
CITY OF CHICAGO

RULES



MENTOR/PROTÉGÉ PROGRAM

UNDER 2-92-445, 2-92-535 and 2-92-740

LAST UPDATED: OCTOBER 1, 2014



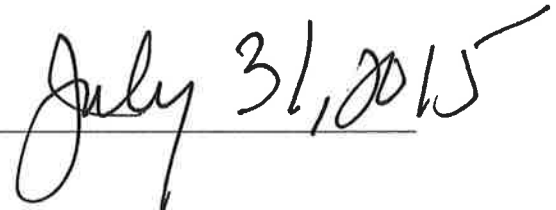
Mayor Rahm Emanuel

Chief Procurement Officer Jamie L. Rhee

BY AUTHORITY VESTED IN THE CHIEF PROCUREMENT OFFICER FOR THE DEPARTMENT OF PROCUREMENT SERVICES PURSUANT TO 2-92-535, 2-92-445 AND 2-92-740, THE FOLLOWING RULES REGARDING THE MENTOR/PROTÉGÉ PROGRAM ARE ADOPTED HEREIN.

By Order of the Chief Procurement Officer:

Signed: 
Chief Procurement Officer Jamie L. Rhee

Date: 

Published: **OCTOBER 1, 2014**

Effective: **OCTOBER 1, 2014**

1. These Rules and Regulations pertain to the implementation of the City's Mentoring Program for MBEs and WBEs set forth in Section 2-92-535 of the Municipal Code.
2. Section 2-92-535 provides that a prime contractor may earn up to five additional percentage points of participation credit towards the MBE/WBE goals on a contract by entering into a mentoring agreement with an MBE or WBE firm on that contract. The mentoring program must be approved by the Chief Procurement Officer ("CPO") and must be designed to assist the protégé firm to become self-sustaining, competitive and profitable in its line of work.
3. On competitive bids, a contractor/mentor intending to receive credit for mentoring must indicate as much on its Schedule D, and submit such Schedule D with its bid or proposal. The Schedule D must identify the intended protégé firm. A copy of the proposed mentoring program executed by authorized representatives of both the contractor/mentor and the subcontractor/protégé must be included with the bid or proposal as an attachment to the contractor's Schedule D. For qualifications based procurements, a contractor/mentor intending to receive credit for mentoring must indicate as much when it is required to submit its compliance plan.
4. The mentoring program must be designed to develop the capacity of the specified MBE and/or WBE firm(s) in becoming self-sufficient, competitive and profitable business enterprises. The plan must stipulate the number of the mentor's employees and protégé's employees involved and their time commitment for the term of the Project in training and consultation in substantive business areas including, without limitation: project controls, contract terms and conditions, invoice preparation, quality plan development, preparing and preserving project documentation, project safety, cash flow management, risk management as well as project specific mentoring. The proposed mentoring program must include a schedule for the mentoring sessions, including the time and location where such sessions will be held. (A guideline is that for large projects, no fewer than two of the mentor's employees and no fewer than two of the protégé's employees must commit to spend no less than eight (8) hours per week during the term of the Project, however, for smaller projects, the parties should propose a reasonable allotment of time commensurate with the project size). The CPO, or his/her designee, shall be permitted to attend any or all such mentoring sessions. The contractor shall be responsible for advising the CPO, or his/her designee, of any changes to the schedule for the mentoring program. The mentor and protégé should also be required to notify the CPO of any changes to the schedule that arise. The City also encourages participants to include a plan detailing how the Mentor plans to include the Protégé on non-governmental projects as well as governmental projects during the term of the agreement.
5. In order to qualify as a mentor, a concern must demonstrate that it:
 - (i) Must understand that equal access for emerging minority and women businesses makes good sense and that partnerships with emerging businesses will enable growth for larger organizations
 - (ii) Possesses favorable financial health, including profitability for at least the last two years;
 - (ii) Possesses good character and demonstrate that it is a City or state contractor in good standing;
 - (iii) Does not appear on the City, state or federal list of debarred or suspended contractors; and
 - (iv) Can impart value to a protégé firm due to lessons learned and practical experience gained through its general knowledge of government contracting.

Generally, the City encourages Mentors to have in place an existing MBE Program that provides for meaningful participation by MBE/WBE firms for work performed on projects other than government contracts. The Mentor-Protégé Program will probably work best as a "next step" in an established MBE Program. Exceptions will be granted where a MBE firm can be developed to "fit" a specific corporate need or where corporate expertise can enhance a specific MBE requirement. Inclusion of a Mentor-Protégé Program as part of a corporate MBE plan should be deliberate, have a corporate benefit, and be fully supported by corporate management.

6. In order to initially qualify as a protégé firm, a Participant must:

(i) Be in the developmental stage of program participation;

(ii) Have never received a contract with the City as a prime (with the exception of participation in a joint venture). If the protégé firm has received a contract as a prime, the City may consider accepting the firm as a protégé upon receipt of a clear plan showing the benefit of mentoring in a new area of expertise; and

(iii) Only currently certified firms that are in good standing in the City of Chicago MBE/WBE program (e.g., firms that do not have termination, decertification or suspension proceedings against them, and are up to date with all reporting requirements) may qualify as a protégé.

7. A protégé firm may have only one mentor at a time for any one project.

8. The City may authorize a concern to mentor more than one protégé at a time on a project where the concern can demonstrate that the additional mentor/protégé relationship will not adversely affect the development of either protégé firm.

9. The CPO or his/her designee shall determine, in his/her sole discretion, whether a proposed mentoring program is acceptable and eligible for additional participation credit.

10. The mentor and the protégé shall each submit an affidavit regarding the mentoring program on a quarterly basis, with additional copies sent to the Chief Procurement Officer. The respective affidavits shall be executed by authorized principals of the mentor and protégé, and shall state with specificity (including, without limitation, names, dates, hours and subject matter) the elements of the mentoring program that the mentor and protégé participated in during the applicable quarter.

11. Written agreement. The mentor and protégé firms must enter a written agreement setting forth an assessment of the protégé's needs and describing the assistance the mentor commits to provide to address those needs (e.g., management and/or technical assistance, loans and/or equity investments, cooperation on joint venture projects, or subcontracts under prime contracts being performed by the mentor). The agreement must also provide that the mentor will provide such assistance to the protégé firm for at least one year, or the term of the contract if the project is for less than a year duration, and preferably for the term of the contract. A sample agreement is attached as Exhibit A.

12. Termination.

i. Voluntary Termination by the Mentor. The Mentor may voluntarily terminate this agreement if the Mentor no longer wishes to participate in the Program as a Mentor to a Protégé. The Mentor shall notify the Protégé and the City in writing at least 30 days prior to the termination date. If the Mentor voluntarily terminates the agreement, the Mentor will not receive credit for participating in the Mentoring Program and must make good faith efforts to contract with MBE/WBE firms to make up the credit lost.

ii. Voluntary Termination by the Protégé. Subject to approval by the City, the Protégé may voluntarily terminate this Agreement if the Protégé no longer wishes to participate in the Program as a Protégé to a Mentor. The Protégé shall notify the Mentor and the City in writing at least 30 days prior to the termination date. If the Protégé voluntarily terminates, the Mentor may continue to count the credit that it would have received had the Mentoring Plan been completed.

13. In the event that the CPO determines that a contractor has failed to make good faith efforts to meet its mentoring commitments in its performance of its contract, pursuant to 2-92-445 and 2-92-740, the CPO may, in addition to denying the contractor participation credit for the mentoring program, assess a sanction in the amount of the discrepancy between the amount of the commitment, as such amount may be amended through change orders or otherwise over the term of the contract, and the achieved amount may be imposed upon the contractor. The City may collect the sanctions by withholding the amount from the final payment to the contractor. The contractor shall be solely responsible for such liquidated damages, i.e., the contractor shall not withhold the sanction amount from any payment due to the protégé firm. The CPO may elect not to impose sanctions if, in the CPO's sole discretion, the contractor's failure to comply with its commitments to the mentoring program were due to circumstances beyond the reasonable control of the contractor. The City shall provide appropriate notice to the contractor of its intent to withhold the amounts described above, and provide the contractor with a reasonable opportunity to furnish evidence of its compliance with its commitment, or the circumstances beyond its reasonable control which resulted in the contractor's failure to comply with its commitment.



14. Pursuant to 2-92-445 and 2-92-740, any liquidated damages collected pursuant to the foregoing paragraph shall be utilized by the City solely for improving its MBE/WBE program.

15. As an incentive for entering into a mentor/protégé agreement, the contractor shall be awarded an additional 0.333 percent participation credit for every one (1) percent of the value of the contract performed by the protégé. This incentive credit shall be capped at a maximum of five (5) percent additional utilization credit. If the protégé is being utilized on the contract as an MBE, the additional incentive credit shall apply only to the contractor's MBE utilization commitment for the contract. If the protégé is being utilized on the contract as a WBE, the additional incentive credit shall apply only to the contractor's WBE utilization commitment for the contract.

16. A City-certified MBE or WBE subcontractor shall be presumptively eligible to participate in a total of three (3) mentor/protégé agreements over a 3 year period, but not more than one agreement per year. This limit may be increased where appropriate in the discretion of the Chief Procurement Officer.

17. Any subcontractor that is being utilized by the prime contractor for over \$5,000,000.00 on a City contract is presumptively ineligible to participate in the mentor/protégé program on that contract. This limit may be increased where appropriate in the discretion of the Chief Procurement Officer.

18. It is the responsibility of the mentors and protégés to determine if entering into a Mentor Protégé agreement pursuant to 2-92-535 will affect its status with any other program including, but not limited to DBE certification.

19. The City will conduct an Annual Evaluation of the Mentor-Protégé Relationship

- (i) Both the mentor and the protégé must provide a narrative describing Mentor's success in assisting Protégé
- (ii) All technical and/or management assistance provided by Mentor
- (iii) All loans received from, or equity investments made by the Mentor
- (iv) All subcontracts awarded by the Mentor, and the value of each subcontract
- (v) If continuation of the agreement is recommended, then the Chief Procurement Officer his/her approval to continue the agreement to the Mentor and Protégé .

Rev. 10/2014



EXHIBIT A



Updated Template

Mentor/Protégé Agreement

between

ABC (Proposed Mentor)

and

XYZ (Proposed Protege)

This Mentor/Protégé Agreement (“Agreement”) is between [_____] (proposed Mentor), a [description of vendor-including state of incorporation if applicable] with its principal place of business at [address], and [] (Proposed Protégé), a [description of vendor- including address and state of incorporation if applicable] (collectively referred to as the “Parties”).

WHEREAS, ___ (proposed Mentor) is a corporation with a history of providing diversified services in (*Provide a brief description of the Mentor’s technical capabilities and contracting history, especially with the City of Chicago*).

WHEREAS, **XYZ** (proposed Protégé) is a City of Chicago MBE/WBE Program participant performing under North American Industry Classification System (NAICS) codes (*include NAICS number and title*) _____ specializing in providing _____. (*Provide a brief description of the proposed Protégé’s technical capabilities in performing in its primary NAICS code.*)

WHEREAS, the Parties wish to formalize the proposed mentor/protégé relationship between **ABC** (proposed Mentor) and **XYZ** (proposed Protégé) under the City of Chicago’s Mentor/Protégé Program established pursuant to Section 2-92-535 of the Municipal Code of Chicago; and

WHEREAS, the Parties agree that establishing a mentor/protégé relationship will enhance the capabilities of the Protégé and improve its ability to successfully compete for contracts consistent with the goals of the City of Chicago’s Mentor/Protégé Program; and that this relationship will result in “material benefits” and “developmental gains” to foster the proposed protégé’s growth and development.

WHEREAS, the Protégé certifies that it does or does not have another Mentor as stated in Paragraph 11(a) of this Agreement;

WHEREAS, the proposed Protégé can significantly benefit from the business development assistance that the proposed Mentor proposes to offer, and the proposed Mentor is qualified to provide the “material benefits,” “developmental gains,” and assistance within the context of the City of Chicago’s Mentor/Protégé Program; and

WHEREAS, the Parties wish to carry out the goals of this Agreement and the proposed Mentor proposes to provide such assistance as detailed below for at least one year.

THEREFORE, consistent with the Parties goals and the requirement of the City of Chicago’s Mentor/Protégé Program, the Parties agree to the following:

1. Assessment of the Protégé’s Needs. As a MBE/WBE company seeking to develop a business base and infrastructure to successfully participate and graduate from the MBE/WBE Program as a viable company, the proposed Protégé requires assistance in the following areas (*The Protégé should identify each area of assistance needed and show how it will assist in meeting the business plan targets, goals and objectives*):



- a. Management and technical assistance
(incorporate the objective into the Agreement)
 - b. Financial assistance
(incorporate the objective into the Agreement)
 - c. Business development assistance
(incorporate the objective into the Agreement)
 - d. Contracting assistance.
(incorporate the objective into the Agreement)
 - e. General and administrative assistance
(incorporate the objective into the Agreement)
2. **MENTOR** agrees to assist the Protégé to fully develop the assessed needs as described in Paragraph 1. *(Mentor must describe in detail (see below: a through e) - **HOW** it will provide the assessed needs of the Protégé, **WHO** (identify title) in the Mentor organization will assist the Protégé in meeting its goals and objectives, and **WHEN**).*
- a. Management and technical assistance.
 - i. *Assistance the Mentor will provide*
 - ii. *TIMELINE (i.e. weekly, bi-weekly, monthly, quarterly, etc.)*
 - b. Financial assistance.
 - i. *Assistance the Mentor will provide*
 - ii. *TIMELINE (i.e. weekly, bi-weekly, monthly, quarterly, etc.)*
 - c. Business development assistance.
 - i. *Assistance the Mentor will provide*
 - ii. *TIMELINE (i.e. weekly, bi-weekly, monthly, quarterly, etc.)*
 - d. Contracting assistance.
 - i. *Assistance the Mentor will provide*
 - ii. *TIMELINE (i.e. weekly, bi-weekly, monthly, quarterly, etc.)*
 - e. General and administrative assistance.
 - i. *Assistance the Mentor will provide*
 - ii. *TIMELINE (i.e. weekly, bi-weekly, monthly, quarterly, etc.)*
3. **Preparation of Mentor/Protégé Reports.** The Mentor shall use its reasonable and best efforts to assist the Protégé in preparation of all Mentor/Protégé reports required by the City and shall provide all necessary documentation the City requires.
4. **Terms of the Agreement.** Proposed Mentor agrees to provide such assistance to the Protégé for at least one year. Continuation of the Agreement is contingent upon the City's review of the proposed Protégé's report on the Mentor/Protégé relationship as part of its annual review of the firm's business plan.



The protégé must request continuance of the Agreement to the City of Chicago, in writing, within 60 days prior to the expiration date of the Agreement.

5. Mentor’s Failure to Provide Mutually Agreed upon Assistance. Should the mentor breach its agreement to provide mutually agreed-upon assistance to the proposed Protégé as outlined in this Agreement, the mentor understands that the City reserves the right to act on behalf of the Proposed Protégé and the integrity of the City of Chicago’s Mentor Protégé Program in one of the following ways:
 - (1) The Mentor will be provided an opportunity to respond to non-compliance within 30 days of notice by the City;
 - (2) The City assumes the right to terminate the Mentor/Protégé Agreement;
 - (3) The Mentor could be ineligible to participate in the City’s Mentor/Protégé Program for two (2) years;
 - (4) The City can impose a fine of up to \$2500 on the Mentor;
 - (5) The City may not grant MBE/WBE credit allotted to the Mentor from participation in the Mentor Protégé Program; and
 - (6) A finding that fraudulent misrepresentations were made regarding the agreement may constitute grounds for City-wide suspension or debarment.

6. Termination Clause. This Agreement may be terminated as follows:
 - i. Voluntary Termination by the Mentor. The Mentor may voluntarily terminate this agreement if the Mentor no longer wishes to participate in the Program as a Mentor to a Protégé. The Mentor shall notify the Protégé and the City in writing at least 30 days prior to the termination date.
 - ii. Voluntary Termination by the Protégé. The Protégé may voluntarily terminate this Agreement if the Protégé no longer wishes to participate in the Program as a Protégé to a Mentor. The Protégé shall notify the Mentor and the City in writing at least 30 days prior to the termination date.
 - iii. Termination by the City. The City of Chicago may decide not to approve continuation of the Agreement if it finds that the Mentor has not provided the assistance set forth in the Agreement or that the assistance has not resulted in any “material benefit” or “developmental gains” to the Protégé.
 - iv. Other Termination Conditions. This Agreement will automatically terminate if the Protégé graduates, voluntarily withdraws, is terminated or completes its program term from the City of Chicago’s MBE/WBE Program. However, termination of the Agreement does not impact contractual Agreements undertaken during the active stages of the Mentor/Protégé relationship. Therefore, contractual obligations must be satisfied in accordance with terms and conditions set forth in the contract.

7. Effect of Termination. Termination of this Agreement shall not impair the obligations of the Mentor to perform its contractual obligations pursuant to government prime contracts being performed with the Protégé. Likewise, termination of this Agreement shall not impair the obligations of the Protégé to perform its contractual obligations under any current contract or subcontracts between the Mentor and Protégé.

8. Modifications. The City must approve all changes to this Agreement in advance.

9. Notices and Points of Contact for the City of Chicago’s Mentor Protégé Program Administration. The following individuals shall serve as the points of contact for administration of the Agreement and as such are authorized to receive all notices under this Agreement.

ABC (Mentor) _____

XYZ (Protégé)



Name/Title
1234 Main street,
Suite XXX
Chicago, Illinois Zip
Telephone
Fax
Email

Name/Title
1234 Main street
Suite XXX
Chicago, Illinois Zip
Telephone
Fax
Email

10. Status of the Parties. This Agreement, in and of itself, does not constitute, create or give effect to or otherwise establish a joint venture agreement, partnership, or any other business or organization. Unless provided by the terms of another agreement consistent with the governing regulations, the Parties are and shall remain independent contractors.

Integrated Document. This Agreement supersedes any and all previous understandings, commitments, or agreements, oral or written, pertaining to the subject matter of this Agreement.

11. Other Provisions not Previously Discussed in the Agreement (if applicable):

- (a) Protégé does () does not () have another City approved Mentor/Protégé Agreement.
- (b) Mentor is () is not () participating in any other formal Mentor-Protégé Programs governed by other agencies.
- (c) Mentor does () does not () have another City approved Mentor-Protégé Agreement.
- (d) Mentor shall annually certify that it continues to possess good character and a favorable financial position, if the Agreement is extended.

Subject to the approval of the City of Chicago's Administrator for Mentor Protégé Development, this Agreement is entered into and effective as of the date of such approval. The Agreement is officially signed and executed by officials duly authorized to bind the named corporations this ____ day of _____, 20XX.

Signatory, **ABC** (Mentor)

Signatory Information

Date _____

Signatory, **XYZ** (Protégé)

Signatory Information

Date _____

