. I'm assuming that all the
questions are answered.

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

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

MR. JEPPSON: I'm sorry. Yeah.

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

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

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

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

MS. ROTH-DOUQUET: Yeah. I mean in some ways,
I have to say, it sounds like a more compelling
argument to me to say we could match that price that we
just say pay more, because of the benefit, the psychic
benefit of knowing you've done it, if you can, if that
$20 is acceptable to you. I'd just offer that.

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

MS. ROTH-DOUQUET: Right.

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

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

MS. ROTH-DOUQUET: Yeah.

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

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

MS. ROTH-DOUQUET: Right.

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

MS. ROTH-DOUQUET: Yeah.

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

MR. BAILEY: Rhett will take you up there.

[Laughter.]

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

[Laughter.]

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

(Luncheon recess.)
AFTERNOON SESSION

VIII. Lunch

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

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

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

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

MR. HEILMAN: Or you can write it in.

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

I wanted to launch in the Boots to Business, and then we'll see how far we get, because ethics will take a little bit, and we're going to lose two. I want
to talk about when the next meeting will be, and then kind of like what I need to review it. It will really be to the chairman once we know who it is. And because what I'm going to need to know is when do we meet again, what do you want. You're free to -- and we'll make sure the chairman has everybody's stuff to distribute contact information and everything else. Then you guys will be responsible for self-informing. Let me know when it's there, when you want to meet. And then I would like from you guys a budget, if there's things you want to do.

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

That ought to give us the flexibility to help do a few things. So we want to move ourselves where we're kind of like in a bit of, you know, we can
discuss whether it was a good caretaker status over the past eight or nine months to where we're back in really where we should be, which is an administrative support role to you guys. So, with that said, we'll turn it over to Craig and run through the Boots To Business update.

IX. BOOTS TO BUSINESS UPDATE

[Slide presentation.]

MR. HEILMAN: Good afternoon, everyone.

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

So, personally, thank you for that. But a little bit of an introduction on the program, just so we can level set for those who might have heard of it before. So the mission is certainly to develop veteran entrepreneurs who want them to understand what
entrepreneurship could be for them as opposed to service vocation for all of its forms, whether it be self-employment, sole proprietorship type or small business ownership or, you know, an existing business, or we're starting a new one. And the program really achieved, you know, it started in January of 2013.

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

The second is to understand the challenges and opportunities, and what are some of the next steps they can take. How do they evaluate their business concept if they have one, and what are some of the nuts and bolts components of business planning and getting ready
for it. It's not all the way to the business plan, but it's the start we want.

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

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

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

And coming into '14, we were able to be funded and we had some concrete goals that are up here and I want a report back on where we're at against that. So the very first thing was well how are we going to get to the full scale that we need to be to address the need, again, the 250,000 service members coming through? And for us that was expanding and improving what we were doing in the U.S. It was unlocking capacity in eight-week, because we weren't able to put a whole lot of people through that without funds. And then to get to everyone that wanted it, which included
overseas, so we'll go deeper into stats, but we're up over 10,000 transitioning service members that have gone through the two-day class since we started. In calendar year 2014, that's over 4,000 in the two-day class.

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

And I guess one of the things that's really great about this job for me, now, is to see those connections when you see the veteran entrepreneur with the idea to get connected to the mentor, or start to really see all those steps. And Robert and I were talking earlier about, you know, how well prepared veterans are prepared to pursue business ownership, but there's a couple of critical things that really the
light bulb has to go on, and you can see that happen in
the classroom when they collect with the mentors,
whether they be SBA resource partners or someone like
everyone that's in this room that has conversations or
comes in and helps. So that's always exciting to see.

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

Because as all of the successful business
owners in the room know, it's really about the network.
And you've got to have a place to access that network
and connect with it over time. So a lot going on
there. A lot of continuous, you know, the boring
stuff, but the important stuff on operations and
improving those processes or putting infrastructure in
place, just getting all the classes scheduled, getting
the books, all that stuff. And we just finished around
a focus group, and to make sure that we knew where
there might be gaps. And so we keep working that.

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

What's the aggregate, you know, economic
impact of that going to be? How many veterans are they
going to hire? And we're working, you know, within our
office, but also across the SBA, because we have a lot
of similarities in terms of how we're measuring
entrepreneurial activity. And then this also goes to
the interagency. I didn't mention up front, but this
is an interagency process: DOD, Labor and the VA kind
of own the interagency governance of which we're a part of it. So it's a chance for us to build integration across all those efforts. We're talking about the cowboy boots this morning, and there's all kinds of different efforts and how do you put it together so that you don't overwhelm the veteran that's -- you know -- so many different places to go for help. And so that interagency helps with that.

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

Well, gender's always been really interesting and encouraging to us. You know. It hovers between 22 and 25 percent women veteran entrepreneurs of all ethnicities. And I'd just mention eight-week enrollments really spiked because we were able to turn
on that funding. So those are kind of a snapshot of
where we're at. I wanted to get into a couple of
questions around the eight-week that I heard earlier
with around of this consortium. So 14 universities
that are providing instructors for eight-week, we want
to have as much capacity as there is to meet demand.
And we're seeing it ramped sharply now.

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

And if there's other universities that are
interested, it's really a conversation with Syracuse to
kind of register interest, and then they can -- you
know. And then they can kind of vet and fold in other
instructors as required. And, again, right now, we
have 14 universities. We may need more. Maybe we
don't need all. I mean it just kind of depends on how
that growth trajectory shapes up. So that was one
thing I heard.

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

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

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

MR. WHITE: Is the majority of them, are they
still active duty going through the transition process?
Or are these -- they're already out?

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

MR. WHITE: Okay.

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

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

MR. WHITE: The sooner the better, obviously.

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

MR. HEILMAN: Yeah, sure. So when the VOW Act came forward and the interagency -- DOD with the interagency partners -- was mandated to redo the transition assistance and make it better, they looked at that critical period of the 365 days out all the way through the day-to-day. You know. Get the DD 214 and roll out, and there was a good sense that that might be a little too late in some cases, particularly if you start talking about something like entrepreneurship or business ownership.
And so they've instituted the military livestock, but they've tried to institutionalize that post-service career planning from day one so that there's all the skills building or skills transfer. The counseling and that whole process happens almost continually from day one when they enter the service.

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

MR. HEILMAN: Yeah. For the most part, the service has had pretty good kind of career planning, career counseling built in, but it was focused on the military career with other resources. But you kind of had to ask, and this is trying to build it into a more comprehensive model. And we're excited about that, obviously, from our component, because we know that that would be very helpful for those aspiring to business ownership.
MR. JEPPSON: So there's some cultural changes that have to go on, you know. I mean TAP has always gone -- what -- about 30 days before you leave the service? It's like how you balance your checkbook, and most people never went. You know; or they ran an executive TAP for general officers and colonels who are leaving the service, and everybody flew in. And there's a hall and we did this, and it was an okay product. It varied by installation, you know. We had some SBA research partners on the installation on a regular basis doing a great job. Others, it was completely non-existent. So we're trying to bring some uniformity to it, but we can bring one component.

There's a whole list of components. So you mentioned the career counselors that are in the units, you know. In the Marine Corps, you know, he's focused on your retention and helping you find and promoted. If you're leaving, it's like okay, great. Yeah, here you go. And go over and see the guys in Family who may or may not know anything, or Fleet handling finance. So there is a seed shift that comes with this. The Army -- normally, you see the Army with its numbers up
The Army has now made it a -- I forget the Army term for it. In other words it's a rating block -- did your guys go through it. You know. There's a readiness thing for you that commanders get rated up and that's commanders' requirement. I don't think the other services are there yet, but we don't make it a commanders' requirement. You know. You're only at 60 percent.

MR. HEILMAN: Right.

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

MR. HEILMAN: Right.

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

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

MR. JEPPSON: They are. So in the first week, the mandatory week that everybody has to go through, it's VA, Labor and DOD that teach those components, and
it's mandatory week. It's required, unless you're part of a really small, exempted category that you go through TAP there, and then the optional tracks are the following week.

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

MR. JEPPSON: So this is a great question, and I got asked this on the Hill last time. We can tell you what the cohort looks like going through there, but because ideally we're getting about a year before they go, some cases, we're still within that first year window to get out and start a business, which is the next milestone. How many starts did we have? And then, you know, are they still in business of the year? Once it starts at three years and what's the mortality rate, we're still kind of in that window. So what we're spending part of the $7 million in is to develop a metric and a way to capture a metric on there, which is always a challenge, just like with the resource partner program.
It's hard for us to tell you how effective we are as resource partners, other than through a survey. And then you know how surveys are predictive. You know. It's not like -- I mean there'd be a lot. There's some really good ways for me to do it. I can capture your Social Security Number when you transition, and then I can look to see if you applied for EIN, and then I can look at your tax returns. But that's pretty big brother, and we're not going be able to cross that Rubicon. So there's ways to do this to get that bigger data, but we're not going to go there. So it's going to be -- it's going to be a little more circuitous, but we've met at some places that --

MR. HEILMAN: We're doing a lot of our community building now, and some of it is social media and some of it is you become an alumni of the eight weeks, kind of. You're Syracuse alumni or Florida and some of it is their resource partner data systems. And so we got -- you'll appreciate this. We got a systems integration issue, right, where we're how do you make sure that there's a field for Boots To Business grad across all the various different databases that might
touch these folks as they go through. So that's the infrastructure we're trying to build.

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

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

MR. BAILEY: I'm a graduate.

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

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

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

MR. BAILEY: Right.

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

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

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

MR. JEPPSON: No.
MR. MUELLER: No, you don't feed into that?
MR. JEPPSON: So let me -- let me go back.
Okay. So Haynie runs one program, one.
MR. MUELLER: Right.
MR. JEPPSON: And it's EBV. It's Entrepreneurship Bootcamp for Service Disabled Veterans.
MR. MUELLER: For Disabled Veterans, right.
MR. JEPPSON: He gets a cohort of about 200 people a year that go through that program. It's a very high touch program. It's nothing. We grant about $150,000 to it total. So, ideally, his class size is only 25 at the different eight universities.
MR. MUELLER: Yeah.
MR. JEPPSON: So he doesn't have a real throughput capacity. I mean it's a great program, but it's small in scale. What we're doing is we're scaling something that goes all the way through there. Now, the component of the eight-week, it's very similar to the eight-week that he runs before you go to the week in residence. We just don't have an in-residence piece in ours, because we can't afford to follow the vets to
one area and spend a week on campus and cover that cost.

MR. MUELLER: Right.

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

MR. MUELLER: Well let me just ask you a question. One of the things that Mike, you know, basically he kind of franchises public universities to be a part of this program. And I kind of put it that way. I know and I can give you an example of one. There's a university that I'm very familiar with who recently applied to be a part of his program. And for some reason they were not authorized. They got one vote, one on one against them, to not be part of it; and, I never found out the reason why, but there are universities out there that have programs that are even in some way -- but I know of Haynie's program, because I've seen him. But there are other ones out there that are putting these programs together strictly for
veteran entrepreneurial training programs, and they're clearly endorsed all through the business schools. And my question is if it's not a Haynie program, how do you -- do you want to know about these, or is there an opportunity to build relationships with these universities?

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

MR. MUELLER: Okay.

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

MR. MUELLER: Right.

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

MR. MUELLER: Okay. Right, right.

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

MR. MUELLER: For you all.

MR. JEPPSON: For Boots To Business.

MR. MUELLER: Yeah. All right. Yeah.

MR. JEPPSON: Now if you go back and you look at the Reboot, which is for our transition to veterans, we do that strictly through the district offices, you know. We use them to consult lots of curriculum, but that's where it's at. But I will be honest too, though. There's some other people out there that Syracuse IBMF is the national leader in Veterans Entrepreneurship Training right now. Nobody, nobody else is in the same league. There's some good ones out there, and, like I said, we grant to them, but -- you know -- they're strong.
MS. ROTH-DOUQUET: I think Robert raises a good issue and it's sort of -- you know. It's the vet eye view of this and it's a problem across the whole field of veteran and military families. It's 46,000 NGOs who service veterans or military families right now. There's any number of other organizations and corporate programs, university programs. And from a vet perspective, it can be just orienting to the point of discouragement. And then we also find that people have -- and our surveys show this -- people have very different preferences about how they ask this information and who they trust, and who they're comfortable with.

So the mapping of how you get there, I think, becomes a very interesting question, exactly the question you're asking. And I wonder if there's a place -- and I don't know who the person would be. But to say even if we just take veteran and military family-oriented entrepreneur programs to promote entrepreneurship, wouldn't it have been wonderful to have a big conference and you invited everyone who was involved in trying to get this issue from one place?
Whether they were government or non-profit, or church-based or university based, start trying to see where are the overlaps, where are the gaps, you know. Is there a way to map this, so that someone, no matter where they come into it, can find their way to the place that is a good fit for them?

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

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

MR. JEPPSON: I think you're right.

MR. BAILEY: Yeah, I agree. I mean for me a person who's gone through two of the programs, you know, the vet program, the veterans for procurement entity, EVB, the question is that what's the next level, and where do they really get their real time mentorship to get them there. I mean the programs are
great with establishing the foundation, but there's still a gap in how do you prepare a proposal, how do you respond to this.

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

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

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

MS. ROTH-DOUQUET: If we want to do that, we can do it. We can get the funding for it. We can get the interagencies to pull for it. It could take some time.
MR. JEPPSON: I think that I'd love to do that.

MR. MUELLER: Can we discuss that?

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

MR. MUELLER: Right.

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

The third one was the integration piece, which we're just talking about now. And where we were starting on that was the Access To Capital piece, or
something we touched a little bit on that cap. And we've had some business plan competitions that have kind of started to tie into Boots To Business. Because, so, Boots to Business could be your ticket to some other things as you go down the road. And so those are some of the areas that we're working up and it's really ready for primetime yet, but, to your point, you know, there needs to be a lot more. So that's Rhett's.

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

MR. FIELDER: Thank you.

MR. JEPPSON: So --

MR. MUELLER: My condolences.

MR. JEPPSON: So Ed?

MR. FIELDER: These guys know the condolence part.
MR. JEPPSON: Yeah. So I find that surprising that a Marine would be in charge. The Army guys must have immediately recognized that.

MR. MUELLER: Well this is our last chance.

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

MR. JEPPSON: Okay. All right.

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

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

MR. JEPPSON: There you go.

MR. MUELLER: What's wrong with me?

X. Committee Focus for 2014

MR. JEPPSON: So we'll press through this, and then I know some of you have got to leave at 2:30. So we'll go ahead and wrap it up there. Now, I'll just offer, Ed, is that shows your point of contact on anything you need. Just if you would cc me on it, and that way I can just be cognizant of the things that are going on. You'll have all the contact, points of contact here. Let us know when you want to meet again before the end of the year, and then we're here to help
in any way we can with agenda and stuff; but, really, we'll defer to you guys now on the way forward you want to go.

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

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

MR. FIELDER: And then give me five minutes.

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

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

MR. JEPPSON: So five minutes, real quick.

MR. FIELDER: Go ahead.

MR. JEPPSON: Okay.

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

MR. JEPPSON: Okay.

MR. FIELDER: And so -- and I don't know if that works out with one of the VET-Force meetings or
MR. MUELLER: They're usually the second Tuesday of the month.

MR. JEPPSON: Yeah.

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

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

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

MR. JEPPSON: Have you got it, Stan?

MR. FUJII: Yes, the 9th.

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

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

MR. JEPPSON: So 9-10.

MR. BAILEY: 9-10 of September.

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

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

MR. FUJII: September, right, yeah.
MR. FIELDER: The long weekend was the week before.

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

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

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

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

MR. BAILEY: What is VET-Force?

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

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

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

MR. BAILEY: Okay.

MR. FIELDER: A big part of our meeting would be collecting the information and tasking everyone to write on the report; but, unlike the previous report,
this is the most recent report. You guys might want to see it. I'm assuming it never got submitted.

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

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

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

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

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

MR. BAILEY: So just to be clear, are we going
to wait 'til September to address issues?

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

MR. FIELDER: Okay.

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

XI. Ethics Briefing

[Slide presentation.]

MR. WEBB: Well good afternoon, everyone. As stated, my name is Larry Webb. I'm an attorney-advisor with the Office of General Counsel here. And although earlier it said ethics advice, it's just sort of a slight misnomer, because you guys are not actually employees of the agency. You are not covered by ethics rules. That being said, we do ask and expect a sort of
code of conduct. And so we're just going to go through a few of the dos and don'ts, very high level. These are the types of things that have come up in the past and we just want to talk about them. And if you have any questions, it won't take very long.

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

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

I don't know if all of you are new or some people have been on it before. So I'm just going to
sort of talk about this generally. Forgive me if you've heard this before. But if there's any change in status, please let him know so that he can address those issues. The types of things that come up there are conflict of interest matters. You have gotten a loan from the SBA. A business that you own has gotten a loan from the SBA. You have become involved in an 8(a) program or something to that effect.

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

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

So, and we've just spoken about the last sort
of "do." If you have any question about applying for
or receiving any benefit, or if you have any questions
about your role on the committee and something that
appears to be a conflict, please seek me out. I will
put you in contact with our ethics officials or as I
said here the standards of conduct committee, since
technically you guys don't have ethics rules. And
we'll work it out. That's our job. That's what we do.
That's our role in assisting the committee.
Some don'ts; I don't think this should be a problem, but I think it's clear. Don't lobby and fundraise on behalf of the SBA, for the Federal Government or the committee generally. I'm not exactly sure what everyone's role is, but I know that we've vetted everyone. And I assume nobody is a lobbyist. But people have things that they feel very strongly about that very well may be just sort of individual passions.

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

Yes, sir. You have a question?

MR. WHITE: Half of those committees are supposed to be made up of veterans service organizations; and obviously part of the VFW, American Legion, the VVA, whoever, I mean they're an advocacy
group for veterans. And, obviously, they go to the
Hill and they lobby for bills and lobby for the rest of
that.

MR. WEBB: Absolutely.

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

MR. WEBB: Absolutely.

MR. WHITE: Is that an issue?

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

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

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

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

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

   Obviously, don't misuse your title/position. Many of these are broken out into separate little sections. They all sort of say the same thing.
Respect the committee; respect the line of demarcation between your nomination and your participation on the committee, and what your personal life and what your representation of other committees are.

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

If a member of a committee seems to have some sort of in with someone at the agency, an AOA -- the administrator of the agency -- maybe that person got preference on particular assistance. They jumped someone; they got some benefit from that. And you want to avoid that, one, because it calls into question whatever that assistance is. So that person who would have gotten assistance may be someone decides they want to protest it. They want to challenge it, and so they're not getting the assistance. So no benefit
actually came from it and it also just looks unseemly, and so we just want to avoid that.

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

MR. JEPPSON: No double-sided business cards.

[Laughter.]

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

MR. WEBB: Exactly. Last but not least, once again, it seems all like the same thing with different roles coming from it to the degree that you want to express your own personal views or the views of your member organizations to the media. You want to speak
to the media. That voice should be personal or
representing the organization, the American Legion or
other organization, as long as they don't have a
problem with that.

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

There is nothing about any of these rules that
say that you cannot represent yourselves and your
personal views. One of the reasons that you were
nominated and asked to be on these committees is because you have talent. You have background; you have insights into things that we want to leverage and bring to bear on the committee. So that's why you're here. So this is not asking you to stop doing any of those things; but, just to make sure that we're clear about the lines of demarcation and that you're representing those views or those individual, personal views in public.

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

For example, it is difficult for you to go to, say, the VA has their small business convention, their get together. It's hard to go there as a business owner, and then in the middle of the course put on your other hat, because you're already on your own dime. You're on this; you're representing your company. And then put on your SBA hat, operate for a little bit, and
then take it off again. I'm not saying that it
couldn't happen, but it's difficult and we need to
really be careful there. And that's one where -- you
know -- I really thought, oh, well, that passes the
test. And then as I got further and further in this, I
just realized how difficult it is with the rule set
that we have here. So Larry -- I mean that was just
one example I saw where we had the representation.

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

Any other questions? I know that you guys had
a hard stop, and this really isn't a long presentation.
We just wanted to give you some things to think about. I believe you're going to get a copy of the PowerPoint. So you'll have that information. And I believe that my information is also connected to that. So if you have questions, if you want to get in touch with one of our conduct individuals, please feel free to give me a call or an e-mail. I'll be happy to answer your questions all right. I'll put you in touch with the appropriate SBA employee, so.

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

MR. WEBB: All right.

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

XII. Public Comments and Closing

MR. FIELDER: Okay. I will be in touch with everyone as soon as I get the full contact list. We'll set up a reply all kind of conversation. That's generally what I find works best. Start talking about the September meeting and what that agenda would be,
and then as we get closer to that date, start talking about how we would then do a two- or three-page annual report based on the two meetings that we would have had by then, and then that would be probably about 50 percent of what we do on that meeting in September is get that work done.

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

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

MR. WHITE: Because that to me is --

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

MS. ROTH-DOUQUET: Right.
MR. FIELDER: But they're diluting resources; and there's some that are doing better, and the resources need to go to them instead of being diluted.

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

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

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

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

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

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

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

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

MR. JEPPSON: Or, I've never had one of the committees do anything, you know, in that way. But we could certainly talk to the legal folks. We -- you know. There's opportunities. There's always a way to
do something. It's just how do we. We just have to
make sure it's structured right and get GC in from the
going to make sure.

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

MR. JEPPSON: Okay.

MS. ROTH-DOUQUET: I should, probably.

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

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

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

MS. ROTH-DOUQUET: Yeah.

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

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