

Upstart Cocoa Minority Small Business Program (Forgivable Loans)

Policies, Procedures and Conditions

Purpose

Upstart Cocoa Small Business Forgivable Loans (" Forgivable Loans") will be provided through the Upstart Cocoa Minority and Small Business Program Program") to promote the growth of women and minority-owned small businesses (collectively, "Minority-Owned Businesses") throughout the City of Cocoa. Forgivable Loans are provided on a first-come, first-serve basis to minority small business owners and entrepreneurs looking to either start a business in the City of Cocoa or relocate an existing business to the City of Cocoa to fund certain eligible expenses. The goal of the Program is to empower entrepreneurs to succeed in Cocoa, attract Minority-Owned Businesses to the City, contribute to the City's economic vitality by promoting small business, and to cultivate vibrant neighborhoods through diverse businesses in Cocoa. The Program is designed as a forgivable loan program, which may be awarded after successful completion of business coaching and educational training for entrepreneurs offered through the weVENTURE Program or another service provider selected by the City. The weVENTURE Program is part of the Women's Business Center at Florida Tech's Bisk College of Business. Forgivable Loan awards made to Minority-Owned Businesses will encourage relocation to Cocoa and support minority entrepreneurs with skill sets by covering eligible start-up, relocation and marketing expenses as further described herein.

Definitions

Minority-Owned Business – means any small business which is organized to engage in commercial transactions, which is domiciled in Florida, and which is at least 51-percent-owned by minority persons who are members of an insular group that is of a particular racial, ethnic, or gender makeup or national origin, which has been subjected historically to disparate treatment due to identification in and with that group resulting in an underrepresentation of commercial enterprises under the group's control, and whose management and daily operations are controlled by such persons.

Minority Person - means a lawful, permanent resident of Florida who is:

- (a) An African American, a person having origins in any of the black racial groups of the African Diaspora, regardless of cultural origin.
- (b) A Hispanic American, a person of Spanish or Portuguese culture with origins in Spain, Portugal, Mexico, South America, Central America, or the Caribbean, regardless of race.

(c) An Asian American, a person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands, including the Hawaiian Islands before 1778.

(d) A Native American, a person who has origins in any of the Indian Tribes of North America before 1835, upon presentation of proper documentation thereof as established by rule of the Department of Management Services.

(e) An American woman.

Small Business - entrepreneurial ventures that are moving to or starting in the City of Cocoa with 10 employees or less.

Community Enrichment Element – an act of giving back to the community through the donation of volunteer hours, goods or services. Donations shall be made to a public entity (Cocoa High School, etc.) or a 501c3 providing services to the community of Cocoa.

Overview of Program Structure

The Office of Economic Development will oversee the Program for both the City of Cocoa and the Diamond Square Redevelopment Agency. Funding is based on budget availability and will be considered on a “first come, first served basis”. Application submission does not guarantee approval. The Forgivable Loans are funded between \$1,500 and \$10,000 as determined by the City Council/CRA. For startup businesses, the minority entrepreneur must obtain at least 10% of startup costs from non-Program related funding sources. Funds shall be provided on a reimbursement basis only. Minority small business owners and entrepreneurs may advance through the Program as follows:

1. Minority small business owners located outside the City and wishing to relocate to the City of Cocoa and minority entrepreneurs desiring to start a business in Cocoa must submit an application to the Program. This application will require the Applicant to demonstrate need for startup costs or relocation costs and comply with application requirements as described further in this Policy. A proposed business plan is required upon submission of the application.
2. The Upstart Cocoa Review Committee and weVENTURE or the City’s selected service provider shall review applications and choose promising candidates for the Program. The number of applications selected shall depend on budget availability. Application selection shall occur at a duly noticed public hearing.
3. The selected applicant’s complete business coaching and coursework for approximately a 24-week period with weVENTURE or the City’s selected service provider. Tuition for the business coaching and coursework will be paid for by the City, but all other expenses, such as mileage and supplies for classes, shall be paid for by the applicant. The objective will be to gain further education regarding topics such as business management, finance and budgeting, marketing, product/service development, and human resources. In addition,

the selected applicants will work with weVENTURE or the City's service provider to refine a business plan appropriate for a start-up business or existing business expansion.

4. At the conclusion of the 24-week period, weVENTURE or the City's selected service provider shall provide a funding recommendation to the City's Office of Economic Development regarding the specific eligible expenses that the City or the CRA may wish the fund. The Upstart Cocoa Review Committee will make a recommendation to the Cocoa City Council or the Diamond Square CRA regarding the award of a Forgivable Loan, ranging between \$1,500 and \$10,000, based on factors described further in this Policy, including the applicant's performance during the 24-week period and the strength of the refined business plan. The Upstart Cocoa Review Committee's recommendation will be made at a duly noticed public hearing.
5. Should a Forgivable Loan be awarded by the Cocoa City Council or the Diamond Square CRA, the Minority-Owned Business shall execute all required Program Agreements, which may include a Security Agreement for specific equipment or inventory funded by the City or CRA. Thereafter, the Minority-Owned Business may begin to submit reimbursement requests for eligible expenses as described in this Policy up to the Forgivable Loan amount awarded.
6. Minority-Owned Businesses must complete a community enrichment element project or service to "pay back" 25% of the Forgivable Loan amount to the community within three years. After three years of maintaining the business in Cocoa, the loan will be 100% forgiven.

Upstart Cocoa Review Committee

The Upstart Cocoa Review Committee will oversee the review of all applications, recommendations for selection of participants/grantees, funding recommendations to the CRA/City of Cocoa and default procedures. The Committee will meet on an as needed basis. The Upstart Cocoa Review Committee will be comprised of a representative of the Office of Economic Development, a representative of weVENTURE (or the City's then-current selected service provider), a representative of the City support staff for the Diamond Square CRA, a representative of the Finance Department, and a representative of the Community Services Department all of which will be appointed by the City Manager or his or her designee. Additional representatives may be added as needed based on additional funding sources and/or partnerships.

Eligible Businesses

Each applicant must be a Minority-Owned Small Business or minority person entrepreneur of a for-profit new or relocating business, which intends to locate in the City of Cocoa.

Any eating and drinking establishments may 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, mobile vending, and refreshment stands selling prepared foods for immediate consumption. All applicants who will utilize a mobile vending model will need to commit to required hours/percentage of sales/other in the City of Cocoa area.

The types of businesses that are not eligible for funding under this Program include: social service providers, non-profit agencies, gun shops, agricultural services, liquor stores, medical marijuana and CBD shops, shops that sell drug paraphernalia, pawn shops, bail bond services, tattoo/body piercing parlors, check cashing facilities, adult entertainment facilities, thrift shops, nightclubs and bars, and any business or service deemed illegal. Existing businesses in the City of Cocoa are not eligible for funding. However, minority business owners of existing businesses within the City of Cocoa seeking to start an additional business shall be considered eligible, except as further provided herein. The applicant shall not be eligible for the Upstart Cocoa Program if he/she has received Upstart Cocoa Funding, or other business assistance funding from the CRA or the City of Cocoa within the last three (3) years from the date of the current submittal, except for façade improvement programs. If the applicant has received Upstart Cocoa funding more than three years prior to the date of the current submittal, applicant must have successfully completed the Upstart Cocoa Program and not defaulted in order to be eligible for funding assistance for a second and final time. Completion of the Upstart Cocoa Program means complying with the terms of the Upstart Cocoa agreement during the three-year time period of the agreement (“Program Period”). Applicants who have defaulted on a previous Upstart Cocoa agreement are no longer eligible for the Upstart Cocoa Program. If, after review, an application is administratively rejected by staff or has been denied funding by the review committee, the applicant shall not be eligible to reapply for the Upstart Cocoa Program for one year from the date of the original submittal.

Each applicant may be entitled to Upstart Cocoa funding for one business during the three-year Program Period. If the applicant is a corporate entity or principal that owns more than one business, the corporate entity or principal shall apply for only one business. For example, if a corporate entity owns business 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 Upstart Cocoa Program for the business, the corporate entity may then apply for funding for business B after the three-year Program Period has elapsed. In addition, use of the Upstart Cocoa 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 applied for business A, any funding assistance granted for business A cannot be given to or used for business B.

Application Criteria

Loan applications will be reviewed for completeness, compliance with Program criteria and deemed acceptable by the Upstart Cocoa Review Committee. Businesses that do not comply with the Program criteria and conditions will not be eligible for funding. All members of the entity applying for the Program must sign the forgivable loan application.

Formal applications will be made with a business plan, resume and Upstart Cocoa Application. Applications will be reviewed and selected by the Upstart Cocoa Review Committee. After selection into and completion of the weVENTURE Program, applicants will be required to submit a refined business plan and resume, a weVENTURE recommendation, two years of tax returns for both business and/or personal, and a lease agreement or letter of intent to lease, along with any other requested documents. 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, lawsuits, or complaints filed against the applicant or the business entity. Falsifications and omissions on the application may result in administrative rejection of the application.

Forgivable Loan Approval Procedure and Program Participation

The Upstart Cocoa Review Committee will make recommendations to the City Council regarding funding following completion of the approximately 24-week education period. The amount of any forgivable loan shall be determined by the CRA/City Council in its sole discretion, based on the following general factors:

- The estimated cost of proposed eligible expenses
- Strength of the business plan
- Evaluations of applicant performance in the weVENTURE Program or similar program
- Potential economic and fiscal impact of the proposed business on the City of Cocoa
- Location of the proposed business and whether it will be home-based
- External funding available to the applicant

After a Forgivable Loan is awarded by the City Council, the City Council will enter into an Upstart Cocoa Program Agreement with the applicant (hereinafter referred as the “grantee”), which contains terms and conditions to receiving funding, as well as provisions should the grantee fail to meet the terms of the Upstart Cocoa Agreement. The maximum funding per business that will be awarded under the program is \$10,000.

Conditions included in the Upstart Cocoa Agreement may include, but are not limited to:

- Grantee shall remain open for business at a City of Cocoa location for a period of at least three years. Funding shall be expended and reimbursed within one (1) year of the effective date of the Agreement.
- Grantees not yet open for business must be open for business and begin to provide services or products to the general public within six (6) months of the effective date of the Agreement.
- Business must submit annual reports to the Office of Economic Development.
- Grantee shall provide and complete a Community Enrichment Element prior to the end of the third year.
- Grantee shall display the Upstart Cocoa logo, as provided by the City, on the front main entrance door of the business.
- Businesses that relocate outside of the City prior to loan forgiveness will be required to repay the loan in full.

- Existing business owners must possess a current City of Cocoa Business Tax Receipt. New business owners must obtain a City of Cocoa Business Tax Receipt within 90 days of agreement execution.

The City may also require the grantee to enter into a Security Agreement to secure the specific equipment or inventory funded by the City through the Forgivable Loan. Grantees will also be required to invest in the project for which funding is requested in an amount of at least 10 percent (10%) of the cost of the items approved for funding. All grantees must be in compliance with applicable City codes, policies and ordinances and current on federal, state and local taxes. Grantees who are approved for financial assistance for lease costs (rent abatement) must secure a minimum of a three-year lease in the City of Cocoa unless otherwise approved by the review board.

All grantees who will utilize a mobile vending model will need to commit to required hours/percentage of sales/other in the City of Cocoa area.

Once a grantee received funding under the Program, he or she may not apply for other business assistance programs from the CRA/City of Cocoa, except for façade improvement programs, for a period of three years. The Program Manager will remain actively involved with the grantees via site visits or yearly meetings.

Eligible Expenses and Reimbursement Procedures

The program provides financial assistance for the following on a reimbursement basis:

- Start-up expenses or relocation expenses, which may include, but are not limited to:
 - Rent subsidy for a period not to exceed 3 months. During this period rent payments may gradually decrease in increments to be determined by available funds. Rent subsidy includes only the base rent amount and common area maintenance. Home-based businesses do not qualify for rental subsidies.
 - City fees (i.e. utility deposits, permitting fees, Business Tax Receipt fees)
 - Inventory expenses generally not to exceed 25% of the loan amount.
 - 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, with the total amount for Marketing Expenses generally not to exceed 25% of the loan amount.
 - Moving expenses for large equipment and furniture
 - One Year Membership to the Cocoa Beach Regional Chamber of Commerce
 - Other expenses as recommended by weVENTURE or the City's selected service provider.

To be reimbursed, the Grantee must provide to the Office of Economic Development paid receipts from laborers, suppliers, materialmen, contractors, and subcontractors. The receipts must include the following information:

- Name, address, and telephone number of laborers, supplier, materialmen, contractor, and subcontractor performing work or supplying material or of landlord receiving rent payments;
- Date of work or material provided;
- Itemized description of work provided (e.g., who performed the work, how many hours involved, charge for work, type of work performed) or material supplied (e.g., number of gallons of paint, quantity and measurements for each new dome style awning, feet of fence installed, description of LED wall pack) or identification of property and premises for which rent has been paid;
- Itemized cost of work performed or material supplied;
- Statement signed by landlord, laborer, supplier, materialmen, contractor or subcontractor that the amount billed has been paid by the Grantee

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 Forgivable Loan Agreement and this Policy. The expenses will only be reimbursed for items and services purchased after the effective date of the Forgivable Loan 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 Forgivable Loan 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 will establish the necessary administrative procedures for processing payment. Funding provided through the Upstart Cocoa 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 City Council is deferred for a three (3) year period. At the end of the 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 Forgivable Loan Agreement and this Policy.

Default

If the grantee fails to comply with one of the conditions to receiving funds under the Upstart Cocoa 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. If a suspected default or breach occurs, as defined in the Forgivable Loan Agreements, 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's Attorney of the suspected default. Once the City's Attorney confirms the default, the Manager will cease further payments to the grantee and instruct the City Attorney to send a letter, notifying the grantee of the default and demanding either the grantee cure the default or reimburse the City of Cocoa. 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 cure the default or reimburse the CRA/City the stated amount, or proposes a settlement, the Program Manager will coordinate a meeting of the Upstart Cocoa Review Committee. The Program Manager will send a letter to the grantee notifying him/her of the date and time of the meeting. The Upstart Cocoa Review Committee will meet on an as-needed basis and will make recommendations to the City Council regarding the appropriate action to take with regard to seeking reimbursement of funds already paid to the grantee, including, but not limited to: (1) recommending 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 City of Cocoa; (2) recommending mediation or other alternative dispute resolution actions; (3) recommending terms of a mutually agreeable settlement in the event the grantee proposes a payment schedule; or (4) recommending no further collection action and termination of the Agreement. The Committee's decision will be reported to the City Council for final approval.

Disclosures

The City expressly reserves the right to reject any and all applications or to request additional information from any and all applicants and grantees. The City retains the right to amend this Policy and any supporting documents, including the Forgivable Loan Agreement documents. The City also retains the right to advertise and promote businesses that receive Program funds.