

# PROGRAM GUIDELINES.

## SECTION 1: OVERVIEW

### A. Michigan Good Food Fund

The Michigan Good Food Fund (“MGFF” or the fund) is a public-private partnership loan and grant fund that provides financing and business assistance to healthy food production, distribution, processing, and retail projects that benefit underserved communities throughout Michigan. While primarily a loan fund, limited grant dollars are also available to fuel innovation and business assistance. A statewide effort, the fund is designed to increase access to healthy food, improve the health of children and families across Michigan, and spark economic development and job creation in the communities that need it most.

Specifically, MGFF goals and priorities are to:

- Increase access to healthy food as a means to improve the health of all Michigan residents.
- Drive economic development and job creation to grow Michigan’s economy.

By promoting:

- **Equity:** Ensuring equitable access to food, jobs, ownership, and flexible investment capital.
- **Environmental Stewardship:** Encouraging sustainable environmental practices.
- **Local Sourcing:** Increasing the sourcing and supply of locally grown and regionally produced foods.

**MGFF Core Partners:**

- **Capital Impact Partners (CIP)**, a certified Community Development Financial Institution, serves as MGFF’s fund Manager.
- **Michigan State University’s Center for Regional Food Systems (CRFS)** is a MGFF Food Access Organization. It is leading business assistance and pipeline development in the sectors of agricultural production, aggregation and distribution, and processing.
- **Fair Food Network (FFN)** is another MGFF Food Access Organization. It is leading business assistance and pipeline development in the sectors of retail and small-batch processing. FFN also leads MGFF outreach and communication activities.

### B. Eligible Activities

To accomplish these goals, eligible applicants must meet the following criteria:

<p><b>Types of Activity</b> <i>(must fall within at least one)</i></p>	<ul style="list-style-type: none"> <li>• Agricultural production</li> <li>• Aggregation</li> <li>• Processing (including small batch value-added processors)</li> <li>• Distribution</li> <li>• Retail</li> </ul>
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<b>Type of Entities</b>	<ul style="list-style-type: none"> <li>• For-profit (corporation, LLC, L3C, sole proprietor, partnership)</li> <li>• Nonprofit organization</li> <li>• Cooperative (open to the public without requiring a membership or non-exclusive membership cooperatives)</li> </ul>
<b>Location</b>	<ul style="list-style-type: none"> <li>• Within or serving Michigan (with preference for within Michigan) <b>AND</b></li> <li>• Within low or moderate income (LMI) census tracts or tracts with limited access to healthy foods, and/or serving LMI communities or populations in Michigan who have limited access to healthy food</li> </ul>
<b>Eligible Loan Uses</b>	<ul style="list-style-type: none"> <li>• Predevelopment, including design and due diligence</li> <li>• Construction &amp; property renovation</li> <li>• Machinery &amp; Equipment</li> <li>• Inventory &amp; working capital</li> <li>• Real estate financing</li> </ul>
<b>Eligible Grant Uses</b>	<ul style="list-style-type: none"> <li>• Local Hiring</li> <li>• Predevelopment</li> <li>• Business Assistance</li> <li>• Other: Grants that do not fall into the above categories but otherwise help achieve the goals of the MGFF.</li> </ul>
<b>Nutrition Assistance Programs</b>	<ul style="list-style-type: none"> <li>• Projects must make good faith efforts to accept federal and state benefits (e.g. SNAP, WIC, etc.) or maximize federal food/nutrition programs (school lunch or breakfast program) if relevant</li> </ul>

In addition to the above requirements, projects will be evaluated for how well they fulfill priorities such as:

<b>Healthy Food Access</b>	<ul style="list-style-type: none"> <li>• Does the enterprise make local foods affordable/competitive?</li> <li>• Does the enterprise produce or provide healthy products including whole, minimally processed foods or foods that help people achieve a diet consistent with the Dietary Guidelines for Americans (natural, "whole" ingredients vs. artificial, nutritionally deficient)? <i>Please see <a href="http://www.health.gov/dietaryguidelines/2010.asp">http://www.health.gov/dietaryguidelines/2010.asp</a>.</i></li> <li>• Does the enterprise market, promote, and place fresh produce and perishable foods?</li> <li>• Does the enterprise increase access to healthy foods?</li> <li>• Does the enterprise offer Michigan's Double Up Food Bucks program or other programs that incentivize the purchase of healthy foods?</li> <li>• If the enterprise is in agricultural production, has it participated in the Hoophouses for Health program?</li> </ul>
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<p><b>Economic Development and Job Creation</b></p>	<ul style="list-style-type: none"> <li>• Does the enterprise currently offer or anticipate creating quality jobs? <sup>1</sup></li> <li>• Does the enterprise hire LMI community members?</li> <li>• Does the enterprise anticipate creation of new quality jobs?</li> <li>• Does the enterprise anticipate creation of new quality jobs in limited access communities?</li> <li>• Does the enterprise offer a career path for employees?</li> <li>• Are there policies in place to ensure workers in the enterprise and/or the supply chain are treated fairly?</li> <li>• Does the enterprise provide training for employees?</li> <li>• Does the enterprise have systems controls in place to manage finances?</li> <li>• Is the enterprise linked with existing business-to-business support networks (e.g., MI Food Hub Network, FoodLab Detroit, M Farm to Institution Network, etc.)?</li> <li>• Have the owner/operators received any business training or assistance?</li> <li>• Has the enterprise ever received loans/investments or utilized economic development incentives or government financing?</li> </ul>
<p><b>Equity</b></p>	<ul style="list-style-type: none"> <li>• Is the enterprise owned or operated by a woman/person of color/ low-income resident?</li> <li>• Does the enterprise employ women/people of color/low-income residents and intentionally reach out to these populations with job opportunities?</li> <li>• Do women/people of color/low-income residents have access to the products and/or services offered by this enterprise?</li> <li>• Are women/people of color/low-income residents part of the enterprise target market?</li> <li>• Are the food offerings culturally appropriate/specific to the community where they are sold? Are fresh produce and perishable foods being marketed in a culturally sensitive way?</li> </ul>
<p><b>Environmental Stewardship</b></p>	<ul style="list-style-type: none"> <li>• Are the products certified organic, naturally-grown, and/or chemical-free?</li> <li>• Are there policies in place to ensure sustainable management of farm resources, especially soil, water, and energy (for example, Michigan Agriculture Environmental Assurance Program (MAEAP))?</li> <li>• Is the enterprise committed to waste reduction strategies, either on farm or at other points in the food supply chain?</li> </ul>
<p><b>Local Sourcing</b></p>	<ul style="list-style-type: none"> <li>• Does the enterprise use Michigan grown ingredients in their product/service?</li> </ul>

<sup>1</sup> For purposes of the Michigan Good Food Fund, a quality job is one that: a) provides wages that are comparable to or better than similar positions in existing businesses of similar size in similar local economies; b) offers benefits that are comparable to or better than what is offered for similar positions in existing local businesses of similar size in similar local economies; and c) is targeted for residents of neighborhoods with a high proportion of persons of low-income (as that term is defined in section 102(a) of the Housing and Community Development Act of 1974 (4224 U.S.C. 5302(a))) through local targeted hiring programs.

	<ul style="list-style-type: none"> <li>• Does the enterprise utilize local vendors for non-product business requirements (i.e., supplies, equipment, services, etc.)?</li> <li>• Are local products branded and marketed as such?</li> <li>• Does the enterprise promote the consumption of local food?</li> <li>• Does the enterprise make local foods affordable/competitive?</li> </ul>
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An eligible applicant must demonstrate that its proposed project will benefit an underserved market or community. An underserved area is defined as a low- or moderate-income census tract without proximate access to a supermarket, full service grocery store, or commercial fruit and vegetable market. An underserved market relates to populations residing in underserved areas. In determining whether an area is underserved, the following factors will also be taken into consideration: population density, grocery leakage, grocery square footage per capita, percent of population with car ownership, and geographical or physical barriers such as highways, mountains, major parks, or bodies of water. The Food Access Organizations will screen for these criteria, as well as those detailed in the mandates and priorities, and CIP along with the intermediary lenders will make the final determination.

In order to determine eligibility and to apply for financing, the applicant must initiate the application process by filling out the online form at [www.MIGoodFoodFund.org](http://www.MIGoodFoodFund.org)

### C. Ineligible Activities

Multi-tenant projects cannot lease space to businesses involved in the following: entertainment of a prurient sexual nature, gambling, illegal activity, or pyramid sales.

## SECTION 2: LOANS

### A. Michigan Loan Purpose

Lending activity will be based on the project's ability to meet program eligibility and underwriting guidelines. Loans from the program will finance eligible loan uses. We structure competitive loans that are flexible and customized to fit repayment abilities.

### B. Application Process

To apply for financing, the applicant must initiate the process by filling out the online form at [www.MIGoodFoodFund.org](http://www.MIGoodFoodFund.org). A fund representative will follow up and determine next steps.

### C. General Terms and Conditions

If a project will generate sufficient cash flow to support debt service, CIP or intermediary lenders ("MGFF lenders") will consider the applicant for a loan. MGFF lenders will evaluate the financial readiness of the applicant to service the debt, implement the business plan, and repay the loan in accordance with program requirements. With the exception of pre-development loans, all of the loans will be collateralized with assets and/or guaranties. Additionally, borrowers will each be required to have cash equity at risk in the project.

**Underwriting Criteria:** MGFF lenders will evaluate multiple criteria when underwriting loans, including, but not limited to:

- **Financial Performance:** Applicants will be expected to demonstrate reasonable financial projections supported by detailed, market-based assumptions. For existing enterprises, applicants should provide a track record of consistent prior performance. Financial projections must show how the project will be able to maintain an operating surplus and repay the proposed debt while considering committed and uncommitted grants as appropriate.
- **Management Capacity:** Applicant's management team should have relevant work experience in key areas including business management, finance, real estate development, and marketing. Applicants will be asked to cite examples from the management team of challenging situations they have faced and how they have handled them to learn more about their decision-making process and get an indication of how they will handle adversity in the future.
- **Market Demand:** Applicants must be able to demonstrate market demand to support their business strategy.
- **Programmatic Impact:** Applicants will be asked to provide social and environmental impacts of the project including but not limited to demographic information on the market they plan to serve, the number of jobs the project will create, how many of those jobs will employ people living in the affected community, and how many of those jobs will go to target populations. Assistance will be provided in making these estimates.

#### **Loan Conditions:**

- **Collateral:** Loans will be secured by a lien on accounts, receivables, fixtures and equipment, personal guaranty by owner or manager, and real property as appropriate.
- **Cash-flow Projections:** Borrowers will provide operating projections that show sufficient cash-flow to repay the Loan.

### **D. Application Evaluation and Approval Process**

Applications will be approved on a rolling basis until all funds are committed to projects. MGFF lenders will evaluate the feasibility and practicality of the proposed activity and whether the end result is likely to be achieved if the proposed activities are successfully concluded.

### **E. Loan Closing**

Upon approval of an application, a commitment letter will be issued to the applicant outlining the terms and conditions of the loan.

### **F. Reporting Requirements, Record Keeping, and Nonperformance**

Borrowers enter into a loan agreement, which will outline financial reporting and record-keeping requirements. In addition, borrowers will have annual and quarterly financial and social metric reporting requirements. Any material nonperformance to the Loan Agreement may result in exclusion of future loan or grant awards under the MGFF or any affiliated programs. In addition, nonperformance to a Loan Agreement could result in loan restructuring or foreclosure.

## SECTION 3: GRANTS

### A. Grant Purpose

Limited grant dollars, packaged with loans, are also available for eligible applicants on a demonstrated need basis to fuel innovation on the following priority areas:

- **Local Hiring:** Grants to support outreach, recruitment, and hiring activities as well as employee training programs that result in a net increase in employment of local residents.
- **Predevelopment:** Grants to pay for the early costs associated with assessing feasibility of capital projects, including professional fees, market studies, appraisals, deposits on land and buildings, and other holding costs as well as community design processes to ensure projects are responsive to community needs. Predevelopment grants may be recoverable for projects that successfully obtain permanent financing.
- **Business Assistance:** Grants to pay for training, financial management, and business plan development, market studies, projections/proforma preparation, and other professional services.
- **Other:** Grants that do not fall into the above three categories but otherwise help to achieve the goals of the fund.

### B. Grant Amount

Michigan Good Food Fund grant awards will be based on evaluation of the applicant's grant request, demonstrated need, proposed use, and available funds until all grant funds are committed to projects.

### C. Application Materials

To apply for a MGFF grant, the applicant must initiate the process by filling out the online form at [www.MIGoodFoodFund.org](http://www.MIGoodFoodFund.org). A MGFF representative will follow up and determine next steps.

### D. Application Evaluation

Applications will be reviewed on an ongoing basis until all grants funds are committed to projects. MGFF will review each application to determine whether the proposed project meets the guidelines and criteria contained herein. In addition, MGFF will evaluate the feasibility and practicality of the proposed activity, and whether the end result is likely to be achieved if the proposed activities are successfully concluded. The MGFF will evaluate the following for each application, including but not limited to: development budget, sources and uses outlining committed funding sources, operating projections, and operating history (either of an existing store/business or of other stores/businesses managed by the applicant). Upon being satisfied that the requirements have been met, MGFF may approve the application for a grant.

### E. Awards and Contracts

Upon approval of an application by MGFF, a grant agreement will be issued to the applicant explaining the terms and conditions of the grant. Grant funds must be returned if the project is not realized within an agreed-upon time frame or the requirements of the grant are not met, per the grant agreement.

### F. Reporting Requirements, Record Keeping and Nonperformance

MGFF will enter into a grant agreement with all Grantees, which will outline financial and social impact reporting and record-keeping requirements. In addition, Grantees will have annual reporting requirements.



[www.MIGoodFoodFund.org](http://www.MIGoodFoodFund.org)  
[info@MIGoodFoodFund.org](mailto:info@MIGoodFoodFund.org)

 [facebook.com/MIGoodFoodFund](https://facebook.com/MIGoodFoodFund)  
 [@MIGoodFoodFund](https://twitter.com/MIGoodFoodFund)

Per investor requirements, MGFF will maintain all books and records relating to the performance of the fund for six years after completion. Any material nonperformance to the Grant Agreement may result in exclusion of future loans or grant awards by the MGFF and/or its partners and investors or any affiliated programs.

## **SECTION 4: PROGRAM INQUIRIES**

**For additional inquiries, please contact Michigan Good Food Fund at [info@MIGoodFoodFund.org](mailto:info@MIGoodFoodFund.org) or call 734.213.3999 x 212.**