

**Exhibit 1**  
**Scope of Services**

<b>Agency</b>	Shared Capital Cooperative
<b>Program/Project Name</b>	Cooperative Enterprise Development Program
<b>Program/Project Manager</b>	Ruth Rohlich
<b>Total Program/Project Budget</b>	\$250,000
<b>City of Madison Allocation in this contract</b>	\$250,000 August 2022

**Program/Project Description and Timeline:**

Cooperatives economically empower workers and help address community needs. The worker cooperative model allows the fiscal benefits of labor to remain within a community of worker owners.

As the City continues to look for ways to address issues of equity and fair labor practices, we recognize that empowering communities, business owners, and workers to organize projects and businesses in a cooperative model will have long lasting economic benefit to the City.

On July 6, 2016 two organizations were approved by the Common Council to work in partnership to create an infrastructure to support growing cooperative businesses in Madison. The Center for Community Stewardship has a separate contract with the City to act as the fiscal agent for the Madison Cooperative Development Coalition (MCDC) to create technical assistance structures, educational programs, and grant opportunities.

The original contract was with the Madison Development Corporation (MDC), who managed the cooperative enterprise loan fund through fall 2021. MCDC then approached Shared Capital Cooperative (Shared Capital), who has expressed an interest in taking on management of the loan fund.

Shared Capital is a national loan fund and Federally Certified Community Development Financial Institution (CDFI) based in Minneapolis-St. Paul that provides financing to cooperatives. Shared Capital is organized as a cooperative association that is democratically owned and governed by more than 300 member cooperatives including more than a dozen cooperatives in Madison. Shared Capital is a well-fitted partner to provide loans to worker cooperatives in Madison. Shared Capital was also part of the original MCDC development providing cooperative financing training to Madison area lenders and offering technical assistance and collaborative financing to support the program.

This contract is intended to work in support of a mutual collaboration with MCDC. Charity Schmidt, MCDC's director, serves on the Board of Directors and the Loan Committee of Shared Capital.

1. **Contract Goals and Outcomes:**

The primary goal of this project is the creation of new cooperative businesses, convert existing businesses to cooperatives, and support cooperatives in Madison.

This goal can be met through the following objectives:

1. Loans to new, converting, or established worker cooperatives.
2. While there are no required job creation numbers tied to the funding, it is the City's intention that this funding will help create and retain jobs in cooperative businesses. This can include those employed by cooperatives and cooperative owners.

These objectives will be achieved through the availability of the loan pool which provides loans to eligible entrepreneurs and to small businesses for fixed asset, equipment purchases, working capital expenses, or financial assistance for the employee-purchase of a business site.

2. **Service Population and/or Intended Service Area:**

The Cooperative Enterprise Development Program is not tied to specific populations of people, however, the City is extremely interested in measuring this program's impact on low to moderate income persons and people of color. Reporting of aggregate data will be done on all owners and workers of businesses receiving loans so the City can measure the financial impact of this project.

Cooperative businesses must be located within the City of Madison.

An effective full-time equivalent job shall be defined as one which averages 40 hours or more each week at a living wage as stated annually by the City of Madison Finance Department (<https://www.cityofmadison.com/finance/purchasing/vendor-resources/living-wage>), and for which the term of hiring is not limited to a specific calendar period. The principal place of business of the employee is in the city of Madison.

3. **Reporting Requirements and Schedule:**

1. Quarterly Lending Activity Report. Shared Capital will provide information on a quarterly basis to the program manager in the City of Madison's Office of Business Resources, within 45 days of the end of the calendar quarter, which details the number of loan applications, the number of loans

approved, the number of loans closed. For all loans closed, the report will also include the number of jobs created and maintained, the wage of these positions and demographic data of employees, and owners as appropriate.

2. Audited Financial Statements. Shared Capital will provide to OBR a copy of the annual audited financial statements conducted by an independent CPA firm within 120 days of the end of the fiscal year.
3. Annual Loan Program Report. Shared Capital will provide OBR with an annual report, within 60 days of the end of the calendar year, that includes
  - Portfolio Report listing each outstanding loan, name, address, summary demographic data of owners and employees and the number of FTEs
  - Lending Activity Report summarizing the number of loan applications, approvals, and closings during the prior calendar year
  - Accounting Report summarizing the loans closed, disbursed and the administrative fees applied.
4. Shared Capital Cooperative shall continue to track and report on the program through the life of the loans. At the beginning of 2027 a review and discussion between Shared Capital Cooperative and the City of Madison Economic Development Department will take place about the future status of the program.
5. Shared Capital Cooperative will conduct at least one on-site review of each loan recipient to certify job information is accurate.

**4. Location of Service:**

Shared Capital Cooperative is located at 2388 University Ave W, Suite 300, St Paul, MN 55114

**5. Staffing:**

Staff Title	Duties
Executive Director	Program oversight; contract management
Lending Team Manager	Management of BPL program, coordination of volunteer loan committee, management of program team
Loan Officer	Business development, loan inquiry intake, community outreach, loan application support, borrower monitoring and relationship management

Loan Committee (Volunteer)	Review and approval of loans; Low to moderate risk loans may be approved by staff and reported to the Loan Committee
Operations Manager	Payment processing and loan servicing
Loan Associate	Loan documentation, loan closing management
Controller	Program accounting, loan accounting
Director of Finance and Operations	Financial and program compliance reports preparation and submission
Portfolio Analyst	Borrower performance monitoring, borrower data collection and management

City funds for administrative costs shall be limited to 18% of the loan amount. Earned income from interest and fees charged to borrowers shall belong to Shared Capital to further support the fund including administrative and programmatic costs. The fund is a revolving loan fund and will continue to be accessible to Madison cooperatives as funds are available.

**7. Payment:**

The payment of \$250,000 will be made to Shared Capital Cooperative upon approval of the contract. This money will be used for administrative services and loan funds.