

EXHIBIT F-4: SMALL BUSINESS ENTERPRISE CONCESSIONS (SBEC) CONCESSIONAIRE INFORMATION

Exhibit F-4: Small Business Enterprise Concessions (SBEC) Concessionaire Information

Program Name _____

Program will be Owned by the Following Entities (only those proposing as joint venture):

Entity 1: _____ Ownership Percentage _____

Entity 2: _____ Ownership Percentage _____

Entity 3: _____ Ownership Percentage _____

Entity 1 Information:

Entity's principal place of business is in the city of _____

Entity's principal place of business is in the county of _____

Entity's majority stockholders, majority partners, majority owners, or franchisees reside or work in the city of _____

Owner 1: _____ Ownership Percentage _____

Owner 2: _____ Ownership Percentage _____

Owner 3: _____ Ownership Percentage _____

Entity 2 Information:

Entity's principal place of business is in the city of _____

Entity's principal place of business is in the county of _____

Entity's majority stockholders, majority partners, majority owners, or franchisees reside or work in the city of _____

Owner 1: _____ Ownership Percentage _____

Owner 2: _____ Ownership Percentage _____

Owner 3: _____ Ownership Percentage _____

Entity 3 Information:

Entity's principal place of business is in the city of _____

Entity's principal place of business is in the county of _____

Entity's majority stockholders, majority partners, majority owners, or franchisees reside or work in the city of _____

Owner 1: _____ Ownership Percentage _____

Owner 2: _____ Ownership Percentage _____

Owner 3: _____ Ownership Percentage _____

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**Are any of the entities currently certified by the North Central Texas Regional
Certification Agency as Small Business Enterprise Concession? Yes No**

If yes, please include copy(ies) of certificate(s).

Entity Name _____

What is the certification number? _____

Entity Name _____

What is the certification number? _____

Entity Name _____

What is the certification number? _____

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Information and Questionnaire

How to Determine SBEC Participation

In accordance with the objectives of the SBEC policy, procedures and contract provisions, joint ventures are intended to have a business structure set forth in a signed written agreement that clearly and specifically defines the participation of each party in the contribution of property, capital, efforts, skills, and knowledge.

An SBEC is to be responsible for a **distinct, clearly defined portion of the work of the contract. In this context, “distinct” means separate and distinguishable from the work of the other SBEC. “Clearly defined” means that there is no guesswork involved in determining the nature of the work assigned to each SBEC.** In order to be considered a distinct, clearly defined portion of the work, it is necessary to fully understand exactly what the work will entail, including an estimate of the time and resource requirements for each major task. For example, if the SBEC’s portion of the work is only described as “advise about” or “participate in” a portion of the work, the work would likely not be considered distinct or clearly defined because it is not clear what work the SBEC will accomplish. Much more detail would be necessary in order to determine the portion of the work to be attributed to the SBEC. Of course, the work of the contract also includes the role of the SBEC in the overall management of the business (e.g., as a participant on a management committee or some other governing board) as well as participation in the day-to-day management of the business.

The FAA has outlined the following areas for review when substantiating the level of SBEC participation on your proposed lease(s) with the DFW International Airport.

Capital contribution – The capital to be contributed by each party should be clearly specified in the joint venture agreement. The agreement should specify the initial capital contributions to be made by each party and how future capital contributions will be allocated. Each SBEC’s portion of the initial and future capital contributions should be equal to its ownership percentage. A subsequent section of this guidance will discuss issues relating to how the capital is contributed (i.e., cash contributions or financing provided by the non-SBEC joint venture participant).

Control – Each SBEC participant(s) in the joint venture should have control in proportion to their ownership interest and proportionate control of the governance of the joint venture.

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Each joint venture partner should assume full responsibility for executing each element of the work assigned to it. The agreement should provide for control by the SBEC of the activities for which it is responsible. This can be accomplished through direct control of their assigned role. In addition, there should be some major decisions requiring a unanimous vote to substantiate some level of control attributable to the SBEC (e.g., items related to expansion, borrowing, lending money, etc.).

Management –Each SBEC participant must share in the management of the joint venture. The agreement should address the issue of the overall management, or governance, of the business of the joint venture and the day-to-day management of the joint venture’s operation. Each SBEC participant should participate in the overall management, decision making, and day-to-day operations, including decisions on the hiring and firing of management personnel (and if appropriate non-management personnel) for the joint venture to be eligible for SBEC credit. This can be accomplished through a “Management Committee,” as described under “control,” though this is not the only acceptable mechanism. Under a management committee structure, the committee is responsible for managing and directing the business of the joint venture. Each participant is represented on the management committee and votes according to its ownership interest in the venture. Each participant on the management committee not only has a right, but an obligation to receive and consider the views of each SBEC participant. The agreement should specify the frequency of the management committee meetings, and formal agendas and meeting minutes should be prepared. In addition, the agreement should provide for the day-to-day management of the joint venture and specify the roles and responsibilities of each participant. The issue of day-to-day roles and responsibilities assigned to each SBEC participant is further discussed in Section 4.

Risks – Each of the SBEC participants in the joint venture must share in the risks of the business in proportion to their ownership interest. These risks include financial, legal, operational, etc. The agreement should include provisions for proportional sharing in profits as well as losses. However, a monthly distribution of actual profits or monthly payment of a management fee, as defined in the agreement, consistent with industry standards, is permissible.

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Profits – Each of the SBEC participants must also share in the profits and losses in proportion to the ownership interest. Accounting methods and the timing of distribution should be included in the agreement and reviewed for reasonableness by the airport. There should be no provisions in the agreement which have the effect of creating separate profit centers to siphon profits before each participant's share is calculated. For example, requirements to purchase goods and/or services from one of the participants that result in controlling profits remaining for distribution to the joint venture participants are not acceptable. However, purchasing goods and/or services from one of the participants may be acceptable if the terms are spelled out and the cost of the goods reflects the actual cost of the product plus any processing/handling costs and reasonable overhead expenses. Airports should carefully examine all accounting mechanisms to ensure that the distribution process is reasonable.

Annual Requirement - Concessionaire shall file with BDDD and Department of Concessions on the anniversary date of the SBEC's certification, a written affidavit, in a form acceptable to BDDD, stating any change(s) in the circumstances affecting the SBEC's ability to meet SBEC certification eligibility, including but not limited to size, ownership or control criteria of 49 C.F.R. Part 23, SBEC Policy, Procedures, and Contract Provisions, or any material changes in the information provided with the SBEC's application for certification.

Concessionaire shall also file with BDDD and Department of Concessions on an annual basis on or before January 1st, or as requested by the Vice President of Business Diversity or designee, a written affidavit, in a form acceptable to BDDD, stating any change(s) in the circumstances affecting the Concessionaire's SBEC participation. The written affidavit shall show Concessionaire's compliance with 49 C.F.R Part 23, SBEC Policy, Procedures, and Contract Provisions, and the FAA Joint Venture Guidance including but not limited to capital contribution, roles, responsibilities, control, percentage of equity ownership and address any material change(s) in the SBEC's participation in the operations authorized by the Lease and information provided in the Concessionaire's proposal regarding SBEC participation to the Board.

The following are a list of questions used in evaluating a new Joint Venture Agreement but are also helpful when evaluating a current agreement as well.

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Joint Venture Eligibility

SBEC Review Questionnaire (submittal should include both the questions with the corresponding answers):

1. Name of joint venture: _____

2. Name, address and phone number of joint venture contact person:

3. Firms participating in joint venture (use additional pages if necessary):

Name of firm: _____

Address: _____

Phone Number: _____

Contact name/phone number: _____

% ownership: _____

SBEC: yes no

Certifying agency: _____

Date of Certification: _____

Type of work for which certification was granted: _____

Name of firm: _____

Address: _____

Phone Number: _____

Contact name/phone number: _____

% ownership: _____

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SBEC: yes no

Certifying agency: _____

Date of Certification: _____

Type of work for which certification was granted: _____

CAPITAL

Is the SBEC capital investment financed by a non-SBEC? If so, how is it being repaid?

SBEC Entity 1 yes no
SBEC Entity 2 yes no
SBEC Entity 3 yes no

3. SBEC initial capital contribution:

SBEC Entity 1 \$ _____ and/or _____ %
SBEC Entity 2 \$ _____ and/or _____ %
SBEC Entity 3 \$ _____ and/or _____ %

5. Future capital contributions (explain requirements):

6. Source of funds for the SBEC capital contribution:

SBEC Entity 1 _____
SBEC Entity 2 _____
SBEC Entity 3 _____

CONTROL/ MANAGEMENT

What areas of the business are to be controlled by each SBEC? Each SBEC is expected to have distinctive areas of the business for which they have a majority "vote" and control. We need more information than terms and phrases such as "participate in", or "advise about" when used in describing the work of each SBEC, since the work and responsibility are not distinctive. Each SBEC is expected to participate in the day-to-day management of the business.

7. Describe the portion of the work or elements of the business that will be controlled by each SBEC:

8. Describe each SBEC's involvement in the overall management of the joint venture (e.g., participation on a management committee or managing board, voting rights, etc.).

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9. Describe the roles and responsibilities of each joint venture participant with **respect to managing** the joint venture (use additional sheets if necessary):

a. SBEC joint-venture participant:

SBEC Entity 1 _____
SBEC Entity 2 _____
SBEC Entity 3 _____

10. Describe the roles and responsibilities of each joint venture participant with respect to operation of the joint venture (use additional sheets if necessary):

a. SBEC joint-venture participant:

SBEC Entity 1 _____
SBEC Entity 2 _____
SBEC Entity 3 _____

11. Which firm will be responsible for accounting functions relative to the joint venture's business?

12. Explain what authority each party will have to commit or obligate the other to insurance and bonding companies, financing institutions, suppliers, subcontractors, and/or other parties?

13. Please provide information relating to the approximate number of management, administrative, support and non-management employees that will be required to operate the business and indicate whether they will be employees of the SBEC or joint venture.

	SBEC Firm 1	SBEC Firm 2	Joint Venture
Management	_____		
Administrative	_____		
Support	_____		
Hourly Employees	_____		

(Add additional section if more than two SBEC firms)

14. Please provide the name of the person who will be responsible for hiring employees for the joint venture. Who will they be employed by?

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15. Are any of the proposed joint venture employees currently employees of any other joint venture partners? yes no

If yes, please list the number and positions and indicate which firm currently employs the individual(s).

16. What will be the voting rights of the joint venture members?

RISKS AND PROFITS

17. Describe each SBEC's share in the profits of the joint venture:

18. Describe each SBEC's share in the risks of the joint venture:

19. Does either SBEC pay a service or management fee? If so,

- a. How is the service or management fee calculated?
- b. How often is the service or management fee paid?
- c. What are the services provided by the SBEC partner in return for the service or management fee?

OTHER

20. Attach a copy of the Joint Venture Agreement, Promissory Note or Loan Agreement (if applicable), and any and all written agreements between the joint venture partners.

21. List all other business relationships between the joint venture participants, including other Joint Venture Agreements in which the parties are jointly involved.

22. What is the SBEC participation commitment of your Lease Agreement with the DFW International Airport?

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