

DIRECT GRANT PARTICIPANT AGREEMENT

This Direct Grant Participant Agreement (Agreement) is made effective as of **[date]** (Effective Date), by and between the **SBAM Foundation**, a Michigan nonprofit organization (SBAMF), with a registered address of 101 S. Washington Square, Suite 900, Lansing, MI 48933, and **[name of participant]**, a Michigan **[type of entity]**, with a registered address of **[participant's registered address]** (Participant). SBAMF and Participant are individually referred to as a "Party" and collectively as the "Parties."

Recitals

- A. SBAMF is a 501c3 Tax Exempt Organization established to provide training and education on entrepreneurship, including for disadvantaged individuals and economically challenged communities in the State of Michigan.
- B. On March 11, 2021, the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Funds (SLFRF) were established as part of the American Rescue Plan Act (ARPA) to respond to and promote an equitable recovery from the COVID-19 pandemic. The State of Michigan Department of Treasury was awarded \$6.54 billion under SLFRF on May 13, 2021.
- C. The State of Michigan appropriated \$75 million of ARPA SLFRF funding to the Michigan Strategic Fund (MSF) for the creation and operation of programming to support small businesses disproportionately impacted by the COVID-19 pandemic.
- D. On June 27, 2023, the MSF Board approved the creation of the Small Business Support Hubs Program (Program) to provide grants to address the negative economic impact of COVID-19, including the allocation of \$75 million of SLFRF funding to assist Eligible Small Businesses Disproportionately impacted by COVID-19.
- E. The Michigan Economic Development Corporation (MEDC) provides administrative services for the MSF.
- F. On November 7, 2023, the MSF approved a grant awarded to SBAMF up to \$3,426,316 (Grant) to be disbursed pursuant to that certain Small Business Hubs Program Grant Agreement between the MSF and SBAMF dated January 29, 2024 (Grant Agreement) with \$426,316 earmarked for Direct Grants as detailed in this Agreement.
- G. SBAMF has budgeted \$426,316 of the Grant to be issued as direct grants (each a Direct Grant) to eligible small businesses pursuant to the terms of a participant agreement not to exceed \$5,000.00 per Direct Grant.
- H. SBAMF and Participant desire to enter into this Agreement to govern the terms and conditions pursuant to which SBAMF will provide a Direct Grant to Participant for use on Eligible Costs, as hereinafter defined.

Agreement

1. **DEFINITIONS.** The capitalized terms in this Agreement shall have the meaning set forth in this Agreement and in *Exhibit A*.
2. **TERM.** This Agreement shall commence on the Effective Date and shall terminate on **[date]** (Termination Date), unless terminated earlier pursuant to the terms of this Agreement.

Exhibit A

Direct Grant Participant Agreement

3. **DIRECT GRANT FUNDS.** SBAMF has identified Participant as an Eligible Small Business and has granted [**dollar amount**] (the Direct Grant Funds) to Participant. By signing this Agreement and accepting the Direct Grant Funds, Participant agrees to be bound by and adhere to the Rules and Regulations set forth in *Exhibit B* governing the Direct Grant Funds.

4. **REIMBURSEMENT FOR ELIGIBLE COSTS.** Direct Grant Funds shall be awarded to the Participant on a reimbursement basis. Participant shall be required to submit to SBAMF receipts or other acceptable written proof evidencing Participant's payment of Eligible Costs by [**time frame**] (the Receipts). SBAMF shall, within forty-five (45) days after receipt of Participant's Receipts, reimburse Participant for Eligible Costs paid, up to the amount of the Direct Grant Funds. Direct Grant Funds may not be split or issued to Participant in phases, and all Direct Grant Funds shall be made payable in the name of Participant.

5. **RECORDS AND REPORTING.** Participant agrees to comply with any reporting obligations established by SBAMF as they relate to the Direct Grant Funds. Participant shall maintain records and financial documents relating to the Direct Grant Funds until December 31, 2031, and shall provide SBAMF access to inspect such records within three (3) business days after receipt of a written request from SBAMF.

6. **REPRESENTATIONS AND WARRANTIES OF PARTICIPANT.**

- A. Participant is a [**entity type**] duly organized, validly existing, and in good standing under the laws of the state of Michigan and is duly qualified to do business in the state.
- B. Participant has submitted to SBAMF a true and accurate Small Business Hubs Program Grant Application. Participant's Application is incorporated into and made a part of this Agreement. In reliance on the information in the Application and exercising its sole discretion, SBAMF has identified Participant as an Eligible Small Business to receive the Direct Grant Funds.
- C. Participant has attended, engaged in, and completed one or more eligible SBAMF-sponsored events, programs, or courses and achieved a Point Value of at least six (6) as detailed in SBAMF's program listing within the previous six (6) months of the Effective Date.
- D. Participant has not applied for, nor accepted, any grant under the Small Business Hubs Program Grant other than the direct grant funds contemplated in this Agreement.
- E. Participant acknowledges that the Direct Grant Funds must be obligated by February 1, 2026, and expended by June 30, 2026.
- F. Participant acknowledges that Participant's failure to abide by the terms of this Agreement shall result in forfeiture of the Direct Grant Funds. All forfeited funds will be retained by SBAMF.
- G. Participant understands that it may become necessary for SBAMF to submit to governmental agencies and/or authorities, or to a court of law, part or all of the data, analyses, and/or records developed as a result of awarding the Direct Grant Funds. Participant is aware that there are significant penalties for submitting false information to governmental agencies, including the possibility of fines and imprisonment. Participant shall be responsible for such penalties resulting from false information submitted to SBAMF by the Participant.

7. **COMPLIANCE WITH LAWS.** In utilizing the Direct Grant Funds, Participant agrees that it shall

comply with all federal, state, county and municipal laws, rules, and regulations in its performance under this Agreement. Participant acknowledges that funds received under this Agreement are derived from the SLFRF program of the American Rescue Plan Act of 2021.

8. **ASSIGNMENT.** Participant shall not assign any of its rights, interests, or obligations under this Agreement, without the prior express written consent of SBAMF. Any assignment, transfer, conveyance, or other disposition without such prior written consent will be void, and this Agreement shall be deemed terminated as of the date of the voided act. Upon termination of this Agreement under Section 12 all Direct Grant Funds owed to Participant will be forfeited to SBAMF and SBAMF will claw back all paid Direct Grant Funds paid to Participant. Any assignment properly consented to by SBAMF will be subject to all terms and conditions of this Agreement. This Agreement may be assigned by SBAMF to any corporation, agency, municipality, or instrumentality having authority to accept such assignment.

9. **PUBLICITY.**

- A. SBAMF and the MEDC, and their respective employees, representative, servants, agents, and assignees, may, without the approval of Participant, market, publish, and issue any material or statement for publication relating to the Direct Grant awarded to Participant and the MEDC's role in the Direct Grant program.
- B. The prior written approval of SBAMF is required before Participant or any of its employees, representatives, servants, agents, assignees, or subcontractors may, at any time either during or after completion or termination of this Agreement, make any statement to the media or issue any material for publication bearing on the Direct Grant Funds or data collected in connection with this Agreement.

10. **INDEMNIFICATION.** Participant shall indemnify and hold harmless SBAMF and its affiliates, officers, directors, employees, agents, consultants, and volunteers from any and all claims, demands, suits, and actions, including reasonable attorneys' fees connected therewith, brought against SBAMF and its affiliates, officers, directors, employees, agents, consultants, and volunteers arising as a result of any direct or indirect act or omission of Participant relating to the Direct Grant Funds and/or this Agreement.

11. **DEFAULT AND REMEDIES.**

- A. Participant shall be in default of this Agreement if Participant breaches or otherwise fails to comply with any covenant, representation, or term of this Agreement, including those in the attached and incorporated Exhibits.
- B. Upon occurrence of Participant's default, SBAMF shall have the right to terminate this Agreement by written notice to the Participant in accordance with Section 12.
- C. SBAMF shall have no obligation to pay the Direct Grant Funds if the Participant fails to adhere to the terms of this Agreement.

12. **TERMINATION.**

- A. SBAMF may, by written notice to Participant, effective upon notice, terminate this Agreement in whole or in part at any time (i) for SBAMF's convenience, (ii) upon the MEDC's failure to fund the Program; (iii) Participant's unauthorized assignment of this Agreement as set forth in Section 8; (iv) Participant's default as set forth in Section 11, or

(v) upon Participant becoming insolvent or bankrupt. If this Agreement is terminated for the convenience of SBAMF, Participant will be reimbursed for all SBAMF-approved Receipts through the termination date.

B. Notwithstanding any other provisions of this Agreement, Participant will not be relieved of liability to SBAMF for damages sustained by SBAMF by virtue of Participant's breach of this Agreement.

13. MISCELLANEOUS PROVISIONS.

- A. Severability. Each provision of this Agreement shall be deemed to be a separate, severable, and independently enforceable provision. The invalidity or breach of any provision shall not cause the invalidity or breach of the remaining provisions or of this Agreement, which shall remain in full force and effect.
- B. Eligibility. By accepting Direct Grant funds from SBAMF detailed in this Agreement, Participant attests and acknowledges that it is eligible to receive such Direct Grant funds. Specifically, Participant attests and affirms that it is not on the [federal debarment/suspension list](#) and is not prohibited from receiving programs funded with federal money or federally funded direct grants. Participant further attests and affirms that it is a for-profit enterprise duly authorized to operate in the State of Michigan.
- C. Taxes. Participant is responsible for any local, state, or federal taxes, including timely report filing, associated with receiving a Direct Grant award.
- D. Notices. Any notice required or intended to be given under the terms of this Agreement shall be in writing, shall be addressed to the party to be notified at the address set forth below or at such other address as each party may designate for itself from time to time by notice under this Agreement, and shall be deemed to have been given, delivered or served upon the earliest of (i) three (3) business days after deposit in the U.S. Mail, for delivery by certified or registered mail, with proper postage prepaid and return receipt requested, or (ii) upon deposit with an overnight delivery carrier for next day delivery, or (iii) the date of personal delivery:

To SBAMF: SBAM Foundation
Attn: David C. Rhoa, Executive Director
101 S. Washington Square, Suite 900
Lansing, MI 48933

With a copy to: Myers & Myers, PLLC
Attn: Kelly A. Myers, Esq.
915 N. Michigan Avenue
Howell, MI 48843

To Participant: _____

E. Waiver. The failure of any Party to complain of any act or omission on the part of the other Party, no matter how long it may continue, shall not be deemed to be a waiver by any Party to

any of its rights hereunder except as expressly provided for in this Agreement. No waiver by any Party at any time, expressed or implied, of any breach of any provision of this Agreement shall be deemed a waiver of a breach of any other provision. If any action by any party shall require the consent or approval of another party, the consent or approval of the action on any one occasion shall not be deemed a consent to or approval of that action on any subsequent occasion or a consent to or approval of any other action on the same or any subsequent occasion.

- F. Relationship of Parties. This Agreement does not create or establish a joint venture, partnership, or any other type of business organization between the Parties, and neither Party shall make any representation to the contrary to any third party. This Agreement does not confer any rights or remedies upon any person or entity not a Party to this Agreement. Neither Party shall be liable to a third party not a Party to this Agreement for any unauthorized act or omission on the part of the other Party, nor for any unauthorized obligation or debt incurred by the other Party.
- G. Governing Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan without regard to its principles of conflicts of laws. Venue shall be in Ingham County, Michigan.
- H. Counterparts. This Agreement may be executed in any number of identical counterparts, any or all of which may contain the signatures of fewer than all the parties, and all of which shall be construed as part of a single instrument. Delivery of an electronically executed counterpart of a signature page to this document by facsimile or by electronic mail in portable document or comparable format (PDF) shall be as effective as delivery of a handwritten executed original counterpart to this document for the purposes of its validity, enforceability and admissibility. The undersigned also agrees that his, hers or its respective electronic signatures and electronic transmissions (jointly, an “Electronic Signature”), including via DocuSign or other similar method, shall be legally binding as to such signer in accordance with the Global and National Commerce Act (“E-SIGN”), Uniform Electronic Transactions Act (“UETA”), and any other related governing state law and such Electronic Signature shall constitute an Electronic Record under such laws with respect to this specific transaction. Each executed counterpart shall be deemed an original, and all such counterparts shall constitute one and the same document.
- I. Entire Agreement. This Agreement constitutes the entire, full, and final understanding between the Parties hereto and neither Party shall be bound by any representations, statements, promises or agreements not expressly set forth herein.
- J. Exhibits. The attachments appended hereto or delivered pursuant to this Agreement together with all documents incorporated by reference therein, form an integral part of this Agreement and are hereby incorporated into this Agreement wherever reference is made to them to the same extent as if they were set out in full at the point at which such reference is made, including without limitation:

Exhibit A	Definitions
Exhibit B	Direct Grant Funds Rules and Regulations
Exhibit C	Summary of Request from Direct Grant Application

[Signatures on following page(s).]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the Effective Date written above.

SBAMF:

SBAM Foundation,
a Michigan nonprofit corporation

By: David C. Rhoa
Its: Executive Director

PARTICIPANT:

,
a

By: Its:

EXHIBIT A

DEFINITIONS

- “Eligible Costs” shall mean the following:
 - Purchases of equipment, inventory, software, or hardware up to \$4,999.00 per unit;
 - Highly specialized consulting services or other services which cannot be contracted directly with, or provided by, the Entrepreneurial Hub by December 31, 2024; and
 - Any other cost that is not an Ineligible Cost approved by SBAMF, in its sole discretion, related to supporting the business operations or growth needs of the Participant.

- An “Eligible Small Business” means a business concern or other organization that: has no more than 500 employees or if applicable, the size standard in number of employees established by the Administrator of the Small Business Administration for the industry in which the business concern or organization operates, and is a small business concern as defined in section 3 of the Small Business Act at 15 U.S.C. § 632(a)(1): “independently owned and operated and which is not dominant in its field of operation.” and, in either case, has been Disproportionately Impacted by COVID-19.

- “Entrepreneurial Hub” means 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., offsite 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 the entity include one-on-one coaching, consultations, workshops, seminars, cohort-based learning, incubation activities, accelerator activities, networking and mentorship opportunities and events.

- “Ineligible Costs” shall mean the following:
 - A general infrastructure project that does not respond to a negative economic impact of the COVID-19 pandemic.
 - A program or service that includes a term or condition that undermines efforts to stop the spread of COVID-19 or that imposes conditions on participation or acceptance of the service that would undermine efforts to stop the spread of COVID-19 or discourage compliance with recommendations and guidelines in CDC guidance for stopping the spread of COVID-19.
 - Expenditures that violate the conflict-of-interest requirements in the federal OMB’s Uniform Guidance including any self-dealing or violation of ethics rules. Recipients must establish policies and procedures to manage potential conflicts of interest.
 - Eligible Costs that will be or have been reimbursed by another MSF, MEDC, or federal program.
 - Building-based construction costs (i.e., any activity that disturbs the ground or modifies a structure).
 - General economic development costs unrelated to directly supporting the services under Section 2.5(b)(ii) of the Grant Agreement.

EXHIBIT B

DIRECT GRANT FUNDS RULES AND REGULATIONS

1. Participant seeking a Direct Grant from SBAMF must complete the SBAMF-provided Small Business Hub (SBSH) Program Grant Application and submit it by the posted deadline. Grant applications will be accepted throughout the period of August 1, 2024, through December 31, 2025. A Participant may not apply for or accept more than one grant under the Small Business (SBSH) Grant Program.
2. Participant must be approved by SBAMF must attend, engage in, and complete one or more eligible SBAMF-sponsored event, program, or course and achieved a Point Value of at least six (6) as detailed in SBAMF’s program listing within the previous six (6) months of the Effective Date. SBAMF-sponsored events, programs, or courses may be presented directly by SBAMF or one of its authorized affiliates.
3. Direct Grant value may not exceed \$5,000.00 per participant.
4. Direct Grant funds may not be split, shared, or transferred between or traded among other Participants. A Participant accepting a Direct Grant awarded by SBAMF may not accept a Direct Grant from another Entrepreneurial Hub as sanctioned by the MEDC under the Grant Agreement.
5. Participant is responsible for any local, state, or federal taxes, including timely report filing, associated with receiving a direct grant award.
6. A Participant who has been awarded a Direct Grant but refuses to sign a governing agreement or fails to abide by the terms of such an agreement, will forfeit the award. All forfeited awards will be retained by SBAMF and awarded to future Direct Grant applicants or returned to the MEDC if not awarded by December 31, 2025.
7. Direct Grant funds must be obligated by February 1, 2026, and must be expended by June 30, 2026.
8. Direct Grants will be issued in tranches based on a schedule maintained by SBAMF. This schedule is subject to change without notice.
 - a. Direct Grant funds will be awarded for each tranche until available funds are depleted.
 - b. Applications that are complete in all material respects, but not approved by SBAMF in a given tranche, will be held by SBAMF and reconsidered with all other applications as they are submitted through the end date of December 31, 2025 subject to the time limits detailed in Section 2 of this Direct Grant Rules and Regulations.

Direct Grant Tranche #	Application Open Enrollment Date	Tranche Application Deadline	Available Funds
1	08/01/2024	10/31/2024	\$53,289.50
2	11/01/2024	01/31/2025	\$53,289.50
3	02/01/2025	04/30/2025	\$53,289.50
4	05/01/2025	07/31/2025	\$53,289.50
5	08/01/2025	10/31/2025	\$106,579.00
6	11/01/2025	12/31/2025	\$106,579.00

9. Unused Direct Grant funds from each tranche will be rolled over into the next tranche. This process will continue until the earlier of all direct grant funds having been awarded on December 31, 2025.
10. All decisions of SBAMF regarding the awarding of any direct grant or issuance of direct grant funds are final.

SPECIMEN - NOT FOR SIGNATURE