



BUSINESS OWNER PROGRAM GUIDELINES

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I. EXECUTIVE SUMMARY

Detroit's Business Challenge

Entrepreneurs looking to start or expand their businesses in Detroit face two major hurdles: 1) It is not easy to find the right space; and 2) Even when the right space is found, business and building owners may still have financial gaps that need to be addressed before they are ready to open.

Our Goal

The goal of Motor City Match is to help start new, permanent businesses in Detroit's commercial corridors by providing assistance throughout the business start-up and building renovation process.

Motor City Match tackles the city's startup challenges by matching the best businesses from Detroit and around the world with Detroit's best available real estate while providing competitive grants, loans and counseling to help both building and business owners get open.

Two Ways to Apply

To achieve this goal, Motor City Match offers two competitive application tracks:

1. **The Building Owner Track** is for Detroit property owners with a vacant space who are looking for quality tenants.
2. **The Business Owner Track** is for businesses from Detroit and around the world that are looking to start or expand in Detroit.

Two Types of Awards

Applicants will compete for financial and technical assistance. This includes \$500,000 in matching grants per quarter available to both building owners and business owners starting in the third quarter (July 1) of 2015.

In 2015, the assistance offered through Motor City Match to business and building owners includes:

- \$1 million in matching grants (\$500,000 per quarter for Q3 and Q4)
- \$1 million in small business and construction loans
- \$1 million in technical assistance

When to Apply

In 2015, businesses will have two opportunities to compete for technical assistance and financial assistance:

- Round 1: Applications open June 1 and close July 1.
- Round 2: Applications open September 1 and close October 1.

Starting in 2016, businesses will compete four times per year, with applications due the first day of each quarter (January 1, April 1, July 1 and October 1). Winners shall be selected every 90 days.

Apply at www.motorcitymatch.com

2. HOW THE BUSINESS OWNER TRACK WORKS

About the Business Owner Track

The Business Owner Track is designed for entrepreneurs looking to start or expand their business in Detroit. Winning businesses must locate within the City of Detroit for at least 2 years and demonstrate a benefit to the community.

Award Levels

Competitive awards are available for entrepreneurs at various stages of the business development process. Motor City Match breaks these stages into the following categories:

		Awards	Winners will have:
Technical Assistance	Get Ready	<ul style="list-style-type: none"> • Up to 50 winners • Free business planning class 	<ul style="list-style-type: none"> • A great idea
	Make a Match	<ul style="list-style-type: none"> • Up to 25 winners each round • Match making with top real estate • Financial planning assistance 	<ul style="list-style-type: none"> • A great idea • A great business plan
	Make a Plan	<ul style="list-style-type: none"> • Up to 7 winners each round • Design, build assistance • Priority permitting • Financial planning assistance 	<ul style="list-style-type: none"> • A great idea • A great business plan • Space secured

Financial Assistance	Match your Cash	<ul style="list-style-type: none"> • Up to 10 winners each round • Up to a \$100,000 matching grant per winner. • Grants match your cash dollar-for-dollar. • \$500,000 in total grants per round for business and building owners. • Opportunities to apply to lending partners for financing. 	<ul style="list-style-type: none"> • A great idea • A great business plan • Space secured • A development plan • Ready for investment
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Winners may progress through the program by competing for higher award levels in subsequent quarters if they have complied with all terms and conditions of previous awards solely at the discretion of Motor City Match staff.

3. AWARD DETAILS

TWO TYPES OF COMPETITIVE AWARDS

For the Motor City Match **Business Owner Track**, applicants compete for two types of awards: technical assistance awards and financial awards. Sources of funding for different award types have specific policies that guide the selection of Motor City Match awardees.

1. Technical assistance awards

Business owner technical assistance awards will be provided to eligible businesses for services such as business planning, financial management and build-out assistance. Technical assistance awards include the following award packages:

- Get Ready
- Make a Match
- Make a Plan

Technical assistance awards are federally funded by the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (“CDBG”) Program.

Please note that while each of the services offered through technical assistance awards has a value, there is no money exchanged between Motor City Match and the awardees.

2. Financial Assistance Awards

Loans

Motor City Match applicants will have the opportunity to apply for financing to a group of six lending partners. To simplify the process, applicants will fill out one application that will be reviewed by six lending partners all at the same time. This allows you to save time while getting the best rates and terms possible. Motor City Match lending partners include:

- Invest Detroit
- Detroit Development Fund
- Detroit Micro-Enterprise Fund
- Michigan Women’s Foundation
- LISC
- NCB Capital

All MCM grant awardees and finalists will be considered for financing from MCM lending partners. In the event that MCM lenders can’t provide all the financing needed, then the business will be considered for grants to fill the gap.

Matching Grants

Competitive matching grants are funded by private philanthropy. Foundations and corporate sponsors are providing flexible funding to help fill the gap in business start-up or build-out expenses. Motor City Match will issue monetary grants to qualified awardees based on their eligible criteria and program requirements. Matching grants can be used for:

- Exterior and interior building renovations
- Permanent and mobile equipment
- Code compliance
- Working capital
- Inventory

Motor City Match Business Owner Guidelines

All grants are 1:1 “matching grants.” These grants are designed to match business owner or building owner equity investment, essentially doubling the amount of equity available to invest in the project. In other words, if a Motor City Match awardee has \$10,000 in equity available to invest in the project, they will be considered for a \$10,000 grant.

Matching grants are available for businesses that can’t get any or all of the financing they need to get open. Grants are not a substitute for readily available financing.

Matching grant funds are issued on a reimbursement basis and will be accessed on a “draw-down” basis. Grant funds will either be held in escrow or by a Motor City Match lending partner in the event that financing is provided to support the project.

TWO OBJECTIVES

Because Motor City Match is funded in part by the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (“CDBG”) Program, business owners must meet one of two program objectives to be eligible for the Motor City Match Program.

1. Provide a benefit to low and moderate income (“LMI”) persons on an area basis.

The “area benefit” category is the most commonly-used national objective for activities that benefit a primarily residential neighborhood. An area benefit activity is one that benefits all residents in a particular service area, where at least 51% of the residents are LMI persons.

2. Remove slum or blight.

To meet this national objective category, the economic development activity must take place in a designated area that:

- Meets the definition of a slum, blighted, deteriorated or deteriorating area under state or local law; and
- Meets either one of the two conditions specified below:
 - Public improvements throughout the area are in a general state of deterioration; or
 - At least 25 % of the properties throughout the area exhibit one or more of the following:
 - Physical deterioration of buildings/improvements;
 - Abandonment of properties;
 - Chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings;
 - Significant declines in property values or abnormally low property values relative to other areas in the community; or
 - Known or suspected environmental contamination.

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A business owner's compliance with program objectives will be determined as follows:

	Award Level	Program Objective Determination
Technical Assistance Program	Get Ready	<p>Before a building and business owner can be matched, the national objective is based on the traits of the business or entrepreneur.</p> <ol style="list-style-type: none"> 1. Automatic qualification if the business or entrepreneur is a: <ol style="list-style-type: none"> a. "Micro-enterprise." This is a commercial enterprise that has five or fewer employees, one or more of which owns the enterprise. b. "Person developing a micro-enterprise." These are individuals who have expressed interests in, and who are, or after an initial screening process are expected to be, actively working toward developing businesses, each of which is expected to be a micro-enterprise at the time it is formed. 2. If the project does not automatically qualify, then the business owner themselves must be a low-to-moderate income individual.
	Make a Match	
	Make a Plan	<p>After a match is made the national objective is confirmed based on the "project" (business at a specific building location.)</p>
Grant and Loan Program	Match your Cash	<ol style="list-style-type: none"> 1. Automatic qualification if the project (building + business) is located in: <ol style="list-style-type: none"> a. LMI census tract b. Neighborhood Revitalization Strategy Area (NRSA) 2. If the project does not automatically qualify, then the project must meet "a" or "b": <ol style="list-style-type: none"> a. The business user must demonstrate their trade area provides at least 51 % LMI area benefit. Business owners must fill out a form to document this. This test will most commonly be applied to businesses that provide a good or service such as retail, restaurants, medical offices, etc. b. Document removal of specific building conditions that are detrimental to public health and safety. Technical assistance and funding for building rehabilitation will be limited to remedying these conditions.

MULTIPLE WAYS TO WIN

Participants in Motor City Match Business Owner Track can win multiple awards as they progress through the business development process:

- Motor City Match awards are provided on a competitive basis due to limited resources. Businesses are selected based on five criteria by Program staff and a selection committee.
- Businesses can compete to receive every award that Motor City Match has to offer.
- Awardees can apply to compete for higher award levels after receipt and successful completion of lower level awards.
- Receipt and completion of an award does not guarantee selection for a higher award level.
- Completion of technical assistance awards does not guarantee selection for grant awards, nor is it a pre-requisite for applying for grant awards.
- All projects awarded funding must adhere to CDBG regulations by meeting a CDBG national objective.

4. ELIGIBILITY CRITERIA

The following section provides minimum requirements that businesses must meet to participate in Motor City Match. Businesses that do not meet the eligibility criteria will not be considered for Motor City Match services and awards.

Who can apply?

- For-profit Sole Proprietorships, General Partnerships, Limited Partnerships (LP), Limited Liability Partnerships (LLP), Corporations (Inc., Corp.), Limited Liability Companies (LLC), and. (Not-for-profit organizations are ineligible to apply.)
- First time businesses or existing businesses looking to expand to a new location.
- Home-based businesses looking to locate in a commercial property are eligible to apply.
- Temporary business establishments (pop-ups) or permanent business establishments.
- Faith-based organizations, subject to 24 CFR § 570.200(j)
- Independently owned businesses that participate in retailers' cooperatives are eligible to apply; however, franchises are not eligible.
- Businesses looking to relocate may be eligible to apply if the recipient shall minimize, to the extent practicable, displacement of existing businesses and jobs in their previous location and provide proof through documentation.

Businesses must meet the minimum conditions to be considered:

- Businesses must demonstrate a benefit to a low-to-moderate income community.
- Businesses or owner (if no previous tax return) must be in good standing with the City of Detroit, State of Michigan and Internal Revenue Service.
- Businesses must be formed or incorporated before applications are submitted.

Businesses being considered for awards must agree to the following:

- Businesses must locate within the City of Detroit for at least 2 years
- Full participation in relevant technical assistance programs and completion of all award requirements.
- Willingness to coordinate with financing professionals to assist in the underwriting and financing of the project. Personal financial statements, tax returns, and other financial documents may be requested for consideration of technical assistance awards (silver and gold award packages) and are required for consideration for grants and loans (platinum awards).

Additional Eligibility Information

The following individuals are not eligible to apply – business owners who are: (1) employees, elected officials or appointed officials or officers of the City of Detroit government (the City), (2) employees or board members of the Detroit Economic Growth Corporation (DEGC); (3) employees or board members of the Economic Development Corporation of the City of Detroit (EDC); (4) contractors affiliated with the Motor City Match program; (5) Motor City Match Jurors; (6) spouses and dependents of (a) employees

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and board members of the City, DEGC, and EDC; (b) contractors affiliated with the Motor City Match program; and (c) Motor City Match Jurors.

Please note the following:

- (1) Eligible business owners may designate a contact person to apply on their behalf;
- (2) Business owners that own vacant real estate for their future business location may apply for BOTH the Building Track and Business Track; and
- (3) Businesses are limited to one application per business. If a business owner submits multiple applications for the same business, that business will be removed from award consideration.

5. APPLICATION PROCESS

How to Apply

Interested business owners can register their profile online prior to the application period. Any entity that registers will be contacted with further information prior to the launch of the program and will be invited to fill out the program application form to compete for Motor City Match awards.

Apply online at www.motorcitymatch.com

To obtain and submit a printed application, visit the offices of the:
Detroit Economic Growth Corporation
500 Griswold Suite 2200
Detroit, MI 48226.

Application Assistance

Information sessions will be held in each City Council district. See the schedule of events at www.motorcitymatch.com/events

Application Confirmation

If applying online, applicants will receive an automatic confirmation email after submitting. If applying by mail or in person, applicants will receive a confirmation email once applications are processed. It may take several days to process applications. Please note that an email address is **required** to receive confirmation that an application has been received.

6. SELECTION PROCESS

Motor City Match awards are provided on a competitive basis due to limited resources. The following section presents selection criteria for Motor City Match awards.

Scoring Criteria

Businesses will be scored based on five criteria. Each criterion is worth 20 points. Applicants can earn up to 100 points. See appendix A for the business application and associated scoring.

1. **Vision and plan** for the business based on the soundness, completeness and creativity of the concept.
2. **Experience and capacity** of the business owners and key members of the business team.
3. **Market opportunity** to meet economic demand and advance business district revitalization.
4. **Community support** for new business including benefit to low to moderate income communities.
5. **Leverage** of business owner investment and other community investment initiatives in the area.

Selection Process

1. **Eligibility and pre-screening.**
 - a. All applications that do not meet the eligibility requirements shall be considered non-responsive and discarded.
 - b. All responsive applications shall be sorted into appropriate tracks based on answers to the question: *Where are you in the process of starting or growing your business?*
 - c. Motor City Match staff will review applications within each track, rank applications and select finalists for selection committee review. This selection process is estimated to take approximately 30 days. Motor City Match staff will recommend finalists to the selection committee.
 - d. Motor City Match will notify all finalists in writing via email or first class mail. Finalists may be asked to submit additional information for final consideration if necessary. Finalists will have a limited amount of time to turn in the required additional information. The selection committee will use this information, along with their original application, to recommend participants for awards.
2. **“Get Ready Award” award.** *Businesses with a great idea, but no business plan:*
 - Up to 100 business applications are selected as “finalists” by Motor City Match staff which are referred to the selection committee to choose winners.
 - Up to 50 winners are selected by selection committee.
 - Selection committee will include business planning service providers to ensure fit with respective programs.

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3. **“Make a Match” award.** *Businesses with a great idea and a business plan but no space:*
 - Up to 50 finalists selected by Motor City Match staff.
 - From the 50 finalists, up to 25 winners selected by selection committee made up of industry experts, Detroit business owners, and community leaders.
 - Finalists will be interviewed.
 - Finalists will be asked to provide basic financial information to provide early indication of financial feasibility.

4. **“Make a Plan” award.** *Business owners with a great idea, great business plan that recently secured a space but don’t have a plan for space build out.*
 - 15 finalists will be selected by Motor City Match staff.
 - From the 15 finalists, up to 7 winners selected by Motor City Match selection committee, made up of industry experts, Detroit business owners, and community leaders.
 - Finalists will be interviewed.
 - Finalists will receive a second application asking for the following information:
 - Lease or letter of intent;
 - Any bids or cost estimates received from trade contractors as the basis for determining build-out needs and progress; and
 - Financial information to determine feasibility.
 - Winners will be selected based on business application scores and supplemental information received, as well as building owner application scores for the space. Businesses placed or matched real estate selected through Motor City Match will receive special consideration.

5. **“Match Your Cash” Award.** *Business owners with a great idea, a great business plan, a space secured and a plan for build-out. “Match Your Cash” level businesses have money ready to invest, whether it’s their own equity, financing or both. They have a budget for business start-up and build-out, and they know the gap in funding they need to raise to make their project a reality.*
 - Up to 20 finalists will be selected by Motor City Match staff.
 - From the 20 finalists, up to 10 winners will be selected by selection committee made up of industry experts, Detroit business owners and lenders.
 - Finalists will be interviewed, including a pitch to a panel of lenders for consideration for financing if needed.
 - Finalists will be receive a second application asking for the following information:
 - Lease or letter of intent;
 - Cost estimates received from trade contractors;
 - Financial information; and
 - Loan application and/or proof of funding.
 - Winners will be selected based on business application scores and supplemental information received, as well as building application scores. Businesses placed or matched real estate selected through Motor City Match will receive special consideration. A minimum of 10 % project equity is mandatory for consideration.

7. "MATCH YOUR CASH" FINANCIAL ASSISTANCE AWARD DETAILS

When a match is made between a property and a business, the project may be considered for Motor City Match grant funding and loans from one or more of the Motor City Match lending partners.

All matches will be considered for matching grants and loans, however not all matches will receive grant funding or financing. Grant making is contingent on review and selection by Motor City Match staff and selection committee. Lending is contingent on the underwriting guidelines of each lending partner.

\$500,000 in matching grants will be made available to building and business owners each quarter starting in quarter 3 of 2015.

Additionally, at least \$1 million in small business and construction loans are anticipated in 2015.

Loan Financing

Motor City Match applicants will have the opportunity to apply for financing to a group of six lending partners. To simplify the process, applicants will fill out one application that will be reviewed by six lending partners all at the same time. This allows you to save time while getting the best rates and terms possible. Motor City Match lending partners include:

- Invest Detroit
- Detroit Development Fund
- Detroit Micro-Enterprise Fund
- Michigan Women's Foundation
- LISC
- NCB Capital

All MCM grant awardees and finalists will be considered for financing from MCM lending partners. In the event that MCM lenders can't provide all the financing needed, those business that did not receive financing will be considered for grants to fill the gap.

Matching Grant Funding Levels

Motor City Match grants will match the cash investment from building owners and businesses dollar-for-dollar up to \$100,000. Motor City Match will offer \$500,000 in matching grants each quarter starting in the third quarter of 2015. Both businesses and building owners will compete to access this pool of grant funding.

Matching grants are available for businesses that can't get any or all of the financing needed to open. Grants are not a substitute for readily available financing.

Requirements

A minimum of 10 % project equity is required as a baseline for consideration for matching grant awards and loan financing. These matching grants are designed to match business owner or building owner equity investment, essentially doubling the amount of equity available to invest in the project. In other words, if a Motor City Match awardee has \$10,000 in available cash equity to invest in the project, they will be considered for a \$10,000 "matching" grant. Think of the grant as a way to get a 50 % discount on eligible improvements you plan to make to your property or business.

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“Cash” or “Equity” is defined as cash on hand that is ready to invest in the building. A bank statement will be the primary means for determining the available amount of business owner equity eligible for a matching grant.

Cash or equity sources include:

- Personal savings
- A gift from a family member or other private entity
- An unsecured loan from a family member or other private entity
- Cash raised from crowdfunding
- Funds borrowed against a 401k BUT NOT a 401k withdrawal
- Other definitions of equity based on the sole discretion of the Motor City Match selection committee

Cash or equity sources may NOT include:

- A secured loan
- A cash advance from a credit card
- Personal savings from an unlawful activity

Matching grants are issued on a reimbursement basis and will be accessed on a “draw-down” basis. Grant funds will either be held in escrow or by a Motor City Match lending partner in the event that financing is provided to support the project.

Grant making will use scoring from the selection process as a decision-making criterion for grants. Additional decision-making criteria are as follows:

Grant and Loan Underwriting Fundamentals

1. The project costs must be considered reasonable as determined by the Motor City Match staff and the selection committee.
2. All sources of the project financing must be committed. Prior to Motor City Match’s commitment to awarding a matching grant, business and property owners will work with Motor City Match financial partners and technical assistance team to:
 - a. Verify that sufficient sources of funds have been identified to finance the project including opportunities to receive financing from Motor City Match lending partners;
 - b. All participating parties providing those funds have affirmed their intention to make the funds available; and
 - c. The participating parties have the financial capacity to provide the funds.
3. Motor City Match grant funds cannot be substituted for private, independent capital. In other words, Motor City Match grants will only be made to fill a financial “gap” on the project. If the project is completely and independently funded through private sources, there is no need for public investment. In determining the “gap” on a project the Motor City Match selection committee will consider:
 - a. Whether or not the business or property owner has applied for private financing.
 - b. Whether or not the degree of equity participation is reasonable given general industry standards for rates of return and risk profile for similar projects and given the financial capacity of the business or property owner to make additional financial investments.
4. The project must be financially feasible.
5. To the extent practical, the return on the owner’s equity investment cannot be unreasonably high.
6. There must be a minimum 10 % equity investment towards project costs.

Timeline for Completion

All grant funded projects must be completed within one year of the grant award.

Motor City Match Business Owner Guidelines

Required Documentation

Business owners being considered for financial awards must agree to provide the following:

1. Business plan (new business) or growth plan (existing businesses, looking to expand to an additional location)
2. Executed letter of intent or lease
3. Development plan including construction, renovation or upgrade cost estimates and bids from contractors
4. Business financial information:
 - Certificate of assumed business name
 - Interim balance sheet and income statement
 - Three years calendar/fiscal year-end balance sheets and income statements
 - Current accounts receivable aging
 - Current accounts payable aging
 - Three months bank statements for main operating account
 - Business organizing documents
 - Articles of incorporation/formation (LLC, Corp)
 - Operating agreement (LLC only)
 - Partnership agreement (Partnership only)
 - Bylaws (Corp only)
5. Personal financial information:
 - Signed and dated personal financial statement
 - Three years personal federal tax returns
 - Last three years W-2's for each individual
 - Last two months bank/brokerage statement for each individual
 - Copy of divorce decree or bankruptcy discharge (if any)

Eligible Expenses and Policies

Each project will receive a project financial evaluation and notice of intention to provide matching grant funding.

Projects that receive grant awards will be required to execute a grant agreement that outline the terms and conditions for grant funding.

Matching grant funds will be awarded to the business owner, building owner or both on a project-by-project basis.

As a condition to the grant award, each project will be required to complete a "project financial plan" in collaboration with Motor City Match technical assistance providers. The project financial plan will identify:

- All projects costs and the corresponding sources and uses of funding on a line item basis, including costs that will be paid for in-part or whole by Motor City Match grant funds.
- Who is responsible (either the property owner or the business) for costs.
- Ownership of eligible costs. In other words, if Motor City Match grant funds are used to purchase equipment, the project financial plan will determine if the equipment belongs to the property owner or the business in compliance with applicable laws.

Eligible business owner expenses include:

- Interior building renovations
- Exterior building renovations
- Equipment
- Code compliance
- Working capital
- Inventory

8. ADDITIONAL INFORMATION

Expectation of Winners

Award winners will be expected to attend events where they will be connected to other award winners and resources. They will also be asked to share their story through a variety of media opportunities. These types of opportunities will be determined after winners are announced.

All awards are taxable income.

Use of Applicant Data

Applicant information will be shared with the Detroit Economic Growth Corporation (DEGC) for the purposes of providing direct follow-up to all applications. DEGC has a business attraction program that connects businesses to applicable business support services. If DEGC cannot directly help a business, they will recommend and connect the business owner with to one of their non-profit partner organizations that may be able to provide assistance. Many of these non-profit partners are featured on the BizGrid, a list that is designed to help businesses find business support: www.detroitbizgrid.com.

Confidentiality

Applicant proprietary and confidential data will not be shared beyond the purposes of review during the award selection process and providing business support. Applicants should clearly mark such information as proprietary and confidential. Applicant data will not be sold.

Disclaimer

The information contained herein is subject to the actual grant-ward documents and the written terms and conditions of the Motor City Match program and the Economic Development Corporation of the City of Detroit (EDC) which govern the program, as the same may be amended from time to time. EDC 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.