



DACA Pulse

SPRING 2007

PROFESSIONAL AEROSPACE CONTRACTORS ASSOCIATION OF NEW MEXICO

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President's Corner

As your new incoming President I look forward to working for you and with our exceptional Board of Directors, many of whom have been involved with and devoted to the success of PACA for the past several years. I am looking forward to another successful year and continued growth of PACA as a central part of the aerospace industry here in the Land of Enchantment, and I hope to make my contribution as other past Presidents have done working for the betterment of us all. In fact, **kudos to Dar Johnson** for a job well done this past year; I have a tough act to follow. Thanks Dar!

My message is simple and will continue to focus on what this organization is intended to be according to the by-laws:

1. To assist in promoting and maintaining professional relations between the aerospace industry and national security industry represented by the PACA members and government agencies.
2. To provide a mechanism for the interchange of information between the members of PACA and agencies supporting the national security and economic advancement of the United States and the State of New Mexico.
3. To promote a professional relationship and understanding among the members of PACA.
4. To promote and facilitate business collaborations among PACA members and their companies, including those between large business prime contractors and small businesses.
5. To help develop and to advocate changes to federal and state statutes and regulations that would benefit PACA members in doing business in the United States and in the State of New Mexico.

And of course the all important "other duties as assigned," or

6. To conduct such other activities as are appropriate to these objectives. Most importantly, PACA is a non-discriminatory and politically non-partisan organization. That central foundational premise will continue as always.

We are always looking for ways to get better. If we are not meeting those objectives or your needs, let us know; and my door is always open. I invite each of you to work together with us to make this another successful year. And to the Board who served this past year, the hard workers on the BFI (thanks Ron Unruh!) and other volunteers who support us (thanks Jackie!) – **thank you all.** •



~ Fred Jonas

Member Profile: SatWest, LLC

One of our valued members, **Brian Barnett**, is President and CEO of **SatWest, LLC**. Brian began his career as a project manager at NASA's Marshall Space Flight Center and Johnson Space Center. He then moved on to KPMG, where he did business planning and market research for satellite companies. Brian left KPMG in 1999 to start SatWest. Based in Albuquerque, SatWest develops and markets advanced satellite business management services for large corporations and government agencies worldwide.

SatWest is positioning itself to be a major player in an emerging mass market called Ancillary Terrestrial Component (ATC) to a Mobile Satellite System (MSS). ATC is a collection of terrestrial based stations which re-use some of the frequencies allocated to the MSS service.

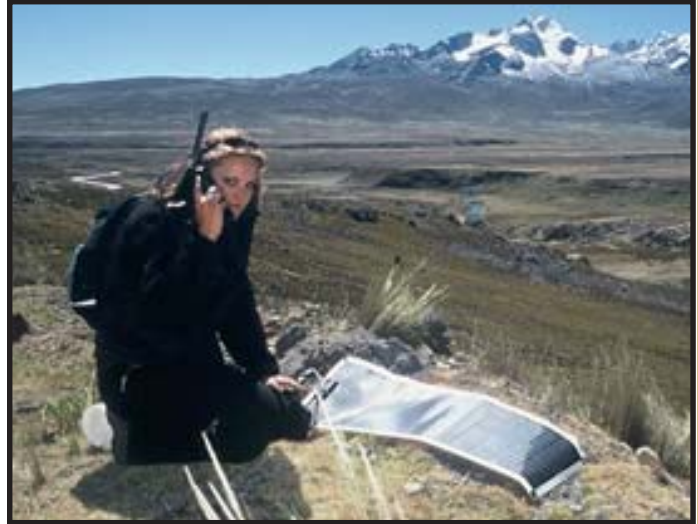
SatWest product offerings include handheld mobile satellite phones, portable high speed satellite modems, aviation tracking and communications devices, accessories for mobile satellite devices and portable solar chargers. In addition, SatWest offers professional services, including systems integration, project management and technical/customer services for the satellite communications devices and services that it sells.

SatWest's customers reflect a 50/50 mix between commercial and government entities. Its commercial customers include Wal-Mart Aviation and Public Service Company of New Mexico. SatWest also has contracts with Sandia National Laboratories, the United Kingdom Ministry of Defense, the State of New Mexico and the Commonwealth of Pennsylvania. SatWest has four full-time employees plus at any given time, two or three part-time employees.

As a small business, SatWest is always on the lookout for teaming opportunities with large businesses in the aerospace field. SatWest is particularly interested in contracting opportunities with the Air Force Research Laboratory.

In 2004, Brian created **SolStar Energy Devices** as a division of SatWest.

SolStar develops and markets portable solar energy chargers for mobile satellite communications devices and general electronics including mobile broadband data terminals, radios and laptop computers. SolStar's

The logo for SolStar Energy Devices, featuring the word "SolStar" in a bold, blue, sans-serif font with a trademark symbol. The "S" is significantly larger and more prominent than the other letters.The logo for SatWest, LLC. The word "SATWEST" is written in a large, blue, stylized font with horizontal lines through the letters. Below it, "SatWest, LLC" is written in a smaller, blue, sans-serif font.

customer base includes large companies and government entities such as the Department of Energy, the Department of Homeland Security and the federal laboratories.

Earlier this year, SolStar was spun out of SatWest and organized as a separate company. SolStar focuses on the market for lightweight, portable power supplies. Its customers require portable power for global satellite communications and other needs in remote locations.

Brian joined PACA in 1994. In 1995, he participated in Governor Johnson's Technical Excellence Committee with other PACA members to evaluate a spaceport in New Mexico. Brian went on to lead the spaceport planning team for the State of New Mexico.

Brian belongs to PACA because it offers him the opportunity to network among aerospace professionals in Albuquerque. He also enjoys socializing at our monthly luncheons. Brian currently serves PACA as our legislative liaison.

Additional information about SatWest and SolStar can be obtained from their Web sites at www.satwest.com and www.solstarenergy.com, respectively. •

PACA Luncheon Speakers



■ **June 19, 2007**
Tom Berard
Director, White Sands Missile Range

■ **July 17, 2007**
Nick Smerigan
COO, Albuquerque Studios

There will be no luncheon in August due to the Briefing for Industry (see below).

We meet the 3rd Tuesday of each month at the Mountainview Club (located on Club Road on the east side of Kirtland Air Force Base). Registration begins at 11:30 am followed by lunch at 12:00 noon. Members are free and Nonmember/Guests are \$15.

To RSVP, E-mail paca@ngc.com or call the PACA hotline at 842-8911, ext.333. Include your name, guests' names and menu selection (typically a meat, fish or vegetarian dish). Please RSVP by the Friday before the week of the meeting. If you do not have access to KAFB, please include a request for a base pass (to the Wyoming gate) with your luncheon order. •

Special Request to Members

One of the consistently challenging tasks that your PACA volunteer staff undergoes each month is attending to the luncheon reservations. The Mountain View Club requires that we turn in the number of specific menu requests no later than the Friday prior to the Tuesday meeting. Frequently this results in two very difficult situations:

- Members who indicate that they will attend but don't, cost your organization the full amount for the luncheon.
- Members who call in their reservation after the appropriate deadline cannot be assured of their choice of meal, and members who show up on the day of the luncheon without prior reservation may not be served any luncheon selection. This is purely a logistical problem that rests with the capability of the Mountain View Club to reconcile.

In either case, it is particularly frustrating to our volunteer staff who attempt to resolve the situation, particularly when they are unable to resolve it to your complete satisfaction. We earnestly seek your cooperation in this regard — please make your reservations in a timely manner! •

Register Now for BFI

Now is the time to register for the 21st Annual PACA/AFRL Briefing for Industry. The 2007 BFI will be held August 21-22 at the Hotel Albuquerque at Old Town. To register, go to PACA's Web site at www.pacanm.org and click on the link for BFI.

Fees for early registration, before July 31, are \$275 for PACA members and \$300 for non-members. Beginning July 31 registration fees will be \$300 for PACA members and \$325 for non-members. Please note that those attendees joining PACA at the time of registration are eligible for the PACA member rate.

Register early – you'll be glad you did. See you there!

Industry Events



June 26-28: 20th Annual Solid State and Diode Laser Technology Review, The Westin LAX, Los Angeles. Hosted by the Directed Energy Professional Society. For more information visit www.deps.org.

July 17-20: Navcon Engineering Modal Seminars, Hands-On Modal Testing. Presented by Navcon Engineering Network, Fullerton, CA. For more information visit www.navcon.com.

July 18-20: Building Partnerships for the 21st Century, Matchmaking & Trade Fair, Albuquerque Convention Center and Doubletree Hotel Downtown. Hosted by the Albuquerque Hispano Chamber of Commerce (www.ahcnm.org) in conjunction with the Air Force Research Laboratory and Kirtland Air Force Base.

July 23-25: Navcon Engineering Modal Seminars, Validation & Updating of FE Models for Structural Analysis. Presented by Navcon Engineering Network, Fullerton, CA. For more information visit www.navcon.com.

August 13-16: 21st Annual AIAA/USU Conference on Small Satellites, Utah State University Campus, Logan, Utah. For more information visit www.smallsat.org.

September 18-20: AIAA Space 2007 Conference & Exposition, Long Beach Convention Center, Long Beach, CA. For more information visit www.aiaa.org. •

AFRL / PACA Seminars

Burke Nelson reminds us that it's time for another seminar on contract subjects of interest to you, our members. Do you have in mind hot topics about contract types, fees or timeliness of RFPs? Or something else perhaps? Please contact Burke with suggestions at burke.nelson@ngc.com. •

Legal Insights: Basics of Contractor Team Arrangements

By Ross Crown

Competition for government contracts is increasingly being carried on by teams, not companies. Teams offer important advantages both to prospective contractors and to the government. Before entering into a contractor team arrangement, however, it is important to understand what they are, why they are formed, limitations on their use and their benefits and risks. Part One of this two part series on contractor team arrangements reviews the basics of these arrangements.

Definition

The legal framework defining contractor team arrangements for federal contracts is spelled out in Subpart 9.6 of the Federal Acquisition Regulation. Under the FAR, a contractor team arrangement means an arrangement in which (1) two or more companies form a partnership or joint venture to act as a potential prime contractor; or (2) a potential prime contractor agrees with one or more other companies to have them act as its subcontractors under a specified government contract or acquisition program. FAR 9.601.

A leading commentator, Michael Mutek, notes in his book, *Contractor Team Arrangements*, that the situation where a prime contractor agrees to subcontract a portion of the work to one or more subcontractors is the most common type of contractor team arrangement. There are, he says, many advantages to parties utilizing this type of model. The prime contractor can incorporate the capabilities of its team members into its proposal effort. The major benefit to the subcontractor is that it will obtain a qualified commitment that if the prime contractor is awarded the contract, the subcontractor will obtain a defined scope of work.

A joint venture can be a partnership or incorporated to form a separate legal entity. Mr. Mutek notes that the use of a joint venture, particularly one that takes the form of a corporation, can protect the venturer companies from liability. Joint ventures may also result in tax savings. Furthermore, forming a joint venture can be a method of avoiding the high cost structure of the individual venturers.

Purpose

The FAR affirms that contractor team arrangements are often desirable from both a government and industry standpoint. They enable the companies involved to compliment each other's unique capabilities. They also offer the government the best combination of performance, cost and delivery for the system or product being acquired. FAR 9.602(a). Contractor team arrangements are particularly appropriate in complex research and development acquisitions, but may be used in other acquisitions, including production contracts. FAR 9.602(b).



Normally, the companies involved form a contractor team arrangement before submitting an offer. However, the FAR does permit companies to enter into such an arrangement later in the acquisition process, including after contractor award. FAR 9.602(c).

The policy of the federal government is to recognize the integrity and validity of contractor team arrangements. This is provided that the arrangements are identified and the company relationships are fully disclosed in an offer or, for arrangements entered into after submission of an offer, before the arrangement becomes effective. The government does not normally require or encourage the dissolution of contractor team arrangements. FAR 9.603.

Limitations

Contractor team arrangements are not a means of avoiding legal obligations to which a contractor might otherwise be subject. Accordingly, nothing in the FAR authorizes arrangements in violation of antitrust statutes. Further, a team arrangement does not limit the government's right to:

- Require consent to subcontracts.
- Determine, on the basis of the stated contractor team arrangement, the responsibility of the prime contractor.
- Provide to the prime contractor data rights owned or controlled by the government.
- Pursue its policies on competitive contracting, subcontracting and component breakout after initial production or at any other time.
- Hold the prime contractor fully responsible for contract performance, regardless of any team arrangement between the prime contractor and its subcontractors. FAR 9.604.

Benefits and Risks

Contractor team arrangements are often beneficial to companies because they allow them to pursue contracts that they otherwise would not have the capability to perform. By means of a team, companies can:

- Combine the capabilities of more than one contractor to present a stronger proposal to the government.
- Spread the financial risk of a contract.
- Help themselves enter a new market.
- Enhance their experience or past performance.
- Assure access to critical components or services early in the bidding process.
- Seek out lower costs.
- If a small business, draw upon the capabilities of a large business.
- If a large business, propose in conjunction with a small business to perform contracts set aside for small business.

On the other hand, contractor team arrangements also present risks to companies. These risks include:

- Loss of proprietary information disclosed to a team member.

continued on following page

Basics of Contractor Team Arrangements *continued*

- Reduced profits resulting from sharing of revenues.
- If a team forms a joint venture, the risk of one company binding the rest of the venture to unanticipated commitments or liabilities.

In a competitive environment, contractor team arrangements are an important vehicle for achieving success. Companies must consider the potential of these arrangements while protecting themselves and ensuring they make sense in a particular endeavor.

In the next issue of the PACA Pulse, Part Two of this series will examine documenting contractor team arrangements. •

This article is intended for general information only and should not be construed as legal advice or opinion. Any questions concerning your legal rights or obligations in any particular circumstance should be directed to your lawyer.

Results of Incentives for Jobs Agenda

In the last issue of the PACA Pulse, we reported that the PACA Board of Directors voted to support the 2007 Incentives for Jobs Legislative Agenda and urged the members to do likewise. Now that the 2007 Legislative session is over, Carol Radosevich, the Project Manager for the Incentive for Jobs Coalition, reports on how they did:

• **Job Training Incentive Program**

- Received funding for the state's premier economic development program at \$8 million. HB 8 (Lujan)

• **High Wage Jobs Tax Credit Extension**

- Removed the sunset for this powerful incentive that provides an annual tax credit equal to ten percent of wages and benefits paid for each new job created that pays at least \$28,000 in a rural community and \$40,000 in an urban community. Qualified employers are those who are eligible for JTIP assistance and have more than 50 percent of their sales outside New Mexico. Good for new hires through July 1, 2009. HB 434 (Heaton). Also rolled into and passed as Economic Development Tax Package HB 839.

• **Cooperative Advertising** - Provided \$425,000 for the Economic Development Cooperative Advertising Program.

• **Advanced Energy Products Manufacturers' Credit**

- Passed a credit of five percent of the value of manufacturing equipment purchased for New Mexico manufacturing facilities making the components or systems for renewable energy vehicles, fuel cell systems, clean coal technology or renewable energy systems that use solar, wind, geothermal, landfill gas or bio-mass as the energy source. The credit requires one new job for every \$500,000 of investment claimed. Rolled into Energy and Water Tax Package SB 463.

• **New Mexico Economic Development Partnership**

- Received funding for the state's highly successful business recruitment organization at \$1,455,000 to assure continuity of its comprehensive marketing and development program aimed at creating quality jobs for New Mexicans. The Partnership has been a statewide success, locating 17 companies representing over 4,600 new jobs and in excess of \$280 million in new capital investment in New Mexico.

• **Angel Investment Credit**

- Passed an income tax credit for individuals who invest cash for equity in qualified New Mexico businesses that engage in high-technology research or manufacturing activities in New Mexico. The

total amount of credits the state can issue is capped at \$750,000 per year. For each investor, the credit equals 25 percent of the investment, not to exceed a credit of \$25,000 per investment. The taxpayer is limited to claiming the credit for three investments in three different qualified businesses per year. An emergency clause is attached to this bill, meaning it will go into effect immediately. Rolled into Economic Development Tax Package HB 839.

• **Business Incubator Development Program**

- Made available, on a competitive proposal basis, \$110,000 of matching operating funds to assist in the operation of existing Certified New Mexico Incubators.

• **MainStreet**

- Arts and Culture Districts and the MainStreet Revolving Loan Fund Act passed with no appropriation. MainStreet received \$1.2 million for the MainStreet Capital Outlay fund. The N.M. MainStreet base budget is at a similar level to last year. HB 606 (Heaton) HB 1266 (Silva) •



PACA Elects Directors and Officers

The PACA membership annually elects a new Board of Directors. Each director is also elected to an officer position. At the March 20 luncheon meeting, the members elected its new board and officers for the 2007-2008 year beginning April 1.

With the start of a new year, our Vice President, **Dr. Fred Jonas**, automatically became President, succeeding Dar Johnson. Fred is currently a Vice President for RhinoCorps, Ltd. Co. headquartered in Albuquerque. He supports numerous technical, programmatic and business development activities, and has been involved in numerous RDT&E activities throughout his career for a variety of ground, sea, air and space (aerospace) systems. Fred attended the U.S. Air Force Academy graduating with a B.S. in Aeronautical Engineering. He received his M.S. in Aeronautical and Astronautical Engineering from Stanford and his Ph.D. in Aeronautical Engineering with a Heat Transfer minor from the Air Force Institute of Technology (Distinguished Graduate). Fred is a registered Professional Engineer. He comes from Gallup, growing up on Route 66 before beginning his Air Force career. Fred retired with the rank of Lieutenant Colonel from the Air Force in 1990 after 20 years of meritorious service. He now resides in Albuquerque with his wife Sandra and mother-in-law Mary. They have five children, six grandchildren and four great grandkids. Finally, if that is not enough, Fred is the author of numerous technical publications, a published poet, an amateur astronomer and he loves to play the guitar and golf.

The membership elected as our new Vice President (and next year's President) **Maran Vedamanikam**. Maran is currently President and one of the founders of Euroclydon Industries, Inc. Prior to starting Euroclydon in 1999, Maran worked at Intel Corporation in their Automation Department as an IT administrator. Maran is a member of the New Mexico 8(a) and Minority Business Association and serves on the board for the High Tech Subcommittee. He was born in India and immigrated with his parents to the United States while he was still a young

boy. He holds an MCSE in Information Technology and would like to get his MBA as soon as possible. Maran attends Legacy Church where he is active as an Altar Deacon. He is married and has two sons.

Elected as our new Treasurer, succeeding Terry McCabe, is **Virginia Buckmelter**. Ginny is President and CEO of Entereza, Inc. She is responsible for the overall strategic direction, growth and management of Entereza. Ginny launched the company in 2001 to address the training, testing, IT, and security needs of local government and commercial businesses. She is a former president of InfraGard New Mexico, an FBI sponsored non-profit organization dedicated to protect the state's critical infrastructures through education and outreach. She has also served in the capacity of Vice President, Treasurer, Secretary and Membership Chairman for the organization. Prior to forming Entereza, Ginny held operational management positions at Compaq Computer and Digital Equipment Corporation. She also has 15 years of training experience. In addition to running the day-to-day activities of Entereza, Ginny recently launched LaLuz Technologies, Inc., which is in the process of developing a self-referencing laser technology providing accurate, affordable ground aviation safety, and she is the owner of Continuous Solutions, Inc., a business continuity services provider.

Our outgoing President, **Dar Johnson**, automatically assumes the office of Immediate Past President, succeeding Jack Bishop. In addition, **Burke Nelson**, Secretary, **Dick Trask**, Program Officer, and **Bill Miera**, Small Business Officer, graciously agreed to continue serving in these positions and were re-elected as directors and officers.

We thank our new and continuing director/officers for their willingness to serve. And as they leave our board, we also extend our profound gratitude to **Jack Bishop** and **Terry McCabe** for their outstanding service to PACA. PACA would not exist without the willingness of our volunteer board members to contribute their time and energy. •

Congratulations to Joan Fulkerson

Good news for a good friend to PACA, a message from Col. Robert S. Green, Commander Phillips Research Site, Materiel Wing Director, Space Vehicles Directorate:

Please join me in congratulating Ms. Joan Fulkerson on her selection as the Air Force winner for the Small Business Specialist (Full-Time) Award. She is being recognized for her hard work and outstanding achievement at Kirtland Air Force Base in support of both the base and the Air Force Research Laboratory. Only one person wins this award each year, and I am proud that one of our own is recognized as the best of the best. Joan has been instrumental over the past several years in creating a cohesive team which includes our community's small businesses, the 377th ABW, and AFRL.

This is a tremendous achievement for Joan and AFRL — make sure you congratulate her the next time you see her. •