

ADVANTAGES TO JOINT VENTURE: MINORITY BUSINESS ENTERPRISE (MBE)

Presented by the
Ohio Department of Administrative Services
Equal Opportunity Division (EOD)



#ohiobizcareerexpo2018

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 **OHIO DEPARTMENT OF
TRANSPORTATION**
DIVISION OF OPPORTUNITY, DIVERSITY, AND INCLUSION



What is a Joint Venture

- A “joint venture” (JV) is a business arrangement between two or more business entities to pool their resources to accomplish a specific task
- In a JV, the task can be any common purpose, project, or business activity that the participants intend to carry out, and the participants are jointly and in proportion to their interest in the JV responsible for costs, profits, and losses



JVs Seeking MBE Certification Must Be...

- “owned and controlled” by United States citizens and residents of Ohio,
- members of a qualifying economically disadvantaged groups



The economically disadvantaged participants that have the majority interest in the JV

- must be currently certified into the MBE program;
- must have ultimate control over the management – final, decisive, and authoritative; and
- have an interest in the capital, assets, profits, and losses of the JV proportionate to their percentage of control



MBE-certified business demonstrates control if, *at a minimum*

- The MBE-certified participant has the responsibility for negotiating the price for the project or contract the JV is to perform;
- The MBE-certified participant is the managing venturer, and an employee of the MBE-certified participant is the project manager responsible for performance of the project or contract
- The MBE-certified participant has responsibility for accounting and other administrative records relating to the JV, which will be kept in the MBE's office



MBE-certified business demonstrates control if, *at a minimum* (cont.)

- The MBE-certified participant will retain final original records for the JV upon completion of the project or contract;
- The MBE-certified business must perform some of the work, which cannot be merely administrative or ministerial



JV Agreement – Overview

- Details the participant's contributions, rights and obligations
- JV objectives
- Day-to-day operations
- Rights to the profits and responsibility for losses



JV Agreement must contain

- Name of project and number of contract
- Location of project or contract
- Bid date of project or contract
- Type of project (e.g., highway, building construction, goods and services, *etc.*)
- **Description of job to be performed by MBE-certified participant**
- **Description of job to be performed by non-certified participant(s)**



JV Agreement must contain (cont.)

- Percentage of the project to be subcontracted (if any) and actual work being done by the subcontractor, or goods and service to be performed or bought
- Approximate date the contract will start if successful bidder and approximate completion date
- Type of equipment to be used on project, or goods and services to be supplied or performed for contract



JV Agreement must contain (cont.)

- Work composition of both companies
- Equipment used that is owned or leased by MBE-certified participant
- Equipment to be used that is owned or leased by the non-certified participant
- Equipment that is to be leased by JV (if any)
- Name of company from which JV will lease equipment
- Amount of contribution by each participant to the JV



Any change that affects the joint venture as originally approved by the equal employment opportunity coordinator makes the agreement voidable. The equal employment opportunity coordinator must be notified within three business days of that change for new approval.



Process

- Develop Joint Venture Agreement
- Submit a Unified application and supporting documents
- Agreement and application reviewed and decision executed



Contact us

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