EMSDC Community Equity Fund

*RFP for Coronavirus State and Local Fiscal Recovery Funds*

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**Eagle Market Streets Development Corporation, CDC**

<table>
<thead>
<tr>
<th>Ms Stephanie Swepson Twitty</th>
<th><a href="mailto:devcorp1970@gmail.com">devcorp1970@gmail.com</a></th>
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<tbody>
<tr>
<td>38 Eagle St</td>
<td>O: 8282811227</td>
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<tr>
<td>70 South Market St</td>
<td>M: 8283171483</td>
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<tr>
<td>Asheville, NC 28801</td>
<td>F: 8285448250</td>
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**Ms Stephanie Swepson Twitty**

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Application Form

Question Group
Buncombe County requests proposals for projects to help the community recover from and respond to COVID-19 and its negative economic impacts.

Buncombe County has been awarded $50,733,290 in Coronavirus State and Local Fiscal Recovery Funds (Recovery Funding), as part of the American Rescue Plan Act. This infusion of federal resources is intended to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery.

Buncombe County is committed to investing these funds in projects that:

- Align to county strategic plan and community priorities
- Support equitable outcomes for most impacted populations
- Leverage and align with other governmental funding sources
- Make best use of this one-time infusion of resources
- Have a lasting impact

Proposals shall be submitted in accordance with the terms and conditions of this RFP and any addenda issued here to.

Click here for the full terms and conditions of the RFP

Coronavirus State and Local Fiscal Recovery Funds*
Name of Project.
EMSDC Community Equity Fund

Amount of Funds Requested*
$750,000.00

Recovery Fund Eligible Category*
Please select one:
Small business and non-profit support

Brief Project Description*
Provide a short summary of your proposed project.
Eagle Market Streets Development Corporation, CDC seeks, 750,000/2 Yrs.--Support for a flexible financing tool that offers equity not debt. EMSDC’s Community Equity Fund's (CEF), project seeks to address Buncombe County’s strategic initiative: "small business and non-profit support."
Historically, BIPOC and Women business owners in the local market and region have been marginalized and underestimated. These businesses often lack access to conventional debt financing, or to “first in” dollars such as “friends and family” support. The challenge is highlighted by the gap in wealth for this population - Nationally: the average African American has $12,000 in family assets, compared to $141,900 for European American families. Simply put, our target entrepreneurs do not have access to the resources necessary to get their businesses to post COVID-19 viability.

**Project Plan**

*Explain how the project will be structured and implemented, including timeframe.*

**Design**: Eagle Market Streets Development Corporation (EMSDC) and its Advisory Partners have collaborated to develop a finance model that will offer equity vs debt (and ongoing professional advisory support) to select historically underutilized businesses via an initial cash infusion and ongoing monitored advisory support until the company is in a position to use positive financial performance to gradually contribute back to the CEF’s recirculating pool of funds to support more new candidates (3-5 years). The design creates a significant opportunity to create intergenerational wealth as the businesses thrive and grow.

**Statistics**: Research shows the wealth gap between African Americans and European Americans shrinks from 12x’s to 3x’s for African Americans who own a business. These businesses will not only build prosperity for themselves, they will produce job opportunities for their communities, thereby growing the local tax base. And, their presence and success will provide much needed modeling for prospective, aspiring, future business owners. “See Tapestry Report”

**Implementation**: Implementation: With funding from, Coronavirus State and Local Fiscal Recovery Funds (Recovery Funding), EMSDC’s CEF will support an additional five to seven local businesses in each of the three years with equity capital, business advisory/acumen training and access to "virtual back-office" support to help with bookkeeping, human resources, and CPA and Legal needs.

Advisory Partners include the following organizations: Mt. BizWorks, Edward Jones, Ten Biz, LLC, and Carolina Small Business Development Fund-Western Women’s Business Ctr.

**Statement of Need**

*Describe the need that this project will address. Include data to demonstrate the need, and cite the source of the data.*

EMSDC’s CEF proposal seeks to address the deep rooted, historically--systemic wealth gap disparities for BIPOC and Women owned businesses: through increased job creation (at a living--family wage) and through preservation of local businesses that will continue contributing to the economic vibrancy of the county, the city and the region.

Historically, since 2004, Black African American business owners have remained at a disparate rate, in Buncombe County, the United States Census identified 858 Black-owned firms and 26,122 White-owned firms. The percentage of the population that owns a business is 7.2% for Blacks and 14.2% for Whites. (US Census Bureau, 2012)”, (https://stateofblackasheville.com/economics-entrepreneurship-poverty/). Note that while this data is listed on the "State of Black Asheville", 2019 capture for the 2012 Census, this suggest the disparity could be greater.
The need to protect these viable but fragile businesses owners is imperative for a minimum of two significant reasons: 1.) This business population was experiencing challenges of lack of capital long before the pandemic, COVID-19 illuminated these challenges and threatened near extinction for some of these businesses. For firms with receipts less than $500,000, minority firms experienced loan denial rates of 42 percent compared to those of 16 percent for non-minority firms. (https://www.ncjustice.org/wp-content/uploads/2018/12/BTC-HUB-BUSINESSES.pdf) [1] 2.) The current climate gives us the first opportunity since 1921/24 to allow BIPOC businesses to become job creators and greater contributors to sustainability of the economics of their communities and community at large. (https://interise.org/wp-content/uploads/BridgingtheWealthGap.pdf) [2] Recovery funds, if awarded will allow a seasoned Economic Development Corporation, in collaboration with public-private partners, to drive the restoration and retention of historically underestimated businesses and their communities.

**Link to COVID-19**

Identify a health or economic harm resulting from or exacerbated by the public health emergency, describe the nature and extent of that harm, and explain how the use of this funding would address such harm.

EMSDC is a long term economic development practitioner and a service provider for underestimated small businesses. Working closely with these businesses we keenly aware of the impacts of COVID on this marginalized group. As previously stated our target audience, BIPOC and women owned businesses have been disadvantaged by years of systemic biases that prevented them from receiving the resources necessary to protect themselves in normal times, this was exacerbated by the pandemic. According to the HUB (Historically Underutilized Business) COVID Report, (https://files.nc.gov/ncdoa/documents/files/NC-HUB-COVID-19-Impactv3.pdf), 68% of businesses surveyed reported a 50% decrease in revenues due to COVID. An additional challenge is these businesses tend to historically service type businesses.

CEF seeks to address the harm presented by COVID for these businesses by offering them a unique and innovative opportunity, the program will provide "equity capital" for those businesses who qualify. Many of who continue as viable businesses but cannot or do not want to add debt to there books.

**Population Served**

Define the population to be served by this project, including volume and demographic characteristics of those served.

The targeted audience for Recovery Funds, if awarded is local, Buncombe County businesses, BIPOC and women owned businesses. EMSDC has been serving the majority of these businesses since before the pandemic. They will represent a diverse cross sector of business owners. E.g. with recent generous support from DogWood Health Trust we supported a local commercial landscaper, a co-working coffee shop and a high tech company. Recovery Funds will expand on this supporting a local bakery, barber (looking to expand his business to include a barber school), a tech company. These businesses represent the niche market sought by EMSDC, businesses in operation for 3- years, are a Buncombe resident, have annual revenues of $50,000-$100,000 and are considered an underestimated business.

**Results**

Describe the proposed impact of the project. List at least 3 performance measures that will be tracked and reported. If possible, include baselines and goals for each performance measure.
CEF measures will focus on job creation/retention, living/family wage, increase in business revenues and increase in income and benefits for employees.

*Note for every person of color, with one business owner in the family, the wealth gap decreases by 75% from >12% down to 3%.

**Evaluation**

Describe the data collection, analysis, and quality assurance measures you will use to assure ongoing, effective tracking of contract requirements and outcomes.

EMSDC has formed solid relationships with the businesses who will comprise this cohort. Many of them we have been cultivating, nurturing these relationships for more than 3-5 years. Our quality assurance measures will be tied to wrap-around, business advisory support. We have a strong network to include, not limited to: Mt. BizWorks, CDC, Edward Jones Financial, Ten Biz Consulting, LLC. Additionally we have a built-in team of Advisors led by our Fund Manager. He will oversee the Equity Approval Group and onsite monitoring, check-ins with the businesses. He has designed data-tracking mechanism to capture our analysis and the need for "real help in real time" response to our businesses.

The initial phase of this investment will not make a significant impact on overall increase for Black and Brown entrepreneurship in the region, nor will it create a substantial number of jobs; however, it will allow the Buncombe County Commissioners and the other organizations involved to prove the model on a small scale, while building partnerships and trust for The CEF Fund with Black Indigenous and People of Color (BIPOC) business owners and the community. The intention is to create immediate-term resiliency for these businesses and the community, and long-term real & significant impact.

**Equity Impact**

How will this effort help build toward a just, equitable, and sustainable COVID-19 recovery? How are the root causes and/or disproportionate impacts of inequities addressed?

CEF is the perfect vehicle to create equitable, sustainable communities. As an expansion of the EMSDC’s Individual Development Account program and it’s Community Benefit Partner Program, CEF continues the organizations commitment to asset building and wealth creation in underestimated communities. More simply stated, CEF will provide the opportunity for community business owners to build generational wealth for themselves and their communities.

**Project Partners**

Identify any subcontractors you intend to use for the proposed scope of work. For each subcontractor listed, indicate:

1.) What products and/or services are to be supplied by that subcontractor and;
2.) What percentage of the overall scope of work that subcontractor will perform.

Also, list non-funded key partners critical to project.

EMSDC CEF Critical Partners and Advisors:

Mt. BizWorks: Business Advisory training and equity trust closings, 30%; Edward Jones Financial: Business Advisory training, the repository for CEF Funds, 35%; Ten Biz Consulting, LLC: Business Advisory Training, one on one business counseling, 30%; EMSDC Fund Manager, 100%, CEF fund management; PowerinNumbers Bookkeeping, accounting and in-house financial support.
Essential non-funded partners:
EMSDC Equity Approval Group: Final approval, decline of all equity applications for funding, regular
meetings to determine continuous improve for making and and approving equity trust deals; Community
Colleges, provide an opportunity for education and awareness forums workshops for their entrepreneurship
students and opportunities for service learning projects related to marketing and branding for our business
owners.

Capacity*
Describe the background, experience, and capabilities of your organization or department as it relates to capacity
for delivering the proposed project and managing federal funds.

EMSDC’s most significant experience for managing this type of funding is its Eagle Market Place, LLC
project. With funding from Federal, State, County and City funds the organization and their partner, Mountain
Housing Opportunities, Inc. completed a 20.8 million dollar edifice in downtown Asheville, NC. The project
consists of 62 units of mixed income housing, 9,000 sq. ft. of commercial lease space and 7,000 sq. ft. of
community space; (currently residential and commercial space is at 100% lease up). Additionally, EMSDC’s
liquid assets under management total approx. 1.8 million of which 50% is a combination of Feder, State, and
local municipal funding.

EMSDC, completed a successful grant round under Strategic Partnership

Budget*
Provide a detailed project budget including all proposed project revenues and expenditures, including explanations
and methodology. For all revenue sources, list the funder and denote whether funds are confirmed or pending. For
project expenses, denote all capital vs. operating costs, and reflect which specific expenses are proposed to be
funded with one-time Buncombe County Recovery Funds.

Download a copy of the budget form HERE. Complete the form, and upload it using the button below.

    Recovery-Funds-budget-EMSDC_CEF.xlsx

Special Considerations*
Provide any other information that might assist the County in its selection.

Eagle Market Streets Development Corporation, CDC (EMSDC) is a proud partner with Buncombe County
Commissioners and agencies, for more than 25 yrs. the partners have worked together to ensure equitable,
inclusive opportunity is allocated across all Buncombe County communities. EMSDC Board and staff wishes to
thank the County for their many years of support and partnership and for providing us this opportunity to
extend our values relative to equity and inclusion tot underestimated businesses.
File Attachment Summary

Applicant File Uploads

• Recovery-Funds-budget-EMSDC_CEF.xlsx
## Coronavirus State and Local Fiscal Recovery Funds
### Proposed Project Budget

**Organization Name:** Eagle Market Streets Development Corporation, CDC  
**Project Name:** EMSDC Community Equity Fund  
**Amount Requested:** 750,000/2yrs

<table>
<thead>
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<th>Proposed Project Revenue Funder</th>
<th>Amount</th>
<th>Confirmed or Pending?</th>
<th>Notes</th>
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<tbody>
<tr>
<td>Proposed Buncombe COVID Recovery Funds</td>
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<td>P</td>
<td>200,000 business equity infusion, 60,000 admin support</td>
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<td>Dogwood Health Trust</td>
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<tr>
<td>EMSDC Business Development Program Related (Unrestricted)</td>
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<tr>
<td>Inkind</td>
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<td>Edward Jones--Bus Adv Sppt/EMSDC Equity Approval Group</td>
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**Total** $655,000.00

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<tr>
<th>Proposed Project Expenses</th>
<th>Proposed Recovery Funds</th>
<th>Other Funds</th>
<th>Total</th>
<th>Capital or Operating Expense?</th>
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<tr>
<td>Direct Support to Businesses</td>
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<td>Capital</td>
<td>Equity Capital infusions for business cohorts</td>
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<td>Salaries and Compensation</td>
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<td>Operating</td>
<td>Fund Manager/Executive Admin</td>
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**Total** $655,000.00