

EDGE NEED Grant Evaluation Memo to Economic Development Finance Committee

| | EDGE Policy Requirement | Applicant |
|---|---|---|
| Business: | | I Am Fitness Memphis |
| Location: | | 2598 Corporate Ave E |
| Owner: | | Kelvin Brown |
| MWBE: | | Yes |
| Staff Recommendation: | | \$5,000 |
| Business Type: | Retail and commercial uses are eligible with exceptions. | Fitness Center |
| Closed or Operational: | Businesses that remain open may qualify for up to \$10,000. Businesses that are temporarily closed may qualify for \$5,000. | Operational Re-Opened May 4th |
| Revenue Loss: | 25% or more reduction in revenue. | February 2020 \$13,590 April 2020 \$8,077 Reduction 40% |
| Open and Close Dates: | Locally owned and in operation prior to March 1, 2019 and through March 1, 2020. | Opened 2016 |
| NMTC Eligible: | Located in Memphis NMTC Qualified Census Tract. | Yes |
| Annual Revenue: | Annual revenue less than \$1,000,000. | Yes \$154,948 |
| Tax Payments: | Current on Memphis and Shelby County property taxes. | Memphis Yes Shelby County Yes |
| ICED Loan Recipient: | EDGE will give preference to and waive the requirement that businesses be operational for at least one year for ICED Loan recipients. | No |
| Business Planning Assistance: | Registered for TSBDC advising, received an initial assessment, and scheduled follow-up counselling session. | Registered Yes Counseling Yes Follow-Up Yes |
| COVID-19 Business Impact: | Applicant must describe the impact of COVID-19 on business. | -24% reduction in memberships since closing March 21 st . -Unable to meet monthly financial obligations of \$8,250. -More than \$12,000 in net operating losses. -Applied for PPP & EIDL (\$6,257 PPP) |
| Stabilization and Recovery Plan: | Applications will be evaluated on stabilization and recovery plan, the probability that they can survive, and estimated community impact. | -Negotiated payment arrangements with lenders and landlord -Daily/Weekly promotions offered -Implemented new fitness center etiquette to promote a safer training environment. --NEED Grant funds will be used to bring rent and utilities current and to purchase supplies for sanitation stations. |
| Attachments: | EDGE Need Grant Application 90-Day Budget Last Filed Federal Tax Return | Attached Attached Reviewed Separately/No Concerns |



**ECONOMIC DEVELOPMENT
GROWTH ENGINE**
FOR MEMPHIS & SHELBY COUNTY

EDGE Neighborhood Emergency Economic Development (NEED) Grant Policy & Application

Summary/Purpose/Objectives:

The Board of Directors of The Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee (EDGE) has created an EDGE Neighborhood Emergency Economic Development (NEED) Grant to secure neighborhood-serving businesses and prevent the loss of job generating activities in distressed and vulnerable areas. Grants of up to \$10,000 will be made to businesses located in New Markets Tax Credit Eligible Census Tracts throughout the City of Memphis that have experienced at least a 25% loss in revenue as a result of COVID-19. Funds may be used for essential working capital costs such as rent or mortgage payments, payroll, supplier and vendor payments, insurance and utilities.

Program Provisions

Eligible Applicants:

- Businesses must be locally owned and have been in operation with proper licenses and permits prior to March 1, 2019 and in continuous operation through March 1, 2020.
- Business must demonstrate a 25% or greater loss of revenue due to COVID-19 by comparing the month of February 2020 revenue to the revenue in the last full month of operation prior to application as attested to by the Applicant.
- Business must be located in a New Markets Tax Credit Qualified Census Tract within the City of Memphis based on www.cohnreznick.com/NMTC-Mapping-Tool.
- Annual revenue of Business must be less than \$1,000,000.
- Business must be current on all City of Memphis and Shelby County Property Taxes or have an approved payment plan in place, for which it is current.
- All retail and commercial uses are eligible except:
 - Liquor and tobacco stores
 - Adult entertainment and product stores
 - Pawnshop, Payday loans, Title loan establishments
 - Car dealerships
 - Ministorage
 - Gas Stations
 - Financial businesses primarily engaged in lending
 - Real estate development or rental businesses
 - Insurance companies
 - Private clubs
 - Non-profit agencies

- Home-based businesses
- Others at the discretion of the Economic Development Finance Committee
- In addition, churches and religious institutions, and government entities, are ineligible.
- Businesses that receive other forms of emergency local, state or federal financial assistance may still apply.
- Past participants in EDGE Inner City Economic Development (ICED) Loan program are eligible and EDGE will waive the requirement that businesses be operational for at least one year for ICED Loan recipients.

Eligible Uses:

Grant funds may be used for essential working capital such as rent or mortgage payments, payroll, supplier and vendor payments, insurance and utilities based on the budget presented with application based on the following provisions.

Amount Available:

Grants will be awarded on a first-come first-served basis as follows:

- Businesses that remain open with a 25% or more reduction in revenue and have a plan for 90 days of continuous future operation may qualify for between \$5,000 and \$10,000.
- Businesses that are temporarily closed due to COVID-19 but have a plan for reopening within 90 days and staying open for at least 90 days thereafter may qualify for \$5,000.

Evaluation:

EDGE staff will evaluate applications from operating businesses and make recommendations to the Economic Development Finance Committee based the business’s stabilization and recovery plan, the probability of business survival and the estimated impact to the business’s neighborhood.

Application & Approval Process:

Eligible businesses can initiate the process by emailing an application to NEED@Growth-Engine.org. Those wishing to discuss the program and review requirements prior to submitting an application should email a request to NEED@Growth-Engine.org or call 901-341-2100 and EDGE staff will follow-up to arrange a phone call.

To provide more comprehensive assistance to eligible businesses, EDGE is partnering with the Tennessee Small Business Development Center at Southwest Tennessee Community College (TSBDC) which will provide assistance in completing the NEED Grant application and work with the business to identify resources and business survival and recovery strategies. As part of the NEED Grant application, businesses must: (1) have registered for advising at www.tsbdc.org/advising/; (2) received an initial assessment from the TSBDC; and (3) scheduled a follow-up counselling session for no more than 45 days after initial assessment. EDGE may accept verification of comparable business assessment and counseling from The City of Memphis Office of Diversity & Compliance, Communities Unlimited, Epicenter or another recognized small business assistance agency.

Completed applications will be evaluated by the EDGE Economic Development Finance Committee, which will meet electronically on a weekly basis. The Committee will evaluate all applicants based on their stabilization and recovery plan and the probability that they can survive COVID-19 and continue

serving their community, estimated community impact, and compliance with program policies. Preference will be given to past EDGE ICED loan recipients, and to businesses that have not received emergency financial support from other local entities. The Committee will determine which applications are approved or denied.

Once approved, Grant Agreements will be scanned and emailed to the applicant immediately following the meeting. Grant Agreements will also be sent USPS. Applicants will have 21 days from approval to return a fully executed Grant Agreement to EDGE Grant Manager or the approval becomes null and void.

Fees:

There are no fees associated with the NEED Grant program.

Application:

The application is attached.

Reporting and Default Recourse:

All NEED Grant recipients shall be required to report semi-annually to EDGE with reports due on June 30th and December 31st for a period of three (3) years on their business status, sales, employment, and other data as identified by EDGE. See attached report form.

Should EDGE discover that the Applicant has misrepresented any statements in or associated with the Application process or has intentionally disregarded the Stabilization and Recovery Plan presented, EDGE reserves the right to declare the Applicant in default and collect grant funds disbursed plus attorney's fees and costs of collection.

Business Information

Please fill out your information on the lines below.

Business Name IAmFitness Memphis

Business Address 2598 Corporate Avenue E

Business Telephone 901-596-0072

Type of Business Fitness Center

Description We are a community outreach program Supporting clients as they work to become heart healthy, physically strong, and conscious of the foods that hinder their fitness goals.

Business Structure (Sole Proprietor, LLC, C-Corp, Partnership, S-Corp) Sole Proprietor

Year Incorporated 2016 Date opened at current location July 2016

Federal Employer Identification Number (EIN) or Social Security Number if Sole Proprietor

[REDACTED]

Minority or Woman-Owned Firm. Yes No If yes, certified? Yes No

By which certifying entity? _____

Number of full and part-time employees as of 2/1/2020 and their weekly total wages (include the owner(s) if paid by the business). _____

Describe employee benefits, if any (e.g., medical insurance, dental or vision insurance, retirement plan, etc.)

Have you registered for advising with TSBDC? Yes No

Have you received an initial TSBDC assessment? Yes No

Have you scheduled a follow-up counseling session with TSBDC? Yes No

Owner Information (for all owners of more than 20% of business)

Owner's Name(s) Kelvin Brown

Home Address 4799 Sugarcrest Lane, Bartlett, TN 39135

Home Telephone 901-596-0072

Email iamfitnessbyyork@gmail.com

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Does the business, or any individuals owning more than 20 percent of the business, owe back taxes to the City of Memphis or Shelby County? Yes No

If so, attach an explanation of how that is being satisfied along with a copy of the payment plan.

Are any individuals owning more than 20 percent of the business or the business itself involved in any lawsuits? Yes No If so, please attach an explanation with a copy of the complaint.

Economic Injury to Business

| | February 2020 | Last Full Month of Operation Prior to Application |
|---------------------|---------------|---|
| Business Revenue | 13,590.49 | February 2020 |
| Part Time Employees | 0 | |
| Full Time Employees | 1 | February 2020 |
| Total Payroll | 6,000.00 | February 2020 |

In one page or less describe the impact of COVID-19 on your business including but not limited to:

- Employee or payroll reductions (Number of employees on March 1 vs. at time of application)
- Sales and revenue decreases
- Supplier interruptions
- Customer interruptions
- Ability to satisfy debts and obligations

Stabilization and Recovery Plan

In one page or less describe steps to be taken to survive and recover from COVID-19 slow-down or interruption including but not limited to:

- Addressing customer interruptions and rebuilding sales, including marketing plans
- Addressing supplier interruptions
- Satisfying any outstanding financial claims, including vendors, bank/other debt, taxes, utility charges, etc.
- Any changes to the way the business operates
- Number and type of employees needed during application period
- Key budget items
- How the EDGE NEED Grant funds will be used
- Other funds to be used for the survival and recovery of the business

By signing below, I hereby grant on behalf of my staff, my employees and my company to EDGE, its directors, officers, employees, agents, and designees (collectively "EDGE Parties") non-revocable permission to capture my image and likeness in photographs, videotapes, motion pictures, recordings, or any other media (collectively "Images"). I acknowledge that EDGE will own such Images and further grant EDGE permission to copyright, display, publish, distribute, use, modify, print and reprint such Images in any manner whatsoever related to EDGE business, including without limitation, publications, advertisements, brochures, web site images, or other electronic displays and transmission thereof. I further waive any right to inspect or approve the use of the Image by EDGE prior to its use. I forever release and hold EDGE and the EDGE Parties harmless from any and all liability arising out of the use of the Images in any manner or media whatsoever, and waive any and all claims and causes of action relating to use of the Images, including without limitation, claims for invasion of privacy rights or publicity.

The undersigned hereby certifies that all information contained above and all information contained in attachments which make up this grant application are true to her/his best knowledge and belief, and are submitted for the purpose of obtaining financial assistance from the Economic Development Growth Engine for Memphis and Shelby County.

Applicant Signature: Kelvin Brown

Type Name Above

Date: 4/30/20

Please attach:

- Federal Tax Return for Last Year Filed
- Monthly Budget for Next Three Months
- Verification of registration with TNSBDC
- Copy of one form of Photo Identification for the applicant from the following list
 - U.S. Passport
 - U.S. Military or other Federal Agency Photo Identification
 - State of Tennessee Driver's License
 - State Issued Photo Identification
- Copy of one other document from the following list identifying the applicant
 - Social Security Card
 - Birth Certificate
 - Voter Registration
 - MLGW Bill (in your name)
 - Bill from Telephone/Internet Provider (in your name)
 - Vehicle Insurance Card
 - Home, Renters, Property, Health or Life Insurance Policy
 - Motor Vehicle Registration
 - Other similar personal documents as approved by EDGE staff
- Verification of business address (one required)
 - Business License
 - Health Department Permit
 - Certificate of Occupancy
 - Fire Marshall Permit
 - MLGW Bill (in business's name)
 - Lease
 - Business Contract (with the business's address)
 - Bill from Telephone/Internet Provider (in the business's name)
 - Occupational License
 - Other similar business documents as approved by EDGE staff
- Photographs:
 - Business Exterior
 - Business Interior
 - Applicant/Business Owner-Operator

| | March | May | June | July |
|---------------------------------|-------------|------------|------------|------------|
| Total Income | \$15,657.33 | | | |
| Revenue (Membership Sales) | \$15,657.33 | \$8,077.75 | \$8,077.75 | \$8,077.75 |
| Membership Dues \$102.25 | 153 members | 79 members | 79 members | 79 members |
| Operational Budget | | \$8,077.75 | \$8,077.75 | \$8,255.00 |
| Payroll Expenses | \$6,750.00 | \$5,000.00 | \$5,000.00 | \$5,000.00 |
| Rent & Business Loan | \$2,250.00 | \$2,250.00 | \$2,250.00 | \$2,250.00 |
| Cleaning Stations | N/A | \$175.00 | \$175.00 | \$175.00 |
| Gym Sanitation | \$500.00 | \$300.00 | \$300.00 | \$300.00 |
| Office Supplies | \$200.00 | \$200.00 | \$200.00 | \$200.00 |
| Utilities | \$330.00 | \$330.00 | \$330.00 | \$330.00 |
| Total Expenses | \$10,205.00 | \$8,255.00 | \$8,255.00 | \$8,255.00 |
| Net Profit | \$5,627.33 | -\$177.25 | -\$177.25 | -\$177.25 |