

MINORITY/WOMEN ENTREPRENEUR BUSINESS ASSISTANCE (MEBA) PROGRAM GUIDELINES



**CITY OF ORLANDO
COMMUNITY REDEVELOPMENT AGENCY**

GENERAL PROGRAM DESCRIPTION

Purpose and Intent

The Minority/Women Entrepreneur Business Assistance Program (MEBA Program) is a financial assistance program that was established on August 28, 2006 by the Community Redevelopment Agency (CRA) with certain parameters. The purpose of the MEBA Program is to retain existing minority-owned businesses located within blighted communities in the Downtown Community Redevelopment Area of the City of Orlando and to attract new minority-owned businesses to these areas. The MEBA Program will primarily focus on small business retention and creation in the MEBA target area as defined within the CRA. Specifically, the MEBA Program provides qualified new and existing businesses (retail and services) within the Target Area, and businesses wishing to relocate to the Target Area, both non-monetary and financial incentives for future expenses related to business retention/relocation, business start-up, purchase of capital equipment, capital improvements, and marketing of business and services.

The program is administered by the City of Orlando Community Redevelopment Agency (CRA) with oversight by the MEBA Advisory Board.

The MEBA Advisory Board

The MEBA Advisory Board (“the Board”) consists of the following seven members who were appointed by the CRA. The CRA has authorized the Economic Development Director to fill any vacant positions that may occur on the Board.

- The CRA’s Director of Urban Development
- One representative from the Community Redevelopment Agency
- One member of the City of Orlando’s Economic Development Department
- One member of the City of Orlando’s Business and Financial Services Department
- One representative from the Black Business Investment Fund (BBIF)
- One representative from The UCF Research Foundation d/b/a National Entrepreneur Center
- One representative from The Hispanic Business Initiative Fund (HBIF)

The Board shall meet at least quarterly. Special meetings may be scheduled as necessary by the Board’s chairperson. The CRA’s Director of Urban Development shall serve as chairperson for the Board. A staff member from the CRA will serve as the MEBA Program Manager and liaison to the Board. A member of the City Attorney’s Office will serve as legal advisor to the Board. The CRA will coordinate marketing, business assistance, application intake and processing for the MEBA Program. The CRA will monitor the program and ensure that established benchmarks and performance measures are being met by the grantee. The Board will recommend to the CRA Advisory Board the type of assistance, such as funding for marketing, lease costs (rent abatement), capital equipment, and relocation expenses, for which the program participants are eligible, as well as establish benchmarks that program participants must achieve.

FUNDING

The program provides financial assistance for the following:

- Business Relocation/Retention or Start-up Expenses, which may include, but are not limited to:
 - Rent subsidy for a period not to exceed six (6) months. During this period of time rent payments may gradually decrease in increments to be determined by the Board. Rent subsidy includes only the base rent amount and common area maintenance.
 - Moving heavy equipment or furniture.
 - City fees (i.e. permitting, transportation impact, sewer benefit).
 - Inventory expenses not to exceed 25% of the loan amount.
 - Other expenses as approved by the Board.
- Capital Equipment Expenses that total no less than \$2,000.00.

- Capital Improvements for the interior only, which may include, but are not limited to lighting, signage, flooring, and remodeling.
- Marketing Expenses, which may include marketing campaigns for goods and services, advertising in local papers and on websites, the use of outside marketing firm to design websites, and signage, not to exceed 25% of the loan amount, unless otherwise authorized in writing by the Executive Director of the CRA.

PROGRAM PARTICIPATION ELIGIBILITY

Eligibility

Each applicant must be the owner of a for-profit new or expanding small business as defined by the U.S. Small Business Administration with no more than twenty (20) employees, located within the Target Area as defined by the Board. The Program Manager will establish an application and screening process for applicants. Once a completed application is received, the Program Manager will make a preliminary determination regarding eligibility for assistance and conduct a mandatory criminal background check. In order to be eligible for funding through the MEBA Program, applicants must **not** have any of the following: a felony conviction or nolo contendere within the past five (5) years; a felony conviction or nolo contendere for financial/economic crimes within the past ten (10) years; or a felony conviction or nolo contendere for violent or heinous crimes (i.e. murder, sexual battery, sexual assault, armed robbery or burglary, carjacking, home-invasion, kidnapping, arson, crimes against children, etc...) in their complete history. If the background check reveals any of the above, applicant will be rendered ineligible for the Program. Otherwise, results of the background check will be included in the documentation provided to the reviewing boards for consideration as part of the application. If the applicant is a corporate entity, the president, director, manager, or, in the case of a partnership, all partners shall submit to a criminal background check.

All businesses for which applications are submitted must be current on federal, state, and local taxes, and any and all obligations to the City of Orlando. Submittal of an application does not guarantee funding assistance. Also, funding availability is on a first come-first serve basis. If all of the funding is expended, then no more applications will be accepted unless and until additional funding is approved by the CRA. Falsifications and omissions on the application may result in administrative rejection of the application.

The applicant shall not be eligible for the MEBA Program if he/she has received MEBA funding, or other business assistance funding from the CRA or City of Orlando within the last three (3) years from the date of the current submittal, except for facade improvement programs. If the applicant has received MEBA funding more than three years prior to the date of the current submittal, applicant must have successfully completed the MEBA Program and not defaulted in order to be eligible for funding assistance for a second and final time. Completion of the MEBA Program means complying with the terms of the MEBA agreement during the three-year time period of the agreement ("Program period"). Applicants who have defaulted on a previous MEBA agreement are no longer eligible for the MEBA Program. If, after review, an application is administratively rejected by CRA staff or has been denied funding by the Board, the applicant shall not be eligible to reapply for the MEBA Program for one year from the date of the original submittal.

Each applicant may be entitled to MEBA funding for one Program period at a time. If the applicant is a corporate entity or principal that owns more than one business, the corporate entity or principal shall submit an application for only one business. For example, if a corporate entity owns businesses A and B, an application can only be submitted for either business A or B, but not both. If the corporate entity is granted funding for business A and successfully completes the MEBA Program for that business, the corporate entity may then apply for funding for business B. In addition, use of the MEBA funds cannot be transferred to another business owned by the corporate entity or principal for which an application was not submitted. For example, if a corporate entity owns businesses A and B, and submitted an application for business A, any funding assistance granted for business A cannot be given to or used for business B.

One of the CRA's objectives is to increase retail business in the Target Area. In that regard, the Downtown Development Board commissioned Buxton Retail to do a study on the retail potential of some portions of the Downtown CRA Area, including some portions of the Target Area. The study validated that there is a market demand for new retail goods and consumer services within the Target Area. The CRA uses this study as guidance to determine which retail is best suited for

certain areas. The types of retail businesses that are eligible for funding under the Program include:

- Antique shops
- Appliance stores
- Art shops
- Bicycle shops
- Bookstores
- Department stores
- Drug stores
- Any similar retailing use deemed appropriate by the Board
- Florists
- Franchises
- Furniture stores
- Gift shops
- Groceries
- Hardware stores
- Jewelry stores
- Luggage stores
- Music shops
- Newsstands
- Office supplies
- Paint and wallpaper
- Photo stores
- Plumbing fixtures
- Radio stores
- Retail building materials
- Retail plant nurseries
- Small equipment rental
- Specialty shops
- Stationery stores
- Television stores

The types of consumer service businesses that are eligible for funding under the Program include:

- Appliance services
- Barber shops
- Any similar service use deemed appropriate by the Board
- Beauty shops
- Dance studios
- Duplicating services
- Health spas
- Photographic studios
- Shoe repair

In addition to the above lists, any eating and drinking establishments may also be eligible for funding as long as the business derives at least 51% of its gross revenue from the sale of food and/or non-alcoholic drink for consumption on the premises, whether or not the food is cooked on the premises. This may include restaurants, taverns, cocktail lounges, lunch counters and refreshment stands selling prepared foods for immediate consumption.

The types of businesses that are not eligible for funding under the Program include:

- Adult entertainment facilities
- Agricultural services
- Bailbond services
- Check cashing facilities
- Gun shops
- Liquor stores
- Nightclubs and bars
- Non-profit agencies
- Pawn shops
- Shops that sell drug paraphernalia
- Social service providers
- Tattoo/body piercing parlors
- Thrift shops
- Any business or service deemed illegal

Program Participation

At the time the application is submitted, applicants are required to submit a business plan, business entity documentation, estimate of costs, profit and loss statement, independent contractor agreements, resume, two years of tax returns for both business and personal, and a lease agreement or letter of intent to lease. If the applicant owns the property, then proof of ownership and mortgage information must be provided.

The Program Manager will conduct due diligence as may be appropriate, including researching public records for any liens filed against the applicant or the business entity. Once the Program Manager has determined eligibility and conducted due diligence, the qualified applications may be screened by an outside business consultant selected by the CRA. The business consultant will provide guidance to the Program Manager with regard to initial assessment of the applications and conduct an objective business and financial analysis of the applications in the context of generally accepted industry practices as they relate to each application. The consultant will work with the Program Manager and the applicant to ensure the application is complete for review by the Board. The consultant will then provide a written report to the Program Manager on his or her analysis of the application. The Program Manager will submit the consultant's report along with the application and due diligence results to the Board for review.

If the Board approves funding assistance, the applicant (hereinafter referred as the "grantee") will enter into a legally binding agreement (the "MEBA Agreement"), which will include provisions for length of time that the business must remain in operation, number of times grantee must meet with an economic development organization (EDO), submission of annual reports to the Program Manager, as well as other benchmarks and performance measures.

Grantees will also be required to execute a Security Agreement (if funding is for Capital Equipment) and a Continuing Guarantee. Grantees must also provide annual reports to the MEBA Board and the CRA Advisory Board at a Board meeting. The format for the annual report will be provided to the grantee.

In addition, the grantee shall be required to utilize the resources of an EDO and submit a Designed Action Plan (DAP) to the Program Manager as agreed upon by the Board, CRA and the grantee. The DAP is intended to be a business implementation plan setting forth those actions necessary for the grantee to be in compliance with the MEBA Agreement. The DAP must be submitted prior to receiving the first payment from the CRA.

Grantees will also be required to show proof of a financial investment in an amount of at least ten percent (10%) of the funding amount awarded. For example, if the grantee was awarded funding assistance in the amount of \$40,000, the grantee must be responsible for the first \$4,000 toward the cost of the item(s) categorized in the MEBA Agreement. Grantee may then qualify for reimbursement from the funds awarded to the grantee up to the total award amount. For instance, if the grantee was awarded \$20,000, the grantee will be responsible for the first 10% or \$2,000. The MEBA Program would then be responsible for the remaining 90% balance. Total assistance from the Program would not exceed \$20,000.

All grantees must be in compliance with applicable City codes, policies and ordinances. Grantees who are approved for financial assistance for lease costs (rent abatement) must secure a minimum of a three-year lease in the Target Area unless otherwise approved by the Board.

Once a grantee receives funding under the Program, he or she may not apply for other business assistance programs from the CRA or City of Orlando, except for facade improvement programs. The Program Manager will remain actively involved with the grantees via site visits, monthly or quarterly meetings, and such other methods as determined by the Board.

APPLICATION APPROVAL PROCEDURE

The Board will make recommendations to the CRA Advisory Board regarding funding for applicants. Once the applicant and funding is reviewed by the CRA Advisory Board, the matter will then go before the CRA for a final decision. CRA Staff will work with the local EDO in determining the level of technical assistance that each grantee must obtain and monitor the progress of grantees as outlined in the MEBA Agreement. Grantees will be required to meet benchmarks and performance measures that will be established by the Board. The CRA will enter into an MEBA Agreement with the grantee, which contains terms and conditions to receiving funding, as well as provisions should the grantee fail to meet the terms of the MEBA Agreement. The grantees receiving funding should conform to the goals, objectives, and applicable policies of Downtown Outlook, Orlando's Community Redevelopment Plan for the Downtown Area. The maximum funding per business that will be awarded under the program is \$40,000.00.

PAYMENT PROCEDURE

Funding provided through the MEBA Program will be treated as a deferred loan, whereby no interest will accrue upon the principal of the total loan amount and payment to the CRA is deferred for a three (3) year period. The total loan amount shall depreciate at 33% each year of the first two years and 34% for the third year and at the end of three year-period, the loan will be forgiven in its entirety on the condition that the grantee is in compliance with the terms and conditions of the MEBA Agreement. Payment is made to the grantee on a reimbursement basis. The grantee must submit invoices with original receipts to the Program Manager for items and services purchased in accordance with the terms of the MEBA Agreement. The grantee will only be reimbursed for items and services purchased after the effective date of the MEBA Agreement, unless the Board approves otherwise. If rent abatement has been awarded, payments will be made to the grantee upon proof of payment to the landlord for each month that is specified in the MEBA Agreement. All payments will be made to the grantee approximately thirty (30) days from the date of receipt of the requisite documentation. The Program Manager and CRA Staff will establish the necessary administrative procedures for processing payment.

DEFAULT

Conditions to Funding

If the grantee fails to comply with one of the conditions to receiving funds under the MEBA Agreement, the Program Manager will contact the grantee in an effort to determine the reason for the noncompliance. Without compromising the integrity of the program, the Program Manager shall attempt to accommodate legitimate and substantiated problems being faced by the grantee.

Default

If a suspected default or breach occurs as defined in the MEBA Agreement, the Program Manager will first contact the grantee in an effort to verify the occurrence of a default and determine the reason for the default. If the Program Manager is not successful in contacting the grantee, he/she will inform the City Attorney's Office of the suspected default. Once the City Attorney's Office confirms the default, the CRA Executive Director shall direct CRA Staff to cease further payments to the grantee and instruct the City Attorney's Office to send a letter, notifying the grantee of the default and demanding reimbursement to the CRA a pro rata share (using a three-year amortization schedule for the loan proceeds) of the total loan amount within thirty (30) days. The letter will also instruct the grantee to contact the Program Manager to further discuss the matter. If the grantee fails to respond to the demand letter, fails to reimburse the CRA the stated amount, or proposes a settlement, the Program Manager will coordinate a meeting of the Default Committee. The Program Manager will send a letter to the grantee notifying him/her of the date and time of the meeting.

Default Committee

The Default Committee will meet on an as-needed basis and will make recommendations to the CRA regarding the appropriate action to take with regard to seeking reimbursement of funds already paid to the grantee. The Default Committee will be comprised of the following officials or their designees:

Executive Director of the CRA
Director of Urban Development
Chief Financial Officer

The Executive Director of the CRA or his/her designee will chair the Committee. The Program Manager will be a non-voting member of the Committee. The City Attorney's Office will provide legal counsel and advice to the Committee. A staff person from the CRA will be present to record the minutes of the meeting.

The Committee shall have the authority to do the following: (1) recommend that the City Attorney's Office initiate litigation in the event the grantee fails to respond to the demand letter or refuses to reimburse the CRA; (2) discuss and vote on the terms of a settlement agreement in the event the grantee proposes a payment schedule; or (3) decide to take no action. The Committee's decision will be reported by the Executive Director to the CRA for approval.

Procedure

If the Committee decides to take no action, the MEBA Agreement will automatically be terminated. If a settlement agreement is recommended, the assistant city attorney will draft such an agreement for signature by the grantee and the CRA. The Executive Director will present the settlement agreement to the CRA for approval. Once the agreement is approved by the CRA, the MEBA Agreement will be terminated. If the grantee defaults on the terms of the settlement agreement, the Program Manager will coordinate a meeting of the Default Committee to determine further action in accordance with above-stated section.

If litigation has been initiated, the MEBA Agreement will be terminated. If the grantee proposes settlement after a claim has been filed in the courts and the proposal is accepted by the Committee before a judgment is entered by the court, the case will be dismissed once the settlement agreement is approved by the CRA. However, litigation may be reinstated if the grantee defaults on the terms of the settlement agreement.

If the grantee proposes settlement after a final judgment has been entered and a judgment lien has been recorded against the grantee, and the proposal is accepted by the Committee, the judgment and lien will remain in force until the terms of the settlement agreement have been completely met. Once the terms of the settlement agreement are met, the city attorney will file a Notice of Satisfaction of Judgment with the court and the lien will be removed.