



District Director's Corner

We are happy to report that the St. Louis district office had the distinct pleasure of hosting the SBA administrator, Steven C. Preston, on a November 14th visit to St. Louis. Mr. Preston was in town to be the U.S. Army Corps of Engineers (USACE) Small Business Conference keynote speaker. This was USACE's 10th Annual Small Business Conference and the first time it was held outside of Washington, D.C. While here, Mr. Preston met with the district office staff where he briefed them on SBA initiatives involving training, communication, and agency goals. He made note of questions, issues and concerns raised by the staff.

Mr. Preston next visited TechGuard Security, LLC, a small business in the St. Louis Enterprise Center in Chesterfield, Mo. Suzanne Magee Joyce, president and chief executive officer, and Andrea Johnson, chief operating officer, were the St. Louis district office 2006 Small Business Team of the Year. TechGuard Security creates proactive countermeasures to malicious network attacks through deployment of a neutral net firewall using their patented artificial intelligence technology in conjunction with industry leading services. He also met with other small business owners and employees during a reception in the Enterprise Center.

He then visited the Center for Emerging Technologies (CET) in St. Louis, Mo. CET is an incubator/accelerator facility that provides wet labs, specialized health and life science spaces, shared business and research facilities, and equipment to biomedical and other advanced technology companies from inception to high growth stage. They had their first IPO in August 2004. Bill Simon, vice president and chief operating officer of CET, briefed Mr. Preston.

Mr. Preston chose the USACE Small Business Conference in St. Louis to announce major changes to the SBA size standards program, particularly how

Continued on Page 2

SBA Improves Federal Contracting Opportunities for Small Business

New Regulations, Agency Scorecards add Transparency and Accountability

The SBA has put into place several measures to help small businesses secure more federal government contracts. The centerpiece of SBA's efforts is a new regulation requiring small businesses to recertify their size status on long-term contracts when a contract option is exercised, when a small business is purchased by or merged with another business or at the end of the first five years of a contract. This regulation was developed in coordination with the Office of Management and Budget's Office of Federal Procurement Policy.

Historically, size status has been determined at the time of the initial offer on the contract and is retained over the life of the contract. However, federal agencies are increasingly using long-term contracts that with the exercise of contract options can extend to 20 years. The new regulation does not require termination of contracts if size status changes, nor does it require changes to contract terms and conditions.

SBA and OFPP developed a Small Business Procurement Scorecard for 24 federal agencies. The scorecard, which is modeled after the President's Management Agenda, will help more aggressively track and monitor the status of each agency's small business goal achievement.

SBA will hire additional procurement personnel to help identify government contracting opportunities for small businesses and will work with the administration's Integrated Acquisition Environment initiative to more effectively cover the federal buying activities.

The recertification regulation is available at the Federal Register's web site at: <http://www.archives.gov/federal-register/the-federal-register/indexes.html>.

Inside This Issue

Size Recertification Q&A's	2
(Q&A's Continued)	3
Spotlight on the Field	4
Small Business Week (Save the Date)	5
Women's Economic Development Outreach Tour (WEDO)	5
Top Lenders in Fiscal Year 2007	5
Community Express Loan Workshop	5

and when size certifications will be completed. We have several articles on these changes in this issue of the Gateway e-Gazette. We hope that you find this information helpful and if you have questions, please feel free to call our office.

Dennis Melton



From left to right: Denny Coleman, president and CEO, St. Louis County Economic Council; Dennis Melton, district director, SBA St. Louis; Andrea Johnson, chief operating officer, TechGuard Security; Seven Preston, administrator, SBA; Suzanne Magee Joyce, president and CEO, TechGuard Security; Jan DeYoung, executive director, St. Louis County Economic Council; Sam Jones, Region VII administrator, SBA

Gateway e-Gazette

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We welcome your questions or comments. Please contact any of us at the e-mail addresses listed above.

Size Recertification Regulation for Long-Term Contracts Questions & Answers

Q: When is small business size status usually determined for a contract?

A: Historically, small business size status has been determined on the date firms submit their initial priced offers against solicitations for federal contracts. In the past, characterization of firms as "small" lasted for the duration of contracts. The U.S. Small Business Administration (SBA) is issuing a new regulation addressing longer-term contracts (i.e., contracts of more than five year's duration) that continues initial size certification for a maximum of five years, and provides for subsequent "recertification" periodically thereafter.

Q: Why is SBA issuing this size recertification regulation?

A: The SBA is issuing a size recertification regulation to better ensure that federal agencies receive credit for making contract awards to small businesses on long-term contracts **only so long as the firms that receive such contracts remain, in fact, "small."** This will make federal contract reporting more accurate. More importantly, it will increase the opportunities for small businesses.

Q: How will the size recertification regulation increase federal contract awards to small businesses?

A: Each year, by law, SBA establishes goals for each federal agency to award a percentage of its contracts to small businesses. Contracts generally span a number of years, including "base" and "option" periods. Before this new regulation, if an option was executed on a contract that was originally awarded to a small firm, and the firm subsequently grew to be other than small, the agency would still receive credit for contracting with a small business. Under this regulation, once a firm outgrows the small business size standard that applies to the contract, the contracting agency will no longer receive credit for the contract. This will encourage agencies to work harder to make opportunities available to small businesses, in order to achieve their small business contracting goals.

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Continued on Page 3

Size Recertification Questions and Answers

continued from Page 2

Q: How will the size recertification regulation work?

A: The new regulation requires several things. For ***all contracts, regardless of their duration***, small businesses must recertify their size status if they are merged, are acquired by, or acquire other business, or if a contract is novated.

For long-term contracts (over five years' duration) small businesses must recertify their size status at the end of the first five years of the contract, and before execution of every contract option after that. Also, orders against contracts must contain the small business size classification that appears in the contract, and the contractor must meet the small business size standard in order for the agency to receive small business credit.

When small businesses can no longer certify their small business size status, regardless of contract length, agencies can no longer count awards toward small business goals. When size status changes occur, agencies and contractors must revise records in all applicable federal contract databases.

Q: Does the size recertification regulation affect contract terms?

A: The effects of the new regulation fall primarily upon federal agencies, preventing them from receiving credit for awards to small businesses, if the contract recipients are no longer small. The regulation does not affect the terms and conditions of contracts.

Q: Does the size recertification regulation require termination of contracts to firms that are no longer small?

A: No, the regulation does not require termination of existing contract with firms that can no longer certify that they are small. However, in these cases, contracting agencies can no longer claim small business credit for awards under contracts with such firms.

Q: Why is the effective date of the recertification regulation June 30, 2007?

A: The new regulation provides for an implementation period. This time is necessary to allow the government to modify the official contract award database, the federal Procurement Data System-Next Generation (FPDS-NG), to capture changes in small business size status. It will also permit contracting agencies to modify "back office" contract writing and reporting systems that feed FPDS-NG. Finally, it will allow the government time to revise the Federal Acquisition Regulations (FAR).

Q: Why is recertification required every five years, and not at some other shorter interval?

A: Based on the analysis of comments received, five years was a reasonable period of time taking into consideration the operational issues and costs for small businesses and meeting the needs of the agencies to fulfill their missions. For example, many requests for proposals involve a small business incurring large expenses to respond.

The five-year recertification requirement for long-term contracts parallels the small business size certification cycle for short-term contracts. That is, short-term contracts are typically of five years' duration – a one-year base year and four one-year options. Firms certify small business status at the time of bid submission, and recertify such status during the ensuing five-year period only if their size status changes because they are merged; are acquired by or acquire other businesses; or if contracts are novated.

Long-term contracts are of more than five years' duration, and under the new regulation, firms will certify small business size status at time of bid submission, and will recertify at the end of the first five years of the contract, at any time that options are executed thereafter, and at any time their size status changes because they are merged; are acquired by or acquire other businesses; or if contracts are novated.

Q: What happens if a small business is awarded a contract and in the same fiscal year it is merged, acquired by or acquires another business, or if the contract is novated and the business becomes other than small?

A: The business would be considered small for that year but for any other action involving that contract or a new contract, the business would be considered other than small.

If you would like to subscribe to receive this quarterly e-newsletter and other periodic information, please go to <http://web.sba.gov/list/> and click on the box in front of Eastern Missouri Newsletter, submit your name and e-mail address, and click Submit.



Spotlight on the Field

News from Northeast Missouri

On Tuesday, December 5, 2006, John Blum, senior international trade specialist with the United States Export Assistance Center (USEAC) in Clayton, and Mindy Murray, with Rural Missouri, Inc. in Jefferson City, spoke at the Ag Lenders' Seminar at the Quality Inn and Suites in Hannibal about loan programs, credit insurance and management assistance available to banks that finance the export of American-made goods and services to foreign markets. Bob Newman, SBA senior area manager for northeast Missouri was on hand to talk about free business planning assistance available to entrepreneurs when they start or expand a business and how rural businesses may gain an advantage in government contracting.

Speakers included SBA employees, SCORE Association volunteers, Small Business Development Center representatives and loan officers with certified development companies, as well as other SBA resource partners.

The SBA welcomes the opportunity to speak before civic and community organization throughout eastern Missouri. Please call SBA to obtain a speaker for an upcoming event. Let us know the size of your group and the topic to be addressed. Call Bob Newman at (314) 539-6600, extension 262, to schedule a speaker.



John Blum, US Export Assistance Center, SBA



Mindy Murray, Rural Missouri, Inc.

News from Southeast Missouri

The Cape Girardeau office has been very busy this fall participating in the Women Aware Women's Conference held in Poplar Bluff, the 3rd Annual Women's Conference held in Sikeston, the Mission Missouri Career Fair in Sikeston, the Southeast Missouri Economic Development Alliance Annual Fall Conference in Portageville, and the Tri-State Marketing and Advertising Small Business and Marketing Expo in Cape Girardeau.

Good news for Cape Girardeau on the job front! St. Louis based NARS (National Asset Recovery Services, Inc.) announced plans to open a call center in Cape Girardeau with the potential to create 300 new jobs in Cape by this time next year!

News from Central Missouri

Montgomery County Bank is the newest express lender in mid-Missouri. They have changed their name to American Bank of Missouri with branches located in Montgomery City, Wellsville and Middletown.

Kevin Coleman, a Columbia Daily Tribune reporter, wrote an article about Key Largo Fitness & Tanning, a small business that received an SBA guaranteed loan. In the article he mentioned that SBA has an office in the Columbia area and explained some of SBA programs and services. Nice job to all who contributed!

Is Your Business Your Passion? Then WEDO® is a Must-Do

What is WEDO?

WEDO® (Women's Economic Development Outreach) is a full-day program packed with high-level information, tips, ideas, and advice from the top experts and executives in your area. Its fast-paced format delivers quick access to information of real value for successful women business owners searching for growth strategies.

When?

Tuesday, January 23, 2007
8:00 a.m. to 5:15 p.m.

Where?

Sheraton Westport Lakeside Chalet
The Versailles Ballroom
191 Westport Plaza Drive
St. Louis, Missouri 63146

8:00 am Registration and Networking
9:00 am Welcome and Introductions

Consecutive Sessions:

- ATHENA PowerLink
- Networking Live!
- Overcoming Obstacles
- Small Steps to Big Dreams
- Leadership: Achieving Results on Purpose!

12:30 pm Lunch and Networking

- The Big Missouri Program
- Be the Red Apple

4:00 pm Concluding Remarks
4:15 pm Cocktails and Networking

Cost: \$50, including lunch.

To register, please visit WE-DO.net or call (888) 622-4249.

For additional information, contact Angie Wells, Women's Business Ownership Representative, SBA St. Louis district office at (314) 539-6600, Ext. 223 or by e-mail at angela.wells@sba.gov.



SAVE THE DATE

For
Small Business Week 2007
May 7-12, 2007

- Attend seminars and networking events.
- Expand your business.
- Improve your business knowledge.

www.smallbusinessweekstl.org

Most Active Lender Rankings For Fiscal Year 2007

Multi-State	# of Loans	Amount
U.S. Bank N.A.	79	\$4,014,800
Commerce Bank N.A.	38	3,244,100
Innovative Bank	35	410,000
National City	14	644,700
Bank of America, N.A.	14	505,400
Capital One Federal Savings	12	320,000
Superior Finance Group	8	60,000
Regions Bank	7	962,000
CIT Small Business Lending	5	3,615,000
Business Loan Center	3	75,000

Community Banks	# of Loans	Amount
Heartland Bank	8	\$1,833,000
Central Bank	5	1,675,000
Mid America Bank & Trust	5	177,050
Montgomery Bank, N.A.	4	218,000
New Frontier Bank	3	215,000

Certified Development Companies	# of Loans	Amount
Economic Development Center of St. Charles County	14	\$6,521,000
Small Business Growth Corporation	6	1,834,000
RMI	3	3,875,000

SBA Community Express Loan Program Fair

SBA Express/Community Express is designed to provide streamlined business financing and management and technical assistance to targeted small businesses. Some of the features of the program are:

- Check out the no collateral quick loan option up to \$50,000
- Larger loan funding in less than 30 days
- Loans up to \$250,000
- Past bankruptcies do not qualify

For dates, times and locations log onto <http://missouriecenterdirect.com> or call (314) 241-1511.