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.

Bank of America Kentucky

--------------------- 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)

Lynn Gellermann
Vice President
National Small Business Liaison
Bank One Corporation

June 25, 1999

MEMORDANUM FOR INTERESTED PARTIES

FROM: JOSH GOTTHEIMER

SUBJECT: NEW MARKETS INITIATIVE

Attached please find copies of original photographs from:

1) President Lyndon Johnson's visit to Appalachia in 1964.
2) Senator Robert Kennedy's trip to the Mississippi Delta in 1967.

Thank you.

5/7/64

225-26-64

SENIOR CITIZENS

C333-14-64

Color

May 7, 1964

225-31-64
C333-8-64
C333-15-64
C225-43-64
225-26-64
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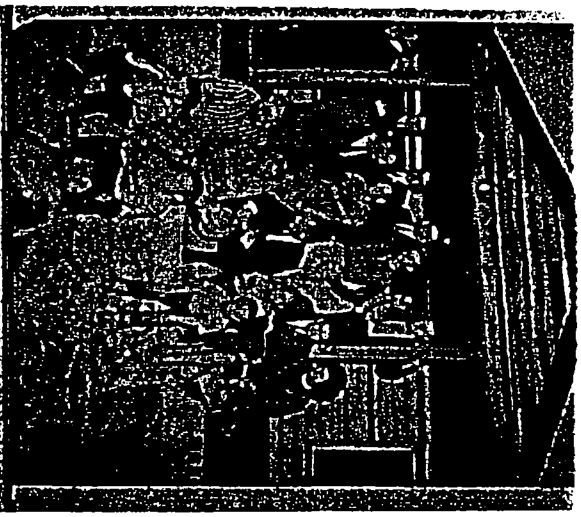
C333-14-64

CROWDS

TRAVEL, DOMESTIC—~~Georgia~~ N.C.
President visits poverty areas in the South.



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TRAVEL, DOMESTIC—Georgia
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SENIOR CITIZENS

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TRAVEL - DOMESTIC

SENIOR CITIZENS

4/24/64

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April 24, 1964

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April 24, 1964

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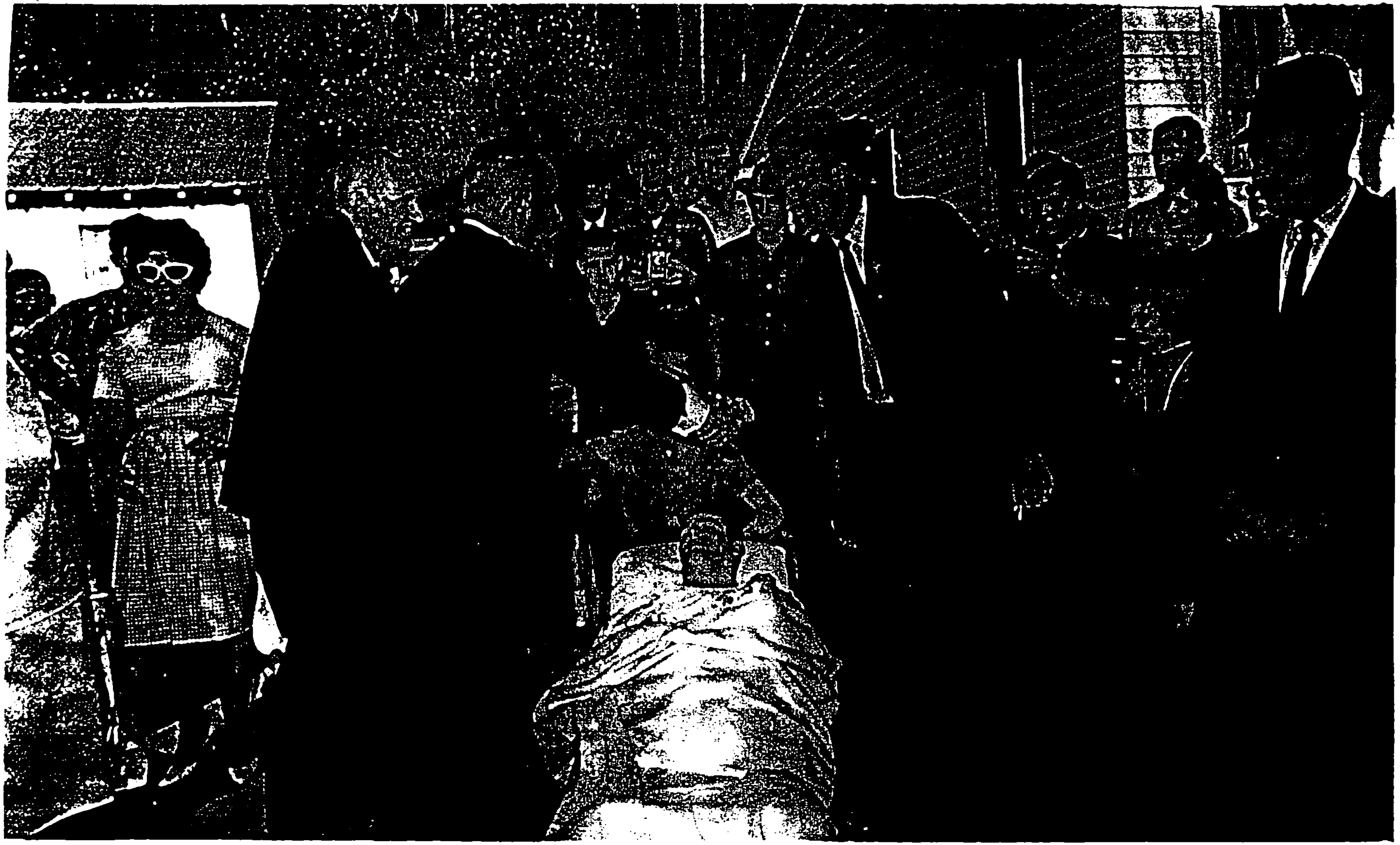
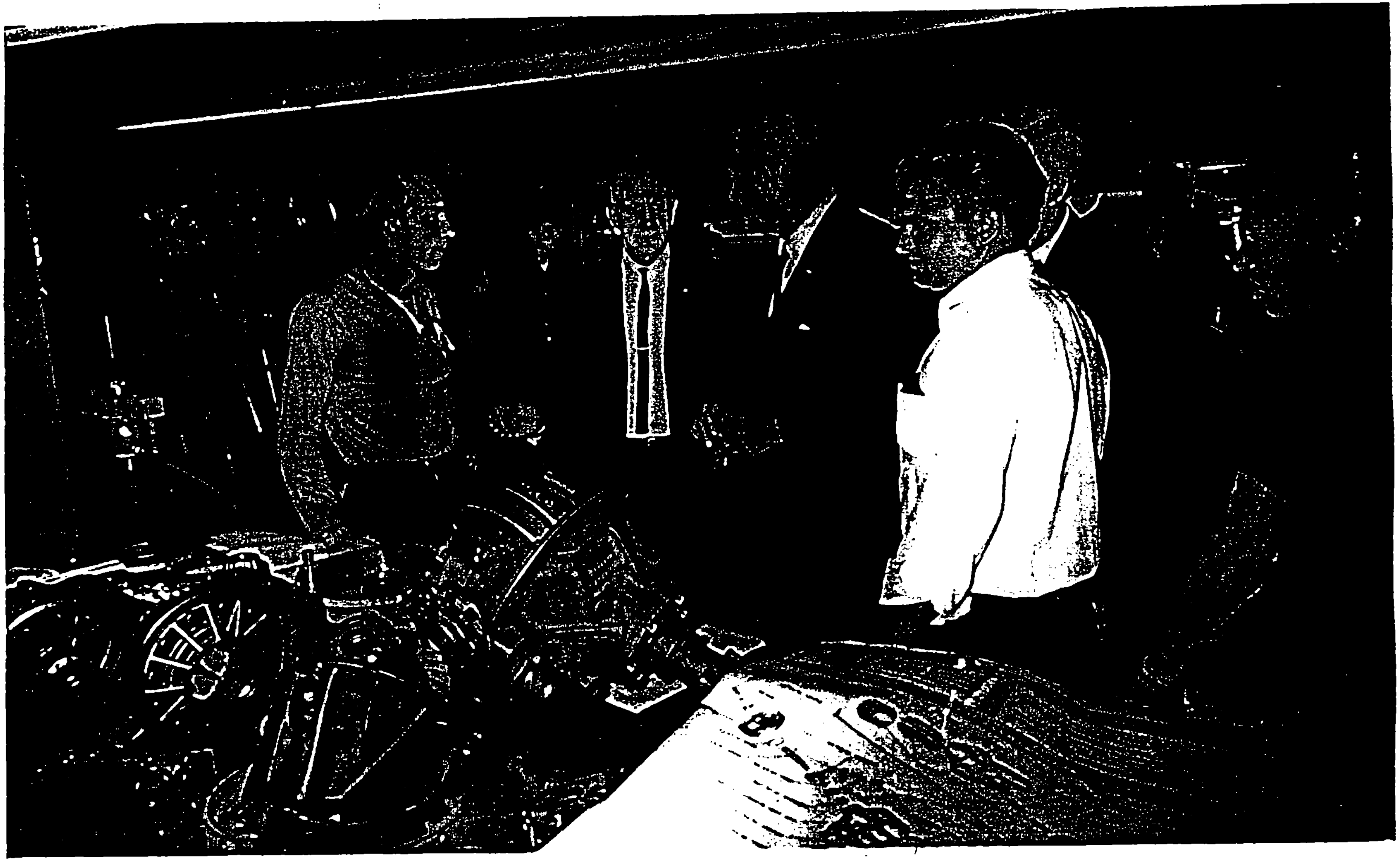


C268-1-64 April 24, 1964 Color
Pres. Johnson begins his tour of
poverty stricken areas of the
Appalachian region



C268-2-64 April 24, 1964 Color
Mayo State Industrial School
Kentucky (Paintsville)

C268-3-64 April 24, 1964 color
Mayo State Industrial School
Kentucky (Paintsville)

C293-1-64 April 24, 1964 Color
Poverty trip stop in Inez, Kentucky
Meeting with the Fletcher family

C293-2-64 April 24, 1964 Color
Poverty trip stop in Inez, Kentucky
Meeting with the Fletcher family

C293-3-64 April 24, 1964 Color
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5/7/64

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SENIOR CITIZENS

C333-14-64

Color

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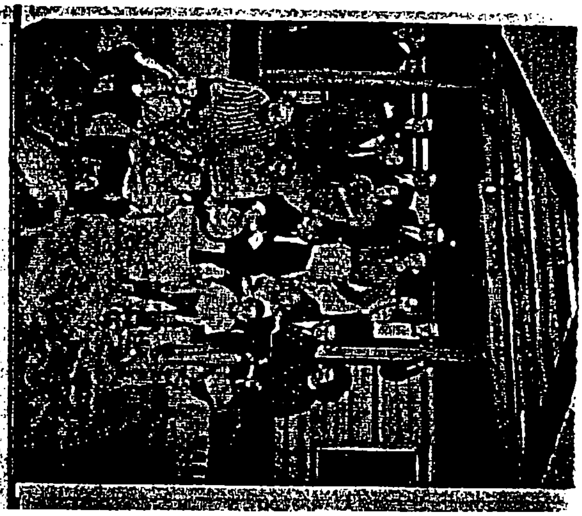
President visits poverty areas in the South



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SENIOR CITIZENS

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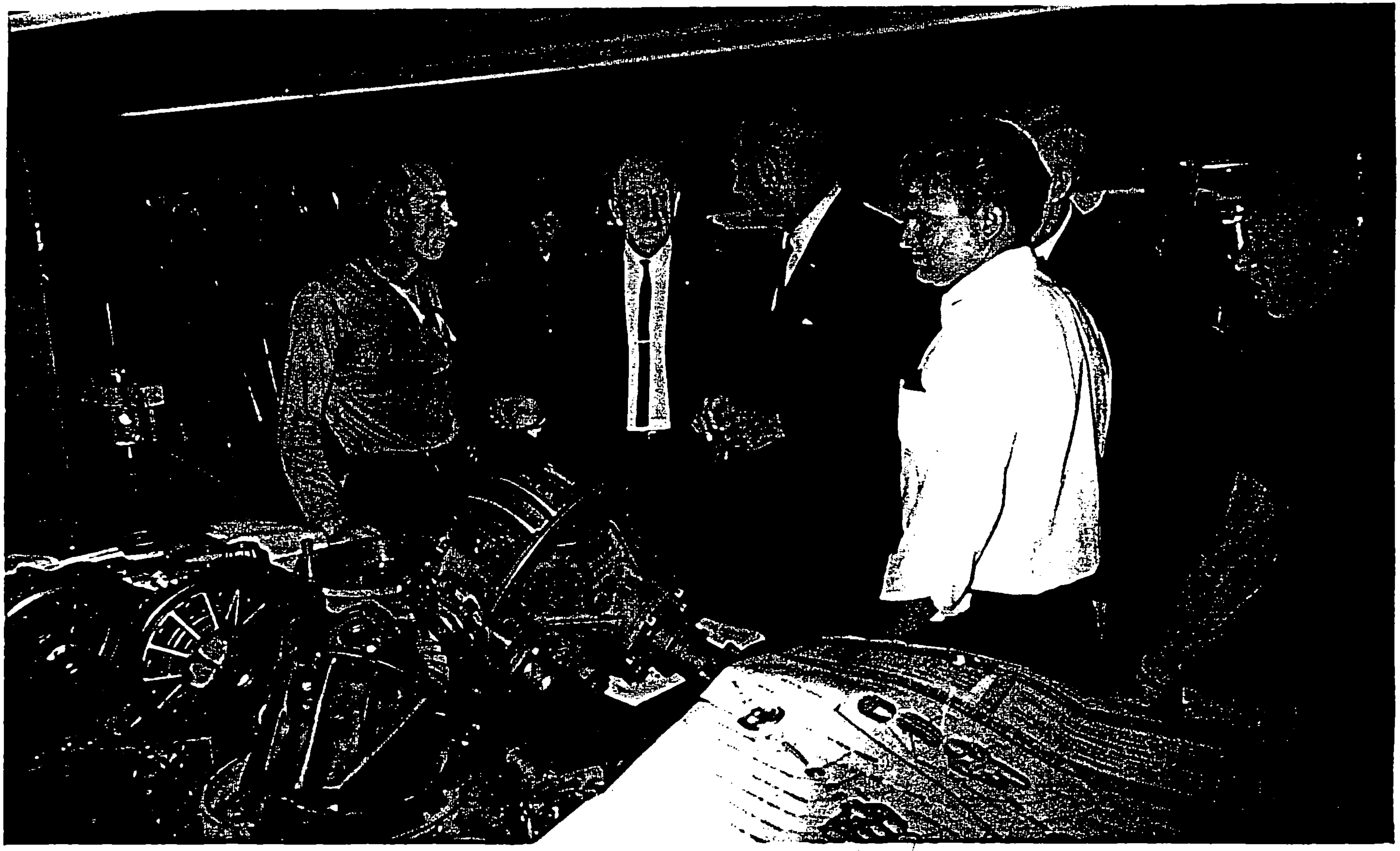

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C293-3-64 April 24, 1964 Color
Poverty trip stop in Inez, Kentucky
Meeting with the Fletcher family

Where were are now vs
Where we were in 93

Dawn L. Smalls
06/24/99 03:52:23 PM

Train Trip
Story Line

Record Type: Record

To: Lisa Green/OPD/EOP@EOP
cc:
Subject: Draft TPs

Phoenix, AZ

SBA

- Corella Electric Wire and Cable Plant

Successful partnership with ATT; 50% of employees are minority; Arizona MultiBank (a CDFI) helped finance

- NFL Yet Academy

Academy established after Super Bowl XXX with 1$ million in funding. Academy former junk yard and center if some self-help housing initiatives.

Kentucky

Agriculture

- Jackson County

five sites proposed of former Tobacco producing sites products of alternative farming

- Mid South Electrics, Jackson County Industrial Park (Economic Development)

Annville, Kentucky's largest employer; manufacturer of telecommunications, electronic and appliance components

- JCR Industries (youth Opportunity)

company formed as part of the empowerment Zone and has received support from USDA, Rural LISC, DoL, and HHS.

CDFI

- JCR Industries, Inc.

Job training facility operated by local ,private employers in Jackson County with 103 employees.

6663D
~~6660~~ 235

To: Lisa Green
Jay Dunn
John Kaplan
Lowell Weiss
From: Todd Bledsoe

Info. on Gov. Patton's initiative on Appalachia — POTUS should mention in his remarks @ Hazard.

KENTUCKY APPALACHIAN COMMISSION
Gov. Paul E. Patton, Chairman
601 Main St., Hazard, KY ~ (606) 435-6129

GOVERNOR PATTON'S "APPALACHIAN ADVANCEMENT ACTION PLAN" FOCUSES ON INVESTMENTS FOR REGIONAL DEVELOPMENT

Hazard, KY (April 20, 1998)—Governor Paul E. Patton presented to the Kentucky Appalachian Commission his "Appalachian Advancement Action Plan" which details his strategy to put the region on a track to reflect the economic and demographic profiles of the state as a whole within 20 years or so. The goal of Governor Patton's plan is to build a diversified, sustainable economy in Appalachian Kentucky.

Governor Patton said the key to advancing the region along the development track is personal investment, public sector investment and private sector investment. He explained, "If we are to have a diversified, sustainable economy early in the Twenty-First Century, people must invest in themselves through education. I sincerely believe we cannot meet our goal unless Appalachian Kentuckians embrace the value of life-long education and prepare themselves to pursue or create opportunities for their own achievement."

The Governor said the public sector must continue to make investments in the region's infrastructure, not only to make the area more attractive for private investment, but to enhance the quality-of-life.

Governor Patton also emphasized the importance of private investment in the development equation. "Government can provide incentives and government can help create an environment that makes private investment more attractive. Government, however, cannot build a sustainable economy; government cannot attract people to a region; government cannot create wealth. Only private sector investments can do these things. Be they from multi-national corporations or the individual down the street who has a dream about having his or her company, private sector investments lead to the type of diversification and quality economic growth we're targeting in Appalachian Kentucky."

Governor Patton outlined seven broad categories of activities to link these three types of investments. The categories are: (1) promoting and supporting education, (2) support for economic growth, (3) expansion of the coal severance tax grant program, (4) support for health care and growing the region's health care economic sector, (5) investing in infrastructure, (6) protecting the environment and (7) developing leadership and building civic capacity.

Governor Patton said, "Education is the primary foundation on which Appalachian Kentucky progress must be built. The commitment the people of this region must make is to take advantage of the opportunities they have for educational services." He noted substantial gains have been made by the state in elementary and secondary education over the past several years. He said attention has also been given to higher education through the Postsecondary Education Improvement Act and the just-enacted state budget. Governor Patton said "There's more than $81.5 million in the budget for capital projects and programs in Appalachian Kentucky. I don't think you've ever seen a more substantial, one-time public investment in postsecondary education than we're making."

He said the coal industry will continue to be part of the region's economic foundation and provide the revenue for the severance tax grant program that funds major developments for coal counties such as three regional industrial parks. Governor Patton's goal is to provide the full 50% return of the severance tax collections to the coal counties and to expand the allowable uses of coal severance tax grants.

Governor Patton told the commission, of which he is the chairman, while he believes manufacturing is a necessary element for economic growth in Appalachian Kentucky, "I do not think there is a single silver bullet approach to successful regional development." The Governor's plan for supporting economic growth addresses tourism, health care as an economic segment, entrepreneurship, maintaining the coal industry, manufacturing, and telecommunications and technology-based business development.

He said tourism-related development in the 49 Appalachian Kentucky counties will receive about $41 million in the new two-year budget. Governor Patton also said recently approved legislation will encourage venture capital investment through funds dedicated to the development of small businesses in Kentucky. Additionally, he said Appalachian Kentucky is "ahead of the curve" in electronic infrastructure.

The Governor said the new budget provides over $405 million in highway construction funds for the region through the next biennium. "Appalachian Kentucky is not being neglected when it comes to highways." He believes new federal money could become available for the Appalachian Highway System.

Governor Patton told the commission that forestry, straight pipe sewage and other legislation passed in the regular session of the General Assembly this year will have a positive impact not just in Appalachian Kentucky, but on the state as a whole.

Turning to the area of leadership and civic capacity, Governor Patton said people have to become involved in the effort to build a prosperous region. "We cannot sit at home and wait for government to build a good community. We must engage people in the process of community achievement."

He said, "Ever since I was a boy growing up in Louisa, I've heard politicians talk about doing something about the economy of Appalachian Kentucky." He praised the work of the late Governor Bert T. Combs and Congressman Carl D. Perkins. "Now, the shovel is in another set of hands—in mine as your governor and in yours as the current generation sharing the responsibility to help make Appalachian Kentucky better for the next generation."

Governor Patton's

Appalachian Advancement Action Plan

Preliminary
Outline & Summary

April 1998

Kentucky Appalachian Commission

Gov. Paul E. Patton, Chairman

Governor Patton's Appalachian Advancement Action Plan

OBJECTIVE

Design and implement a coordinated strategy with near-term and longer range objectives which places Appalachian Kentucky on a track to reflect the economic and demographic profile of the state as a whole within 20 years.

STRATEGIC PREMISE

The driving force that will propel Appalachian Kentucky along the track to match the economic and demographic profiles of the state as a whole is investment activity—Appalachian citizens' investment in themselves through education opportunities, public sector investment in infrastructure and education services and private investment to build and expand a business base that creates wealth, jobs and produces value-added products / services.

GUIDING PRINCIPLES

1 Appalachian Kentucky must have as its foundation for progress a population that is sufficiently educated to compete in the economic arena of the Twenty-First Century.
2 Broad economic achievements and opportunities for personal economic advancement are the keys to improving the social, demographic and quality-of-life profiles of the Appalachian Kentucky region.
3 The focus of strategic initiatives should be as much on the potential and promise of the region as it is on correcting problems. Regional development cannot be achieved exclusively through remedial actions.
4 Appalachian Kentucky's potential for economic development is diverse. Initiatives for economic advancement should be synchronized with development potential.
5 Economic development is the result of sustained efforts comprised of coordinated, strategic tactics keyed to specific outcomes—not of single, isolated activities.
6 People, their ideas, their productive capacity and their commitment to personal progress are the strongest drivers of regional progress.
7 Appalachian Kentucky must have adequate infrastructure to pursue economic development goals and to enhance the overall quality-of-life in the region.
8 The most productive efforts for community advancement are those originating at the local level.

06/30/99 WED 10:20 FAX 5025640437

Governor Patton's Appalachian Advancement Action Plan

STRATEGIC FOCUS COMPONENTS & OBJECTIVES

STRATEGIC FOCUS #1
PROMOTING & SUPPORTING EDUCATION

Objective: Invest in activities which (1) expand and provide easier access to education services for Appalachian Kentuckians and (2) encourage citizens of the region to embrace the value of education and to pursue education opportunities.

STRATEGIC FOCUS #2
GROWING THE ECONOMY

Objective: Recognize the diversity of development potential in Appalachian Kentucky; structure strategies and design tactics which encourage Appalachian counties to pursue local development concepts that are compatible with their resources and potential.

STRATEGIC FOCUS #3
EXPANSION OF THE COAL SEVERANCE TAX PROGRAM

Objective: Increase the percentage of coal severance tax collections available for coal county development activities; expand the permissible uses of severance tax funds for economic development activities as industrial sites are prepared for traditional development pursuits.

STRATEGIC FOCUS #4
HEALTH CARE SERVICES & GROWING THE REGION'S HEALTH CARE ECONOMIC SECTOR

Objective: Pursue opportunities to upgrade the quality-of-life in the region through health care services; recognize health care services as a substantial economic sector and pursue strategies to grow that sector.

Governor Patton's Appalachian Advancement Action Plan

STRATEGIC FOCUS COMPONENTS & OBJECTIVES
(Continued)

STRATEGIC FOCUS #5
INVESTING IN INFRASTRUCTURE

Objective: Invest in the region's infrastructure and public facilities to enhance the quality-of-life in Appalachian Kentucky and to make the region more attractive for private investment.

STRATEGIC FOCUS #6
PROTECTING THE ENVIRONMENT

Objective: Protect the environment to improve the quality-of-life in the region and enhance the potential to build a sustainable economy.

STRATEGIC FOCUS #7
DEVELOPING LEADERSHIP & BUILDING CIVIC CAPACITY

Objective: Invest in activities that (1) provide leadership development opportunities for Appalachian Kentuckians and (2) create an environment that encourages the expansion and exercise of civic capacity.

Governor Patton's Appalachian Advancement Action Plan

STRATEGIC FOCUS ACCOMPLISHMENTS & TACTICS

STRATEGIC FOCUS #1
PROMOTING & SUPPORTING EDUCATION

- KERA and its extensions have had a substantial impact on upgrading elementary and secondary education services in Appalachian Kentucky. The Commonwealth should make investments that continue this progress.
- The Commonwealth has substantially strengthened its commitment to postsecondary education in Appalachian Kentucky and throughout the state through a reform effort initiated by Governor Patton. The 1998-2000 biennial budget appropriates and authorizes more than $81,500,000 for education programs and capital projects in the Appalachian region, excluding operating budget appropriations and on-campus capital improvements for state universities in the area.
- Support is provided in the 1998-2000 budget for Kentucky students attending the Pikeville College School of Osteopathic Medicine.
- The "Commonwealth Scholars" program will provide financial assistance to students from Appalachian Kentucky and other areas of the state for postsecondary education expenses.

STRATEGIC FOCUS #2
GROWING THE ECONOMY

- Governor Patton has articulated a set of coordinated economic development objectives for Appalachian Kentucky which is keyed to stimulate (1) economic opportunity centers, (2) niche economies, (3) entrepreneurial activities and (4) the development of technology- and telecommunications-based businesses.
- Sites for regional industrial parks have been selected in Perry, Rowan and Boyd/Greenup/Carter counties. The development cost for these parks is $13.5 million, funded through the coal severance tax. Two additional regional park sites are planned; one is targeted for Southeastern Kentucky and the other on the Mountain Parkway corridor.
- Governor Patton is encouraging the growth of economic opportunity centers based on the medical care sector in Hazard and Pikeville through support for the Eastern Kentucky Veterans Nursing Home and the Pikeville College School of Osteopathic Medicine.

Governor Patton's Appalachian Advancement Action Plan

STRATEGIC FOCUS ACCOMPLISHMENTS & TACTICS
(Continued)

- Governor Patton has initiated a test program to develop niche economies through the Kentucky Appalachian Community Development Initiative (CDI). Programs are underway in Hindman/Knott County and Jenkins/ Letcher County. Governor Patton has also provided funds in his budget for community planning services associated with the CDI during the upcoming biennium.
- Governor Patton is supporting the role of entrepreneurship in developing Appalachian Kentucky's economy by:

  1 Organizing the Governor's Entrepreneurship Issue Team to provide recommendations about actions the administration may take to encourage entrepreneurial activity.
  2 Developing a strategy for the use of funds Kentucky will receive through the Appalachian Regional Commission's Entrepreneurship Regional Initiative.
  3 Supporting legislation approved by the 1998 General Assembly which creates the "Kentucky Investment Fund Program" (HB 206) encouraging venture capital investment in firms with fewer than 100 employees through a pool of venture capital funds.

- The 1998-2000 budget provides appropriations and authorizations for investments in tourism development projects totaling almost $41,500,000. Included in this is funding for two "magnet" tourism development projects identified by the Kentucky Appalachian Commission: the Red Fox golf development in Knott/Perry/ Letcher counties and the coal mine museum/underground mine tour in Benham/Lynch.
- Governor Patton recognizes the importance of retaining Appalachian Kentucky's native sons and daughters in the region and reversing the traditional "brain drain" pattern. Economic development tactics should include efforts to encourage young adults to apply their skills, training and talent in the region after they complete their postsecondary education. Attracting this group of Appalachian Kentuckians is especially important in building businesses related to technology and telecommunications.

Governor Patton's Appalachian Advancement Action Plan

STRATEGIC FOCUS ACCOMPLISHMENTS & TACTICS
(Continued)

- Contributions to economic development in Appalachian Kentucky can be made by natives of the region who hold executive or high-level management positions with firms outside the area. Additionally, the substantial number of country music stars from Appalachian Kentucky may provide a resource for development. Governor Patton recognizes the potential either of these groups may provide through the influence they wield. Economic development tactics should provide avenues for these groups to participate in the development of their home region and encourage them to use their influence to direct investments to the area.

STRATEGIC FOCUS #3
Expanding The Coal Severance Tax Grants Program

- Governor Patton provided in his 1998-2000 Executive Budget an increase in the percentage of severance tax collections available for grants to eligible counties from 31% in FY 98-99 to 35% in FY 98-99 and 38% in FY 99-00.

Fund	FY 97-98	FY 98-99	FY 99-00
LGEAF	13%	14%	14%
LGEDF	18%	21%	24%
Total	31%	35%	38%

- Governor Patton provided authorization in his Executive Budget for LGEDF funding of specific local development projects. The authorization will permit the use of severance tax grants for activities beyond traditional economic development projects.
- Governor Patton's goal is to increase the percentage of severance tax collections available for grants to eligible counties to the statutory maximum of 50%.
- Governor Patton recognizes the need to consider expanding the allowable uses of coal severance tax funds as the region become sufficiently populated with industrial development sites.

Governor Patton's Appalachian Advancement Action Plan

STRATEGIC FOCUS ACCOMPLISHMENTS & TACTICS
(Continued)

STRATEGIC FOCUS #4
INVESTING IN HEALTH CARE SERVICES

- Development tactics should consider health care services as an economic segment as much as they view health services as a quality-of-life issue. Tactics should include efforts to retaining health care dollars in the region and decrease the "leakage" of these dollars to other areas.
- Tactics should be geared to attracting to the region those health care services not currently provided, to the extent practical financially and permissible by health service regulations.

STRATEGIC FOCUS #5
INVESTING IN INFRASTRUCTURE

- The 1998-2000 biennial budget provides funds totaling almost $29,500,000 for a variety of infrastructure projects in Appalachian Kentucky. This amount does not include additional dollars for projects provided through ARC, CDBG and the Rural Development Administration.
- Tactics should focus on upgrading and expanding water and sewer infrastructure as a quality-of-life issue and as an economic development issue, making the region more attractive for private investment.
- The Six-Year Highway Plan provides almost $406,000,000 for the construction phases of projects scheduled to get underway over the course of the current and the next two fiscal years.
- Development tactics should recognize community facilities are a part of infrastructure.

Governor Patton's Appalachian Advancement Action Plan

STRATEGIC FOCUS ACCOMPLISHMENTS & TACTICS
(Continued)

STRATEGIC FOCUS #6
PROTECTING THE ENVIRONMENT

- While not the version advanced by Governor Patton, the 1998 General Assembly approved the Kentucky Forest Conservation Act that requires "best management practices" on logging operations and makes other provisions to assure logging operations are environmentally sound and extend the value of the forest resource. It is likely the act will be identified for additional attention in the future.
- The 1998 General Assembly approved legislation requiring new homes to be connected to a sewage disposal system as a means of ending "straight pipe" discharges.
- The 1998 General Assembly approved legislation prohibiting the discharge of sewage from boats into rivers and lakes.
- Tactics should include efforts to encourage participation in region-wide environmental awareness efforts such as PRIDE.

STRATEGIC FOCUS #7
DEVELOPING LEADERSHIP & BUILDING CIVIC CAPACITY

- Pursue and implement plans to organize "Leadership East Kentucky."
- Develop tactics that encourage the creation and exercise of civic capacity.
- A Youth Leadership Program is operational.
- A program to provide a civics curriculum for elementary school students is in place.

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7-H

Thursday July 1, 1999

Editorials

Take care of basics

Use federal coal-tax fund to clean up mountain water

We're grateful President Clinton is visiting Eastern Kentucky on Monday as part of his effort to encourage investment in Appalachia and other regions that have been bypassed by the nation's current prosperity.

The president should know, however, that before Eastern Kentucky can attract investors, some more basic needs must be met: Clean drinking water and modern sewers, for starters.

Congress and successive presidents have sat on a pile of money that should be building waterlines in old coal camps and in places where mining has ruined the groundwater and wells. This fund also should be used to build modern sewer systems in places that never had them or where they are falling apart, a change that would require congressional action.

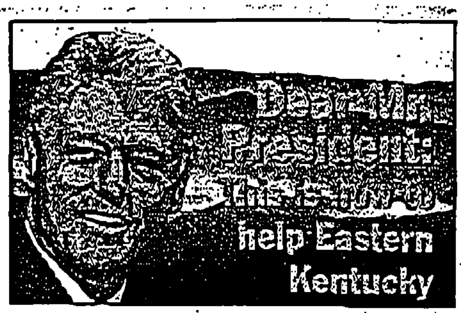
The money in question comes from a tax on coal production that Congress enacted as part of the 1977 surface mining law. The tax was to fund the Abandoned Mine Lands program and repair damage from mining.

Instead, the fund, which is approaching $2 billion, has mostly helped trim the federal deficit. This has helped lower interest rates and fuel economic growth, but not in Eastern Kentucky.

Before we spend public money to buy Appalachians jobs with tax breaks, more of the coal-tax money should go to fix problems the coal industry helped create. After all, who is going to invest in a place where you can't stand to brush your teeth with the tap water?

Neither the Clinton administration nor Congress has been willing to spend all of what the tax generates each year, much less touch the ever-accumulating balance.

The administration has proposed a gradual approach that would bring annual spending in line with annual receipts from the coal tax by 2003. But appropriations committees in both houses of Congress recently rejected Clinton's plan to spend an additional $25.7 million next year to repair mining damage — at a time when a $99 billion federal surplus is projected.



We wish the president and Congress would talk to Eastern Kentuckians about what it's like to live without decent water. Folks like Jerry Stacy, a father of four in Perry County, who says: "We need water real bad. We're not asking for an arm and a leg, just good, clean water."

They should visit Robinson Creek Elementary School, which tests its well daily for contamination.

They should walk the stream banks and look for (or, more accurately, sniff out) straight pipes, which dump untreated sewage directly into waterways. No one knows how many Eastern Kentucky communities and residences dispose of their waste in this primitive way, but it's a big problem. Volunteers found 1,000 straight pipes in Letcher County.

Bringing sewers to that one county would cost an estimated $80 million. Congress is spending just $185 million this year on the Abandoned Mine Lands program in all the coal states.

Congress and Clinton could help Appalachia in a very tangible way by returning more of the coal tax to the places that produced it — and doing it now.

Eastern Kentucky has always exported its wealth. The coal and timber enriched absentee owners and out-of-state companies but bought very little for the region — not even decent water or sanitary sewers.

There's no single solution to Eastern Kentucky's economic problems. But returning more of the coal-tax money to build infrastructure and repair environmental damage is an obvious place to start.

APPALACHIAN REGIONAL COMMISSION
A Proud Past. A New Vision
ARC
Office of the Federal Co-Chairman

FACSIMILE COVER SHEET

DATE: July 2

TO: Lisa Green

FAX NUMBER: 456-2223

FROM: Guy Land

SENDER:

TOTAL NUMBER OF PAGES 11 INCLUDING COVER SHEET.

IF YOU DO NOT RECEIVE ALL PAGES, PLEASE CALL 884-7660.

FACSIMILE TELEPHONE NUMBER: 202/884-7693

MESSAGE: The following items are attached

1. List of ARC announceables for KY visit
2. General ARC invitee recommendations
3. Appalachian CEOs/entrepreneurs to invite to speak
4. Recent New Markets-related investments by ARC
5. Other recent ARC investments in Eastern KY
6. Differences between LBJ visit & Clinton visit to Appalachia
7. Op-Ed ideas from Jess White on importance of New Markets to Appalachia

(This has also been sent to Treasury.)

This is our full packet of recommendations/ideas. We'll have drafts of announcements to Treasury by mid-afternoon.

Kentucky

ARC Announcements

- **First Union National Bank** – As an outgrowth of their year-long participation in ARC's Development Finance Advisory Committee on Appalachia, part of ARC's Entrepreneurship Initiative, First Union National Bank will be announcing a multi-year, $5 million dollar investment in Appalachia. First Union is dealing directly with Treasury on this.

- **ARC seeds new development venture capital funds in Appalachian KY and WV**. ARC funds of $581,000 will seed two interrelated Strategic Capital Funds, one at MACED (Berea, KY) and one at The Conservation Fund's Freshwater Institute (Shepardstown, WV), which together will serve as a model to demonstrate the use of strategic equity for creative deal structuring for developing businesses in Appalachian Kentucky and West Virginia. The Funds will leverage commercial capital, will marry equity with debt, and will take positions smaller then those frequently taken by venture capitalists. The Funds will finance working capital needs, inventory, receivables, marketing support and other operating needs. **This new fund will provide the only other equity fund (other than Kentucky Highlands) specifically serving the distressed counties of Eastern Kentucky.** *Contact*: Don Harker, President, MACED: 606-986-2373.

Mountain Association for Community Economic Development (MACED) is a regional non-profit located in Berea, KY that provides targeted community and economic development resources and programs to mountain communities. Collaborating with local actors ranging from grassroots groups to bankers, MACED has demonstrated its ability to conceptualize, plan and carry out major, innovative projects over a 20-year history. The business development program finances projects that have the potential to provide jobs for low-income people but which private banks typically will not finance. MACED has lent or made equity investments and leveraged more than $24 million directly creating more than 2,000 jobs. Enterprises invested in employ from two to 300 persons in industries ranging from concrete contracting to technically advanced tool and die manufacturing.

- **Technology 2020 Capital Funds** – ARC will provide a grant of $325,000 to Technology 2020 in Oak Ridge, Tennessee to help launch the creation of two new capital funds serving Appalachian Tennessee, including particularly the Knoxville Empowerment Zone. ARC funds will put in place the management team to establish and capitalize an SBIC (expected to capitalize at $25 million) and a micro-loan fund (to be capitalized at $250,000 by SBA). Technology 2020 is a public-private partnership designed to utilize East Tennessee's unique information technology resources to incubate new businesses, create private sector jobs, and improve prospects for economic growth in Appalachian Tennessee. *Contact*: Tom Rogers, President and CEO, Technology 2020, (423) 220-2020.

- **Sector Awards** –ARC will award $151,000 to three Appalachian organizations that will promote industry "cluster" opportunities on a regional basis. Focused primarily on local entrepreneurs, this program seeks to strengthen strategically important industrial sectors, or clusters, that can add to the wealth of Appalachia's distressed counties. The awards will go to --
    1) a collaboration between the Clinton County KY Empowerment Zone (Kentucky Highlands) and the Center for Rural Development in Somerset, Kentucky for an industry-led effort to strengthen the houseboat manufacturing industry in southeastern Kentucky, including the creation of a business incubator to support new industry start-ups; *Contact*: Hilda Legg, The Center for Rural Development, 606/677-6000
    2) ACENet in Athens, Ohio, to support Appalachian Ohio value-added food processors and to lay the groundwork for developing a Specialty Food Venture Fund; *Contact:* Amy Borgstrom, ACEnet 740/592-3854.
    3) Appalachian Sustainable Development in Abingdon, Virginia to help develop markets and provide marketing support to growers of high value organic and other sustainable agricultural products. *Contact*: Anthony Flaccavento, Appalachian Sustainable Development, 540/623-1121.

- **Russell County Industrial Development Authority will receive a $227,750 ARC grant** to develop a technology workforce training program at the Technology Center in Russell Springs to train workers of local companies on injection molding and other technology intensive skills to meet the needs of local employers. *Contact*: Gene Smith at 502-866-5416.

General ARC Invitee Recommendations

John Bruner, Executive Director, Cumberland Valley Area Development District, London, KY: 606-864-7391.

Hilda Legg, The Center for Rural Development, Somerset, KY: 606-677-6000.

Don Harker, President, Mountain Association for Economic and Community Development (MACED), Berea, KY: 606-986-2373.

Jeannie Brewer, Executive Director, Women's Iniative Networking Group (WINGS), Berea, KY: 606-986-2373.

Ginny Eager, Executive Director, Forward in the Fifth, Berea, KY: 606-986-3696.

June Holley, President, ACEnet: 614-592-3852.

Appalachian CEOs to invite to the President's Speech

Successful Appalachian-based entrepreneurs who demonstrate the need for venture capital in the mountains and the opportunities ripe for developmental equity financing.

- **Sammy Hammons** – President and co-founder of B & H Tool Works, Inc., in Richmond, Madison County KY and now a second location in Rockcastle County KY. Hammonds partnered with a teacher at the technical college that he attended to found the company, which today employs over 150 persons and has just opened their second plant in Rockcastle County. A local success story, B & H needed a small infusion of capital and when no one would come through for them MACED provided a $300,000 equity investment. *Contact* Sammy Hammons: 606-624-2511.

- **Jack Galyean** – President and founder of Printed Circuit Solutions Manufacturing (PCSM) in Galax, Va. PCSM is a high-tech firm specializing in 48-hour turnaround on complex custom-made circuit board prototypes. Lacking access to venture capital, PCSM would never have been realized but for the support of the city of Galax subsidizing the purchase of the five-acre lot. This first in investment then attracted private investors at the $10,000 to $20,000 level, leveraging $4million in private and bank investment to start the firm. *Contact* Jack Galyean: 540-236-4921.

- **Bill Deaton** – Bill Deaton started Image Entry, a data processing and imaging company, and now has 9 facilities in 8 different counties employing approximately 740 people (he will soon announce the hiring of 500 additional employees). Originally from Owsley County, now living in London, KY, site of his corporate headquarters as well, Bill has received significant capital investment through the Mountain Association for Community Economic Development (MACED), which has worked with Bill to go deep in the mountains with his jobs, funding facilities in Owsley, Letcher, Jackson, and Laurel counties. *Contact*: Bill Deaton: 606-878-5508.

For an Appalachian Woman Entrepreneur/CEO invitee:

- **Beri Fox** – President, Marble King, Incorporated, in Paden City, West Virginia primarily manufactures toy glass marbles and sparklet gems used as game pieces for its primary markets but also supply some industrial marble demands, e.g., spray paint cans, filtering, etc. Though an established business for 50 years, Marble King has grown in the past 8 years from 18 employees to 68 employees. Today they manufacture one million marbles per day, export to Europe and Great Britain, but remain the largest marble manufacturer in the United States. Marble King is the corporate sponsor of The National Marbles Tournament, held each year in Wildwood, NJ, in which the top prize is a $2,000.00 college scholarship to both the boy and the girl winners. Contact: Beri Fox 1-800-672-5564 or after 5:00 PM 304-652-2378.

Successful stories of entrepreneurial self-employment as an alternative to lack of jobs then growing into businesses that need venture capital:

- **Gwen Christon** – Purchased the IGA store in Letcher County after going through the WINGS entrepreneurship program*. Formerly the manager, Christon, who is African-American and had no history of business ownership, applied for bank financing to purchase the business. Initially she was turned down but then approved with recommendation of current ownership. Subsequently a recipient of a SBA loan. *Contact*: Jeannie Brewer at 606-986-2373.

- **ACEnet – Pasta Fresca, Past Nuava, or Int'l Gourmet Dog Biscouts person, at least the last two sell through Krogers. Tell story**
  - **June Holly, President** of ACEnet, which operates a kitchen incubator facility to spur business and job creation in the specialty food sector in southeast Ohio. ACEnet is a dynamic leader in the non-profit sector using innovative strategies for creating entrepreneurial opportunities, recently creating as many as 100 jobs and training up to 50 welfare to work individuals. *Contact*: June Holly 614-592-3852.

Youth entrepreneurs Patrick Tamayo and Anna Whitehead :
Contact: Ginnie Eager: 606-986-3696.

Patrick Tamayo, a Jackson County high school student, participated in multiple programs and activities sponsored by the Student Entrepreneurial Center of Forward in the Fifth, a non-profit working to improve educational and civic capacity in the fifth district of KY. Patrick's first entrepreneurial enterprise was Patrick and Roxanne's Swap Shop. Today Patrick has his own business selling snow cones at community events during the summer.

Anna Whitehead, like Patrick, participated in numerous entrepreneurship and leadership programs and was awarded Entrepreneur of the Year in 1998 for her jewelry making business.

*Women's Initiative Networking Groups, Inc. (WINGS) is a non-profit affiliate of Mountain Association for Economic and Community Development (MACED) in Berea, KY, created to foster entrepreneurial self-employment opportunities for Kentucky's women as an alternative to minimum-wage, low satisfaction jobs or public assistance.

New Markets Initiative related and just recently approved KY-ARC investments in E. Kentucky

- **ARC grant of $125,000 to Kentucky Highlands Investment Corporation (KHIC)** for second year support of the business planning center—**the Launching Pad**. Through this program, KHIC works directly with start-up entrepreneurs by providing on-site and hands-on technical assistance to guide them through the early business planning and start-up process. The Launching Pad will also work with existing entrepreneurs to guide them through critical development periods, such as expansions. Funded May 1999. *Contact*: Jerry Rickett, KHIC, 606-864-5175.

- **Women's Initiative Networking Group (WINGS)** in Berea, KY received an ARC grant of $50,000 along with a CDBG grant of $50,000 and $80,000 local match to provide entrepreneurial training, marketing and financial consultations, networking and mentoring opportunities to low-mod income women in Eastern Kentucky. (Funded most recently March 1999) *Contact*: Jeannie Brewer, Executive Director: 606-986-2373.

- **Forward in the Fifth Student Entrepreneurship Center** received and ARC grant of $50,000 along with $25,000 from the Knight Foundation and $75,000 from the Hitachi Foundation to teach entrepreneurial and workforce skills to high school students throughout Kentucky's Fifth District. (Funded spring 1999) Contact: Ginnie Eager: 606-986-3696.

- **29 ARC Revolving Loan Funds (RLF), currently capitalized at $29.5 million, support business start-up and expansion in the Appalachian Region.** For example, a RLF in Eastern Kentucky operated by MACED recently invested $100,000, along with $400,000 from KHIC, and $50,000 from East KY Corp. to finance equipment for Flat Rock Furniture's startup in Jackson County. The company has created 12 new jobs so far. *Contact*: Don Harker, MACED, 606-986-2373.

ARC investment related to the Jackson Co. Regional Industrial Park:

- **ARC investments in the Jackson County water system,** particularly two grants of $228,000 and $140,000 in 1984, made possible the siting of the Jackson County Regional Industrial Park. Without the additional capacity of the water system the County would have been unable to provide the park with the quantity and quality of water necessary for the location of the Mid-South Electric plant.

FYI – Recent and Significant ARC investments in E. Kentucky

Hazard Challenger Learning Center - This hands-on education project, which opened this spring, is the first of its kind in rural America. The learning center is offering thousands of middle school students living in the state's most economically distressed counties the opportunity to participate in an eight-week hands-on science and math curriculum that prepares them for a simulated space mission. The program teaches basic math and science skills and motivates students to pursue careers in these fields. The Hazard Center is part of a network of 30 Challenger Centers begun by a not-for-profit education organization founded in 1986 by the surviving family members of the seven Challenger astronauts. Contact: Tom Cravens, 606-439-5856.

The Big Sandy Regional Telecommunications Center in Pikeville, Kentucky, with major support from ARC, has created a regional telecommunications center, providing numerous services from computer training and low-cost Internet service to area businesses, community groups, individuals and educational institutions to telemedicine services through a partnership with the recently opened Pikeville College School of Osteopathic Medicine. Additionally, the Center plans to provide incubator space to encourage the development of new technology-based businesses. Contact: Roger Rechtenwald, Executive Director of Big Sandy Area Development District: 606-886-2374 or Sandra Saad 606-886-2374.

The Pikeville College School of Osteopathic Medicine - ARC has strongly supported the founding of this new College of Osteopathic Medicine in the heart of Eastern Kentucky. The first class of 40 students recently completed its second year at the medical school. This program is based on a successful West Virginia model that has graduated a greater percentage of physicians working in rural America than any other medical school in the country. Contact: Judy Bradley, 606-432-9326.

David School - This private, nonprofit school in Floyd County, Kentucky has had remarkable success in providing a second chance for teenagers who either have dropped out of school or are in danger of dropping out of school. David School's 50 students in grades 9 through 12 take regular academic courses along with vocational education in an environment meant to nurture, support and motivate students, many of whom have learning disabilities. ARC has provided multi-year support for the school's "Success Bound" program which aggressively seeks to place students in jobs after graduation. Contact: Daniel Greene, founder, or Marty Green, principal, 606-886-8374.

Clean Water & Sewer in Pike County, KY - While modern sewage facilities are commonplace in most of America, they are still the exception in many remote areas of rural Appalachia. Consider the pollution woes of some 900 families and 175 businesses in the eastern portion of Pike County, Kentucky. A county health department survey found that over half of the area's wells were contaminated by untreated wastewater. The county is building a new sewage facility that will eliminate pollution caused by straight piping and poor septic systems and greatly improve the quality of life for nearly 1,200 households and businesses. Contact: Mike Kiernan at ARC - 202-884-7771.

TWO PRESIDENTIAL TRIPS INTO APPALACHIA: 1965 and 1999

It is worth thinking about the difference in federal policies toward depressed areas since President Johnson launched the War on Poverty with a trip into Appalachia some 34 years ago. At that time, there was a clear distinction between **anti-poverty programs** and **economic development programs**. Anti-poverty programs were aimed at safety net programs, such as food stamps, income maintenance, jobs programs, and the like. Economic development programs were aimed at job creation and full employment. It is interesting that the Appalachian Regional Commission was a part of the economic development program of the Great Society (in the tradition of TVA) and not a part of the War on Poverty per se. It is a wide spread misconception that the ARC was an anti-poverty agency.

In the past decade, these distinctions have blurred in the public policy community and a new conceptualization has emerged which integrates economic development and poverty alleviation. It is now believed that the best way to alleviate poverty is through economic development, investment, job creation, training, and wealth creation. *And, this is where President Clinton's visit represents something very different from the visit of LBJ.* The thrust of New Markets is to move beyond *just* governmental programs to those that engage the private sector in investment and job creation. It is to create a sensible set of incentives to bring investments on a national scale into under served markets.

LBJ brought hope to Appalachia in a different era in which the model was the New Deal and programs like the Tennessee Valley Authority. And, these investments have paid huge dividends. The poverty rate has been reduced to only two percentage points above the national average. The number of distressed counties has been cut in half (from 219 in 1960 to 108 today). Unemployment is less than a half percent above the national average. High school graduation rates are now at the national average….and so on.

But, today the remaining, hard core pockets of unemployment, underemployment, and poverty call for this **new model of partnership** between the public and private sectors that focuses on investment, business creation, job creation, and, ultimately, wealth creation. It embraces the new thinking about poverty alleviation that has at its center economic development. It is exemplified in the New Markets Initiative.

That is the essential difference between the two Presidential visits to Appalachia.

Jesse L. White, Jr.
Federal Co-Chairman
Appalachian Regional Commission
7/1/99

Building Self Sufficiency in Rural America: The Importance of a Presidential Visit

by
Jesse L. White, Jr.
Federal Co-Chairman
Appalachian Regional Commission
June 30, 1999

Putting in place the building blocks of self-sufficiency–that is the strategy needed to create sustainable economic development in rural and small town America. And, that is why the President's visit next week to Appalachia, the Mississippi River Delta, and other under served areas is so important. His New Markets Initiative represents one of those essential building blocks.

What are the building blocks of self-sufficiency? They include investing in education and training, building long neglected infrastructure, wiring the communities for the information age, providing much needed health care, supporting leadership development, and strengthening at risk families. The *economic* building block must be a new model of development that promotes entrepreneurship and small business creation, and that is where the New-Markets Initiative becomes so important.

Why? Let's think a moment about the history of rural America. For too long, the economic destiny of most rural and small town communities has been controlled from outside: absentee ownership of vast tracks of timber and coal mining lands, natural resources extracted with the value added outside the areas from which they are taken, and extensive branch plant economies where the decisions are made hundreds or thousands of miles away. It is time to move to a more internal model of economic development–one that builds on the ingenuity, hard work, and drive of rural people themselves.

It is time, in other words, to move to a model of homegrown businesses. Homegrown businesses have greater staying power, tend to reinvest in the community, create local leadership, diversify the economic base, and create local wealth. Plus, the control is local. And, lest the nay sayers call this a pipe dream, one should remember that all the Fortune 500 companies probably started in a garage and small room somewhere. Why not in rural America? So, we in the public sector need to ask ourselves a new set of questions: "what public policies are necessary to foster a spirit and set of supports for entrepreneurial development in our rural and small town communities?"

The Appalachian Regional Commission (ARC) has been developing this new model of economic development for several years and is currently in the midst of a three year, $15 million initiative on entrepreneurship. In this initiative, our thirteen states and 407 counties will be able to work on the five building blocks of an entrepreneurial economy. One is access to debt and equity financing throughout the early life cycle of small business creation and expansion. Two is access to technical assistance for small business people. Three is technology transfer to the small business sector both to modernize existing small businesses and to start new ones through commercialization. Four is more entrepreneurial education and training in public education. And, five is the creation of networks of services to entrepreneurs.

We believe that our work on this economic building block of sustainable development could be a model for the Nation. That is why we are so excited about the President's New Markets Initiatives and his visit to Appalachia next week. His New Markets Initiative is aimed, in large part, at getting more of "Wall Street into Main Street", to use a phrase coined by the Rev. Jesse Jackson. That is another way of saying that the President's proposals are a sensible set of incentives to address market failures in the allocation of risk and venture capital in under served markets. And, capital is, of course, the essential lifeblood of small business creation, expansion, and success.

There is money to be made in these markets. There are also lives to be energized, communities to be salvaged, hope to be given, and rewards to be reaped for the entire Nation. It is in no one's interest to have vast sections of the country dependent and a drain on national wealth. We need all Americans and all of America's communities at the table of this new prosperity, contributing to the national wealth.

The twenty-two million people of Appalachia will welcome the President when he comes to Kentucky next week, as will the people of the Delta, the Indian reservations, the inner cities, and all of these great areas of our country where the potential is still to be fully developed. Our eyes will be on the prize: putting in place an economic building block of self-sufficiency, which will yield great dividends for all of us.

Ms. Foundation for Women

The National Women's Fund

The ***Collaborative Fund for Women's Economic Development*** is an innovative mechanism through which grantmakers work together to support job creation initiatives that benefit low-income women. As grantmakers new to the field join with those more experienced, each donor's resources are leveraged to attain greater scale and impact.

The Collaborative Fund is a working partnership among large national foundations, corporate philanthropies, family and community foundations and individual donors. Participating donors designate one or more representatives to work in an advisory capacity with the Ms. Foundation in the grantmaking and learning process. Donor members engage in all aspects of grantmaking, from developing guidelines to making site visits, and guide the Fund's Learning Component.

The Ms. Foundation has sponsored two rounds of grantmaking through the Collaborative Fund, the first from 1991 to 1994, and the second from 1996 to 1999. Over these years, twenty-eight donor partners collectively have pooled $5.5 million dollars to provide financial and technical support to women's enterprise development programs throughout the country, and to compile and disseminate lessons in the field. (Please see Box 1 for a list of donor partners). The Ms. Foundation for Women administers the Collaborative Fund, participates in the fund as a donor, and works in an ongoing technical assistance relationship with grantee organizations.

BOX 1: FIRST AND SECOND ROUND DONOR PARTNERS

BP America[1]
Pamela Tanner Boll[2]
Citicorp Foundation[2]
Edna McConnell Clark Foundation[2]
Clio Foundation[2]
Elizabeth Wallace Ellers[2]
FACT Services Co., Inc. [2]
Ford Foundation[3]
George Gund Foundation[3]
Hitachi Foundation[3]
Hite Foundation[2]
James Irvine Foundation[1]
Jacobs Family Foundation[2]
Jean Street Fund[1]
W.K. Kellogg Foundation[2]
Albert A. List Foundation[2]
John D. and Catherine T. MacArthur Foundation[3]
McKay Foundation[3]
Leo Model Foundation[3]
Charles Stewart Mott Foundation[3]
Ms. Foundation for Women[3]
New York Community Trust[3]
Nord Family Foundation[2]
Norman Foundation[2]
Rockefeller Brothers Fund[1]
Levi Strauss Foundation[3]
Turner Foundation[2]
White Birch Foundation[2]

[1]first round only
[2]second round only
[3]first and second rounds

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email: info@ms.foundation.org http://www.ms.foundation.org

The Collaborative Fund's first two rounds had three specific purposes: 1) to increase funding for women's economic development projects benefiting low-income women; 2) to support and speed the development of model programs; and 3) to educate funders about women's economic development through a cost-effective structure and peer learning model. The second round also aimed to learn more about the ways in which an enterprise development strategy can be part of an integrated community development approach benefiting low-income communities and constituencies.

In the first round, eleven microenterprise programs and four cooperatively owned businesses in urban and rural areas across the United States received a total of $2,175,000 in three-year grants. Similarly, the second round has committed $2.1 million in three-year $150,000 grants to ten microenterprise programs and four cooperative or community-based businesses. The Fund's grantees work with low-income women to start and expand businesses in the day care, health care, food, clothing and crafts sectors; provide loans and valuable business, leadership and marketing skills; and design innovative ways to promote self-sufficiency among such target groups as women receiving public assistance and teenage girls. In addition to serving individual women, all of the grantees seek to influence the complex economic, political and social systems in which they operate. (Please see Box 2 for a list of first and second round grantees.)

BOX 2: FIRST AND SECOND ROUND GRANTEES

ACCION New York, NY[1]
Acre Family Day Care Corporation, MA[3]
Appalachian by Design, WV[2]
Appalachian Center for Economic Networks, OH[2]
Center for Economic Options, WV[1]
Childspace Day Care Center, PA[3]
Coalition for Women's Economic Development, CA[1]
Colorado Enterprise Fund., CO[2]
Good Faith Fund, AR[3]
The Lakota Fund, SD[3]
Montana Western Regional Economic Development Group, MT[1]
La Mujer Obrera, TX[2]
Paraprofessional Healthcare Institute, NY[3]
Southwest Creations Collaborative, NM[2]
Valley Care Cooperative, CT[1]
Watermark Association of Artisans, NC[1]
The West Company, CA[2]
Women's Business Development Corporation, ME[3]
Women's Self-Employment Project, IL[3]
Women's Housing and Economic Development Corporation, NY[2]
WomenVenture, MN[1]

[1]first round only
[2]second round only
[3]first and second rounds

The Fund's Learning Component provides valuable technical assistance to the grantees and is exploring lessons learned about innovative marketing techniques and program design and policy advocacy in the era of welfare reform. With support from the Kellogg Foundation, we are also producing a seminal book analyzing low-income women's participation in enterprise development

E4

in the US and their key contributions to the broader process of community economic development.

The Ms. Foundation is currently organizing a third round of the Collaborative Fund for Women's Economic Development through which grantmakers will capitalize a fund of at least $4 million to support innovative initiatives that benefit low-income women. In the third round, the Collaborative Fund's overarching goal is

> ***to strengthen, expand and replicate successful model projects and increase the knowledge base on innovative approaches to economic development, thereby helping practitioners and funders apply the lessons that have been learned.***

Reflecting the maturity of the field, the Ms. Foundation's continued commitment to innovation, our sustained focus on poverty alleviation strategies for low-income women, and the continued need to increase and diversify resources for the field, the objectives of the third round are to 1) increase funding for economic development projects benefiting low-income women; 2) educate funders about women's economic development through a cost-effective structure and peer learning model; 3) support effective program strategies and promote continued innovation and experimentation; and 4) further learning about how enterprise development, as part of a broader set of asset building and workforce development strategies, can create ladders for women and their families to move out of poverty and attain long term economic security.

The Fund will continue to support a range of enterprise development strategies, from microenterprise development to business networks to community-based and cooperative ventures. Building on the lessons of the first and second rounds, special preference will be given to projects that network businesses to access lucrative markets, help low-income women accumulate assets, and influence both public and industry policies.

For more information about the Collaborative Fund, please contact Anna Wadia, Senior Program Officer.

Kentucky

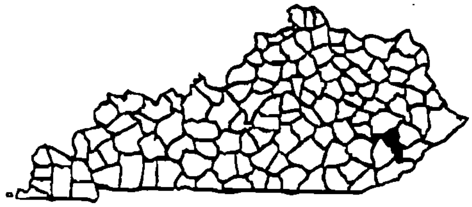
DEUTSCHE BANK INVESTS IN APPALACHIA

Bankers Trust Company, now a part of Deutsche Bank, has a significant portfolio of investments and loans in distressed communities. As a wholesale financial services firm, (without a branch network or retail products) it has made these investments, in large measure, through partnerships with local community development corporations (CDCs). This investment strategy calls on the bank to use its knowledge of financial markets and products to bring capital to underserved, and often isolated, communities to enable them to enter the economic mainstream.

Notably, Deutsche Bank has committed to make an investment of $2.9 million, over time, in the Kentucky Highlands Investment Corporation (KHIC). The organization was formed to support economic development in Appalachia Kentucky in 1968. It has the specific purpose of providing venture capital investments in start-up and expanding enterprises located (or to be located) in Southern and Eastern Kentucky. KHICs capitalistic approach to economic development has made it one of the most successful community economic development corporations in the country.

Deutsche Bank's investment, in the form of a loan and grant, flows through the Appalachian - Wall Street Limited Partnership. This partnership was formed for the sole purpose of allowing the investment to capture federal economic development tax credits specifically crafted to support CDCs. In considering the investment, Bankers Trust reviewed the financial performance of KHIC, its management, and the impact it was having in the communities its serves.

Deutsche Bank's investment is providing a new source of capital to KHIC to continue its mission of providing a source of financing to grow local enterprises. An example of an investment in the local encomy made by KHIC is their Micro Enterprise Loan Fund, which makes start-up and expansion loans, of up to $25,000 to local businesses.



Kentucky

Kentucky Cabinet for Economic Development
Division of Research
500 Mero Street
Frankfort, KY 40601
(502) 564-4886

Perry County
Economic Profile

POPULATION:

	1990	1998
Perry County	30,283	31,049

Population Projections:

2000	2010	2020
31,272	31,921	32,239

Largest Cities:

	1980	1996
Hazard	5,416	5,540
Vicco	244	248

Persons by Age (1997):

0-17	18-24	25-44	45-64	65+	Median
8,439	3,197	9,654	6,545	3,275	34.0

Persons by Race and Hispanic Origin (1997)

White	30,438
Black	563
Asian, Pacific Islander	82
American Indian	27
Percent Nonwhite (%)	2.2
Hispanic*	69
Percent Hispanic (%)	0.2

* - A person can be white, black, etc. and be of hispanic origin.

Households (1990):

Total Households	10,598
Persons Per Household	2.83

Source: U.S. Department of Commerce, Bureau of the Census. University of Louisville, Urban Studies Center.

INCOME:

Personal Income, by place of residence (1997):

Total ($000s)	$498,751
Per Capita	$16,010

Median Household Income (1993): $19,893

Source: U.S. Department of Commerce, Bureau of Economic Analysis. Bureau of the Census.

CIVILIAN LABOR FORCE (1998):

Civilian Labor Force	11,678
Employed	10,937
Unemployed	741
Unemployment Rate (%)	6.3

Source: U.S. Department of Labor, Bureau of Labor Statistics. Preliminary annual average.

POVERTY ESTIMATES:

	1979	1989	1995
Persons in Poverty	8,200	9,636	9,521
Poverty Rate (%)	24.3	32.1	30.4

Source: U.S. Department of Commerce, Bureau of the Census.

WORK FORCE COMMUTING PATTERNS (1990):

Workers Commuting Out of County:	948
Workers Commuting Into County:	3,889
Working and Residing in County	8,083

Source: University of Louisville, State Data Center.

MANUFACTURING:

Largest Firms (1998) :

	Employment
Trus Joist MacMillan LP	300
Perry Manufacturing	250
A & T Manufacturing Co Inc	130
AAA Mine Service	80
DJ Inc	69
Home Lumber Co Inc	20
Caldwell Of Kentucky Inc	17
Herald Voice	8

Source: Harris InfoSource. Kentucky Cabinet for Economic Development, Division of Research.

ALL INDUSTRIES:

Employment and Wages, by place of work, 1997:

	Emp.	Avg. Weekly Wage
All Industries	11,028	$459.34
Mining and Quarrying	1,168	737.89
Contract Construction	284	399.23
Manufacturing	472	586.43
Transportation and Pub. Util.	716	539.47
Wholesale/Retail Trade	3,059	298.18
Finance, Insur., and Real Est.	351	502.72
Services	2,668	514.42
State and Local Government	2,268	419.96
Other	42	327.13

Note: For workers covered by unemployment insurance.

Source: Kentucky Workforce Development Cabinet, Department for Employment Services.

TRANSPORTATION:

Major Highways

Daniel Boone Parkway;KY Route 15, 80, and 476.

Rail

CSX Transportation.

Nearest Commercial Airport

Bluegrass Airport (Lexington, KY), 121 miles from Hazard.

Tri-State Field (Huntington, WV), 121 mi. from Hazard.

NUMBER OF ESTABLISHMENTS:

	1996
Total Establishments	689
Ag. Serv., Forestry, and Fish.	3
Mining	38
Contract Construction	35
Manufacturing	18
Transportation and Pub. Util.	80
Wholesale Trade	57
Retail Trade	208
Finance, Insur., and Real Est.	41
Services	206

Source: U.S. Department of Commerce, Bureau of the Census.

RETAIL SALES:

	1992 ($000s)
Total	$235,305
Bldg. Matrls., Garden Supls.	13,930
General Merchandise	46,351
Food Stores	51,523
Auto Dealers	45,337
Service Stations	17,653
Apparel and Accessories	12,917
Furniture, Home Furnishing	7,969
Eating and Drinking Places	17,937
Drug and Proprietary	7,865

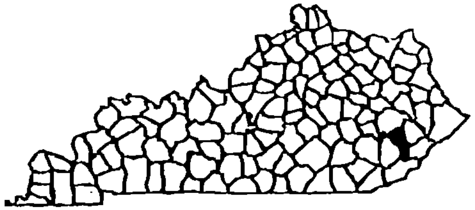
Source: U.S. Department of Commerce, Bureau of the Census.

CRIME AND CRIME RATES (1996),
(Rate per 100,000 population):

	Number	Rate
Total	793	2,554.3
Violent Crime	22	70.9
Property Crime	771	2,483.4

Note: 1996 U.S. total crime rate was 5,078.9 per 100,000. (Violent crime rate-634.1; property crime rate-4,444.8)

Source: Kentucky Justice Cabinet, Kentucky State Police, Crime In Kentucky.



PERRY COUNTY
LABOR MARKET AREA SERIES REPORT

Kentucky
Kentucky Cabinet for Economic Development
Division of Research
500 Mero Street
Frankfort, KY 40601
(502) 564-4886

Population:

	Census and Estimates			Projections		
	1980	1990	1998	2000	2010	2020
Perry County	33,763	30,283	31,049	31,272	31,921	32,239
Bell County	34,330	31,506	29,133	29,195	28,064	26,985
Breathitt County	17,004	15,703	15,686	15,964	16,699	17,170
Clay County	22,752	21,746	22,799	22,502	22,842	23,202
Floyd County	48,764	43,586	43,340	43,050	42,706	42,337
Harlan County	41,889	36,574	34,950	34,833	34,054	33,339
Knott County	17,940	17,906	17,989	17,965	17,927	17,853
Laurel County	38,982	43,438	50,734	52,792	59,710	65,122
Leslie County	14,882	13,642	13,562	13,392	13,182	12,894
Letcher County	30,687	27,000	26,185	26,535	26,340	25,887
Owsley County	5,709	5,036	5,404	5,435	5,591	5,651
LMA Total	306,702	286,420	290,851	292,935	299,036	302,673

U.S. Department of Commerce, Bureau of the Census.

University of Louisville, State Data Center.

Per Capita Income:

	1993	1997	Percent Change
Perry County	13,727	16,010	16.6
Bell County	12,491	14,839	18.8
Breathitt County	12,885	13,411	4.1
Clay County	11,020	13,332	21.0
Floyd County	13,275	15,281	16.1
Harlan County	12,296	13,690	11.3
Knott County	11,175	13,514	20.9
Laurel County	13,936	16,478	18.2
Leslie County	12,170	14,790	21.5
Letcher County	12,057	13,982	16.0
Owsley County	9,609	12,033	25.2

U.S. Department of Commerce, Bureau of Economic Analysis

PERRY COUNTY LABOR MARKET AREA SERIES REPORT

Employment, 1997:

	All Industries	Mining	Construction	Manufacturing	T.C.P.U.	Trade	F.I.R.E.	Services	State & Local Government	Other
Perry County	11,028	1,168	284	472	716	3,059	351	2,668	2,268	42
Bell County	9,612	986	266	990	415	2,861	308	2,116	1,856	15
Breathitt County	3,143	121	41	125	206	943	135	705	862	N/A
Clay County	4,254	66	158	381	153	1,065	134	901	1,391	N/A
Floyd County	11,313	933	572	413	750	2,781	344	3,172	2,311	38
Harlan County	8,322	1,360	210	423	310	2,025	236	1,698	2,042	19
Knott County	3,491	1,368	40	12	260	336	48	611	808	N/A
Laurel County	19,939	206	1,124	3,779	728	7,432	484	3,973	2,147	67
Leslie County	3,389	1,161	15	N/A	149	293	81	621	716	N/A
Letcher County	5,873	1,005	212	122	285	1,426	167	1,367	1,274	15
Owsley County	632	N/A	N/A	N/A	32	104	13	151	309	0

Kentucky Department for Employment Services. T.C.P.U. - Transportation, Communication, & Public Utilities. Trade - Wholesale & Retail Trade. F.I.R.E. - Finance, Insurance, & Real Estate.

PERRY COUNTY LABOR MARKET AREA SERIES REPORT

Average Weekly Wage, 1997:

	All Industries	Mining	Construction	Manufacturing	T.C.P.U.	Trade	F.I.R.E.	Services	State & Local Government	Other
Perry County	459.34	737.89	399.23	586.43	539.47	298.18	502.72	514.42	419.96	327.13
Bell County	406.71	722.07	366.86	407.15	499.31	254.49	496.57	402.77	453.80	313.19
Breathitt County	389.47	794.04	368.00	307.23	380.46	259.57	508.89	399.11	464.03	N/A
Clay County	366.87	620.10	320.83	357.23	426.36	275.28	409.70	390.38	407.19	N/A
Floyd County	452.13	706.76	481.58	532.71	570.81	314.82	458.53	458.46	448.04	237.24
Harlan County	460.30	878.91	439.63	273.82	448.55	262.21	419.20	467.45	419.58	403.78
Knott County	550.60	766.57	354.69	269.63	529.03	237.72	599.24	348.97	488.61	N/A
Laurel County	396.93	684.24	502.62	464.94	502.94	324.29	470.54	356.32	473.93	213.43
Leslie County	568.73	929.90	229.13	N/A	399.93	244.09	370.42	394.39	380.96	N/A
Letcher County	428.46	736.50	328.07	389.92	489.05	247.70	400.05	423.11	406.04	264.63
Owsley County	328.16	N/A	N/A	N/A	326.89	186.28	384.67	301.62	388.33	0.00

Kentucky Department for Employment Services. T.C.P.U. - Transportation, Communication, & Public Utilities. Trade - Wholesale & Retail Trade. F.I.R.E. - Finance, Insurance, & Real Estate.

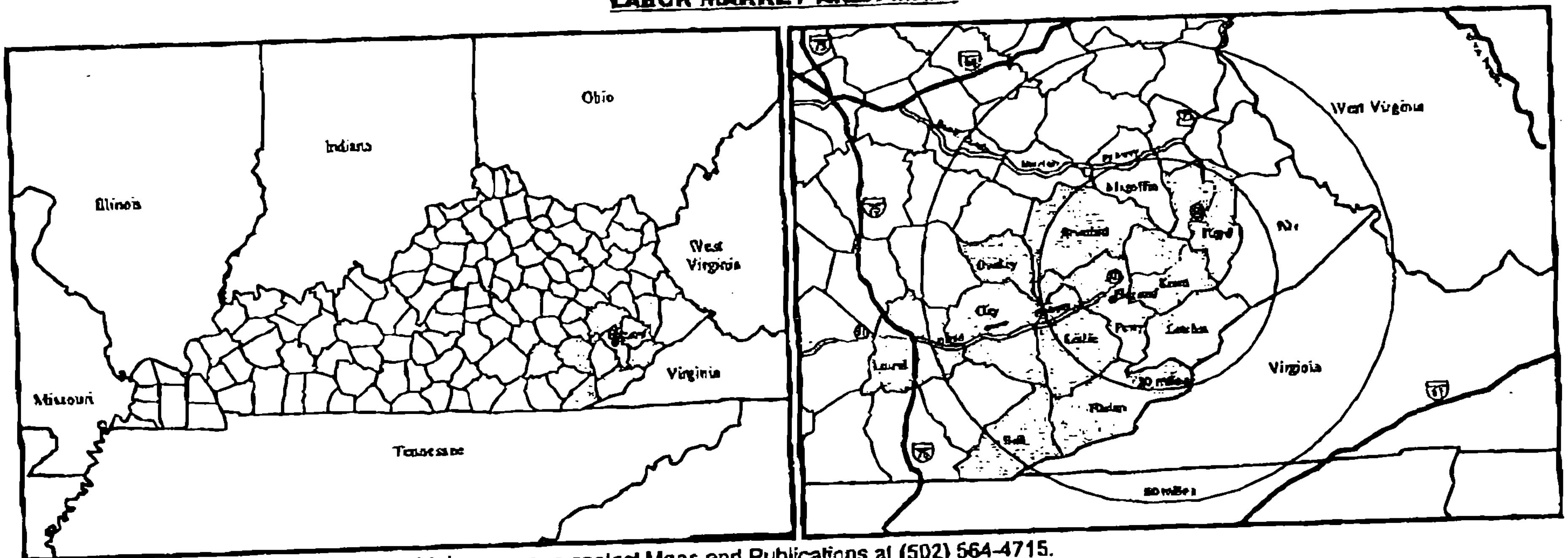
PERRY COUNTY LABOR MARKET AREA SERIES REPORT

Labor Force Characteristics, 1998:

	Civilian Labor Force	Employed	Unemployment Rate	Unemployed	Potential Labor Supply	Underemployed	Total Available Labor	Future Labor
Perry County	11,862	11,068	6.7	794	809	3,931	5,534	2,751
Bell County	9,963	9,335	6.3	628	853	3,622	5,103	2,354
Breathitt County	4,208	3,875	7.9	333	524	1,242	2,099	1,371
Clay County	7,163	6,666	6.9	497	676	1,366	2,540	1,983
Floyd County	14,135	13,190	6.7	945	1,288	3,756	5,989	3,712
Harlan County	9,373	8,216	12.3	1,157	1,191	2,676	5,024	2,937
Knott County	5,881	5,508	6.3	373	506	709	1,588	1,581
Laurel County	22,207	21,018	5.4	1,189	1,132	10,465	12,785	3,929
Leslie County	4,500	4,243	5.7	257	387	397	1,041	1,230
Letcher County	7,523	6,951	7.6	572	859	1,736	3,167	2,351
Owsley County	1,728	1,646	4.7	82	166	104	352	441

Kentucky Department for Employment Services. Total Available Labor estimated by the Kentucky Cabinet for Economic Development. Potential Labor Supply - Persons not in the labor force, but would work if jobs were available. Underemployed - Persons employed in wholesale & retail trade and non-professional services. Total Available Labor - Unemployed + Potential Labor Supply + Underemployed. Future Labor - Persons becoming 18 years of age, 1999 through 2003.

LABOR MARKET AREA MAPS



For detailed topographical and general highway maps contact Maps and Publications at (502) 564-4715.
For industrial site maps contact Site Evaluation at (502) 564-7140.

Kentucky

Perry County Labor Market Area Summary

POPULATION

	County	LMA
1990	30,283	286,420
1998	31,049	290,851

PER CAPITA INCOME

	County	LMA
1990	$12,043	$10,974
1997	16,010	14,765

POPULATION PROJECTIONS

	County	LMA
2000	31,272	292,935
2010	31,921	299,036
2020	32,239	302,673

LABOR FORCE, 1998

	County	LMA
Civ. Labor Force	11,862	98,543
Employed	11,068	91,716
Unemployed	794	6,827
Unemp. Rate (%)	6.7	6.9

EMPLOYMENT & WAGES, 1997

	Employment		Avg. Weekly Wage	
	County	LMA	County	LMA Range
All Industries	11,028	80,986	$459.34	$328 - $569
Mining and Quarrying	1,168	8,394	737.89	620 - 930
Contract Construction	284	2,922	399.23	229 - 503
Manufacturing	472	6,717	586.43	270 - 586
TCPU	716	4,004	539.47	327 - 571
Wholesale/Retail Trade	3,059	22,327	298.18	186 - 324
FIRE	351	2,301	502.72	370 - 599
Services	2,668	17,983	514.42	302 - 514
State & Local Govt.	2,268	15,764	419.96	381 - 489
Other	42	196	327.13	0 - 404

Notes: LMA - Labor Market Area. TCPU - Transportation, Communications, and Public Utilities and FIRE - Finance, Insurance and Real Estate. N/A - Data not available. LMA wage ranges are rounded to the nearest whole dollar amount.

Sources: U.S. Department of Commerce, Bureau of the Census and Bureau of Economic Analysis; U.S. Department of Labor, Bureau of Labor Statistics; University of Louisville, State Data Center; Kentucky Workforce Development Cabinet, Department for Employment Services; and surrounding state employment services departments (when applicable).

COUNTY WORK FORCE COMMUTING PATTERNS, 1990

Workers Commuting Out of County	Workers Commuting Into County	Working & Residing in Co.
948	3,889	8,083

TRANSPORTATION

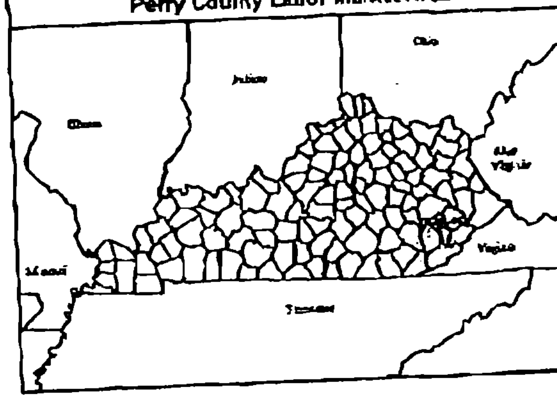
Major Highways

Daniel Boone Parkway; KY Route 15, 80, and 476.

Rail

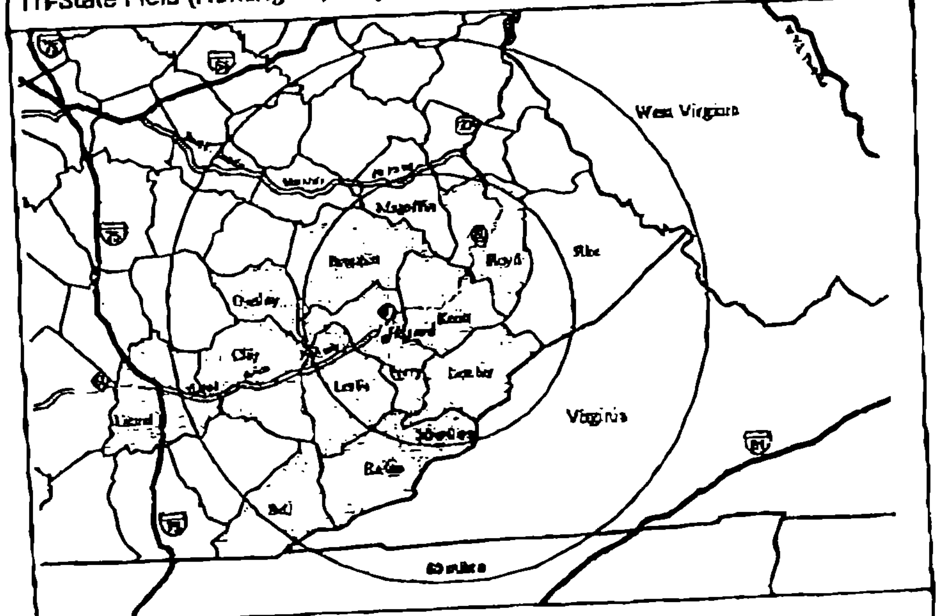
CSX Transportation.

Perry County Labor Market Area



Nearest Commercial Airport

Bluegrass Airport (Lexington, KY), 121 miles from Hazard.
Tri-State Field (Huntington, WV), 121 mi. from Hazard.



Kentucky Cabinet for Economic Development
Division of Research
(502) 564-4886

TOP MANUFACTURERS BY EMPLOYMENT

Perry County Labor Market Area (Kentucky counties only)

Company	City (County)	Product (Primary SIC)	Employment (1997)
American Greetings Corp	Corbin (Laurel)	Party wrapping paper, ribbons, napkins, greeting cards & candles (2679)	950
CTA Acoustics Inc	Corbin (Laurel)	Organic fiber padding, industrial automotive insulation & acoustical materials (3296)	500
Manalapan Mining Co Inc	Ages-Brookside (Harlan)	Underground coal mining & preparation (1222)	475
Leslie Resources Inc	Hazard (Perry)	Surface coal mining (1221)	460
CONSOL Of Kentucky	Mousie (Knott)	Coal mining (1221)	450
Golden Oak Mining Co LP	Whitesburg (Letcher)	Underground & tipple coal mining (1222)	350
Leeco Inc	London (Laurel)	Underground coal mining (1222)	350
Shamrock Coal Co	Warbranch (Leslie)	Underground coal mining (1222)	345
Mrs Smith's Bakery Of London	London (Laurel)	Pies, doughnuts & honey buns (2051)	325
Therm-O-Disc Inc	London (Laurel)	Electrical switches, thermal cutoffs & thermostats (3613)	300
Arch Of KY	Lynch (Harlan)	Underground, auger & surface mining (1221)	300
Laurel Cookie Factory	London (Laurel)	Cookies, crackers & potato chips (2052)	300
Trus Joist MacMillan LP	Chavies (Perry)	Softwood lumber (2421)	300
Earthgrains Co	London (Laurel)	Bread, buns & rolls (2051)	300
Fine, M & Sons Manufacturing	Middlesboro (Bell)	Men's & women's jeans (2325)	275
Cumberland Gap Provision Co	Middlesboro (Bell)	Smoked ham & sausage processing (2013)	250
Begley Lumber Co Inc	London (Laurel)	Sawing & planing mill: hardwood lumber (2421)	250
Perry Manufacturing	Hazard (Perry)	Work uniform shirts (2326)	250
Aisin Automotive Casting Inc	London (Laurel)	Automotive aluminum die cast components (3363)	230
Flav-O-Rich	London (Laurel)	Milk processing, ice cream mixes, milk & orange juice packaging (2026)	200
R & S Truck Body Co	Ivel (Floyd)	Steel & aluminum fabricating: dump truck bodies & trailers (3444)	200
Shamrock Coal Co	Helton (Leslie)	Coal processing (1221)	200
Coastal Coal Co	Whitesburg (Letcher)	Coal washing & shipping (1221)	200
Perry County Coal Corp	Hazard (Perry)	Underground coal mining (1222)	190
CONSOL Of Kentucky Inc	Deane (Letcher)	Surface coal mining (1221)	150
TexStyle Inc	Manchester (Clay)	Curtains & draperies (2391)	150

Sources: Harris InfoSource in cooperation with the Kentucky Cabinet for Economic Development, Division of Research.