

## **EXHIBIT A**

# **DETROIT STARTUP FUND PROGRAM GUIDELINES**

**Pending approval by the Executive Committee of the Detroit Economic Growth Association**

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## **1. EXECUTIVE SUMMARY**

The Detroit Startup Fund (aka Detroit Entrepreneurial Challenge Grant) program (the “Program”) is designed to help grow Detroit’s innovation economy by supporting high-potential, venture-backable technology startups based in the city.

Startup Genome’s 2022 Global Startup Ecosystem Report ranked Detroit as the number one emerging startup ecosystem in the world. This momentum builds on record levels of investment and development within Detroit’s growing tech community. From Newlab at Michigan Central and TechTown, to the University of Michigan Center for Innovation and the new precision medicine center at Bedrock’s Gratiot site, billions of dollars are being invested in the infrastructure needed to power the future of Detroit’s economy.

High-growth sectors such as mobility, advanced manufacturing, clean energy, artificial intelligence, fintech, and health innovation will play an increasingly central role in creating the next generation of high-quality jobs, rising wages, and long-term wealth for Detroiters. However, Detroit startups continue to face significant challenges in accessing early-stage capital that is critical to scaling high-growth, venture-backable businesses.

To help drive economic growth, job creation, and economic mobility, the Program will ensure that Detroit founders and tech companies have greater access to the capital, visibility, and partnerships they need to start, scale, and succeed in Detroit. The Program will also support technologies with potential civic applications that can improve public services and quality of life for Detroit residents.

The Program seeks to:

- Support the growth, innovation, and scaling of Detroit-based technology founders and startups;

- Support technology startups with potential for civic applications
- Build infrastructure and connectivity for Detroit’s innovation economy, including talent, capital, and partnerships;
- Create a clear pathway for high-wage job creation and wealth-building for Detroit residents through startup growth.

Awards are made on a competitive basis through a public application and evaluation process. Final grant approval is subject to the approval of the DEGA Executive Committee.

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## 2. PROGRAM DEFINITIONS

**Startup:** A legally incorporated, for-profit business entity that meets the following criteria:

- Established and operating for no more than 10 years at the time of application, unless the business can demonstrate current early-stage fundraising activity, a new product launch, a major strategic pivot, or active membership in a Detroit-based startup incubator or accelerator.
- Offers or is developing a technology-based or innovation-driven product, process, or service (e.g., software, hardware, advanced manufacturing, materials science, biotech, or other engineered innovation).
- Has a scalable business model, meaning the business is designed to grow revenue without a proportional increase in operating costs (e.g., through automation, platform delivery, or digital distribution).
- Has raised, is actively seeking, or intends to seek external private investment, such as equity, convertible debt, or SAFE instruments (e.g., from angel investors, venture capital firms, or institutional startup programs).
- Demonstration of early execution, such as product development progress, customer validation, pilot activity, or meaningful fundraising or team-building milestones. Businesses that are only at the concept stage, without a minimum viable product or clear, documented steps toward execution, will not be considered eligible.

Scalability and investment potential will be assessed based on submitted materials, including the business model, go-to-market plan, financial projections, and fundraising history or strategy. Where ambiguity exists, program staff retain discretion to evaluate and determine eligibility.

**Detroit-Based Startup:** A Startup that maintains either:

- a. Its principal place of business (headquarters) in the City of Detroit, or
- b. A significant and ongoing operational presence in the City of Detroit, meaning that substantive business operations or management activities are conducted regularly from a Detroit-based location. Operational presence may include:
  - Two or more team members executing key business functions (e.g. product development, customer acquisition, operations) from a Detroit office or startup incubation space.
  - A core founder based in Detroit and actively building the business from within the city.

**Relocating Startup:** A Startup not based in Michigan at the time of application, but which formally commits (through executed lease) to relocating its principal place of business to the City of Detroit within three (3) months of execution of the Seed Grant Agreement.

**CRIO Certification:** Registration as a business through the City of Detroit's Civil Rights, Inclusion and Opportunity Department.

**Evaluation Committee:** A three-member body designated by the DEGA charged with evaluating applications.

**Grant Agreement:** A legally binding agreement entered between the DEGA and a grant recipient specifying the terms and conditions of the grant.

**Seed Grant:** A \$15,000 grant award provided to an early-stage Detroit-Based Startup or Relocated Startup.

**Scale Grant:** A \$50,000 grant award provided to a scaling Detroit-Based Startup or Relocating Startup that meets additional fundraising criteria.

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### 3. PROGRAM OVERVIEW

The Program provides grant funding to Detroit-based early-stage and scaling technology Startups, including a limited number of out-of-state Startups that commit to relocating to Detroit. The Program is structured to:

- Provide flexible seed and scale grants;
- Support technologies with potential civic applications;
- Leverage public funding to crowd in private capital;
- Encourage job creation and economic development within the City of Detroit;
- Build visibility for Detroit as an innovation hub.

The Program operates on a two-round funding cycle each year, with separate application periods and awards for each round.

#### Types of Awards

The Detroit Startup Fund provides two types of direct grant awards to eligible applicants: **Seed Grants** and **Scale Grants**. Awards are intended to provide flexible, non-dilutive capital to help startups grow and scale operations in Detroit's technology ecosystem.

- **Seed Grants.** Seed Grants are awards of \$15,000 each and are intended to support early-stage product development, validation, and business growth. Up to twenty (20) Seed Grants will be awarded across two funding rounds. Up to two (2) Seed Grants per round may be reserved for Relocating Startups that commit to relocating their principal place of business to the City of Detroit within three (3) months of execution of the Seed Grant Agreement (with disbursement of funds being conditioned on actual relocation).

- **Scale Grants.** Scale Grants are awards of \$50,000 each and are intended to support technology Detroit-Based Startups that have demonstrated market traction and are actively raising additional private capital. Up to six (6) Scale Grants will be awarded across two funding rounds.
  - Scale Grants are reserved for Detroit-Based Startups that have secured at least \$100,000 in external private investment (equity investment, convertible debt, or SAFEs) from accredited or institutional investors within the past eighteen (18) months, as evidenced by executed investment agreements, investor confirmations, or equivalent documentation demonstrating that funds have been committed and/or received, and that are actively raising at least \$250,000 in private capital. For purposes of this requirement, grant funding, prize awards, or non-dilutive public funding are not considered external private investment.

#### **Award Limitations**

Applicants may only receive one award (either a Seed Grant or a Scale Grant) per funding round and per funding year. Applicants who are awarded a Seed Grant in an earlier round may apply for a Scale Grant in a subsequent round, provided they meet eligibility requirements. All awards are subject to available funding and final approval by the Executive Committee of the Detroit Economic Growth Association.

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## **4. ELIGIBILITY CRITERIA**

Applicants must meet all of the following minimum eligibility requirements:

**Eligible Business Types** Applicants must be structured as one of the following for-profit business types and must be in good standing with the State of Michigan:

- Corporation (Inc., Corp.)
- Limited Liability Company (LLC)
- Limited Partnership (LP)
- Limited Liability Partnership (LLP)

**Ineligible Business Types** The following business types are not eligible for this Program:

- Nonprofit organizations
- Faith-based organizations
- Retail cooperatives
- Franchises and franchisors
- Ecommerce businesses without a physical commercial location in the City of Detroit

#### **Business Location**

- Must be a Detroit-Based Startup, or for Seed Grants only, a Relocating Startup that formally commits to relocating its principal place of business to the City of Detroit within three (3) months of execution of the Seed Grant Agreement.

#### **Required Documentation**

Applicants will be required to provide the following documentation at the time of application:

1. Federal Employer Identification Number (EIN) confirmation letter from the IRS
2. Business organizing documents (articles of incorporation/formation, operating agreement, etc)
3. Business tax returns for the most recent two (2) tax years (if applicable)
4. Personal tax returns for principal owner(s) for the most recent two (2) tax years
5. Proof of Detroit business address or for Relocating Startups only, relocation commitment agreement (e.g., lease, letter of intent, etc)
6. Payroll tax form to verify number of W2 employees
7. CRIO Certification or commitment to obtain certification prior to disbursement
8. Business plan or pitch deck outlining:
  - Product or service description
  - Market opportunity
  - Business model
  - Civic application potential
  - Team composition
  - Fundraising history and current capital stack
9. Evidence of external investment commitments (for Scale Grant applicants)
10. Disclosure of any potential conflicts of interest as outlined below

#### **Additional Eligibility Requirements for Scale Grants**

Scale Grants are reserved for startups that have secured at least \$100,000 in external private investment (equity investment, convertible debt, or SAFEs) from accredited or institutional investors within the past eighteen (18) months, as evidenced by executed investment agreements, investor confirmations, or equivalent documentation demonstrating that funds have been committed and/or received, and that are actively raising at least \$250,000 in private capital. For purposes of this requirement, grant funding, prize awards, or non-dilutive public funding are not considered external private investment.

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## **5. SELECTION PROCESS**

### **Business Selection Process: Eligibility and pre-screening**

- Any applications that do not meet the eligibility requirements shall be considered non-responsive and discarded.
- All applicants shall self-select whether they are applying for a Seed Grant, a Scale Grant, or both, based on the requirements listed in the program guidelines.
- Detroit Startup Fund staff and Evaluation Committee will review applications within each track, rank applications, and select finalists for review when applicable. The finalist selection process is estimated to take approximately 30 days.
- If applicable, Detroit Startup Fund staff will notify all finalists in writing via email. Finalists may be asked to submit additional information and/or participate in interviews for final consideration. Finalists will have a limited amount of time to submit the required additional information.
- When applicable, the Evaluation Committee will use this information, along with the original application, to recommend awardees.

### **Scoring Criteria**

Businesses will be scored based on five criteria. Applicants can earn up to 100 points.

1. **Vision and growth plan (20 points).** Soundness, completeness, and scalability of the business model; potential to create high-quality jobs and drive long-term economic growth in Detroit; strength of future growth strategy.
2. **Business traction and track record (20 points).** Demonstrated progress to date, including product development milestones, customer validation, revenue, partnerships, and fundraising success (including external investment commitments), as indicators of execution and market traction.
3. **Team experience and capacity (15 points).** Relevant experience and qualifications of the founding team and key personnel; demonstrated ability to execute on the business plan.
4. **Detroit presence and commitment (15 points).** Strength of existing Detroit operations, or commitment to relocate and grow in Detroit; potential to contribute to Detroit's innovation ecosystem.
5. **Potential civic impact (15 points).** Alignment of the company's product or service with civic priorities or potential to contribute to public good or quality of life for Detroit residents.
6. **Use of funds and leverage (15 points).** Clarity and appropriateness of proposed use of grant funds. For Scale Grant applicants, strength of external fundraising and alignment with growth goals.

### **Award Approval**

All awards are subject to the final approval by the Executive Committee of the DEGA.

### **Post-Selection Diligence**

All Detroit Startup Fund awards require an executed Grant Agreement, adequate documentation, and due diligence prior to disbursement of funds. Grant funds will be disbursed in accordance with the disbursement terms in the Grant Agreement and will be subject to verification of eligibility and compliance with Program requirements.

### **Other Selection Information**

- Detroit Startup Fund awards are provided on a competitive basis due to the resources available to the Program.
- Businesses are selected by the Evaluation Committee, with assistance from program staff, based on the Program's established selection criteria.
- Businesses may apply for both Seed Grants and Scale Grants, but may only receive one award per Program year, and only one Seed Grant and one Scale Grant for the life of the Program
- Receipt and completion of an award does not guarantee selection for a higher award level or future rounds.
- Completion of a Seed Grant award is not a prerequisite for applying for a Scale Grant, nor does it guarantee selection for a Scale Grant.
- All Detroit Startup Fund awards will be based on the evaluation of a current application submitted during the applicable application period.

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## **6. GRANT AWARD STRUCTURE AND DISBURSEMENT**

### **Uses of Grant Funds**

### **Allowable Uses of Grant Funds**

Grant funds must be used to support eligible business activities aligned with the goals of the Detroit Startup Fund. Allowable uses include:

- Product development, including software development, hardware prototyping, or technology infrastructure
- Hiring or retaining technical, operational, or business development staff
- Testing, piloting, or deploying products or services
- Customer acquisition and go-to-market activities
- Business infrastructure, systems, or operational scaling
- Professional services related to product development, legal, financial, or operational growth
- Costs associated with preparing for or securing additional private investment
- Intellectual property expenses, including patent filings, trademarks, and other IP protection necessary for business growth
- Regulatory compliance costs required for product development or market entry
- Equipment or specialized tools directly tied to product development or delivery
- Marketing, brand development, or customer research tied to product launch and growth
- Other uses that are directly tied to the growth and scaling of the business that are consistent with the goals of the Detroit Startup Fund, as approved by the Executive Committee of the DEGA upon recommendation of Detroit Startup Fund staff or the Evaluation Committee.

### **Disallowed Uses of Grant Funds**

Grant funds may not be used for the following:

- Payment of federal, state, or local taxes
- Rent or mortgage payments for commercial or residential property
- Debt service or loan repayment
- Salaries or compensation for company founders unrelated to operational payroll
- Real estate acquisition
- Costs of construction or tenant build out, except as it relates to specialized requirements to scale the business, in the Program staff's determination
- Purchase of personal property not directly tied to business operations
- Reimbursement for expenses incurred prior to the execution of the Grant Agreement
- Legal settlements or litigation expenses
- Dividends or distributions to owners or investors
- Political contributions or lobbying activities
- Alcohol, entertainment, or luxury expenses
- Travel not directly tied to business development, customer acquisition, or fundraising (and any travel payable with Grant funds shall be subject to DEGA's travel reimbursement policies)
- Bonuses or incentive compensation for owners or founders outside of regular payroll
- Any other use deemed inconsistent with the goals of the Detroit Startup Fund as determined by Program staff.

### **General Disbursement Process and Structure**

Grant funds will be disbursed in multiple tranches in accordance with the terms of each awardee's Grant Agreement and subject to verification of eligibility, compliance with Program requirements, and approval by the DEGA Executive Committee.

Progress reports required to receive the next tranche of grant funding must include the following information:

- A description of progress made toward advancement of product development, business development and customer acquisition activities, fundraising progress, and/or team and operational growth.
- Confirmation that Grant funds to date have been deployed in alignment with the Grant Agreement and the Program's Allowable Uses of Funds.
- Disclosure of any material changes to the company's structure, leadership, product or business model, ownership, or operational status.

Elimination of the tranche structure (for example, in the case of a large capital-intensive purchase) may be granted by Detroit Startup Fund staff on a case-by-case basis.

### **Seed Grant Disbursement**

Seed Grants of \$15,000 will be disbursed in two tranches:

- \$7,500 will be disbursed upon execution of the Grant Agreement.
- The remaining \$7,500 will be disbursed upon submission of progress report as accepted and approved by Detroit Startup Fund staff.

All Seed Grant funds must be drawn within twelve (12) months of the date of award approval by the Executive Committee.

### **Scale Grant Disbursement**

Scale Grants of \$50,000 will be disbursed in three tranches:

- **Tranche 1.** \$15,000 will be disbursed upon execution of the Grant Agreement and verification of initial fundraising and eligibility requirements.
- **Tranche 2.** \$15,000 will be disbursed upon submission of progress report as accepted and approved by Detroit Startup Fund staff. Progress report should include updates on fundraising progress.
- **Tranche 3.** \$20,000 will be disbursed upon submission of progress report as accepted and approved by Detroit Startup Fund staff. Progress report should include updates on fundraising progress.

All Scale Grant funds must be drawn within twelve (12) months of the date of award approval by the Executive Committee. As outlined above, progress reports are due prior to the release of Tranche 2 and Tranche 3 and must be submitted in alignment with milestones established in the Grant Agreement.

### **Additional Disbursement Conditions and Clawbacks**

All disbursements are subject to compliance with the Program's Allowable and Disallowed Uses of Funds and other terms specified in the Grant Agreement.

Failure to comply with any material term of the Grant Agreement, including but not limited to failure to provide required reporting, misuse of grant funds, violation of Program requirements, or material changes to the company's structure, leadership, ownership, business model, or operational status, may result in suspension of further disbursements, termination of the grant, and/or recovery (clawback) of grant funds already disbursed.



The DEGA reserves the right to pursue repayment of disbursed funds if it determines that an awardee has materially breached the Grant Agreement or has used grant funds for unapproved or disallowed purposes.

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## **7. GRANT AGREEMENT AND REPORTING REQUIREMENTS**

All Detroit Startup Fund awardees are required to enter into a Grant Agreement with the DEGA prior to receiving any disbursement of grant funds. The Grant Agreement will set forth the terms and conditions of the grant award, including but not limited to:

- Disbursement schedule and requirements
- Allowable and Disallowed Uses of Funds
- Reporting requirements
- Public reporting and data sharing provisions
- Consequences for non-compliance with Program requirements

Awardees must submit progress reports as required in the Program's General Disbursement Process and in accordance with their Grant Agreement. Reporting is required in order to receive subsequent tranches of funding, as outlined in the Grant Award Structure and Disbursement section of these Program Guidelines.

Failure to comply with the reporting requirements of the Grant Agreement, including failure to provide timely and complete reports, may result in suspension of further disbursements, termination of the grant, and/or recovery (clawback) of grant funds already disbursed, as described in the General Disbursement Conditions and Clawbacks section of these Program Guidelines.

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## **8. CONFLICT OF INTEREST**

All applicants must disclose any actual, potential, or perceived conflicts of interest as part of their application.

No employee, agent, consultant, officer, board member, elected official, or appointed official of the DEGA, the Detroit Economic Growth Corporation (DEGC), the City of Detroit, or of any Program contractor, who is in a position to participate in a decision-making process or gain inside information with regard to the Detroit Startup Fund, may obtain a financial interest or benefit from the Program or have a financial interest in any contract, subcontract, or agreement with respect to the Program, either for themselves or for those with whom they have business or immediate family ties, during their tenure and for one (1) year thereafter.

Program applicants must disclose as part of their applications whether the applicant, the applicant's immediate family members or any person with whom the applicant has business ties is employee, agent, consultant, officer, board member, or elected official or appointed official of the DEGA, the DEGC or the City of Detroit, or of Program contractor. Upon receipt of an applicant's disclosure, Program staff will determine whether a conflict of interest exists and if the conflict can be mitigated and/or granted an exemption in accordance with Program policies and applicable regulations. Failure to disclose an actual, potential, or perceived conflict of interest may result in disqualification from the Program, termination of the grant, and/or recovery (clawback) of any grant funds already disbursed.

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## **9. ADDITIONAL INFORMATION**

### **Administrative Delegation**

To support effective program administration, program staff may be authorized by the Executive Committee to approve reasonable extensions or modifications to application deadlines, grant terms, award disbursement deadlines, and other non-substantive matters, provided that such actions are reported to the Executive Committee on a regular basis.

### **Expectation of Awardees**

All awardees are required to sign a Grant Agreement prior to receiving any disbursement of grant funds. By signing the Grant Agreement, awardees agree to comply with the Program Guidelines, all applicable Program requirements, and all reporting and data-sharing obligations specified in the Grant Agreement. Awardees also agree to respond to reasonable data requests from the DEGA that are relevant to their application and grant award.

Grant awards received pursuant to this Program may be considered taxable income by the U.S. Internal Revenue Service, the Michigan Department of Treasury, and/or the City of Detroit Finance Department. Awardees are strongly encouraged to consult with a tax professional to determine the federal, state, and/or city tax implications of receipt of this grant. DEGA will issue a Form 1099 to each awardee.

### **Confidentiality and Freedom of Information Act (FOIA)**

The DEGA is a nonprofit working with the City of Detroit, which is a public body subject to Michigan Freedom of Information Act (FOIA). Accordingly, certain documents in the DEGA's possession may be subject to FOIA and information submitted to the DEGA as part of the application process may be subject to disclosure under the Michigan Freedom of Information Act (FOIA) unless such information is otherwise determined to be exempt from disclosure. DEGA will not disclose any information it believes to be exempt under the FOIA but does not guarantee the confidentiality of an applicant's submissions and specifically does not warrant that the application and/or grant documents are exempted from disclosure under FOIA.

Applicants should give specific attention to identifying any information they deem confidential, commercial, financial, proprietary, or trade secret information in their application. Applicants should provide a written explanation as to why such information should not be publicly disclosed under FOIA.

Applicants are advised that, notwithstanding any designation of confidentiality, the DEGA is required to make an independent determination as to whether such information may or must be disclosed under FOIA, and may do so without notice to the applicant. Applicants should assume that any information submitted to the DEGA may be subject to public disclosure under FOIA.

### **Use of Applicant Data**

Applicant information will be used by the DEGA for the purposes of program administration, evaluation, and required reporting. The DEGA may also use applicant data to conduct post-award follow-up and to assess the impact of the Detroit Startup Fund over time. Applicant data may be shared with the Office of the Mayor and other City of Detroit departments for program reporting and evaluation purposes, in accordance with applicable laws and policies.

### **Disclaimer**

The information contained in these Program Guidelines is subject to the actual grant award documents and the written terms and conditions of the Detroit Startup Fund and DEGA. DEGA reserves the right to make

the final determination of any applicant's eligibility and/or qualifications for program benefits, and to make allocation of program benefits in its sole discretion as deemed appropriate.

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## **10. GRANT APPLICATION PROCESS AND TIMELINE**

### **Application Confirmation**

After applying online, applicants will receive an automatic confirmation email after submitting. It may take several days to process applications. Please note that an email address is required to receive confirmation that an application has been received.

### **Grant Application Timeline for Detroit Startup Fund Round 1**

- The initial grant applications will open by July 21st
- Applications will close by August 21st, 2025
- Awardees will be selected by August 28th, 2025
- Awardees will be publicly announced by September 4th, 2025

### **Grant Application Timeline for Detroit Startup Fund Round 2**

- The initial grant applications will open by February 2nd, 2026
- Applications will close by March 2nd, 2026
- Awardees will be selected by March 10th, 2026
- Awardees will be publicly announced by March 18th, 2025