



# Magic City Match

## Program Guidelines

2023-2024

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## I. Magic City Match Program Summary

In 2022, the Magic City Match pilot program awarded \$500,000 in grant funding to Black entrepreneurs to help them open or sustain brick-and-mortar businesses in the City of Birmingham. Following the success of the pilot program, Prosper Birmingham released an RFP to identify a partner to design and lead the 2023-2024 Magic City Match Program. The resulting program, led by REV Birmingham and powered by Prosper, is designed to “match” Black-owned businesses in Birmingham with brick-and-mortar space that meets their business needs, while providing technical assistance and grant funding to support business success. Magic City Match includes three different stages for businesses at various points of readiness for brick-and-mortar, as well as support for Black property owners looking to ready space for small business tenants. In 2020, Birmingham ranked last in the rate of Black business ownership among the USA’s 53 largest metro areas. Magic City Match is working to address this disparity by supporting businesses with assistance and funding tailored to individual business needs.

The first stage, **Ready**, serves businesses that are registered and have reached first sale but are not yet ready to succeed in physical space. These businesses may need accounting and/or marketing services, real estate assistance, and financial education and support to ensure they are bankable. The Ready stage meets these needs by funding service providers for these entrepreneurs, providing one-on-one coaching and real estate assistance to help determine next steps, and connecting entrepreneurs to lending partners.

The Ready stage also includes a property owner track that is aimed at solving for the lack of available and suitable storefront space for small businesses in Birmingham. This track enables property owners in the target corridors and business districts to receive services including a property assessment to identify renovation needs, market data and lease templates, matchmaking with potential small business tenants, and connection to lending partners.

The second stage of the program, **Open**, provides gap-funding grants of up to \$100,000 to small businesses who are prepared to succeed in brick-and-mortar, and who have space identified for their business. Grants can fund property purchase, construction, furniture, fixtures and equipment (FF&E), and/or inventory purchases.

The third stage, **Grow**, serves businesses that are already operating in brick-and-mortar, who would benefit from additional support to sustain and grow. Small grants of up to \$5,000 will fund service providers, such as accountants or marketing professionals, or provide gap funding to help businesses secure loans for business improvements or operational support.

In an effort to address historic inequities and existing disparities in business ownership, applicants in all stages of the Magic City Match program must identify as Black American Descendants of Slavery.

Awarded businesses in all three stages must commit to providing business data, including job creation and retention and payroll numbers, to support program evaluation.

## Geographic Priority Areas

By supporting Black-owned businesses to open and grow in Birmingham, one goal of Magic City Match is to fuel the resurgence of the city's business corridors. While businesses within the city limits of the City of Birmingham are eligible for the program, qualified businesses located in the following districts will be given additional points in application scoring to prioritize Black-owned business growth in these areas:

- East Lake
- Ensley
- Five Points West
- Fourth Avenue Business District/ Civil Rights District
- North Birmingham
- Smithfield/ Elyton
- Woodlawn

## II. Program Details: Ready Stage - Entrepreneur Track

The Ready stage of Magic City Match will support entrepreneurs interested in opening brick-and-mortar businesses to prepare their business for success. Awardees will receive professional services funded by Magic City Match, as well as coaching, real estate technical assistance, and connection to lending partners as needed.

**The Ready Stage - Entrepreneur Track will serve up to 15 entrepreneurs, with a total budget of up to \$100,000 for service providers.** The Magic City Match program reserves the right to make awards of varying amounts to balance business needs and available funding. A successful application does not guarantee a minimum value of services provided.

### Qualifications:

In order to qualify for the Ready stage entrepreneur track, applicants must meet the following criteria:

- Black American Descendant of Slavery
- Owner of a for-profit business that is not yet located in a brick-and-mortar space
- Business has been in existence at least 1 year, with the ability to demonstrate revenue generated in the last 12 months
- Desire to open in a brick-and-mortar location within the Birmingham city limits in the next 6-24 months

### Application and Selection Process:

Applications will be released September 15<sup>th</sup> with an October 15<sup>th</sup> submission deadline. Incomplete applications will not be reviewed. REV will offer application information sessions as well as office hours to support entrepreneurs with their applications.

Following initial application review by REV Birmingham, finalists will be chosen by a selection committee of lending partners, entrepreneurial ecosystem partner organizations, and successful

Black entrepreneurs in Birmingham. This committee will use a scoring rubric to evaluate applications, which will include the following criteria:

1. Strength and clarity of business plan and vision for growth;
2. Experience and capacity of business owners and key members of the business team;
3. Feasibility of financial model and capital readiness (*Note: businesses that are not capital ready are eligible to apply for Ready stage funding, but they must commit to working with the program's financial partner to become capital ready.*); and
4. Interest in locating within one of the target business districts or corridors, with extra consideration given to businesses with a current City of Birmingham business license.

Program finalists will then meet with REV Birmingham and at least one member of the selection committee to address questions, discuss program requirements, and determine what support is needed from service providers to ready their business for brick-and-mortar space. Ready Stage awardees will receive notification of program acceptance and details of their awards by approximately November 30th.

#### Program:

Entrepreneurs will receive:

- Individualized business coaching through REV Birmingham, including an initial meeting to discuss the business's needs and create a roadmap to prepare for brick-and-mortar. Following this initial meeting, REV will check in with businesses monthly and schedule additional coaching as needed to help businesses reach their goals.
- Technical Assistance Awards – REV will connect entrepreneurs with service providers to meet their needs, as discussed in the application interview and outlined in their program contracts, which could include accountants, marketing experts, lawyers, architects, and business planning consultants. REV will pay service providers directly for their work with entrepreneurs.
- Preparation for financing – entrepreneurs will work with the program financial partner to receive financial readiness education, either in a workshop setting or individually, depending on entrepreneur needs. The financial partner will work with entrepreneurs to help them become capital ready, and identify lending opportunities for their business.
- Real estate consulting – REV Birmingham will offer one small business real estate workshop for Ready stage program participants to help them understand the basics of commercial real estate. Once entrepreneurs have reached the point that they are ready to begin looking for space, REV will provide individual consulting to help businesses identify potential spaces, review leases, and create pro formas.
- Small business community – Program participants in the Ready stage will have opportunities to learn from and support each other as they work toward opening in brick-and-mortar. REV will facilitate monthly cohort gatherings in December, January, February, April, and July for participants to share their experiences and challenges and meet other successful Black entrepreneurs in Birmingham.

Ready Stage entrepreneurs must begin working with program-funded professional service providers within 3 months of award notification. Exceptions to this timeline may be made in rare instances at the discretion of REV Birmingham based on individual business needs.

Reporting Requirements:

Ready Stage Entrepreneur Track awardees must commit to reporting the following business data upon entry to the program and at intervals of 6 months, 1 year, and 2 years after award notification. If required business data is not provided, REV Birmingham reserves the right to suspend the business owners' participation in the program until such data is provided.

Required data includes:

- Business revenue
- Number of staff (FTEs) and total payroll documented by pay stubs or payroll reports
- Square footage of brick-and-mortar space (if applicable)
- Funding leveraged from other sources
- Dates of lease signing, mortgage acquisition, and/or brick-and-mortar space opening

REV and Prosper will report data for all Magic City Match businesses in aggregate to share program success. Individual business data will not be published or shared publicly without the express written permission of the business owner. REV will confidentially share individual business information data with program partners and service providers as needed to best support business growth.

### **III. Program Details: Ready Stage – Property Owner Track**

Property owners who identify as Black American Descendants of Slavery with properties in the City of Birmingham will have the opportunity to apply for technical assistance to help them identify a path forward to prepare their space for small businesses and identify potential tenants.

**The Ready Stage - Property Owner Track will serve up to 5 property owners, with a total budget of up to \$50,000 for property assessments, surveys, title searches, and appraisals.** The Magic City Match program reserves the right to make awards of varying amounts to balance business needs and available funding. A successful application does not guarantee a minimum value of services provided.

Qualifications:

In order to qualify for the Ready Stage property owner track, applicants must meet the following criteria:

- Black American Descendant of Slavery
- Owner of a vacant or underutilized commercial property within the City of Birmingham;
- Property must be up-to-date on taxes, and utility bills, and must not have any unresolved summons/citations from the Birmingham Environmental Court.
- Once property is ready to be leased, owner must agree to lease property with the following terms: minimum 3-year lease, owner responsible for maintenance of building envelope (roof

and walls), HVAC, plumbing and electrical systems delivered in good working order at start of lease, and adherence to industry standard, best practice lease terms for commercial property management regarding major repairs and maintenance based on property type, for the duration of the lease term.

#### Application and Selection Process:

Applications will be released September 15<sup>th</sup> with an October 15<sup>th</sup> submission deadline. Incomplete applications will not be reviewed. REV will offer application information sessions as well as office hours to support property owners with their applications.

Following initial application review by REV Birmingham, finalists will be chosen by a selection committee of real estate professionals, lending partners, other partner organizations serving Black business in Birmingham (the "Ecosystem"), and experienced Black property owners in Birmingham. This committee will use a scoring rubric to evaluate applications, which will include the following criteria:

1. Location of property in one of the focus business districts or corridors (first priority), or location elsewhere within the City of Birmingham (second priority);
2. Potential for property to be improved to suit small business needs; and
3. Feasibility of financial model and demonstrated capital readiness (Note: businesses that are not capital ready are eligible to apply for Ready stage funding, but they must commit to working with the program financial partner to achieve capital readiness).

Program finalists will then meet with REV Birmingham to address questions, discuss program requirements, and determine what support is needed from service providers to ready their business for brick-and-mortar space. Awardees will receive notification of program acceptance and details of their awards by approximately November 30th.

#### Program:

Property owners will receive:

- Complementary building assessment to help identify renovation needs and estimate construction costs. REV will select and pay service providers directly for these services.
- Additional assessments and services, depending on property needs, which could include engineering assessments, environmental assessments, surveys, title searches, and appraisals.
- Market data, provided by REV Birmingham using tools including Co.Star and Placer.ai.
- Lease templates, and tools to help negotiate with tenants.
- Networking opportunities with Entrepreneur Track businesses to help identify potential tenants.

Ready Stage property owners must begin working with program-funded professional service providers within 3 months of award notification. Exceptions to this timeline may be made in rare instances at the discretion of REV Birmingham based on individual business needs.

### Reporting Requirements:

Ready Stage Property Owner Track awardees must commit to reporting the following business data upon entry to the program and at intervals of 6 months, 1 year, and 2 years after award notification. If required business data is not provided, REV Birmingham reserves the right to suspend the business owners' participation in the program until such data is provided.

Required data includes:

- Increase in rental revenue generated by new tenants
- Square footage of brick-and-mortar space improved
- Funding leveraged from other sources
- Dates of lease signings and business openings for tenants in property

REV and Prosper will report data for all Magic City Match businesses in aggregate to share program success. Individual business data will not be published or shared publicly without the express written permission of the business owner. REV will confidentially share individual business information data with program partners and service providers as needed to best support business growth.

### **IV. Program Details: Open Stage**

The Open stage of Magic City Match will provide gap-funding grants of up to \$100,000, connection to lending resources, and business consulting for small businesses that have a brick-and-mortar space identified and need additional funding to complete construction and open the business. Eligible applicants include entrepreneurs opening their first brick-and-mortar business location, as well as entrepreneurs seeking an additional business location within the City of Birmingham.

**The Open stage will serve up to 5 small businesses, with a total budget of \$250,000 for grants.**

The Magic City Match program reserves the right to make awards of varying amounts to balance business needs and available funding. A successful application does not guarantee a minimum grant award.

### Qualifications:

In order to qualify for the Open Stage, applicants must meet the following criteria:

- Black American Descendant of Slavery;
- Owner of a for-profit business that has not yet opened in a brick-and-mortar space;
- Brick-and-mortar space identified within the City of Birmingham, with a letter of intent or contract;
- Must be able to upload a project plan for business opening with a fully loaded project budget; AND a business plan or pitch deck complete with financial projections; and
- Ability to demonstrate that full funding (before grant award) to complete the project has been procured.

Grants generally will not exceed 50% of the project cost.

### Application and Selection Process:

Applications will be released in the first quarter of 2024, exact date TBA. Incomplete applications will not be reviewed. REV will offer application information sessions as well as office hours to support entrepreneurs with their applications.

Following initial application review by REV Birmingham, finalists will be chosen by a selection committee of lending partners, entrepreneurial ecosystem partner organizations, and successful Black entrepreneurs in Birmingham. This committee will use a scoring rubric to evaluate applications, which will include the following criteria:

1. Strength and clarity of business plan and vision for growth;
2. Experience and capacity of business owners and key members of the business team;
3. Feasibility of pro forma and capital readiness;
4. Suitable business location in one of the focus business districts or corridors (first priority), or location elsewhere within the City of Birmingham (second priority); and
5. Community support for new business and demonstrated evidence of entrepreneur's efforts to connect with the community surrounding their business location.

Program finalists may be interviewed by REV Birmingham and/or members of the selection committee to answer questions about their business plan and financial needs. The committee will select up to 5 grantees to receive grants of up to \$100,000.

### Program:

Entrepreneurs will receive:

- Connection to lending partners if needed to complete project funding.
- Financial planning and project management assistance.
- Gap funding grants of up to \$100,000, to be released to businesses once full project funding is secured.
- PR support for business opening provided by REV Birmingham, including collaborating to draft an announcement press release, distribution of press release to media partners, and introductions to media partners.

The following will be eligible expenses for Open stage grant funding:

- Professional services necessary to prepare the business to open.
- Construction costs including the following:
  - Design services and drawings
  - Exterior building renovations
  - Interior building renovations including necessary furniture, fixtures, and equipment
  - Code compliance, license fees and permit costs
- Inventory purchases for initial stocking.
- Working capital or operating costs necessary for the first 6 months of operation, not to exceed 10% of the grant funding amount (note: priority will be given to applicants that do not require operating capital).



Open Stage grantees must spend grant funds within 6 months of selection. This timeline may be extended up to one year at the discretion of REV Birmingham based on individual business needs. Grant funds will be managed by REV Birmingham and issued either as reimbursement for approved expenses, direct payment of invoices for approved expenses, or funding directly to businesses for approved expenses under an agreed upon threshold amount.

#### Reporting Requirements:

Open Stage grantees must commit to reporting the following business data upon entry to the program and at intervals of 6 months, 1 year, and 2 years after award notification. If required business data is not provided, REV Birmingham reserves the right to suspend the business owners' participation in the program until such data is provided.

Required data includes:

- Business revenue
- Number of staff (FTEs) and total payroll
- Square footage of brick-and-mortar space (if applicable)
- Funding leveraged from other sources
- Dates of lease signing, mortgage acquisition, and/or brick-and-mortar space opening

REV and Prosper will report data for all Magic City Match businesses in aggregate to share program success. Individual business data will not be published or shared publicly without the express written permission of the business owner. REV will confidentially share individual business information data with program partners and service providers as needed to best support business growth.

#### **V. Program Details: Grow Stage**

The Grow stage of Magic City Match provides small grants or funding for service providers, connection to lending partners, and technical assistance to help existing Black-owned businesses thrive.

**The Grow stage will serve up to 10 businesses with up to \$50,000 in total available funding.** The Magic City Match program reserves the right to make awards of varying amounts to balance business needs and available funding. A successful application does not guarantee a minimum grant or value of services provided.

#### Qualifications:

In order to qualify for the Grow Stage, applicants must meet the following criteria:

- Black American Descendant of Slavery;
- Owner of a for-profit business that has been located in a brick-and-mortar space for a minimum of one year;
- Current City of Birmingham business license; and
- Ability to share most recent two years of tax returns for business.

### Application and Selection Process:

Applications will be released September 15<sup>th</sup> with an October 15<sup>th</sup> submission deadline. Incomplete applications will not be reviewed. REV will offer application information sessions as well as office hours to support entrepreneurs with their applications.

Following initial application review by REV Birmingham, finalists will be chosen by a selection committee of lending partners, entrepreneurial ecosystem partner organizations, and successful Black entrepreneurs in Birmingham. This committee will use a scoring rubric to evaluate applications, which will include the following criteria:

1. Experience and capacity of business owners and key members of the business team;
2. Potential for sustained business success, as indicated by financial records and business plan;
3. Business location in one of the focus business districts or corridors (first priority), or elsewhere within the City of Birmingham (second priority); and
4. Community support for business and demonstrated evidence of entrepreneur's efforts to connect with the community surrounding their business location.

Applicants will be required to submit their current business plan with 3-year forward pro forma and/or pitch deck and a fully loaded project budget. Program finalists may be interviewed by members of the selection committee to answer questions about their business plan and financial needs.

Applicants will indicate whether they are applying for technical assistance awards to fund service providers or small grants to help fund business improvements or operational funding. Grantees will be required to show that they have secured the full funding needed to complete their project before grant funds will be released.

### Program:

Businesses will receive:

- Individualized business coaching through REV Birmingham to create plans for sustaining and/or making physical improvements to existing space.
- Either technical assistance or grant funding:
  - Technical Assistance Awards – REV will connect entrepreneurs with service providers to meet their needs, as discussed in the application interview and outlined in their program contracts, which could include accountants, marketing experts, lawyers, architects, and business planning consultants. Where possible, we will refer entrepreneurs with Black service providers to further support Black businesses in Birmingham. REV will pay service providers directly for their work with entrepreneurs.
  - Grant funding – Small grants to help fund business improvements or operational needs, not to exceed 20% of the total project budget. Funding could support a range of expenses, including, but not limited to, business expansion costs, façade improvements, rent payment, inventory purchase, and payroll.
- Preparation for financing – entrepreneurs will work with the program financial partner to receive financial education, either in a workshop setting or individually, depending on

entrepreneur's current state of financial readiness. If needed, the financial partner will work with entrepreneurs to help them become capital ready, and identify lending opportunities for their business.

Grow Stage businesses must begin working with program-funded professional service providers within 3 months of award notification OR must spend grant funding within 6 months of selection. Exceptions to this timeline may be made at the discretion of REV Birmingham based on individual business needs. Grant funds will be managed by REV Birmingham and issued either as reimbursement for approved expenses, payment of invoices for approved expenses, or funding directly to businesses for approved expenses under an agreed upon threshold amount.

#### Reporting Requirements:

Grow Stage awardees must commit to reporting the following business data upon entry to the program and at intervals of 6 months, 1 year, and 2 years after award notification. If required business data is not provided, REV Birmingham reserves the right to suspend the business owners' participation in the program until such data is provided.

Required data includes:

- Business revenue
- Number of staff (FTEs) and total payroll
- Square footage of brick-and-mortar space (if applicable)
- Funding leveraged from other sources

REV and Prosper will report data for all Magic City Match businesses in aggregate to share program success. Individual business data will not be published or shared publicly without the express written permission of the business owner. REV will confidentially share individual business information data with program partners and service providers as needed to best support business growth.

## **VI. Additional Information**

#### Awardee Expectations:

As a pre-requisite to participation in the program, Magic City Match awardees will be expected to attend events where they will be connected to other award awardees 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 awardees are announced. All award awardees are expected to sign relevant technical assistance or grant agreements, including an acknowledgement of program terms and reporting requirements.

#### Confidentiality:

Certain information submitted by Magic City Match applicants as part of the application process will be regarded as "confidential information" by REV Birmingham and award selection committee members, and will be used only for the purposes and scope outlined in these guidelines.

“Confidential Information” means any applicant proprietary information, records, data, lists, electronic data information, technical data, trade secrets or know-how, including, but not limited to, market data, real estate data, research, plans, products, services, customer lists and customers, software, developments, inventions, processes, formulas, methods of determination of prices, financial condition, profits, sales, net income, indebtedness, technology, designs, drawings, engineering, or marketing plans. Confidential Information does not include any of the foregoing items that have become publicly known and made generally available through no wrongful act or omission of REV Birmingham employees or members of Magic City Match selection committees.

Tax Implications:

Awardees are responsible for all applicable taxes resulting from the receipt of grant funds. Technical assistance awards and financial assistance received pursuant to this Agreement may be considered taxable income by the U.S. Internal Revenue Service and/or the Alabama Department of Treasury. Magic City Match program awardees are strongly urged to consult with a tax professional to determine the federal, state and/or city tax implications of receipt of financial or technical assistance. REV Birmingham will issue a Form 1099 to each awardee.

Disclaimer:

The information contained herein is subject to the actual grant-award documents and the written terms and conditions of the Magic City Match program, REV Birmingham and Prosper Birmingham, which govern the program, which may be amended from time to time at the sole discretion of the program partners. REV Birmingham 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 its sole discretion, deem appropriate.

REV Birmingham may in its absolute discretion, but without being under any obligation to do so, update, amend or supplement the information, assessment or assumption contained in these program guidelines. Changes will be communicated to those known by REV to be submitting an application or participating in the program. Changes to any deadline or other scheduled events may be made by REV as it deems appropriate and to be in its best interest.