# Oneida Business Committee Meeting
# Agenda Request Form

Deadlines | Instructions

1. **Meeting Date Requested:** 05 / 28 / 14

2. **Nature of request**

Session: ☒ Open ☐ Executive - justification required. See instructions for the applicable laws that define what is considered "executive" information, then choose from the list below:

Agenda Header (choose one): BCC Report

Agenda item title (see instructions):

OTIE Quarterly Report

Action requested (choose one)

☐ Information only

☒ Action - please describe:

Approval of quarterly report

3. **Justification**

Why BC action is required (see instructions):

Corporate reporting requirement

4. **Supporting Materials** Instructions

☐ Memo of explanation with required information (see instructions)

☒ Report ☐ Resolution ☐ Contract (check the box below if signature required)

☐ Other - please list (**Note:** multi-media presentations due to Tribal Clerk 2 days prior to meeting)

1. | 3.

2. | 4.

☐ Business Committee signature required

5. **Submission Authorization**

Authorized sponsor (choose one): Ed Delgado, Tribal Chairman

Requestor (if different from above): Wilbert "Butch" Rentmeester, OTIE Board Chairman

Name, Title / Dept. or Tribal Member

Additional signature (as needed):

Name, Title / Dept.

Additional signature (as needed):

Name, Title / Dept.

A copy of this document can be saved in a pdf format. Please e:mail this form and all supporting materials to BC_Agenda_Requests@oneidanation.org. Save and e:mail

# Oneida Total Integrated Enterprises

## 2nd Quarter Report 2014
## April 21, 2014

***Prepared by:***

Nick Ni, PE, President

***Submitted to:***

OTIE Board of Managers: Butch Rentmeester, Chairperson,
Jeff House, Wayne Metoxen, Leslie Wheelock, Jackie Zalim

OTIE Report 01-20140421

OTIE
Oneida Total Integrated Enterprises

## Narrative Report

### a. Explanation of the core of the Corporation's business practices and market overview

Oneida Total Integrated Enterprises (OTIE) provides environmental, remediation, construction, engineering, and munitions response services to government agencies, as well as commercial clients in the United States and across the world. OTIE's services evolve in response to clients' changing needs. Our core services contribute a majority of OTIE's backlog in response to federal and state project requirements, changing infrastructure demands, and the often accompanying regulatory challenges. We deliver solutions that allow our customers to cost-effectively achieve their mission while adapting to evolving performance parameters.

OTIE directs our primary business pursuits on a stable customer base concentrated in federal, State and municipal government entities. Our tribal business, aerospace industry (commercial), and electric utility company contracts are exceptions to OTIE's heavy investment in government contracting, and in all cases our customer base offers outstanding opportunity for securing large contracts, and targeting:

- long-term, high-dollar contracts to offer steady and profitable backlog
- level-of-effort contracts to stabilize the Company's business base
- capturing market share in emerging or expanding growth markets

OTIE operates in a fiercely competitive, expanding market that seeks diversity and economic vitality through government contracting. Our advantage over emerging small business competitors is maintained through steadfast conformance with quality, safety and contracting/acquisition requirements and regulations imposed by the federal government.

Budgetary reductions, labor constraints and broader recessionary pressures are forcing our customers to award low-price technically acceptable (LPTA) under competitive ID/IQ contracts. As a consequence, OTIE's pricing is marginally decreased for professional services and bids require more labor investment. Coupled with the investment required for ID/IQ proposal preparation, each technical/price proposal submitted represents considerable investment of limited overhead resources.

As reported in prior Quarterly Reports, the market for our services remains highly competitive. An abundance of Architecture / Engineering / Construction (AEC) firms provide similar services offered by OTIE. Competitive factors for our success include performance reputation, price, geographic location and availability of technically skilled personnel. We are pleased with our accomplishments and continue the drive to becoming a top-tier competitor.

## b. Explanation of the Corporation's current place within the market

OTIE is a Native American, tribally-owned, SBA-certified 8(a) small disadvantaged business (SDB). Other small business (SB) categories in the marketplace include: HUB-Zone; Woman-owned; Veteran-owned; Service Disabled Veteran-owned; Alaskan Native Corporation; Native Hawaiian Owned; and Native American-owned.

OTIE's place in the 8(a) market is distinguished from others by our 25-year performance history: We are a mature, tested and proven 8(a) business with a big-business infrastructure. Some of our competitors are Small Businesses with similar performance tenure in our industry; others in the market are emerging businesses aiming to secure their first federal contracts.

OTIE routinely competes against 8(a) firms and competitors from other SB categories; we even compete against large businesses in certain situations. With 8(a) status we expect revenue contributions each year from set-aside (competitive and sole-source) contracts with federal agencies. However, our success in growing the business has rendered us ineligible for Small Business competition in most North American Industry Classification System (NAICS) codes, such as construction services. In the Construction NAICS as well as other codes we compete for unrestricted contracts against the industry's largest competitors.

Our success in key growth areas demonstrates our ability to broaden our market positions in spite of stiff competition. In two technical areas OTIE will gain traction and increase our visibility and performance in the market, as follows:

- ***Munitions Response Services (MRS) business expansion*** - Our acquisition of Ordnance & Explosives Remediation, Inc. (OER) in FY13 was an important development for OTIE. We now have the ability to safely and efficiently execute MRS services in the field, and demonstrate past performance using OER's 13-year resume of successful and safe projects. OER significantly expanded our potential in the growing MRS market—a long-standing priority for OTIE. With OER we added the capabilities and are now a full-service provider of munitions and explosives site clearance/avoidance, UXO characterization, and remediation of munitions of explosive concern. Opportunities for us in this growth market will continue as DoD directs funding to the Military Munitions Response Program (MMRP), with OTIE fully-configured to increase our market share in one of the most promising areas for further investment and development in FY14 and in the foreseeable future.

- ***Department of Defense engineering services contract expansion*** – New contracts won by OTIE in FY13 reinforce our position as an elite, small business engineering services provider competing against large business industry stalwarts. Continuing the drive to excellence in the industry, OTIE's growth propulsion is being sparked by the following contract wins that are prized by our industry peers:

- 5-year Range AE Inspection Services contract with the USAF 45th Space Wing Cape Canaveral and Patrick AFB, FL.
- 5-year Worldwide Design and Construction Services (AE13DCS) contract with the Air Force Civil Engineer Center (AFCEC).
- 5-year Worldwide Environmental Services (AE13ES) contract with AFCEC.

Through strategic investments like OER, coupled with key contract wins that fortify our engineering strength, OTIE expanded our position and reputation in the marketplace. Our growth in these performance areas carries minimal performance risk compared to Performance-Based Remediation (PBR) contracts that offer long-term and intermittent payments, but carry added performance risk if environmental cleanup objectives cannot be achieved.

### c. Explanation of the outlines of strategies by the Corporation for improved value in the market

Funding uncertainties are affecting our work in the federal market, but the impacts thus far have been minimal. While budget debates in Washington create challenges for our federal business, we remain confident in our long-term position in this market. We have built a diverse business that is closely aligned to the spending priorities of our clients. Through many of the programs we support—such as military family housing improvements, EPA initiatives and environmental cleanup projects, and transportation design and construction—OTIE provides essential services that we expect will be less likely to face significant budget cuts.

To enhance our value in the market, OTIE relies on strategies that have driven our success for a quarter century: Safety and quality-driven execution of work; successful business development; new market penetration; and competitive bidding on ID/IQ contracts. Each of these vital strategies is described below:

***Safety and quality-driven execution of work***

Being successful means more to OTIE than just winning new work. From an operational perspective, quality-driven project delivery yields only to safety in terms of top priorities for OTIE.

Safety and quality accomplishments occur each day and in all that we do, and often unnoticed.

Two recent examples of safety- and quality-driven success are:

- The Public Works Department in Ventura County, CA selected OTIE as the recipient of the *Safety Through Awards and Recognition* (STAR) Safety Award for the Naval Operations Support Center Consolidation project at Port Hueneme. OTIE received the STAR Safety Award because of the outstanding safety performance during the renovation of three buildings. This award is

given to companies that have demonstrated a corporate proactive safety posture throughout contract performance.

- Commending our quality services, the Wisconsin Department of Transportation (WisDOT) and the Wisconsin Transportation Builders Association (WTBA) selected OTIE to receive the 2012 Outstanding Highway Construction Award for Excellence in Concrete Paving for our management on the USH 41/Mason Street (WIS 54) Interchange in Green Bay, WI. WisDOT selected the project for award because of the complexity of the work, the aggressive schedule, and the high quality our work.

By upholding the delivery of safe, quality services to both internal and external customers, OTIE continues to impress customers and improve our place in the market.

***Successful business development***

Improving value in the market starts with building a relationship and framing opportunities to OTIE's advantage, we strive to:

- Get in front of the right people
- Present compelling information at the right time
- Partner with proven industry leaders preferred by the customer
- Reinforce our sales tactics with proven past performance.

By marketing to the right decision-makers, and conducting objective determinations on potential for success, OTIE fiercely competes when probability for success is high, and we forego opportunities where we see minimal chance of success. Using this focused approach reduces costs and improves our win percentage.

***New market penetration***

New markets for OTIE in were identified for strategic pursuit as follows:

- **Munitions Response Services (MRS).** DoD briefings indicate the MRS business line will provide long-term opportunity for firms with the required qualifications to deliver these services, which OTIE has made initial investments to attain. Two strategic investments were made by OTIE in FY13: First, we added staff to round out our capability and further develop this key program area; second, we acquired a proven MRS performer Ordnance & Explosives Remediation, Inc. (OER) with thirteen years of business success in the MRS market.
- **AE Services for Launch Complex/Range Support.** OTIE proposed, interviewed for and won a five-year contract for engineering services at Cape Canaveral and Patrick AFB, FL. When fully configured, we anticipate requiring between twelve and twenty full time equivalent hires.

- **US EPA Remedial Action Contract (RAC) for Region 9.** Built upon more than a decade of success in RAC-type performance, OTIE was competitively selected by USEPA for a "crown jewel" 8(a) RAC contract.

***Competitive bidding on ID/IQ contracts***

OTIE's ID/IQ contracts provide an outstanding mechanism for federal agency business development; without Task Order (TO) wins these contracts alone would bear no fruit. Contract TOs are won by bidding successfully through separate, often complex proposals reviewed by source evaluation boards and awarded on a low price basis or "best value" determination.

Task Order marketing is typically conducted by OTIE's professional staff and Project Managers. These are "seller/do-er" professionals who combine engineering, science, or construction capabilities with marketing, cost estimating, and proposal preparation experience. Often they know about the requirement before the customer solicits TO proposals.

In FY14 we will focus on improving our win rate against our ID/IQ contract competitors, vying for success in TO proposals. Owing to federal budgetary delays and furloughs in FY13, a contracting atmosphere of "pent-up demand" will be prevalent in the first two quarters of FY14. This translates to a predicted onslaught of task order competitions under OTIE's prime ID/IQ contracts.

## d. Explanation of the Corporation's relative performance vs. competitors and identification of key competitors within the market

OTIE's SBA-approved 8(a) competitors include Alaskan Native Corporations (ANCs); Native American, tribally-owned SBs; and Native Hawaiian Organizations (NHOs). Federal agencies may award new contracts without competition to ANCs, tribally-owned 8(a) SBs and NHOs. OTIE also competes against other 8(a) firms for set-aside acquisitions, including SBs that are categorized as Woman-Owned, Minority Business Enterprise, HUBZone, Service Disabled Veteran Owned SB, and others.

Typical competitors for OTIE include:

- Small Business firms with fewer than 500 employees in NAICS 562910 (e.g. EA; Baywest; Zapata Engineering; others) and regional Transportation engineering firms in Wisconsin.
- Current 8(a) small businesses (Earth Resources Technology; Prudent Technologies; Dawson Group; CTI & Associates and others).
- 8(a) "graduates" (e.g., Bhate, Cabrera, Cape, HydroGeoLogic, ERRG, JM Waller, Sullivan, Tidewater, Terranear PMC and others). These SBs are now mature businesses with robust past performance and current customers that keep them "entrenched" at specific federal installations.

OTIE continues to be viewed by other SBs as extremely competitive on major ID/IQ prime acquisitions. The pursuit for new contracts begins with capture planning, notional winner profiling, and budgeting resources to direct for the "full immersion" experience that a major proposal demands.

Our proposal group is especially well qualified, often garnering compliments from large business team partners. We are blessed with a virtually matchless level of proposal sophistication, often incorporating graphical data packaging and presentation methods to convey complex information in attractive, compact formats to win critical points on competitive proposals.

Regarding task order proposals, OTIE has struggled against other Small Business competitors to win work on ID/IQ contracts. We fair better under Best Value procurements and tend to lose out on opportunities awarded based in Low-Price, Technically Acceptable evaluation.

OTIE is fortunate to have several contracts on which direct TO awards are permitted, and we continue to pursue such contracts as means to restrict competitive forces. Within DoD agencies we have USACE contracts that are stand-alone ID/IQ contracts, and Air Force contracts that also feature direct TO terms for OTIE. In addition, OTIE's prime contracts with USEPA are "level-of-effort" vehicles that do not require competitive acquisitions.

Viewing OTIE's competitive position from a geographic perspective, we remain very well positioned for continued DoD work overseas. In northern Japan at Misawa Air Base, OTIE has essentially created a competitive mote; we are the contractor of choice for a diverse set of engineering design and construction requirements.

With OTIE's forthcoming AE13DCS prime contract, we anticipate further growth worldwide. The increased DoD force posture in Asia aligns with OTIE's planned growth: We are pre-positioned for lucrative contract performance in the Asia/Pacific theater where DoD focus has pivoted.

OTIE has garnered nationwide (and international) attention as a vigorous small business competitor. We hold a wide variety of federal contracts, and the diversity of these contracts sets us apart from most of our competitors.

**e. Explanation of any material changes or developments in the market or nature of business the Corporation is primarily engaged in since the last reporting period**

As stable and secure as government contracting is, uncertainty abounds, and in FY13 OTIE and our industry competitors observed changes that pose potential impacts to business operations. The most significant development is the mandatory budget cuts across all agencies (known as "Sequestration"), followed by widespread preference by agencies to procure competitive task order type contracts.

Our DoD customers are adapting to a "new norm" of budget constraints associated with the "Sequestration" across all services. Defense appropriations typically exceed

about one-third of the federal budget, and budgets cuts will likely impact our industry in the next few years as DoD looks to low-cost solutions. Approved by Congress in FY13 was a reduction of $450B in spending over the next 10 years.

In addition to budgetary pressures, federal agencies continue to solicit professional services and construction contracts that encourage competition and directly or indirectly reduce costs. A recent development in the market is a government-wide preference to procure Multiple Award Task Order Contracts (MATOCs) as the default acquisition strategy. Observations by our customers over the past few years indicate a favorable bid climate, which is forcing contractors to sharpen their fee proposals and cut costs wherever possible.

One of the last agencies to adopt MATOC strategies is USEPA, whose Remedial Action Contract (RAC) acquisition strategy for decades has relied on single awards in each EPA Region. In a departure from this contracting strategy, EPA is procuring Nationwide RAC Multiple Award Contracts (RAC MAC), under which task orders will be competed among up to four contract holders. At a Regional level the agency anticipates procuring more traditional Small Business RAC contracts – it remains to be determined if multiple SB awards will be required in the Regions.

The bias toward MATOC contracting by federal agency customers affects our competitors more so than ourselves. As a 25-year experienced 8(a) firm, OTIE counterbalances our ID/IQ contract portfolio with a blend of MATOC and single-award contracts where competition is not required for task order assignment.

The EPA RAC contracting changes present opportunities and challenges for OTIE. However, OTIE's long-term position in the market has always been defined by our ability to leverage industry developments to maximize performance. Through effective partnering, and based on past performance, OTIE expects to broaden our present market position in EPA RAC and penetrate new Regions under SBA Mentor-Protégé Joint Venture arrangements and traditional prime/sub relationships.

Our ability to adapt to the evolving needs of the federal marketplace has enabled OTIE to build a resilient business that is closely aligned to the spending priorities of our federal clients. Because we are accustomed to competing against formidable small and large businesses, OTIE is configured to succeed in an atmosphere of increased competition and reduced budgets. Our business development strategies aim to collect early information on upcoming procurements, affording us time to develop winning strategies and allowing us to sharpen our pricing.

## f. Identification of the primary goals and targets of the Corporation and progress made towards accomplishment of the same

### *Goals for OTIE*

Completing business operations in the second quarter Fiscal Year 2014 (2QFY14) OTIE experienced fewer new project starts than expected. As reported in the first quarter summary, new business generation has been impacted by the government shutdown and its after-effects. Since OTIE generates the majority of its revenue from US Government customers, the slack we experienced during the current reporting period was forecasted. However, with a steady sales cadence emerging in 2QFY14, we are succeeding *in spite of lagging pressures*, owing to the diversity of markets we serve.

Our industry generally forecasts weaker first fiscal quarters for new federal business growth. Fortunately for OTIE, project wins in 2QFY14 with the Oneida tribe counterbalanced a sluggish pace of business growth in federal segments that traditionally generate the majority of our revenue. In the meantime we eagerly await award of large, long-term contracts with the US Air Force that will position us for continued geographic expansion, service diversification and staff growth in the second half of FY14.

In 2QFY14 we secured contracts with customers in key growth areas, paving the way for continued geographic expansion and service diversification. Accomplishments include:

- USACE Omaha contract for environmental services at Ellsworth AFB
- USACE Omaha contract for environmental services at Whiteman AFB
- Oneida Tribe contract for "One Stop" store construction
- Oneida Tribe contract for a Justice Center interior demo/remodel
- Oneida Tribe contract for Duck Creek walking/biking trail development
- WisDOT SW Region contract for USH 14 urban reconstruction
- Structural Engineering subcontract on a Science Laboratory at UW LaCrosse
- Contract modifications for Manson Construction's dredging in San Diego harbor

Going forward, OTIE will leverage opportunities and advantages of our SB status—we will pursue three avenues: compete in the 8(a) set aside contract category; aggressively solicit sole-source 8(a) contracts from existing and new customers; and compete for SB awards as prime and through JV arrangements with CH2M Hill, our SBA Mentor.

### *Targets for OTIE*

OTIE targets growth in government contracting where our skills and experience align with our customers' mission priorities. In the aggressive market of federal agency contracting - especially in times of budgetary uncertainty - every advantage counts to maintain OTIE's position in the elite levels of SB contracting. Gaining a competitive

advantage takes strategic planning and research to focus on opportunities that are robust (high confidence customer spend) and enduring (affording long-term growth opportunity). We pursue emerging or growing markets and seek entry and profit in these areas, while closely monitoring entry costs and barriers. Identified market segments for expansion by OTIE include:

- Facility/infrastructure engineering and facility demolition
- Facility sustainment, restoration and modernization (SRM)
- Munitions Response Services (MRS)
- Expansion of services/contracts with USEPA
- Growth in the Asian market

Described below are the accomplishments for OTIE's targets.

Facility/infrastructure engineering and facility demolition – aging DoD real property/infrastructure is a target with legitimate potential for sustained growth. Over the last five years OTIE has expanded the engineering services we provide to our customers. Presently we have engineering projects in the four US time zones, plus Hawaii and at DoD installations in Japan. *OTIE was awarded a Range AE Inspection Services (RAEIS) contract for Cape Canaveral and Patrick AFB, FL and added twelve staff to support the RAEIS contract.*

Facility sustainment, restoration, and modernization (SRM) - OTIE has conducted projects such as HVAC upgrades, roofing, paving, window replacement, and other trades under the umbrella category of SRM. We market for SRM project opportunities to federal agency customers helping to prioritize energy conservation investments, lower ROI, and lowering total cost of ownership. *OTIE delivered infrastructure improvement designs and SRM studies.*

Munitions Response Services (MRS) – OTIE made considerable investment in the MRS market in FY13. Having acquired OER, we are now one of the only 8(a) firms with broad capability and past performance in MRS, affording significant competitive advantage to OTIE. *OTIE reinforced our MRS capabilities in FY13 and we will add marketing effort to position OTIE for opportunities to fully penetrate this market.*

Expansion of services/contracts with USEPA – A substantial effort for OTIE in the remaining quarters of FY14 will focus on new RAC contract opportunities with USEPA at Headquarters and in select Regions, such as 5, 6, 8 and 10. In addition, we will propose on the re-compete of our START contract in Region 4. *Long-term, high dollar contracts are targeted by OTIE, and in FY13 our persistence paid off with this single-award RAC contract.*

Growth in the Asian market – projects performed by OTIE in Asia total over $35M under Air Force and USACE contracts. In FY13 we sought client diversification to broaden our opportunity for continued regional growth. OTIE expanded our customer base in Japan by winning competitive contracts with the USACE Japan

Engineer District and with Chicago Bridge & Iron (formerly d.b.a. Shaw Earth and Environmental) at Misawa AB, Japan. *OTIE was selected for award by AFCEC on two, worldwide AE Services contracts.*

**g. Identification of key elements for success in strategies given, including risks, resources and relations available and needed in order to successfully fulfill outlined strategies**

In FY14 OTIE began our 25th year of service delivery in environmental, engineering and construction. We have methodically grown the company into its present configuration as an elite, highly capable small business, and we have out-competed small and large businesses for some of our industry's most prized contracts. As a very credible competitor, our staff growth and geographic distribution enhances our win potential and our resources to serve customers. Our service lanes are sturdy, lucrative and rich in potential, and we anticipate much prosperity in the years to come.

Fundamental keys to our success are our personnel, infrastructure, financial strength, and cost-consciousness. If any one of these requirements is neglected, OTIE cannot meet our goals and targets, and competitors can capitalize on weaknesses and gain market advantage. These key OTIE features mold our strategies and processes for identifying the growth opportunities that align with the Core Business – services, customers, channels and geographic areas – and augment the largest proportion of revenue and profits.

The primary key to OTIE's continued success is to remain customer focused, sensitive to the mission, and adaptable to change. More specific customer focused factors for sustained growth include:

- A customer-focused growth strategy that is based on OTIE's existing customers. This strategy involves creating *High Impact Value Propositions* for new customer sub-segments. Underpinning this strategy is the willingness to view customers through a different set of lenses, and cross-marketing OTIE's other service capabilities to new sub-segments of our long-standing customer base. *OTIE was recently awarded work from NAVFAC Southwest's BRAC group; our prior Navy experience was confined to the Restoration Branch.*
- A customer-focused strategy that penetrates agencies with strong strategic links to OTIE's core – creating adjacent business lanes. For example, we have engineering depth and past performance that very well equips us to enter the growing Asset Management market. Physical assets such as buildings and civil infrastructure, and their systems such as roofs, carpeting, and paving are inventoried and surveyed for their condition and remaining useful life. Survey data are then entered into an asset management database, which is used for capital investment programming, planning and prioritization. Data are used to plan and program for necessary replacement/upgrades based on the condition of the asset, the likelihood of failure during the planning cycle, and for the DOD, the mission-critical nature of the asset. With the new AFCEC contracts we have the primary contract tool used by one of our key customers, and *we*

*anticipate requiring a key hire(s) to become fully configured for success in Asset Management.*

- Customer and contract-focused strategies are needed to succeed on existing ID/IQ contracts. Despite having won an abundance of prime contracts, we have suffered losses on competitive task order proposals, losing on both cost and technical approach. Competent and compliant proposals are valued and demanded by our customers. OTIE's strategy to remain customer-focused on ID/IQ proposals will incorporate a performance assessment to evaluate proposal responsiveness, win or lose. *Strong leadership practices at every level of the organization are needed in order to successfully fulfill our mission.*

OTIE's organizational structure aligns with client expectations and industry standards. Being customer focused, we grow the business by implementing principles and strategies to:

- Organize work around results that customers consider valuable
- encourage operational accountability and concentration on high-quality achievements;
- create streamlined and flexible relationships in response to customers' evolving needs; and
- provide employees with corporate support required to create opportunities and grow our company.

As presently organized and staffed, OTIE successfully strengthens our market position based on our methodical business development and responsive value-added proposals. We generate revenue and profit after successfully winning work on MATOC contracts. And we provide an outstanding level of service delivery, which ultimately determines our customers' propensity and desire to continue a business relationship with OTIE.

### h. Identification of medium (two to five year) and long (greater than five year) prospects and sustainability of the Corporation given the present status, strategies and risks

Despite slow economic growth and the budget challenges facing our government clients, we are encouraged by trends in the other key markets that make up our balanced business. Our medium- and long-term prospects reinforce our strategy of steady, sustained growth for the company.

We have successfully groomed long-term business relationships with key DoD agencies for services delivered around the world, and we are poised to benefit from an anticipated recovery and continued "pivot" to the Asia/Pacific theater. Government contracting remains an exceptionally reliable market in terms of payment, stability, and growth opportunity. Our medium- and long-term prospects reinforce our projections for steady, sustained growth for the company.

***Medium-term prospects***

OTIE's prospects in the two- to five-year term rely on our sturdy performance in engineering, science and construction to existing clients; adjacent clients/services and geographic areas; and new service offerings to new clients. For the remainder of FY14 we will:

- Raise awareness of OTIE and our services toward clearly identified targets
- Refine our "seller/do-er" strategy to embolden responsiveness and follow up
- Attract, recruit and hire well-qualified industry leaders to grow the business
- Compete for new ID/IQ contracts where we are well qualified and well positioned

OTIE will place additional emphasis on our SBA Mentor-Protégé Program, which recently underwent a "re-baselining" effort led by our Mentor, CH2M Hill. Thus far, the only opportunities for collaboration have been raised by OTIE. Going forward we will encourage our Partner CH2M Hill to actively "mentor" us to broaden our success in the market.

*Existing Services/Existing Clients*

Quality service to existing clients is a top priority for OTIE, only exceeded by safe work practices in all that we do. Outstanding performance allows our good reputation to flourish and paves the way for follow-on contracts and task order opportunities.

OTIE will continue providing services to our existing customers, aiming to exceed expectations and become the preferred provider. We added depth in two key growth areas for DoD customers: Munitions Response Services and traditional engineering services, strategic actions by the company that provide legitimate growth and align with our customers' spending trajectory.

- **Munitions Response Services (MRS)** – the DoD budget projections indicate a reduction in new starts for typical environmental cleanup projects and a corresponding increase in MRS new projects. We believe the point of intersection is still a year or two out, but because we have invested in this growth market, OTIE is poised to capture market share in MRS.
- **Engineering Services** – coupled with OTIE's consistent performance for WisDOT and other engineering customers, our new AE contracts (e.g. RAEIS, AE13ES, and AE13DCS) open significant growth potential in engineering services. These momentous wins will open doors for new projects in the two- to five-year term, and featuring higher direct labor utilization than construction type projects where subcontracting is a substantial portion of project budgets. Higher labor utilization can drive down overhead, so a "flywheel effect" is created, permitting re-investment and continued growth.

Because of our EPA Region 9 RAC contract win, OTIE is now a legitimate RAC provider, able to compete for a forthcoming RAC MAC contracting strategy that

will involve competition for awards among multiple contract holders. We view this sea-change by EPA through an opportunistic lens – small businesses like OTIE offer cost efficiencies and adaptable performance delivery over and above some of EPA's "household names" in the RAC marketplace.

Customers will continue to rely on OTIE as integral to their success — by delivering their most valuable projects safely, on time, within budget, and to their quality requirements. In the two- to five-year term we will work closely with them to find ever more innovative solutions, adding value to their every challenge.

*"Adjacent" Clients, Services and Geographic Locations*

Bridging out to new clients or offering new services to existing clients is an important component of our vision for growth. Our "seller/do-er" strategy and configuration is most effective when we are communicating with clients, and leveraging the full range of qualifications OTIE offers.

OTIE's two- to five-year strategy is to start this process by focusing on current customers whom have strong strategic links to the core of our business. Meetings with the most creative/innovative customers can be a valuable source of potential opportunity for OTIE. By learning about ties to other agency customers, presently preferred providers, contracting preferences, and even philosophy on joint ventures or contracting strategies, we learn about barriers to entering "adjacent" service lanes and geographic markets, thereby serving different customer segments and potentially re-designing the customer's value chain.

An example of success by OTIE in "Adjacent" client development is the full-and-open contract win with the USACE Japan Engineer District for AE Design for Infrastructure Improvements at Misawa AB. Further branching out to adjacent customers includes outreach and marketing to Defense Logistics Agency, NAVFAC Pacific and USACE Far East District customers.

*New/Strategic Services, Clients and Geographic Locations*

In FY13, OTIE invested in MRS business with the acquisition of Ordnance & Explosives Remediation, Inc. (OER) and simultaneously opened new offices in Boston, MA and Kansas City, MO. OER reinforced OTIE's growing MRS capability and added both clients and office locations.

OTIE also added a Stevens Point, WI office location to better service WisDOT and other AE firms seeking engineering and construction management skills, and further demonstrating our ability to expand to meet customer requirements. We see this as having growth potential with current and future clients.

These and other new customers and locations present outstanding opportunities for service growth and diversification. In FY14 OTIE will continue the drive to target customers and new markets for additional projects.

***Long-term prospects***

In spite of considerable budget constraints, OTIE envisions steady growth with our DoD and USEPA customers. Considering that over one-third of the federal budget is devoted to defense spending, OTIE is tracking where funds historically flow.

We believe that 2014 to 2020 will be strong years for OTIE. We are well positioned in key markets, and we are confident that the long-term strategy of diversifying our offerings, maintaining geographic reach, and focusing on our customers' business objectives will continue to serve us well.

For the last three years of OTIE's 8(a) status our primary business objective will remain exploiting our 8(a) status. With 25 years of business experience OTIE differentiates ourselves from other, emerging 8(a) firms that lack the infrastructure, experience, and reliability in the federal marketplace.

OTIE is prepared for graduation from 8(a) status. We know from experience that there are no "graduation gifts" and that the best success strategy is to be prepared and to be experienced competing for work. Beginning in 2014 OTIE's exit from the 8(a) program will be a regular agenda topic in Executive Management meetings.

i. **Explanation of market growth (if any) experienced by the Corporation, identifying sources of growth (i.e., organic growth through market share increase, volume of business increase, acquisition of competition or other assets, etc.)**

In FY13 OTIE had an extraordinary run on new prime contract wins, paving the way for steady growth and continued success in the future. OTIE won several significant long-term contracts that greatly increased our new program capacity. Some of this new capacity is shared between multiple contract holders, but all of it has follow-on potential and each contract adds to our performance capability and presents sales and BD potential for several years.

OTIE will add staff to meet the increased workload under our new contracts. We have already added a dozen staff in Florida to support RAEIS, and we anticipate continued growth in staff count. Organic growth will remain our primary method of expanding business volume and market share. In addition, we may evaluate acquisitions to strengthen our growth potential beyond 8(a) graduation.

Additional growth in the MRS market will depend on OTIE's ability to leverage the past performance and government agency contacts that we acquired with OER, Inc. We anticipate accelerating our business development activities to gain post-acquisition market share.

We celebrate 25 years of business success beginning in 2014, and five years of proud accomplishments for the Oneida Tribe of Indians of Wisconsin. Winning some of our industry's most prized contracts in FY13, OTIE is clearly a legacy contractor with extraordinary opportunity to enhance our competitive advantage, expand our proven capabilities, and further grow our business for the benefit of the Tribe.

OTIE's BD results reflect solid execution of our strategy during a difficult period for our customers and our industry. During the current reporting period we secured significant contract awards, we received solid indication of forthcoming contract funding, and we marginally expanded our booked backlog.

Eyeing end-of-fiscal year, we project a vigorous proposal writing season while we deliver on "fulcrum" projects that stabilize and sustain the business. We remain focused on those factors that we control, that contribute to profitability, and that build and deliver future opportunity for the Oneida Tribe: winning new business, delivering consistent value to our customers, and using our capital to make investments that improve our future performance.

**j. Summary of the assets of the Corporation, including but not limited to its financial, physical, employee, customer, brand or intellectual property, and supply assets.**

| OTIE ASSETS |
|---|
| **Financial (On Balance Sheet)**<br>Cash –Checking Accounts<br>Accounts Receivable from Customers<br>Work In Process on Current Projects<br>Fixed Assets such as Vehicles, Furniture and Fixtures, Survey Equipment, Monitoring Equipment<br>Goodwill from the purchase of T N & Associates<br>Other Assets such as Prepaid Expenses, Investment in Joint Ventures<br><br>**Employees**<br>Total of 283 Employees<br>75 Engineers<br>70 Scientists<br>14 Construction Professionals<br>25 Technicians<br>5 Skilled Trades<br>40 Administrative<br>5 Land Surveyors<br>5 Marketing<br>44 MMRP/UXO Specialists<br><br>**Customers**<br>79% of Revenue from our Federal clients, such as the Department of Defense, which includes the Air Force, Navy, and Corps of Engineers. Other Federal clients include the Environmental Protection Agency.<br>10% Commercial –WE Energies, Raytheon<br>10% State and Municipal– WI Department of Transportation, California National Guard, Ventura County, City of San Marcos, Division of State Facilities<br>1% from Oneida Nation |

**k. Summary and status of any pending legal action to which the Corporation is a party and any relevant government regulation to which the Corporation may be subject.**

No current pending legal action.