

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	To Gene B Sperling From Glenn R Freeman; RE: phone/fax numbers [partial] (1 page)	07/15/1999	P6/b(6)
002. paper	Biography of Aaron Henry; RE: personal info [partial] (1 page)	n.d.	P6/b(6)
003. paper	Presidential Visit to Pine Ridge South Dakota; RE: phone numbers/personal info [partial] (2 pages)	n.d.	P6/b(6)

COLLECTION:

Clinton Presidential Records
Policy Development
Lisa Green
OA/Box Number: 20590

FOLDER TITLE:

Kentucky [2]

2012-0043-S

ms225

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

b(1) National security classified information [(b)(1) of the FOIA]
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b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

HAROLD ROGERS
8TH DISTRICT, KENTUCKY

**COMMITTEE ON
APPROPRIATIONS**

CHAIRMAN
SUBCOMMITTEE ON COMMERCE,
JUSTICE, STATE, AND THE JUDICIARY

VICE-CHAIRMAN
SUBCOMMITTEE ON ENERGY
AND WATER DEVELOPMENT

**MEMBER, SUBCOMMITTEE ON
TRANSPORTATION**



Congress of the United States
House of Representatives
Washington, DC 20515-1705

July 2, 1999

The President
The White House
Washington, DC 20500

Dear Mr. President,

I want to welcome you and your delegation to southern and eastern Kentucky on July 5, and to thank you for focusing national attention on the needs and accomplishments of our historically distressed region. You are visiting an area of unparalleled beauty, historic significance, enormous challenges, and important achievements.

The citizens of this region, and their ancestors, have lived their lives among a long line of rugged mountains, supplied with precious natural resources, and laced with beautiful streams and lakes.

Because of the region's unique geography, the roots of our citizens are as deep as those of any in the Nation. But the region's location and terrain also has brought isolation, causing many of our communities to struggle, and many of our people to seek opportunities elsewhere.

For decades the people of this vast region have faced adversity. They have cut an economy from coal and wood, only to see it wane. Poor roads and limited infrastructure have deprived them of opportunities to rejuvenate once thriving communities. Outmigration has whittled away at our most important resource - our people - as friends and loved ones have moved away to find jobs and support their families.

The story of this region, however, is not about its past, but about the work being undertaken to reshape its future, and the progress that's been made. The

PLEASE RESPOND TO:

☐ **WASHINGTON OFFICE**
2470 RAYBURN BUILDING
WASHINGTON, DC 20515-1705
(202) 225-4601

☐ **DISTRICT OFFICES:**
551 CLIFTY STREET
SOMERSET, KY 42687
(606) 678-8946 OR
1-800-422-8588

☐ 801 MAIN STREET
HAZARD, KY 41701
(606) 428-0704

☐ 806 HAMDLEY BLVD.
PIKEVILLE, KY 41601
(606) 432-4388

stereotypical portrayals of illiteracy and welfare dependency are now at loggerheads with a pattern of growth and resurgence that is real and long lasting.

We are continuing the daunting task of providing basic infrastructure needed by our people and communities. While most Americans take good roads, clean drinking water, and wastewater services for granted, many of our citizens have simply gone without them. We've removed this impediment to economic development in many parts of the region, but the needs in others are still great.

The most important infrastructure initiative within the region today is the I-66 corridor project, supported strongly by Governor Paul Patton, local officials, and myself. I-66 is a four-lane east-west interstate located across southern Kentucky, including the city of Hazard. It will promote the creation of thousands of new jobs, and it deserves the continued support of the federal government.

In addition, as we approach the next century, our region's communities have made enormous strides to build the infrastructure of the future. Our businesses, communities, colleges and schools have embraced telecommunications and the Internet, which will tear down the obstacles - terrain, roads, distance - that for so long were a hindrance to development of this region.

We are training both adults and children for a new era. We are going after jobs that rely on brain, rather than brawn. And it's working. The economy of the future has already begun to take hold in our mountain communities.

Over the last decade, thousands of new manufacturing jobs have sprouted around the region. In the last two years alone, steps have been taken which will result in over 800 jobs in information and telecommunications related services.

In addition, I have been successful in recruiting federal government agencies and contractors performing services for the federal government. This includes a federal prison in Manchester (with two others underway in Martin and McCreary Counties), an INS green card manufacturer in Corbin, high security lock production facilities in Jackson and Williamsburg, an INS call center in Barbourville, and a S.B.A. loan processing center in Hazard.

Our region is reaping the benefits of these efforts and many others. The outmigration has stopped. Our native talent, which has produced astronauts and Silicon Valley engineers from humble roots, is now staying home to make a future here.

The credit for this transformation belongs with those individuals and the thousands of others who work here, raise their families, teach their children, and lead their communities.

Our region's workers have developed a reputation for giving employers a hard day's work for a day's pay. Every plant manufacturer, federal agency, or federal contractor we have brought to our area tells me how extremely pleased they are with the quality of our workforce, and the quality of the work.

Our local political and civic leadership also deserves credit for working everyday to promote our region, foster highly competitive business environments, and tackle the day to day chores that those goals require.

We also are served by excellent community institutions, including Kentucky Highlands Investment Corporation, which administers the very successful rural empowerment zone.

Obviously, I cannot help but brag on the strides I believe are being made every day in the Appalachian region of Kentucky, and I hope that you will be able to recognize them during your visit.

Because of the pride I have in the progress and people of southern and eastern Kentucky, it is with sincere regret that I will be unable to join you during your visit on Monday. Several months ago, my wife Cynthia and I arranged plans to travel next week in celebration of our marriage on May 29. While I truly would have enjoyed being able to join you and the delegation for this important visit, I have chosen to honor that personal commitment.

Mr. President, I believe you will find that the people of southern and eastern Kentucky have committed themselves to reshape the economy of their region. They have grabbed hold of the future, found that they can compete, and made enormous accomplishments. But much more work needs to be done.

I am most appreciative of your efforts to help further unlock the potential of this region, and I look forward to working with you to continue these efforts.

With best wishes,

Sincerely,

A handwritten signature in black ink, appearing to read 'Harold Rogers', with a stylized flourish at the end.

HAROLD ROGERS
Member of Congress

CORPORATE INVITATION LIST

KENTUCKY HIGHLANDS

Requested Seats: FULL MANIFEST FROM WASHINGTON – KENTUCKY
SITE CONTACT: BILL LUCHT, CEO COORDINATOR

Confirmed Attendees

1.	Dick Huber, Aetna	WH	AFI
2.	Duane Ackerman, BellSouth	WH	AFI (LOC)
3.	Jesse White, ARC	WH	AFI
4.	Al From, DLC	WH	AFI Y
5.	Bill Hartman, Bank One Kentucky	WH	AFI
6.	David Wilhelm	WH	AFI
7.	TBD	WH	AFI
8.	TBD	WH	AFI

HOLD

1.	Chester Davenport, Georgetown Partners	WH	AFI
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PROGRAM PARTICIPANTS:

Tour of the neighborhood

Tour of the factory

On Stage R

Dick Huber, Aetna

Duane Ackerman, BellSouth

Bill Hartman, Bank One Kentucky

Jesse White, ARC

Available for press:

Dick Huber, Aetna

Duane Ackerman

icy delays?

The President's Trade Mission to America:

Highlighting Public-Private Partnerships in Appalachian Ohio with Wilhelm & Conlon Public Strategies on July 5th

Contact: David Wilhelm, President
Karen May, Partner
Wilhelm & Conlon Public Strategies
(312) 855-8500

For Release:
July 1, 1999

On Monday, July 5th, 1999, President Clinton will visit rural Kentucky to kick-off the "Trade Mission to America" — a multi-city tour which will highlight public-private partnerships, investment in America's "emerging markets," and the Administration's economic development proposals known as the "New Markets Initiatives."

David Wilhelm, President of Wilhelm & Conlon Public Strategies, will be with the President next Monday in Kentucky, as he highlights several of the projects that the firm has been working on in Southern Ohio over the last year. The announcements listed below exemplify both the promise and the process of the Administration's New Market Initiatives.

Announcements and Contact Information

1. **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 the Appalachian Ohio Development Fund, a "community development venture capital" vehicle that grew out of the Economic Roundtables led by Reverend Jesse Jackson and *Wilhelm & Conlon Public Strategies*. Wilhelm & Conlon's subsequent research and efforts in the region have led to the identification and "filling" of capital gaps in southern Ohio, with a focus on 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. **Ohio University**, located in Athens, Ohio, plays a significant role as the coordinator of technical assistance, and the Ohio University Foundation is currently exploring a significant investment in the Fund. 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.

Contacts: David Wilhelm, President
Karen May, Partner/VP for Economic Development
Wilhelm & Conlon Public Strategies
Phone: (312) 855-8500, email wilhelm@westrategies.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

Jakki Haussler, Fund Manager, Appalachian Ohio Development Fund
President, Opus Capital Advisors, LLC
Phone: (513) 621-6787

2. **Private venture capital fund invests significant amount in minority woman-owned specialty foods company in Appalachian Ohio.** The Risers Corporation/Pasta Fresca is a small, minority-owned, and award-winning business located in New Lexington, Ohio. With initial financing from a Community Development Block Grant and a loan from a local bank, Pasta Fresca began to market its high-quality products to "white table cloth" restaurants in the region in 1988. When *Rainbow/PUSH* and *Wilhelm & Conlon Public Strategies* organized the Second Appalachian Economic Roundtable, Joanne McGonagle, Pasta Fresca's owner, met a Chicago-based venture capitalist who saw the potential of her business. On May 24th, 1999, *The Northcoast Fund* and Pasta Fresca 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.

Contacts: Joanne McGonagle, CEO, The Risers Corporation/Pasta Fresca
Phone: 1-800-343-5266
Jonathan Turk, Managing Director, The Northcoast Fund
Phone: (312) 543-2211

3. **Ohio University working to expand its Airport:** The Secretary of Transportation visited Athens this past 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**.

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J

Contacts: Richard Siemer, Vice President for Finance, Ohio University
Phone: (740) 593-1892
Pam Parker, Assistant Vice President for External Relations, Ohio University
Phone: (740) 593-1244

Legacy, Challenges, and Hope in Appalachian Ohio

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.

Southeastern Ohio 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 suggests the choice of Appalachia for a Presidential visit announcing progress on his New Market Initiatives. This choice highlights 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. Economic development groups have made great strides in the empowerment of the region's residents through innovative strategies to nurture young businesses.

Wilhelm & Conlon Public Strategies, Bank One, Ohio University, and all of the partners mentioned here would welcome the opportunity to provide further details on any or all of the above-mentioned 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.

Wilhelm & Conlon Public Strategies is an economic development, business services, public and government relations consulting firm based in Chicago, Illinois. Founded and led by David Wilhelm in early 1998, Wilhelm & Conlon's premise their services on "doing well by doing good." Clients now range from the Appalachian Regional Commission, to a small

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 it 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 economy made by KHIC is their Micro Enterprise Loan Fund, which makes start-up and expansion loans, of up to \$25,000 to local businesses.

*Gary Haltem
914 868-7530
- not new -- already*

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concerning wells [(b)(9) of the FOIA]

KENTUCKY STATE SENATE



Kentucky

[001]

FIELD REPRESENTATIVE
GARY HENSLEY
OFFICE: (606) 573-4330
P6/(b)(6)

GLENN R. FREEMAN
17th SENATE DISTRICT
BELL, HARLAN AND PERRY COUNTIES

ROOM 230, CAPITOL ANNEX
FRANKFORT, KENTUCKY 40601
(502) 564-8100 EXT 661

July 15, 1999

Gene B. Sperling
Assistant to the President for Economic Policy
The White House
2nd Floor - West Wing
Washington D. C. 20502

Dear Gene,

It was good meeting you with the President, Monday, July 5, 1999 in Hazard, KY. I thought President Clinton did a great job of exciting the people of the Appalachian area.

I have three programs that are innovative and will enhance our President's efforts in the hard core unemployment areas of our great nation.

- Production facilities who will locate in High Labor Surplus Areas (HLSA's) will get 100% set aside contracts from the Defense Personnel Support Centers. HLSA's are areas identified by the Department of Labor as having a poverty rate over twenty-five percent (25%) or where the median income is less than eighty percent (80%) of the national average. Industries who need a labor supply and access to government contracts will expand into HSLA locations.
- "Job Development Incentive Grant" means an award to a Production Facility that will locate in a High Labor Surplus Area (HLSA's) and create at least twenty-five (25) new full time jobs. Wages shall average One Hundred Fifty percent (150%) of federal minimum wage with no employee making less than one hundred thirty percent (130%) of the federal minimum wage. Each job development incentive grant is limited to five thousand dollars (\$5,000) for each eligible job created. The Industrial Firm receiving a Job Development Incentive Grant must invest at least ten thousand dollars (\$10,000) per new job created. These awards are to be paid only after individuals have been employed under the above conditions for one full year. No job created by the industrial firm after twenty-four (24) months from the date of the first eligible hire at the project site shall be considered for the grant.

P.O. BOX 460
CUMBERLAND, KENTUCKY 40823
(606) 589-4438

FAX (606) 523-2085

P6/(b)(6)

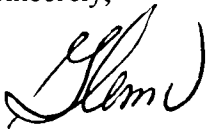
P6/(b)(6)

- A loan fund is needed to be used only in Depressed Coal Counties of Appalachia. The Funds should be located locally and loaned at low interest rates to Manufacturing Facilities. Several loan funds are now in place (Rural Development, EDA, etc.). However, these funds are not being utilized in the most hard hit areas.

I have been working with Kingdom Come Industrial Development Authority for several years attempting to locate industry in the coal fields. We have been working with similar programs and have had great success.

At your earliest convenience, I would like to come to your office and discuss these programs in greater detail.

Sincerely,

A handwritten signature in black ink, appearing to read 'Glenn Freeman', written in a cursive style.

Glenn Freeman
Kentucky State Senator

GF/eop
cc: Jerry Johnson

Kentucky Highlands Investment Corporation

Kentucky Highlands Investment Corporation (KHIC) is a community development corporation founded in 1968 for the specific purpose of providing venture capital investment to startup and expanding businesses located (or to be located) in Southern and Eastern Kentucky. KHIC's professional business approach to economic development has made it one of the most successful community economic development corporations in the country. KHIC's strength is its capacity to provide management assistance to those companies in which it invests. Employment in its portfolio companies exceeds 6,500.

KHIC's strategy is to develop an environment where entrepreneurship will thrive. It does so by providing both financial support and management assistance to new and existing businesses. It also seeks to introduce and develop entrepreneurial talent both within the region and from areas outside the region.

Kentucky Highlands is structured to address several separate but related investment objectives.

Kentucky Highlands Investment Corporation maintains an investment portfolio ranging from microloans to lines of credit in excess of \$2.0 million.

KHIC has been designated as a *Community Development Financial Institution* by the United States Department of Treasury. It has been designated by the United States Department of Agriculture as a lender in the *Business and Industry Loan Guaranty* program. It is a core community development corporation for Rural Local Initiative Support Corporation (Rural LISC).

KHIC is an intermediary lender for two loan programs for the federal government, the *United States Department of Agriculture Intermediary Relending Program* and the *Small Business Administration Microloan Program*.

KHIC has received funding from the U. S. Department of Housing and Urban Development to offer working capital lines of credit to new and expanding companies.

Kentucky Highlands Community Development Corporation (KHCDC) is a subsidiary of KHIC and it has been designated by the U. S. Department of Housing and Urban Development as a *Tax Credit Community Development Corporation*. KHCDC received a \$2.0 million investment from Bankers Trust Corporation through the Appalachian- Wall Street Limited Partnership.

Mountain Ventures, Inc., a subsidiary of KHIC, is a *Small Business Investment Corporation (SBIC)* licensed by the Small Business Administration and makes venture capital investments in Appalachian Kentucky.

As shown above, Kentucky Highlands Investment Corporation uses many of the programs described in the President's New Markets Initiatives. It operates in a distressed rural area of Appalachian Kentucky. It is a Community Development Financial Institution (CDFI). It is involved in Microenterprise lending and technical assistance. It operates a Small Business Investment Corporation. It is a Tax Credit Community Development Corporation.

In 1994, Kentucky Highlands was chosen as lead entity for a federal *Rural Empowerment Zone*.

DRAFT**Proposed Kentucky Highlands Itinerary****A) Company Tour(s):**

Option #1 Anneville, KY - JCR Industries, Inc.

A very successful self-supporting 24,000 square foot job training facility operated by local, private employers in Jackson County with 103 employees. Provides employment training for the disabled, individuals transitioning from welfare to work, youth and individuals re-entering the work force after substance abuse programs or incarceration.

Option #2 McKee, KY - Specialty Plastics Company

A successful made-to-order business which just completed construction of a second plant next door to its original facility. Specialty Plastics is a Defense Contractor that produce items such as tents, backpacks, etc. and has X employees.

B) Neighborhood Tour: McKee, KY

The county seat of Jackson County, this small rural town has a mix of distressed and renovated properties including homes, store-fronts, etc. located around a central "Court Square."

C) Announcements:

- Ford Foundation - \$2.25 million
- MacArthur Foundation Foundation - \$2 million

Pending

- a \$1.2 million application under the CDFI Program.
- a \$500,000 application under HHS's Office of Community Service
- a \$199,000 application under USDA's Rural Business Enterprise Grant program
- applied for SBA's New Market Lending Corporation license

D) Round Table: Jackson County Court House, McKee, KY

Convene a discussion with representatives of local (corporate and financial institutions) regional and national representatives (see list of possible attendees below).

Regional/National CEOs

Ashland Oil (started an SBIC in northern KY)

EcoLab (bought out a local company)

IBM (bought out a local company)

Local Corporate CEOs

John Sturgill - Fantasy Custom Yachts. A very successful houseboat manufacturer located in the Empowerment Zone. He credits KHIC with assisting him in a successful startup.

CDFI Fund - WBL

As of 06/24/99 at 10:35 AM

Gary Land
Ray Montague

DRAFT

Bill Deaton – Image Entry, Inc. This company converts data to different mediums; e.g. credit card receipts from paper to tape or disk. The company also is a government contractor. Very successful.



Jerry Weaver – Mid South Industries, Inc. It will be Weaver's company, Mid South Electrics that we potentially will be touring. Manufactures various "printed circuit boards", injection molded parts and electro-mechanical parts for Fortune 500 customers.

J.C. Egnew – Outdoor Venture Corporation. A premier defense contractor manufacturing large tents for the military. This is one of KHIC's earliest equity investments and has played a key role in its success over the past 26 years.

Lee Todd – DataBeam, Inc. A company that produces "white board" conferencing software that was sold to IBM in June 1998. This was an SBIC equity investment and Mountain Ventures has played a key role in its success.

Ray McGregor – Cumberland Gap Provision, Inc. A manufacturer of high quality smoked meats. KHIC invested equity in this company and "packaged" the financing for an ESOP when the company was in danger of being sold and the results would be the loss of 175 high-paying jobs. The company is thriving today and employs over 200 people.

Steve Meng – Casecraft Corporation. KHIC has an equity investment in this company and provides various types of debt tot his company. This is a classic local entrepreneur who has become successful in a very difficult geography of Eastern Kentucky.

Bob Kohlhep – Cintas Corporation. This is an example of KHIC building a manufacturing facility for a company as a method of inducing the company to come to Appalachia. KHIC still owns this manufacturing plant and leases to Cintas. Cintas has grown into a company selling over \$1 Billion annually.

Judy Schmit – This company is a high-quality injection molding company and is a start up in the Empowerment Zone.

Regional Bankers

National City

Fifth Third Bank

Local Bankers

Keith Smith – Citizens Bank of Broadhead. A small rural bank whose customers are local Appalachian families.

Harvey Hensley – National City Bank of Southeast Kentucky. A subsidiary of National City Bank. Hensley is a product of a smaller bank that was purchased

DRAFT

by National City Bank. He has a good perspective of small banks being acquired by large international banks.

Jerry Cary – Union National Bank. A very successful 65 year old, locally owned bank that provides unique financing to local businesses. Has participated with KHIC and Mountain Ventures with tough financings.

Mack Butler – Monticello Banking Company. Another locally owned bank that is a strategic partner of both KHIC and Mountain Ventures, Inc.

Aubrey Bailey – First State Bank of Middlesboro. Serves businesses in Southeastern Kentucky and is innovative in the financings that it provides. This bank is also locally owned.

Foundations

Ford Foundation

MacArthur Foundation

Other

Kerwin Tesdell, President, Community Development Venture Capital Alliance

DRAFT**Kentucky Highlands Investment Corporation****1996 CDFI Program Core Component**

Location: London, Kentucky
Award: \$450,000 grant
Type: community development venture capital fund
Service Area: nine rural county area of Appalachian southeast Kentucky
Products: equity investments in manufacturing corporations
Contact: Mr. L. Ray Moncrief - (606) 864-5175

Kentucky Highlands has changed the lives of thousands of Appalachian residents in its highly distressed nine-county market area over the past 28 years. The nine rural counties have a staggering poverty rate ranging from 30% to 45%. As a venture capital fund, Kentucky Highlands provides critical capital and hands on support needed to create jobs and businesses in its severely depressed rural community. The institution's \$40 million in risk capital investments have generated 5,200 jobs -- accounting for 40% of all manufacturing jobs in the region and 6% of the area's total labor force. The CDFI Fund's \$450,000 grant to Kentucky Highlands will provide flexible resources to enhance its investment capacity.

Kentucky Highlands Investment Corporation

Kentucky Highlands Investment Corporation (KHIC) is an economic development firm founded in 1968 with the specific purpose to take positions in start-up and expanding non-retail business enterprises located (or to be located) in a nine-county area of southeast Kentucky. KHIC's capitalistic approach to economic development has made it one of the most successful venture development firms in the country. In addition, KHIC provides non-venture capital financing to expanding businesses located throughout the region.

KHIC has backed high precision manufacturers, as well as relatively low-technology, labor-extensive companies. This willingness to provide start-up capital to lower technology as well as higher technology firms makes KHIC virtually unique among investors. Moreover, KHIC is willing to look beyond established track record, collateral and personal guarantees. More concerned with quality than type, KHIC will seriously consider any investment opportunity that has the potential for developing into a profitable business.

KHIC is structured to address several separate but related investment objectives. Actually, it is four companies under one roof,

Kentucky Highlands Investment Corporation, the parent company, maintains a multi-million capital pool and has numerous investments in its portfolio ranging from \$100,000 to over a million dollars. The company is also the administrator of the **Kentucky Highlands Empowerment Zone (KHEZ)**. Businesses located within the Empowerment Zone area of Jackson, Clinton and Wayne Counties may take advantage of advantageous financing and substantial federal tax credits. In addition, Kentucky Highlands Investment Corporation is an approved guaranteed lender under the U.S. Department of Agriculture **Business & Industrial Loan Guarantee Program**.

Mountain Ventures, Inc., a Small Business Investment Company (SBIC) with several million dollars of available investment capital for venture capital situations.

Appalachian Capital Corporation, a subsidiary through which below market rate financing is available to viable businesses located in, or which will locate in Southeast Kentucky. The maximum loan is 75% of the project, not to exceed \$150,000. The loan proceeds may be used to finance the purchase and/or construction of fixed assets (land, buildings, and equipment) or may be used for working capital.

Kentucky Highlands Real Estate Corporation, which maintains an inventory of available industrial sites and buildings. This corporation also develops industrial buildings and sites, and sells or leases them to related investees and others.

The Kentucky Highlands Investment Corporation has extensive contacts in conventional lending circles, which enables KHIC to syndicate its investments with other sources of capital. Start-up financing packages of over \$5,000,000 are well within its capability and past experience.

For additional information, please contact Kentucky Highlands Investment Corporation, P.O. Box 1738, London, Kentucky 40743-1738. Phone : (606) 864-5175. Fax: (606) 864-5194.

Kentucky Highlands Investment Corporation

Kentucky Highlands Investment Corporation (KHIC) is a community development corporation founded in 1968 for the specific purpose of providing venture capital investment to startup and expanding businesses located (or to be located) in Southern and Eastern Kentucky. KHIC's professional business approach to economic development has made it one of the most successful community economic development corporations in the country. KHIC's strength is its capacity to provide management assistance to those companies in which it invests. Employment in its portfolio companies exceeds 6,500.

KHIC's strategy is to develop an environment where entrepreneurship will thrive. It does so by providing both financial support and management assistance to new and existing businesses. It also seeks to introduce and develop entrepreneurial talent both within the region and from areas outside the region.

Kentucky Highlands is structured to address several separate but related investment objectives.

Kentucky Highlands Investment Corporation maintains an investment portfolio ranging from microloans to lines of credit in excess of \$2.0 million.

KHIC has been designated as a *Community Development Financial Institution* by the United States Department of Treasury. It has been designated by the United States Department of Agriculture as a lender in the *Business and Industry Loan Guaranty* program. It is a core community development corporation for Rural Local Initiative Support Corporation (Rural LISC).

KHIC is an intermediary lender for two loan programs for the federal government, the *United States Department of Agriculture Intermediary Relending Program* and the *Small Business Administration Microloan Program*.

KHIC has received funding from the U. S. Department of Housing and Urban Development to offer working capital lines of credit to new and expanding companies.

Kentucky Highlands Community Development Corporation (KHCDC) is a subsidiary of KHIC and it has been designated by the U. S. Department of Housing and Urban Development as a *Tax Credit Community Development Corporation*. KHCDC received a \$2.0 million investment from Bankers Trust Corporation through the Appalachian- Wall Street Limited Partnership.

Mountain Ventures, Inc., a subsidiary of KHIC, is a *Small Business Investment Corporation (SBIC)* licensed by the Small Business Administration and makes venture capital investments in Appalachian Kentucky.

As shown above, Kentucky Highlands Investment Corporation uses many of the programs described in the President's New Markets Initiatives. It operates in a distressed rural area of Appalachian Kentucky. It is a Community Development Financial Institution (CDFI). It is involved in Microenterprise lending and technical assistance. It operates a Small Business Investment Corporation. It is a Tax Credit Community Development Corporation.

In 1994, Kentucky Highlands was chosen as lead entity for a federal *Rural Empowerment Zone*.

Kentucky Highlands Empowerment Zone Statistics

Population	1990	1998	% Change
Clinton County	9,135	9,346	2.3%
Jackson County	11,955	12,908	8.0%
Wayne County	17,468	19,104	9.4%

Population by Age (1990)	0-4	5-17	18-20	21-44	45-64	65+	Median
Clinton County	549	1,720	381	3,124	1,965	1,396	35.5
Jackson County	834	2,586	590	4,160	2,207	1,578	32.5
Wayne County	1,144	3,573	786	5,997	3,529	2,439	34.0

Population by Race (1990)	White	Non-White
Clinton County	9,118	17
Jackson County	11,935	20
Wayne County	17,098	370

Poverty Rates	1989	1993	1995
Clinton County	38.1%	35.2%	33.9%
Jackson County	38.2%	36.1%	34.8%
Wayne County	37.3%	34.3%	32.0%
Kentucky	19.0%	19.7%	17.9%

Total Employment	1990	1994	1998
Clinton County	3,642	4,121	4,210
Jackson County	3,899	4,062	6,557
Wayne County	6,802	7,343	6,934

No One to be left behind

Standard day that tells the entire story

work is not done - yet

- economic boom of 80's vs. economic boom of 90's
- not resting on laurels - lots of work still to be done

Sunday set up piece - W-T, Holiday Piece

what's a force

- CEO
- maker (w-t-w) with a story about improving life
- someone who has received an investment
- connection to New Markets Initiative

Clear
Summary?
NCC



U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF THE SECRETARY

TELEPHONE (202) 720-3631

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PRESIDENTIAL VISIT FOR THE NEW MARKET TOUR

Kentucky Highlands Potential Site Visit Scenarios

Site #1: Agricultural Diversification:

Background:

Tobacco farmers typically grow 2,000 to 4,000 pounds of tobacco a year and use the proceeds to supplement their farm incomes or outside jobs. Part of the strategic plan of the Kentucky Highlands Empowerment Zone (KHEZ) foresaw that the small farmer in the area would be losing an additional crop income and created a program to help ease the burden. **The KHEZ Alternative Crop** fund is designed to provide low interest loans (5.5 %) in a subordinate position to the local bank for up to \$2500 to farmers to develop non-tobacco crops or farming methods new to their operation.

During the first four years of operation, the KHEZ has approved more than 43 Alternative Crop Financing projects. Alternative projects are from ginseng to ostriches to even a web page site for selling ornamental trees. Zone farmers have a 90% success rate with the new products. Six women farmers are involved in the project and one high school student. Twenty five of the loans are in Jackson County.

5 Sites to Visit in Kentucky Highlands Empowerment Zone

Suggested sites for the President to visit : All are in a 15 mile radius of one another.

Farm Visit #1 scenario: woman farmer in county: Jackson County

Donna and Bass (husband) Gibson: Former tobacco farmers presently greenhouse catalog operation for Day lilies. On line catalog operation. Other funding sources assisted in the operation as well as USDA.

(See attachment)

Farm Visit #2 scenario: Jackson county

Hiram Whitaker : vegetable production. Tobacco farmer. 45 to 50 acres.

Might be the best possibility for a all farm fair visit that would highlight alternative products at one farm site.

Farm Visit #3 scenario: Jackson county

Rolanda Cornett: ostrich farmer. Tobacco farmer. 100 acres or more. Farm family. Father is a large farmer in the area.

Farm Visit #4: scenario: Jackson county. Doug and Beth Tillery. Grows straw flowers (dried flowers for crafts) farm passed through generations. Originally a dairy operation, grow tobacco. 75 acres or more on the farm.

Farm Visit # 5: scenario: Rodney Boggs : Jackson county: bought cattle with the loan and is a Farmer on family farm, multi-generations.

Selected farm site would be a view of alternative crops, walking tour of the operation and one on one with other farmers in similar operations in the area. Product fair for the President and Secretary to view.

Contact information:

Jerry Rickett: (606) 864-5175 (Director for the Kentucky Highlands Empowerment Zone)
email: jrickett@khic.org
Kentucky Highlands Investment Corporation
362 Old Whitley Rd.
P.O. box 1738
London, Kentucky 40743

Gene Bundy : (606) 864-5175 (Kentucky Highlands Empowerment Zone)
Fax : (606) 864-5194

Site #2: Jackson County Industrial Park (Economic Development)
Mid South Electrics, Inc.

Overview:

In Jackson County, five new manufacturers have opened since Zone designation and the largest existing employer has expanded two times. In the 1990's total employment in the County has increased from 3,999 to 6,527. This is the highest percentage in Kentucky (63%). The current unemployment rate is 4.9% and falling. In 1986, the unemployment rate was stagnant at 23%.

Success Story to be highlighted:

The largest employer is Mid-South Electrics, Inc. in Annville, Kentucky. It is a manufacturer of telecommunications, electronic and appliance components. They are just completing a \$5 million, 50,000 square ft. expansion financed by the USDA Business and Industry guarantee program and the Kentucky Highlands Empowerment Zone. Total employment will increase from 800 to 950 with the expansion. When the Empowerment Zone was announced, the plant had 550 employees.

Clinton-Gore Water 2000 National Announcement:

For the past two years, the Vice President has announced Water 2000 projects. Water 2000 is the Administration's initiative to bring water to as many rural Americans as possible by the year 2000. We have made significant strides in this regard. This year, USDA is planning over 100 events around the nation on July 12th. However, the President could announce this national funding as part of the new markets tour. Specifically USDA will fund over \$200 million for over 60 water projects in 40 states. We have four projects in MS (total \$10m), **four in KY (total \$7m)**, and two at Pine Ridge (total \$1m).

Site Visit:

Option #1: The President could tour facilities and talk with employees at a roundtable at Mid South Electrics, Inc. (Proposed). Plant is state of the art as far as telecommunications. The site is at an industrial park which include JCR Industries, Inc.(104 employees), Phillips Diversified Manufacturing, (109 employees), and Image Entry, a data conversion company with 45 employees doing work for the National Weather Service. All facilities are new and have received financing through the Kentucky Highlands Empowerment Zone. JCR Industries and Phillips Diversified have also received financing through USDA.

Option 2: The President could tour one or more facilities at the park in addition to Mid -South or hold an outside event (rally) with a speech relating to new market opportunities and highlight the efforts of this specific Empowerment Zone.

Site #3: JCR Industries: (Youth Opportunity) :**Overview:**

This is a non-profit training facility operated by local businesses. Some persons are full-time employees of the company and others are in training for placement in area enterprises. The company has formed as part of the Empowerment Zone and has received support from USDA, Rural LISC, and the Departments of Labor and Health and Human Services.

Site Visit:

The President could tour the site and talk with youth employees as part of the Mid Electrics speech and rally.

Contact Information:

Jerry Weaver, Chairman, Mid - South Electrics, Inc.
State Highway 30
P.O. Box 400
Annville, Kentucky 40402

Telephone: (606) 364-5142.

Fax: (606)364-5555

Eureka Daylily

Gibson Perennial Gardens

featured in the new Eureka Daylily Reference Guide

Attachment #1
Kentucky Silk

GIBS

Gibson Perennial Gardens

Bass and Donna Gibson

2712 Highway 577 E

Annville, KY 40402-9610

Phone #: 606-364-3027

E-Mail: gibby@pritchet.org

Internet Site: www.GardenEureka.com/GIBS or <http://gibsongardens.com>



- Ordering: A minimum order of \$25 required (excluding shipping and handling). No foreign orders are accepted. Sales tax is required for in-state addresses at 6%.
- Shipping: Shipping is from 4/1/99 - 10/1/99. UPS Ground at \$7 plus 25¢ per plant over 4 plants. UPS Second-Day Air at \$12 plus 25¢ per plant over 2 plants. USPS Priority Mail at \$7 plus 25¢ per plant over 4 plants. Double flats shipped unless otherwise indicated.

<http://www.gardenaureka.com/GIBS/default.htm>

- Substitutions: Substitutions made only with customer permission. Customer should send list of alternatives from catalog plants. Grower will refund excess money.
- Bonus: Bonus will be 25% of order not including postage and handling.
- Guarantee: Plants are state inspected, healthy, and true to name. If dissatisfied, immediately return for refund. Plants are guaranteed to grow the first year.
- Garden Visits: Visitors are welcome from May to August. Garden is open from 9 to 6 or any time during bloom season. Please call before visiting.
- Wholesale; Retail sales only.
- Catalog: Black and white price list is available. Cost: free.
- Bloom Season: Extended bloom season is from May to August. Peak bloom is mid June.

Information on flowers for sale from this daylily garden is organized for each flower as follows:

- Cultivar name,
 - Sales Codes, ("D" for double fan, "L" for limited stock, "F" for fall delivery, "S" for single fan, "M" for multiple fans, "X" for display only, and "a" - "c" for special grower sales codes explained in the ordering information.), and
 - Price, for each flower.
-

Eureka Daylily

**Remember, visit all the beautiful sites
at www.GardenEureka.com**

You may simply click on this Internet address to go to the Eureka Gardening Collection, www.GardenEureka.com

PRESIDENTIAL VISIT FOR THE NEW MARKET TOUR

Clarksdale, Mississippi (close proximity to the Empowerment Zone)

Site #1: Aaron E. Henry Community Health Center

BACKGROUND:

The community health center is named for a civil rights activist who worked with Medgar Evers and Martin Luther King. The facility health center is owned by a private non-profit corporation that is administered by a fifteen board of directors representing four counties. The organization was founded in 1979 by three local African American businessmen who were concerned with the lack of access to health care services for the poor and under served citizens.

The role of the health care center is to provide a wide array of services: family and pediatric physician services, mid-level practitioners, social services, Medicaid eligibility, WIC, school based clinic services, prenatal care, lab, pharmacy, patient education, HIV/AIDS education activities. Over 100 clients are served each day at the Clarksdale facility.

The center serves a rural population of 52,000 people in the 4 counties of Coahoma, Quitman, Tallahatchie, and Tunica. These individuals lack the ability and resources to obtain basic health care in this area of the state, hence its designation as a "Medically Under served area" and a "Health Professional Shortage Area" by the State and Federal Government.

The DARTS program (mentioned in Site Scenario #2) provides transportation to clients in the area for appointments at the Aaron Henry Community Health Services Center. Without the funding for the program, many residents would not have access to health care.

FUNDING INFORMATION: USDA AND OTHER SOURCES:

Department of Agriculture: Rural Development:

Recent funding from USDA Rural Development is a loan of \$ 1.7 million to finance a new health care facility expansion in the Clarksdale location. The loan was obligated in 1998. Construction is in the preliminary stages. The site will be a 3400 square ft. facility at the present location to aid with overflow of patient/clients currently served.

Other funding sources:

Kellogg Foundation:

Partners in Care: Since 1995, the community center has received \$52,000 per year. The Kellogg grant was awarded through the Northwest Mississippi Regional Medical Center. The center targets clients between the ages of 21 and 64 who are uninsured or under insured. The program is a case management approach to improving outcomes for patients with diabetes and hypertension. These are the most prevalent and debilitating diseases among minorities and disadvantaged populations in the state of Mississippi. The money will provide aid for medications and education for self-management of the disease process. The program already has reduced hospital stays and fewer emergency room visits for non-emergency related client needs.

LEAP program: Annually more than 600 lower extremity amputations are performed in Mississippi. Researchers believe that half of these costly procedures could be avoided by implementing the Lower Extremities Amputation Prevention Program (LEAP). The program is a diabetic screening procedure that targets older patients who are risk of losing a limb. The program aids clients with fittings for special shoes, education on treatment and preventative care, sugar testing equipment and transportation to health facilities for checkups.

School Based Clinics and Mobile Unit for Schools:

The clinics are funded through a combination of Federal, local and foundation resources to ensure that children have access to medical facilities. They serve ten (10) elementary, junior and senior high schools throughout a four county area. In addition, they operate a pediatric mobile medical unit that serves children in five public housing units as well as traveling to 8 schools in 14 counties. **From the mobile unit (Funded primarily from Hasbro Toy Co.) they conduct health screenings, provide health information to teenage clients, counsel pregnant teens and provide other services for the young and elderly. Funding sources: National Children's Health Fund, Hasbro Children's Foundation, Tunica County School District, Tougaloo College Health and Wellness Healthy Start Program and the State Department of Health, Bureau of Primary Health Care.**

Site Visit Scenario:

The President will have the opportunity to break ground, and or build brick foundation for the new facility that has been financed by USDA. **The construction foundation has just been laid at the facility. The President will have the opportunity to help build a doorway/wall (lay bricks and mortar) to the facility symbolizing the expansion of health care for all of rural America.** The location would be a great speech site for health care and the need for rural residents to have access to the same quality of care available to urban residents. Community residents, health care practitioners and clients from the county would be available for the venue.

Success Story to be highlighted:

The Mobile Unit which travels to 8 schools in 14 counties has been instrumental in not only providing services to the under served community at large, but aids in transporting health practitioners who are speaking to teens about teen pregnancy, and other pertinent topics. They have seen a 5% decrease in infant mortality in the counties served since the program began.

Location:

Clarksdale, Mississippi

Contact information:

Mrs. Aurelia Jones Taylor, Executive Director for the Program.
(601) 624-4292.

SITE VISIT #2: Darts Program: Delta Area Rural Transit System:

BACKGROUND:

Darts opened in 1990 with only two minivans. Today, the program operates twenty four (24) multi-passenger vehicles that transport people for training and job opportunities. The buses serve businesses by picking up employees from conveniently located bus stops and delivers them to job sites. Businesses can rely on employees having adequate transportation to and from work sites. Employees have safe, reliable and cost effective ways to get to work.

Economic impact is not limited to the provision of service to the area. In 1998, DARTS contributed 1.2 million to the Mississippi Delta's economy by employing 43 full and part-time drivers, mechanics, dispatchers and support services. The system provided over 156, 000 trips in 1998. The service fully expects to exceed that amount in 1999.

FUNDING:

This is a very creative and innovative partnership with Federal, state and local buy-in.

- Department of Agriculture, Rural Development: Rural Business and Enterprise Grant (RBEG) for \$234,000. and through the Local Economic Community (EC) \$250,000.
- Federal Transit Administration: \$290,000.
- Department of Economic and Community Development. \$250,000.
- Community Transportation Association of America: \$90,000.
- Livable Communities Grant \$100,000
- Mississippi Department of Transportation \$500,000
- Private Industry \$645,000
- Fares collected \$400,000

RECENT ANNOUNCEMENT:

Congressman Bennie Thompson has had appropriations language approved in the Department of Transportation bill for funding in the amount of \$200,000 for the DARTS program expansion and improvements. The DART program also provides transportation to the Aaron Henry Community Health Services Center in Clarksdale.

SCENARIO:

The President could visit a location where employees from a local business are ready to board at the end of a job day to return to their respective homes. Speech on job creation, partnerships with a community that have solved a major problem (transportation) in allowing businesses to have employees who without reliable transportation would not be able to find work close to their homes. Highlight the successful venture of the DARTS program with other local business people.

SITE VISIT # 3:

Colonial Bag Company, Inc.

BACKGROUND:

The plant is located in Clarksdale. The home office is located in Lake Park, Georgia. It acquired the facility from Imperial Packaging Company in 1997. In 1998, Department of Agriculture, Rural Development made two Business and Industry Loan Guarantees totaling \$3,000,000 for debt restructure, allowing Clarksdale plant to preserve 30 existing jobs and created 45 new ones. It manufactures seed, feed and fertilizer bags.

SCENARIO:

Possible speech site for the President to speak on "New Markets. The President could meet and greet employees who benefitted from federal dollars saving the company and their jobs.

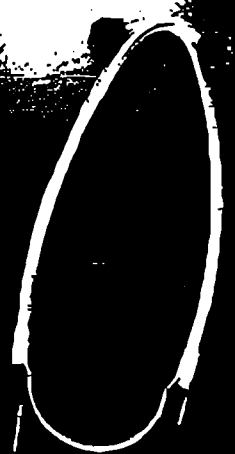
The Aaron E. Henry Community Health Services Center

Meeting the healthcare needs of the Mississippi Delta

Since 1979, the Aaron E. Henry Community Health Services Center has been answering the call of Delta residents seeking comprehensive, affordable healthcare for themselves and their families.

Established in Clarksdale, the Center now serves the region with five additional clinics in Tunica, Friars Point, Marks and Sumner. Our staff of experienced and caring providers understands the unique needs of the Delta. From complete primary and preventive medical care to family planning and pediatrics, the center takes a sweeping approach to improving the well-being of our communities.

That approach includes services aimed at promoting healthier lifestyles. Public transportation, social services, nutritional education and community outreach are just some of the resources we offer to assist people in their everyday lives. Our services are billed on a sliding scale so everyone — no matter their income level — receives the same quality healthcare. We serve the Delta. We serve you.



AHH

Attachment 2
Clarksdale,
MISS.

We have a clinic near you!

The Aaron E. Henry Community Health Services Center has clinics in:

**Clarksdale
Tunica
Friars Point
Marks
Sumner**

AHH

Aaron E. Henry Community Health Services Center, Inc.

Contact Us:

Aaron E. Henry Community Health Services Center

Aurella Jones-Taylor
Executive Director

William L. Booker, MD
Medical Director

Administrative Offices:
510 Highway 322
Clarksdale, MS 38614
Phone: 601/624-4292
Fax: 601/624-4354

A Full Range of Health Services

- Pediatrics
- Social Services
- Drug Screening
- Health Education
- Diabetic Foot Care
- Pre-placement Physicals
- WIC Certification
- Industrial Medicine
- Medical Screening
- Community Outreach
- Public Transportation
- Adult & Geriatric Care
- Immunizations & Vaccinations
- Prenatal Care & Family Planning

Our Team of Experienced and Caring Providers

William L. Booker, MD
Family Medicine

Phillip Kum-Nji, MD
Pediatrics

Zachary Taylor, MD
General Medicine

Eddie Ruth Bradford-Cook, CFNP
Family Medicine

Laura Johnson, CFNP
Family Medicine

Myra Tillis, CFNP
Family Medicine

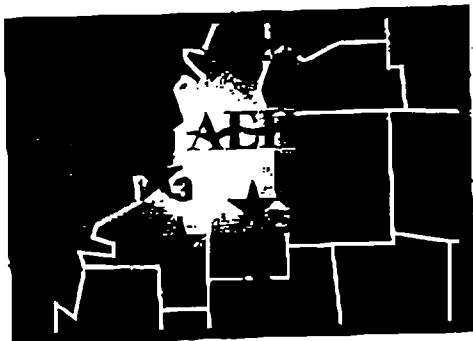
Patricia White, CNM
Pediatrics, Obstetrics & Gynecology

AHH



A Site Near You

The Aaron E. Henry Community Health Center operates six clinics in the Mississippi Delta.



Clarksdale Clinic

1040 Desoto Avenue • Clarksdale, Miss.
Phone: 624-2504

Tunica Clinic

1820 Peabody Avenue • Tunica, Miss.
Phone: 363-3656

Friars Point Clinic

437 2nd Avenue • Friars Point, Miss.
Phone: 383-9291

Tunica School Based Clinic

Rosa Fort High School • Tunica, Miss.
Phone: 363-3971

Quitman School Based Clinic

Y.O.U. Building • Marks, Miss.
Phone: 326-5643

Tallahatchie School Based Clinic

Bearden Elementary School • Sumner, Miss.
Phone: 375-8304

Hours of Operation

Each clinic is open from 8 a.m. - 5 p.m., Monday-Friday. School-based clinics are open from 8 a.m. - 3 p.m. The Center's Clarksdale site is open from 8 a.m. - noon on most Saturdays.

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. paper	Biography of Aaron Henry; RE: personal info [partial] (1 page)	n.d.	P6/b(6)

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Policy Development
Lisa Green
OA/Box Number: 20590

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- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

06/23 '99 04:55

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FAX:

PAGE 4

Aaron E. Henry
P. O. Box 1352
Clarksdale, MS 38614
601-624-6000 P6(b)(6)

Miss. Delta
Site-1

[002]

BIOGRAPHY OF AARON E. HENRY

P6(b)(6) P6(b)(6) P6(b)(6)

Spent three years in Armed Services of the United States, 1943-1946.
Graduated College of Pharmacy, Xavier University, College of Pharmacy 1950.
Helped to organize the Coahoma County Branch NAACP in 1953. Serves as Branch President.
Became President of the Mississippi State Conference of the NAACP in Mississippi in 1960.
Serves on the National Board of Directors of the NAACP, elected in 1964.
He was involved in the Civil Rights Strife as it affected Mississippi 1960 to now, 1995.
He has served as chairman of the Mississippi State Pharmaceutical Society and presently holds membership in the Mississippi State Pharmaceutical Association.
He is a member of the Board of Trustees of the Haven United Methodist Church in Clarksdale, Mississippi.
He is a member of the Board of Directors of the NAACP, SCLC, Southern Regional Council, Rural America, National Caucus of the Black Aged, National Black Veterans Organization, Joint Action in Community Service, Minorities in Action(Minnet).
He holds a Presidential Appointment to the Federal Council on the Aging.
He served as Chairman of the COFO Movement of Mississippi and Long Hot Summer in Mississippi 1963-1965.
He served as Chairman of the Mississippi Freedom Democratic Party, during the challenge to the National Democratic Convention in Atlantic City, New Jersey in 1964.
He is a member of the Colonel's Staff in Mississippi and Kentucky being appointed by Governor Finch and Governor Carroll.
He is a member of Iota Omicron Chapter of Omega Psi Phi Fraternity.
He has been the recipient of more than one hundred awards from various Civic Federal and State Organizations. These include the Roy Wilkins and Rosa Parks Awards.
He has been awarded the Distinguished Mississippians Awards, the highest citizens award possible by the Governor of the State of Mississippi.
He is a registered lobbyist with rights and privileges to appear before the State Legislature of Mississippi and the Congress of the United States.
He was married to the former Noelle Michael of Jackson, Mississippi. They have one daughter, Rebecca. Rebecca served as the plaintiff of record in the case that integrated the Clarksdale Public School System.
He is listed in Marquis Child's Who's Who in Black America. He is also listed in Outstanding Southerners in America.
He holds Honorary Doctorate Degrees from The Baptist Institute of Mississippi, Rust College, Tougaloo College, Prentiss Institute and Northeastern University of Boston Massachusetts.
He has served as Chairman and Co-Chairman of the Democratic Party of the State of Mississippi.
He is a task force member of the Commission on Education of the United States.
On November 6, 1979, he was elected as a member of the House of Representatives of the Mississippi State Legislature.
He served President Carter as a member of the President's council.
He serves President Bill Clinton as a member of the President's council. He has been invited to serve on his 1996 Election team, as he did in 1992.
He has survived so far the era of bombings, shootings, beatings, jailings and humiliations. He has been the victim of all these experiences, from the chain-

1435-Debt

gangs of Clarksdale, Mississippi and many of the state. He served as President of the Mississippi State Conference of the NAACP 1960-1993. He now serves as President Emeritus.

He was one of three representatives from Mississippi in January of 1963 to testify before the United States Congress in support of the Establishment of the "Office of Economic Opportunity," OEO. This institution gave the opportunity to establish such programs as Head Start, Job Corp, Community Action Agencies, Peace Corp, Rural Legal Services and the Community Health Centers. He personally participated in the original actions that included the Delta Community Health Center in Mound Bayou, The Jackson Hinds Health Center in Jackson, The Aaron B. Henry Community Health Center in Clarksdale and in many of the community Health Centers now existing in Mississippi.

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06/23 '99 23:48

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FAX:

PAGE 2



Grants & Contracts	
Women, Infants & Children	\$ 92,230
Department of Transportation	1,146,037
Abstinence Education	60,000
Partners in Care	52,000
	\$1,350,267.00

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. paper	Presidential Visit to Pine Ridge South Dakota; RE: phone numbers/personal info [partial] (2 pages)	n.d.	P6/b(6)

COLLECTION:

Clinton Presidential Records
Policy Development
Lisa Green
OA/Box Number: 20590

FOLDER TITLE:

Kentucky [2]

2012-0043-S
ms225

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

[003]

PRESIDENTIAL VISIT TO PINE RIDGE, SOUTH DAKOTA

BACKGROUND:

Vital Economic Distress Statistics:

Poverty Rate 63.1% (Shannon County was the poorest county in the nation in 1989)

Unemployment rate 73% in Shannon County

Few businesses exist on the Reservation

Shortage of housing

School drop-out rate is over 70%

52.6% of high school students perform 2.6 grades below the national average

Unprecedented support of Native American Communities:

Consideration may want to be given to highlighting the Administration's strong support of native American communities through the EZ/EC initiative. Pine Ridge is one of five rural Empowerment Zones (EZs) announced in January (and one of eight total in the nation, both from Round I and Round II designations). In addition, there are nine (of 20 from Round II) Native American rural Enterprise Communities that were also named in January. The benefits to all 10 (Pine Ridge and the other nine ECs) are tremendous. For Pine Ridge, benefits include \$2 million annually for ten years, employer tax breaks, added discretionary points for myriad Federal programs, and technical assistance. For the ECs, \$250,000 yr/ ten years (no tax breaks but the other stuff listed above). These awards, which have not been recognized as the Administration's strong support of Native American communities, constitute one of the single largest announcements made by any Administration to assist Native Americans.

Four Sites to Visit at the Oglala Empowerment Zone

UNCI Tunkastla Tiospaye - a.k.a. "Keepers of Our Wisdom"

12 Unit elderly housing complex built in 1998 (built with Rural Development 515 funds). Most Units were full the day the project was complete.

EZ Contact: Pat Gross (605) 624-7060

Tribal Contact: Paul Iron Cloud

P6/(b)(6)

Local State Office Contact: Tim Potts

P6/(b)(6)

2. Mamie Fern Livermont: Pine Ridge, SD Age: 69

A USDA-Rural Development (RD) 504 Grant recipient P6/(b)(6) Completed in 1998. Mamie heated her home through the winter with her cook stove. With RD assistance a new furnace, window and a roof were installed.

EZ Contact: Pat Gross (605) 624-7060

Local Contact: Ms. Livermont (605) 857-5425

USDA Employee: Jim Jirsa (605) 342-0301

3. Oglala Sioux Commodity Warehouse

The Oglala Sioux Tribe (OST) Food Distribution Program has been distributing food supplements to the members of the OST since 1979. The food supplements were being stored in a 5,000 square foot facility in Pine Ridge and a much larger facility was being rented in Rapid City and then trucked to Pine Ridge.

guaranteed Community Facility loan with the First National Bank of Gordon was approved for \$281,700 in 1997. The 10,000 square foot storage facility is a great asset to the tribe.

EZ Contact: Pat Gross (605) 624-7060

Tribal Local Contact: Mr. Joe Bluehorse. Food Distribution Program Director. (605) 867-5511
USDA Rapid City RD Office: (605) 342-0301

4. USDA - Rural Development 515 Site Loan

There was a need for sites for homeowners to build housing in the community of Pine Ridge. Rural Development approved a site loan to the Oglala Sioux Housing Department for \$152,000 to develop 12 sites in 1996. Three houses have been constructed on the site and USDA has just started construction on 12 individual units for the elderly and handicapped.

EZ Contact: Pat Gross (605) 624-7060

Local Contact: Paul Iron Cloud

P6(b)(6)

3 Possible Event Scenarios in Oglala Sioux

Scenario #1: Roundtable suggestion:

Possible ways to highlight include, but are not limited to, inviting the other tribal leaders from the ECs to participate in the Pine Ridge event, at which the President could talk about Native American lands - as a whole across the country - as potential new markets, as opposed to simply focusing on one reservation (Pine Ridge).

Scenario #2: Memorandum of Agreement for the designation of the Empowerment Zone:

The formal MOA (Memorandum of Agreement) has not been officially signed. Final negotiations are being conducted with tribal members. A document will be ready for signing if the "official" MOA has not been negotiated. We envision that all of the tribal leaders will have a participation role in a formal signing ceremony in accordance with tribal customs.

Clinton-Gore Water 2000 National Announcement:

For the past two years, the Vice President has announced Water 2000 projects. Water 2000 is the Administration's initiative to bring water to as many rural Americans as possible by the year 2000.

We have made significant strides in this regard. This year, USDA is planning over 100 events around the nation on July 12th. However, the President could announce this national funding as part of the new markets tour. Specifically USDA will fund over \$200 million for over 60 water projects in 40 states. We have four projects in MS (total \$10m), four in KY (total \$7m), and two at Pine Ridge (total \$1m).

Water 2000 : Rural Development/Rural Utilities Service project scenarios:**Project Location:**

Jackson and Todd Counties on the Pine Ridge Indian Reservation

BACKGROUND: (2 projects)

The funding amounts for the Lakota Fund, Inc. are in the amount of \$71,250 loan and a grant of \$213,750. The project is for construction of drinking water and wastewater disposal system. This will aid the community where plans are being finalized for 30 homes along with the help of Housing and Urban Development.

The funding amount for the Oglala Sioux Tribe Housing Authority is for a loan of \$148,750 and a grant of \$446,250. The housing authority needs to connect a total of 43 homes and home sites with utilities during a major housing effort undertaken by the Department of Housing and Urban Development.

SCENARIO:

The President could make a major announcement for the Water 2000 national rollout from the site. Check in the loan and grant amounts could be presented along with the national rollout numbers of over \$250 million nationally for similar types of projects in under served rural communities in over 40 states.

1099-3361



United States Department of Agriculture
Rural Development

Rural Business-Cooperative Service • Rural Housing Service • Rural Utilities Service
Washington, DC 20250

DECISION MEMORANDUM FOR THE DIRECTOR OF SCHEDULING

THROUGH: JILL LONG THOMPSON
UNDER SECRETARY
RURAL DEVELOPMENT

FROM: WALLY BEYER
ADMINISTRATOR
RURAL UTILITIES SERVICE

DATE: JUNE 22, 1999

SUBJECT: FOURTH ANNUAL ROLLOUT OF WATER 2000 PROJECTS

ISSUE: To highlight the continuing need for better drinking water quality and dependability throughout Rural America, RUS staff has prepared a long list of projects for funding announcements on Monday, July 12. This will be the fourth annual Water 2000 summer project rollout. Secretary Glickman announced similar rollouts at the White House in July of 1997 and 1998 at the White House, with Vice President Gore.

BACKGROUND: The President and former Secretary Espy launched the Water 2000 safe drinking water initiative in August, 1994. Secretary Glickman has been a big supporter. In almost five years, USDA-Rural Development has targeted some \$2 billion in low interest loans and grants to solving some of the most serious drinking water quality and dependability problems in some of the nation's most economically distressed communities. The emphasis has been on bringing quality drinking water to families that literally have no water piped into their homes, and on greatly improving grossly substandard water quality and dependability in other homes. In addition to his announcements from the White House in 1997 and 1998, Secretary Glickman has announced Water 2000 projects in the field in at least two rural communities — one in Illinois, the other in Missouri.

ANNOUNCEMENTS/ DELIVERABLES: This is the largest Water 2000 summer rollout yet, in terms of projects and dollars. We will not have the final list of projects assembled until June 30; however, for July 12 we are certain to have at least 90 safe and clean water projects ready to be announced in at least 40 states. The total amount of USDA loan and grant funds involved — all from the RUS' Water and Waste Disposal program — will be at least \$200 million. These funds will leverage at least \$60 million in additional funds from non-USDA sources.

The states that probably will NOT have projects on the announcement list are Alabama, Connecticut, Colorado, Delaware, Georgia, Nevada, Oklahoma, Vermont, Wyoming, and Hawaii. The other 40 states will have projects, and the majority if not all of the Rural Development offices in those states will hold announcement events on July 12. The Secretary can therefore choose from many states and projects, if he decides to announce this rollout in the field.

We recommend five high priority field events for a combination of significant size and public health/economic development impact; consistency with the low income targeting principles of Water 2000; relatively convenient event locations; and the proficiency of USDA-Rural Development state staff in helping stage successful community media events. In our opinion, the best opportunities are as follows:

WELLSVILLE, OH – This old steel town is the event location for the largest of all Water 2000 projects – the South Columbiana County project. It's a \$22.3 million project -- \$14 million of it from USDA -- that will serve more than 2,000 people and businesses. This largely Appalachian district is represented partly by Rep. Traficant, partly by Rep. Ney (Wellsville is in Traficant's district). **Event backdrop would be the Appalachian Mountains and the Ohio River;** location is about 45 minutes from the Pittsburgh Airport.

MINGO COUNTY, WV – Another very large project – \$21.1 million. Just \$4 million of it comes from the USDA; the rest is from a variety of other public sources (outstanding leveraging). This is a quintessential Appalachian water project – an USDA Champion community with income below the poverty level, high unemployment, population out-migration, and some people hauling their drinking water in from very questionable sources. The project will have an enormous impact on public health, and will create at least some hope of economic development where there is none now. **The project means a great deal to Sen. Byrd, the best friend in the U.S. Senate of the Water 2000 initiative. The main drawback is the drive of at least 75 minutes from the Charleston or Huntington airports.**

ROBESON COUNTY, NC – A substantial project (\$12 million USDA low interest loan) that will basically complete a countywide public water system. Of the some 780 households receiving public water for the first time, about 33 percent of them live in the presidentially designated Robeson County Enterprise Community. The area is represented by U.S. Rep. Mike McIntyre. **The group to benefit from this Water 2000 project is the most ethnically diverse on the list – approximately equally divided among black, white and Indian residents (county population is about one-third Lumbee Indian). The event location is a community college 33 miles on I-95 from the Fayetteville airport (flights to and from DC connecting in Charlotte; round trip is approx. 7 hours).**

THREE LOUISIANA PROJECTS -- Louisiana's USDA-Rural Development staff has three projects ready for announcement within 25 miles of the Lafayette airport. The total project funding (the majority of it from USDA) is relatively not large -- \$4.6 million -- but these are lower income communities with pressing water needs. We need more information on the diversity of the population and the number of total users in the three towns. At the Secretary's request, we are sure that the three projects could be announced at one central location, as close as possible to the airport.

SOUTHWEST PIPELINE AND RANSOM SARGENT PROJECTS, NORTH DAKOTA -- The USDA is investing \$2.1 million in the latest phase of this multi-phased project, to supplement \$3.6 million from the State of ND. This phase will serve 55 isolated rural homes, plus all of three small prairie towns. This is the third USDA investment in the extensive project, which was launched in 1987 and has strong support from the state's congressional delegation. This \$5.7 million project, along with the even larger one phase Ransom Sargent project (\$6.9 million), will be announced from the capital city of Bismarck (which has a decent size airport) from either the office of the Governor or the State Water Commission on July 12.

STAFF CONTACTS:

Please contact John Romano or Susan Bennett of the Rural Utilities Service at 720-0962 or 720-1172. We can work with our Rural Development state staffs to arrange a Water 2000 event for the Secretary in the field, or here in Washington, for July 12.

DECISION:

Approve Secretary's Participation: _____

Disapprove: _____

Discuss with me: _____

Date: _____

Reviewed by: _____

cc: Bart Chilton
Clyde Williams
Jim Newby

DRAFT

ARC is a unique partnership between the federal government and the 13 states of the Appalachian Region to support social and economic development in the Region. Here's an overview since ARC was created by Congress in 1965.

- Since 1965 ARC has allocated an estimated \$7.4 billion for projects in the over 400 counties in the 13 states that make up the Appalachian Region. Nearly two-thirds of these funds — \$4.4 billion — have been spent on highway projects.
- When ARC was established by Congress in 1965, one of three Appalachians lived in poverty, 50 percent higher than the national rate. By 1990, the poverty rate had been cut in half, and the spread between Appalachia and the US has been reduced to two percentage points (15.2 percent for Appalachia versus 13.1 percent for the US, according to the 1990 Census data, the latest available for this comparison.)
- Prior to the establishment of ARC, Appalachian employment actually declined by 1.5 percent between 1950 and 1960, while national employment had grown by 15 percent. Since the establishment of ARC, Appalachian employment has increased by nearly 51 percent between 1969 and 1998 as compared to 69 percent for the nation. In the most recent period, 1988-1998, Appalachian employment grew by 12.9 percent compared to 14.8 percent for the nation as a whole.
- The percentage of adults with a high school education has doubled — from 32 percent in 1965 to 68 percent in 1990.
- More than 740,000 Appalachians now have access to clean water and sanitation facilities through ARC projects.
- A 1993 National Science Foundation-funded study compared ARC counties with statistical "twin" counties and found that personal income and earnings had grown 48 percent faster in the ARC counties than in their twins.
- Grants to revolving loan funds have totaled \$20.5 million, assisting 1,072 small businesses in creating over 20,632 new jobs and saving 19,360 existing jobs.
- ARC seeks to leverage its investments. Non-highway funding in FY 98 attracted \$200 million in other federal, state, and local funds, a match of more than 2 to 1. From the private sector, ARC leveraged investments totaling an estimated \$256 million, a match of more than 3-to-1.
- In 1998, ARC programs helped provide water and sewer service for more than 41,000 households, assisted in developing or retaining 35,000 jobs and provided training and educational activities for more than 50,000 residents of the Appalachian Region.

The Job Is Not Yet Complete

- 108 of the 406 Appalachian counties are severely distressed, suffering from above average rates of unemployment, high poverty rates and low per capita incomes.
- Twenty percent of the 3,025-mile Appalachian Development Highway System remains to be completed.

June 24, 1999

To: Michael Barr
Fr: Jacquie Lawing
Re: New Market Travel Deliverables for KY Highlands

HUD is proposing the following economic development activities for announcement during the President's New Market visit to the Kentucky Highlands. These funds are new money and they have not yet been highlighted for announcement. Please note this information is **embargoed** for release at this time, and is for interagency use only.

Please feel free to contact me at 708-0270 if you have any questions.

<u>RECIPIENT</u>	<u>AMOUNT</u>
Kentucky Highlands Investment Corporation	\$461,854
Areas served: Counties of Bell, Clay, Clinton, Harlan, Jackson, McCreary, Rockcastle, Wayne and Whitley	

PROJECT HIGHLIGHTS:

Kentucky Highlands Investment Corporation will receive \$461,854 to establish a demonstration program to exhibit how Community Development Corporations (CDC) can participate in the creation of high-skilled, high paying jobs. The project will focus on providing reduced risk equity financing, and creating an industry driven job training program. The applicant will use \$338,754 of the RHED grant to purchase a 19 percent equity interest in Integrity Mold & Die, Ltd. The applicant will then borrow \$900,000 from Citizens Bank to construct a new 24,000 square foot facility at the Rockcastle County Industrial Park for the business. An additional \$100,000 of the RHED grant will be used to establish an apprenticeship program at the business. This project will serve the Kentucky Highlands, within which are several counties with populations under 2,500. Other resources for this project total \$3,230,000.

<u>RECIPIENT</u>	<u>AMOUNT</u>
Kentucky Farmworkers Program, Inc.	\$209,519
Areas served: Adair, Clinton, McCreary and Wayne.	

PROJECT HIGHLIGHTS:

Kentucky Farmworkers Program, Inc. is a private, non-profit corporation, which offers a full range of manpower and supportive services to farmworkers. KFP will use the seed funds to determine whether the housing needs of migrant and seasonal farmworkers are being adequately met in these counties and , if not, what solutions need to be implemented. KFP proposes to hire a full-time Housing Program Developer with four Housing Program Specialists.

<u>RECIPIENT</u>	<u>AMOUNT</u>
Pendleton County Industrial Authority	\$ 200,000

Areas Served: Pendleton County

PROJECT HIGHLIGHTS: To assist in the continuation of recovery efforts from a devastating flood, the Pendleton County Industrial Authority will use Rural Housing and Economic Development funds to create the Pendleton County Economic and Community Development Center. The Center will serve as a one stop shop by providing access to information and services on economic opportunity, job creation, housing, planning, parks, recreation, tourism and solid waste management.

RECIPIENT

Kentucky Mountain Housing Development Corporation

AMOUNT

\$200,000

Areas served: Clay and Jackson Counties, KY

PROJECT HIGHLIGHTS:

The Kentucky Mountain Housing Development Corporation (KMHDC) proposes to strengthen their organizational capacity in order to increase KMHDC presence and production of affordable housing in Jackson County, to increase processing efficiency, and to increase field production, while minimizing recurring costs.

RECIPIENT

Federation of Appalachian Housing Enterprise

AMOUNT

\$482,374

Areas Served: 80 counties which lie within Appalachian Kentucky, Tennessee, Virginian and West Virginia

PROJECT HIGHLIGHTS:

The Federation of Appalachian Housing Enterprises Inc. (FAHE) is a regional network of community-based nonprofit housing organizations whose 29 member group serve over 80 counties which lie within Appalachian Kentucky, Tennessee, Virginia, and West Virginia. FAHE will use \$430,084 of the RHED grant as an equity investment in a revolving home loan fund, and \$52,090 of which would be used to strengthen a post-home ownership counseling partnership with member groups in four states. Other resources for this project total \$1,471,938.

The President's Trade Mission to America:

Why Athens County?

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.

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.

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 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.

USD 2

PRESIDENTIAL VISIT FOR THE NEW MARKET TOUR

Kentucky Highlands Potential Site Visit Scenarios

Site #1: **Agricultural Diversification:**

Background:

Tobacco farmers typically grow 2,000 to 4,000 pounds of tobacco a year and use the proceeds to supplement their farm incomes or outside jobs. Part of the strategic plan of the Kentucky Highlands Empowerment Zone (KHEZ) foresaw that the small farmer in the area would be losing an additional crop income and created a program to help ease the burden. **The KHEZ Alternative Crop** fund is designed to provide low interest loans (5.5 %) in a subordinate position to the local bank for up to \$2500 to farmers to develop non-tobacco crops or farming methods new to their operation.

During the first four years of operation, the KHEZ has approved more than 43 Alternative Crop Financing projects. Alternative projects are from ginseng to ostriches to even a web page site for selling ornamental trees. Zone farmers have a 90% success rate with the new products. Six women farmers are involved in the project and one high school student. Twenty five of the loans are in Jackson County.

5 Sites to Visit in Kentucky Highlands Empowerment Zone

Suggested sites for the President to visit : All are in the 15 mile radius.

Farm Visit #1 scenario: woman farmer in county: Jackson County
Donna and Bass (husband) Gibson: Former tobacco farmers presently greenhouse catalog operation for Day lilies. On line catalog operation. Other funding sources assisted in the operation as well as USDA.
(See attachment)

Farm Visit #2 scenario: Jackson county
Hiram Whitaker : vegetable production. Tobacco farmer. 45 to 50 acres.
Might be the best possibility for a all farm fair visit that would highlight alternative products at one farm site.

Farm Visit #3 scenario: Jackson county
Rolanda Cornett: ostrich farmer. Tobacco farmer. 100 acres or more. Farm family. Father is a large farmer in the area.

Farm Visit #4: scenario: Jackson county. Doug and Beth Tillery. Grows straw flowers (dried flowers for crafts) farm passed through generations. Originally a dairy operation, grow tobacco. 75 acres or more on the farm.

Farm Visit # 5: scenario: Rodney Boggs : Jackson county: bought cattle with the loan and

is a Farmer on family farm, multi-generations.

Selected farm site would be a view of alternative crops, walking tour of the operation and one on one with other farmers in similar operations in the area. Product fair for the President and Secretary to view.

Contact information:

Jerry Rickett: (606) 864-5175 (Director for the Kentucky Highlands Empowerment Zone)

email: jrickett@khic.org

Kentucky Highlands Investment Corporation

362 Old Whitley Rd.

P.O. box 1738

London, Kentucky 40743

Gene Bundy : (606) 864-5175 (Kentucky Highlands Empowerment Zone)

Fax : (606) 864-5194

Site #2: Jackson County Industrial Park (Economic Development)
Mid South Electrics, Inc.

Overview:

In Jackson County, five new manufacturers have opened since Zone designation and the largest existing employer has expanded two times. In the 1990's total employment in the County has increased from 3,999 to 6,527. This is the highest percentage in Kentucky (63%). The current unemployment rate is 4.9% and falling. In 1986, the unemployment rate was stagnant at 23%.

Success Story to be highlighted:

The largest employer is Mid-South Electrics, Inc. in Annville, Kentucky. It is a manufacturer of telecommunications, electronic and appliance components. They are just completing a \$5 million, 50,000 square ft. expansion financed by the USDA Business and Industry guarantee program and the Kentucky Highlands Empowerment Zone. Total employment will increase from 800 to 950 with the expansion. When the Empowerment Zone was announced, the plant had 550 employees.

Clinton-Gore Water 2000 National Announcement:

 For the past two years, the Vice President has announced Water 2000 projects. Water 2000 is the Administration's initiative to bring water to as many rural Americans as possible by the year 2000. We have made significant strides in this regard. This year, USDA is planning over 100 events around the nation on July 12th. However, the President could announce this national funding as part of the new markets tour. Specifically USDA will fund over \$200 million for over 60 water projects in 40 states. We have four projects in MS (total \$10m), **four in KY (total \$7m)**, and two at Pine Ridge (total \$1m).

Site Visit:

Option #1: The President could tour facilities and talk with employees at a roundtable at Mid South Electrics, Inc. (Proposed). Plant is state of the art as far as telecommunications. The site is at an industrial park which include JCR Industries, Inc.(104 employees), Phillips Diversified Manufacturing, (109 employees), and Image Entry, a data conversion company with 45 employees doing work for the National Weather Service. All facilities are new and have received financing through the Kentucky Highlands Empowerment Zone. JCR Industries and Phillips Diversified have also received financing through USDA.

Option 2: The President could tour one or more facilities at the park in addition to Mid -South or hold an outside event (rally) with a speech relating to new market opportunities and highlight the efforts of this specific Empowerment Zone.

Site #3: JCR Industries: (Youth Opportunity) :**Overview:**

This is a non-profit training facility operated by local businesses. Some persons are full-time employees of the company and others are in training for placement in area enterprises. The company has formed as part of the Empowerment Zone and has received support from USDA, Rural LISC, and the Departments of Labor and Health and Human Services.

Site Visit:

The President could tour the site and talk with youth employees as part of the Mid Electrics speech and rally.

Contact Information:

Jerry Weaver, Chairman, Mid - South Electrics, Inc.
State Highway 30
P.O. Box 400
Annville, Kentucky 40402

Telephone: (606) 364-5142.

Fax: (606)364-5555

Eureka Daylily

Gibson Perennial Gardens

featured in the new Eureka Daylily Reference Guide

GIBS

Gibson Perennial Gardens

Bass and Donna Gibson

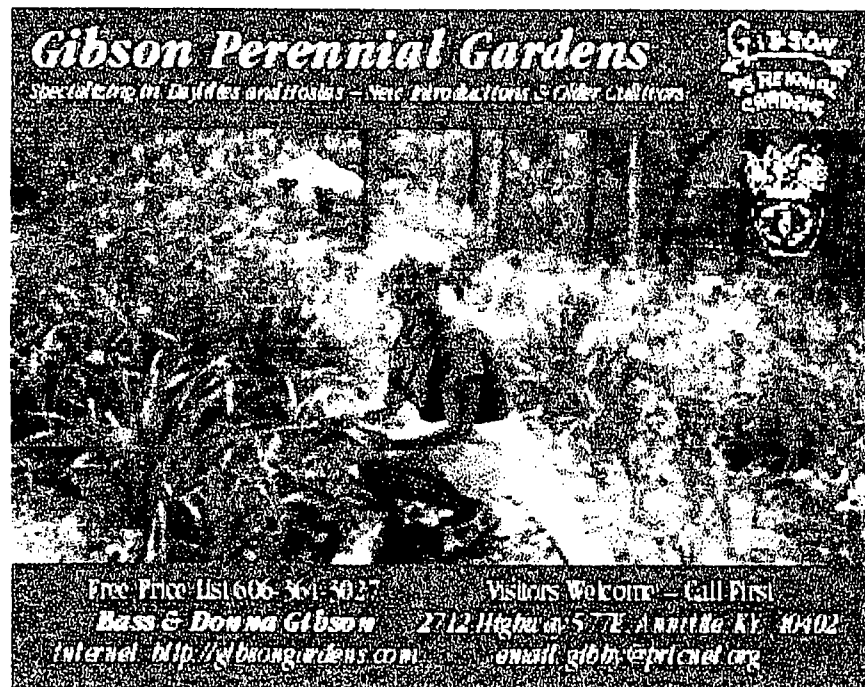
2712 Highway 577 E

Annville, KY 40402-9610

Phone #: 606-364-3027

E-Mail: gibby@prtchet.org

Internet Site: www.GardenEureka.com/GIBS or <http://gibsongardens.com>



- Ordering: A minimum order of \$25 required (excluding shipping and handling). No foreign orders are accepted. Sales tax is required for in-state addresses at 6%.
- Shipping: Shipping is from 4/1/99 - 10/1/99. UPS Ground at \$7 plus 25¢ per plant over 4 plants. UPS Second-Day Air at \$12 plus 25¢ per plant over 2 plants. USPS Priority Mail at \$7 plus 25¢ per plant over 4 plants. Double fans shipped unless otherwise indicated.

<http://www.gardeneureka.com/GIBS/default.htm>

- Substitutions: Substitutions made only with customer permission. Customer should send list of alternatives from catalog plants. Grower will refund excess money.
 - Bonus: Bonus will be 25% of order not including postage and handling.
 - Guarantee: Plants are state inspected, healthy, and true to name. If dissatisfied, immediately return for refund. Plants are guaranteed to grow the first year.
 - Garden Visits: Visitors are welcome from May to August. Garden is open from 9 to 6 or any time during bloom season. Please call before visiting.
 - Wholesale: Retail sales only.
 - Catalog: Black and white price list is available. Cost: free.
 - Bloom Season: Extended bloom season is from May to August. Peak bloom is mid June.
-

Information on flowers for sale from this daylily garden is organized for each flower as follows:

- **Cultivar name,**
 - **Sales Codes,** ("D" for double fan, "L" for limited stock, "F" for fall delivery, "S" for single fan, "M" for multiple fans, "X" for display only, and "a" - "c" for special grower sales codes explained in the ordering information.), and
 - **Price,** for each flower.
-

Eureka Daylily

**Remember, visit all the beautiful sites
at www.GardenEureka.com**

You may simply click on this Internet address to go to the Eureka Gardening Collection, www.GardenEureka.com

Kentucky Highlands Investment Corporation

Kentucky Highlands Investment Corporation (KHIC) is an economic development firm founded in 1968 with the specific purpose to take positions in start-up and expanding non-retail business enterprises located (or to be located) in a nine-county area of southeast Kentucky. KHIC's capitalistic approach to economic development has made it one of the most successful venture development firms in the country. In addition, KHIC provides non-venture capital financing to expanding businesses located throughout the region.

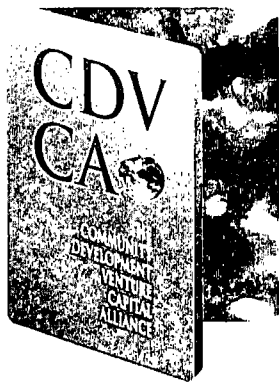
KHIC has backed high precision manufacturers, as well as relatively low-technology, labor-extensive companies. This willingness to provide start-up capital to lower technology as well as higher technology firms makes KHIC virtually unique among investors. Moreover, KHIC is willing to look beyond established track record, collateral and personal guarantees. More concerned with quality than type, KHIC will seriously consider any investment opportunity that has the potential for developing into a profitable business.

KHIC is structured to address several separate but related investment objectives. Actually, it is four companies under one roof,

- ① **Kentucky Highlands Investment Corporation**, the parent company, maintains a multi-million capital pool and has numerous investments in its portfolio ranging from \$100,000 to over a million dollars. The company is also the administrator of the Kentucky Highlands Empowerment Zone (KHEZ). Businesses located within the Empowerment Zone area of Jackson, Clinton and Wayne Counties may take advantage of advantageous financing and substantial federal tax credits. In addition, Kentucky Highlands Investment Corporation is an approved guaranteed lender under the U.S. Department of Agriculture Business & Industrial Loan Guarantee Program.
- ② **Mountain Ventures, Inc., a Small Business Investment Company (SBIC)** with several million dollars of available investment capital for venture capital situations.
- ③ **Appalachian Capital Corporation**, a subsidiary through which below market rate financing is available to viable businesses located in, or which will locate in Southeast Kentucky. The maximum loan is 75% of the project, not to exceed \$150,000. The loan proceeds may be used to finance the purchase and/or construction of fixed assets (land, buildings, and equipment) or may be used for working capital.
- ④ **Kentucky Highlands Real Estate Corporation**, which maintains an inventory of available industrial sites and buildings. This corporation also develops industrial buildings and sites, and sells or leases them to related investees and others.

The Kentucky Highlands Investment Corporation has extensive contacts in conventional lending circles, which enables KHIC to syndicate its investments with other sources of capital. Start-up financing packages of over \$5,000,000 are well within its capability and past experience.

For additional information, please contact Kentucky Highlands Investment Corporation, P.O. Box 1738, London, Kentucky 40743-1738. Phone : (606) 864-5175. Fax: (606) 864-5194.



COMMUNITY
DEVELOPMENT
VENTURE
CAPITAL ALLIANCE

9 EAST 47TH STREET, 5TH FLOOR
NEW YORK, NY 10017

212-980-6790
FAX 212-980-6791
EMAIL cdvca@cdvca.org
www.cdvca.org

CDVC FUND PROFILES

EXAMPLES OF COMMUNITY DEVELOPMENT VENTURE CAPITAL FUNDS AT WORK TODAY:

BOSTON COMMUNITY VENTURE FUND, MASSACHUSETTS

COASTAL VENTURES LIMITED PARTNERSHIP, MAINE

COMMUNITY DEVELOPMENT VENTURES, INC., MARYLAND

KENTUCKY HIGHLANDS INVESTMENT CORPORATION, KENTUCKY

NEW YORK COMMUNITY INVESTMENT COMPANY, NEW YORK

NORTHEAST VENTURES, MINNESOTA

Boston Community Venture Fund

30 Germania Street
Jamaica Plain, MA 02130
(617) 522-6768
Elyse Cherry, President

* * *

Total Assets: \$5.5 million

of Businesses in Portfolio: 7

Legal Structure: For-profit limited liability corporation.

Geographic Focus: Primary focus is state of Massachusetts. Can invest outside the state.

* * *

Boston Community Venture Fund (BCVF) is a community-based venture capital fund that makes equity investments in high-potential, emerging businesses in low-income communities in metropolitan Boston and eastern Massachusetts.

Established in 1996 by **Boston Community Capital**, BCVF invests in seed stage and growth stage companies as a means of providing stable employment, livable wages and career mobility to low-income people. By investing in growing businesses in distressed urban neighborhoods, BCVF aims to improve the long-term economic health of communities and help integrate them into the larger economy.

Founded on the conviction that "financial return and social return need not be mutually exclusive," BCVF focuses on investments which have a clear means of returning the fund's invested capital with a reasonable profit. It looks for strong management, a growth-oriented business strategy, a target hurdle rate of 20 percent, and an anticipated return of investment in five to seven years.

BCVF is currently capitalized at \$5.5 million. The fund anticipates increasing that capitalization to over \$8 million by the end of 2001 and expanding its investment portfolio to 20 companies.

BCVF Portfolio Company:

SpringBoard Technologies

Tony Dolphin, President and CEO
Springfield, Massachusetts

In 1993, Tony Dolphin, an African-American entrepreneur, saw an opportunity to create his own business when Digital Equipment Corporation announced that it would close the division in which he was working. Tony had been a General Manager at Digital for more than 10 years and decided to approach the company with a proposal to buy out its hard drive repair division.

*Digital agreed, and Dolphin formed **SpringBoard Technologies**, carving out a niche in the competitive computer repair business, providing computer systems, network products and peripherals to service providers and large computer manufacturers. Despite early successes, Dolphin knew that, to stay competitive, the company would have to be able to respond rapidly to a quickly-changing market. "In this business," says Dolphin, "it's either acquire or be acquired. We need to continually expand our technology capabilities if we are going to stay relevant within this industry."*

*But to make the kind of investment necessary to keep his business competitive, Dolphin had to secure substantial equity capital financing. The company sought and obtained \$500,000 from **Boston Community Venture Fund**. More than 60% of SpringBoard's employees live within a two-mile radius of the company, which is located in Springfield, Massachusetts. SpringBoard is committed to workforce training and development and is working closely with the local community college to create a technical training partnership. This round of community development venture capital financing will create 45 new jobs. "We want to bring people in from the community, give them some basic skills, and help them to advance within the company," says Dolphin. "SpringBoard's inner-city employees have not only the opportunity for good jobs at good pay, but also potential for career advancement."*

"Boston Community Venture Fund is different," observed Dolphin. "They go beyond the money. Once they understood our business, they identified opportunities, directed us to the person to speak with, and facilitated the discussion. That's the value-added piece. That's why their investment is so important to us."

Coastal Ventures Limited Partnership

2 Portland Fish Pier, Suite 302
Portland, ME 04101
(207) 772-5356
Nathaniel V. Henshaw, President

* * *

Total Assets: \$5.5 million

Current Equity Investments: \$1.9 million

Investment Size: The fund seeks to make equity investments of between \$50,000-\$500,000 in growing Maine companies.

of Businesses in Portfolio: 10

Legal Structure: For-profit limited partnership.
Subsidiary of a non-profit 501 (C) (3)

Geographic Focus: State of Maine. Can invest small portion of assets outside the state.

* * *

In 1996, **Coastal Enterprises, Inc. (CEI)**, a non-profit community development corporation with a 20-year track record of providing financial and technical assistance to small businesses and housing and social service providers in Maine, established **Coastal Ventures Limited Partnership (CVLP)**, a for-profit limited partnership, to raise, manage and invest socially responsible venture capital funds. CVLP was capitalized at \$5.5 million by investments from more than 20 institutional investors, including eight Maine banks, several national foundations and CEI, which serves as a general partner.

CVLP makes equity investments of up to \$500,000 in growing Maine companies that can generate above-average equity returns over five to seven-years, while creating quality jobs and meeting other social goals. In addition to the investment of capital, CVLP provides management assistance and strategic planning, financing and introductions to service providers in the local and national business communities.

CVLP requires businesses that it invests in to sign an Employment Training Agreement (ETAG),

committing the company to train and hire low-income individuals as a result of the growth the fund is financing. Companies are expected to offer a living wage and some level of health care coverage to their employees. CVLP also gives preference to businesses in the poorest sections of Maine.

CVLP Portfolio Company:
Cuddledown of Maine
Christopher Bradley, President
Portland, Maine

Cuddledown of Maine was founded in 1973 by Ellen Manson. Manson frequently traveled to Europe, where she discovered fine down-filled comforters and high-quality bedding products. She brought samples back to Maine and friends began asking Manson to bring some back for them as well. Recognizing a good business opportunity, Manson placed ads in U.S. magazines and began selling products by mail order.

By 1985, Cuddledown sales had grown to \$1.2 million, exceeding Manson's comfort level and leading her to sell the business. However, the new owner lacked the necessary dedication and experience, and sales declined. In August 1988, a family investor group headed by Christopher Bradley purchased Cuddledown and began turning the company around.

*As a growing business, Cuddledown needed capital. However, the company's existing debt level meant that they couldn't approach traditional sources of financing. That's when Bradley turned to **Coastal Enterprises**. He had heard about CEI's commitment to growing Maine businesses through debt and equity investments.*

CEI worked to secure a \$1.2 million financing for Cuddledown, in coordination with the Atlantic Bank, the Small Business Administration, and the Finance Authority of Maine. By 1998, Cuddledown needed additional capital and Coastal Ventures, a community development venture capital fund, came through with a \$300,000 equity investment. In addition, CEI assisted in hiring a chief financial officer for Cuddledown by doing the initial screening and supplying a list of the most promising candidates.

Currently, Cuddledown is growing at more than 25% a year. It employs 83 people and expects to add many more positions in the next few years. All employees receive a benefits package, including a health insurance plan. Wages and working conditions are also excellent and there is very little turnover.

Community Development Ventures, Inc.

MMG Ventures, L.P.
826 East Baltimore Street
Baltimore, MD 21202
(410) 333-2550
Anthony Williams, Executive Director

* * *

Total Assets: \$8 million

Investment/Loan Size: \$100,000 to \$500,000 for a term up to 10 years.

Legal Structure: Not-for-profit 501 (C) (3)

Geographic Focus: Makes investments in businesses located in and around Baltimore's Empowerment Community and Enterprise Zones.

* * *

Community Development Ventures, Inc. (CDV), utilizes "socioeconomic" investing as a means to improve the well-being of economically or socially disadvantaged individuals and businesses. Its mission is "to strengthen the economic base of distressed communities through business and entrepreneur development."

CDV was created in 1998 by MMG Ventures, L.P., which is owned and operated by four African-Americans highly skilled in finance. CDV fuels economic development through a combination of venture capital, management and technical assistance, training and entrepreneurial development. CDV provides senior and subordinated debt and equity to businesses located in and around Baltimore's Empowerment Community and Enterprise Zones that are in need of growth or start-up capital. It also offers a Management & Technical Assistance Program (M&TAP) to Baltimore businesses and a Youth Entrepreneurial Program that promotes entrepreneurial awareness and skills among high school students.

To date, CDV has raised a total of \$8 million from a variety of sources, including The Ford Foundation, Prudential Insurance Company, and Empower Baltimore Management Corporation. CDV has also received \$1.25 million from the U.S. Department of Treasury's Community Development Financial Institution (CDFI) Fund.

CDV Portfolio Company:
Ntegrity Telecontent Services, Inc.
Dwayne Goldsmith, CEO
Baltimore, Maryland

In 1997, Dwayne Goldsmith and Theresa Osborne, quit their executive jobs at Chicago's Ameritech Corporation to launch Ntegrity Telecontent Services, Inc., a telecommunications company that provides local and long-distance phone service to small business and residential customers.

Capitalizing on a spate of deregulation in the telecommunications industry, Ntegrity was established as a Competitive Local Exchange Carrier – or reseller – of local and long-distance phone service, enabling it to provide bundled communication services, including paging, voice messaging and Internet service, to its customers.

With a customer base in New Jersey, Pennsylvania and Maryland and the right to resell phone service in Massachusetts and New York, this minority-owned start-up could have been headquartered in any number of northeast cities. But the group decided to move to Maryland after CDV offered it \$500,000 in subordinated debt, providing a significant portion of the total \$2 million the company needed to meet its working capital, equipment and office development needs.

*While Ntegrity did attract the attention of a number of traditional venture capitalists, Ntegrity executives pursued the CDV offer largely because of the consultative services and management assistance that came with it – something Ntegrity executives believed gave the firm "a strategic advantage to other sources of funds."*¹

In the summer of 1998, Ntegrity Telecontent Services, Inc., moved into its new offices in Baltimore's Empowerment Zone, bringing 41 job opportunities to the area. As part of its agreement with CDV, it has agreed to fill a portion of these jobs with Empowerment Zone residents. Four neighborhood residents have already been hired. Ntegrity's first year revenues are expected to reach \$4.5 million.

¹ Source *The Daily Record*, Saturday, January 30, 1999, quote from Keith Machen, Ntegrity vice president.

Kentucky Highlands Investment Corporation

P.O. Box 1738

London, KY 40743-1738

Phone: (606) 864-5175

L. Ray Moncrief, Executive Vice President and Chief Operating Officer

* * *

Total Assets: \$31 million

Investment Size: \$100,000 to more than \$1 million

Legal Structure: Not-for-profit 501 (C) (4) Community Development Corporation with several for-profit subsidiaries.

Geographic Focus: Nine counties of southeast Kentucky in Appalachia

* * *

Kentucky Highlands Investment Corporation

(KHIC) invests in start-up and expanding non-retail business enterprises located or willing to move to a nine-county area of southeast Kentucky in Appalachia, where income, employment and education levels are still significantly below national averages. Founded in 1968 as a Community Development Corporation, KHIC now has a multi-million dollar capital pool and a portfolio of investments ranging from \$100,000 to more than \$1 million.

KHIC provides a multitude of services to businesses in its region including subordinated equity, debt, real estate construction and management, and management consulting services. In many cases, KHIC will actually create new businesses from the ground up if it sees a market need. On several occasions, KHIC leadership has written a business plan, financed the plan and recruited a CEO to run the business.

In 1994, KHIC was designated the "Lead Entity" for a Rural Empowerment Zone for an area covering three of its counties. As the Lead Entity, KHIC directs the use of \$40 million in Empowerment Zone funding and is responsible for the administration and implementation of a strategic plan for the region.

KHIC Portfolio Company:

American Health Management, Inc.

Kelly Upchurch, President

Richmond, KY

*At the age of 32, Kelly Upchurch had an ambitious vision: to open a network of adult "day care" centers that would offer supervised daytime care for the elderly throughout rural Kentucky. Nationally, there are more than 6,000 such centers – usually in metropolitan areas – but Mr. Upchurch believed that rural Kentucky had a tremendous need. So in 1997, he quit his job at a local hospital to start **American Health Management, Inc.***

*A psychologist, with extensive experience in the field of rehabilitation, Mr. Upchurch needed financing to get started and business expertise to ensure lasting success of his business. At **Kentucky Highlands Investment Corporation (KHIC)**, he found that exact combination. Ray Moncrief, Executive Vice President and Chief Operating Officer at KHIC (and a CDVCA board member), was impressed with Mr. Upchurch's vision. "I thought his idea was a natural fit for us because it would create professional jobs in a rural area where we need more professional jobs."*

KHIC provided American Health Management, Inc. with a \$75,000 equity investment and \$15,000 in working capital for its first center, The Clinton Adult Day Health Care, which opened in January 1998 in Kelly's hometown of Albany. As part of the deal, KHIC owns a percentage of the company, which Upchurch can buy back over a five-year period. The KHIC team also provided countless hours of technical assistance, helping Mr. Upchurch develop his business plan, set up an accounting and cash management system, make financial projections, and plan for the future growth of the business. According to Mr. Upchurch, technical assistance was the real appeal of Kentucky Highlands. "I'm strong in health care systems, but they were strong in things I didn't have experience in. Basically, they assigned me a team and gave me the name of a person I could call anytime to ask for advice."

After one year, American Health Management was able to use modest profits from its first center to finance the opening of a second in Monticello, Kentucky. Ultimately, Upchurch plans to open 16 centers and grow American Health Management into Kentucky's largest adult health care center, creating more than 100 quality jobs – recreational therapists, nurse's aides, registered nurses – in a state where good jobs are scarce. All staff are hired from within each community and receive competitive wages and health insurance. But Upchurch is just as proud of the fact that these centers enable their patients' caregivers to remain employed. "We give people the opportunity to take good jobs and go to work each day with peace of mind."

New York Community Investment Company

120 Broadway, 36th Floor
New York, NY 10271
(212) 693-0870
Howard Sommer, President

* * *

Total Assets: \$10 million

Legal Structure: For-profit limited liability corporation

Geographic Focus: Initial \$10 million must be invested in New York City. Subsequent \$15 million can be invested anywhere in the state of New York.

* * *

The New York Community Investment Company (NYCIC) was created in 1996 by a consortium of New York City commercial banks to provide creative financing solutions to New York's small business community – particularly businesses located in low-and moderate-income neighborhoods and businesses owned by women and members of minority groups.

Member banks set up and capitalized the corporation with \$10 million to identify potential new deals for the banks to invest in, but also to help meet their federal Community Reinvestment Act obligations.

NYCIC provides equity and subordinated debt to companies with sales from \$1 million to \$10 million that are located in the five boroughs of New York City. The fund focuses especially on women- and minority-owned businesses, as well as on businesses located in lower-and middle-income areas of the city, but does not restrict itself to these criteria.

To date, each dollar invested by NYCIC has leveraged a dollar and a quarter in additional financing.

NYCIC Portfolio Company:

Square One Design

Anne Jaroszewicz, President and CEO

*For years, people in the home furnishings industry told Anne Jaroszewicz to come out from behind the curtain of "private label" design and start her own product line. Her New York City-based company, **Square One Design**, had established a reputation over more than 10 years, developing home furnishing accessories for some of the biggest retailers in the country. But market forces were pushing more and more retailers to bring their work in-house and Square One's business was beginning to flatten.*

*Starting her own product line, however, would be tantamount to building a business from the ground up. Ms. Jaroszewicz would need financing for a whole new infrastructure, to warehouse and manage her inventory, establish systems for tracking orders and billing, and hire staff to manage the anticipated growth. And although Square One had an impressive track record -- with customers as notable as Pier 1 Imports and Pottery Barn -- few banks were interested in financing the expansion of a small business. Fortunately, one bank gave Ms. Jaroszewicz a hot tip, suggesting she send her business plan to the **New York Community Investment Company (NYCIC)**.*

*Ultimately, NYCIC provided Square One with \$250,000 in the form of convertible debt that can, at NYCIC's option, be converted to shares of the company. As a direct result of this financing, Chase Manhattan Bank loaned Square One an additional \$325,000. With this new infusion of cash, Ms. Jaroszewicz launched her own line, **Annie J**.*

In addition to financing, NYCIC staff also helped the company develop a plan for upgrading the company's accounting and management information systems. To ensure that the company can keep up with the growing demand for its product, Square One has created several new jobs at a range of skill requirements, from warehouse jobs -- paying nearly double the minimum wage with benefits -- to a national sales manager position. The company rented 7,000 square feet of warehouse space in Red Hook, Brooklyn, hired a manager and two full-time staff to staff it, and is currently recruiting additional warehouse workers and an on-site customer service representative. In the Manhattan showroom, Square One will also add a number of support and professional staff positions.

"NYCIC's money came into the business at the right moment, allowing us to fuel this growth," said Jaroszewicz. "Right now, we are more than 24 percent ahead of our most optimistic projections and if we are able to stay on this trajectory, we will more than double the business we did last year."

Northeast Ventures

802 Alworth Building
Duluth, MN 55802

(218) 722-9915

Greg Sandbulte, President and Chief Operating Officer

* * *

Total Assets: \$11 million

Investments to date: \$8.3 million

of Businesses in Portfolio: 23

Jobs created: 695 jobs created or saved since 1989

Legal Structure: For-profit corporation

Geographic Focus: Northeastern Minnesota. Up to 15% of assets can be invested in the rest of the state.

* * *

Northeastern Minnesota is a largely rural area that historically has relied on iron ore production for its economic base. When the domestic steel industry encountered significant foreign competition in the 1980s and began shutting down obsolete facilities and using cheaper foreign ore, the region was left with few economic opportunities. In 1989,

Northeast Ventures (NEV) was established as a for-profit community development venture capital fund to help diversify the region's economic base and spur entrepreneurship by making equity investments in local companies.

In addition to providing capital and technical assistance, it makes its portfolio companies aware of government placement services that can make it easier for them to hire low-income workers.

NEV was capitalized by a combination of program-related investments from the Ford and MacArthur foundations; equity investments from the Blandin and Northwest Area foundations, Minnesota Power utility, and Minnesota Technology (a state development organization); and a grant from the Community Development Financial Institutions Fund.

NEV Portfolio Company:

Powerain Systems, Inc.

Stephen Kerr, President and CEO

Tower, Minnesota

In 1990, a group of entrepreneurs approached Northeast Ventures about setting up a car wash equipment manufacturing facility in Tower, a town of 508 people in one of the poorest parts of Northeastern Minnesota. NEV thought the market opportunity was attractive and that the business could create jobs and bring economic vitality to a region. However, the company had an incomplete business plan and lacked a Chief Operating Officer.

Other assistance was needed before NEV could provide financing for the effort. Northeast worked closely with Powerain's founders to revise the business plan and identify a strong CEO candidate for the company. Northeast also invested \$200,000 in equity in the business. Northeast's involvement did not stop after making its first investment.

Over a multi-year period, NEV has talked daily with Powerain CEO regarding subjects as diverse as sales, executive recruitment, strategic planning, distributor relationships and the financial structure of debt deals. NEV has even worked to locate suitable housing for senior management of the company. NEV has assisted Powerain in all subsequent rounds of financing, totaling \$826,932.

Powerain had a record sales year in 1998 and is expecting another record year in 1999. The company currently employs 20 full-time people, and expects to increase that number significantly in the future. The company provides ongoing training to its staff and entry-level positions begin at \$8 an hour, with full benefits. Most employees earn well in excess of \$10 an hour.

DRAFT

Proposed Kentucky Highlands Itinerary

- A) Company Tour(s):
- Option #1 Anneville, KY – JCR Industries, Inc.
A very successful self-supporting 24,000 square foot job training facility operated by local, private employers in Jackson County with 103 employees. Provides employment training for the disabled, individuals transitioning from welfare to work, youth and individuals re-entering the work force after substance abuse programs or incarceration.
- Option #2 McKee, KY – Specialty Plastics Company
A successful made-to-order business which just completed construction of a second plant next door to its original facility. Specialty Plastics is a Defense Contractor that produce items such as tents, backpacks, etc. and has X employees.
- B) Neighborhood Tour: McKee, KY
The county seat of Jackson County, this small rural town has a mix of distressed and renovated properties including homes, store-fronts, etc. located around a central "Court Square."
- C) Announcements:
- Ford Foundation - \$2.25 million
 - MacArthur Foundation Foundation - \$2 million
- Pending
- a \$1.2 million application under the CDFI Program.
 - a \$500,000 application under HHS's Office of Community Service
 - a \$199,000 application under USDA's Rural Business Enterprise Grant program
 - applied for SBA's New Market Lending Corporation license
- D) Round Table: Jackson County Court House, McKee, KY
Convene a discussion with representatives of local (corporate and financial institutions) regional and national representatives (see list of possible attendees below).
- Regional/National CEOs
- Ashland Oil (started an SBIC in northern KY)
- EcoLab (bought out a local company)
- IBM (bought out a local company)
- Local Corporate CEOs
- John Sturgill – Fantasy Custom Yachts. A very successful houseboat manufacturer located in the Empowerment Zone. He credits KHIC with assisting him in a successful startup.

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Bill Deaton – Image Entry, Inc. This company converts data to different mediums; e.g. credit card receipts from paper to tape or disk. The company also is a government contractor. Very successful.

Jerry Weaver – Mid South Industries, Inc. It will be Weaver's company, Mid South Electrics that we potentially will be touring. Manufactures various "printed circuit boards", injection molded parts and electro-mechanical parts for Fortune 500 customers.

J.C. Egnew – Outdoor Venture Corporation. A premier defense contractor manufacturing large tents for the military. This is one of KHIC's earliest equity investments and has played a key role in its success over the past 26 years.

Lee Todd – DataBeam, Inc. A company that produces "white board" conferencing software that was sold to IBM in June 1993. This was an SBIC equity investment and Mountain Ventures has played a key role in its success.

Ray McGregor – Cumberland Gap Provision, Inc. A manufacturer of high quality smoked meats. KHIC invested equity in this company and "packaged" the financing for an ESOP when the company was in danger of being sold and the results would be the loss of 175 high-paying jobs. The company is thriving today and employs over 200 people.

Steve Meng – Casecraft Corporation. KHIC has an equity investment in this company and provides various types of debt tot his company. This is a classic local entrepreneur who has become successful in a very difficult geography of Eastern Kentucky.

Bob Kohlhep – Cintas Corporation. This is an example of KHIC building a manufacturing facility for a company as a method of inducing the company to come to Appalachia. KHIC still owns this manufacturing plant and leases to Cintas. Cintas has grown into a company selling over \$1 Billion annually.

Judy Schmit – This company is a high-quality injection molding company and is a start up in the Empowerment Zone.

Regional Bankers

National City

Fifth Third Bank

Local Bankers

Keith Smith – Citizens Bank of Broadhead. A small rural bank whose customers are local Appalachian families.

Harvey Hensley – National City Bank of Southeast Kentucky. A subsidiary of National City Bank. Hensley is a product of a smaller bank that was purchased

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by National City Bank. He has a good perspective of small banks being acquired by large international banks.

Jerry Cary – Union National Bank. A very successful 65 year old, locally owned bank that provides unique financing to local businesses. Has participated with KHIC and Mountain Ventures with tough financings.

Mack Butler – Monticello Banking Company. Another locally owned bank that is a strategic partner of both KHIC and Mountain Ventures, Inc.

Aubrey Bailey – First State Bank of Middlesboro. Serves businesses in Southeastern Kentucky and is innovative in the financings that it provides. This bank is also locally owned.

Foundations

Ford Foundation

MacArthur Foundation

Other

Kerwin Tesdell, President, Community Development Venture Capital Alliance

DRAFT**Kentucky Highlands Investment Corporation****1996 CDFI Program Core Component**

Location: London, Kentucky
Award: \$450,000 grant
Type: community development venture capital fund
Service Area: nine rural county area of Appalachian southeast Kentucky
Products: equity investments in manufacturing corporations
Contact: Mr. L. Ray Moncrief - (606) 864-5175

Kentucky Highlands has changed the lives of thousands of Appalachian residents in its highly distressed nine-county market area over the past 28 years. The nine rural counties have a staggering poverty rate ranging from 30% to 45%. As a venture capital fund, Kentucky Highlands provides critical capital and hands on support needed to create jobs and businesses in its severely depressed rural community. The institution's \$40 million in risk capital investments have generated 5,200 jobs -- accounting for 40% of all manufacturing jobs in the region and 6% of the area's total labor force. The CDFI Fund's \$450,000 grant to Kentucky Highlands will provide flexible resources to enhance its investment capacity.

Kentucky Highlands Investment Corporation

Kentucky Highlands Investment Corporation (KHIC) is an economic development firm founded in 1968 with the specific purpose to take positions in start-up and expanding non-retail business enterprises located (or to be located) in a nine-county area of southeast Kentucky. KHIC's capitalistic approach to economic development has made it one of the most successful venture development firms in the country. In addition, KHIC provides non-venture capital financing to expanding businesses located throughout the region.

KHIC has backed high precision manufacturers, as well as relatively low-technology, labor-extensive companies. This willingness to provide start-up capital to lower technology as well as higher technology firms makes KHIC virtually unique among investors. Moreover, KHIC is willing to look beyond established track record, collateral and personal guarantees. More concerned with quality than type, KHIC will seriously consider any investment opportunity that has the potential for developing into a profitable business.

KHIC is structured to address several separate but related investment objectives. Actually, it is four companies under one roof,

Kentucky Highlands Investment Corporation, the parent company, maintains a multi-million capital pool and has numerous investments in its portfolio ranging from \$100,000 to over a million dollars. The company is also the administrator of the **Kentucky Highlands Empowerment Zone (KHEZ)**. Businesses located within the Empowerment Zone area of Jackson, Clinton and Wayne Counties may take advantage of advantageous financing and substantial federal tax credits. In addition, Kentucky Highlands Investment Corporation is an approved guaranteed lender under the U.S. Department of Agriculture **Business & Industrial Loan Guarantee Program**.

Mountain Ventures, Inc., a Small Business Investment Company (SBIC) with several million dollars of available investment capital for venture capital situations.

Appalachian Capital Corporation, a subsidiary through which below market rate financing is available to viable businesses located in, or which will locate in Southeast Kentucky. The maximum loan is 75% of the project, not to exceed \$150,000. The loan proceeds may be used to finance the purchase and/or construction of fixed assets (land, buildings, and equipment) or may be used for working capital.

Kentucky Highlands Real Estate Corporation, which maintains an inventory of available industrial sites and buildings. This corporation also develops industrial buildings and sites, and sells or leases them to related investees and others.

The Kentucky Highlands Investment Corporation has extensive contacts in conventional lending circles, which enables KHIC to syndicate its investments with other sources of capital. Start-up financing packages of over \$5,000,000 are well within its capability and past experience.

For additional information, please contact Kentucky Highlands Investment Corporation, P.O. Box 1738, London, Kentucky 40743-1738. Phone : (606) 864-5175. Fax: (606) 864-5194.

Kentucky Highlands Investment Corporation

Kentucky Highlands Investment Corporation (KHIC) is a community development corporation founded in 1968 for the specific purpose of providing venture capital investment to startup and expanding businesses located (or to be located) in Southern and Eastern Kentucky. KHIC's professional business approach to economic development has made it one of the most successful community economic development corporations in the country. KHIC's strength is its capacity to provide management assistance to those companies in which it invests. Employment in its portfolio companies exceeds 6,500.

KHIC's strategy is to develop an environment where entrepreneurship will thrive. It does so by providing both financial support and management assistance to new and existing businesses. It also seeks to introduce and develop entrepreneurial talent both within the region and from areas outside the region.

Kentucky Highlands is structured to address several separate but related investment objectives.

Kentucky Highlands Investment Corporation maintains an investment portfolio ranging from microloans to lines of credit in excess of \$2.0 million.

KHIC has been designated as a *Community Development Financial Institution* by the United States Department of Treasury. It has been designated by the United States Department of Agriculture as a lender in the *Business and Industry Loan Guaranty* program. It is a core community development corporation for Rural Local Initiative Support Corporation (Rural LISC).

KHIC is an intermediary lender for two loan programs for the federal government, the *United States Department of Agriculture Intermediary Relending Program* and the *Small Business Administration Microloan Program*.

KHIC has received funding from the U. S. Department of Housing and Urban Development to offer working capital lines of credit to new and expanding companies.

Kentucky Highlands Community Development Corporation (KHCDC) is a subsidiary of KHIC and it has been designated by the U. S. Department of Housing and Urban Development as a *Tax Credit Community Development Corporation*. KHCDC received a \$2.0 million investment from Bankers Trust Corporation through the Appalachian- Wall Street Limited Partnership.

Mountain Ventures, Inc., a subsidiary of KHIC, is a *Small Business Investment Corporation (SBIC)* licensed by the Small Business Administration and makes venture capital investments in Appalachian Kentucky.

As shown above, Kentucky Highlands Investment Corporation uses many of the programs described in the President's New Markets Initiatives. It operates in a distressed rural area of Appalachian Kentucky. It is a Community Development Financial Institution (CDFI). It is involved in Microenterprise lending and technical assistance. It operates a Small Business Investment Corporation. It is a Tax Credit Community Development Corporation.

In 1994, Kentucky Highlands was chosen as lead entity for a federal *Rural Empowerment Zone*.

Kentucky Highlands Empowerment Zone Statistics

Population	1990	1998	% Change
Clinton County	9,135	9,346	2.3%
Jackson County	11,955	12,908	8.0%
Wayne County	17,468	19,104	9.4%

Population by Age (1990)	0-4	5-17	18-20	21-44	45-64	65+	Median
Clinton County	549	1,720	381	3,124	1,965	1,396	35.5
Jackson County	834	2,586	590	4,160	2,207	1,578	32.5
Wayne County	1,144	3,573	786	5,997	3,529	2,439	34.0

Population by Race (1990)	White	Non-White
Clinton County	9,118	17
Jackson County	11,935	20
Wayne County	17,098	370

Poverty Rates	1989	1993	1995
Clinton County	38.1%	35.2%	33.9%
Jackson County	38.2%	36.1%	34.8%
Wayne County	37.3%	34.3%	32.0%
Kentucky	19.0%	19.7%	17.9%

Total Employment	1990	1994	1998
Clinton County	3,642	4,121	4,210
Jackson County	3,899	4,062	6,557
Wayne County	6,802	7,343	6,934



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Kentucky

Record Type: Record

To: Laura A. Graham/WHO/EOP, Lisa Green/OPD/EOP
cc: "Jones, Maurice A." <JonesM@cdfi.treas.gov>
Subject: Kentucky - another option...

I just spoke with Ray Moncrief at Kentucky Highlands again.

Another option that could meet all three of the White House's objectives would be Mount Vernon, which is located in Rockcastle County (west of Jackson County).

KHIC has also done quite a bit of investing in this part of Kentucky.

Ray also believes that this town does show both the good and the bad side of the story.

Within about an 1/8 of a mile there are two good options for company visits:

1. Rockcastle Manufacturing (owned by Sintas, Inc. out of Cincinnati, OH). Produces uniform pants for companies such as Federal Express, Delta Airlines, UPS, etc. Been around for about 20 years. KHIC owns the plant/building and leases it. It has been expanded 4 times. Employs approximately 175 people.
2. Mount Vernon Plastics (owned by Reynolds Metals). An injection molding company that produces items such as butter tubs, deli containers, coffee can tops, etc. KHIC has been involved since the beginning. Started by a group of entrepreneurs, company started going down hill, KHIC bought it out and it took off and then bought out by Reynolds. Employs about 400.

The "downtown" area has some bank fronts, retail fronts, etc. with a mix of distressed properties and renovated properties. Town in better shape than McKee.

Residential area very near town center.

Ray thinks this site could do well to, but thinks Stearns tells a better story.

As far as sites near Hazard, KHIC has not made any investments in Perry County. The closest would be in Harlan City, Harlan County which is south of Perry. But this story is definitely not as good as the others. KHIC has invested in a small food company called Sunshine Valley Farms that only employs 15 people.