

## EXHIBIT A

### Small Business Support Hubs

#### Program Guidelines

##### **Program Overview**

The Small Business Support Hubs will deploy \$75 million in American Rescue Plan (“ARPA”) funding to support small businesses disproportionately impacted by the COVID-19 pandemic. Administered by the Michigan Economic Development Corporation (“MEDC”) on behalf of the Michigan Strategic Fund (“MSF”), this initiative will bring new and more comprehensive resources to small businesses across the state by providing up to \$6 million in funding to entrepreneurial hubs for operations, programming, deployment of business support services, as well as direct grant support to small businesses. Further, the Small Business Support Hubs will raise awareness of local, state, and federal resources and will help foster a collaborative culture among service providers which supports entrepreneurs in navigating to and through these resources.

##### **Program Goals**

Through the Small Business Support Hubs initiative, the MSF will partner with entrepreneurial hubs to support small businesses disproportionately impacted by the COVID-19 pandemic. The program will:

- Support small businesses disproportionately impacted by COVID-19
- Cultivate a more inclusive, accessible and integrated (small business and tech) entrepreneurial ecosystem
- Increase the number of businesses served through new and scaled programming, technical assistance, and support services
- Increase awareness of Michigan’s small business ecosystem; assist small businesses in navigating to and through local, regional and statewide business support resources
- Expand the geographic reach of network partners into underserved and rural areas
- Raise the national profile of Michigan’s small business ecosystem

Additionally, pursuant to P.A. 1 of 2023, Section 304(3) not less than 20% of businesses served by the Program must be minority-owned businesses<sup>1</sup>.

##### **Eligible Applicants**

Eligible applicants are entities that identify as an entrepreneurial hub. For the purposes of this program, an entrepreneurial hub is defined as an entity that has a **physical space** that provides **training and resources** to entrepreneurs through a combination of **direct service** (i.e., on-site through staff, contractors, or strategic partnerships), **remote service** (i.e., off-site through field staff, contractors, or strategic partnerships), **and referral relationships** (i.e. organizations, entities or individuals with distinct or complementary technical or culturally competent expertise) to support the launch, sustainability and/or growth of entrepreneurs. The types of training and resources provided to entrepreneurs through Hubs include one-on-one coaching, consultations, workshops, seminars, cohort-based learning, incubation activities, accelerator activities, networking and mentorship opportunities and events.

Eligible applicants must be:

- Self-identified as an entrepreneurial hub
- A non-profit organization
- Headquartered in Michigan
- In good standing with the State of Michigan
- Registered or have the ability to register for a federal UIC number
- Eligible to do business with the federal government
- Able to demonstrate a history of serving as an entrepreneurial hub

Examples of eligible applicants include, but are not limited to:

- Michigan SmartZones
- Business Service Organizations (“BSO”)
- Entrepreneurial hubs, business accelerators, or business incubators
- Tribal entities
- Other entities serving small business owners in diverse, rural and other underrepresented communities

Eligible applicants may also contract with third parties to plan, execute, and manage the deployment of small business support services. Any contracted entity shall be subject to all applicable federal requirements.

### **Eligible Small Businesses Served**

Small businesses served by the Program must meet certain eligibility requirements. Each business must:

- Qualify as Disproportionately Impacted by COVID-19<sup>1</sup>

### **Eligible Costs and Activities**

“Eligible Costs” for Operations and Programming activities are at least one, or any combination of the following activities:

1. Eligible Costs associated with **strengthening the Hub** to better support small businesses disproportionately impacted by COVID-19:
  - a) Personnel;
  - b) Purchase of upgrades to systems and technology;
  - c) Purchase of fixtures, furniture & equipment;
  - d) Purchase of supplies, hardware & software;
  - e) Professional Development and Training, including certifications, memberships, subscriptions, licenses, and continuing education;
  - f) Marketing Expenses; or
  - g) Other costs associated with strengthening the Hub to better support eligible small businesses will be considered on a case-by-case basis and subject to approval by the MSF.

2. Eligible Costs associated with **delivery of programming and services** to small businesses disproportionately impacted by COVID-19:
  - a) Small business training including one-on-one coaching, consultations, workshops, seminars, cohort-based learning, networking and mentorship delivered by Full Time or Part Time employees, or subject matter expert contractors
  - b) Licensing of programs, curriculum, online learning platforms and other educational tools for the purposes of providing training to small businesses served through this program
  - c) Deployment of support services that may be delivered directly by the Hub or through third-party contracts to meet the launch, sustainability, or growth needs of the business
  - d) Other costs associated with the delivery of programming and services will be considered on a case-by-case basis and should be reflective of distinct local or regional needs and are subject to approval by the MSF.

Eligible small businesses may receive multiple support services. Hubs are responsible for exercising appropriate discretion in the amount of support services any individual eligible small business may receive.

“Eligible activities” also include direct grants to eligible small businesses. Grant awards are intentionally limited and are meant to serve as a reserve for business needs which cannot be directly met through programs or services provided by the Hub. The distribution of grants must align with the following requirements:

- a) Grant awards to an individual business may not exceed \$20,000
- b) Grants must relate to eligible programs or services provided by the Hub. Eligible grant recipients must have completed an eligible program or service within the previous six months in order to receive a grant.
- c) Grant funding must support business operations or growth needs as identified by the Hub. Eligible expenses include purchase of equipment, inventory, software, hardware; highly specialized consulting services, or other services which cannot be contracted by 12/31/2024.
  - a. Grant funds used to pay certification or licensing fees must result in receipt of corresponding certification or license by 9/30/2026.
- d) An eligible small business may only receive one small business grant.

### **Awards Structure**

All awards will be structured as grants with performance metrics and reporting requirements.

1. Up to \$65 million in funding will be allocated to Hubs for Operations and Programming. Applicants may apply for a minimum of \$500,000 in funding up to a maximum of \$5 million for Operations and Programming.

2. Additionally, up to \$10 million in funding will be allocated to Hubs for grants to eligible small businesses. This funding will be distributed proportionately to the Hubs, based upon the total Operations and Programming amount allocated, and other factors as determined by the MSF. Hubs may choose to opt out of direct grant deployment.

All Program agreements shall be memorialized by final written agreement with terms and conditions in accordance with the MSF Act, these Guidelines, MSF approval, and any other applicable laws, including all requirements of the American Rescue Plan Act of 2021, Public Law 17-2 (“ARPA”) and attendant federal regulations, as amended. These terms and conditions shall otherwise be satisfactory to the MSF, and shall include, without limitation, disbursement requirements, repayment provisions and periodic reporting to facilitate the MSF’s report to the Michigan legislature and reporting requirements of ARPA. The Program agreements shall also include a provision for repayment due to breach of the written agreement or failure to meet certain requirements.

### **Application Process**

- The MSF will select Small Business Support Hub grantees by conducting an open and competitive application process. The application will be open for at least 60 days.
- Once application submissions have been reviewed and scored, the MSF reserves the right to ask applicants to amend their proposals based upon the quality of other applications received to ensure program goals are met.
- The MSF may seek additional application submissions based on lack of submissions or quality responses to ensure program goals are met.

### **Program Considerations**

Applications may be evaluated by a numerical scoring process including, but not limited to, the following criteria:

- ability to effectively raise awareness of, and make relevant connections to local, state and federal small business support resources
- cultural competence and highly localized geographic knowledge of small business needs
- ability to work collaboratively within new and established networks to serve the launch, stabilization and growth needs of small businesses
- plan to promote and track referrals to network partners, including the State of Michigan, MEDC entrepreneurial and small business resources, such as the State Small Business Credit Initiative (SSBCI) Capital and Technical Assistance programs
- plan to use the Small Business Support Hubs to collaborate with local, regional, and statewide small business resource providers
- ability to serve small businesses disproportionately impacted by COVID-19\*
- ability to serve minority-owned, rural and otherwise underserved small business owners
- ability to demonstrate catalytic economic development through program outcomes
- and other factors as determined by the MSF

### **Program Outcomes**

Hubs will be required to report on a quarterly basis both financial obligations and expenses as well as key performance indicators. These key performance indicators may include:

- Total Number of businesses served
- Number of businesses served by program activities
- Number of businesses served for the first time by network services/referrals
- Referrals made
- Number of Minority-Owned Businesses served
- New business starts
- Loans, venture, angel or other financial investments obtained
- Jobs retained /created
- Increase revenue / facilitated revenue
- And other factors as determined by the MSF

## APPENDIX A - Definitions

**Disproportionately impacted by COVID-19** (any of the following factors will qualify a business):

- The business (either the owner's or majority owner's home address or the business address) is located in one of the following geographic areas:
  - 2015 CDFI Investment Tract
  - 2020 Qualified Census Tract
  - Rural Michigan Counties, as defined by the Office of Rural Development (2023)
    - Note: these areas are mapped [here](#)
- The business meets the US Treasury definition of SEDI-owned
- The business can demonstrate a disproportionate negative economic impact as a result of COVID 19

**Entrepreneurial Hub:** For the purposes of this program, an entrepreneurial hub is defined as an entity that has a **physical space** that provides **training and resources** to entrepreneurs through a combination of **direct service** (i.e., on-site through staff, contractors, or strategic partnerships), **remote service** (i.e., off-site through field staff, contractors, or strategic partnerships), **and referral relationships** (i.e. organizations, entities or individuals with distinct or complementary technical or culturally competent expertise) to support the launch, sustainability and/or growth of entrepreneurs. The types of training and resources provided to entrepreneurs through Hubs include one-on-one coaching, consultations, workshops, seminars, cohort-based learning, incubation activities, accelerator activities, networking and mentorship opportunities and events.

**Minority-owned business:** at least 51% owned by such individuals or, in the case of a publicly owned business, at least 51% of the stock is owned by one or more such individuals (i.e., the management and daily operations are controlled by those minority group members.)

### Asian Pacific

- A U.S. citizen whose origins are from the Asian Pacific region. These countries include the following: Cambodia; China; Guam; Japan; Korea; Laos; Malaysia; the Philippines; Samoa; Thailand; Tibet; Taiwan; the U.S. Trust Territories of the Pacific or the Northern Marianas; and, Vietnam.

### Hispanic

-A U.S. citizen of true-born Hispanic heritage, from any of the Spanish-speaking areas of the following regions: Argentina, Belize, Bolivia, Brazil, Central America, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Guyana, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, South America, Uruguay, Venezuela.

### Asian Indian

- A U.S. citizen whose origins are from the Asian Indian region. These countries include Bangladesh; India; Indonesia; Nepal; Pakistan; Sri Lanka.

*Black / African*

- A U.S. citizen having origins in any of the Black racial groups of Sub-Sahara Africa. These countries include Angola; Benin; Botswana; Burkina-Faso; Burundi; Cameroon; Cape Verde; Central African Republic; Chad; Comoros; Democratic Republic of Congo (DRC); Cote d'Ivoire; Djibouti; Equatorial Guinea; Eritrea; Ethiopia; Gabon; Gambia; Ghana; Guinea; Guinea-Bissau; Kenya; Lesotho; Liberia; Madagascar; Malawi; Mali; Mauritania; Mauritius; Mozambique; Namibia; Niger; Nigeria; Rwanda; Sao Tome & Principe; Senegal; Seychelles; Sierra Leone; Somalia; South Africa; Swaziland; Tanzania; Togo; Uganda; Western Sahara; Zambia; and Zimbabwe.

*Native American*

- A person who is an American Indian, Eskimo, Aleut or Native Hawaiian, and regarded as such by the community of which the person claims to be a part.

*Middle East / North African*

- A U.S citizen whose origins are from the Middle East or North Africa such as; Iran, Iraq, Saudi Arabia, Turkey, Algeria, Egypt, Morocco, Libya or Syria.

***Socially or Economically Disadvantaged Individual (“SEDI-owned”)***: A small business may qualify as a SEDI-owned business if it meets at least one of the criteria below:

1. Business enterprises that certify that they are owned and controlled by individuals who have had their access to credit on reasonable terms diminished as compared to others in comparable economic circumstances, due to their: (1) membership of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society; (2) gender; (3) veteran status; (4) limited English proficiency; (5) physical handicap; (6) long-term residence in an environment isolated from the mainstream of American society; (7) membership of a federally or state-recognized Indian Tribe; (8) long-term residence in a rural community; (9) residence in a U.S. territory; (10) residence in a community undergoing economic transitions (including communities impacted by the shift towards a net-zero economy or deindustrialization); or (11) membership of another “underserved community”. (Underserved communities are populations sharing a particular characteristic, as well as geographic communities, that have been systematically denied a full opportunity to participate in aspects of economic, social, and civic life, as exemplified by the list in the definition of equity. Equity is consistent and systematic fair, just, and impartial treatment of all individuals, including individuals who belong to underserved communities that have been denied such treatment, such as Black, Latino, and Indigenous and Native American persons, Asian Americans and Pacific Islanders and other persons of color; members of religious minorities; lesbian, gay, bisexual, transgender, and queer (LGBTQ+) persons; persons with disabilities; persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality.);
2. Business enterprises that certify that they are owned and controlled by individuals whose residences are in [CDFI Investment Areas](#), as defined in 12 C.F.R. § 1805.201(b)(3)(ii), as amended;
3. Business enterprises that certify that they will operate a location in a CDFI Investment Area, as defined in 12 C.F.R. § 1805.201(b)(3)(ii), as amended; or

4. Business enterprises that are located in a CDFI Investment Area, as defined in 12 C.F.R. § 1805.201(b)(3)(ii), as amended.