

Bank One investments in *Arizona* and *Appalachia Ohio*

ARIZONA

Bank One just approved a \$1.5 million investment in **Magnet Capital**, the first small business investment company, or SBIC, in the nation to focus on the SBA's recently launched *New Markets* program which features more flexible funding and investment terms for small businesses operating in low- and moderate-income areas, or employing persons who reside in those communities. Magnet Capital will provide growth capital in the form of mezzanine financing to small businesses in Arizona, and possibly adjacent states such as Utah and Colorado. Investments will range from \$250,000 to \$1.5 million.

In 1998, under the SBA Microloan Program, Bank One provided a \$640,000 credit facility to **PPEP Microbusiness, Inc. (PPEP/MICRO)**, one of the longest running and most successful microenterprise organizations in the country. The complex credit facility included flexible repayment terms, competitive pricing and a three-way partnership between PPEP/MICRO, the SBA and Bank One. By extending very small loans, often only \$3,000 or \$4,000, and technical assistance to rural entrepreneurs in southern Arizona, PPEP/MICRO has built a loan portfolio totalling more than \$1.5 million. Bank One provided further support in the form of a \$30,000 grant and the donation of a "micro loan van" to help PPEP/MICRO reach more entrepreneurs through a mobile office. PPEP/MICRO was the 1998 winner of the Presidential Award for Excellence in Microenterprise Development in the category of access to credit.

In 1998, Bank One also provided **Chicanos Por La Causa (CPLC)** with a \$500,000 credit facility under the SBA Microloan Program. CPLC is the leading microlender in Phoenix and northern Arizona. Bank One also provided CPLC with a \$30,000 grant and a "mobile loan van" to further extend CPLC's reach.

Bank One supports **SELF-HELP**, a microenterprise organization that provides technical assistance and welfare to work programs in Phoenix. Bank One's support includes annual grants of \$15,000 and complimentary office space in the lobby of Bank One, Arizona's headquarters.

In 1992, Bank One became the lead investor in the **Arizona Multibank CDC** by providing \$3 million to capitalize this now long-standing financial intermediary. The Arizona Multibank CDC has financed over 165 small businesses and projects totalling more than \$11 million since its inception. Loan amounts of \$500 to \$500,000 are available to businesses and housing projects that do not qualify for conventional bank financing.

Bank One is also the lead sponsor for **Bank One Ball Park**, home of the Arizona Diamondbacks, which has energized economic development and community revitalization throughout downtown Phoenix.

APPALACHIA OHIO

Bank One recently closed a \$600,000 credit facility to **Enterprise Development Corporation (EDC)**, one of the oldest and most productive microenterprise development organizations in the country. This is the fourth loan extended by Bank One under the SBA Microloan Program. Bank One will also be providing EDC with a \$45,000 grant to help establish their loan loss reserve account. A closing event is being scheduled to take place in Athens, OH.

Bank One is has formally committed to invest \$5 million in **DCC Growth Fund**, a holding company which will comprise two drop down SBICs - one debenture SBIC and one participating securities SBIC. This will be a large national fund with its Midwest regional office in Akron, OH. Bank One and DCC Growth Fund are preparing a Memorandum of Understanding which calls for special efforts to invest in women and minority owned firms, and to firms located in LMI zones. Bank One expects to close on this investment in the next thirty days.

Bank One is working with the founding principals of the **Appalachian Ohio Development Fund** which will provide equity financing and technical assistance to small businesses southern Ohio. Wilhelm and Conlon, Ohio University, the Appalachian Regional Development Commission, Hocking Technical College, Kentucky Highlands Investment Corporation and ACE-net are all involved in the formation of this new fund. Although much work is yet to be done, Bank One anticipates investing roughly \$1 million in this new fund and will continue to play a leadership role in its development.

Bank One is the lead investor (at \$3 million) in **Capital Across America**, the first SBIC in the nation to focus on women-owned firms. Capital Across America is headquartered in nearby Nashville, TN and serves several contiguous states, including Ohio. A Bank One executive serves on the both the board and investment committee for this fund which just recently celebrated the completion of its first year in business.

JONATHAN A. KAPLAN

06/28/99 04:29:47 PM

Record Type: Record

To: Lisa Green/OPD/EOP@EOP, Jackson T. Dunn/WHO/EOP@EOP

cc:

Subject: Bank One Investments in Arizona and Appalachia Ohio

Helpful information from my conversations with Bank One folks this morning.

----- Forwarded by Jonathan A. Kaplan/OPD/EOP on 06/28/99 04:29 PM -----



Lynn_R_Gellermann@mail.bankone.com

06/28/99 01:15:00 PM

Record Type: Record

To: Jonathan A. Kaplan@EOP

cc:

Subject: Bank One Investments in Arizona and Appalachia Ohio

John:

It was nice speaking with you this afternoon. Thanks for the update regarding the President's schedule for the Trade Mission to America. As I mentioned, Mary Laraia asked that I send you a summary of the investments Bank One has made, or is about to make, in both Arizona and Appalachia Ohio. You may have seen some of this information before as I've sent various drafts to Saunders Miller of the SBA and Judy Kennedy of NAAHL. Our investment activity in both of these locations, and throughout the nation, is driven primarily by the Banc One Community Development Corporation (CDC) with some assistance from our national Business Banking group. Mary and I will do whatever we can to help support the President's visits to both locations. As I mentioned, we may have more success in Phoenix as we have a substantial business presence there. Unfortunately, we do not operate in eastern Kentucky, but will do our best to get appropriate Bank One representation to that site so investments in the broader Appalachia region can be highlighted. Please keep us posted as to the times, locations and other logistics of the stops as they are finalized. You can reach me at this e-mail address, or at 614-244-0344. Thank you.

(See attached file: ONE.doc)

*Bank of
America
Kentucky*

Lynn Gellermann
Vice President
National Small Business Liaison
Bank One Corporation

70 East Lake Street
Suite 1700
Chicago, Illinois 60601
(312) 855-8500
(312) 855-0488 fax



Fax

To: JOHN KAPLAN, NEC From: KAREN MAY
 Fax: (202) 456-2223 Pages: 3
 Phone: (202) 456-5360 Date: 6-24-99
 Re: SOUTHERN OHIO ANNOUNCEMENTS CC:

- Urgent
- For Review
- Please Comment
- Please Reply
- Please Recycle

• **Comments:** Select this text and delete it or replace it with your own. To save changes to this template for future use, choose Save As from the File menu. In the Save As Type box, choose Document Template. Next time you want to use it, choose New from the File menu, and then double-click your template.

KAREN May

312-855-

85-

x 19

The President's Trade Mission to America:

Why Athens County?

Bern Istode

wice chair

The timing is ideal for a visit from the President to southeastern Ohio, specifically Athens County. Appalachian Ohio is an area that has had to make the very difficult transition out of a coal-based economy, but it is now becoming a model of hope for underserved America. On the strength of the ingenuity and industriousness of its local entrepreneurs and businesspeople, the region stands on the verge of an economic renaissance.

Rick Lehman

There is no single area that the President could visit that would so well demonstrate both the promise and the process of the Administration's New Market Initiatives.

Dave Vitali

Opportunities for Announcements

There is a long list of initiatives underway in Southeastern Ohio, many of which are now culminating in major investments and plans, after months of discussion and bridge-building. The timing is such that the President's visit to Nelsonville (Athens County) could coincide with the announcements and publicity currently being planned. The projects listed here include public-private partnerships, non-profit, and for-profit activities, all related to developing new markets in an underserved region.

- **The Appalachian Ohio Development Fund announces a partnership and investment by Bank One.** Bank One is willing to accelerate its investment process and publicly announce its intent to become a leading investor, in conjunction with a Presidential visit to southeastern Ohio. The creation of this community development venture capital vehicle grew out of the Economic Roundtables led by Reverend Jesse Jackson, *Wilhelm & Conlon Public Strategies's* efforts in the region, and the *Appalachian Regional Commission's* focus on developing entrepreneurship and investment capital for Appalachia. This project highlights the need for new resources and strategic alliances along the lines of the "New Market Venture Capital" vehicle component of the **New Markets Initiative**. The Fund combines small equity investments, technical assistance, and a sectoral focus to facilitate growth for local businesses in a unique partnership with local educational institutions, government, and economic development organizations. It is modeled after the nearby Kentucky Highlands Investment Corporation, which currently advises the Ohio Fund.
- **Private venture capital fund invests \$500,000 in minority woman-owned specialty foods company in Appalachian Ohio.** Pasta Fresca is a small, minority-owned business that was nurtured by an organization called ACE-Net (Appalachian Center for Economic Networks). When *Rainbow/PUSH* and *Wilhelm & Conlon Public Strategies* organized the Second Appalachian Economic Roundtable, Joanne, Pasta Fresca's owner, met a Chicago / Cleveland-based venture capitalist who saw the potential of her business. *The Northcoast Fund* and Pasta Fresca have just closed an investment of a half-million dollars, again underscoring the need for small equity investment vehicles, new strategic alliances, and programs to facilitate these burgeoning partnerships. In his State of the Union address, the President spoke of building **bridges from Wall Street to Appalachia** - connecting the

national financial community to this nation's underserved areas. The President can now cross one of these bridges and speak of the progress that is already being made on these initiatives.

- **Ohio University expands its Airport:** The Secretary of Transportation visited Athens in April to discuss his commitment to working with Ohio University to extend its airport to accommodate larger corporate and cargo planes. This airport would serve as a hub for regional economic development and is an important symbolic and practical piece of the continuing **infrastructure** development of this region. It is the Administration's commitment to this project that has made it a possibility, and again highlights the potential of strong **public-private partnerships**.
- **Bank One and Enterprise Development Corporation announce a new microenterprise credit facility.** Bank One is ready to close on a \$600,000 credit facility to Enterprise Development Corporation (EDC), an experienced microlender based in Athens County. This CDFI administers several loan funds and other projects, and represents a critical link in the goal of providing a seamless chain of financing resources for businesses and individuals facing great challenges. In addition to highlighting the need for **increased funding for the CDFI** program, EDC could be a candidate for one of the new **Small Business Lending Company licenses** as part of the **New Markets Initiative**.
- **Bank One investment in SBIC to target low-moderate income areas:** Bank One is getting ready to close on a \$5 million investment in DCC Growth Fund, a large national Fund holding two SBICs that will have a regional presence in Ohio. The investment highlights the **new LMI investment tool for the SBIC program** as another component of the **New Markets Initiative**. Bank One and the Fund have agreed to an MOU which calls for special efforts to invest in women and minority owned firms, and to firms located in LMI zones.
- **Bank One investment in SBIC focused on women-owned businesses:** Bank One is the lead investor (\$3 million) in Capital Across America, the first SBIC in the nation to focus on women-owned businesses. Capital Across America is headquartered in nearby Nashville, Tennessee, and does serve Ohio.

Historical Significance: Legacy, Challenges, and Hope

Southeastern Ohio (and the Nelsonville area in particular) has a history of natural resource extraction, including iron ore, coal, and lumber. These commodities and the wealth that they generated by and large left the area, and left huge resource gaps for those who worked the mines and toiled for survival. High unemployment persists. Crumbling, under-resourced schools struggle to educate the region's children.

Yet within these areas there are individuals and businesses with the talent, courage, and quality product that would permit them to grow, create jobs, and create new wealth. These businesses, "hometown" businesses that are indigenous to the area, create the kind of economic growth that

is shared and sustainable—income and wealth that is likely to remain in the region. This outcome has rarely been realized in these parts of our country, where coal was once king.

In 1964, Lyndon Johnson chose Athens, Ohio as the site to announce the major initiatives of his War on Poverty. A sense of history would suggest the choice of Athens for a presidential visit announcing progress on his New Market Initiatives. This choice will highlight the fact that although the same principle of concern for others is at the heart of both the War on Poverty and the New Market Initiatives, tremendous progress has been made on developing effective tools of economic empowerment. Groups like ACE-Net and EDC (both mentioned above) have made great strides in the empowerment of the region's residents through innovative strategies to nurture young businesses.

Now these groups are collaborating with Wilhelm & Conlon Public Strategies, Ohio University, Hocking Technical College (in Nelsonville), the Appalachian Regional Commission and others to create an investment vehicle that will truly serve the budding entrepreneurs and small, expanding businesses—the hidden treasures of Appalachia that hold the hope for the region's future. The **Appalachian Ohio Development Fund** represents a unique opportunity to highlight so much of the best thinking in our country about how to tap the untapped market, uncover the hidden talents, and build lasting public-private partnerships that will result in truly sustainable development.

The President's "Trade Mission to America" trip is an ideal opportunity to also highlight the importance of the private sector in these efforts, and the potential for real profits and growth. Bank One offers an excellent example of the enlightened perspective on the New Markets Initiative, and they should be commended for their leadership role in the community development investments listed above. John McCoy, Bank One's CEO, would be an excellent advocate for this perspective, and would certainly enjoy the opportunity to travel with the President's private sector delegation.

Wilhelm & Conlon Public Strategies, Bank One, and all of the partners mentioned here would welcome the opportunity to provide further details on any or all of these initiatives. We believe that the President and the CEOs that will accompany him would enjoy their trip to Athens County—the beauty of the land and its people, the rich history and culture, and the tremendous stories of exciting new developments in the New Markets of Appalachia.

For further information, please contact:

David Wilhelm, President, or Karen May, VP for Economic Development, at Wilhelm & Conlon Public Strategies: phone (312) 855-8500, email wilhelm@wcstrategies.com or kmay@igc.org.

Lynn Gellermann, Small Business and Microcredit Liaison, Bank One Corporation: phone (614) 244-0344, email Lynn_R_Gellermann@Mail.BankOne.com

National Association of Affordable Housing Lenders**1200 19th Street, NW, Suite 300****Washington, DC 20036****Phone (202) 429-5150; Fax (202) 857-5320****E-mail: naahl@dc.sba.com****Fax Cover Sheet****To: Lisa Green****Firm: NEC****Fax: 202-456-2223****From: Judy Kennedy****Pages (including cover): 2****Date: June 23, 1999****Comments: I have not received the one from California yet.**

Bank One Investment Activity in Arizona

June 22, 1998

The Banc One CDC just approved a \$1.5 million investment in **Magnet Capital**, the first small business investment company, or SBIC, in the nation to focus on the SBA's recently launched "New Markets" program which features more flexible funding and investment terms for small businesses operating in low- and moderate-income areas, or employing persons who reside in those communities. Magnet Capital will provide growth capital in the form of mezzanine financing to small businesses in Arizona, and possibly adjacent states such as Utah and Colorado. Investments will range from \$250,000 to \$1.5 million.

In 1998, under the SBA Microloan Program, Bank One provided a \$640,000 credit facility to **PPEP Microbusiness, Inc. (PPEP/MICRO)**, one of the longest running and most successful microenterprise organizations in the country. The complex credit facility included flexible repayment terms, competitive pricing and a three-way partnership between PPEP/MICRO, the SBA and Bank One. By extending very small loans, often only \$3,000 or \$4,000, and technical assistance to rural entrepreneurs in southern Arizona, PPEP/MICRO has built a loan portfolio totalling more than \$1.5 million. Bank One provided further support in the form of a \$30,000 grant and the donation of a "micro loan van" to help PPEP/MICRO reach more entrepreneurs through a mobile office. PPEP/MICRO was the 1998 winner of the Presidential Award for Excellence in Microenterprise Development in the category of access to credit.

In 1998, Bank One also provided **Chicanos Por La Causa (CPLC)** with a \$500,000 credit facility under the SBA Microloan Program. CPLC is the leading microlender in Phoenix and northern Arizona. Bank One also provided CPLC with a \$30,000 grant and a "mobile loan van" to further extend CPLC's reach.

Bank One supports **SELF-HELP**, a microenterprise organization that provides technical assistance and welfare to work programs in Phoenix. Bank One's support includes annual grant monies of \$10,000 and complimentary office space in the lobby of Bank One, Arizona's headquarters.

In 1992, Bank One became the lead investor in the **Arizona Multibank CDC** by providing \$3 million to capitalize this now long-standing financial intermediary. The Arizona Multibank CDC has financed over 165 small businesses and projects totalling more than \$11 million since its inception. Loan amounts of \$500 to \$500,000 are available to businesses and housing projects that do not qualify for conventional bank financing.

Bank One is also the lead sponsor for **Bank One Ball Park**, home of the Arizona Diamondbacks, which has energized economic development and community revitalization throughout downtown Phoenix.

BANK ONE CORPORATION
One First National Plaza
Chicago, Illinois 60670

News Release



FOR IMMEDIATE RELEASE

Contact: Thomas A. Kelly
(312) 732-7007

PRESIDENT CLINTON PRAISES BANK ONE FOR LEADERSHIP IN COMMUNITY DEVELOPMENT

CHICAGO, July 5, 1999 -- President Clinton today praised BANK ONE CORPORATION for its leadership and innovation in community development, during a three-day presidential trip to promote public-private partnerships and the administration's New Markets program. The program is designed to stimulate additional private investment in central cities and rural areas.

"Bank One's ongoing work with local and regional small business development organizations creates development opportunities to strengthen our communities," said John B. McCoy, President and CEO of Bank One. "Our programs in Appalachia -- and elsewhere in the country -- illustrate Bank One's leadership role in developing and funding such programs."

During the first stop of his trip, in rural Kentucky, Clinton praised Bank One for working with the founding principals of the **Appalachian Ohio Development Fund**, which will provide equity financing and technical assistance to small businesses in southern Ohio.

Bank One is teaming with Wilhelm & Conlon Public Strategies, Ohio University, the Appalachian Regional Development Commission, Hocking Technical College, Kentucky Highlands Investment Corporation and ACE-net. Bank One is exploring a significant investment, as much as \$1 million this year, in the Appalachian Ohio Development Fund and will continue to play a leadership role in its development.

(more)

-2-

Other Bank One community development projects include:

IN APPALACHIA OHIO

- Bank One recently made a \$600,000 loan to **Enterprise Development Corporation**, one of the oldest and most productive microenterprise development organizations in the country. Bank One will also provide the organization with a \$45,000 grant to help establish its loan loss reserve account.
- Bank One has committed to invest \$5 million in **DCC Growth Fund**, a large national fund with a Midwest regional office in Akron, Ohio. Bank One and DCC Growth Fund will focus on special efforts to invest in women and minority owned firms, and to firms located in low-to moderate-income zones.
- Bank One is the lead investor (at \$3 million) in **Capital Across America**, the first small business investment company in the nation to focus on women-owned firms. Headquartered in nearby Nashville, Tenn., Capital Across America serves several contiguous states, including Ohio. A Bank One executive serves on the both the board and investment committee for this fund.

IN ARIZONA

- In 1998, under the SBA Microloan Program, Bank One provided a \$640,000 loan to **PPEP Microbusiness, Inc.**, a leading microenterprise organization. The PPEP/MICRO, the Small Business Administration and Bank One have a three-way partnership that includes flexible repayment terms and competitive pricing. By extending very small loans -- often only \$3,000 or \$4,000 -- and technical assistance to rural entrepreneurs in southern Arizona, PPEP/MICRO has built a loan portfolio of more than \$1.5 million.

(more)

-3-

- In 1998, Bank One provided **Chicanos Por La Causa** with a \$500,000 loan under the SBA Microloan Program. Bank One also provided a \$30,000 grant and a “mobile loan van” to further extend the reach of Chicanos, the leading microlender in Phoenix and northern Arizona.
- Bank One supports **SELF-HELP**, a microenterprise organization that provides technical assistance and welfare-to-work programs in Phoenix. Bank One’s support includes annual grants of \$15,000 and free office space in the lobby of the bank’s Arizona headquarters.
- In 1992, Bank One provided \$3 million to become the lead investor in the **Arizona Multibank**. The Multibank has financed more than 165 small businesses and projects totaling more than \$11 million. Loan amounts of \$500 to \$500,000 are available to businesses and housing projects that do not qualify for conventional bank financing.
- Bank One is the lead sponsor for **Bank One Ball Park**, home of the Arizona Diamondbacks, which has energized economic development throughout downtown Phoenix.

BANK ONE CORPORATION (NYSE: ONE), is the nation’s fifth largest bank holding company, with assets of more than \$250 billion. Bank One offers a full range of financial services to commercial and business customers and consumers. It is the world’s largest Visa issuer, the second-largest consumer and commercial finance company, the third-largest bank lender to small businesses, and the third-largest bank mutual fund company. It operates more than 2,000 offices and a nationwide network of ATMs. It can be found on the Internet at www.bankone.com.

###