

Madison Development Corporation (MDC)

WORKER COOPERATIVE FUND PROGRAM

Response to RFP (Lending Only)

RFP # 8516-0-2016-RR

March 14, 2016

1) General Information

Applicant: Madison Development Corporation (MDC)

MDC is a local non-profit development corporation, operating in Madison and Dane County, Wisconsin. MDC has almost 40 years of experience in managing community development revolving loan funds (RLF's) for small business start-ups and expansions. All of these programs are designed to help diversify the local economy and to create new jobs, principally for low- and moderate-income employees. MDC intends to contract for certain expertise and technical assistance from Shared Capital (formerly North Country Cooperative Development Fund) on an as needed basis. Our principal contact with Shared Capital is Mark Fick, in Chicago.

MDC is now and has been a regular recipient and contractor of Community Development Block Grant funds. We currently have a renewable contract for approximately \$750,000 annually for use in a small business revolving loan fund.

The Principals of MDC include: Frank Staniszewski, President; David Scholtens, Vice-President for Lending; and Joan Frost, Chief Financial Officer. MDC has a volunteer Board of Directors including 13 members. Eight of these are appointed by the Mayor of the City of Madison. These volunteers include community residents, with a strong representation of business, financial, legal, and non-profit experience. A complete list of the MDC Board and Board Officers is **attached**.

MDC has a strong history of working with small businesses. We have made hundreds of loans to local small businesses over our 30 plus year history. We currently originate about 15 to 20 new loans annually, totaling between \$1 million to \$2 million per year. MDC's lending objectives are to create quality new jobs through these small business loans, and our borrowers annually create between 100 to 200 new jobs, most at living wages, with benefits. Our experience with worker cooperatives is not extensive, but some examples are listed in Section 2. "Experience", below.

2) Project Proposal

Loan Fund: MDC is applying only to administer the loan fund portion of the RFP.

MDC has been meeting jointly with, and collaborating closely with a larger group of cooperative supporting agencies, community based organizations, and local credit unions, to shape a joint response to the RFP. On the Technical Assistance side of the project, we have formally committed to link up with this group, informally organized as the **Madison Cooperative Development Coalition (MCDC)**. The named applicant and fiscal agent on the TA side is the Madison based **Cooperative Network**. MDC and the Cooperative Network have signed mutually supporting Letters of Support, which are included in the appendices of this Response Proposal.

MDC currently manages three separate RLF's with distinct, separate portfolios. These are our City of Madison CDBG-Funded Business Loan Program (BLP); a similar but smaller county-wide Dane County Development Company (DCDC) portfolio; and a technology and high-growth business focused fund called Venture Debt Program, which is also Dane County-wide.

Our BLP portfolio includes 59 loans outstanding totaling \$2,787,000. Over 86% are current on repayment terms and 3% are current on workout.

Our DCDC portfolio includes 11 loans with a total outstanding of \$430,000.

Our Venture Debt Program portfolio includes 17 current borrowers with total outstanding balance of \$4.13 million. 98% of the portfolio is paying as agreed with only one smaller loan paying in a work out situation.

All of the loan programs require repayment be made through electronic ACH agreement on a monthly basis. The loan accounting is managed internally utilizing loan management software called DownHome Solutions. This software was developed by and for community development lenders.

All of our loan recipients are required to submit periodic financial reports as well as annual job reports. These job reports include detailed information on jobs created including job type and wage paid. Some loan recipients are also required to submit Income Certification forms from the new hires. Job tracking includes voluntary racial and ethnic data, income data (both pre- and post-hire), and paid benefits information for new positions.

Our latest independently prepared audit from Wegner CPAs is also **attached**.

Experience

We have had limited, sporadic experience with lending to cooperative businesses, much of which has been earlier in our history. MDC has had loans to Union Cab, Willy St. Coop, Ridgeside (housing) Cooperative, and 2 to 3 Child-care facilities structured as cooperatives. We have made a few additional loans to businesses such as Just Coffee and Four Star Video that were restructured as Coops after receiving MDC loans. We find that our experience with small businesses in general is relevant to cooperative-structured businesses. Our MDC staff includes 2 seasoned small business lenders, each with over 30 years of experience.

We plan to use the additional expertise of Shared Capital through a contractual relationship with this experienced national cooperative business lender. This is reflected in the attached budget. We can draw on the assistance of Shared Capital for many of the items more specific to Coops, such as by-laws, equity, security and guarantees.

Shared Capital Cooperative is a national Community Development Financial Institution founded in 1978 to exclusively finance cooperatively owned housing and businesses. They have provided more than 800 loans to cooperative businesses across the United States. In total Shared Capital has loaned over \$42 million to cooperatives. In addition to financing, Shared Capital provides ongoing technical assistance and training to its borrowers and the broader cooperative development world.

Mark Fick is the Director of Lending for Shared Capital and the primary contact for this proposal. He has worked with a broad variety of cooperative enterprises over the past 22 years, primarily in Wisconsin and Illinois. He has worked with cooperatives through all phases of operations and financing from start-up and stabilization, to growth and expansion projects. Prior to joining Shared Capital, Mark was a Senior Lender and Director of Lending with the Chicago Community Loan Fund.

Additional staff available from Shared Capital include Executive Director, Christina Jennings and Senior Loan Officer/ Director of Programs, Brenda Pfahnl. Christina and Brenda have each worked extensively with cooperative business development and finance across the United States and in Central America.

Our collaboration with the MCDC group and the Cooperative Network will add immeasurably to our implementation and success of the project as well. As seen in our attached Budget, administrative costs are fairly minimal. The staff time we will pay with this budget will provide for very limited outreach or marketing of the program. We are looking to our TA partners at MCDC to compensate for that, by doing the outreach as well as the follow up training and education to deliver a deep and quality loan applicant pool. Given the breadth of collaborative partners in the community, this should also provide greater opportunities for underserved people, creating living wage jobs, and build community assets.

Expected Terms and Conditions and Average Loan

MDC practices a 10% limit of total portfolio size, per borrower, on most of its programs. This is to provide diversification and avoid over-concentration and risk in any single borrower. For the first two years of the grant, with \$600,000 of available loan capital, that would result in a per borrower loan limit \$60,000, unless on an exception basis. As the portfolio grows over time, that limit would be adjusted upward.

We would expect that the average loan size would be close to the \$60,000 maximum, or maybe slightly under. So we would estimate that at \$50,000.

Shared Capital will provide matching loan dollars when possible in order to increase the total financing available to all worker cooperatives and the total available to individual businesses. Shared Capital operates a Worker Ownership Fund with dollars targeted to worker cooperatives.

Interest charged would be at prevailing commercial rates of about 5% to 8%. Length of loans would generally be for 5 to 7 year terms. We would require personal guarantees in some situations, especially if there are a limited number of worker-members with equity from contributions or in cases of conversion. Any personal guarantees would be several, and not joint and several. Otherwise we would not expect personal guarantees, but would secure loans with specific assets if available, and General Business Security Agreements (GBSA). Loans could be for working capital, equipment or real estate, as needed.

Loans may be granted initial periods of interest only of 6 to 12 months, followed by amortizing payments. MDC would receive payments and service the loans. Borrowers would be required to submit annual financial statements and progress reports, with the potential of requiring quarterly reports if determined appropriate.

We would intend to have loan requests reviewed and approved by an independent volunteer Loan Committee based upon presentations by MDC lending staff. This committee would have community representatives, a private lender or two, and at least one representative from the technical assistance providers' "Steering Committee." This Loan Committee shall also develop the credit criteria and standards for loan approval, to ensure that the program is responsive to the particular needs of worker Cooperatives and to needs of underserved populations. MDC staff would package and present loans with a recommendation on funding, but final, specific terms and loan approval would be by the Loan Committee.

For how this should work in its implementation, please see **attached Flowchart**.

3) Network of Support

MDC has long relationships with most of the commercial lenders in Dane County. We have volunteer lenders on all of our other loan committees as well. We also work closely with other non-profit lenders, such as Wisconsin Women's Business Initiative Corporation (WWBIC), Wisconsin Business Development (WBD), and US Small Business Administration (SBA) loans. MDC has a long history of collaboration with the City's Office of Business Resources (OBR) as well. We also work with other economic development actors in the community, including Forward Community Investments (FCI), UW Small Business Development Center (SBDC), MG&E's development corporation- Central Wisconsin Development Corporation (CWDC), minority Chambers of Commerce, The Greater Madison Chamber of Commerce, Doyenne Group, UW Research Park and others. Our volunteer Board of Directors includes business, legal, financial, non-profit, and other professionals, who often have other community involvement and connections.

Our collaboration with the MCDC and Cooperative Network for the Technical Assistance portion of this Response to the RFP adds an even broader outreach and network through our joint applications. The details of this have been provided above.

Shared Capital works closely with many resource organizations supporting the development of worker cooperatives. They regularly partner with experienced organizations both on the national and regional level. This included national groups such as the US Federation of Worker Cooperatives, the Democracy at Work Network, Cooperation Works, and the National Cooperative Business Association as well as regional groups such as Cooperation Texas, the Philadelphia Area Cooperative Alliance, Cincinnati Union Cooperative Initiative and others.

4) Intended Economic Impact

We would expect to make at least five new loans in each of the first two years of the grant funding, at an average size of about \$50,000 each. We would require each borrower to employ a minimum of 1 new worker for each \$25,000 to \$30,000 borrowed. So, we would expect each of these cooperatives to have at least 2 or more new members/workers, for a total new job impact at the time of loan origination of 10 over the first two years. These cooperatives should add 2 or more additional employees each year, thereafter.

We would also anticipate some conversion projects to be funded. While these could generate new hires, we would anticipate these to have more retained jobs. Conversions could require larger loans, and would need to be approved as an exception to the loan initial loan limit of \$60,000. Since these would be operating businesses, the risk should be lower as well to compensate for the larger loan limit. A conversion could qualify for a loan limit of \$100,000 or more. These loans may also have less risk based upon prior history, and

should qualify for additional matching loans from Shared Capital and private lenders. The conversions would also require a retained job for every \$25,000 to \$30,000 borrowed. So per dollar, they should have the same job impact.

In years 3 through 5 of the grant, the amount of loan capital relative to Technical Assistance should be larger. So we would expect a commensurate increase in dollar loan volume and job impact. As the capital available and portfolio grows, we would also increase the individual borrower loan limits to 10% of the total capital available and portfolio size.

5) Budget

MDC staff will review inquiries, process applications, package loans and present loan requests to Loan Committee, originate, close and disburse loans to approved borrowers. MDC will receive loan payments, track payments and performance and otherwise service the loans in the portfolio. MDC uses an electronic loan software, DownHome™, database, which can manage multiple loan portfolios. MDC intends to utilize a contractor, Shared Capital, for aspects of this process that requires additional specific expertise.

MDC has no certain plans to raise additional loan capital for the fund at this time. We do expect to leverage the Fund through collaborations and loans co-originated by other private commercial lenders, as well as regional or national coop lenders, such as Shared Capital, who will match loan dollars from the Cooperative Enterprise Development Program with loan dollars from their Worker Ownership Fund. MDC now co-originates loans alongside most Madison-based commercial lenders. Quite typically, MDC provides term working capital or equipment financing alongside bank/credit union lines of credit. The MDC loans would generally be subordinate to private debt.

A projected Budget for operations is also **attached**.

6) Timeline and Goals

We would not anticipate receiving the grant until about July 1, 2016, so the first year would really be 6 months. We would expect to have some loan activity “teed up” at inception from our collaboration with the Technical Assistance provider network. So we could see 2 or 3 new loans originated and closed in the first calendar year. With the remaining unspent capital from the first \$300,000, and the year 2 allocation of \$300,000, we would have the capacity to make 5-8 new loans in the second calendar year, January-December, 2017. In subsequent years we would expect about 5 or 6 new loans each year from the additional annual grants. Starting in year 3 we would also see revolving loan payments come in to be available for even more new loans. As the portfolio grows in years 3 to 5, we would also be earning interest income, which would reduce the amount of grant funds needed to cover administration of the loan program. As shown in the Budget, the program becomes close to

self-sustainable relative to administration in about year 3, with interest and fees meeting nearly 100% of administrative costs.

The primary **metrics** of the program would be principally loans made/coops started, and jobs hired/jobs retained. We would also drill down into the economic performance and viability of each of the coop borrowers to evaluate success. Certainly late payment and failure or closure would be occurrences that would indicate unsuccessful progress of the program. Annual reviews of financials (or quarterly in some cases) as well as late or non-payment would be used to indicate need for additional and ongoing technical assistance and be cause for referral back to the TA Network at the earliest sign.

Other Funds: An additional metric will be of other funds leveraged. We anticipate co-originating loans in combination with complimentary loans from other partners, primarily Shared Capital and local commercial lenders with an emphasis on credit unions. MDC currently works in partnership with local commercial lenders on small business loans. We anticipate this to continue and even grow with our additional partnership with Shared Capital. We would expect that as much as 50% of new cooperative's credit needs might be met through a loan from these partners alongside the loan from the Coop Fund. Commonly, we would see term debt from the Coop Fund matched by lines of credit from our partners. This leverage will be tracked as a meaningful metric of the program. We hope to see at least a 1:1 match or better over time.

Sustainability: An overarching goal of the program is to achieve self-sustainability before the end of the 5 year City funding. Based upon a division of the annual grant resources of \$300,000 each for Lending and Technical Assistance in years 1 and 2, and a hypothetical division of \$400,000 Lending/ \$200,000 Technical Assistance in years 3, 4 and 5, our projections show that the Program should reach a self-sustaining level of interest and fee income to reach breakeven for administrative costs around April of 2018. The projections show the administrative costs available stabilize at that point and eventually start to increase from earned interest and fees. Loan principal repayments also become nearly sufficient to meet the loan demand at the end of 2020, as monthly repayments reach a level of over \$20,000 per month. These revolving payments projected for the next 12 months added to the capital available as of 12/31/2020 of \$206,797 total is roughly \$450,000, which is equal to next year's projected loan demand. Note that these projections are based upon the assumptions shown for loan volume, and also factor a loan loss of 5% annually, as shown. Again, this level of loan volume is expected to be supported by the equal matching loan funds from both Shared Capital and local private credit unions and banks.

As stated, MDC has the experience and capacity to survey, track and report on metrics of portfolio performance, including this leverage, as well as job creation, retention, client demographics, and other benefits.

MDC Board Members

February 2016

Mary Strickland, Chair, Mayoral Appointee, Business & Financial Representative

Ron Trachtenberg, Vice Chair, Mayoral Appointee, Business & Financial Representative

Stuart Levitan, Secretary, Elected from Membership

Mike Kollath, Treasurer, Mayoral Appointee, Employment and Training Representative

Rob Bergenthal Elected from Membership

Rich Arnesen Mayoral Appointee, Citizen Appointee

Tom Golden Elected from Membership

Vicki Bankston Mayoral Appointee, Mayoral Designee

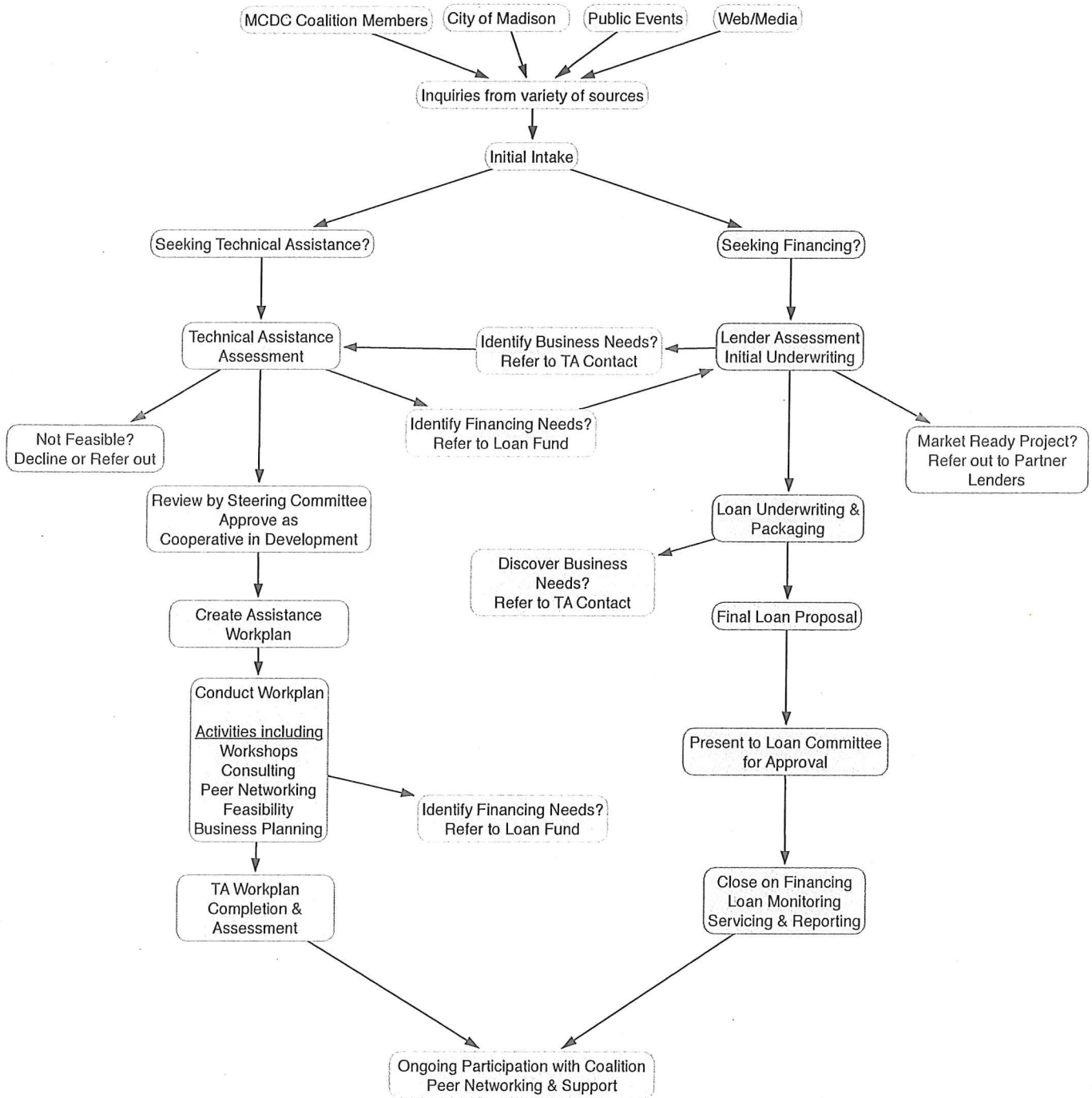
Matt Younkle Mayoral Appointee, Economic Development Representative

Dr. Jatinder Cheema, Mayoral Appointee, Business and Financial Representative

Dante Viscarra, Mayoral Appointee, Business and Financial Representative

Julia Stone, Elected from Membership

Tony Koblinski, County Resident, Elected from Membership



Worker Coop Fund Program
Projections 2016-2020

	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	
Loan Capital Available	255,000	255,000	205,000	205,000	155,000	150,000	
Loan Disbursed			50,000		50,000		100,000
Principal Repay							0
Less: loan loss reserve 5%						5,000	5,000
							0
Fees			500		500		1,000
Interest Income				250	250	500	1,000
MDC Admin Cost	2,000	2,000	2,000	2,000	2,000	2,000	12,000
Contract Services	1,000	1,000	3,000	1,000	3,000	1,000	10,000
Net Admin Costs	3,000	3,000	4,500	2,750	4,250	2,500	20,000
Admin Available	45,000	42,000	39,000	34,500	31,750	27,500	25,000
Loans Outstanding			50,000				100,000

Assumptions:

\$300,000 Cap. Grant: '16 and '17
 15% or \$45,000 for Prog. Admin.
 Int. charged avg. 6%; range 5-8%
 Orig. Fees @ 1%
 Loan Limit=\$60k year 1 and 2

Assume Capital Grant in 2018
 increase to \$400,000
 2018 Loan Limit inc. to \$100,000

Loan Loss Reserve 5% beginning
 year 2

MDC admin costs increase 20% per
 year begin year 3

Loan Capital Available	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
	355,000	355,000	305,000	305,000	255,000	255,000	205,000	205,000	155,000	155,000	105,716	93,936
Loan Disbursed	50,000		50,000		50,000		50,000		50,000		50,000	300,000
Principal Repay										716	720	1,439
Less: loan loss reserve 5%												12,500
												0
Fees	500		500		500		500		500		500	3,000
Interest Income	500	750	750	1,000	1,000	1,250	1,250	1,500	1,500	1,750	1,750	1,993
MDC Admin Cost	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Contract Services	3,000	1,000	3,000	1,000	3,000	1,000	3,000	1,000	3,000	1,000	3,000	1,000
Net Admin Costs	4,000	2,250	3,750	2,000	3,500	1,750	3,250	1,500	3,000	1,250	2,750	1,007
Admin Available	66,000	63,750	60,000	58,000	54,500	52,750	49,500	48,000	45,000	43,750	41,000	39,993
Loans Outstanding	150,000		200,000		250,000		300,000		350,000		398,564	

Assumptions:

- \$300,000 Cap. Grant: '16 and '17
- 15% or \$45,000 for Prog. Admin.
- Int. charged avg. 6%; range 5-8%
- Orig. Fees @ 1%
- Loan Limit=\$60k year 1 and 2
- Assume Capital Grant in 2018
- increase to \$400,000
- 2018 Loan Limit inc. to \$100,000
- Loan Loss Reserve 5% beginning year 2
- MDC admin costs increase 20% per year begin year 3

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Loan Capital Available	393,936	395,382	347,552	347,552	250,459	253,381	203,381	207,052	111,457	111,457	66,622	49,312
Loan Disbursed	100,000		50,000		100,000		50,000		100,000		50,000	0
Principal Repay	1,446	2,170	2,180	2,907	2,922	3,653	3,671	4,405	4,427	5,165	5,190	5,933
Less: loan loss reserve 5%												22,500
												22,500
Fees	1,000		500		1,000		500		1,000		500	4,500
Interest Income	1,993	2,478	2,478	2,707	2,707	3,178	3,178	3,391	3,391	3,847	3,847	4,045
MDC Admin Cost	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Contract Services	2,000		2,000		2,000		2,000		2,000		2,000	12,000
Net Admin Costs	1,507	22	1,522	-207	793	-678	823	-891	109	-1,347	153	-1,545
Admin Available	38,486	38,464	36,942	37,149	36,356	37,033	36,211	37,102	36,992	38,339	38,186	39,731
Loans Outstanding	495,679		541,329		635,500		678,176		769,344		808,989	

Assumptions:
 \$300,000 Cap. Grant: '16 and '17
 15% or \$45,000 for Prog. Admin.
 Int. charged avg. 6%; range 5-8%
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	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Loan Capital Available	355,245	361,208	318,634	326,097	234,313	242,570	202,301	212,081	122,626	133,224	95,308	84,952
Loan Disbursed	100,000	0	50,000		100,000		50,000		100,000		50,000	
Principal Repay	5,963	7,426	7,463	8,216	8,257	9,731	9,780	10,545	10,598	12,084	12,144	12,921
Less: loan loss reserve 5%	0	0										22,500
												450,000
Fees	1,000				1,000		500		1,000		500	
Interest Income	4,045	4,485	4,485	4,661	4,661	5,079	5,079	5,231	5,231	5,625	5,625	5,754
MDC Admin Cost	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Contract Services	2,000		2,000		2,000		2,000		2,000		2,000	
Net Admin Costs	-45	-1,485	15	-1,661	-661	-2,079	-579	-2,231	-1,231	-2,625	-1,125	-2,754
Admin Available	39,776	41,261	41,247	42,908	43,569	45,647	46,226	48,457	49,688	52,314	53,439	56,193
Loans Outstanding	897,093		932,204		1,015,731		1,046,220		1,125,077		1,150,849	

Assumptions:

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 Int. charged avg. 6%; range 5-8%
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Loan Capital Available	Jan-20	397,873	Feb-20	410,858	Mar-20	375,341	Apr-20	389,897	May-20	305,241	Jun-20	320,662	Jul-20	287,593	Aug-20	304,609	Sep-20	222,426	Oct-20	240,342	Nov-20	209,771	Dec-20	206,797
Loan Disbursed	100,000	0	50,000	15,344	100,000	16,931	50,000	17,016	17,817	100,000	17,916	19,429	50,000	19,526	19,623	201,047	450,000							
Principal Repay	12,985	14,483	14,556	15,344	15,421	16,931	17,016	17,817	17,817	17,916	19,429	19,526	19,623	201,047	22,500									
Less: loan loss reserve 5%																								
Fees	1,000	500	1,000	500	1,000	500	1,000	500	1,000	500	1,000	500	1,000	500	1,000	500	4,500							
Interest Income	5,754	6,125	6,125	6,230	6,230	6,576	6,576	6,656	6,656	6,656	6,977	6,977	7,033	77,913										
MDC Admin Cost	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	43,200							
Contract Services	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	12,000							
Net Admin Costs	-1,154	-2,525	-1,025	-2,630	-1,630	-2,976	-1,476	-3,056	-2,056	-3,377	-1,877	-3,433	-27,213											
Admin Available	57,348	59,872	60,897	63,527	65,156	68,132	69,607	72,663	74,719	78,097	79,974	83,406												
Loans Outstanding	1,224,943	1,245,904	1,315,139	1,331,192	1,395,459	1,406,504																		

Assumptions:
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Loan Loss Reserve 5% beginning
 year 2

MDC admin costs increase 20% per
 year begin year 3



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651.228.0213 fax 651.228.1184
www.cooperativenetwork.coop

March 10, 2016

Mr. Frank Staniszewski, President
Madison Development Corporation
550 W. Washington Avenue
Madison, WI 53703

Dear Mr. Staniszewski:

On behalf of the Madison Cooperative Development Coalition, Cooperative Network is pleased to provide this letter of support for the Madison Development Corporation's (MDC) loan management proposal for the City of Madison's worker cooperative initiative.

It has been a privilege working collaboratively over the past several months to develop two separate, but strongly interrelated, proposals to administer the technical assistance and finance elements of this initiative. This approach was intended to leverage the skillsets, resources, and relationships that each organization brings to the partnership, and to allow each entity do what it does best while providing an appropriate level of separation.

MDC's proposal includes a number of positive elements that will truly benefit underserved individuals in our community—those who would otherwise not likely qualify for traditional financing by helping them capitalize a worker-owned cooperative. These elements include providing loans based on the merits of the co-operative business rather than the creditworthiness of its individual members; loans that do not require a personal guarantee; and very reasonable interest rates for the relative level of risk.

Further, MDC's proposal leverages additional capital for loans with the same terms equal to the amount of funds committed by the City of Madison. Coupled with the development of a revolving loan fund and absent defaults, we are delighted with the prospects that this could be self-sustaining within three years.

Cooperative Network and the Madison Cooperative Development Coalition look forward to working with MDC to develop processes that fully integrate our proposals and provide the best service possible for underserved individuals in our community. They are truly the beneficiaries of the City of Madison's sizable investment, and we are eager to help them create upward mobility through worker-owned cooperatives.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tom Liebe".

Tom Liebe
President and CEO



PO BOX 8046, MADISON WI 53708-8046 | SummitCreditUnion.com | 608-243-5000 | 800-236-5560

March 11, 2016

Frank Staniszewski, President
Madison Development Corporation
550 W. Washington Ave
Madison, WI

Re: Letter of Support – Madison Worker Cooperative Fund Program

Dear Frank:

Thank you for including Summit Credit Union in your discussions to support the Madison Worker Cooperative Fund Program. We at Summit Credit Union recognize that cooperatives economically empower workers and support the communities in which they conduct business. Our vision directly aligns with programs that enrich and expand our vibrant communities through the close support of the residents and businesses who live and work there.

As demonstrated in the past, Summit and the Madison Development Corporation have had an outstanding relationship through collaborative efforts to fund small business start-ups and expansion initiatives, including Summit's ongoing representation on MDC's loan committee for over 10 years. Additionally, our positions as the #1 SBA lender in Wisconsin among credit unions and the #1 Mortgage Lender in Dane County should add an additional level of confidence for the prospective borrowers.

It would be our pleasure to continue our partnership by supporting MDC's involvement in this program. As part of that support we will offer representation on the loan committee and be available as a resource for the prospective cooperatives through education and guidance including conventional financing when those opportunities arise.

If there are additional questions, please contact me directly at 608-243-5000 ext. 2886 or by email at mark.kennedy@summitcreditunion.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Kennedy', written over a white background.

Mark E. Kennedy
Chief Lending Officer, Summit Credit Union



March 9, 2016

Ruth Rohlich
City of Madison, Economic Development
215 Martin Luther King Blvd #225
Madison, WI 53703

Dear Ms. Rohlich:

Heartland Credit Union is pleased to provide this letter of support for the Madison Development Corporation to be the manager of the Cooperative Enterprise Development Program's loan fund.

With nearly 40 years of experience managing community development revolving loan funds, MDC is uniquely qualified to oversee the loan portion of the CEDP. Their track record and place in Madison's local economy is unparalleled.

Heartland would consider it an honor to work with Madison Development Corporation on the Cooperative Enterprise Development Program.

Sincerely,

President/CEO



March 14, 2016

Ruth Rohlich
City of Madison, Economic Development
215 Martin Luther King Blvd #225
Madison, WI 53703

Dear Ms. Rohlich:

Wegner CPAs is pleased to provide this letter of support for the Madison Development Corporation (MDC) to manage the Worker Cooperative Fund Program's loan fund.

With nearly 40 years of experience managing community development revolving loan funds, MDC is uniquely qualified to oversee the loan portion of the Program. We feel their track record and contributions to Madison's local economy is outstanding.

Wegner CPAs have audited MDC for over 10 years, and have found MDC to be expert in the field, efficient, and fully in compliance with City, State and Federal requirements. The Corporation is well managed and financially sound.

As one of the leading accounting firms assisting and auditing cooperatives locally and around the nation, we feel MDC will be able to respond to the capital needs of worker cooperatives through their management of the Program.

If you have any questions, or would like additional information, please contact us.

Sincerely,

Wegner CPAs, LLP

A handwritten signature in cursive script that reads 'Glenn Miller'.

Glenn Miller, CPA
Managing Partner

A handwritten signature in cursive script that reads 'Bruce Mayer'.

Bruce Mayer, CPA
Partner and Cooperative Practice Leader

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March 9, 2016

Mr. Tom Liebe
President and CEO
Cooperative Network
1 S. Pinckney St., Suite 810
Madison, WI 53703

Dear Mr. Liebe:

I offer this letter of support to you and the Cooperative Network in collaboration with your partners of the Madison Cooperative Development Coalition and for your response to the RFP for the Technical Assistance portion of the City of Madison's Worker Cooperative Fund Program.

It has been a pleasure, as well as informative to work together with you and the Coalition over the past few months to fashion a responsive joint proposal. I firmly believe that we have a complementary joint proposal that draws on the strengths of the Cooperative Network and your many community partners of the Coalition. The broad, grass roots connections offered by the Coalition will be essential for the success of the Program, as well as any loan funds we hope to administer in collaboration with you.

We urge the City to select the Cooperative Network as the lead Technical Assistance provider for the Program.

Thank you,

Frank Staniszewski, President
Madison Development Corporation