

STACKS

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Making Auburn sweeter: Big projects are in the works for the historic area, including lofts,: facade improvements and performing arts centers.

For years, the Sweet Auburn Heritage Festival has served as a celebration of a historic thoroughfare known for its thriving economic, social, religious and political scene.

But this weekend's 12th annual affair is so much more, as festivalgoers will experience a street on the verge of a metamorphosis.

Like any other festival, there will be live entertainment, vendors peddling all sorts of wares, a health expo, a block party, a basketball jam and food served from restaurants up and down Auburn Avenue. But there will also be subtle signs the street is undergoing a revival with new construction, building refurbishment and facade improvements.

"It's important to preserve what was great in the past," said Charles Johnson, president of the Sweet Auburn Business & Improvement Association, the festival's sponsor. "But we cannot live solely on what has happened. We have to write new history, reach new benchmarks."

Last week, Mayor Bill Campbell toured the area, kicking into high gear the "Atlanta Heritage Campaign," Auburn Avenue's ongoing redevelopment program.

Johnson calls it "Sweet Auburn 2000," a quiet revolution that will cost between \$15 million and \$20 million and is expected to be completed by 2000. To make it a reality in a timely manner, the Sweet Auburn Business & Improvement Association joined recently with the Historic District Development Corp., which will act as the group's planning and development arm.

With HDDC's track record with other projects, particularly the residential construction on the eastern end of Auburn Avenue, Johnson said a renewed street is just around the corner.

"Yes, there have been a number of beginnings for development projects," Johnson said. "What's significantly different this time is there's a great degree of unity and cooperation."

HDDC plans a groundbreaking next week to begin construction of artist warehouses at 659 Auburn Ave. Slated to be finished by August of next year, the \$18.6 million project will comprise artists lofts, galleries, retail spaces and two performing arts centers.

A \$200,000 grant from the city of Atlanta was used to help purchase and renovate four Atlanta Life Insurance Co. buildings and a vacant lot on the western end of the street. Plans call for the buildings to be converted into office space, a restaurant and an Atlanta Life exhibition hall. The lot will be transformed into a promenade and courtyard. First though, the buildings will undergo stabilization with a \$22,000 grant from the state Historic Preservation Division.

Within the next two months, the first phase of the facade program will resume. Six to eight buildings along Auburn Avenue will get new storefronts, thanks to a \$350,000 community block grant.

"What's driving our vision is we promised folks who bought our houses (on the eastern end), they would be able to shop and get entertainment on Auburn Avenue," said Michael Syphoe, project manager for HDDC. "We felt a degree of responsibility to help recreate the Auburn of old."

The community development organization also plans to begin construction within the next few months on the fourth residential phase of 26 new houses, priced from \$89,000 to \$119,000. The houses will be located on Auburn Avenue and several surrounding streets.

Other projects planned for Auburn include:

Installation of APEX Museum's Phase IV, a high-tech exhibit that tells the story of the African-American journey.

Transformation of the Old Savoy Hotel into an international hotel, plus another new hotel.

The new sanctuary for Ebenezer Baptist Church, scheduled to be finished around the end of the year.

An interactive Martin Luther King Jr. exhibit at Ebenezer's existing sanctuary.

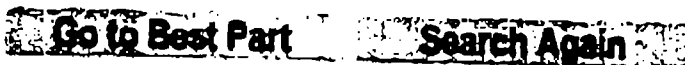
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Kimberly H. Byrd, Making Auburn sweeter. Big projects are in the works for the historic area, including lofts, facade improvements and performing arts centers., 10-15-1998, pp JD01.



Visit the Electric Library!



Thrashers to Join Southern Lovefest With Hockey

Who would have thought? The South, not the most hospitable region for ice, is going bananas over hockey. In Georgia, minor league franchises have sprouted up in Macon, Columbus and Augusta, and now the Atlanta Thrashers are poised to begin play in the National Hockey League.

For the first time since the old Atlanta Flames bolted town for the colder climes of Calgary in 1980, Atlanta will have an NHL franchise when play begins this fall in the new \$213 million Phillips Arena in Downtown Atlanta. In the 1990s, various Ted Turner ventures, including the Thrashers, have brought some \$400 million in investment downtown.

Metro Atlanta is a far bigger place than it was for the Flames, and an influx of hockey-loving residents from the North is one reason Thrasher officials expect the team to become a stellar regional attraction.

"The fast-paced excitement of NHL hockey is a perfect match for Atlanta's thriving energy," says Thrashers General Manager Don Waddell.

Season tickets are available now for the inaugural season. The official schedule will be released in July, and games will begin in October. Tickets can be purchased by calling 404-584-PUCK or on-line at the team's website at www.atlantathrashers.com.

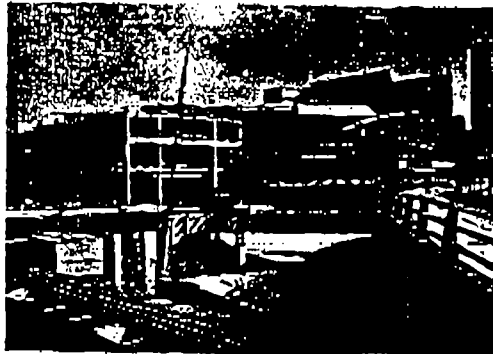
The new arena bears the name of Philips Electronics

after a 20-year deal between Royal Philips Electronics NV of The Netherlands (the parent company) and Turner Broadcasting System. Worth more than \$100 million (and likely far more), the agreement is the most comprehensive naming-rights pact in the nation.

Atlanta plays a key role in Philips, an electronics titan that's one of the 100 largest manufacturers in the U.S. Perimeter Center is home to the North American headquarters of its consumer products division.

Rising on the site of the old Omni, Philips Arena is slated for completion in September, and the facility is expected to make its debut in tandem with the Thrashers.

Philips' technologies and products will be featured throughout the arena. A 3,000-square-foot retail showcase will treat fans to a



The 20,000-seat Philips Arena will debut this fall.

first peak at the company's latest digital wizardry.

Thrasher officials are touting the 700,000-square-foot arena as the most innovative facility of its type ever constructed. Philips Arena also will be home to the Atlanta Hawks as well as host over 200 entertainment events a year.

Philips Arena will anchor a 25-acre redevelopment tract stretching from Centennial Olympic Park to the Georgia Dome and including CNN Center, TBS Inc.'s worldwide headquarters. Steel columns at the main entrance will spell out ATLANTA, and the arena will connect with CNN Center. — Pam Baker

Start

...from page 84

lion building going up adjacent to SunTrust Plaza; continued development around Centennial Olympic Park; and a major expansion by The Coca-Cola Company.

Extensive renovations or redevelopments are underway at the Wyndham Hotel, Sheraton, Hampton Inn and The Ritz-Carlton.

Or consider development in the Sweet Auburn area. The new Studioplex development — a converted 250,000-square-foot cotton warehouse under construction on Auburn Avenue — is scheduled to open this August. It will offer 112 loft apartments, 34,000 square feet of commercial office space and 18,000 square feet of gallery and retail space.

"It's designed to provide artists with a place to live, work sell their wares," says Mike Syphoe, project manager of

the Historic District Development Corporation.

Studioplex is reminiscent of the highly successful Old Town Alexandria Torpedo Factory in Alexandria, Va., across the Potomac from Washington, D.C., as well as Savannah College of Art and Design projects in Savannah. Both have created environments that allow artists of varying disciplines to work, live and play in the same area. Besides encouraging the creative spirit, they are tourist attractions and a driver of urban revitalization. Studioplex could well follow suit.

The Sweet Auburn area overall is undergoing a \$20 million facelift and sports a new 50-50 black-white racial mix, says Syphoe. The renovation program strengthens Auburn Avenue, anchored by the Martin Luther King Jr. Center for Nonviolence and Social Change and Ebenezer Baptist Church.

To: Lisa Guen
456-2223 f

From: Jackie Lawing
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Municipal Market Company-Rent Roll May 1999

MAIN FLOOR

Booth	Tenant	Exp Date	Bth SF	Bth Rnt	#4010 Cir Rnt	#4012 CJFr Rnt	#4013 Fix Rnt	#4014 Strg Rnt	002941 Water	001949037 #4019 Gas	#4017 Elec BA	Monthly Total	Reg Bal	Grand Total	Paid in May	New Bal	
101	Vacant																
102	Vacant		1,745	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	
103	Vacant		320	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	
104	Vacant		405	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	
105	AAA JOURNAL, L.L. Inc.	15-Sep-91	415	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	
106A	Vacant		311	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	
107	Roy's Poultry Market, Inc.	11-May-95	475	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	
109	Selective Services Inc. Roger Nak	17-Dec-97	980	\$3,504.32	\$158.75	\$0.00	\$211.67	\$0.00	\$78.21	\$33.87	\$146.25	\$4,133.07	\$0.00	\$4,133.07		\$4,133.07	
110	Earthworks, Debra Spahn	01-Apr-99	845	\$2,000.00	\$58.33	\$0.00	\$0.00	\$0.00	\$77.00	\$30.00	\$300.00	\$2,465.33	(\$1.67)	\$2,463.66		\$2,463.66	
111	Vacant		287	\$300.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15.00	\$10.00	\$75.00	\$400.00	\$0.00	\$400.00		\$400.00	
112	Vacant		520	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	
113	Sung Kun Lee dba Chuan Farm	04-Nov-95	610	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	
114	Cho Produce Market	01-May-97	468	\$1,673.00	\$100.00	\$0.00	\$83.33	\$0.00	\$37.02	\$21.57	\$151.08	\$2,066.00	\$0.00	\$2,066.00		\$2,066.00	
115	Vacant		579	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	
116	FWY VI Produce Stand	01-Feb-95	533	\$888.33	\$150.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,038.33	\$0.00	\$1,038.33		\$1,038.33	
117	Chadha Beason Tapes	01-Feb-99	280	\$175.00	\$0.00	\$0.00	\$0.00	\$0.00	\$32.00	\$20.00	\$100.00	\$1,180.33	\$664.31	\$1,854.64		\$1,854.64	
118	Wood Carbons, Penn Andrews	01-Mar-89	320	\$175.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$25.00	\$200.00	(\$200.00)	\$0.00		\$0.00	
119	FOOD COURT		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15.00	\$10.00	\$25.00	\$225.00	\$0.00	\$225.00		\$225.00	
120B	J & S Meats, Jack Chong	01-May-98	655	\$1,819.00	\$150.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	
121	Sandy Lee Hang	22-Jun-85	527	\$1,792.24	\$325.00	\$0.00	\$0.00	\$0.00	\$85.00	\$50.00	\$300.00	\$2,447.24	\$8,609.40	\$11,056.64		\$11,056.64	
122	Park Market, Chikita #2 Sang Kun Lee	11-May-95	613	\$2,569.00	\$350.00	\$0.00	\$0.00	\$0.00	\$14.45	\$20.67	\$121.51	\$2,333.45	\$0.00	\$2,333.45		\$2,333.45	
123	Sun He Canned Produce	01-Oct-88	589	\$600.00	\$100.00	\$0.00	\$0.00	\$0.00	\$125.00	\$80.00	\$175.00	\$3,230.00	\$0.00	\$3,230.00		\$3,230.00	
124	Sh H Chang	17-May-95	586	\$2,125.00	\$220.00	\$0.00	\$0.00	\$0.00	\$45.17	\$38.51	\$173.01	\$2,601.69	\$0.00	\$2,601.69		\$2,601.69	
125	Southbay Centre, Sonya Jones	18-Nov-97	416	\$1,200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50.00	\$50.00	\$200.00	\$1,510.00	\$0.00	\$1,510.00		\$1,510.00	
126	Atkinson Real Estate, Vincenzina B. X	01-Sep-97	416	\$1,494.79	\$58.33	\$0.00	\$0.00	\$0.00	\$50.00	\$73.85	\$150.00	\$1,826.97	\$18.58	\$1,845.55		\$1,845.55	
127A	The Great King Real Estate, Byron	01-Nov-98	416	\$800.00	\$125.00	\$0.00	\$0.00	\$0.00	\$50.00	\$50.00	\$200.00	\$1,225.00	\$0.00	\$1,225.00		\$1,225.00	
128A	Wok (moved out 1-15-98)note		416	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50.00	\$50.00	\$200.00	\$1,225.00	\$0.00	\$1,225.00		\$1,225.00	
128B	Shaochai Restaurant, Jones	01-Jun-99	416	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,790.00	\$2,790.00		\$2,790.00	
129	Mary Ann Gartin dba Gartin's Flowers	NA	378	\$358.96	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	
130A	Cool Produce Market No 2	01-Jun-98	418	\$900.00	\$0.00	\$0.00	\$0.00	\$0.00	\$14.73	\$20.51	\$404.20	\$587.18	\$991.36		\$991.36		
131	Sweet Auburn Bread Co. Sonya Jones	05-Nov-97	805	\$1,675.00	\$153.00	\$0.00	\$0.00	\$0.00	\$77.00	\$50.00	\$200.00	\$2,185.00	\$0.00	\$2,185.00		\$2,185.00	
132	Vacant		320	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	
133	Euro Inc dba G&W Supermarket	01-Aug-95	5,242	\$4,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	
134	Amey Speaks Pet Zones	01-Dec-98	340	\$500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$61.80	\$25.20	\$788.34	\$5,375.14	\$0.00	\$5,375.14		\$5,375.14	
135A	Karlee Shop, Harder Macklin	01-Sep-97	882	\$750.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15.00	\$10.00	\$25.00	\$550.00	\$0.00	\$550.00		\$550.00	
136	Sign Shop	05-Apr-99	598	\$300.00	\$0.00	\$0.00	\$0.00	\$0.00	\$30.84	\$0.00	\$100.00	\$880.80	\$25.80	\$906.60		\$906.60	
137	Hayati Johan, Inc. John Handley	01-Mar-98	800	\$400.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50.00	\$350.00	\$0.00	\$350.00		\$350.00	
TOTAL				23,978	\$32,540.69	\$2,098.41	\$0.00	\$295.00	\$109.38	\$955.25	\$673.40	\$3,700.71	\$40,373.04	\$12,493.58	\$52,866.62	\$0.00	\$52,866.62

(X= EMPOWERMENT ZONE TENANT)

Booth	Tenant	Rent	Monthly	Reg Bal	Grand Total	Paid in May	New Bal
11	FK Enterprises	\$185.00	\$185.00	\$0.00	\$185.00		\$185.00
11	Kwig BB Que	\$175.00	\$175.00	\$0.00	\$175.00		\$175.00
19	Image Plus	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00
TOTAL				\$200.00	\$200.00		\$200.00
TOTAL				40937.04	12493.58	53051.62	0.00

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Prepd June
TOTAL

200.00

120.00

52201.62

May 4, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING
MARIA ECHAVESTE
STEPHANIE STREETT

SUBJECT: PRESIDENTIAL TRIP TO AMERICA'S NEW MARKETS

BACKGROUND

As we have discussed, you will host a CEO roundtable on Tuesday, May 11 to discuss the New Markets Initiative. The CEO roundtable will serve as a venue for you to issue a challenge to the country and invite corporation participation in your July trip to underserved areas. The CEO Roundtable will also provide an opportunity to seek new commitments from corporations to invest in America's untapped markets. The morning roundtable on May 11 will be followed by an announcement in the Rose Garden about the July trip, when we expect to unveil major private sector commitments to underserved communities. After the Rose Garden announcement, you will be accompanied by a number of the CEOs and perhaps others on a brief trip to a city where we can illustrate the investment potential in new markets.

REQUEST

The purpose of this memorandum is to request your preference between two locations for the May 11 trip. You asked that we seek your guidance on what city to visit. We have analyzed a number of locations with an emphasis on Empowerment Zones and Empowerment Communities. We believe a visit to an EZ or EC will create a bridge between the New Markets Initiative and the community empowerment programs that have been a priority for both you and the Vice President over the last six years. Also, by focusing on Empowerment Zones it may make your May 11th trip less duplicative of your July trip that will include, but go beyond, Empowerment Zones.

We propose a visit to either Atlanta, Georgia or Akron, Ohio where we can highlight examples of economic success in untapped, non-traditional markets through visits to one or more business sites as outlined below.

Option 1: Atlanta, GA

Pros:

- This city has an Empowerment Zone with many characteristics of a "New Market." The Atlanta EZ has a poverty rate of 57.4% and an unemployment rate of 17.9%. Approximately 44% of the residents lack a high school diploma.

- Atlanta is home to many important corporations such as Coca-Cola and BellSouth that we will enlist as partners in the New Market Initiatives. We can expect CEOs from these companies to participate in both the roundtable and the trip, if Atlanta is selected as the location.
- The City of Atlanta is home to many small businesses that illustrate the potential for successful investment in distressed areas. Business success stories in Atlanta and its Empowerment Zone include the following, one of which may make for an effective venue on May 11:
 - (1) **NationsBank** has received funding from Treasury's CDFI Fund to make investments in the National Community Investment Fund. The NCIF will use NationsBank's support to invest in community development banks and to expand its existing community development programs.
 - (2) **Diaz Wholesale and Manufacturing** is a small business recently featured in an *Inc. Magazine* cover story on the Top 100 Inner-City Companies, compiled from research conducted by Michael Porter's group, Initiative for a Competitive Inner City. Diaz manufactures and distributes Hispanic foods and employs 85 people.
 - (3) **United Water Services Atlanta (UWSA)** was recently chosen to privatize the city's water system and will locate its regional headquarters in the EZ. UWSA employs 425 people and has committed to hiring 20% of its employees from the EZ. The company has also committed to provide a total of \$500,000 for use as seed capital in new EZ businesses.
 - (4) **Renewal Atlanta** is a recycling plant that will generate 65 permanent jobs for EZ residents and 200 temporary jobs for students. However, building renovations for the plant have just begun.
 - (5) **Blimpy's** is opening its first franchise as part of a corporate agreement to open franchises in ten EZ/ECs across the country.
- A visit to Atlanta on May 11 will also complement the planned SBA Workshop on New Markets scheduled for May 6 that will focus on SBA's Small Business Investment Company (SBIC) program. The workshop is designed to recruit potential new SBIC investors and management teams with experience investing in small businesses in low and moderate-income areas.

Cons:

- The Atlanta Empowerment Zone experienced some well-publicized difficulties during its startup related to administration and management. These issues have been resolved, however there may be some remaining stigma.

Option 2: Akron, OH

Pros:

- Akron, Ohio is a model Enterprise Community with many new businesses, illustrating the potential of a new market. The EC has a 25% poverty rate and an unemployment rate of 18.1% with a population of 49,920. Akron is a classic mid-sized city with a population of 223,019.

- A visit to Akron would be a related follow through to the Town Hall meeting you conducted there earlier this year on race relations.
- The mayor and congressman from Akron have been strong supporters.
- There are several examples in Akron of private investment that exemplify the types of commitments we will be seeking from corporations. These examples include:
 - (1) **The Safe Harbor Minority Business Center** assists the development and growth of minority-owned office and service firms through support services and technical assistance. The 7,000 square foot center currently houses nine businesses. The center also operates a micro-lending program in conjunction with Akron's EC Program.
 - (2) **Enterprise Community Fund (ECF)** is a non-profit business loan fund – and a recipient of a CDFI Fund award -- that makes working capital loans to small and micro-businesses in the distressed neighborhoods of the Akron Enterprise Community. ECF also provides businesses with much needed technical assistance.
 - (3) **Akron Edison Industrial Incubator** was created in 1983 and is a model small business incubator with a multi-tenant facility that provides entrepreneurs with space and a wide variety of administrative, management, technical and professional services.
 - (4) **G. Stephens Construction** is a small firm partnering with Turner Construction through BusinessLINC, an initiative that encourages larger businesses to link with and advise smaller firms, particularly those in economically distressed communities.
 - (5) **The Middlebury Grocery Shopping Center** is under development in the central city area through a loan under the Economic Development Initiative. The center will ultimately employ 30 full time and 100 part time workers.

Cons:

- The Vice President has attended several recent events in Akron, including one last month on teen smoking.

SUMMARY OF RECOMMENDATION

After careful consideration and review of ten other potential locations (several of which you have recently visited), Atlanta, GA and Akron, OH were selected for recommendation. These two cities are characteristic of New Markets and they illustrate the potential for successful private investment in underserved communities. These cities also fit logistical travel constraints given our expected departure time from Washington following the morning roundtable. Please advise us of your preference.

Atlanta, GA _____

Akron, OH _____

Discuss Further _____

May 4, 1999

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- Akron, Ohio is a model Enterprise Community with many new businesses, illustrating the potential of a new market. The EC has a 25% poverty rate and an unemployment rate of 18.1% with a population of 49,920. Akron is a classic mid-sized city with a population of 223,019.

- A visit to Akron would be a related follow through to the Town Hall meeting you conducted there earlier this year on race relations.
- The mayor and congressman from Akron have been strong supporters.
- There are several examples in Akron of private investment that exemplify the types of commitments we will be seeking from corporations. These examples include:
 - (1) **The Safe Harbor Minority Business Center** assists the development and growth of minority-owned office and service firms through support services and technical assistance. The 7,000 square foot center currently houses nine businesses. The center also operates a micro-lending program in conjunction with Akron's EC Program.
 - (2) **Enterprise Community Fund (ECF)** is a non-profit business loan fund – and a recipient of a CDFI Fund award -- that makes working capital loans to small and micro-businesses in the distressed neighborhoods of the Akron Enterprise Community. ECF also provides businesses with much needed technical assistance.
 - (3) **Akron Edison Industrial Incubator** was created in 1983 and is a model small business incubator with a multi-tenant facility that provides entrepreneurs with space and a wide variety of administrative, management, technical and professional services.
 - (4) **G. Stephens Construction** is a small firm partnering with Turner Construction through BusinessLINC, an initiative that encourages larger businesses to link with and advise smaller firms, particularly those in economically distressed communities.
 - (5) **The Middlebury Grocery Shopping Center** is under development in the central city area through a loan under the Economic Development Initiative. The center will ultimately employ 30 full time and 100 part time workers.

Cons:

- The Vice President has attended several recent events in Akron, including one last month on teen smoking.

SUMMARY OF RECOMMENDATION

After careful consideration and review of ten other potential locations (several of which you have recently visited), Atlanta, GA and Akron, OH were selected for recommendation. These two cities are characteristic of New Markets and they illustrate the potential for successful private investment in underserved communities. These cities also fit logistical travel constraints given our expected departure time from Washington following the morning roundtable. Please advise us of your preference.

Atlanta, GA _____

Akron, OH _____

Discuss Further _____

May 4, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING
MARIA ECHAVESTE
STEPHANIE STREETT

SUBJECT: PRESIDENTIAL TRIP TO AMERICA'S NEW MARKETS

BACKGROUND

As we have discussed, you will host a CEO roundtable on Tuesday, May 11 to discuss the New Markets Initiative. The CEO roundtable will serve as a venue for you to issue a challenge to the country and invite corporation participation in your July trip to underserved areas. The CEO Roundtable will also provide an opportunity to seek new commitments from corporations to invest in America's untapped markets. The morning roundtable on May 11 will be followed by an announcement in the Rose Garden about the July trip, when we expect to unveil major private sector commitments to underserved communities. After the Rose Garden announcement, you will be accompanied by a number of the CEOs and perhaps others on a brief trip to a city where we can illustrate the investment potential in new markets.

REQUEST

The purpose of this memorandum is to request your preference between two locations for the May 11 trip. You asked that we seek your guidance on what city to visit. We have analyzed a number of locations with an emphasis on Empowerment Zones and Empowerment Communities. We believe a visit to an EZ or EC will create a bridge between the New Markets Initiative and the community empowerment programs that have been a priority for both you and the Vice President over the last six years. Also, by focusing on Empowerment Zones it may make your May 11th trip less duplicative of your July trip that will include, but go beyond, Empowerment Zones.

We propose a visit to either Atlanta, Georgia or Akron, Ohio where we can highlight examples of economic success in untapped, non-traditional markets through visits to one or more business sites as outlined below.

Option 1: Atlanta, GA

Pros:

- This city has an Empowerment Zone with many characteristics of a "New Market." The Atlanta EZ has a poverty rate of 57.4% and an unemployment rate of 17.9%. Approximately 44% of the residents lack a high school diploma.

Fulton Cotton Bag Mill

The Fulton Cotton Mill is a complex of nine historic industrial buildings located 1.1 miles east of the center of downtown Atlanta. The complex has a total gross floor area of 550,000 square feet on a 12.5 acre site. The buildings were built over a forty-year period beginning in 1881, and the Mill operated continuously until 1977. The primary product was cotton bags used to package agricultural and industrial products. At its peak, the Mill employed 2,600 workers, housing many of them in an adjacent company owned village known as Cabbagetown. The Mill and village (previously sold to the residents) have been added to the National Register of Historic Places.

Redevelopment of the Fulton Cotton Mill will take place in three phases and is expected to take approximately four years to complete. Phase I of the project (Fulton Cotton Mill Apartments) has 182 loft apartments in four of the buildings. The second phase of the redevelopment is expected to comprise commercial/retail space providing approximately 140,000 square feet of office and studio space. The last phase of construction is expected to add another 150 loft apartments to the property and to be completed by 2001.

The project is located at 170 Boulevard, SE in the City of Atlanta, Georgia. The project will consist of four buildings comprising of 182 apartment units as follows:

Number of Units	Type of Unit	Square Feet
22	Studio	755 - 807
74	One bedroom/one bath	769 - 907
86	Two bedroom/two bath	1026- 1231

At least forty percent of the units in the project (seven of the 22 studio units, 37 of the 74 one bedroom units and 72 of the 86 two bedroom units) will be set aside for persons of low or moderate income.

Sources of Funds:

Bond Proceeds:	\$9,915,000
EZ loan	\$1,000,000
Additional City loan	\$400,000
Total loans:	\$11,315,000

LITC & other equity \$5,385,000

Total Sources: \$16,700,000

Partners: GMAC is the lender/Service and Suntrust Bank is the Trustee.

Nationsbank, N.A.
Charlotte, North Carolina

Award: \$1,614,690

Rewarded Activities

Nationsbank, N.A. was awarded \$1,614,690 for making nearly \$10.5 million in investments in the National Community Investment Fund (NCIF) and the Enterprise Social Investment Corporation (ESIC) and a \$420,000 loan to the Low-Income Housing Fund (LIHF). NCIF will use its support to invest in community development banks. The ESIC investment will expand and improve employment opportunities by encouraging investments in businesses that employ residents of the Baltimore Empowerment Zone. LIHF, a certified CDFI funded in the first round of the CDFI Program, will use its loan proceeds to finance non-profit sponsors of affordable housing.

Post Award Activity

Nationsbank, N.A. is using its award to expand its existing community development programs throughout the franchise in 16 states and the District of Columbia. These activities include using funds to purchase and demolish a low-rise apartment building in Atlanta's Martin Luther King Historic District so that affordable, single-family homes can be constructed to complete the revitalization of the block. It will also be used to establish community development activities in new markets including St. Louis, Missouri and Tampa/St. Petersburg, Florida and to subsidize below-market rate lending to CDFIs.

Nationsbank, N.A. (South)
Atlanta, Georgia

Award: \$1,199,275

Rewarded Activities

Nationsbank, N.A. (South) was awarded \$1,199,275 for making \$7.8 million in investments in the National Community Investment Fund (NCIF) and the Enterprise Social Investment Corporation (ESIC) and a \$312,000 loan to the Low-Income Housing Fund (LIHF). NCIF will use its support to invest in community development banks. The ESIC investment will expand and improve employment opportunities through encouraging investments in businesses that employ residents of the Baltimore Empowerment Zone. LIHF, a certified CDFI funded in the first round of the CDFI Program, will use its loan proceeds to finance non-profit sponsors of affordable housing.

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Bank Enterprise
Award Program

From the Desk of... *Jacquie Lawing*

U.S. Department of
Housing and Urban
Development

451 7th Street, S.W.

Room 10226

Washington, DC 20410

(202) 708-2236 Phone

(203) 708-4087 Fax

FOX

To: LISA GREEN

Fax: 456-2223

Pages: 7

Phone: _____

Date: 5/7/99

Re: _____

♦ Urgent ♦ For Review ♦ Please Comment ♦ Please Reply ♦ Please Recycle

*** Comments: _____

Tried to call her

*Curb Street Market***Regina M. Taylor**

05/07/99 10:34 AM

To: Jacquie M. Lawing/SECY/HUD/GOV@HUD
cc:
Subject: Information on Atlanta CDBG Funded Businesses

Forwarded by Regina M. Taylor/CPD/HHQ/HUD on 05/07/99 10:28 AM

 John L. Perry
05/07/99 10:28 AM

To: Bill Rudy/CPD/HHQ/HUD@HUD, Regina M. Taylor/CPD/HHQ/HUD@HUD
cc:
Subject: Information on Atlanta CDBG Funded Businesses

We have identified two Section 108 projects which are good candidates for demonstrating the use of Section 108 and CDBG funds.

One is the Atlanta Curb Street Market, an inner-city market that offers groceries and other goods and services for inner-city low and moderate income neighborhoods. It is also located in the historic Auburn Avenue District. In 1994 the City received a Section 108 Loan Guarantee for nearly \$5 million, and over \$1 million in CDBG funds have been invested. In addition, the City received a second 108 Loan for \$500,000 in 1997. There is also Empowerment Zone money in the project. There are a number of small businesses located within the Market, and we will get more details regarding the Market from the Property Manager and the City. The Property Manager is Ms. Ruby Jones, (404) 659-1665.

SWEET AUBURN CURB MARKET (AKA MUNICIPAL MARKET)**209 Edgewood Avenue**

<u>Source</u>	<u>Amount</u>	<u>Use</u>
CDBG	\$1,400,000	Site improvements, commercial rehabilitation
Section 108	\$5,498,000	Commercial rehabilitation
HUD Special Purpose Grant	\$1,000,000	Commercial rehabilitation, operating expenses
EZ	\$450,000	Commercial rehabilitation

There are currently 24 small businesses located in the Market.

Curb Street Market

Empowerment Zone Businesses
located at the Sweet Auburn Curb Market
Roll as of May 1999

Tenant:

- Earthworks, Debra Spights
- Southcity Cuisine, Sonya Jones
- Afrodish Restaurant, Vincencia & Rafael
- Seacoast Restaurant, Elaine Jones
- Sweet Auburn Bread Co., Sonya Jones
- Kaffee Shop, Harriet Macklin
- Sign Shop, Charles Johnson
- Naqshi Johan, Inc., John Hendley

Chris Suckman

205 6405

Northyards

Defining

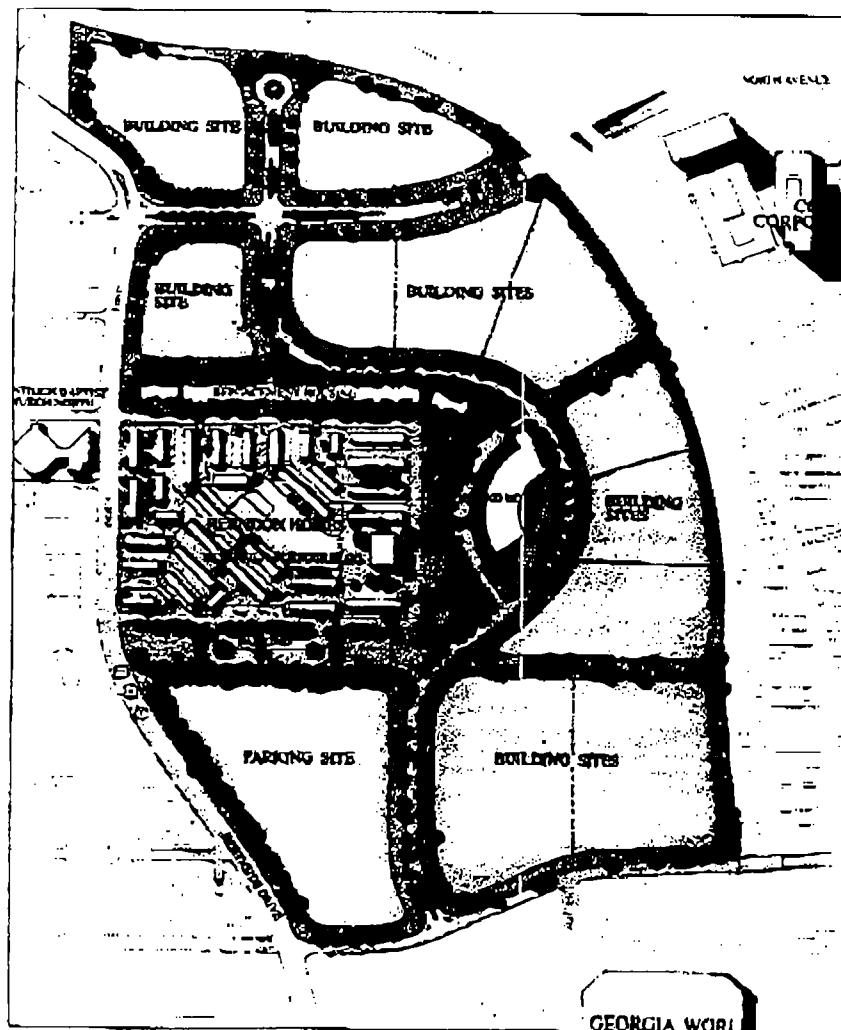
Roles and Relationships.

Development in Downtown is not a singular entity task. And the continuance of Downtown's rebirth engendered many public and private partnerships that have paved the way for the creation of new commercial development.

For more than a year, COPA, under the guidance of CAP Executive Committee member Dr. Carl Patton, cultivated necessary partnerships with the City of Atlanta, Antioch Ministries, The Empowerment Zone, and others to bring about the development of a 40-acre business park northwest of Centennial Olympic Park. Late in the year, after hundreds of meetings, the official documents were signed to create the

Northyards Business Park, LLC, a partnership designed to manage the developments of the business park, a child care/community center, and a job-training program for Empowerment Zone residents.

To ensure continued and sensible development around Centennial Olympic Park, COPA also worked with property owners and members of the Atlanta City Council to create and pass legislation to create a special public interest (SPI) district to provide specific guidelines for future retail and commercial development around the park.



The 40-Acre Northyards Business Park

Cuomo Announces 23 Communities Will...Brownfields and Provide 9,500 Jobs

wysiwyg://18/http://www.hud.gov/pressrel/pr98-598.htm

Los Angeles will receive \$1.7 million of BEDI funds and \$10.4 million in Section 108 loan guarantees to redevelop the 208-acre Goodyear Tract, located in Los Angeles' Empowerment Zone, into a modern business park and retail center that will provide jobs for the community and benefits to the neighborhood. The retail center is being sponsored by a neighborhood community development group and will include a supermarket, drugstore and computer training lab. The City estimates that 407 new jobs will be created in a wide range of skill levels. BEDI funds will be used for environmental remediation and Section 108 funds will be used for gap financing, site acquisition, relocation, site improvement, construction and the purchase of new equipment. The City will also use \$300,000 in Community Development Block Grant funds from HUD through its Brownfields Revitalization Fund for site assessment and acquisition. The total project costs are estimated at \$31.6 million.

Stockton will receive a \$500,000 BEDI grant and \$3 million in Section 108 loan guarantees to revitalize its downtown waterfront. Primary uses of the funds will be clearance and demolition, site preparation, and public facilities costs. The City plans to redevelop a site that has been a blighting influence for many years into a plaza that will link the downtown and waterfront areas. Total project costs are estimated at \$40.5 million.

CONNECTICUT

Hartford will receive a \$2 million BEDI grant and \$5 million in Section 108 loan guarantees to support development of Adriaen's Landing project in downtown Hartford. The project will be mixed use complex with entertainment, retail, residential, recreational, parking, hotel and convention facilities. The City expects to create a total of 700 jobs. Total project costs will be approximately \$101 million.

DISTRICT OF COLUMBIA

Washington will receive a BEDI grant of \$300,000 and \$300,000 in Section 108 loan guarantees to fund the Earth Conservation Corps in the renovation of the PEPCO pump house, which is located on the west side of the Anacostia River in the federally-designated Enterprise Community. The project will employ nearly 40 individuals. The BEDI and Section 108 loan guarantees will be used for lead paint and asbestos abatement, removal of existing pumping equipment, retrofitting the structure to accommodate new intended use, development of infrastructure and landscaping of the site. The estimated total project cost is \$1.2 million.

COPA/
Northyards

GEORGIA

BEDI press release

Atlanta will receive a BEDI grant for \$500,000 and \$500,000 in Section 108 loan guarantees to assist in the redevelopment of the North Yards Business Park in the Atlanta Empowerment Zone. The BEDI grant funds will be used for environmental remediation, with the Section 108 funds used for demolition of dilapidated structures. The Business Park will be developed and owned by a limited liability company called COPA Inc. that is made up of three partners representing neighborhood residents, local government and the business community. The project when completed will employ 1,000 individuals. The project will include \$86 million in private investment.

Thomson, located in the Central Savannah River Area Enterprise Community, will receive a \$250,000 BEDI grant and \$1.25 million in Section 108 loan guarantees to redevelop a former industrial site into a manufacturing facility for International Housing Industries, Inc. The company manufactures structural insulated panels for residential and commercial construction markets. The redevelopment of the facility will create 30 manufacturing jobs in the community. The estimated total project costs are \$2.8 million.

ILLINOIS

Chicago will receive a \$2.5 million BEDI grant and \$18 million in Section 108 loan guarantees to spur industrial redevelopment at five sites. Businesses that ultimately locate at these sites will provide 600 jobs and revitalize nearly 85 acres. Redevelopment sites will include: (1) a vacant 37-acre site in the Greater Southwest Industrial Corridor where the City is negotiating with Stylemaster Inc., a minority-owned box and container manufacturer; (2) a 4-acre site located in the historic Stockyards; (3) a 16-acre site within the Pilsen Industrial Corridor to expand Midland Industries; (4) a 24-acre site in the Stockyards Corridor; and (5) a 2.3 acres site in the Pilsen Industrial Corridor. Several of these sites are within the City's Empowerment Zone boundaries. Chicago earlier received \$94 million in Section 108 loan guarantees and Economic Development Initiative grants from HUD to redevelop brownfields into industrial parks.

INDIANA



Sarah Rosen Wartell
05/07/99 08:17:57 AM

Record Type: Record

To: Melissa G. Green/OPD/EOP@EOP, Lisa Green/OPD/EOP@EOP
cc: Jonathan A. Kaplan/OPD/EOP@EOP, WEINSTEIN_P@A1@CD@VAXGTWY@VAXGTWY, Michael Deich/OMB/EOP@EOP, Lisa Green/OPD/EOP@EOP
Subject: American Community Renewal Act (HR 815)

Treasury has provided a preliminary draft of a summary/analysis of the tax provisions of the bill. I am not that familiar with EZs, so I hope we can get Weinstein and Deich to take a look at this and give us some guidance. (Copy en route.) The Treasury analysis is pretty damning of each piece, but if we are looking to find common ground between this approach and our new markets approach in order to make political progress, there seem to be some pieces that might be worth exploring.

Targeting/Selection: The hardest nut to crack is that HR 815 proposes that another 100 communities (50 of which are EZs or ECs) be selected and designated to be eligible for the tax treatment. Our approach was to have relatively broad criteria for New Markets (40% of country) and let the market and public spirited CD investment entities decide where in those areas the investment would go. You could imagine a tiered program (where there is the broader targeting AND some number of more targeted areas that get greater benefits (i.e., EZs and ECs)) but it will be expensive.

Capital Gains Tax Credit: Treasury's analysis suggests that we'd have a very hard time swallowing anything here.

Commercial Revitalization Tax Credit: This is an allocated tax credit that goes to the specific project rather than to investment intermediaries. It is targeted to building investment rather than other forms of equity. But there are areas of commonality and we might be able to talk to them about this.

Additional Expensing: Treasury is less negative about compliance aspects of this credit but argues it won't great new jobs for residents of the community.

Extension of Work Opportunity Tax Credit: more generous than existing tax credit for renewal area residents working in renewal area businesses. Treasury worries about gaming -- using regular credit year one, renewal community year two -- but it doesn't sound like we couldn't do something if we wanted or needed to.

Family Development Accounts: IDAs on the tax side. We like IDAs. Treasury prefers direct subsidy, but sound like we could consider.

Real question is how much of this rhetoric and policy we need to incorporate in order to move forward.

Lynn G. Cutler
05/07/99 02:44:37 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: what else?

I just talked to Caron Solomon from the Mayor's office and she is on her way to the market to meet with Tamariki Youngblood, who is the director of the development group that put the market together. Caron is sure that some of the vendors in the market started up with SBA funding, but we should continue to probe that with SBA (Lisa). She said Ms. Youngblood knows all about everyone there, so she'll call me after that meeting with names for vetting. I'll ask for phone numbers and talk to them myself. Also, for those who didn't know, the building that the market is in was a rundown old building that was rehabed with Empowerment Zone money. There is also Section 108 and CDBG funds involved. Also, just a reminder--the development group that was the grantee is made up of many of the top business people in Atlanta working with city government and non-profits. Nice partnerships.

Message Sent To:

Laura A. Graham/WHO/EOP@EOP
Stephanie S. Streett/WHO/EOP@EOP
Lisa Green/OPD/EOP@EOP
Marjorie Tarmey/WHO/EOP@EOP
Jennifer M. Palmieri/WHO/EOP@EOP
Cheryl M. Carter/WHO/EOP@EOP
Sally Katzen/OPD/EOP@EOP
Gene B. Sperling/OPD/EOP@EOP

~~DRAFT~~

DRAFT

NEW MARKETS ATLANTA TRIP WITH CEOs – MAY 11, 1999

Background on Sweet Auburn Curb Street Market

History

The Sweet Auburn Curb Street Market (formerly the Municipal Market) has been operating since 1923. It originally began as an open-air market in 1918 until the Atlanta Women's Club transformed it into an enclosed structure. The market is located in the City's historic Sweet Auburn area, the City's first African American commercial district. It is also part of the City of Atlanta's Empowerment Zone. The market was in disrepair in 1992 when the City applied for a Section 108 loan guarantee in the amount of \$4.9 million to refurbish the facility.

Current Economic Development

Approximately 24 business are located within the market with total space for up to 35 businesses. These businesses include produce vendors, a florist, a garden center, a seafood market, and various restaurants. Eight businesses in the market receive direct EZ assistance.

Businesses with the market often hire residents from the surrounding EZ neighborhoods and thereby benefit from EZ tax credits.

In total the more than \$8.3 million in federal funding has been directed to the market and its vendors. These funds include EZ grants to businesses for equipment, CDBG funds for site improvements and commercial rehabilitation and Section 108 loans for commercial rehabilitation.

Background on Tour Leader, Ruby Jones

Ruby Jones, Property Manager, Sweet Auburn Curb Market

Ms Ruby is the property manager for the market and is involved in attracting new businesses, meeting and developing relationships with neighborhood residents, and embracing the various cultures in the downtown area. As property manager she is responsible for leasing, marketing and coordinating events at the market, which include voter registration drives, cooking demonstrations, educational tours of the markets and food drives. Since the market is located in the EZ, Ms. Jones vigorously encourages the vendors of the market to hire residents from the neighborhood. She is also the volunteer coordinator for the Atlanta Downtown Partnership and serves on the board of directors of the Midtown Assistance Center.

Ruby Jones will lead the tour through the market.

Roundtable Participants

Dennis Kain
Marist Marquis
404-521-0000

Eight business people will participate in the roundtable at the market. With one exception, each businessperson has a unique perspective on the benefits of operating a business or investing in the Empowerment Zone. One participant runs a business in a distressed area of Atlanta located outside of the Zone.

Sallie Adams Daniel, Senior Vice President, Nations Bank of Georgia

Ms. Daniel is an active member of the Atlanta EZ and is a director on its governing board. In addition, Nations Bank has undertaken a number of activities that support the revitalization of the Atlanta EZ and other distressed underserved communities. NationsBank partners with two CDCs located in the EZ --- the Historic District Development Corporation and Summerhill Neighborhood Development Corporation. NationsBank provides the CDCs with technical assistance and invests in their projects.

Ms. Daniel will talk about NationsBank's commitment to community revitalization around the nation. She will also talk about her involvement in the EZ and NationsBank partnership with local CDCs.

John Aderhold, Chairman of Aderhold Properties (Developer of the Fulton Bag and Cotton Mill)

Aderhold Properties is the developer of the Fulton Bag and Cotton Mill project, one of the marquis projects helping to revitalize the Cabbage Town neighborhood in the heart of the Atlanta EZ. The development includes a mixed income residential project with 206 loft apartments of which 83 are rented by low-and moderate-income persons. There is also commercial space at the site, which is expected to create jobs and businesses in the EZ. The project used a \$1 million EZ loan to leverage a \$10 million HUD Section 221(d)4 loan, a \$400,000 City of Atlanta Loan and over \$6 million in Historic Tax Credits and Low-Income Tax Credits. This project has anchored a flurry of redevelopment in the surrounding area including the Eureka restaurant that is owned by another participant in the roundtable.

John Alderhold will speak to the importance of federal assistance in the development of the project. He will also comment on the impact that the site has had on the surrounding area and the successful economic return on his investment in the project.

Tricia Donegan, Owner of Eureka Restaurant (note this business is not a vendor in the market)

Eureka Restaurant is small business that opened in November of 1998. Tricia Donegan received technical assistance from the Atlanta One Stop Capital Shop in putting together her business plan. She employs 20 people and half are EZ residents, which enable her to use the Empowerment Zone Wage tax Credit. She also owns a restaurant in another low-income East Atlanta neighborhood. The neighborhood revitalization resulting from the renovation of the Fulton Bag and Cotton Mill was a key to her decision to locate a restaurant in the EZ.

Tricia Donegan will discuss her success in hiring EZ residents as well as the importance of a major revitalization project to her decision to locate this small business/microenterprise in an EZ.

•

Kenneth Daniel Bleakely, President of North Yards Business Park, LLC

The Atlanta EZ recently announced a \$5 million grant to the North Yards Business Park, LLC to develop a brownfields site into a 55-acre industrial park in the EZ that will cost \$25 million. The project is a joint venture between the Atlanta Development Authority, Antioch Urban Ministries and COPA, a partnership created by the downtown business community. The EZ investment made this project possible. The project also received a \$500,00 Brownfields Economic Development Initiative grant and a \$500,000 HUD Section 108 loan to demolish dilapidated structures and make infrastructure improvements. North Yards has made a commitment to have its infrastructure contractors hire 50% EZ residents and has also set a target of having park tenants hire 50% of their employees from the EZ.

Kenneth Bleakely will talk about COP, the partnership with the local business community and how they decided to invest in the site. He will also discuss the organization's perspective on hiring EZ residents. Lastly, he may comment on recent new commitments from prospective tenants at the site including Coca-Cola.

Sonya Jones, Owner of the Sweet Auburn Bread Company and Southcity Cuisine (note: both of these shops are located in the market)

Sonya Jones and her husband, Robert Jones, own two shops in the market. They employ 6 people. She is a native of Atlanta and a professional chef trained at the Culinary Institute of America in New York. Sonya was initially the owner of just Southcity Cuisine, and later assumed ownership of Sweet Auburn Bread Company. Her clientele include employees of the adjacent Grady Hospital, Hugh Spaulding Children's Hospital, residents of the Grady Homes, public housing and the remaining community.

Sonya Jones will talk about her experience as a small business owner in the EZ. She will comment on the importance of EZ funds and the surrounding development to the success of her business.

Vivian Reid, Co-Owner of the Kaffee Shop (note: this business is located in the market)

Vivian Reid, along with her two sisters, own this store which sells a variety of coffee products. The coffee shop has been in business for a year and a half. Vivian Reid will discuss how owning and operating a small business has improved the lives of her and her sisters. She will also talk about the one employee of the shop who is a Welfare to Work participant.

*Jason Slaughter, Owner of S&W International Foods (note: this business is **not** located in the market and is **not** in the EZ)*

S&W International Foods was established in 1996 and is a tremendous example of a small growth business that received federal support in its startup phase. The company cuts and repackages meat products and manufactures a line of frozen biscuits. The company has grown from 12 employees to a staff of 60 and increased sales from \$6 million last year to expected sales of \$13 million for the end of this year. Two SBA guaranteed loans have helped S&W to add

new plants and equipment allowing the company to grow significantly. The company has secured contracts with Sara Lee Corporation, Church's , Popeyes, Wal-Mart, Publix, and Kroger.

Jason Slaughter is a native of Henry County, Georgia and will talk about his decision to locate in the city of Atlanta. Although his business is not located in the EZ it is in an area that fits the model for a new market. Slaughter will comment on the importance of federal assistance in the startup phase, and his difficulty accessing private capital.

From the Desk of...
Jacquie Lawing

U.S. Department of
Housing and Urban
Development

451 7th Street, S.W.

Room 10226

Washington, DC 20410

(202) 708-2236 Phone

(203) 708-4087 Fax

FOX

To: LISA GREEN

Fax: 456-2223

Pages: 7

Phone:

Date: 5/7/99

Re:

♦ Urgent ♦ For Review ♦ Please Comment ♦ Please Reply ♦ Please Recycle

*** Comments:

Tracy Belber

*Curb Street Market***Regina M. Taylor**

05/07/99 10:34 AM

To: Jacquie M. Lawing/SECY/HUD/GOV@HUD
cc:
Subject: Information on Atlanta CDBG Funded Businesses

Forwarded by Regina M. Taylor/CPD/HHQ/HUD on 05/07/99 10:28 AM



John L. Perry
05/07/99 10:28 AM

To: Bill Rudy/CPD/HHQ/HUD@HUD, Regina M. Taylor/CPD/HHQ/HUD@HUD
cc:
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There are currently 24 small businesses located in the Market.

05/07/99

12:30

HUD OFFICE OF THE SEC → 94562223

NO. 433

1215

05/07/99 FRI 11:15 FAX

COMMUNITY PLANNING & DEVELOPMENT

0003

Curb Street Market

**Empowerment Zone Businesses
located at the Sweet Auburn Curb Market
Roll as of May 1999**

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- Sign Shop, Charles Johnson
- Naqshi Johan, Inc. , John Hendley

Northyards

Defining

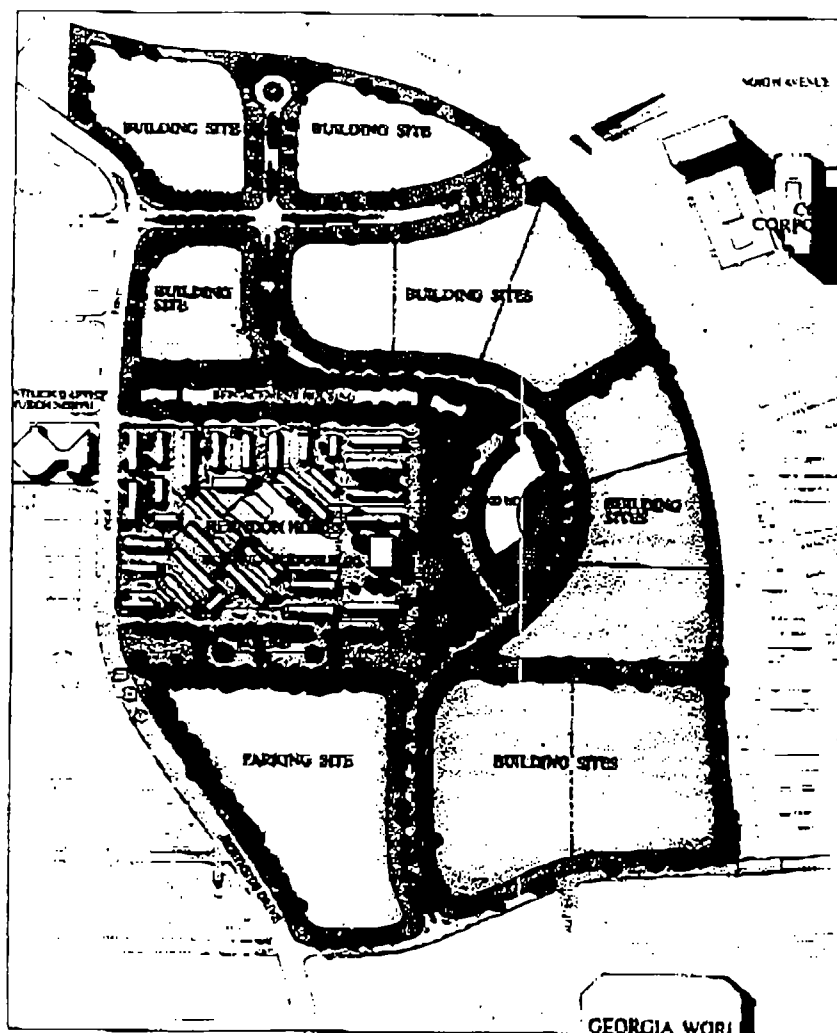
Roles and Relationships.

Development in Downtown is not a singular entity task. And the continuance of Downtown's rebirth engendered many public and private partnerships that have paved the way for the creation of new commercial development.

For more than a year, COPA, under the guidance of CAP Executive Committee member Dr. Carl Patton, cultivated necessary partnerships with the City of Atlanta, Antioch Ministries, The Empowerment Zone, and others to bring about the development of a 40-acre business park northwest of Centennial Olympic Park. Late in the year, after hundreds of meetings, the official documents were signed to create the

Northyards Business Park, LLC, a partnership designed to manage the developments of the business park, a child care/community center, and a job-training program for Empowerment Zone residents.

To ensure continued and sensible development around Centennial Olympic Park, COPA also worked with property owners and members of the Atlanta City Council to create and pass legislation to create a special public interest (SPI) district to provide specific guidelines for future retail and commercial development around the park.



The 40-Acre Northyards Business Park

Cuomo Announces 23 Communities Will...Brownfields and Provide 9,500 Jobs

wysiwyg://18/http://www.hud.gov/pressrel/pr98-598.htm

Los Angeles will receive \$1.7 million of BEDI funds and \$10.4 million in Section 108 loan guarantees to redevelop the 208-acre Goodyear Tract, located in Los Angeles' Empowerment Zone, into a modern business park and retail center that will provide jobs for the community and benefits to the neighborhood. The retail center is being sponsored by a neighborhood community development group and will include a supermarket, drugstore and computer training lab. The City estimates that 407 new jobs will be created in a wide range of skill levels. BEDI funds will be used for environmental remediation and Section 108 funds will be used for gap financing, site acquisition, relocation, site improvement, construction and the purchase of new equipment. The City will also use \$300,000 in Community Development Block Grant funds from HUD through its Brownfields Revitalization Fund for site assessment and acquisition. The total project costs are estimated at \$31.6 million.

Stockton will receive a \$500,000 BEDI grant and \$3 million in Section 108 loan guarantees to revitalize its downtown waterfront. Primary uses of the funds will be clearance and demolition, site preparation, and public facilities costs. The City plans to redevelop a site that has been a blighting influence for many years into a plaza that will link the downtown and waterfront areas. Total project costs are estimated at \$40.5 million.

CONNECTICUT

Hartford will receive a \$2 million BEDI grant and \$5 million in Section 108 loan guarantees to support development of Adriaen's Landing project in downtown Hartford. The project will be mixed use complex with entertainment, retail, residential, recreational, parking, hotel and convention facilities. The City expects to create a total of 700 jobs. Total project costs will be approximately \$101 million.

DISTRICT OF COLUMBIA

Washington will receive a BEDI grant of \$300,000 and \$300,000 in Section 108 loan guarantees to fund the Earth Conservation Corps in the renovation of the PEPCO pump house, which is located on the west side of the Anacostia River in the federally-designated Enterprise Community. The project will employ nearly 40 individuals. The BEDI and Section 108 loan guarantees will be used for lead paint and asbestos abatement, removal of existing pumping equipment, retrofitting the structure to accommodate new intended use, development of infrastructure and landscaping of the site. The estimated total project cost is \$1.2 million.

COPA/
Northyards

GEORGIA

BEDI press release

Atlanta will receive a BEDI grant for \$500,000 and \$500,000 in Section 108 loan guarantees to assist in the redevelopment of the North Yards Business Park in the Atlanta Empowerment Zone. The BEDI grant funds will be used for environmental remediation, with the Section 108 funds used for demolition of dilapidated structures. The Business Park will be developed and owned by a limited liability company called COPA Inc. that is made up of three partners representing neighborhood residents, local government and the business community. The project when completed will employ 1,000 individuals. The project will include \$66 million in private investment.

Thomson, located in the Central Savannah River Area Enterprise Community, will receive a \$250,000 BEDI grant and \$1.25 million in Section 108 loan guarantees to redevelop a former industrial site into a manufacturing facility for International Housing Industries, Inc. The company manufactures structural insulated panels for residential and commercial construction markets. The redevelopment of the facility will create 30 manufacturing jobs in the community. The estimated total project costs are \$2.8 million.

ILLINOIS

Chicago will receive a \$2.5 million BEDI grant and \$18 million in Section 108 loan guarantees to spur industrial redevelopment at five sites. Businesses that ultimately locate at these sites will provide 600 jobs and revitalize nearly 85 acres. Redevelopment sites will include: (1) a vacant 37-acre site in the Greater Southwest Industrial Corridor where the City is negotiating with Stylemaster Inc., a minority-owned box and container manufacturer; (2) a 4-acre site located in the historic Stockyards; (3) a 16-acre site within the Pilsen Industrial Corridor to expand Midland Industries; (4) a 24-acre site in the Stockyards Corridor; and (5) a 2.3 acres site in the Pilsen Industrial Corridor. Several of these sites are within the City's Empowerment Zone boundaries. Chicago earlier received \$54 million in Section 108 loan guarantees and Economic Development Initiative grants from HUD to redevelop brownfields into industrial parks.

INDIANA



Sarah Rosen Wartell
05/06/99 03:01:18 PM

Record Type: Record

To: Lisa Green/OPD/EOP@EOP

cc:

Subject: FW: NMVC technical assistance funding requirement

----- Forwarded by Sarah Rosen Wartell/OPD/EOP on 05/06/99 03:01 PM -----



don.christensen@sba.gov
05/03/99 04:56:31 PM

Record Type: Record

To: Sarah Rosen Wartell/OPD/EOP

cc:

Subject: FW: NMVC technical assistance funding requirement

I guess this didn't reach you due to the change in your address..

Don A. Christensen X6513

> -----Original Message-----

> From: Christensen, Don A. (Investment)

> Sent: Thursday, April 29, 1999 11:27 AM

> To: 'courtney_b._timberlake@omb.eop.gov'; 'sara_rosen@opd.eop.gov';

> 'alan_b._rhinesmith@omb.eop.gov'

> Cc: 'lisa_green@opd.eop.gov'; Miller, Saunders; Merkin, Jane P.;

> McGowan, Patrick K.; Sclater, Jeanne M.; Haskins, Harry E; Levine, Nina D.

> Subject: NMVC technical assistance funding requirement

>

> Let me try to clarify the discrepancy between our original budget proposal
> for NMVC technical assistance and what our needs are under the current
> legislative proposal.

>

> The NMVC funding is provided by the LMI type debenture. This is a 10-year
> debenture which is issued at a discount reflecting what the interest
> payments would be for the first five years of the term. The amount of
> discount depends upon the interest rate which is established relative to
> then-current government interest rates on comparable securities. At a 6%
> interest rate, the funds issued to the NMVC firm would be 74.41% of the
> face amount.

>
> We have requested a \$100 million program level which will require \$15
> million of budget subsidy credit at the 15% subsidy rate for the
> debentures. At the 6% interest rate, this will generate \$74.41 million of
> actual funds that will be available to NMVC firms. (Obviously, if interest
> rates rise, the amount of cash available declines.)
>
> Two concepts of the program are that (a) SBA will match the private
> capital the NMVC has raised, and (b) investments must be accompanied by
> technical assistance funding equal to 6% of the investment amount to be
> available annually over the first five years of the investment, or 30% in
> total. The problem we faced was in reconciling the variation in actual
> cash available for matching with the limitation of a fixed program funding
> level. We solved this by establishing the match based upon debenture face
> amount (the available program funding) at 1.5 times the private funding.
> On average, we believe that the cash available from debentures on this
> basis will approximate the private funding. It also means that SBA will be
> matching in cash only \$67 million of private capital which, in terms of
> (b) means that we need fund only 30% of this amount for technical
> assistance. This works out to \$20.1 million of grant authority.
>
> Don A. Christensen X6513
>

IC1
617 292-2363
Manager of Project
Lawrence
Raso 617 292 2363
+ 123

550 Becknell Drive
Atlanta, GA 30336



Being There



CEO: Rene Diaz

Company: Diaz Wholesale & Manufacturing (dba Diaz Foods) #63

Location: Atlanta

Business: Manufactures and distributes Hispanic foods

404 344-5421

Reasons for locating in the inner city:

Diaz knows the area intimately: he grew up in midtown Atlanta, where his father and grandfather owned three grocery stores. His father, Julio Diaz, founded the business, which made a gradual transition from retailer to manufacturer, distributor when he moved at 18 to begin buying spices from Florida and putting out orders to area stores and restaurants. The company is 12 minutes from the airport. Diaz often uses that advantage to strike deals with Mexican manufacturers during their stopovers. "I can get there between the time they arrive at the gate and the time they're forced with baggage claim," he says.

Key inner-city disadvantage:

"There's not really a pool of people in the inner city to hire," Diaz says. "We're often looking for Spanish speakers, and a lot of the Latino population lives in Norcross [some 40 miles away]. It's difficult drawing people in, because of the big commute and the traffic." Of Diaz's 25 salespeople, all but 3 knew Spanish. "We want the operator to know Spanish and funnel customers in immediately, instead of having the callers hold for the next available Spanish speaker."

Quote: "My dad is the best salesman we have," Diaz says. "He sold his store, and now he leads us in sales. In a year he put 70,000 miles on his new Lincoln Navigator."

Sam Mocham

	1997 NO. OF EMPLOYEES	1997 REVENUES	SALES GROWTH 1993-1997 (% INCREASE)	COMPOUND ANNUAL GROWTH (CAGR) 1993-1997
--	-----------------------------	------------------	---	---

Services Omaha, NE

1,700	\$44,639,112	218%	34%
-------	--------------	------	-----

Provides janitorial & facility-mgmt. svcs.

42	33,316,839	90%	32%
----	------------	-----	-----

Fire Group International Miami, FL

12	3,972,146	195%	21%
----	-----------	------	-----

Wholesales & exports tires & rubber-related products

142	12,936,792	133%	30%
-----	------------	------	-----

Building Products Plus South Houston, TX

Supplies & consults on specialty wood products

20	3,788,106	131%	29%
----	-----------	------	-----

Interlink Group Denver, CO

Provides information-sys. consulting svcs.

46	4,640,965	173%	25%
----	-----------	------	-----

Fischer Group Louisville, KY

Develops single- & multifamily affordable housing

215	40,485,513	174%	29%
-----	------------	------	-----

Color Reflections Philadelphia, PA

Provides digital & traditional photographic & printing svcs.

295	36,845,363	173%	29%
-----	------------	------	-----

Steeltech Manufacturing Milwaukee, WI

Fabricates & coats metal

16	1,363,157	168%	28%
----	-----------	------	-----

Advanced Electronics Boston, MA

Does contract electronics manufacturing

65	6,161,281	152%	27%
----	-----------	------	-----

Quality Laser Services Buffalo, NY

Remirs., distr., & svcs. laser-printer cartridges

64	4,795,007	161%	27%
----	-----------	------	-----

Ullman Electric Cleveland, OH

Provides electrical contracting svcs.

51	10,344,307	157%	27%
----	------------	------	-----

Arizona Office Equipment & Supply Phoenix, AZ

Sells & svcs. imaging equip.

28	1,517,962	150%	27%
----	-----------	------	-----

Jen-Cyn Enterprises Camden, NJ

Distr. galvanized sheet steel

20	2,106,175	156%	27%
----	-----------	------	-----

Automotive Technologies Indianapolis, IN

Remirs. disc-brake calipers

220	12,498,557	158%	27%
-----	------------	------	-----

Stagecoach Cartage & Distribution El Paso, TX

Provides regional trucking & warehousing svcs.

324	25,547,038	154%	26%
-----	------------	------	-----

E. Morris Communications Chicago, IL

Provides advertising, public relations, & promotional svcs.

49	16,331,614	152%	26%
----	------------	------	-----

International Power Devices Boston, MA

Mfrs. electronic power converters

160	101,813,455	152%	26%
-----	-------------	------	-----

Girard's Fine Foods Los Angeles, CA

Mfrs. salad dressings & other condiments

18	2,170,384	150%	26%
----	-----------	------	-----

Shawmut Design and Construction Boston, MA

Provides construction-mgmt. & general contracting svcs.

115	3,188,067	149%	26%
-----	-----------	------	-----

Hopkins & Hopkins Milwaukee, WI

Provides general construction svcs.

31	3,876,499	139%	24%
----	-----------	------	-----

Best Care Minneapolis, MN

Provides home health-care svcs.

28	1,395,315	139%	24%
----	-----------	------	-----

Boulevard Brewing Kansas City, MO

Brews beer

85	23,524,372	138%	24%
----	------------	------	-----

Tracey/Soltrace Philadelphia, PA

Mfrs. & sells custom office furniture

303	34,804,638	138%	24%
-----	------------	------	-----

Diaz Foods Atlanta, GA

Mfrs. & distr. Hispanic foods

60	1,655,395	133%	24%
----	-----------	------	-----

Load King Manufacturing Jacksonville, FL

Mfrs. food service & waste-handling equip.

60	1,655,395	133%	24%
----	-----------	------	-----

Alegre Construction Specialists Haverhill, MA

Provides general contracting svcs.

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MAY 1999 VOL. 83

Michael Andrews
Celtic corp / Transp
on construction
do some of the jobs

1 ABICS idea

New Market Tax Credits → community under development
goals - create more
jobs

4 NMOC firms

A T S T

Are going to y.h.
volume

proposed
member's club

straight for Armstrong

Johnson will phone lobby

10-100 1-104

**Lynk Systems Inc.
600 Morgan Falls Road
Suite 260
Atlanta, Georgia 30350**

med gw

President and CEO: Ed Uzialko

An integrated provider of electronic payment services, cash dispensing services and other related value-added products and services.

Lynk provides payment-processing services to over 50,000 merchants and cash advance services in over 6000 locations nationwide.

Founded in 1991. Received assistance through the SBA Small Business Investment Company program.

After SBIC assistance, the company has grown from less than \$5 million in sales to sales that now exceed \$120 million annually. The numbers of employees have grown to 900. The company now has 32 offices across the United States.

*Guy White!
by name
subson*



SBIC Success Story

Premiere Technologies, Inc. Atlanta, GA

Premiere Technologies is a leading provider of integrated personal communications services. A pioneer in "computer telephony," Premiere integrates traditional telecommunications systems and services with Internet-related technologies. Over seven million customers around the world use Premiere Technologies' products to assemble information and communicate more efficiently. For example, Premiere's WORLDLINK "personal assistant" service enables travelers to access all their messages (emails, faxes, and voice mail) with one phone call. It also gives people trying to reach the traveler a simple, toll-free central point of contact, regardless of the traveler's location. Another product, "Orchestrate," is an Internet-based service that allows subscribers to access their voice mail, faxes, and email, and set up conference calls, using their computers. Premiere Technologies' several subsidiaries include Xpedite, a major provider of enhanced fax services, and Voice-Tel, the world's largest voice-messaging system.

Boland T. Jones founded Premiere Technologies in 1991. In May 1992, the company received \$1 million from a Tennessee-based small business investment company (SBIC), Sirrom Capital. The funds were used for working capital. Sirrom provided another \$1 million dollars in December 1993. At this point, Premiere Technologies' main business was as a provider of enhanced long distance and voice mail calling cards for the military market. In January 1994, another SBIC became a major investor in Premiere Technologies. NationsBanc Capital Corporation provided \$4 million for working capital and for the expansion of sales, marketing, and strategic relationships. Two years later, in March 1996, Premiere Technologies became a public company.

When NationsBanc Capital Corporation made its 1994 investment, Premiere Technologies employed fewer than 100 people. Today, the company has more than 1800 employees working all over the country and throughout the world. About 400 Premiere Technologies employees work in Atlanta; 275 work at the Xpedite corporate headquarters in Eatontown, New Jersey; and about 100 people work at the

Kramer
Solomon

4
 800-314-
 9953

404-
 262-
 8400

Voice-Tel headquarters in Cleveland, Ohio. Premiere Technologies' sales force has offices throughout the U.S. and in 28 countries.

Premiere Technologies' revenues for 1997 were over \$200 million. Industry analysts estimate revenues will exceed \$550 million in 1998.

3/5/98

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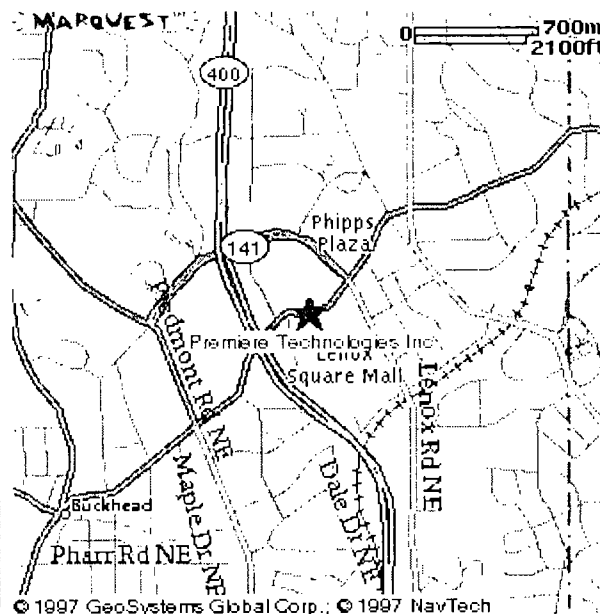
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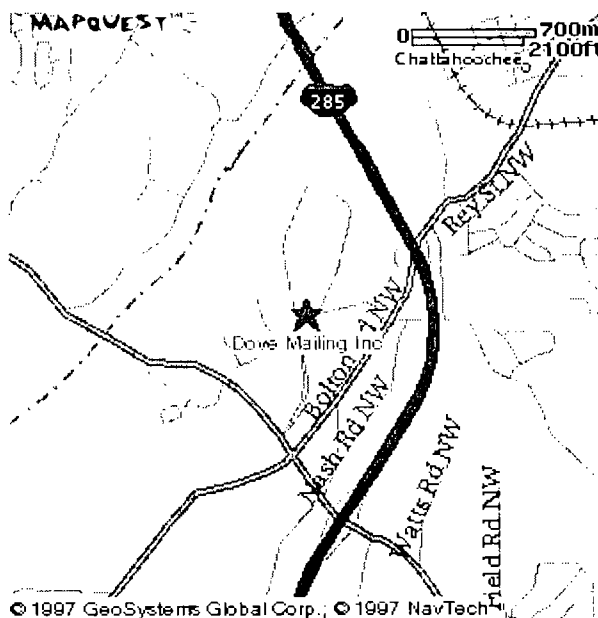
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Atlanta, Georgia 30331

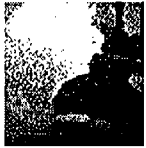
President: Joyce Newton Phone: (404) 699-1278

Vice President: Harvey Newton

This African American owned business was established in 1987 and is a fully automated mailer for lettershop services and presort bureau. The company provides mailing of magazines, circulars, brochures, bulletins, statements, invoices, annual reports, newsletters, mail order items, first class bar-coding and much much more.

Two SBA loans of \$226,000 (which is paid in full) and \$750,000 have helped this company grow to sales of \$6.3 million and 41 employees (fulltime and part time).

*possibly
over time*

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The Atlanta
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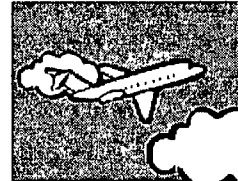
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[The Atlanta Journal-Constitution: 04.14.99]

COTTON MILL FIRE AND RESCUE

'We just keep on plugging'

By Bill Rankin, Kimberly H. Byrd and Maria Saporta
Atlanta Journal-Constitution Staff Writers

The Cabbagetown community survived the closing of the historic Fulton Bag and Cotton Mill in 1977 and more recently weathered an outbreak of drugs and related violence.

The sensational fire that engulfed part of the old mill Monday also severely damaged about a half-dozen neighborhood homes. But Cabbagetown will even survive this disaster, community leaders said Tuesday.

"Cabbagetown's a survivor," said Gerry Weber, president of the community's neighborhood association. "It's a tough neighborhood that's been through hard times through the years. But we just keep on plugging."

But the five-story brick mill building ravaged by the fire may not survive.

Battalion Chief Manuel Trujillo of the Atlanta Fire Department said at least one large wall must be torn down. Looking up Tuesday afternoon at large cracks along the face of the badly charred structure facing



Water is pumped onto hot spots Tuesday as Aderhold Properties Vice President Tom Aderhold and loft tenant Ruth Ann Forrester walk away.

MORE IN THIS REPORT

How the construction worker kept his cool and crawled to safety.

Firefighter finds sudden celebrity.

The city has firefighters, but no rescue copter.

Pros watch 'in awe' as rescue unfolds.

AJC PHOTOS

View AJC photos of the aftermath and the rescue on AccessAtlanta.

ON ACCESSATLANTA

Brave rescue rekindles relationship between the city's firefighters union and Mayor Campbell.

How the trash fire became an inferno.

Residents gather to provide

charred structure facing Carroll Street, Trujillo said Atlanta police will remain posted in the area to keep people away.

Residents gather to provide support for each other and wonder where they can look for help.

There's danger because "that's a free-standing wall with little support," he said. Most of the building's four main walls remained standing Tuesday. Trujillo said developers of the mill apartment complex already have agreed to demolish that part of the structure.

Developer John Aderhold, whose company bought the mill property in September 1995, said the fire caused damage estimated at \$4 million to \$5 million.

Construction of 150 apartment units in the building had begun and was expected to be completed next Feb. 13, Aderhold said, adding that the fire likely delayed completion by a year.

"We are feeling reasonably optimistic today that we will be able to rebuild," Aderhold said.

Aderhold said he felt "despair" when he first learned of the conflagration. "Going into the area in the first place was the challenge of all challenges," he said. "No other developer showed an interest in going in there and taking on this project."

The Cabbagetown mill, listed on the National Register of Historic Places, will be one of the nation's largest residential historic restoration projects if it is completed. Developers hope to build a 504 apartments at a cost of about \$45 million. There was no damage to 206 completed units in an adjacent mill building. The units are 92 percent occupied by tenants paying up to \$1,200 a month.

Aderhold said he hopes his company's insurance will cover the fire damage. He said Aderhold Properties has \$950,000 worth of insurance on the building and \$21.5 million in coverage for new construction.

Structural engineers are expected to inspect the damage today.

But Louis Brown, president of Aderhold Developers, said of the planned development, "It's going to cost a little bit more money. . . . There's a lot of damage to the masonry. So I'm a little nervous."

Stanley Rawn, who has been doing fire restoration work in Atlanta for more than 40 years, watched news coverage of the fire.

"It looked to me like it was a total loss," said Rawn, president of Rawn Construction Co. "They're probably going to have to knock it all down. I doubt any of it is salvageable."

Building codes require the removal of all charred lumber and the demolition of any masonry that is cracked or damaged by fire, Rawn said. He added that it's possible the building's foundation can be saved, although the pipes feeding into the foundation could be badly damaged.

Lou McBryan, president of the neighborhood planning unit that includes Cabbagetown, said he hopes the development can be saved.

"There was a need for intown housing and that's why this was created," he said. "This site was always a big white elephant sitting out there on 12 acres just waiting to be development. We've all hoped it would be a boon for Cabbagetown." The mill, opened in 1881, was unoccupied for 20 years after it closed in 1977.

Over the past year, crime in Cabbagetown has abated, said Scott Montgomery, safety director of the Cabbagetown Neighborhood Improvement Association. Montgomery, who periodically reviews police reports, attributes the reduction in crime to increased police presence and neighborhood involvement.

"In the past, there were gangs on street corners . . . and drugs and prostitution, but there's been a drastic improvement," he said. "Luckily, it's cleaned up pretty good."

Cabbagetown's narrow, winding streets and turn-of-the-century mill houses buzzed with telephone, power and cable TV repair workers Tuesday. Firemen continued to spray smoldering areas, and the smell of Monday's fire permeated the air.

Weber, president of the neighborhood association, said the mill apartments have remained "in a certain sense separate from the community." The gated apartment complex has no easy pedestrian access, he noted.

"It's still too early to tell the impact of the mill on Cabbagetown itself," he said. "We are hopeful the mill will be a good influence on the community. Cabbagetown has been through a lot and always persevered. It has always pulled through and will do so again."

[The victim](#) [Firefighter becomes hero](#) [The rescue](#)

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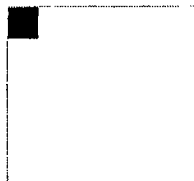
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Fire investigators narrow possible causes of mill fire

By Lyda Longa, The Atlanta Journal-Constitution

Arson and negligence have been ruled out in the Fulton Bag and Cotton Mill fire, but on Tuesday the chief arson investigator for the Atlanta Fire Department said the blaze could have been sparked by something seemingly insignificant.

"This fire could have been started by something as simple as a cigarette," said Lt. R.K. Awana. "We haven't determined anything yet, but we have ruled out a lot of factors."

Awana said investigators also have determined that vapors and fumes from oils used to treat wooden floors at Mill No. 1--the building ravaged by last Monday's blaze--probably played a major role in helping the fire spread quickly. Although oil had not been spread on the floors the day of the fire, plenty of oil already had soaked into the wood, prompting the floors to heat up faster, Awana said.

Investigators at the scene spent several days talking to construction workers who are renovating the building for loft apartments. Awana said based on those interviews, worker negligence has been eliminated as a cause of the fire.

Though winds were blowing at about 40 mph inside the building when the fire erupted at about 2:35 p.m. on April 12, Awana also said he has ruled out the possibility that sparks flying from a portable gas-powered saw started the blaze.

The fire, considered the largest in the city in 15 years, started between the fourth and fifth floors of the five-story mill at 170 Boulevard S.E. It led to the dramatic, televised rescue of crane operator Ivers Sims.

Four houses were destroyed nearby and smoke damaged several others.

But as of Tuesday, only four families had asked the Atlanta American Red Cross for help, said spokesman Bill Maddox. So far no one has approached the city's Emergency Homeowner Protection Assistance Program for aid, said Nick Gold, a spokesman for Mayor Bill Campbell.

Tuesday afternoon, a week and a day after the conflagration cut into their lives, Cabbagetown residents said they were grateful for outside offers to

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IMAGES OF THE FIRE

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Renewal Atlanta
325 University Ave SW
(404) 755-6330

Recycling Business Creates 265 Jobs Atlanta, Georgia, Empowerment Zone

Renewal Atlanta, a Boston-based glass and paper recycling company, and Peter Rhodes, Inc., a local generator manufacturer, are locating plants at the long-vacant Brown Trucking Company site to take advantage of tax incentives offered under the Empowerment Zone effort and the new Capitol View Industrial Enterprise Zone. Four other companies—Cumming South, a diesel engine repair firm; Southern Freight, a trucking company; Atlanta Film, a manufacturer of tamper-proof bags for food products; and Triple S Pharmaceutical, a pharmaceutical equipment manufacturer—have also decided to remain in the city, attracted by EZ tax incentives and employment tax credits. EZ residents make up as much as 45 percent of the employees of the four companies.

Renewal Atlanta is a new recycling business established on a former industrial site. The newly purchased facility will create up to 65 full-time jobs for EZ residents and 200 temporary jobs for youth. Renewal Atlanta, in conjunction with other local businesses, will offer EZ youth 2-year internships in various recycling enterprises. Interns will each earn stipends of \$4,000 for every year of participation. More than \$3.5 million in private financing is committed to this initiative.

For more information on Renewal Atlanta, contact
~~Paul White~~, Atlanta EZ Corporation, at
~~404 331 1180~~ 404) 853-7610

**U.S. Department of Housing and Urban Development
EZ/EC Initiative**



**Empowerment Zones &
Enterprise Communities**

Phone: (202) 708-6339

Fax: (202) 401-7615

To: Lisa Green

Fr: Ken Sain

Date: May 6, 1999

2 Page to follow

Comments: I should have more information for you in the morning.

Slow steps to progress

Empowerment zone business push brings few success stories

By Alfred Charles
and Darryl Fears
STAFF WRITERS

12/96

When Michael Murphy scouted for a city to open a recycling plant, dozens were on the list. But he decided to put his operation on a run-down lot in the Pittsburgh neighborhood of southwest Atlanta.

He was lured in part because of generous tax breaks available because the neighborhood is in the city's empowerment zone.

The zone "has given us a real entree to this area," said Murphy, who receives a \$3,000 tax credit for each resident he hires. "It has been a big plus for us."

Today marks the second anniversary of President Clinton's announcement that Atlanta and five other cities had won the fierce competition for urban empowerment zones worth \$250 million in grants and tax breaks.

But aside from Murphy's Renewal Inc., Atlanta's empowerment zone officials have few accomplishments of which they can speak. They're not alone. Complaints of slow movement echo in the other five zone cities: Detroit, Chicago, New York, Baltimore and the Philadelphia/Camden, N.J., area.

"I would say we've taken lots of little steps," said Paul White, executive director of the Atlanta Empowerment Zone Corp. "In all fairness, we don't fit in anyone's box because this has never been done before."

White said the slow movement "has caused me some frustration. We haven't gone as far as my expectations, and the mayor's either."

Mayor Bill Campbell, chairman of the zone's 17-member governing board, expected to have allocated \$32 million to various projects by now.

White said the mayor and his fellow board members have lowered that estimate to \$18 million, most of which should be released by the state within the next two weeks.

The money will help fund everything from a loft project to burglar bars for senior citizens.

But the crown jewel of the zone's accomplishments so far is Renewal Inc. Because Renewal Inc. will hire about 30 residents of the zone, Campbell and Murphy are expected to highlight the recycling plant in ceremonies today.

"We're further along than anybody else," White said. Yet he and other city officials were hard pressed to explain why Detroit has supplanted Atlanta in getting the most praise from federal officials.

Detroit is easily in front of Atlanta when it comes to business investment, which has come mostly from automakers such as Chrysler and General Motors.

The Rockefeller Foundation of Albany, N.Y., has prepared an evaluation of each zone for the U.S. Department of Housing and Urban Development. HUD officials said they are not prepared to



DWIGHT ROSS JR. / Staff

Making a difference: Michael Murphy started Renewal Inc. in an empowerment neighborhood. He gets a tax break; residents get jobs.

PLUSES AND MINUSES

In two years of existence, the Atlanta Empowerment Zone Corp. has committed \$16 million to urban renewal projects, but organizers have yet to receive funds. Here's a look at the status of some high-profile ideas:

■ **Community bank:** Officials say the Department of Housing and Urban Development was expected to contribute \$10 million. No word on the money, and the bank was to open in December.

■ **Renewal Atlanta:** Recycling center is open and it receives a \$3,000 tax credit for each worker living in the zone. Five employees have been hired, with plans for hiring 60 more, including 30 residents.

■ **House refurbishment:** With the zone corporation contributing \$150,000, 250 homes were painted. Another 250 homes are expected to be painted soon.

■ **Police precinct:** Plans for a Vine City precinct have fallen flat.

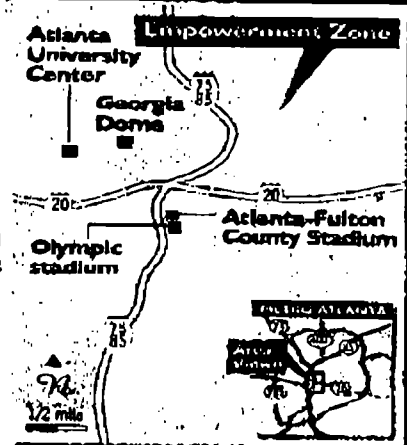
■ **Loft apartments:** \$1 million approved for the conversion of the Fulton Bag and Cotton Mill into 330 loft apartments. Construction not expected to begin until March.

■ **Business incubator program:** One Stop Capital Shop awarded \$1 million to help fledgling entrepreneurs. Expected to open in January.

■ **AmeriCorps:** A proposal by Mayor Bill Campbell to bring the national service organization in for some programs has been sent back to the drawing board.

■ **Pan-Pacific Immigration:** Discussions with a Taiwanese firm to invest millions appear to have been just that — all talk.

Source: City of Atlanta Empowerment Board



GREY BLACKWELL / Staff

"I'm not at all impressed with the progress so far."

MARY PORTER
Community representative

release the study.

More than a few of those involved in Atlanta's operation are critical of its pace.

"I'm not at all impressed with the progress so far," said Mary Porter, one of six community representatives on the empowerment board. "We have not met our goals."

Chuck Marietta, another community representative, said clashes between

the goal-oriented mayor and community representatives who want to see more zone residents involved in decision-making is hurting progress.

"The mayor's goal is to get businesses there and get people jobs," Marietta said. "Our goal is that people in the zone have a say."

Former director Joseph Reid said people are forgetting that Campbell brought the zone to Atlanta in the first place and that the process is expected to last 10 years — not two.

The zone has produced a Zap Asthma project, a business tutoring office, a low-flow shower and toilet system that will save zone residents thousands of dollars in water bills, and a zone-located courier service in addition to Renewal Inc.



SBIC Success Story

Williams Brothers Lumber Company Atlanta, GA

The Williams Brothers Lumber Company has been doing business in Atlanta, Georgia, since 1922. Today the company has nine locations serving Atlanta's metropolitan area and employs about 350 people. Sales for the fiscal year ending in April 1997 are expected to be \$112 million.

About ten years ago, the now-successful company had faced an uncertain future. In 1985, the Williams family sold their company (which included a concrete and block business and the lumber company) to Blue Circle, a British cement company. After three years, Blue Circle decided to sell the lumber portion of the company. Gerald Johnson, the chief financial officer of Williams Brothers, and Sonny Calhoun, the vice president of Williams Brothers' Lumber Group, wanted to buy the lumber group from Blue Circle and keep the business in Atlanta.

Financing was the key. Johnson and Calhoun talked to about fifteen potential sources of financing before they were put in touch with Allied Investment Corporation, a small business investment company (SBIC) managed by Allied Capital Advisers in Washington, DC. In May 1990, within two months of their first meeting, Allied provided \$870,000 of subordinated debt financing that then enabled Johnson and Calhoun to secure a loan with LaSalle National Bank in Chicago. According to Johnson, the SBIC financing was critical:

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Since its initial investment in 1990, Allied Investment Corporation has provided an additional \$500,000 to support the company's growth. In the seven years since Johnson and Calhoun bought the business, revenues have increased nearly

*9 locations
in metro area*

*770
623
2700*

500%--from \$22 million to \$112 million. The acquisition of Williams Brothers Lumber not only saved 90 jobs for Atlanta--it eventually provided 260 more jobs. "None of this would have been possible without the financing provided by Allied Capital Corporation and its SBIC corporations," says Johnson.

3/19/97

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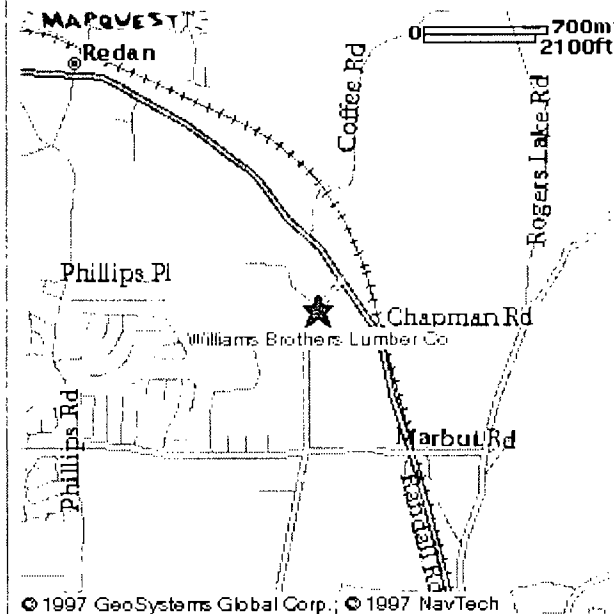
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? could be ok

**COMMUNITY DEVELOPMENT FINANCIAL
INSTITUTIONS FUND****FACSIMILE TRANSMITTAL SHEET**

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Notes/Comments:

Lisa -

Rec my voice-mail.

Helen

Department of the Treasury
601 Thirteenth Street, N.W., Suite 200 South
Washington, DC 20005
Telephone (202) 622-8662
Facsimile (202) 622-7754

Community Development Financial Institutions Fund Investments in Financial Institutions in Georgia

Georgia

Nationsbank, N.A. (South) (1996 BEA)

Atlanta, Georgia

Award: \$1,199,275

Rewarded Activities

Nationsbank, N.A. (South) was awarded \$1,199,275 for making \$7.8 million in investments in the National Community Investment Fund (NCIF) and the Enterprise Social Investment Corporation (ESIC) and a \$312,000 loan to the Low-Income Housing Fund (LIHF). NCIF will use its support to invest in community development banks. The ESIC investment will expand and improve employment opportunities through encouraging investments in businesses that employ residents of the Baltimore Empowerment Zone. LIHF, a certified CDFI funded in the first round of the CDFI Program, will use its loan proceeds to finance non-profit sponsors of affordable housing.

Post Award Activity

Nationsbank, N.A. (South) is using its award to expand its existing community development programs throughout the franchise in 16 states and the District of Columbia. These activities include using funds to purchase and demolish a low-rise apartment building in Atlanta's Martin Luther King Historic District so that affordable, single family homes can be constructed to complete the **revitalization of the block**. It will also be used to establish community development activities in new markets including St. Louis, Missouri and Tampa/St. Petersburg, Florida and to subsidize below-market rate lending to CDFIs.

SunTrust Bank, Atlanta (1998 BEA)

Location: Atlanta, GA

Award: \$245,660

Contact: Lalla A. Harris - (404) 588-7858

SunTrust Bank Atlanta received an award of \$245,660 for increasing its lending for single and multi-family construction and renovation in distressed areas of Atlanta. The projects financed include construction of 16 affordable townhomes and renovation of an old factory into rental apartments. SunTrust Bank Atlanta is a state-chartered bank with total assets of \$17.8 billion.

Unified Singers Federal Credit Union (1997 CDFI-core)

Location: Thomasville, Georgia

Award: \$271,000 (\$250,00 grant and \$21,000 technical assistance)

Type: Credit Union

Contact: Ms. Jean T. Pogue - (912) 226-5010

Unified Singers Federal Credit Union is a Federally chartered low income credit union created to address problems of historic disinvestment and lack of access to conventional credit in the rural

African American community of Thomas County Georgia. The credit union has 700 members. Since its inception in 1968, the credit union has loaned over \$3.1 million to its members with a focus on agricultural and other business loans and residential mortgages. A \$250,000 grant and \$21,000 technical assistance award from the CDFI Fund will be used to enhance the credit union's capital base, upgrade its technology, train staff and expand and improve services to its members.

*USA
The
- more on Atlanta on email sent*

**ATLANTA, GA
Empowerment Zone**

City Population: 6,478,000

Zone Population: 49,998

Zone Area: 9.29 square miles

Poverty rate: 57.4% residents live in poverty

Unemployment Rate: 17.9%

Education: Over 44% of residents lack a high school diploma

OVERVIEW

The Atlanta Empowerment Zone is located immediately to the east, west and south of the central business district. A poverty rate of 57.4%, concentrated in an area of only 9.3 square miles, gives the area one of the highest levels of economic distress in America.

The 1996 Centennial Olympic Games will have their most significant venues in and immediately adjacent to the Zone. Furthermore, the area contains the Atlantic University Center (the nation's largest concentration of historically black colleges), major hospitals and health facilities, the Martin Luther King, Jr. Historical Site, recreational facilities, transportation routes and many businesses.

The City intends to expand its role to build regional unity by serving different diverse cultures and networking with cities around the world. Atlanta's vision, as stated in its strategic plan, is to create "Urban Villages" working together to improve the quality of life and conditions of the neighborhoods. This vision seeks to empower and inspire members of the neighborhood, especially children and youth, to promote cooperation, collaboration and partnerships among different participants and to create livable communities. If successful, the area will become a self-reliant, self-determined cooperative village.

KEY ACTIVITIES

Economic Opportunity - As many as 5,000 jobs will be created by expanding employment and investment opportunities in the Zone. An entrepreneurial initiative will generate 100 to 200 home-based businesses. One stop capital shops will provide assistance for small business expansion and new business development. A comprehensive program for job training will utilize universities, colleges and technical schools and promote upward mobility.

Sustainable Community Development - Atlanta's plan will create safe, livable communities through comprehensive

planning, community policing, capital improvements to public infrastructure, and restoration of the environment. Human services, designed to lift youth and families out of poverty, will encourage self-sufficiency. These initiatives will be coordinated at four neighborhood service centers. By offering special housing assistance, the plan will facilitate the provision of adequate housing for all.

Community-Based Partnerships - An array of partnerships were formed to develop the plan and propose to remain together for implementation and beyond. Atlanta promoted the development of partnerships throughout the strategic planning process involving nearly 300 entities. This effort will continue during implementation with different levels of government, community groups, the private and non-profit sectors, educational institutions and other community institutions.

Urban Village Centers- Each Urban Village Center will be staffed by a partnership of service providers, but operated by a non-profit neighborhood association and linked by a computer network to a larger community center. Residents will have access to services and/or information on health, housing, employment, training, education, transportation, business development and public safety. These "one stop shops" will create a model for service delivery within the inner city. Trained volunteers from the Atlanta University Center and local churches will provide assistance in accessing the full range of services available. The computer network will also be accessible from school-based and home-based computers.

MAJOR PUBLIC SECTOR COMMITMENTS

Atlanta Housing Authority: \$120 million of public housing funds for 13 developments within the Zone for employment, public safety, and youth programs as well as redesigning complexes to create smaller communities

City of Atlanta: Over \$80 million from Capital Improvements Program, 1994 bond referendum, and the Departments of Housing and Water.

State of Georgia: \$56 million for various activities in the Zone.

MAJOR PRIVATE SECTOR COMMITMENTS

Atlanta Committee for the Olympic Games: Over \$330 million in investments for the Olympics that will occur in EZ neighborhoods,

including an Olympic Stadium, job training programs for residents, construction, and student training.

Corporation for Olympic Development of Atlanta (CODA): \$60 million for neighborhood revitalization programs, infrastructure improvements, landscaping and public works of art in conjunction with preparations for the Olympics.

Associated Training and Education Corporation (ATEC): \$46 million for the West City Center Initiative-- a one-stop job training and service delivery center.

Habitech, Inc: Plans to invest \$25 million in plant, inventory equipment, training, labor, materials and supplies to produce affordable housing in the Zone.

Atlanta Chamber of Commerce: \$11.5 million for entrepreneurial development loan fund to provide financial resources for businesses in the Zone.

IC1
617 292-2363
Manager of Project
Lawrence
- Paso 617 292 2363
+ 123

550 Becknell Drive
Atlanta, GA 30336



Being There



CEO: Rene Diaz
Company: Diaz Wholesale & Manufacturing (dba Diaz Foods), #63
Location: Atlanta
Business: Manufactures and distributes Hispanic foods

404 344-542

Reasons for locating in the inner city: Diaz knows the area intimately. He grew up in midtown Atlanta, where his father and grandfather owned five grocery stores. His father, Julio Diaz, founded the business, which made a gradual transition from retailer to manufacturer/distributor when Rene, at 18, began buying produce from Florida and putting over freezers to area stores and restaurants. The company is 12 minutes from the airport. Diaz often uses that advantage to strike deals with Mexican manufacturers during their stopovers. "I can get there between the time they arrive at the gate and the time they're finished with baggage claim," he says.

Key inner-city disadvantage:

"There's not really a pool of people in the inner city to hire," Diaz says. "We're often looking for Spanish speakers, and a lot of the Latino population lives in Norcross [some 40 miles away]. It's difficult drawing people in, because of the big commute and the traffic." Of Diaz's 25 sales people, all but 3 know Spanish. "We want the operator to know Spanish and funnel customers in immediately, instead of having the callers hold for the next available Spanish speaker."

Quote: "My dad is the best salesman we have," Diaz says. "He sold his store, and now he leads us in sales. In a year, he put 70,000 miles on his new Lincoln Navigator."

Ilan Mochan

	1997 NO. OF EMPLOYEES	1997 REVENUES	SALES GROWTH 1993-1997 (% INCREASE)	COMPOUND ANNUAL GROWTH (CAGR) 1993-1997
Services Omaha, NE Janitorial & facility-mgmt. svcs.	1,700	\$44,639,112	218%	34%
Group International Miami, FL Wholesales & exports tires & rubber-related prod.	42	33,316,839	202	32
Building Products Plus South Houston, TX Supplies & consults on specialty wood prod.	12	3,972,146	195	31
Interlink Group Denver, CO Provides information-syst. consulting svcs.	142	12,936,752	157	30
Fischer Group Louisville, KY Develops single- & multifamily affordable housing.	20	3,788,106	151	29
Color Reflections Philadelphia, PA Provides digital & traditional photographic & printing svcs.	46	4,835,905	173	29
Steeltech Manufacturing Milwaukee, WI Fabricates & coats metal	215	40,485,513	174	29
Advanced Electronics Boston, MA Does contract electronics manufacturing.	295	36,845,363	173	29
Quality Laser Services Buffalo, NY Remirs., distr., & svcs. laser-printer cartridges.	16	1,363,157	168	28
Ullman Electric Cleveland, OH Provides electrical-contracting svcs.	65	6,161,281	152	27
Arizona Office Equipment & Supply Phoenix, AZ Sells & svcs. imaging equip.	64	4,795,007	161	27
Jen-Cyn Enterprises Camden, NJ Distr. galvanized sheet steel	51	10,914,302	161	27
Automotive Technologies Indianapolis, IN Remirs. disc-brake calipers	28	1,517,962	160	27
Stagecoach Cartage & Distribution El Paso, TX Provides regional trucking & warehousing svcs.	220	12,494,557	158	27
E. Morris Communications Chicago, IL Provides advertising, public relations, & promotional svcs.	20	2,106,175	156	27
International Power Devices Boston, MA Mfrs. electronic power converters	324	25,547,038	154	26
Girard's Fine Foods Los Angeles, CA Mfrs. salad dressings & other condiments	49	16,331,614	152	26
Shawmut Design and Construction Boston, MA Provides construction-mgmt. & general-contracting svcs.	160	101,813,455	152	26
Hopkins & Hopkins Milwaukee, WI Provides general construction svcs.	18	2,170,384	150	26
Best Care Minneapolis, MN Provides home-health-care svcs.	115	3,188,067	149	26
Boulevard Brewing Kansas City, MO Brews beer	31	3,876,499	139	24
Tracey/Soltrace Philadelphia, PA Mfrs. & sells custom office furniture	28	1,395,315	139	24
Diaz Foods Atlanta, GA Mfrs. & distr. Hispanic foods	85	23,524,372	138	24
Load King Manufacturing Jacksonville, FL Mfrs. food service & waste-handling equip.	309	34,894,698	138	24
Alegre Construction Specialists Holyoke, MA Provides general-contracting svcs.	60	1,655,395	133	24

*Relocated to Tempe, AZ as of 1/99

Am
A Habiby @ ICIC.org

A Small Business Investment Company (SBIC) Success Story

Williams Brothers Lumber Company

Atlanta, Georgia

Jim Miller

The Williams Brothers Lumber Company has been doing business in Atlanta, Georgia, since 1922. Today the company has nine locations serving Atlanta's metropolitan area and employs about 350 people. Sales for the fiscal year ending in April 1997 are expected to be \$112 million.

About ten years ago, the now-successful company had faced an uncertain future. In 1985, the Williams family sold their company (which included a concrete and block business and the lumber company) to Blue Circle, a British cement company. After three years, Blue Circle decided to sell the lumber portion of the company. Gerald Johnson, the chief financial officer of Williams Brothers, and Sonny Calhoun, the vice president of Williams Brothers' Lumber Group, wanted to buy the lumber group from Blue Circle and keep the business in Atlanta.

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3/19/97

National Association of Small Business Investment Companies
666 11th Street, NW, Suite 750, Washington, DC 20001
Telephone: (202) 628-5055 Facsimile: (202) 628-5080
e-mail: nasbic@nasbic.org

See Atlanta SBIC Workshop info.
 On pg. 2 ^{here} on pg. 3 of the
 background info.

Memorandum

To: Thurgood Marshall, Jr.
 Cabinet Secretary

From: Kris Swedin
 Chief of Staff

Millicent Y. Hodge, Esq.
 Director,
 New Markets

Re: New Markets Initiatives

Per your request for information regarding the President's New Markets Initiative, the U.S. Small Business Administration is proposing a 1-3 day tour of the Mississippi Delta Region by the POTUS to highlight his message regarding public and private investment in urban and rural markets. The POTUS will address major new and existing initiatives, including the Microloan Program, the New Market Venture Capital Company Program, the Small Business Investment Company LMI Investment Program and the HUBZone Program. This is an opportunity to address both capital investment and federal contracting.

MISSISSIPPI DELTA 2000 INITIATIVE

Event: Mississippi Delta Tour
 Proposed Date: May 6-7, 1999
 Locations: 1-3 Day Tour of the Mississippi Delta (Greenville, Mississippi; Pine Bluff, Arkansas; Atlanta, Georgia); (Interagency Effort - SBA, DOT, and nine other Federal Agencies)
 Expected Number of Participants: 300 +

Through three major initiatives (the Microloan Program, the New Market Venture Capital Company Program and the Small Business Investment Company LMI Investment Program), SBA has enhanced access to capital for businesses located in low and moderate-income (LMI) areas. In addition, SBA will increase federal contracting opportunities throughout this region through its soon-to-be launched HUBZone Program. To attract interest in SBA community-based capital access programs, SBA has designed a series of regional workshops that will promote investment in inner cities and rural communities, including the Mississippi Delta region. Many communities of the Mississippi Delta region are located in LMI rural areas and HUBZones and thus will benefit from these targeted programs.

(A) Microloans in the Mississippi Delta Region

In 1993, during President Clinton's first term in office, the SBA Microloan Program became available in the Mississippi Delta region. In fact, the first SBA microloan was made in southern Arkansas. There are currently four microlenders in Arkansas and two in Mississippi. (The lenders in both Pine Bluff, Arkansas and Greenville, Mississippi provide loans in the Delta Region).

The Microloan Program is targeted to low-income, minority, and women entrepreneurs and very small businesses located in areas of economic distress. As such, the Delta Region is an excellent example of how the program can assist very small and start-up businesses in rural areas. Of the microloans made in the region:

- Approximately 82.4% were to minority-owned businesses.
- Approximately 57.8% were to women-owned businesses.
- Approximately 40.2% were to start-up businesses
- Business-based technical assistance is made available for each microloan provided.

The President's budget request for FY2000 will increase the funding for the Microloan Program. The increase will expand the program to areas of the country that currently do not have access to SBA microloans. SBA hopes to expand to its full potential of 200 microlenders by the end of FY2000. (Additional background information is attached).

(B) Targeted Capital Investments in the Mississippi Delta Region

 (SBIC Outreach Workshop, LMI Investments, and New Market Venture Capital Companies)

At the direction of President Clinton, the SBA is hosting a series of regional workshops around the country on the capital needs of the inner cities and rural communities. On May 6, 1999, the SBA is expecting 300 participants at its workshop in Atlanta, Georgia which will have a particular focus on the rural community. Jesse White, Federal Co-Chairman of the Appalachian Regional Commission, will provide a key-note address.

The workshops will focus on the Small Business Investment Company Program (SBIC), a unique partnership of public and private funds in which SBA supplements the capital of private venture capital investment firms. Currently, the SBIC program accounts for 45% of the number of all institutional venture capital investments and 20% of all venture capital dollars invested by institutional investors in the United States. The purpose of the workshops is to promote the formation of new SBICs which would focus their investment strategy on the inner cities and rural areas. Viable small businesses within the Mississippi Delta region may be beneficiaries of SBICs utilizing the LMI investment tools focused on this geographic area. There is also an expectation that the business strategies of the New Markets Venture Capital Companies will focus investments in the Mississippi Delta region. (Additional background information is attached).

(C) Federal Contracting in the Mississippi Delta Region

(HUBZone Empowerment Contracting Program -- Historically Underutilized Business Zones)

In an effort to build upon the work of President Clinton and Vice President Gore in strengthening the rural communities for the 21st Century, the SBA and the U.S. Department of Transportation recently signed a Memorandum of Understanding regarding the economic revitalization of the Delta region. SBA, DOT and nine other federal agencies agreed to coordinate and support a broad-based government-wide review and assessment of the Delta state region. This tour could serve to highlight the work completed under the Delta initiative and to stress the potential contracting opportunities available to qualified HUBZone small businesses in the Lower Mississippi Delta region.

The HUBZone Program is designed to stimulate economic development and job growth in urban and rural communities by providing contracting preferences to small businesses located in and hiring employees from historically underutilized business zones. (Additional information regarding the HUBZone Empowerment Contracting Program is attached).

NEW MARKETS INITIATIVES

(Back-ground Document)

Through three major initiatives, the Small Business Administration is continuing to pursue the President's goal to increase access to capital in areas of the country where needs are not currently being met.

In an effort to attract interest in SBA community-based capital access programs, SBA has designed a series of regional workshops which would promote investment interest in communities located in the Mississippi Delta region. Through three major initiatives, SBA has increased its efforts to enhance access to equity-type capital for businesses located in Low and Moderate-Income (LMI) urban and rural areas. Many communities of the Mississippi Delta region are located in LMI rural areas.

Microloans in the Mississippi Delta Region

The SBA Microloan Program has been available in the Mississippi Delta region since 1993. In fact, the first SBA microloan was made in southern Arkansas.

- There are two microlenders in Mississippi. Both of these lenders provide loans in the Delta Region. One operates out of Greenville. One operates out of Jackson.
- There are four microlenders in Arkansas. Two of these lenders provide loans in the Delta Region. One operates out of Pine Bluff. One operates out of Forrest City.
- Since 1992, 93 microloans have been provided by the Delta Region lenders in Mississippi for a total amount of \$907,878.
- During the same timeframe, 273 microloans were provided by Delta Region lenders in Arkansas for a total amount of \$2,510,302.
- Microloans in the Delta Region averaged \$7,126.
- Of the microloans made in the region:
 - Approximately 82.4% were to minority-owned businesses.
 - Approximately 57.8% were to women-owned businesses.
 - Approximately 40.2% were to start-up businesses
- Business-based technical assistance is made available for each microloan made.

The Microloan Program is targeted to low-income, minority, and women entrepreneurs and very small businesses located in areas of economic downturn. As such, the Delta Region is an example of how the program can assist very small and start-up businesses in rural areas.

The President's budget request for FY2000 calls for an increase in funding for the Microloan Program. The increase will allow for expansion of the program to areas of the country that currently do not have access to SBA microloans. SBA hopes to expand to its full potential of 200 microlenders by the end of FY2000.

SBA has five District Offices (Jackson, Louisville, Nashville, Little Rock and New Orleans) and 2 Branch Offices (Gulfport and Springfield) in the Delta region. SBA's field offices throughout the Delta work closely with lenders, including micro-lenders, to increase access to capital in the region. SBA's regional offices have entered into MOU's with local community-based organizations to better reach new markets. Several of SBA's field offices work closely with the Enterprise Corporation of the Delta, a private entity, to bring financial and technical assistance to support business growth.

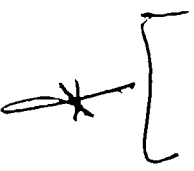
SBA's resource partners support business development in the Delta. There are five SBDC Subcenters in the Delta region: University of Mississippi; Southwest Mississippi Community Center; Mississippi Delta Community College; Delta State University and Copiah-Lincoln Community College. SBA also funds three Delta region Women's Business Centers located in Louisiana, Missouri, and Tennessee.

To better assist the under-served, SBA opened a One Stop Capital Shop in the Mid-Delta. The One Stop Capital Shop, in partnership with Mississippi Valley State University and the Delta Empowerment Zone, provides programs and services to bring growth, prosperity and viability to the small business community throughout the Delta region.

Outreach Workshops/LMI Investments

- The SBA is holding a series of regional workshops to promote the Small Business Investment Company (SBIC) program and to introduce its Low and Moderate-Income (LMI) class of investments.

- SBICs are private venture capital firms licensed by the SBA. The firms are privately owned and operated. The private owners are free to make all investment decisions as long as they operate within the statute and regulations under which they were licensed. Additionally, SBA will supplement the private capital with SBA-guaranteed funds equal to two to three times the private capital.
- The purpose of the workshops is to promote the formation of SBICs, which would focus their investment strategy on the inner cities and rural areas. SBA hopes to bring together three main constituencies:

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- 1) funding sources--primarily banks motivated by the Community Reinvestment Act;
 - 2) venture-fund managers;
 - 3) community development groups.

The workshops will lead to the creation of SBICs focused on rural and inner-city investing and a database of investment and community development professionals who will work with the SBA to improve access to capital in these New Markets.

- The SBA is also making certain regulatory changes to encourage increased investment in LMI areas. SBA will create a new funding mechanism for licensees that make investments in LMI areas. The funding will be in the form of a debenture that defers interest payments for the first five years. This allows the SBICs more time to nurture their investments before the small businesses have to start making payments on the money they receive.
- As an additional incentive, SBA will modify some SBIC regulations involving control, term of investment, and the use of royalty payments.
- Viable small businesses within the Mississippi Delta region could be beneficiaries of SBICs utilizing the LMI investment tools focused on this geographic area.

New Markets Venture Capital Program

- New Markets Venture Capital (NMVC) program focuses on venture capital companies that provide a combination of equity venture capital and technical assistance to smaller businesses located in LMI areas.
- The NMVC program will involve community-based development organizations whose managers have established successful records in venture capital investment in small businesses. By providing both equity capital and intensive technical assistance, these organizations can play a major role in the creation and expansion of small businesses in these areas.

- The NMVC program will provide government-guaranteed long-term funding and technical assistance grants to private for-profit community development venture capital groups that will target investments in LMI areas. The NMVC firm must raise a minimum of \$5 million which the SBA would match up to \$10 million. The NMVC must also obtain commitments for at least \$1.5 million in technical assistance funding which SBA would match up to 30% of private capital.
- The objective is to fund a variety of organizational structures and operating strategies over a broad geographical area.
- This program requires authorizing legislation. Applications have not yet been solicited. The SBA expects to see NMVCs with a business strategy focused on investments that include the Mississippi Delta region.

The Small Business Investment Company Program

- The Small Business Investment Company (SBIC) program is a unique public/private partnership whereby the SBA licenses private venture capital firms and supplements their private capital with government guaranteed funds. SBICs make equity-type investments in small businesses for their growth and expansion needs. The private owners and managers make all investment decisions as long as the SBIC operates within the statutory and regulatory framework under which it was licensed. Over the past 40 years, SBICs have provided more than \$20 billion in financing to small businesses.
- The SBA is currently holding a series of workshops to promote the program and to encourage the formation of SBICs that would focus their investments in rural communities and the inner cities. The workshops will bring together funding sources, management teams skilled in venture financing and community development groups who can identify the business opportunities available in those communities. The first workshop was held in Chicago on March 23 and the remaining ones will be in Kansas City (4/6), New York (4/12), Atlanta (5/6), Dallas (5/17), Los Angeles (6/1), and San Francisco (6/2).

One Stop Capital Shops

- SBA's contribution to the Administration's Empowerment Zone Initiative is the One Stop Capital Shop (OSCS). The OSCS is a partnership between SBA and the local community

designed to offer small business assistance from a single, easy-to-access retail location. SBA currently has 17 One Stop Capital Shops and is offering to locate OSCSs in 20 new communities -- 15 urban and 5 rural -- for the launch of Round II of the Empowerment Zone Initiative. One Stop Capital Shops leverage SBA's contribution to this initiative in various ways. The local communities, through a local Empowerment Board or community development corporation coordinate the opening and operation of the OSCS and they arrange for its location in easily-accessible areas. In addition, the local community leverages SBA's contribution by providing the space for the facility and by providing all ongoing operation, maintenance, communication and security resources for the OSCS. Furthermore, the local community may develop partnerships to provide additional business-oriented services through the OSCS, including financial services, state and local licensing and permits, and economic development representatives. These opportunities complement SBA's business development services (including SBDC representation, microlenders, SCORE, and government contracting assistance).