

EXHIBIT A

MICHIGAN SMALL BUSINESS RESTART PROGRAM

DETROIT ECONOMIC GROWTH ASSOCIATION SMALL BUSINESS GRANT FUND FOR DETROIT BUSINESSES

Program Guidelines

7/20/2020

1. Executive Summary

Under Michigan Public Act 123 of 2020 (PA 123), the Michigan legislature has established a \$100 million Michigan Small Business Restart Program that leverages federal funding through the CARES Act to help reduce the economic impact of the ongoing COVID-19 pandemic on Michigan small businesses and workers. The \$100 million will be administered on behalf of the Michigan Strategic Fund (MSF) by 15 local economic development organizations to support small businesses in all Michigan counties, with a minimum 30% of funding required to be awarded to eligible women-owned, minority-owned or veteran-owned businesses.

With the allocation received by the Detroit Economic Growth Association (DEGA), the DEGA has established a grant program of approximately \$7.35 Million dedicated to eligible small businesses located in the City of Detroit.

2. Award Details

Grants will be available in amounts equal to \$20,000, \$15,000, or \$10,000, based on the scoring criteria set forth in Exhibit A, subject to DEGA's right to adjust the award amount based upon demonstrated need. In addition, DEGA reserves the right to adjust grant amounts based upon number of eligible applications received.

3. Eligibility Criteria

A business located in the city of Detroit that meets all the following requirements, pursuant to Section 503 of PA 123, subject to amendment by the Michigan legislature and the MSF:

- Fewer than 50 employees

- Both for- and non-profit businesses
- In an industry that has been affected by the COVID-19 crisis
- Demonstrated income loss as a result of the COVID-19 crisis
- Demonstrated need for working capital for eligible expenses
- Have not received a grant under the Michigan Small Business Relief Program created by the Michigan Strategic Fund on March 19, 2020

Full eligibility requirements and FAQs can be found at
<https://www.michiganbusiness.org/about-medc/covid19/restart/>

4. Application Process

To apply, please follow the steps below:

1. Click <https://www.michiganbusiness.org/about-medc/covid19/restart/>
2. Fill in all applicable fields of the application
3. Ensure that any and all required documentation has been uploaded
4. Click submit

MSF will provide applications for businesses located in Detroit to DEGA for review, scoring and award determination.

Please note that DEGA may ask you to complete and/or submit additional documentation to support your application, including confirmation of eligibility and/or demonstrated need.

Applications will be open until August 5, 2020. Grants will be awarded by September 30, 2020.

5. Selection Process

Eligible applications will be scored using the scoring criteria is set forth in **Exhibit A**. DEGA reserves the right to adjust the award amount based upon demonstrated need.

6. Distribution of Funds

All applicants will be notified regarding the approval or denial and amount of award. Upon approval of the award, the applicant will be required to confirm a business

mailing address and execute a grant agreement. Once this has been done, the DEGA will process a payment to the applicant via check or ACH.

IMPORTANT NOTE: Any grant award may be considered taxable income and you will receive a 1099 for the funds at the end of this tax reporting year. Each business should consult with its tax professionals to determine whether the grant award is considered taxable income.

7. Use of Grant Funds

Grant funds may be used only for eligible expenses described below, as described in the applicant's grant application. Grant recipients must retain receipts and other records and data relating to the application, expenditure of grant funds, and compliance with the terms of the program for seven (7) years following grant disbursement and allow the DEGA, MSF, Michigan Economic Development Corporation (MEDC), State of Michigan, US Department of Treasury, and related governmental entities access to such records upon request. Unused funds and funds used for non-eligible uses are subject to repayment to the DEGA by the grant recipient.

Eligible Expenses

Grants must be used for eligible expenditures incurred between March 1, 2020 and December 30, 2020 that meet any of the following criteria:

- Necessary expenditures incurred due to the public health emergency with respect to COVID-19 (such as resulting from employment or business interruptions due to COVID-19), and
- Working capital to support payroll expenses, rent, mortgage payments, utility expenses, costs related to reopening a business or nonprofit, or other use authorized under the CARES Act.

Non-Eligible Expenses under CARES ACT

Under CARES Act guidance provided by the United States Department of Treasury, the following is a non-exclusive list of expenses that are **not** eligible expenses and may not be paid using the grant funds:

- Damages covered by insurance
- Payroll or benefit expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency

- Expenses that have been or will be reimbursed under any other federal program
- Reimbursement to donors for donated items or services
- Workforce bonuses other than hazard pay or overtime
- Severance payments
- Legal settlements

Other Non-Eligible Uses

Notwithstanding the generality of the foregoing, the grant funds may not be used for any of the following:

- to develop a stadium or arena for use by a professional sports team or development of a casino or property associated or affiliated with the operation of a casino as prohibited by the Michigan Strategic Fund Act (see MCL 125.2088c(3)(a)(b))
- to induce a qualified business, or small business to leave the State
- to contribute to the violation of internationally recognized workers' rights, of workers in a country other than the US
- fund an entity incorporated in a tax haven country, as prohibited by the Michigan Strategic Fund Act (see MCL 125.2088c(4)(c), (d), and (e))
- to carry on propaganda or otherwise attempt to influence specific legislation (within the meaning of Section 4945(d)(1) of the IRS Code)
- to influence the outcome of any specific public election or to carry on, directly or indirectly, any voter registration drive
- to make a grant to any individual for travel, study or other similar purposes or to make a sub-grant to any other organization

8. Applicant/Grant Recipient Information

The name of grant recipients and amount of grants may be disclosed publicly and / or be used by the DEGA, the MSF, the City of Detroit or the Michigan Economic Development Corporation (MEDC) for public purposes, marketing and promotions.

Applications, including supporting documentation, and any records and receipts required to be maintained as described above may be shared with DEGA, MSF, MEDC, State of Michigan, US Department of Treasury, and related governmental entities. As such, such records may be subject to public disclosure under the State of Michigan and/or United States Freedom of Information Acts ("FOIA"). Accordingly, DEGA cannot guarantee the confidentiality of an applicant's or grant recipient's submissions and specifically does not warrant that any documents submitted in connection with the grant application or the grant are exempt from disclosure under

FOIA. Applicants and grant recipients should clearly mark such information as proprietary and confidential.

The information contained herein is subject to the actual grant agreement and the written terms and conditions contained therein, as the same may be amended from time to time. DEGA also reserves the right to make the final determination of any person's or organization's eligibility and/or qualifications for program benefits, and to make allocation of program benefits as it may, in sole discretion deem appropriate.

9. Additional Information

Additional Information regarding application assistance or small business covid-19 related resources may be found by visiting <http://www.degc.org/local-business-support-for-covid-19/> .

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Scoring Criteria

Each application received will be reviewed and scored by DEGA staff based upon the on the criteria as outlined in the table listed below. The maximum allowable points an application can receive is 100.

	Scorable Question	Score	Max Points Possible	Scoring System
Legislative Eligibility Criteria	Has 50 employees or less		X	If criteria met mark "X"
	Has Income Loss since COVID19		X	If criteria met mark "X"
	Need financial support for Working Capital		X	If criteria met mark "X"
	Has not received MSBRP Grant		X	If criteria met mark "X"
Base Scoring Criteria	Current capacity business/non-profit is operating at		5	Operating at 25%: 0 points, Operating at 50%: 1 point, Operating at 75%: 3 points , Operating at 100%: 5 points
	Number of Current employees		10	0= 0 points , 1-3 employees = 5 points , 4-9 employees =7.5 points, 10+ employees = 10 points
	Number of employees retained		15	0= 0 points , 1-3 employees = 5 points , 4-9 employees = 10 points, 10+ employees = 15 points
	Avg Hourly pay of Current employees		10	\$9.65 - \$11.00 = 5 points , \$11.01 - \$14.99 = 7.5 points, \$15.00 or more = 10 points
	Age of business		10	Less than 1 year: 1-2 years: 5 points, 3-5 years: 7.5 points, 5+ years: 10 points
	Total 2019 revenue		5	Over \$3million= 1 point, \$1-3 million = 3 points, Less than \$1 million = 5 points
	Percentage of Lost Revenue		15	0-24%: 5 points, 24%-49%: 7.5 points, 50%-74%: 12.5 points , 75% + : 15 points
Local Scoring Criteria	Business/ non-profit has attempted to introduce new products or services		5	If no: 0 points, If yes: 5 points
	Has the business/ non-profit received other COVID relief funding?		5	Funding from 3 or more other sources: 1 point, Funding from 1-2 other sources: 3 points, No other funding: 5 points
	Has the business/ non-profit intentionally employed or provided services to any of the listed populations?		10	If yes to 1 category = 5 points, If yes to 2 categories = 7.5 points, If yes to 3 categories = 10 points
	Does the business/non-profit use local vendors or suppliers?		5	If no: 0 points, If yes: 5 points
	Does the business/non profit sell products or services in-person?		5	If no: 0 points, If yes: 5 points
Total			100	

Grant Amounts

Grant amounts will be determined based on a business's overall score rank in relation to all applications received. Applications that score below the 25th percentile will not be eligible for funding. Applications are eligible for the following maximum grant awards based on their overall score, subject to funding availability and demonstrated need:

- Overall score is in the between the 75th and 99th percentile: \$20,000
- Overall score is in the between the 50th and 74th percentile: \$15,000
- Overall score is in the between the 25th and 49th percentile: \$10,000
- Overall score is in the between the 1st and 24^h percentile: Not eligible for funding

DEGA reserves the right to consider access to additional/outside capital when determining final grant amounts. Further, DEGA reserves the right to request additional documentation from applicants to validate information submitted with original application for grant funding and to determine demonstrated need. Finally, DEGA reserves the right to adjust grant amounts based upon number of eligible applications received.