

Pure Michigan® Small Business Relief Initiative Guide & Grant Implementation Process

How the Pure Michigan® Small Business Relief Initiative Grant Works:

The Pure Michigan® Small Business Relief Initiative (“Initiative”) seeks to provide an aggregate of \$10 million in grant funding to one or more qualified grant administrators (“Grant Administrator”) to provide and administer grants up to \$15,000 each to eligible businesses for eligible expenses in response to the COVID-19 crisis.

In response to the most recent needs resulting from COVID-19 issues, the Initiative desires to meet the urgent working capital needs of Michigan small businesses directly impacted by COVID-19 by supporting payroll expenses, rent or mortgage payments, or utility expenses, in the following industries:

Restaurants, bars and other food and beverage service providers; travel and tourism destinations including lodging providers; live event venues and movie theaters; conference and meeting facilities; ice skating rinks; indoor water parks; bowling centers; gyms and fitness centers.

Utilization of this Initiative to address these working capital needs is targeted to the eligible small businesses within these industries to reasonably address the short- and long-term impacts of the COVID-19 crisis.

The MEDC performs administrative services to the MSF, including for this Initiative. The MEDC will recommend to the MSF, one or more Grant Administrator(s). Factors considered for the selection of a Grant Administrator will include, but are not limited to, the potential Grant Administrator’s ability to:

- a. Must serve at least one Prosperity Region in Michigan. Potential Grant Administrators that are able to cover more Prosperity Regions than others will be given priority;
- b. Quickly manage a grant funding round including processing applications, verifying small business eligibility and appropriate use of funds, quickly disbursing funds to selected eligible businesses, and provide required reporting to the MSF in a timely fashion;
- c. Knowledge and experience with CDBG programs;
- d. Past history and experience with grant program management.

The Initiative is designed to ultimately disburse \$10 million dollars State-wide with a specific targeted allocation available for each region within the State. Due to the similarities with the Michigan Small Business Relief Program (MSBRP), Small Business Restart Program and the targeted recipients, a similar methodology for distribution of funds under the Initiative is being used. The current regional allocation is outlined below:

Region	% of Funding	Allocation of CDBG COVID19 Relief Initiative
1	5%	\$500,000
2	5%	\$500,000
3	4%	\$400,000
4	13%	\$1,300,000
5	6%	\$600,000
6	8.5%	\$850,000

7	6%	\$600,000
8	8%	\$800,000
9	9%	\$900,000
10	35.5%	\$3,550,000
	100%	\$10,000,000

Step 1: Apply to serve as a Grant Administrator

Who can apply?

Only Michigan non-profit organizations may serve as the Grant Administrator for the Initiative.

How can an organization apply to serve as a Grant Administrator?

Interested organizations should complete the "Grant Administrator Identification Form" (Attachment A) and submit to CDBG@michigan.org no later than 1pm on Wednesday, December 2, 2020.

What are the general duties and requirements for Grant Administrators?

Small Business Grant Applications (form to be provided by the MEDC) ("Application") from eligible businesses will be accepted on a state-wide basis and sorted by the MEDC by Prosperity Region, on a "first-in" basis. The MEDC will assign the Applications to the applicable Grant Administrator covering the applicable Prosperity Regions. Grant Administrators will be responsible for the review, selection, and disbursement of a small business grant funding round. In general, grant administrator duties include the following:

- Collaborate with the MSF on the announcement of the selection of the Grant Administrator(s).
- Register with the Federal System for Award Management (SAM).
- Register with the State of Michigan SIGMA Vendor Self Service in order to receive funds.
- Verify eligibility requirements in accordance with Program Guide. See Step 5: Application Review & Selection below.
- Verify that the HUD National Objective is met by reviewing the Small Business LMI Verification Form which will be part of the Application (to be provided by the MEDC). See Step 5: Application Review & Selection below.
- Select the eligible businesses to receive grant funding.
- Collaborate with the MEDC on the announcement of the grantees.
- Notify all applicants of grant status including next steps for grantees and other resources available for businesses that are not receiving funding.
- Counter-sign the Application, which may operate as a sub-grant agreement, approving the award. If the Grant Administrator chooses to use a different sub-grant agreement, they are free to do so. They must make sure all steps in the eligibility review process and all other MSF Initiative requirements are completed.
- Disburse grant funds to the selected grantees.

STEP 1: Apply to serve as a Grant Administrator



STEP 2: Grant Administrator(s) Selected



Step 3: Formalize Grant Agreement between the Grant Administrator(s) & MSF



Step 4: Application Opens for Small Business Seeking Grant Support



Step 5: Application Review & Selection



Step 6: Disburse Funds to Selected Businesses



Step 7: Compliance and Reporting

November 30, 2020

- Submit required compliance and reporting documents in accordance with the Compliance Checklist (to be provided by MEDC).

Are there administrative fees that can be provided to the Grant Administrator costs?

Yes. Organizations interested in serving as a Grant Administrator are asked to provide an estimate of the administrative funding needed to implement the Initiative in accordance with this Program Guide. This information is collected in the “Grant Administrator Identification Form” (Attachment A). The MSF reserves the right, in its sole discretion, to determine any and all administrative fees that may be awarded.

Step 2: Grant Administrator Selection

How will the MEDC recommend the Grant Administrator(s) to the MSF?

The MEDC will recommend one or more Grant Administrators to administer the Initiative. Each Grant Administrator will be responsible for administering the Initiative to businesses located in a specific coverage area. The coverage area will be at least one or more Prosperity Regions.

Factors considered for the selection of a Grant Administrator will include, but are not limited to, the potential Grant Administrator’s ability to:

- a. Must serve at least one Prosperity Region, in its entirety, in Michigan. Potential Grant Administrators that are able to cover more Prosperity Regions than others will be given priority;
- b. Quickly manage a grant funding round including processing applications, verifying small business eligibility and appropriate use of funds, quickly disbursing funds to selected eligible businesses, and provide required reporting to the MEDC in a timely fashion;
- c. Knowledge and experience with CDBG programs;
- d. Past history and experience with grant program management.

When will the MEDC recommend the Grant Administrator(s) to the MSF?

The MEDC anticipates recommending one or more Grant Administrators to the MSF on or about Thursday, December 3, 2020. Upon approval by the MSF, Grant Administrators will be notified.

Step 3: Formalize Grant Agreement

How will the Grant Administrators and the MSF formalize funding?

The MSF will enter into a formal grant agreement with elected Grant Administrator(s). The agreement will outline Initiative responsibilities, which will include among other things, required compliance, the total amount of the grant award, and the amount of funding available for Grant Administrator to utilize for administrative costs.

How are funds distributed?

MSF funding will be granted directly to the Grant Administrator as a lump sum, including the applicable administrative funds. Grant funds shall be directly redistributed to the eligible businesses by the Grant Administer – see Step 6.

Step 4: Application opens for small businesses seeking grants

When will the small business grant Application window open?

An online small business grant Application window will open on or before December 15, 2020. All submissions are presently anticipated to be directed to one central website, monitored by the MEDC. The Application window will close once the targeted allocations within each Prosperity Region are reasonably anticipated to be met.

What type of business qualifies for funding?

Grant administrators must certify that **EVERY** business selected to receive grant funding meets **ALL** of the following eligibility criteria:

Businesses must meet all of the following eligibility requirements:

1. Be within one of the following industries: restaurants, bars and other food and beverage service providers; travel and tourism destinations including lodging providers; live event venues and movie theaters; conference and meeting facilities; ice skating rinks; indoor water parks; bowling centers; gyms and fitness centers.
2. Must be in compliance with all State and local orders related to COVID-19, including, but not limited, to the Michigan Department of Health and Human Services
3. Be a for-profit entity (i.e., a sole proprietorship, partnership, corporation, or LLC)
4. Has a physical establishment in the Michigan County of Application and is NOT a home-based business
5. Provide goods or services to multiple clients or customers
6. Be current, or in a payment plan, on all local, state, and federal taxes due through 1/1/2020
7. Has an active and valid state license(s)/registration(s), if applicable
8. Is not an adverse party to litigation involving the State or municipality
9. Business or Business owner has not filed for bankruptcy in the last 10 years
10. Can identify a need for payroll, rent or mortgage payments, and/or utility expenses necessary to continue / restart business operations relative to the total grant amount
11. Had annual gross revenues in 2019 greater than \$25,000
12. Has at least two employees, including the owner(s)
13. Has fewer than 50 employees (including full-time, part-time, and owner(s) on a world-wide basis)

Finally, the business must meet a **National Objective** required by the Department of Housing and Urban Development (HUD). In order to qualify for the Initiative, the business must employ at least one employee or position that meets the low to moderate income (LMI) limits and the grant must assist with the retention of that at risk employee. The business will verify this information on the LMI Verification form provided as part of the Application.

There are two scenarios for the business to meet the HUD National Objective. The business owner will identify in the Application that one of the following two statements is true.

	Scenario 1	Scenario 2
	The business owner operates a Microenterprise defined as a commercial enterprise that has five or fewer employees, one or more of whom owns the enterprise, and that the business owner individually qualifies per HUD as low to moderate income.	The business owner certifies that employees retained as a result of this assistance are identified as having the type of job and the annual wages, or salary, that qualify as low to moderate income per HUD.
Required documentation	Small Business LMI Verification form (to be provided by the MEDC)	Small Business LMI Verification form (to be provided by the MEDC)

Ineligible businesses: non-profits, franchises, real estate rentals/sales businesses, home-based businesses with no employees; businesses owned by persons under the age of 18, liquor stores, weapons/firearms dealers, lobbyist, persons operating as independent consultants/contractors and providing services to a single entity, home based businesses that are restricted to patrons below the age of 18, marijuana related businesses.

How can businesses use the grant funding from the Initiative?

Grants will be awarded in the amount up to \$15,000 per eligible business. Grants may be used by the eligible business for ONLY the following eligible expenses: payroll expenses, rent or mortgage payments, and utility expenses.

Grant funds may be used by the eligible businesses for eligible expenses expended between November 18, 2020 and April 30, 2021. Grant funds may not be used for any eligible expense that were previously funded or will be funded by another state or federal grant program, including but not limited to, the Michigan Small Business Relief Program or the Michigan Small Business Restart Program.

Step 5: Review Applications, verify eligibility, and select grantees

How should the Grant Administrator select the businesses to receive funds?

The Grant Administrator will prioritize Applications on a “first-in” basis. Applications will be sorted by timestamp for each Prosperity Region. Grant Administrators should begin reviewing Applications in the order they were submitted (determined by the timestamp) and apply the eligibility verification that is outlined below. A business that meets all eligibility requirements may be eligible to receive funding, to the extent of available funding. The Grant administrator should continue verifying eligibility until the regional allocation is met.

What is the process to verify the eligibility of a business?

Once the Application window is closed, the Grant Administrator must begin reviewing Applications and verify small business eligibility as quickly and efficiently as possible. There are two steps in the eligibility review process.

Eligibility Review Process	Eligibility Requirement	How the Grant Administrator will verify the requirement
1. Verify All Eligibility Requirements	Business falls within one of the specific industries eligible under the Initiative	Self-certified by the business on the Application
	Must be in compliance with all State and local orders related to COVID-19, including, but not limited, to the Michigan Department of Health and Human Services	Self-certified by the business on the Application
	Business is a for-profit entity	Grant Administer shall search the business in LARA for domestic profit filing, as applicable. Sole proprietorships and partnerships do not file in LARA, they file with the respective County. To the extent possible, the Grant Administer should check with the County. Also, self- certified by the business on the Application
	Has a physical establishment in the county of Application and is NOT a home-based business	Perform a google search of the business address to verify physical establishment. Also, self-certified by the business on the Application
	Provide goods or services to multiple clients or customers	Self-certified by the business on the Application
	Be current, or in a payment plan, on all taxes due through 1/1/2020	Self-certified by the business on the Application
	Has an active and valid state license(s)/registration(s), if applicable	Self-certified by the business on the Application

	Is not an adverse party to litigation involving the state or city/town	Self-certified by the business on the Application
	Business or Business owner has not filed for bankruptcy in the last 10 years	Self-certified by the business on the Application
	Can identify a need for payroll, rent or mortgage payments or utility expenses, necessary to continue / restart business operations relative to the total grant amount,	Self-certified by the business on the Application
	Had annual gross revenues greater than \$25,000	Self-certified by the business on the Application
	Has at least two employees, including the owner(s)	Self-certified by the business on the Application
	Has fewer than 50 employees (including full-time, part-time, and owner(s) on a national basis)	Self-certified by the business on the Application
	Is not on the “do not fund list” per HUD	Grant Administer shall search the business name through the following site: Limited Denial of Participation, HUD Funding Disqualifications and Voluntary Abstentions https://www5.hud.gov/ecpcis/main/ECPCIS_List.jsp to ensure the business does not appear. The Grant Administrator will submit proof this search was completed to the MEDC.
	Is able to utilize Federal funds	Grant Administrator shall search the business name through the following site: System Award Management (SAM) Certification https://www.sam.gov/SAM/pages/public/searchRecords/search.jsf to identify if the business is registered in the system and is in good standing, or has not registered. Most small businesses will not have been registered in the SAM system. The Grant Administrator will submit proof of this was completed to the MEDC.

2. Verify National Objective	Can identify that 51% of the jobs that were retained as a result of the grant, qualify as Low to Moderate Income	Business will self-certify on the Small Business LMI Verification form (which will be provide by the MEDC as, part of the Application)
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How should the Grant Administrator handle incomplete Applications?

If the Grant Administrator deems the application incomplete, the Grant Administrator will notify the grant applicant of the additional information needed. The eligible business must resubmit the application and/or necessary materials within 48 hours to maintain their position in the queue.

Step 6: Disburse Funds to Selected Businesses

When can disbursement to small businesses take place?

Once a completed Application is approved, including verification of industry and all other eligibility requirements, including that the business can meet the HUD National Objective, the Application can be counter-signed by the Grant Administrator, which operates as a sub-grant agreement. The Grant Administrator will need to utilize the Selected Business List (see below), and then funds may be disbursed to the business. The Grant Administrator may choose to use a different sub-grant agreement. However, they must make sure all steps in the eligibility review process and all other MSF Initiative requirements are included.

What is the timeframe in which funds must be disbursed?

Grant Administrators shall disburse all funds as soon as possible, but not later than within 60 days of receipt of the MSF funds.

Step 7: Compliance and Reporting

Once the businesses have been selected by the Grant Administrator, how should they be reported to the MEDC?

Prior to funds being redistributed to the eligible businesses, the Grant Administrator will utilize the Selected Business List (which form will be provided by the MEDC), to report the small business grantees and relevant data to the MEDC. This information will be used in a public announcement announcing the small business grantees.

After funds are disbursed, what additional reporting will be required?

A post-disbursement Compliance Checklist form will be provided to the Grant Administrators by the MEDC outlining reporting requirements. Reporting requirements may include, but are not limited to, providing the name of the eligible businesses receiving funding, grant disbursement date, verification of meeting the HUD National Objective, amount of administration funds, etc. In addition, the Grant Administrator shall maintain a complete project file and provide access to all records related to the Initiative until notified by the MSF that it is no longer necessary.

Anticipated Program Timeline

Nov. 30	Dec. 2 & 3	Early to Mid-December	Dec. 15	Early January	Mid-late January
Approval of MSF Funding Allocation	Grant Administrator Identification Form due by 1pm on Dec. 2nd MEDC recommends Grant Administrator(s) to the MSF for approval	Grant Agreement with the MSF and Grant Administrator Funding to follow	Small Business grant Application window opens	Grant Administrator(s) verifies eligibility and select small business grantees	Grant funds disbursed to small business grantees