PRE-APPLICATION CONFERENCE

MBDA CAPITAL PROJECT

FFO NUMBER: MBDA-OBD-2016-2004600

MAY 16, 2016

2:00 – 4:00PM EDT

MINORITY BUSINESS DEVELOPMENT AGENCY
U.S. DEPARTMENT OF COMMERCE

Grow your business. Build the Nation.

OVERVIEW

- Teleconference Protocol
- Important Dates
- Speakers
- Purpose of Teleconference

TELECONFERENCE PROTOCOL

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- Phones should be placed on mute
- Questions are prompted at designated times and coordinated through conference operator
- Teleconference focused on MBDA Capital Project competition
- Keep questions relevant to the topic at hand
- Avoid duplicating questions

IMPORTANT DATES

- CFDA #11.802, Minority Business Resource Development
- Competition
  - Published: May 2, 2016
  - Deadline: June 15, 2016 at 11:59 P.M., E.D.T.
- Applications must be received by deadline
- Electronic applications only
- Anticipated Award
  - Start Date: September 1, 2016

SPEAKERS – NATIONAL DIRECTOR & CHIEF COUNSEL

Alejandra Y. Castillo

National Director

Josephine Arnold

Chief Counsel

SPEAKERS – OFFICE OF BUSINESS DEVELOPMENT

MINORITY BUSINESS DEVELOPMENT AGENCY
U.S. DEPARTMENT OF COMMERCE

-
  Efrain Gonzalez, Jr., Associate Director
  Office of Business Development

-
  Joann J. Hill, Chief
  Office of Business Development

-
  Nakita Chambers, Program Manager
  Office of Business Development

PURPOSE OF TELECONFERENCE

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1) **Educate potential applicants about the FFO and pertinent background**
   - Agency background
   - Business case for the MBDA Capital Project
   - Project objectives
2) **Clarify requirements contained in the Federal Funding Opportunity (FFO) announcement**
   - Project
   - Competition
3) **Tips**
4) **Answer questions related to the solicitation**

BUSINESS CASE FOR MBDA CAPITAL PROJECT

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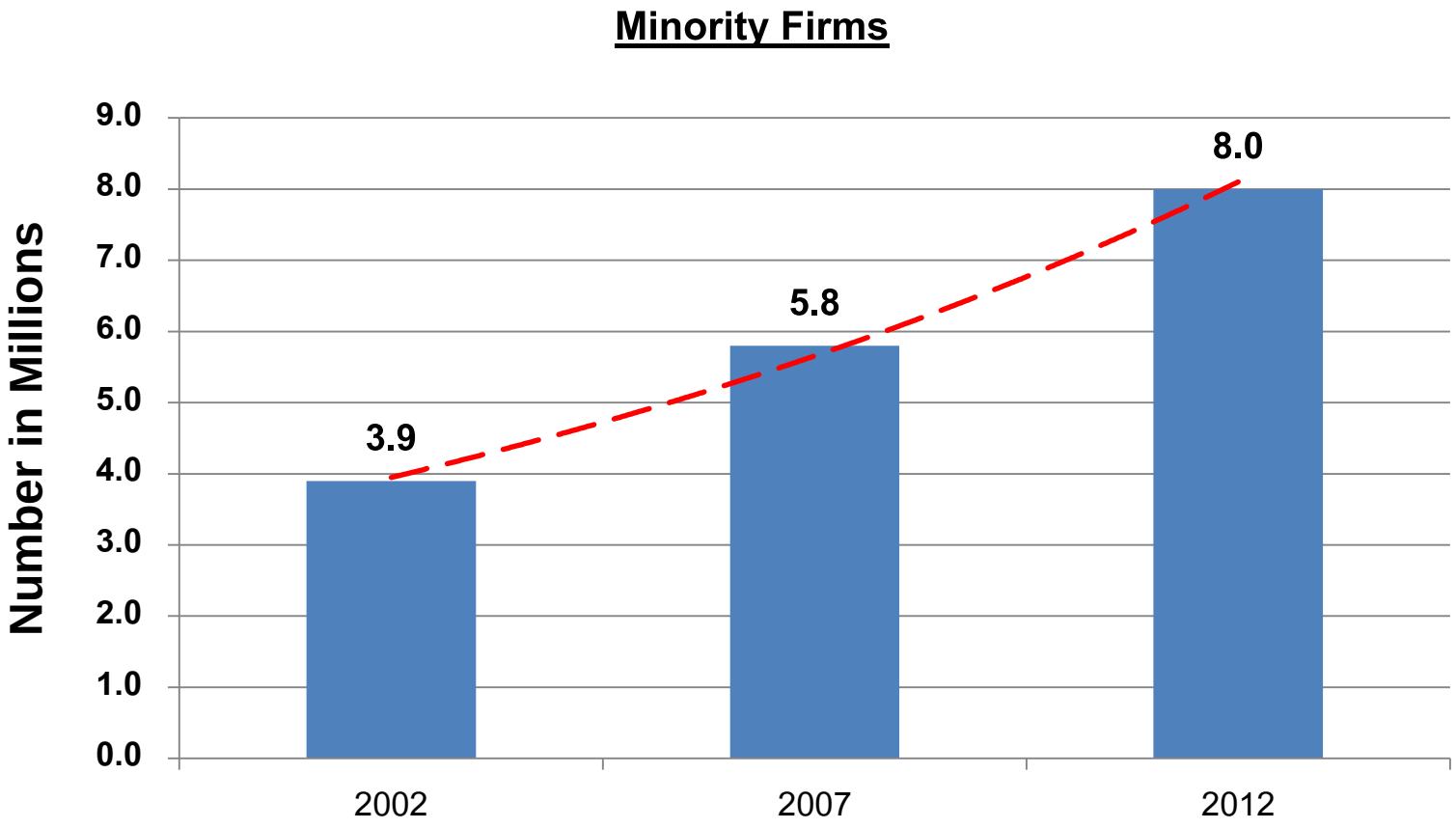
- **Changing Demographics**: In 2050, minorities will represent 54% of total U.S. population. Today, minorities represent over 38% of overall U.S. population. The U.S. needs strong minority-owned firms to achieve maximum economic growth.
- **Economic Parity**: If minority firms were to contribute 38% of economic activity the U.S. could realize the creation of 16 million additional jobs, generation of an additional $2.5 trillion in gross receipts, and unrealized tax base exceeding $100 billion per year.
- Minority-owned firms create job opportunities for all Americans; MBEs tend to be generally more balanced in hiring minority and non-minority persons.
- **Challenge**: Minority firms are underfinanced in many sectors and report capital access as the number one impediment to growth ("Disparities in Capital Access Between Minority and Non-Minority-Owned Businesses," January 2010 mbda.gov).

Minority Business Enterprises - Growth Trend

The number of minority firms more than doubled



Source: U.S. Census Bureau, 2002 Survey of Business Owners, September 2006
U.S. Census Bureau, 2007 Survey of Business Owners, June 2010
U.S. Census Bureau, 2012 Survey of Business Owners, December 2015

Minority Business Enterprises - Economic Contribution Trend

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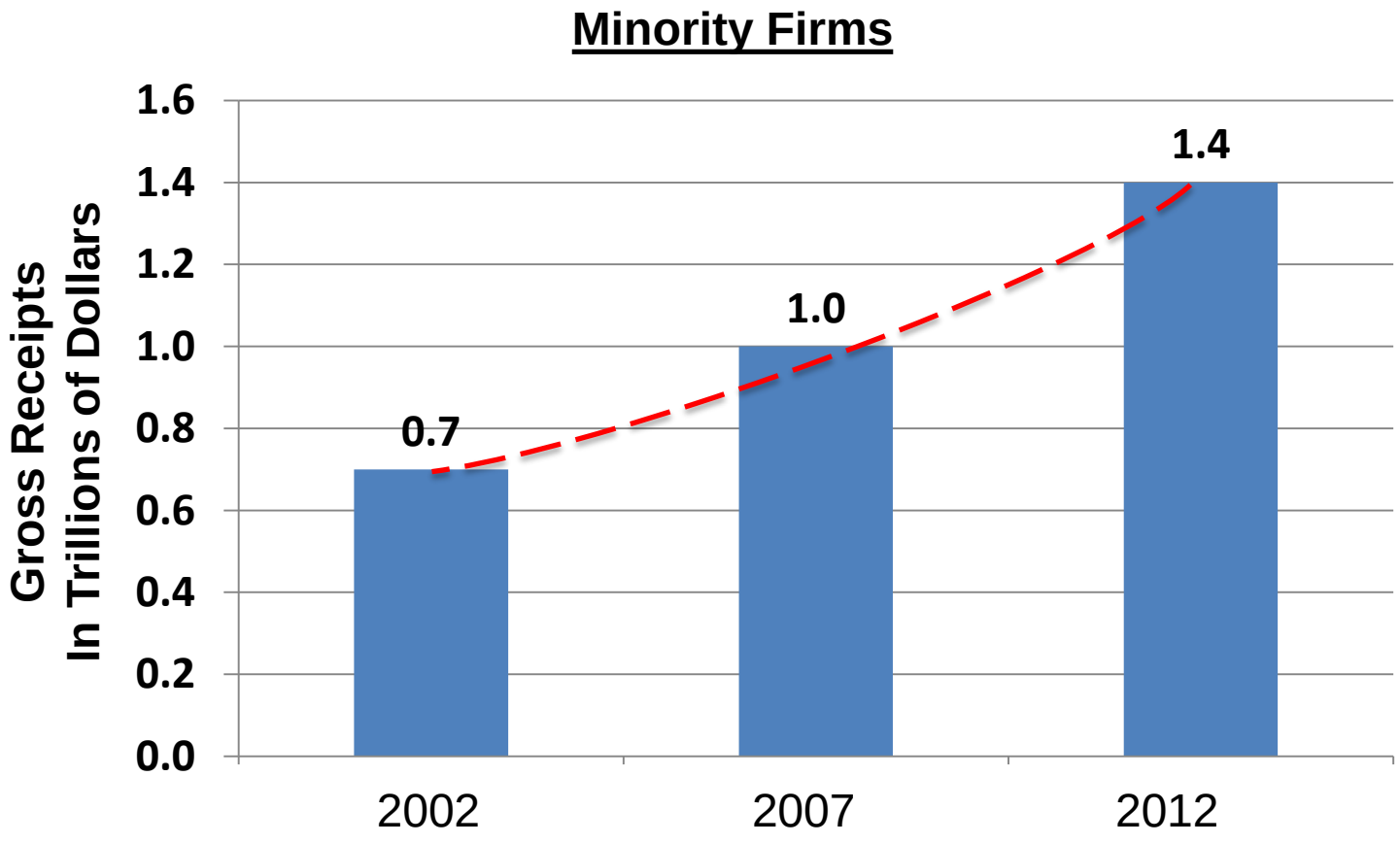
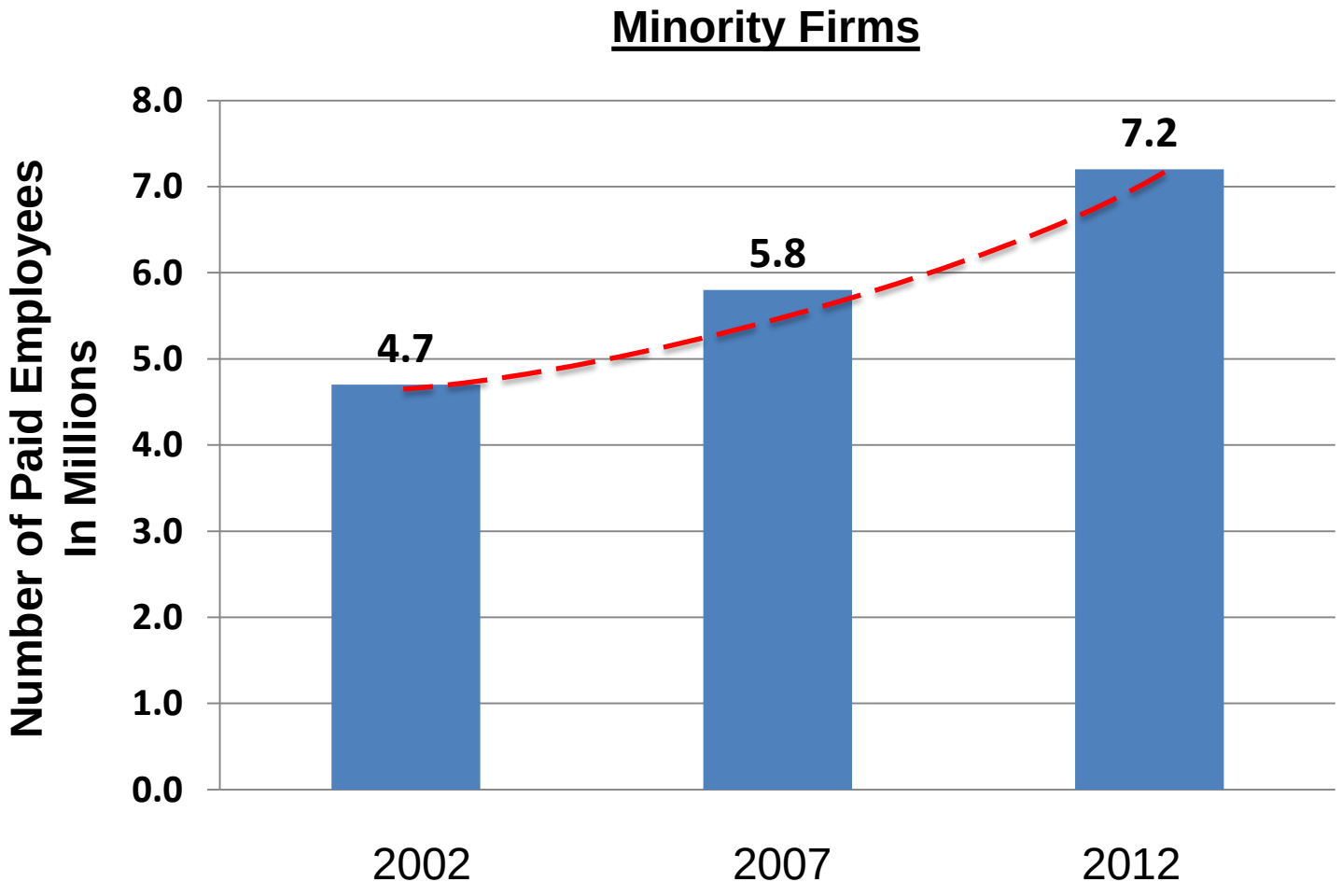
Economic activity of minority firms doubled



Source: U.S. Census Bureau, 2002 Survey of Business Owners, September 2006
U.S. Census Bureau, 2007 Survey of Business Owners, June 2010
U.S. Census Bureau, 2012 Survey of Business Owners, December 2015

Minority Business Enterprises - Employment Contribution Trend



Source: U.S. Census Bureau, 2002 Survey of Business Owners, September 2006
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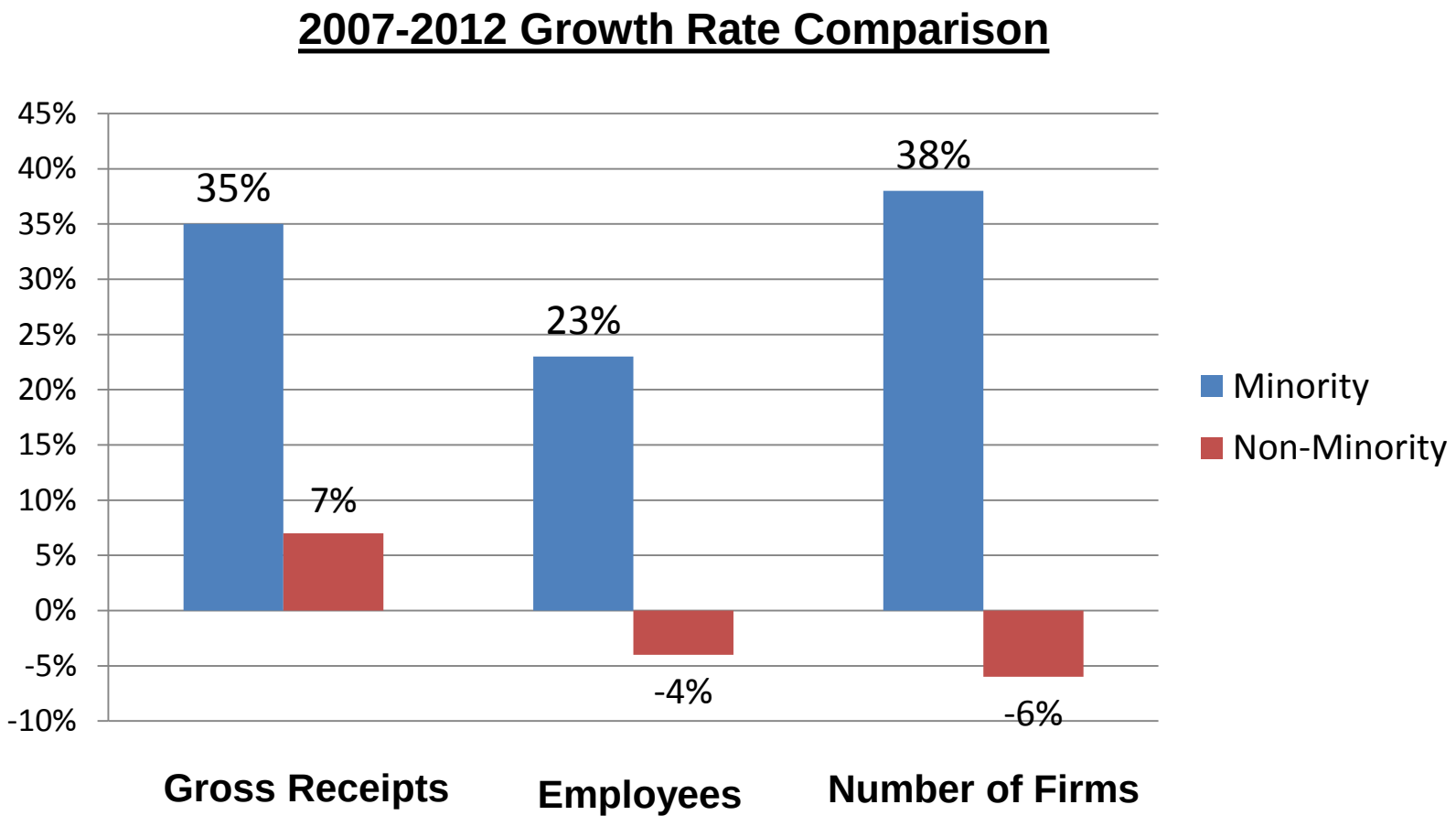
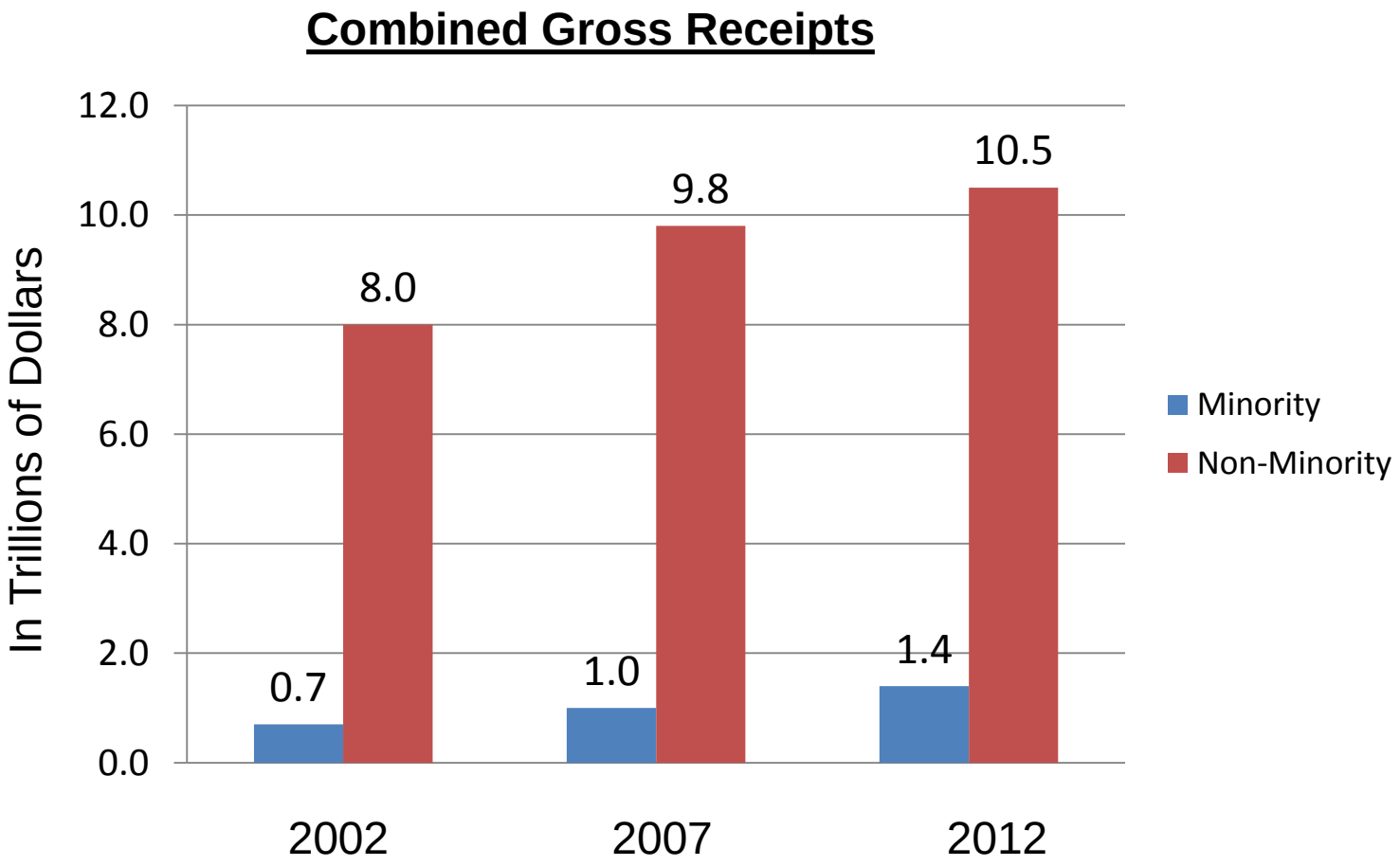
U.S. Census Bureau, 2012 Survey of Business Owners, December 2015

Minority Business Enterprises - Comparison of Growth Rates



Source: U.S. Census Bureau, 2012 Survey of Business Owners, December 2015

Minority Business Enterprises – Comparison by Gross Receipts



Source: U.S. Census Bureau, 2002 Survey of Business Owners, September 2006
U.S. Census Bureau, 2007 Survey of Business Owners, June 2010
U.S. Census Bureau, 2012 Survey of Business Owners, December 2015

Minority Business Enterprises - Comparison of Average Receipts

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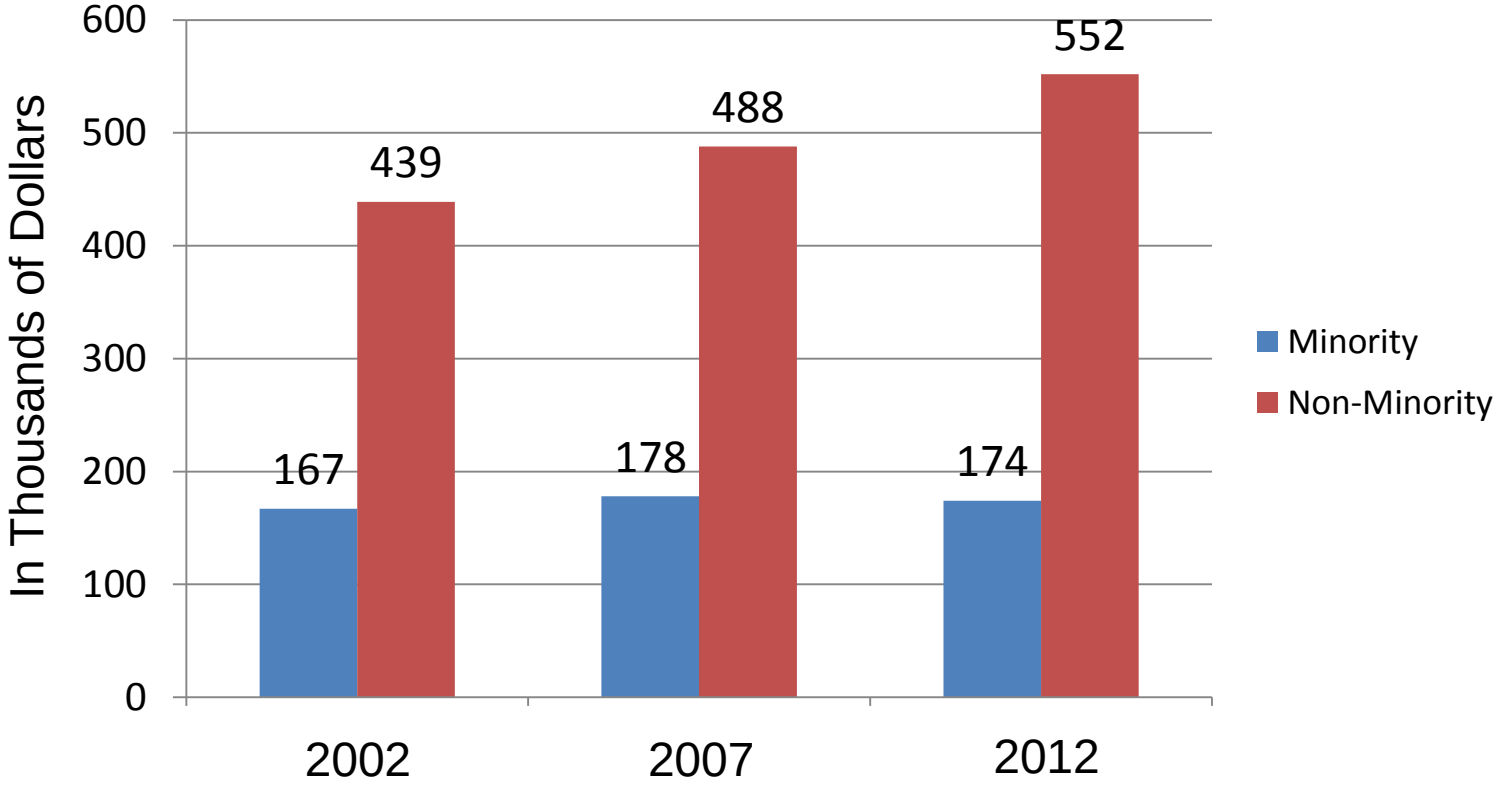
Minority firms continue to lag in size when compared to non-minority firms

Average Gross Receipts



Source: U.S. Census Bureau, 2002 Survey of Business Owners, September 2006
U.S. Census Bureau, 2007 Survey of Business Owners, June 2010
U.S. Census Bureau, 2012 Survey of Business Owners, December 2015

Comparison of Average Receipts by Employment Firms

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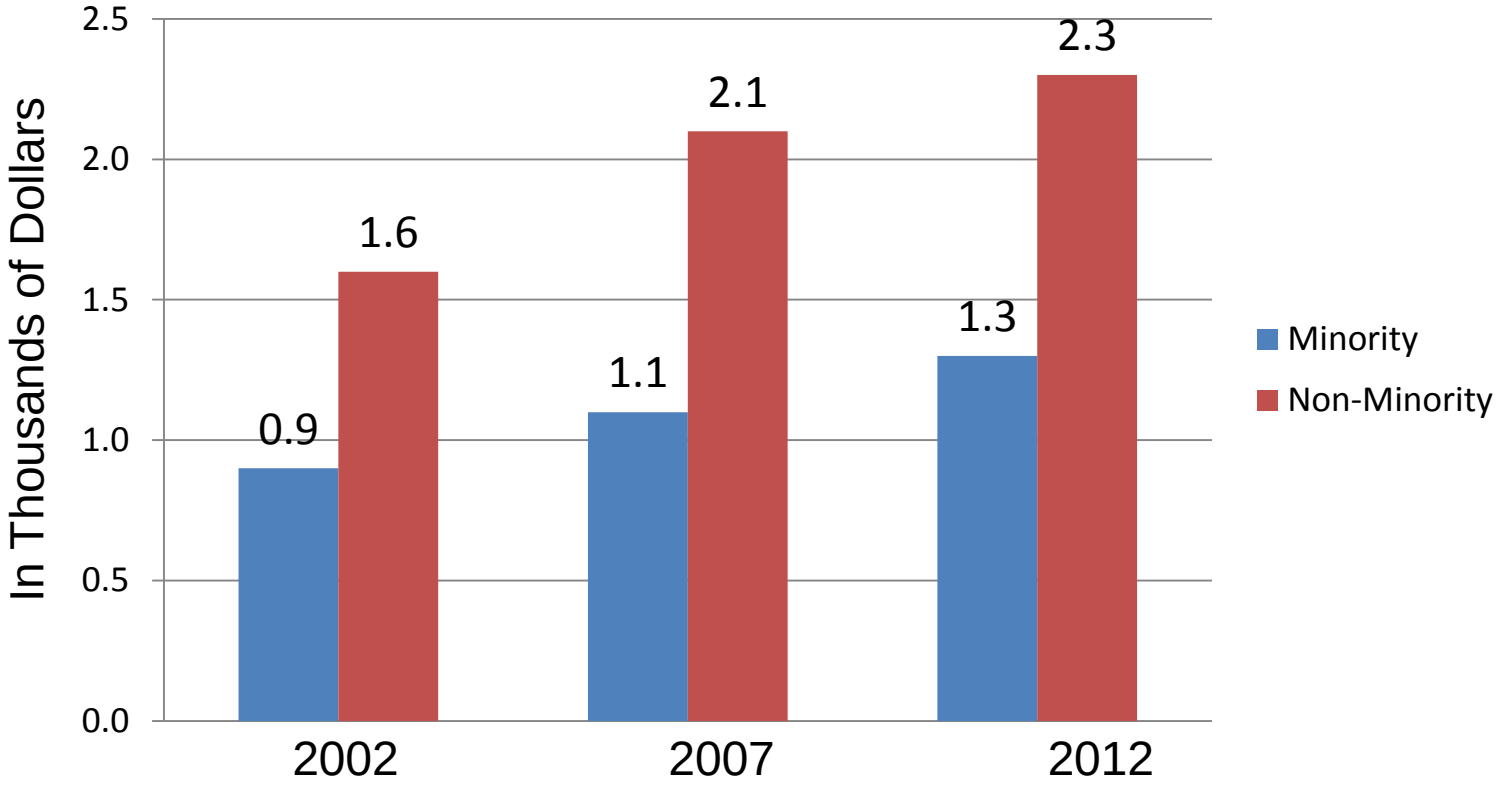
Average Gross Receipts - Firms with Employees



Source: U.S. Census Bureau, 2002 Survey of Business Owners, September 2006
U.S. Census Bureau, 2007 Survey of Business Owners, June 2010
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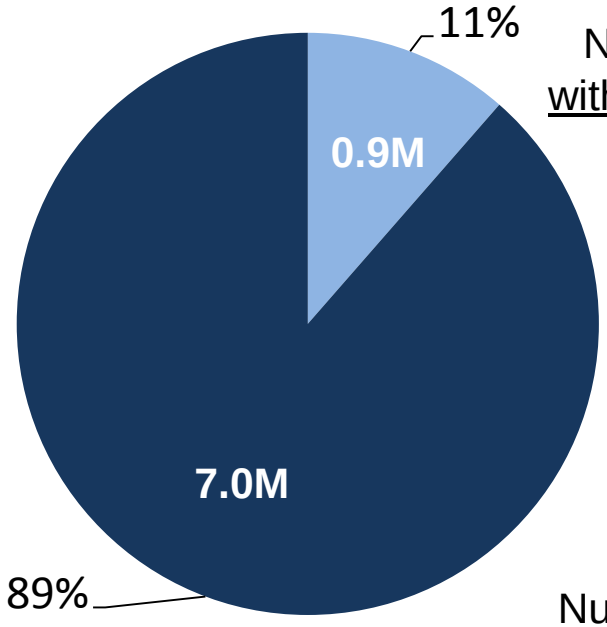
Comparison of Employment Share

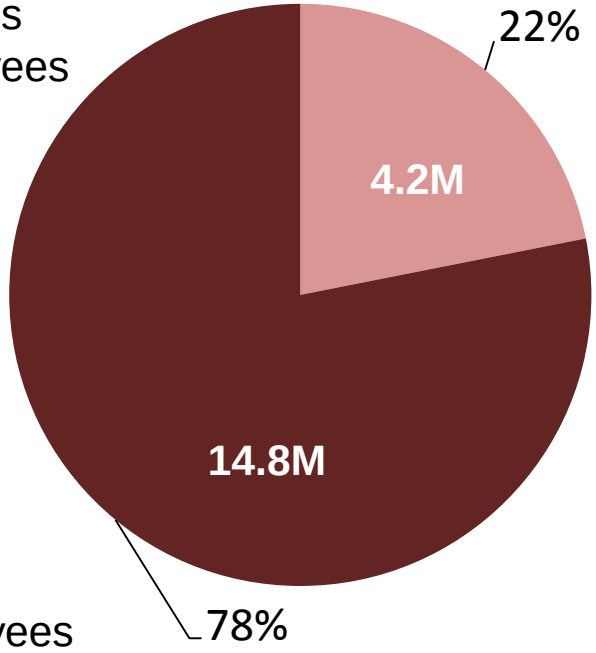
Minority Firms



Number of firms
with paid employees

Number of firms
without paid employees

Non-Minority Firms



Source: U.S. Census Bureau, 2012 Survey of Business Owners, December 2015

IMPACT & OUTCOMES OF MBDA PROGRAMS FOR FY '14

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MBDA's Impact Areas are measured by:

- New Jobs Created
- Jobs Retained
- Dollar Value of Financing Transactions Awarded
- Dollar Value of Contracts Awarded
- Export and Manufacturing Transactions

FY 2014, MBDA created:

- Nearly 27K Jobs
- $1.9 billion – Financial Transactions (Capital)
- $4.0 billion – Contracts & Procurements

AGENCY BACKGROUND

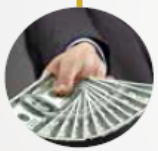
- **Vision**
  Economic prosperity for all American businesses.
- **Mission**
  To foster the growth and global competitiveness of U.S. businesses that are minority-owned.
- **Strategic Focus & Objective**
  - Access to Capital
  - Access to Contracts
  - Access to Markets
  - Advocacy and Outreach
  - Research and Policy

MBDA's 45 YEARS

1969

In March 1969 President Nixon signs Executive Order 11458 creating the Office of Minority Business Enterprise (OMBE) and the Advisory Council for Minority Business Enterprise.

1971



President Nixon signs Executive Order 11625 and expands the scope of MBDA by authorizing grants to public and private organizations to provide technical and management assistance to MBEs.

1972

The first Survey of Minority Owned Business Enterprises is published by the U.S. Census Bureau.

1973

OMBE establishes a national business service network and provides seed funding for minority advocacy organizations, such as the National Minority Purchasing Council (now known as the National Minority Supplier Development Council), Hispanic Chamber of Commerce, National Economic Development Association (NEDA), Chicago Economic Corporation and the National Council of La Raza.

1974

OMBE decentralizes and establishes five regional offices and 13 district offices.

Atlanta, Chicago, Dallas, New York, and San Francisco

1979

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The Office of Minority Business Enterprise becomes the Minority Business Development Agency.

1981

The Minority Business Development Center program became the primary method for delivering technical and management services.

MBDA serves 94 Metropolitan Statistical Areas. An Information Center is created to collect, publish and disseminate data to MBEs.

1983

President Ronald Reagan signs Executive Order 12432 giving the Department of Commerce and the U.S. Small Business Administration, in consultation with the Cabinet Council on Commerce and Trade, broad authority to oversee the establishment, preservation and strengthening of federal minority business enterprise programs.

President Reagan signs a Presidential Proclamation designating the first week of October as Minority Enterprise Development Week (MED Week).

1989

MBDA creates a National Franchise Program, adds funding for the Native American Business and Trade Association, and funds the Cities in School program to provide training to increase youth entrepreneurial skills.

1969-2014

1990

Following the first Persian Gulf War, MBDA and the International Trade Administration send a delegation of MBEs to meet with the Crown Prince of Kuwait, the first U.S. trade mission to Bahrain. The success of this mission leads to other ITA missions with MBEs to South America, Asia, Africa, and the Caribbean.

1992

Following the riots in Los Angeles, MBDA assembles a roundtable of federal, state, and local government organizations to coordinate and support disaster recovery for local minority businesses.

1995

MBDA executes a memorandum of understanding with the International Trade Administration and participates in several trade missions that create opportunities for exports to Mexico, Canada, South Africa, Trinidad and Tobago, the Dominican Republic, and Peru.

1999

The MBDA Internet portal is developed to offer online, interactive business development tools like the Business Plan Writer and matchmaking via the Phoenix-Opportunity Database.

2003

Dartmouth

MBDA partners with Dartmouth College, Tuck School of Business to provide executive training to MBEs and to write reports.

MBDA issues a report, "Globalization and Minority-Owned Businesses in the United States: Assessments and Prospects," which shows minority businesses should begin to think about expanding globally.

2005

The Office of Native American Entrepreneurship and Trade is created at MBDA to help Native American entrepreneurs and business owners raise revenue, generate jobs, and achieve economic self-sufficiency.

2006

MBDA releases the State of Minority Business Enterprise. The report concludes that minority firms with annual receipts of $500,000 or more generated a much larger percentage of all minority revenues and paid employees — compared to minority firms with annual gross receipts under $500,000.

MBDA launches the Strategic Growth Initiative.

2009

As the economy continues to present challenges for minority businesses, access to capital is a primary focus. MBDA engages financial service companies, subject matter experts, stakeholders, and MBEs to address the capital needs of the minority business community.

2010

MBDA releases the report, "Disparities in Capital Access Between Minority and Nonminority-Owned Businesses: The Troubling Reality of Capital Limitations Faced by MBEs." The report provides new findings on disparities in capital access.

2014

MBDA commissions new research on minority exporters and alternative finance.

PROGRAM PRIORITIES

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- The primary drivers of the Project are: capacity building and job creation & retention resulting from facilitation of securing financial transactions for MBE clients
- The Project services include (but are not limited to); vetting of MBEs for capital
- Financial analysis of MBE clients
- Development of a pool of finance opportunities
- Direct matching of finance/capital opportunities with qualified MBEs
- Execution of relationship management
- Finance of acquisition opportunities and referral initiatives (e.g., industry clusters)
- Assisting MBEs in accessing global financing
- Identification and securing all sources of capital including alternative and growth
- Promotion of the advantages of achieving size and scale

PROGRAM PRIORITIES (CONT…)

- Educating MBEs on the benefits of strategic growth alternatives (e.g., investment initiatives, mergers, acquisitions and/or joint ventures)
- MBE advocacy; support with capital injections for funds under management and/or establishing opportunities for minority led/owned funds to participate in fund management opportunities and provision of service referrals to MBEs of all sizes

PROGRAM AUTHORITY

MBDA is authorized in accordance with Executive Order 11625 and 15 U.S.C. 1512, to solicit competitive applications from eligible organizations for the Minority Business Development Agency Business Center Program

MBDA CLIENTS

- MBDA serves all minority clients regardless of size
- Firms eligible for MBDA services are: African Americans, Alaska Natives, Asian Americans, Hasidic Jewish Americans, Hispanic Americans, Native Americans, Native Hawaiians, and Pacific Islanders

PROJECT CLIENTS

- Special emphasis will be placed on MBE firms with one or more of the following characteristics:
  - Revenues of $1 million or more
  - Participant in high-growth industries
  - Rapid growth potential
- The Project will serve MBEs of all sizes; start-ups and/or micro firms will be served via strategic partner referrals or electronic service delivery mechanisms

AWARD INFORMATION

MINORITY BUSINESS DEVELOPMENT AGENCY
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Funding Availability:

Total funding for the award made under this solicitation is three (3) base years and two (2) optional years. Note: Funding for this project has been appropriated, but we expect a total of $500,000 per year to fund the financial assistance awards for the operation of MBDA Capital Project identified in this FFO through FY 2021.

Period of Performance:

An award is anticipated to be made with a start date of September 1, 2016. The period of performance under this solicitation is five years, consisting of one base period (three consecutive years) and optional (two performance years) periods.

Type Funding Instrument:

Financial assistance awards in the form of a cooperative agreement will be used.

Notification of Award:

Anticipated time for processing the award is approximately ninety (90) days from closing date for receipt of applications.

MBDA anticipates an award will be made with a start date of September 1, 2016.

ELIGIBILITY INFORMATION

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Eligible Applicants:

- For-profit entities (including but not limited to sole-proprietorships, partnerships, limited liability companies and corporations), non-profit organizations, state and local government entities, Native American Tribes and educational institutions are eligible to apply to operate the Project.

- The successful applicant will possess experience in assisting firms in obtaining large scale financial transactions to include traditional and alternative sources. Examples of these financial transactions can include, but are not limited to: loans, venture capital, lines of credit, equity investments, leases (property and equipment), assets under management, mezzanine financing, letters of credit, export financing or other binding financial agreements. The successful applicant should have access to a nationwide network of capital stakeholders, which is a key component to the successful implementation of this award.

- **Special Mention: Current Operators of a MBDA Business Center and/or Project are not eligible to apply for this Federal Funding Opportunity Announcement.**

COST SHARING OR MATCHING REQUIREMENT

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- "Cost sharing or matching" is the portion of project costs not paid by Federal funds; these costs are provided by the Project operator or Project as direct or in-kind contributions.
- The Project shall have a minimum of 33% of estimated total ($750,000) non-federal cost share under this award.
- Beyond the required generation of program income, applicants may contribute additional non-federal cost share to the award by one or more of the following methods:
  - Applicant cash contributions
  - Applicant in-kind contributions (e.g. non-cash)
  - Third-party cash or in-kind contributions (including a state or local grant or other form of support for the project. **Note:** All cost sharing or matching must be consistent with the requirements of 2 CRF 200.306

STRATEGIC PARTNERS

- Establish relationships that directly lead to transactions, jobs, or assisting our target MBEs to achieve size and scale, and/or globalization
- Assist the Project with achieving performance goals, including, but not limited to serving as a referral source to assist start-up and early stage MBEs
- Provide a service and/or opportunity to MBEs served by the Project
- Synchronize outreach efforts
- Foster collaboration

PRIMARY PERFORMANCE ELEMENTS

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- Number of Jobs Created
- Numbers of Jobs Retained
- Dollar Value of Awarded Financial Transactions
- Number of Awarded Financial Transactions
- Number of Awarded Export Related Financial Transactions Facilitated
- Number of Strategic Transactions Facilitated
- Number of Clients Served
- Number of Customers Served
- Number of Existing Capital Training Sessions
- Service Optimization Assessment
- Eligible Bonus Items:
  - MBDA Special Initiatives
  - Collaboration with MBDA & MBDA Network
  - Capital Business-to Business Events

TRADEMARK AND LICENSING

- Use of MBDA branded logo is required
- This project will not be permitted to maintain an individual website; MBDA will host center web page on the agency's portal
- MBDA Business Center Trade Mark ™ must be cited
- Publication guidance for signage, stationary and publications will be provided
- Guidance on communication will also be provided

CLARIFICATION OF REQUIREMENTS

- **General Submission Requirements**
  - All applications must be submitted electronically through www.Grants.gov
  - Application must be submitted by an Authorized Organizational Representative (AOR)
  - Applicants must adhere to the full FFO

CLARIFICATION OF REQUIREMENTS

MINORITY BUSINESS DEVELOPMENT AGENCY
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Application Requirements*

A full application will address all five (5) funded periods (last two (2) years are optional) and include the following major components:

- Cover Page and Table of Contents
- Applicant Narrative
- Required Applicant Narrative Attachments
- Budget
- Bonus Points – Non Federal Cost Share in Excess of Minimum
- Standard Forms
- Application Submission Checklist

All pages of the proposal must be consecutively numbered

**Note, failure to adhere will result in deduction of points*

CLARIFICATION OF REQUIREMENTS

MINORITY BUSINESS DEVELOPMENT AGENCY
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Applicant Narrative – Capability

(35 points)

- Organizational Background and Knowledge (5 points)
- Mission Alignment (5 points)
- Access to Capital (10 points)
- Capacity Building (5 points)
- Key Staff (5 points)
- MBE Advocacy (5 points)

CLARIFICATION OF REQUIREMENTS

MINORITY BUSINESS DEVELOPMENT AGENCY
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Applicant Narrative – Resources

(15 points)

- Partners (5 points)
- Other Resources (5 points)
- Location/Equipment (5 points)

CLARIFICATION OF REQUIREMENTS

MINORITY BUSINESS DEVELOPMENT AGENCY
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Applicant Narrative – Techniques and Methodologies (25 points)

- Performance Measures (10 points)
- Start-up Phase (10 points)
- Work Requirements Execution Plan (5 points)

CLARIFICATION OF REQUIREMENTS

MINORITY BUSINESS DEVELOPMENT AGENCY
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Proposed Budget and Budget Narrative (25 points)

Budget Detail and Narrative Evaluation Criteria	Points
Reasonableness, Allowability, and Allocability of Proposed Program Costs	10
Performance-Based Budgeting	5
Program income Budgeting	10
Budget Detail and Narrative Total	**25**

- Generation of program income is required
- Program income is the gross income earned by the grantee that is generated directly by a grant-supported activity or earned as a result of the grant

CLARIFICATION OF REQUIREMENTS

MINORITY BUSINESS DEVELOPMENT AGENCY
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Proposed Budget and Budget Narrative (cont'd)

- Program income includes, but is not limited to, income from fees charged to clients for services performed
- Applicants have flexibility in choosing the mechanism for generating program income
- Discuss the methods for charging and collecting fees, including policy for waiver of fees
- Minimum cost share required; cost share may be comprised of any combination of the following
  - Program Income (required)
  - Applicant cash contributions
  - Applicant in-kind (i.e., non-cash) contributions
  - Third-party cash or in-kind contributions

CLARIFICATION OF REQUIREMENTS

MINORITY BUSINESS DEVELOPMENT AGENCY
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Proposed Budget and Budget Narrative (cont'd)

- A detailed and signed letter from any/all 3rd party contributors must be scanned and submitted with the proposal
- Indirect costs are limited to the lesser of:
  - The negotiated indirect cost rate approved by the applicant's cognizant federal agency
- If indirect costs are being proposed by the applicant, and the applicant has an approved negotiated indirect cost rate agreement, a copy of the agreement must be included with the proposal package

CLARIFICATION OF REQUIREMENTS

MINORITY BUSINESS DEVELOPMENT AGENCY
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Bonus Points Items (10 points optional)

1. Bonus Points for Non-Federal Cost Share in Excess of Minimum: Applications are encouraged to propose non-federal cost share that exceed the minimum Project requirements. A maximum of five (5) bonus points are available under this criterion as follows:

Cost Share Proposed	Bonus Points
$10,000-$29,999	1 bonus point
$30,000-$49,999	2 bonus points
$50,000-$69,999	3 bonus points
$70,000 - $99,000	4 bonus points
$100,000 and more	5 bonus points

CLARIFICATION OF REQUIREMENTS

MINORITY BUSINESS DEVELOPMENT AGENCY
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Forms

- The application must contain the following Standard Forms (SF):
  - SF 424, Application for Federal Assistance (one form to cover all funding periods)
  - SF 424A, Budget Information Non-Construction Programs (one form to cover each funding periods for a total of 5)
  - SF 424B, Assurances Non-Construction Programs (one form to cover all funding periods)
  - SF LLL, Disclosure of Lobbying Activities (one form to cover all funding periods)
- The application must contain the following Department of Commerce (CD) form:
  - CD 511, Certification Regarding Lobbying (one form to cover all funding periods)

APPLICATION SUBMISSION INFORMATION

- Application Overview
- Content and Form of Application Submission
- Unique Entity Identifier and System for Award Management (SAM)***
- Submission Dates and Times
- Intergovernmental Review
- Funding Restrictions
- Other Submission Requirements

APPLICATION REVIEW INFORMATION

- Evaluation Criteria
- Review and Selection Process
- Federal Awarding Agency Review of Risk Posed by Applicants
- Anticipated Announcement and Award Dates

FEDERAL AWARD ADMINISTRATION INFORMATION

- Federal Award Notices
- Administrative and National Policy Requirements
- Reporting

MBDA CONTACT INFO FOR Q&A

MBDA Q&A email:

mbdabusinesscenters@mbda.gov

Frequently Asked Question (FAQ's) can be found on the MBDA website at www.mbda.gov

AGENCY CONTACT

Joann J. Hill, Chief
MBDA Office of Business Development
Tel: 202.482.4826
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Nakita Chambers, Program Manager
MBDA Office of Business Development
Tel: 202.482.0065
Email: nchambers@mbda.gov

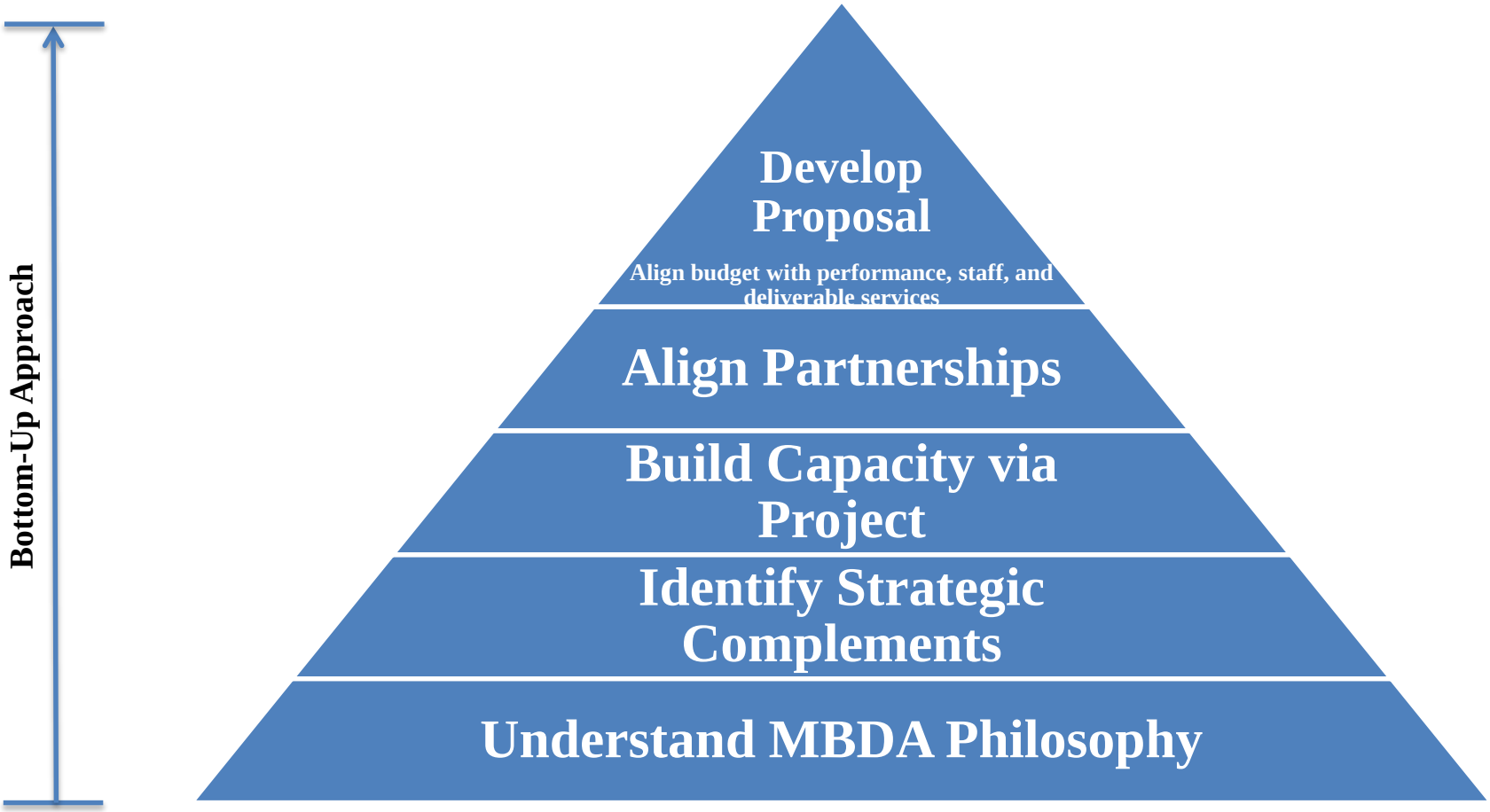
OTHER INFORMATION

- Post Award Conference
- Past Performance and Non-Compliance with Award Provisions
- Limitation of Liability
- Audit Costs
- Freedom of Information Act Disclosure

APPENDICES OVERVIEW

- Funding Availability
- Performance Goals
- Performance Measures and Points
- Definitions and Key Terms
- Information Technology and Computer Requirements
- Training Requirements and Definitions
- Application Checklist
- Representation by Corporations Regarding and Unpaid Delinquent Tax Liability or a Felony Conviction Under Federal Law
- Office and Space Requirements
- Work Requirements
- Trademark and Licensing Requirements

TIPS FOR COMPETITION



THANK YOU FOR YOUR PARTICIPATION & GOOD LUCK!

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Please adhere to operator instructions to ask questions.

Thank you