DBE/ACDBE Participation in Joint Ventures

The Metropolitan Washington Airports Authority

19th ANNUAL BUSINESS OPPORTUNITY SEMINAR

November 13, 2009

Presented by: ACC, Inc.
49 CFR Parts 26 and 23

- DOT Objectives
  - Remedy discrimination (past and present)
  - Ensure non-discrimination
  - Meet legal standards
  - Improve Program Administration
Even before the publication of 49 CFR Part 23 - “Participation by Minority Business Enterprise in Department of Transportation Programs” in March 1980, some airports had already implemented MBE/WBE programs.
By the late 1970’s and early 1980’s, some minority businesses had managed to enter the airport concession market through local minority business programs:

- The “Newark Experiment” provided opportunities for approximately a dozen stand-alone businesses
- A prime contract in Atlanta was awarded to a joint venture between a prime operator and a minority-owned business
- A subcontract to operate food/beverage facilities was awarded to a minority owned business at LAX
At about the same time (early 80’s), a significant number of contracts at the country’s busiest airports began to expire. By this time, airport management had a much better understanding of the value of the contracts. Most airports changed their method of solicitation from high $ bid to proposals. Other items, such as proposed concepts and design, capital investment, management and operating plan were considered when awarding airport concession contracts.

At this time, airport concessions in most U.S. airports were operated by either one prime concessionaire who operated all food/beverage and retail concessions or two prime concessionaires, one operating all food/beverage concessions and the other operating all retail concessions.
Also, in the 1980’s, airports began to implement the DOT MBE/WBE program in airport concessions. A pool of MBE/WBE operators, experienced in operating airport concessions did not exist in all geographic regions. Joint ventures were among the first types of arrangements to include DBE (then MBE/WBE) participation.
Why JVs?

Why were joint ventures popular vehicles for fulfilling MBE/WBE goals in the early years of the program?

- They were easy to implement
- They were cheap
- They were the least risky
  - Protection from failure
  - Protection from creating competition
  - Control of profits
As the airport concession business continued to grow in the U.S., airport opportunities began to look interesting to developers. In Europe, developers were already in the business of developing retail and food/beverage complexes in airports.

In 1992, concessions were awarded to BAA to develop their “AirMall” concept. While this was not the first developer to be awarded an airport concession management contract, the scope of their plan was unlike anything ever undertaken in a U.S. airport. They sought to transform airport concessions into retail shopping malls with name-brand retailers.

A side effect of this development was the creation of numerous small business opportunities with reduced entry barriers.
The entry of developers put added pressure on airport prime concessionaires to bring in more name brand concepts in order to remain competitive. This has led to an increase in opportunities for franchises and stand-alone operations which are more accessible to small business operators.
Today, airport concessions are operated in numerous configurations, for example:

- LAX concessions are primarily operated by 4 prime operators: two for food/beverage, one for retail, and one for duty free retail. However, the program builds in some stand-alone opportunities operated by both DBE and non-DBE operators, including 2 franchised fast food locations.

- BOS concessions are managed by two developers: one for Terminals B and E, and; one for Terminals A and C.

- DEN concessions are operated by individual stand-alone concessionaires who contract directly with the airport.
ACDBE Participation

- ACDBE participation is usually accomplished either through:
  - Direct Leases
  - Subcontracts
  - Joint Ventures
Some airports structure their concession programs to provide for a number of smaller concession opportunities for which small businesses can compete. While ACDBE set-asides are not permitted under the regulation, this structure usually results in some level of ACDBE participation (e.g. DEN, JWA, LAS, LAX).
Subleases

- Frequently, airports contract with a developer or prime operator who sublease selected locations to ACDBE operators.
Joint Ventures

- Sometimes, concessionaires or developers sublease operations to joint ventures comprised of a non-ACDBE and one or more ACDBEs.
JVs v. Subleases/Direct Contracts – Operator’s Perspective

Some operators favor JVs over subleasing for the same reasons that JVs were initially popular:

- They are easier to implement
- They allow operators to maximize profits through leveraging fixed costs (they are cheap)
- They are the least risky
  - Protection from failure
  - Protection from creating competition
  - Control of profits
Joint ventures v. other forms of participation – Airport perspective

+ Fewer operators
- More difficult to determine the appropriate ACDBE credit to be counted
- More difficult to monitor
- Joint ventures have resulted in more incidences of fraud than other types of arrangements
What is the purpose of the JV Guidance?

Is it to:

1) Make everyone’s lives miserable?
2) Throw more complications into an already complicated program?
3) Create more work for everyone?
4) Create a job for a consultant?
5) Cause tomatoes to be thrown at presenters at conferences?
The Joint Venture Guidance, issued in July 2007, seeks to assist Airports, ACDBEs, and Concessionaires in developing joint ventures that comply with DOT regulations.
Elite Group Reaped Profit of $7.3 Million at Airport

“A Los Angeles Department Program to help minorities and women develop business skills has instead helped a small group with political connections to reap $7.3 million in profits for little or no work…”
Elite Group Reaped Profit of $7.3 Million at Airport

“The 18 minority and female partners have made an estimated profit of $7.3 million since 1986 after investing virtually no money of their own and performing little or no work, the report concluded.”
Introduction

“The OIG’s review of the XXX agreement and associated documents found that four (4) DBE joint venture partners have been allocated over $14 million in revenues by XXXJV since 1995 but have not performed any actual work, or provided any actual services as outlined in the XXXX agreement.”
Conclusions

“In essence, the DBE joint venture partners have been allocated substantial amounts of revenue from a lucrative County contract in return for their firms being presented as “Disadvantaged Business Enterprises” by XXXJV on the Duty Free Agreement rather than actually performing work, or providing services...
MIA probe splits police, feds

“pledged to give 35 percent of the work to two minority-owned companies. Prosecutors and investigators are attempting to prove the minority partners’ prime role was to just collect cash and curry political favor...”

“Authorities suspect the minority-owned companies did little, if any, work for at least several years, undermining the intent of the program.”
Airport Connections

“[ACDBE] owns shares of two contracts, one to run six bars and another to operate six newsstands, though her firms have no employees, and she has had little role in the day-to-day operations.”

“[ACDBE] was convicted May 9 of lying twice to FBI agents and has been sentenced to 5½ months in prison and fined $100,000. But she still collects a share of the proceeds from an airport bar and from some of its vending machines...”
Airport Connections

“These and other airport deals were part of a federal program that is supposed to make sure disadvantaged business owners – minorities, women, disabled – get a fair share of airport contracts. But in practice, here and in airports across the country, the program has become a vehicle to steer business to well-off people with political sway. Once in place, these minority investors have done little besides lend their names and money, despite federal rules requiring them to do actual work, records and interviews show.”
Minority Business at BWI Assessed; Tenant Complaints Prompt Md. Audit of Concessions Firm

“But revenue from the business was not counted toward minority goals because the joint venture XXXX formed with XXXXX was rejected by airport officials seven times over two years.”
Keep your company and your airport’s ACDBE program off the front page.
MWAA - 19th Annual Business Opportunity Seminar

Joint Venture Guidance for ACDBEs

Presented to: Pre-Seminar Workshop
By: Wilbur Barham, Director, FAA Office of Civil Rights
Date: November 13, 2009
Introduction & Structure

• This presentation is based on the ACDBE JV guidance approved by DOT and issued by FAA on July 17, 2008.

• The ACDBE JV guidance sets forth USDOT’s interpretation of its existing legal authorities and recommendations for carrying out the ACDBE program.

• Structure: Main document & 3 attachments.
Purpose/Necessity of this JV Guidance?

• To provide information and direction on the structure, implementation, and counting of JV arrangements in the ACDBE program.

• Airports, ACDBEs, consultants and other stakeholders are obligated to develop, approve, monitor, and count ACDBE participation.
What does Part 23 say about JVs as an option?

- Businesses must make good faith efforts to explore all available options to meet goals, including joint ventures and franchises.
- Sometimes a JV scenario may be difficult to implement, while other times, it may represent the best opportunity for implementing a workable arrangement.
- The initial determination by the airport as to the best form of business structure may reduce difficulties in counting ACDBE participation.
What is a joint venture?

- An association of an ACDBE firm and one or more other firms
- to carry out a single, for-profit business enterprise
- for which the parties combine their property, capital, efforts, skills and knowledge
- and in which the ACDBE is responsible for a distinct, clearly defined portion of the work of the contract
- and whose shares in the capital contribution, control, management, risks, and profits of the JV are commensurate with its ownership interest
Components of a JV agreement?

- Important components that should be included in the JV agreement are:
  - Identification of the participants
  - Identification of the business enterprise
  - Term of the agreement
  - Capital contributions
  - Accounting methods
  - Management of the business
  - Administrative matters
  - Dissolution
More than one contract or business location at an airport?

• A JV may have more than one contract with a given airport or more than one business location at the airport.

• The specifics of the participation in each contract should be clearly stated in the JV agreement.
Combine their property, capital, efforts, skills and knowledge?

- Each party in a JV should bring real and substantial value to the joint venture enterprise
- The parties should contribute:
  - capital commensurate with their ownership interest,
  - knowledge and skills relative to the portion of the JV’s business for which they are responsible, and
  - efforts whose value is objectively apparent and verified by the airport.
What is “a distinct, clearly defined portion of the work of the contract”?

- “Distinct” means separate and distinguishable

- “Clearly defined” means no guesswork regarding the nature of the ACDBE’s work

- Should include an estimate of the time and resource requirements for each major task
Commensurate?


  – The ACDBE’s participation in each of these five areas should be proportionate to the claimed ownership.
Factors in reviewing participation

- **Capital contribution** – Should be proportional and clearly specified in the JV agreement
- **Control** – Each JV partner should assume full responsibility for executing each element of the work assigned to it.
- **Management** – The ACDBE participant must share in the overall & day-to-day management of the JV.
- **Risks** – Each must share in the risks in proportion to their ownership interest.
- **Profits** – Each must also share in the profits in proportion to the ownership interest.
Loans of capital from the non-ACDBE JV participant allowed if:

- Terms comparable to market conditions
- Evidenced by a promissory note
- Note secured by assets outside of the JV
- ACDBE invests at least 10%–20% of its own resources or through a third-party
- The term is no longer than the term of the JV contract
How to divide profits and losses?

• Proportional to interests in JV.

• No distribution of money without regard to profitability.

• No forgiveness of debt.
Are service and management fees acceptable?

- Yes, subject to some restrictions.

- The JV agreement should state that payment of management fees are dependent upon a participant’s contribution to the “indirect” management of the operation.

- The fees charged should represent a recovery of costs and not profit to the non-ACDBE.
Purchase of inventory, supplies, services, etc. from the non-ACDBE?

• The agreement can allow that the ACDBE participant or JV purchase inventory, supplies, or services from the non-ACDBE participant.

• The charges for the provision of such products and services should represent a pass-through of costs and should not be used as a method of draining profits.
How can the value of the ACDBE role be determined?

• Compare to typical business practices.
• Performance at its other operations.
• Develop a chart of tasks.
• The value of specific tasks may vary from operation to operation.
• Would a reasonable person conclude that the roles of each party justify the claimed ACDBE participation credit.
What does “performs with its own forces” mean?

- Employed directly by the ACDBE.

- Employees of the JV entity or a non-ACDBE participant in the JV but only if the ACDBE has the power to control those employees.

- Higher burden of proof.

- Need to show actual control
What if the level of participation by the ACDBE changes?

• If participation is less, count at less.

• If participation is more, count at originally approved level.

• If participation expected to continue at modified level, should amend JV agreement accordingly.
What monitoring should the ACDBE expect from the airport?

- The airport’s formal monitoring program should include:
  - Verification of certification eligibility
  - Review managing entity’s meeting minutes/reports
  - On-site visits to the operation
  - Periodic interviews with the JV participants, managers, and employees
  - Review of other documentation
What is included in the airport’s agreement with the JV?

- Periodic submission of reports and other forms of communications between the non-ACDBE participant and the ACDBE participant.

- Sanctions for failing to operate in accordance with the JV agreement.
What annual updates and changes are required?

• There are no annual updates required for JV agreements.

• Of course, must still submit no change affidavit regarding certification eligibility.

• Similarly, proposed material changes in the JV agreement should be submitted to the airport.
Can a JV be certified as an ACDBE?

• No. Joint venture entities are not certified as ACDBEs.

• In order to count towards ACDBE participation, one or more of the joint venture participants must be a certified ACDBE.
Does the ACDBE participant have to be certified in a specific type of work?

• Yes. ACDBE firms must be certified in the type of work to be undertaken by the JV.

• Certified firms may request that a trade be added to their certification.
Dissolution if ACDBE becomes ineligible?

- Since Part 23 allows counting when you remove a concessionaire's eligibility because of size or PNW, JV agreements should not permit the dissolution of the JV agreement in this event.

- However, if the ACDBE is decertified for reasons such as the sale of the majority interest in the company or fraud, it is reasonable to allow a provision for dissolution or the buyout of the ACDBE participant.
FAA’s External Civil Rights Website

• The ACDBE JV Guidance is posted on FAA’s Office of Civil Rights website at:

http://www.faa.gov/about/office_org/headquarters_offices/acr/bus_ent_program/dbe_program_adm/media/JVGuideFinal508.doc
Questions
The End – Thank You!!
DBE/ACDBE
JV Agreements

ACC, Inc. November 13, 2009
 JV Legal Structure

- Joint ventures can be structured as any type of legal entity:
  - Partnership
  - Corporation
  - Limited liability company
  - Other legal structure

- Parties must be firms, not individuals
Most joint ventures follow a fairly standard format that includes:
- Identification of the participants and ownership share
- Identification of the business to be undertaken by the JV
- Term of the JV agreement
- Capital to be contributed by each party
- Accounting methods and distribution of profits/losses
- Management of the JV’s business
- Administrative matters
- Dissolution
Sometimes the agreement can be long and intimidating. Be sure to read every word, have a lawyer review it, understand each parties rights and obligations.
Part I – General Information

- Recitals
  - The “whereases” provide background information and reason for entering into the agreement
- Formation and Purpose/Scope of the JV
  - Establishes that the JV is being formed
  - Defines the purpose and scope of the JV’s business
- Name and Principal Offices
  - Identifies the name of the joint venture entity
  - Identifies location of the JV principal offices – where books and records are kept and management resides
- **Contracts and Property**
  - Establishes rules regarding contracts entered into by the JV (e.g. who can sign, name on contracts shall be JV, etc.)
  - Establishes name in which JV property is held
- **Books and Records**
  - Establishes location and access for books and records
- **Term**
  - Establishes term of the JV
Ownership Interests

- Establishes each party's ownership interest in the JV

Scope of Joint Venturer’s Authority

- Establishes rules regarding the authority of the parties to do act on behalf of the JV, including borrowing money, incurring obligations, etc.
Part II - Management

- Overall Management
- Management Committee
  - # of members, # of representatives appointed by each party
  - Responsibilities/authority
  - Frequency of meeting
  - Voting
    - Quorum
    - Major Decisions
    - Unanimous consent items
- JV Manager
- Roles and responsibilities of each party
Part III – Capital Contributions

- Initial and future capital contributions should be addressed
  - Proportionate to ownership interest
  - Source of funds
    - Cannot obtain a loan from the non-ACDBE partner for 100%
    - Loans from the non-ACDBE partner must meet requirements
Part IV – Other Sections

- Default
  - What constitutes default
  - Rights upon default
- Distribution of Profits
  - Method of calculation
  - Timing of distribution
Representations and covenants
  – ACDBE certification

Miscellaneous
  – Entire agreement
  – Notices
  – Etc.
Examples

Specific Sections of a Sample JV Agreement
Ownership

- **Ownership Interests in Joint Venture.** The interests of the Joint Venturers in this Joint Venture, in all assets thereof and in any profits and losses or liabilities thereof, shall be as follows:
  - Non-ACDBE 70%
  - ACDBE 30%
Capital Contributions

- Capital Contributions.

The Joint Venturers shall make the necessary, initial and ongoing contributions to the capital of the Joint Venture in proportion to their respective ownership interests in the Joint Venture.

Initial capital contributions to be made by each party are set forth in Schedule X hereto.
In the event that ACDBE is unable to fund its future capital obligations, ACDBE may borrow up to 90% of the required sums from Non-ACDBE. Any such loan shall be evidenced by a loan and security agreement and by a promissory note.
Absent a default under the promissory notes or loan and security agreements nothing in this Agreement, the promissory notes or loan and security agreements referred to in this Section shall not be construed to restrict ACDBE’s ability to control its business or independently perform its designated role in the Joint Venture.
Management

- **Overall Management.** The management and control of the Joint Venture shall be vested in the Management Committee. None of the following actions shall be taken by the Joint Venture unless approved by the affirmative vote of all of the Management Committee members:
  1. Dissolution of the Joint Venture;
  2. Borrowing or lending funds outside the ordinary course of the Joint Venture business;
  3. Guaranty of the debt of another individual or entity;
  4. Entering into any agreement outside the scope of the purpose of the Joint Venture;
  5. Execution and delivery of the Concession Agreement and any amendment or supplement thereto.
Management Committee

The affairs and property of the Joint Venture shall be managed, controlled and directed by a management committee consisting of three members (the “Management Committee”).

Two members of the Management Committee shall be appointed by Non-ACDBE and one member shall be appointed by ACDBE. The Management Committee shall hold a meeting to discuss the affairs of the Joint Venture at least once per calendar quarter.

The Joint Venture shall prepare and maintain formal agendas and minutes of the meetings of the Management Committee. Each Joint Venturer shall be represented at each of the quarterly meetings.
The Management Committee shall maintain books and records that accurately reflect the financial condition of the Joint Venture. Such books and records shall be prepared using generally accepted accounting principles. Distribution of earnings shall be made quarterly....
Loss of ACDBE Certification

ACDBE covenants that during the term of this Agreement it will maintain its certification as an ACDBE and that it shall promptly notify non-ACDBE of any material change to its ACDBE certifications.
Red Flag Items

- Management Fees
  - Should represent a recovery of costs
  - Should not be used as a “guaranteed draw”
- Requirements to purchase goods or services from one of the partners
  - Requirements that result in controlling profits remaining for distribution are not acceptable
- “Guaranteed draws”
  - Parties should not be entitled to a distribution of money regardless of the profitability of the joint venture
- Forgiveness of debt
  - Not permitted under the guidance
Roles and Responsibilities of the Partners - Example

The DBE shall be responsible for the following management and administrative functions of the Joint Venture:
- Assist with developing the annual budget of the Joint Venture
- Participate in building sales at the stores
- Participate in evaluating store operations
- Assist in managing inventory levels
- Recruit personnel
- Supervise employee training
- Develop and implement marketing plans and promotional events
- Identify local minority and women vendors
Reviewing your role

- Carefully read each listed responsibility
- Restate it in clear terms that are meaningful to you
- Ask yourself how you will perform that function
- Identify vague descriptions
- Identify issues or roles/terms that need clarification
Ask questions or request clarifications

- You should understand:
  - Who will provide the staff to be involved in each task
  - How many hours are anticipated for each task
  - How much control you will have over the task and personnel and how that control will be exercised.
“Assist with” or “Participate in”

- These are red flag phrases -- get clear descriptions of your roles and responsibilities and include them in the agreement.
A role in the operations

Responsibilities of ACDBE

In addition to its participation in the overall management of the joint venture through the Management Committee, ACDBE shall be responsible for the day-to-day operation of location X, which is projected to 25% of the Joint Venture’s total gross revenues.
Is easier, but...

- Make sure that the description of the role is
- Get a clear definition for the phrase “responsible for”
Samples

- Attachment 2 to the ACDBE JV guidance addresses more specifically how to analyze the portion of work assigned to the ACDBE.

- The following 3 examples are not intended as a comprehensive guide, but rather to indicate a potential thought process for analyzing participation.
Example 1

- The ACDBE ownership of a retail JV is stated as 20%.
- The ACDBE shares 20% in the capital contribution, control, overall management, risks, and profits of the JV.
- The ACDBE assigned role in the business includes “participation in” and “assistance with” various activities which routinely occur in the day-to-day operations.
- These roles should not be valued since the extent of this participation is unknown and is neither distinct nor clearly-defined.
## Example 1 - continued

<table>
<thead>
<tr>
<th>Operations (1/3 of the business effort)</th>
<th>Product (1/3 of the business effort)</th>
<th>Administration/Corp Support (1/3 of the business effort)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resources</td>
<td>Purchasing</td>
<td>Accounting/Payroll/ Taxes</td>
</tr>
<tr>
<td>Loss Prevention</td>
<td>Inventory Management</td>
<td>Legal Services</td>
</tr>
<tr>
<td>Safety/Security</td>
<td>Pricing</td>
<td>Business Development/Landlord Relations</td>
</tr>
<tr>
<td>Cash Management</td>
<td>Décor/Display</td>
<td>Human Resources/Training Programs</td>
</tr>
<tr>
<td>Day-to-Day Landlord Relations</td>
<td>Product Assortment/Menu Development</td>
<td>Policies/Procedures</td>
</tr>
<tr>
<td>Maintenance/Cleaning</td>
<td>Negotiation of Special Programs, Rebates, Display Allowances, etc.</td>
<td>Other Corporate Support</td>
</tr>
<tr>
<td>Budgeting/Monitoring Performance</td>
<td>Budgeting/Monitoring Performance</td>
<td>Budgeting/Monitoring Performance</td>
</tr>
</tbody>
</table>
Example 1 - continued

- Now, let us assume that the ACDBE partner is also assigned the role of finding DBE vendors to be utilized by the business and recruiting minority employees.

- These roles are activities included under broader categories - Human Resources (HR) and Purchasing. HR is only one task within the “Operations” category and purchasing is only one task within the “Product” category. In addition, it is difficult, if not impossible, to quantify the value of these tasks in terms of their impact on gross receipts.

- An airport would not have sufficient data to approve the JV for counting because the portion of the work to be performed by the ACDBE is very difficult to quantify. The airport should, in this case, request that the JV participants clarify the role of the ACDBE.
Example 1 - continued

- Conversely, assume that all other factors are the same as described above, except that the ACDBE independently performs all functions in the “Operations” category.

- In this case, it could reasonably be determined that the ACDBE performs at least 33% of the work for its 20% ownership share. However, the participation would be counted at 20%, not a greater percentage which might be indicated by the portion of the work performed by the ACDBE.
Example 2

- A JV between a non-ACDBE and an ACDBE operates a news/gift concession at an airport.
  - The ACDBE is reported to have a 15% share in the ownership of the JV.
  - The ACDBE has contributed capital from its own funds.
  - The ACDBE participates on a management committee and there are a number of business decisions requiring unanimous consent.
  - The ACDBE’s share of the profits and risks of the joint venture are proportionate to its stated ownership interest.
  - There are management fees paid to the non-ACDBE partner, however, they are calculated as a reimbursement of costs.

- The JV agreement appears to comply with the regulation and this guidance.
The ACDBE is assigned the following activities:
- Supervise the Manager in developing the annual budget
- Evaluate day-to-day operations and make recommendations
- Sourcing and recruitment of personnel
- Supervise employee training and development
- Develop marketing and promotional concepts
- Assist and advise regarding the needs of the local community
- Identify potential DBE vendors
- Monitor store compliance with other income programs

It is not possible to ascertain exactly what portion of the work will be performed by the ACDBE.
Example 2 - continued

■ In order to assign any credit, additional information is needed as follows:
  – Budget – control of ACDBE?
  – Evaluation – what happens to recommendations?
  – Recruitment – responsible for hiring?
  – Training – level of effort?
  – Marketing – solely responsible?
  – Community – what does “assist” mean?
  – DBE Vendors – are these vendors used?
  – Compliance – how is this accomplished?

■ Before any credit is assigned, such questions need to be answered and issues to be resolved.
Example 3 -

- A JV between a non-ACDBE and an ACDBE operates a food/beverage concession consisting of 8 locations.

- The ACDBE has a 35% share in the ownership of the JV.

- The ACDBE has contributed capital obtained through a combination of its own funds (15%) and a loan from the non-ACDBE (85%). A loan agreement has not been supplied.

- The ACDBE participates on a management committee and certain business decisions require unanimous consent.

- The ACDBE shares in the profits and risks of the JV.

- There are no management fees paid to either party.
The following is the description of the ACDBE role in the operation of the business as supplied in the JV agreement:

- primary responsibility for the operation of gourmet coffee locations in Terminals 1, 2 and 3
- employ staff to manage and operate said locations in accordance with the lease agreement and direction provided by the Management Committee
- attend and participate in weekly manager’s meetings
- attend and participate in monthly meetings of the Management Committee
Example 3 - continued

- The airport should request the following information:
  - A copy of the proposed loan agreement
  - A clear explanation of what “primary responsibility” actually means
  - An estimate of gross receipts to be earned by the ACDBE operated locations compared to total gross receipts

- The fact that the ACDBE firm will be assigned specific units to operate will provide a more objective basis for establishing credit.
JVs can provide an opportunity, but the participants must...

- Insist on a clear agreement
- Insist on having a real and meaningful role
- Make sure you understand how the JV will operate
- Be prepared for the JV to be monitored on a continuing basis throughout the term
Questions?