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001. email	From Seth Harris To Jonathan Kaplan and Lisa Green; RE: phone number [partial] (1 page)	06/04/1999	P6/b(6)

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

FOLDER TITLE:

Los Angeles [Folder 1] [1]

2012-0043-S
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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]
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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]

LG 5

St. Louis
Chicago
Pheonix
Mississippi
Tax Credit Paper
POTUS Wall Street Conference
Treasury
SPA
HUD
Political Events

LG

Enclosures filed in 20590
Oversize Attachments #
NARA #17796

Post-it® Fax Note 7671		Date 6/9	# of pages ▸ 4
To Lisa Green / Kaplan		From Seth Harris	
Co./Dept. NEC		Co. DOL	
Phone # 456-2223		Phone # 202 693-6000	
Fax #		Fax # 693-6146	

Harris Seth

From: Harris Seth
Sent: Wednesday, June 09, 1999 5:13 PM
To: 'Green Lisa'; 'Kaplan Jon'
Subject: Los Angeles "Tick Tock"

I am faxing to you a one-page proposed schedule for the President's day in Los Angeles, should our event remain part of the New Markets tour. It should help give you a better sense of what we have in mind when taken together with our one-page site list (we sent it Friday, but I'll fax it as well). Let me know if you have any questions about it.

Also, Steve Heyman will be providing you with additional material regarding Youth Opportunities via email for inclusion in any New Markets paper you are preparing and distributing. For example, I understand that Gene is meeting with Silicon Valley executives this week. We have already provided Jay Dunn with paper for this meeting. It would be helpful if any paper you prepare discussing the New Markets legislative agenda included a discussion of Youth Opportunities.

Please let me know as soon as you have decisions from Maria and Gene, as well as any paper you can share. Thanks.

Youth Opportunity Movement
Los Angeles
July, 1999

Agenda

Note: In italics is an optional add-on that would require an additional time commitment.

If AM	If PM	Event Description
11:15 AM	2:15 PM	Arrival *Alternative School or Locke Senior High School or Maxine Waters Center or St. Francis Medical Center*
11:30 AM	2:30 PM	Brief tour of training programs.
11:45 AM	2:45 PM	CEOs, Celebrities, Foundations, Principals make announcement.
12:45 PM	3:45 PM	CEOS, celebrities, principals leave center, take unscheduled walk through neighborhood.
1:30 PM	4:30 PM	Program ends.
TOTAL TIME:	Two hours	

Optional Add-On At Front End

9:30 AM	*12:30 PM*	*Site Visit A* *Youth Opportunities Unlimited Alternative School or Locke Senior High School or Maxine Waters Center or St. Francis Medical Center* *Tour of training programs at site to be determined.*
10:45 AM	*1:45 PM*	*Depart Site A*
TOTAL TIME:	*Four hours*	

DRAFT

Potential Presidential Visit
New Markets Los Angeles

The Greater Watts community of South Central Los Angeles is located in the southernmost portion of the Watts Empowerment Zone (EZ) and Enterprise Community (EC). The community encompasses five census tracts with a 1990 population of over 19,000 with more than 3,000 youth (between the ages of 16-24).

Racial-Ethnic:	54.0 % African-American; 45.5 % Hispanic
Income:	Half of adults and 57 % of youth live at or below the poverty line
Education:	High school dropout rate between 9th and12th grade of 71% (1991)
Median Income:	Ranges of $ 6,831 to $ 16,594
Unemployment:	Unemployment rate 16 % community-wide and 55 %for youth compared to 8.4 % unemployment in L.A. County (1996)

Site Visit Alternatives

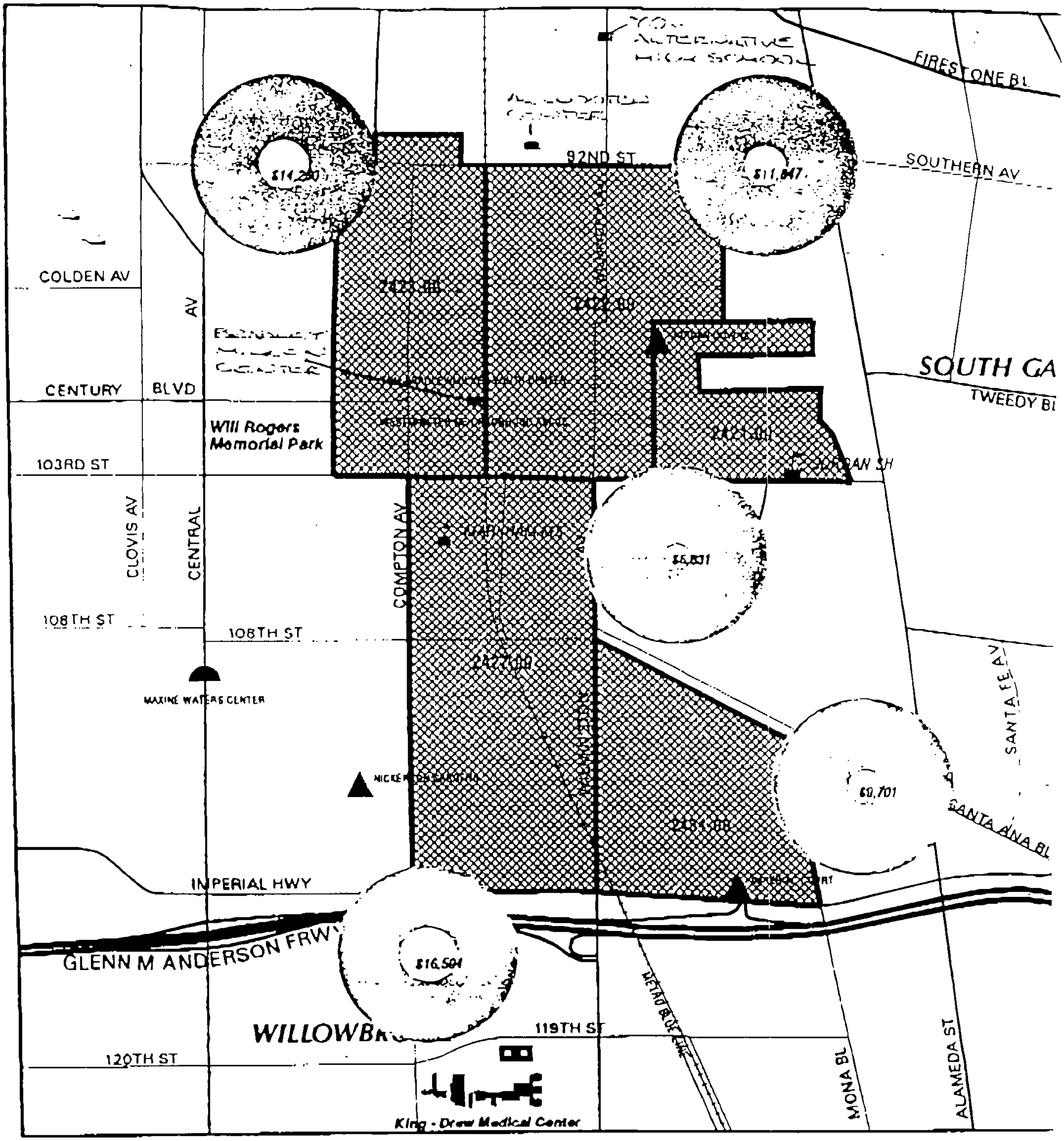
Youth Opportunities Unlimited Alternative High School
943 West 85th Street
The President would tour a center where former gang members, single parents and other out-of-school youth are learning basic computing skills to help prepare to be productive in the workforce. The main sites visited would be a large temporary facility, about the size of a double-wide trailer, where some 30 computer stations would be in full operation - and an adjacent room where a new program has been launched to teach electronic arts skills, such as video and animation production.

Locke Senior High School
325 East 111th Street
In a special program that inspires youths to think about high tech opportunities, youth that are becoming strongly proficient in Geographic Information Systems and other cutting-edge computer technology would show the President examples of what they are learning.

Maxine Waters Employment Preparation Center
10925 South Central Avenue
The President would join out-of-school youth in workshops where they are training for careers in computer sciences, welding, auto mechanics, banking, nursing and other specialties.

St. Francis Medical Center
3630 East Imperial Highway
Four young people are in training to be licensed vocational nurses and certified nurse assistants through a program called Youth Fair Chance Plus. The hospital, located just outside Watts in Lynwood, has pledged to hire 30 graduates of the program. St Francis is one of several area hospitals that are partners in this effort. Youth Fair Chance Plus' training facility is adjacent to the Youth Opportunities Unlimited Alternative School and could be added to a visit there.

Attachments: Map



Proposed Youth Opportunity Grant Area

Empowerment Zone

Enterprise Community

★ Proposed Site of Youth Center

Housing Project

Median Household Income Relative To Countywide Median

Median Household Income L.A. County For 1989 $34,965 (Note: Standard by which poverty is measured)

Median Household Income of Census Tract

Census Tract	Median Household Income for 1989
2421.00	$ 6,831
2422.00	$ 11,847
2423.00	$ 14,250
2427.00	$ 16,594
2431.00	$ 9,701

Donald J. Kulick Youth Demonstration Grant Competition

Youth Opportunity Area Demonstration Site Proposals

CITY OF LOS ANGELES
COMMUNITY DEVELOPMENT DEPARTMENT

SBIC Program Licensees --- March 4, 1999 - California

AVI Capital, L.P.

P. Wolken, B. Weinman & B. Grossi, Mgrs.
One First Street, Suite 12
Los Altos, CA 94022
ph: (650)949-9862 FAX: (650)949-8510

Preferred Investment Size: $1,000,000
Investment Policy: Equity Only
Investment Type: Seed, Early Stage
Industry Preference: High Tech and Electronic Deals only
Geographic Preference: California, West Coast

Allied Business
Investors, Inc. (SSBIC)
Jack Hong, President
301 W. Valley blvd. Suite #208
San Gabriel, CA 91776
ph: (626)289-0186 FAX: (626)289-2369

Preferred Investment Size: $50,000
Investment Policy: Loans Only
Investment Type: Early Stage
Industry Preference: Diversified
Geographic Preference: Los Angeles

Ally Finance Corp. (SSBIC)
Eric Steinmann, CEO
14011 Park Ave., Suite 310
Victorville, CA 92392
ph: (760)241-7025 FAX: (760)241-8232

Preferred Investment Size: $500,000
Investment Policy: Loans and/or Equity
Investment Type: All Stages
Industry Preference: Advertising, Construction, Telecomm.
Geographic Preference: National

Asian American Capital
Corporation (SSBIC)
Jennie Chien, Manager
1251 West Tennyson Road
Suite #4
Hayward, CA 94544
ph: (510)887-6888 FAX: (510)887-6897

Preferred Investment Size: $50,000 to $100,000
Investment Policy: Secured Loans
Investment Type: Expansion
Industry Preference: Diversified
Geographic Preference: Regional

Aspen Ventures
West II, L.P.
Alexander Cilento & David Crocket, Mgrs.
1000 Fremont Avenue, Suite V
Los Altos, CA 94024
ph: (650)917-5670 FAX: (650)917-5677

Preferred Investment Size: $500,000 to $3 MM
Investment Policy: Equity
Investment Type: Seed, Early Stage
Industry Preference: Information Technology
Geographic Preference: Western U.S.

Astar Capital Corp. (SSBIC)
George Hsu, President
9537 E. Gidley Street
Temple City, CA 91780
ph: (626)350-1211 FAX: (626)443-5874

Preferred Investment Size:
Investment Policy:
Investment Type:
Industry Preference:
Geographic Preference:

BT Capital
Partners, Inc.
(Main Office: New York, NY)
300 South Grand Avenue
Los Angeles, CA 90071
ph:

Preferred Investment Size: $5 to $25 Million
Investment Policy: Equity Investments
Investment Type: Expansion, Later Stage
Industry Preference: Diversified
Geographic Preference: National

BankAmerica Ventures
Carla Perumean, Senior Vice President
950 Tower Lane, Suite 700
Foster City, CA 94404
ph: (415)378-6000 FAX: (415)378-6040

Preferred Investment Size: Up to $5 Million
Investment Policy: Equity
Investment Type: Early Stage, Expansion, Later Stage
Industry Preference: Medical Relatd Biotechnology, Communications, Electr
Geographic Preference: National

Bay Partners
SBIC II, L.P.
John Friedenrich & Neal Dempsey, Mgrs.
10600 N. DeAnza Boulevard
Suite 100
Cupertino, CA 95014
ph: (408)725-2444 FAX: (408)446-4502

Preferred Investment Size:
Investment Policy:
Investment Type:
Industry Preference:
Geographic Preference:

Bay Partners
SBIC, L.P.

John Freidenrich & Neal Dempsey, Mgrs.
10600 North De Anza Blvd.
Suite 100
Cupertino, CA 95014
ph: (408)725-2444 FAX: (408)446-4502

Preferred Investment Size:
Investment Policy:
Investment Type:
Industry Preference:
Geographic Preference:

Bentley Capital (SSBIC)
John Hung, President
592 Vallejo Street, Suite #2
San Francisco, CA 94133
ph: (415)362-2868 FAX: (415)398-8209

Preferred Investment Size: $200,000
Investment Policy: Loans and/or Equity
Investment Type: Early Stage
Industry Preference: Diversified
Geographic Preference: West

Best Finance
Corporation (SSBIC)
Yong Ho Park, General Manager
3540 Wilshire Blvd., Suite 804
Los Angeles, CA 90010
ph: (213)385-7030 FAX: (213)385-7130

Preferred Investment Size: $50,000
Investment Policy: Loans and/or Equity
Investment Type: Purchase, Seed, Expansion
Industry Preference: Diversified
Geographic Preference: California

Calsafe Capital Corp. (SSBIC)
Ming-Min Su, President, Director & Mgr.
245 East Main Street, Suite 107
Alhambra, CA 91801
ph: (626)289-3400 FAX: (626)300-8025

Preferred Investment Size: Up to $450,000
Investment Policy: Loans and Equity Investments
Investment Type: Expansion, Later Stage
Industry Preference: Diversified
Geographic Preference: National

Canaan SBIC, L.P.
(Main Office: Rowayton, CT)
Eric Young, Manager
2884 Sand Hill Road
Menlo Park, CA 94025
ph: (415)854-8082 FAX: (415)854-8127

Preferred Investment Size: $2,000,000
Investment Policy: Equity
Investment Type: Early Stage, Expansion, Later Stage
Industry Preference: Diversified
Geographic Preference: National

Capstone Ventures
SBIC, L.P.
Barbara Santry & Gene Fischer, Managers
3000 Sand Hill Road
Building 1, Suite 290
Menlo Park, CA 94025
ph: (650)854-2523 FAX: (650)854-9010

Preferred Investment Size:
Investment Policy:
Investment Type:
Industry Preference:
Geographic Preference:

Charterway Investment
Corporation (SSBIC)
Edmund C. Lau, Chairman

9660 Flair Dr., Suite 328
El Monte, CA 91731
ph: (626)279-1189 FAX: (626)279-9062

Preferred Investment Size: $100,000 to $450,000
Investment Policy: Loans
Investment Type: Expansion
Industry Preference: Retail/ Wholesale
Geographic Preference: Los Angeles County

Critical Capital
Growth Fund, L.P.
Steven Sands & Allen Gold, Mgrs.
17 East Sir Francis Drake Blvd.
Suite 230
Larkspur, CA 94939
ph: (415)464-5720 FAX: (415)464-5701

Preferred Investment Size:
Investment Policy:
Investment Type:
Industry Preference:
Geographic Preference:

Draper Associates,
a California LP
Timothy C. Draper, President
400 Seaport Court, Suite 250
Redwood City, CA 94063
ph: (650)599-9000 FAX: (650)599-9726

Preferred Investment Size:
Investment Policy:
Investment Type:
Industry Preference:
Geographic Preference:

Draper-Richards L.P.
William Draper III, President
50 California Street
Suite 2925
San Francisco, CA 94111

ph: (415)616-4050   FAX: (415)616-4060

Preferred Investment Size:
Investment Policy:
Investment Type:
Industry Preference:
Geographic Preference:

Far East Capital Corp. (SSBIC)
Tom Wang, Manager
977 N. Broadway, Suite 401
Los Angeles, CA 90012
ph: (213)687-1361   FAX: (213)626-7497

Preferred Investment Size: $250,000
Investment Policy: Loans and/or Equity
Investment Type: Expansion
Industry Preference: Diversified
Geographic Preference: California

First American Capital
Funding, Inc. (SSBIC)
Chuoc Vota, President
10840 Warner Avenue, Suite 202
Fountain Valley, CA 92708
ph: (714)965-7190   FAX: (714)965-7193

Preferred Investment Size: $50,000
Investment Policy: Loans
Investment Type: Early Stage, Expansion, Later Stage
Industry Preference: Medical/Health
Geographic Preference: California

Fourteen Hill
Capital, L.P.
Bradley Rotter & Alan Perper, Managers
1700 Montgomery Street, Suite 250

San Francisco, CA 94111
ph: (415)394-9469   FAX: (415)394-9471

Preferred Investment Size:
Investment Policy:
Investment Type:
Industry Preference:
Geographic Preference:

Fulcrum Venture
Capital Corporation (SSBIC)
Brian Argrett, President
300 Corporate Pointe, Suite 380
Culver City, CA 90230
ph: (310)645-1271   FAX: (310)645-1272

Preferred Investment Size: $500,000
Investment Policy: Sub. Debentures & Equity
Investment Type: Expansion, Acquisition $1M in sales
Industry Preference: Low/Med Tech, Manufacturing, Communications, Service
Geographic Preference: West Coast, prefer CA

Hall, Morris

& Drufva II, L.P.
Ronald J. Hall, Managing Director
26161 La Paz Road, Suite E
Mission Viejo, CA 92691
ph: (714)707-5096 FAX: (714)707-5121

Preferred Investment Size: FULLY INVESTED
Investment Policy:
Investment Type:
Industry Preference:
Geographic Preference:

Imperial Ventures,
Inc.
Christian Hobbs, Vice President
9920 South La Cienega Blvd.
Mail: P.O. Box 92991; L.A. 90009-2991
Inglewood, CA 90009
ph: (310)417-5409 FAX: (310)417-5781

Preferred Investment Size: Under $1 Million
Investment Policy: Debt or Equity
Investment Type: Expansion, Acquision
Industry Preference: Healthcare Technology, Financial Serv
Geographic Preference: California

Kline Hawkes
California SBIC, LP
Frank R. Kline, Manager
11726 San Vicente Blvd.
Suite 300
Los Angeles, CA 90049
ph: (310)442-4700 FAX: (310)442-4707

Preferred Investment Size: $3 to $7 Million
Investment Policy: Equity
Investment Type: Expansion Capital MBO
Industry Preference: InfoTechnology Medical Serv. Defense spin-out Enviro
Geographic Preference: California

LaiLai Capital Corp. (SSBIC)
Danny Ku, President
223 E. Garvey Avenue, Suite 228
Monterey Park, CA 91754
ph: (626)288-0704 FAX: (626)288-4101

Preferred Investment Size: $150,000
Investment Policy: Loans and Equity
Investment Type: Seed, Early Stage, Expansion
Industry Preference: Diversified
Geographic Preference: California

Magna Pacific
Investments (SSBIC)
David Wong, President
330 North Brand Boulevard, Suite 670
Glendale, CA 91203
ph: (818)547-0809 FAX: (818)547-9303

Preferred Investment Size: $50,000 to $300,000
Investment Policy: Loan and/or Equity

Investment Type: All Stages
Industry Preference: Hi-Tech, Medical/Health Defense Contractors
Geographic Preference: National

Marwit Capital
Company, L.P.
Matthew Witte, President
180 Newport Center Drive
Suite 200
Newport Beach, CA 92660
ph: (949)640-6234 FAX: (949)720-8077

Preferred Investment Size: $500,000 to $2 MM
Investment Policy: Subordinated Debt w/ Equity
Investment Type: Expansion, Acquisitions Buyouts
Industry Preference: Diversified
Geographic Preference: Western U.S.

New Vista Capital Fund, L.P.
Roger Barry and Frank Greene, Managers
540 Cowper Street, Suite 200
Palo Alto, CA 94301
ph: (650)329-9333 FAX: (650)328-9434

Preferred Investment Size:
Investment Policy:
Investment Type:
Industry Preference:
Geographic Preference:

Novus Ventures, L.P.
Daniel D. Tompkins, Manager
20111 Stevens Creek Boulevard
Suite 130
Cupertino, CA 95014
ph: (408)252-3900 FAX: (408)252-1713

Preferred Investment Size: $400,000 to $1 MM
Investment Policy: Convertible Debt Convert. Stock
Investment Type: Early Stage, Expansion
Industry Preference: Information Technology
Geographic Preference: Western U.S.

Opportunity Capital
Corporation (SSBIC)
J. Peter Thompson, President
2201 Walnut Avenue, Suite 210
Fremont, CA 94538
ph: (510)795-7000 FAX: (510)494-5439

Preferred Investment Size: $300,000
Investment Policy: Debt with Warrants, Equity
Investment Type: Expansion, Later Stage, Acquisitions
Industry Preference: Manufacturing, Healthcare, Telecommunicate
Geographic Preference: West Coast, National

Opportunity Capital
Partners II, L.P. (SSBIC)
J. Peter Thompson, General Partner
2201 Walnut Avenue, Suite 210

Fremont, CA 94538
ph: (510)795-7000 FAX: (510)494-5439

Preferred Investment Size: $1,500,000
Investment Policy: Debt with Warrants, Equity
Investment Type: Expansion, Later Stage, Acquision
Industry Preference: Manufacturing, Healthcare, Telecommunicate
Geographic Preference: West Coast, National

Pacific Mezzanine
Fund, L.P.
Nathan W. Bell, General Partner
2200 Powell St., Suite 1250
Emeryville, CA 94608
ph: (510)595-9800 FAX: (510)595-9801

Preferred Investment Size: $2 to $5 Million
Investment Policy: Loans with Equity Features
Investment Type: Expansion, Later Stage, Buyouts
Industry Preference: Diversified
Geographic Preference: Western US

Pinecreek Capital Partners, L.P.
Randall F. Zurbach, President
18301 Von Karman, Suite 100
Irvine, CA 92612
ph: (949)225-4620 FAX: (949)225-4629

Preferred Investment Size: $500,000 to $3 Mill
Investment Policy: Sub Debt with Warrants
Investment Type: Later Stage, Growth Acquisition
Industry Preference: Diversified
Geographic Preference: Western US

Positive Enterprises,
Inc. (SSBIC)
Kwok Szeto, President
1489 Webster Street, Suite 228
San Francisco, CA 94115
ph: (415)885-6600 FAX: (415)928-6363

Preferred Investment Size: Up to $150,000
Investment Policy: Loans, Equity
Investment Type: Expansion, Early Stage, Later Stage
Industry Preference: Diversified, Senior Home Care/Rest Homes, Manufactur
Geographic Preference: North, Regional

San Joaquin Business
Investment Group Inc (SSBIC)
Eugene Waller, President
1900 Mariposa Mall, Suite 100
Fresno, CA 93721
ph: (559)233-3580 FAX: (559)233-3709

Preferred Investment Size: $100,000 to $300,000
Investment Policy: Loans and Equity
Investment Type: Expansion
Industry Preference: Diversified
Geographic Preference: West Coast

Sorrento Growth
  Partners I, L.P.
Robert Jaffe, Manager
4370 La Jolla Village Drive, Suite 1040
San Diego, CA 92122
ph: (619)452-3100 FAX: (619)452-7607

Preferred Investment Size: $2 Million
Investment Policy: Loans and Equity Investments
Investment Type: Early Stage
Industry Preference: Med./Health, Special Retail Communications/ Electron
Geographic Preference: Southern California

Sundance Venture
  Partners, L.P.
Brian Burns, General Manager
10600 N. DeAnza Blvd., Suite 215
Cupertino, CA 95014
ph: (408)257-8100 FAX: (602)252-1450

Preferred Investment Size:
Investment Policy:
Investment Type:
Industry Preference:
Geographic Preference:

Tangent Growth Fund, L.P.
Alexander H. Schilling, Manager
180 Geary Street, Suite 500
San Francisco, CA 94108
ph: (415)392-9228 FAX: (415)392-1928

Preferred Investment Size:
Investment Policy:
Investment Type:
Industry Preference:
Geographic Preference:

TeleSoft
  Partners IA L.P.
Arjun Gupta, Manager
1450 Fashion Island Boulevard
Suite 610
San Mateo, CA 94404
ph: (650)358-2500 FAX: (650)358-2501

Preferred Investment Size:
Investment Policy:
Investment Type:
Industry Preference:
Geographic Preference:

UnionBanCal
  Venture Corporation
Robert S. Clarke, President
445 South Figueroa Street
P.O. Box 3100
Los Angeles, CA 90071
ph: (213)236-4092 FAX: (213)629-5328

Preferred Investment Size: $1,000,000
Investment Policy: Loans with Equity
Investment Type: Expansion

Industry Preference: Communications Cable TV Television Radio
Geographic Preference: National

Viridian Capital, L.P.

Christine Cordaro, Contact
220 Montgomery Street
Suite 946
San Francisco, CA 94104
ph: (415)391-8950 FAX: (415)391-8937

Preferred Investment Size:
Investment Policy:
Investment Type:
Industry Preference:
Geographic Preference:

VK Capital Company
Franklin Van Kasper, General Partner
600 California Street, Suite 1700
San Francisco, CA 94108
ph: (415)391-5600 FAX: (415)397-2744

Preferred Investment Size:
Investment Policy:
Investment Type:
Industry Preference:
Geographic Preference:

Walden-SBIC, L.P.
Arthur S. Berliner, Manager
750 Battery Street, 7th Floor
San Francisco, CA 94111
ph: (415)391-7225 FAX: (415)391-7262

Preferred Investment Size: $3,000,000
Investment Policy: Equity
Investment Type: Seed, Early, Expansion, Later Stages
Industry Preference: Diversified
Geographic Preference: Western Region

Western General
Capital Corporation (SSBIC)
Alan Thian, President
13701 Riverside Drive, Suite 610
Sherman Oaks, CA 91423
ph: (818)907-8272 FAX: (818)905-9220

Preferred Investment Size: $100,000 to $300,000
Investment Policy: Loans Only
Investment Type: Later Stage, Expansion
Industry Preference: Diversified
Geographic Preference: Regional

Woodside Fund III
SBIC, L.P.
Vincent Occhipinti & Frank Mendicino
850 Woodside Drive

Woodside, CA 94062
ph: (650)368-5545   FAX: (650)368-2416

Preferred Investment Size:
Investment Policy:
Investment Type:
Industry Preference:
Geographic Preference:

through a CDC tax credit on a $2 million investment from Bankers Trust and the Appalachia Wall Street, L.P.

- Kentucky Highland Enterprise Zone Development Venture Fund has been very successful with over 500 jobs created through loans to small businesses in the EZ, including Specialty Plastic Products of Kentucky which plans to start construction on a second plant in early July.

Potential Deliverables:

- Job training investment announcement coordinated with SBA and Labor connected with the existing pilot Youth Opportunity program. (See pages 16-27)

3. **Harlem, NY** (see pages 13,14)

- FOCUS: Private Sector Investment in Inner Cities and EZs
- The New York EZ is one of the most successful EZs in the country.
- Harlem USA is a major retail complex being developed in the upper Manhattan EZ with approximately $11 million in public investment leveraged by an additional $45 million private sector commitments.
- ACCION New York, Inc. is a recipient of CDFI funds and one of the largest microlending organizations in the United States, having made over 1800 loans ranging from $500 to $25,000 to more than 900 clients.
- Abyssinian CDC was part of the development team for the Harlem Pathmark. This CDC has used which is Rangel's district has used nearly every urban program developed by the Administration.

4. **Los Angeles, CA** (see pages 16,18-20)

- FOCUS: Private Sector Workforce Investments in Disadvantaged Youth
- The DOL's Kulick grant program helps to fund the Los Angeles EZ Community of Watts, and has created 700 new jobs, employing 1700 youth.
- If we wanted to visit Oakland, Community Bank of the Bay is a certified CDFI that was capitalized through the investment of 17 banks. They have helped to finance companies such as ViaNovus, a struggling software development firm that recently added 300 new software development jobs in downtown Oakland.

Potential Deliverables

- Several corporations have already made pledges to the Kulick program. Additional pledges could be sought to expand the program through a collaboration, which is already being formed by Labor with the National Alliance of Business, Los Angeles Chamber of Commerce, LA Youth at Work, Mayor's Business Leaders Alliance and several foundations.
- Potential site visits where the program is currently operating include Rockwell International and Shell Oil Small Business Academy.

Parven, Scott

Subject: Talking Points

Jay,

As we discussed on Friday. Please call with any decisions ASAP.

Thanks again,

Scott

Here are some thoughts:

- An announcement would be made, to coincide w/the President's visit, of a new MetroHartford Millennium Investment Fund through which Hartford-based companies will raise $50 to $150 Million to support regional economic development projects.
- Aetna is taking the lead in developing this fund with United Technologies.
- You could say we can deliver a $20 million announcement since Aetna has committed to fund 10% (i.e., maximum of $15 million for purposes of this conversation) and UTC is looking to commit at least $5 million.
- If needed, you have good talking points regarding the Millennium Project, photo ops, etc. in the Sperling letter and the material attached to it.

JONATHAN A. KAPLAN
06/10/99 06:04:28 PM

Record Type: Record

To: Lisa Green/OPD/EOP@EOP

cc:
Subject: IMPORTANT for memo for Maria/Streett

I think you need to put a very short cover note on the memo that says that following last week's meeting, we worked hard with the relevant agencies to get additional information on:

St L/East St L
Chicago
Detroit
VA/WV, including Boucher's district
locations in MS
etc etc etc.

That way, we can ensure that Maria knows we followed up on the tasks we had.

JK

Round II Rural Empowerment Zone

Desert Communities Empowerment Zone, California

A. Zone Vital Statistics:

1. Counties (Census Tracts):	Riverside (456.01, 456.02, 458, 459)
2. Community Population:	23,248
3. Poverty Rate :	31.4%
4. Unemployment rate:	21.3%
5. Net Land Area:	744 square miles

B. Number of Jobs Created or Retained: 1,700

C. Proposed Leveraged Commitments: $120 million

D. Key Business Partners:

-The Desert Sun
-Inland Empire Lenders Community Development Corporation
-Southern California Edison
-GTE Network Services

E. List of Other Key Partners:

- California State Department of Education
- California State Department of Social Services
- Coachella Valley Housing Authority
- Coachella Valley Unified School District
- College of the Desert
- Palo Verde Community College
- Palo Verde Unified School District
- Riverside County Fire Department
- Riverside County Library System
- Riverside County Office of Education
- The Valley Partnership
- University of California, Riverside
- Valley Independent Bank

N. List of Developable Sites

One contiguous Developable Site in the City of Indio parallel to Interstate 10.

Round II Urban Empowerment Zone

Santa Ana, California

A. Zone Vital Statistics
1. **Population of the Most Populous City:** Santa Ana - 311,500
2. **Zone Population:** 49,432
3. **Approximate Zone Size:** 4 square miles
4. **Poverty Rate:** 31%
5. **Unemployment Rate:** 5.6% - Compared to a 2.7% unemployment rate for all of Orange County.
6. **Education:** 20% of Zone residents, 18 to 25 years of age, have high school diplomas

B. **Estimated Number of Jobs Created or Retained:** 1,000

C. **Proposed Leveraged Commitments:** $2.54 billion
1. **Public Sector:** $2.5 billion
2. **Private Sector:** $40 million

D. **Key Business Partnerships:** Over 50 businesses made commitments in the Strategic Plan. Some of the key business partners are:

-ITT Industries
-B.J. Bindery
-CB Richard Ellis
-FirstWorld Communications
-L&N Uniform Supply Co.
-Motorvac Technologies
-Voit Commercial Brokerage
-Industrial Properties
-Santa Ana Chrysler Plymouth/Jeep Eagle
-Air Cleaning Technology
-Bonerts Slice of Pie
-Financial Statement Services, Inc.
-Gold Coast Baking Co., Inc.
-Main Photo Service
-Tom's Truck Center
-Lee & Associates
-Jacobs Pipe Consulting Inc.

E. **List of Other Key Partners:**
- SER Jobs for Progress
- Delhi Community Center
- Catholic Charities
- Boys and Girls Club of Santa Ana
- Santa Ana Unified School District
- Planned Parenthood

F. **List of Developable Sites:**
- Associated Cement Plant
- East First Street
- South Main

Round II Rural Empowerment Zone

Desert Communities Empowerment Zone, California

A. Zone Vital Statistics:

1. Counties (Census Tracts): Riverside (456.01, 456.02, 458, 459)
2. Community Population: 23,248
3. Poverty Rate : 31.4%
4. Unemployment rate: 21.3%
5. Net Land Area: 744 square miles

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-L&N Uniform Supply Co.	-Main Photo Service
-Motorvac Technologies	-Tom's Truck Center
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5/21/99

NEW MARKETS INITIATIVE: CAPITALIZING ON YOUTH INVESTMENT

BACKGROUND

The President's New Market Initiative provides the opportunity to harness the existing untapped labor pool in our urban inner cities: out-of-school youth (OSY). There are over 10 million OSY in over 100 empowerment zones/enterprise communities (EZs/ECs). This initiative provides a strong incentive for the private sector to drive investment in our inner-cities.

The Department of Labor's Kulick grant program funds local projects to prepare inner city to enter the labor force by providing employable and work-ready skills. In Los Angeles' EZ community of Watts, this program is employing 1700 youth while creating 750 new jobs by:

- providing basic literacy, math and soft skills to Watts youth through the Bradley/Milken Center and Maxine Waters Center;
- securing corporate stakeholder commitments to hire Watts youth by McDonald Douglas, Rockwell, TWR, Ultramar and Universal Studios; and
- providing micro-enterprise training for Watts youth through the Entrepreneur Education Center and University of South California's Business Expansion Network.

Once a community devastated by urban riots, the Watts community is a model of community capitalism. The private sector has begun to become a "corporate stakeholder" in Watts.

OBJECTIVES

1. To develop the Watts community into an "opportunity zone" by having more corporations become stakeholders by hiring Watts youth and considering locating their businesses within the Watts EZ.

2. To secure private foundation funding for the Watts community in order that the Kulick project can be greatly expanded throughout the EZ.

PLAN

1. Secure corporate pledges to hire Kulick program participants working in cooperation with the National Alliance of Business, Los Angeles Chamber of Commerce, LA Youth At Work and Mayor's Business Leaders Alliance. Employers to be targeted:

Atlantic Richfield
Circuit City
Disney Entertainment
GET
Hilton Hotels
ITT
McDonald Douglas*
MGM
Motorola
Northtrop
Pacific Bell
Rockwell International*
Shell Oil
Sony Entertainment
Telemundo
TWR Space & Electronics*
Ultramar*
Univision
Universal Studios*
Warner Brothers
Western Electric
Xerox

* Existing stakeholders (additional pledges sought)

2. Secure private foundation support to fund the expansion of the Kulick program by targeting:

Ahmanson Foundation
Atlantic Richfield Foundation
California Community Foundation
California Community Foundation
California Wellness Foundation
Getty Foundation
Keck Foundation
Parsons Foundation
Weingart Foundation

EVENT(S)

1. Site Visit
President Clinton & Secretary Herman will visit Kulick participants:

First Choice: Rockwell International program in Jordan Downs public housing---observe classes in math, computer literacy and the sciences to prepare youth for jobs in the aerospace and technology industry.

Second Choice: Shell Oil Small Business Academy---observe classes in business start-up and private enterprise to prepare youth for jobs with community small businesses and micro-enterprise start-up businesses.

Third Choice: Ultramar Petroleum Refinery---observe youth working in the Wilmington plant (Los Angeles harbor; not in the EZ).

Fourth Choice: Maxine Waters Center---observe youth being prepared for interviews with potential employers and/or have employers like Rockwell, Ultramar, McDonald Douglas and others present.

The President & Secretary will be joined by celebrity-activists that have a history of investing in the Watts community: i.e., Denzel Washington (Boys & Girls Club); Oscar De La Hoya (CET), Danny Glover (One-To-One Partnership), Jimmie Smits (YES), Magic Johnson (Watts Cinema), among others.

2. Reception
President Clinton & Secretary will have a reception at the Getty Museum or Museum of Contemporary Art for CEOs who have made stakeholder pledges. They will be joined by celebrity-activists.

3. Foundation Roundtable
The Secretary will convene a roundtable meeting of private foundations which have a history of funding local community efforts:

SUPPORT

The Village Foundation will be providing general support in making this event possible. The foundation, a national grant making and operating foundation is dedicated to the development of African-American men and boys in American society. It was established as an outgrowth of the Kellogg Initiative. The foundation's Chairman is Andrew Young and President is Bobby Austin.

In Los Angeles, the foundation supports the Al Wooten Center working to address the educational and employment needs of over 162,000 African-American and Latino high school drop outs.

20

JUN. 15. 1999 4:23PM NO. 6587 P. 1

THE ENTERPRISE FOUNDATION
DC-PUBLIC POLICY OFFICE
415 Second Street, NE 2nd Floor
Washington, DC 20002

FAX

TO: LISA GREEN

DATE: 6/15/99

FROM: ALAN GREENLEE
DC-Public Policy Office

PAGES: (incl. trans. page): 2

ENTERPRISE FAX # (Public Policy): (202) 543-8130 — VOICE: (202) 543-4599

MESSAGE:

Here are some ideas for L.A.

Alan

did y'all pick the cities yet?

8A

Los Angeles Initiatives

Enterprise is developing a child care lending program. Much like our predevelopment lending program for housing, we're focusing our efforts on predevelopment lending for child care facilities. In Los Angeles our lending is taking two forms – lending for center development and lending to encourage family-based providers ownership opportunities.

Enterprise has lent to two groups operating in L.A. "Beyond Shelter" a neighborhood group operating in South Central, Los Angeles. We lent them $323,000 that they are using to develop a one-stop shop that provides child care and family social service. Beyond Shelter is using a Department of Labor Welfare to Work Job Training grant to provide job training to neighborhood residents. This project is in Maxine Waters' district.

Venice Community Housing Corporation is rehabilitating an old building that will have an infant child care center. In addition the space will house the group's offices where they provide construction training to area gang members. There has been a much publicized truce between the gangs and the job training was one of the incentives for its implementation. The training provides the kids skills they need to get high paying construction jobs.

In parts of South Central L.A. and Watts, we are providing funds for family day care providers to buy the home they are in or to find new housing. In many cases, owning is less expensive than renting. In addition we provide these small businesses information about how to run their operation and access to funds that they can use to update their equipment.

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Northtrop
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IV. OPTIONS

1. LOS ANGELES/ANAHEIM, CA: Private Sector Workforce Investments in Disadvantaged Youth and Urban EZs

Advantages

- The DOL's Kulick grant program helps to fund the Los Angeles EZ Community of Watts, and has created 700 new jobs, employing 1700 youth.

Potential Announcements and Site Visits

- Several corporations have already made pledges to the Kulick program. Additional pledges could be sought to expand the program through a collaboration, which is already being formed by Labor with the National Alliance of Business, Los Angeles Chamber of Commerce, LA Youth at Work, Mayor's Business Leaders Alliance and several foundations.
- Potential site visits where the program is currently operating include Rockwell International and Shell Oil Small Business Academy.
- To amplify our focus on disadvantaged youth, we could work with Sandy Weil at Citigroup who is prepared to hold in Anaheim the week of July 6 the National Academy Foundation's 15th Annual Institutes for Staff Development that will involve public schools and 200+ business partners. NAF focuses on intern sponsorships and other youth focused efforts and has a formal partnership with the Department of the Treasury.

New Markets Characteristic

- There are several communities within Los Angeles that are classic examples of a New Markets. These communities include Watts which is also an EZ

Disadvantages

- The Watts EZ has received negative publicity.
- There is a local community development bank funded by HUD, the LA Community Development Bank that has received a great deal of negative publicity, including a relatively recent editorial.

FAX COVER SHEET

TO: *Lisa Green*
Jon Kaplan
NEC
(202) 456-2223

FROM: ***SETH HARRIS***
OFFICE OF THE SECRETARY
U.S. DEPARTMENT OF LABOR
(P) (202) 693-6073
(F) (202) 693-6146

Total of 3 pages attached.

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	From Seth Harris To Jonathan Kaplan and Lisa Green; RE: phone number [partial] (1 page)	06/04/1999	P6/b(6)

COLLECTION:

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

FOLDER TITLE:

Los Angeles [Folder 1] [1]

2012-0043-S
ms229

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]

Harris Seth

From: Harris Seth
Sent: Friday, June 04, 1999 7:12 PM
To: 'Kaplan Jon'; 'Green Lisa'
Subject: Los Angeles/New Market

[001]

Bcwatts.wpd

Attached is the information you requested on several possible Los Angeles sites. Our next step is to put together a "tick-tock" of the President's day in Los Angeles, as we see it. It will likely involve two or more site visits plus the announcements with CEOs, foundations, and not-for-profits. We might also want to add a simple walk through part of the community where the President can interact with community residents. We'll be more specific early next week.

Call me over the weekend at P6/(b)(6)

DRAFT

Potential Presidential Visit
New Markets Los Angeles

The Greater Watts community of South Central Los Angeles is located in the southernmost portion of the Watts Empowerment Zone (EZ) and Enterprise Community (EC). The community encompasses five census tracts with a 1990 population of over 19,000 with more than 3,000 youth (between the ages of 16-24).

Racial-Ethnic:	54.0 % African-American; 45.5 % Hispanic
Income:	Half of adults and 57 % of youth live at or below the poverty line
Education:	High school dropout rate between 9th and12th grade of 71% (1991)
Median Income:	Ranges of $ 6,831 to $ 16,594
Unemployment:	Unemployment rate 16 % community-wide and 55 %for youth compared to 8.4 % unemployment in L.A. County (1996)

Site Visit Alternatives

Youth Opportunities Unlimited Alternative High School
943 West 85th Street
The President would tour a center where former gang members, single parents and other out-of-school youth are learning basic computing skills to help prepare to be productive in the workforce. The main sites visited would be a large temporary facility, about the size of a double-wide trailer, where some 30 computer stations would be in full operation - and an adjacent room where a new program has been launched to teach electronic arts skills, such as video and animation production.

Locke Senior High School
325 East 111th Street
In a special program that inspires youths to think about high tech opportunities, youth that are becoming strongly proficient in Geographic Information Systems and other cutting-edge computer technology would show the President examples of what they are learning.

Maxine Waters Employment Preparation Center
10925 South Central Avenue
The President would join out-of-school youth in workshops where they are training for careers in computer sciences, welding, auto mechanics, banking, nursing and other specialties.

St. Francis Medical Center
3630 East Imperial Highway
Four young people are in training to be licensed vocational nurses and certified nurse assistants through a program called Youth Fair Chance Plus. The hospital, located just outside Watts in Lynwood, has pledged to hire 30 graduates of the program. St Francis is one of several area hospitals that are partners in this effort. Youth Fair Chance Plus' training facility is adjacent to the Youth Opportunities Unlimited Alternative School and could be added to a visit there.

Attachments: Map

Los Angeles

Already signed up "to some degree", but need to follow-up:
Hearst Foundation
Hughes Aircraft
McDonald Douglas
Northrup Grumman
Rockwell
Shell Oil
TRW
Western Electric
Xerox
Thrifty/Payless Drug Stores
McDonald's

Initial outreach to, with strong interest expressed:
Los Angeles Area Chamber of Commerce
Anita Zuzman
VP Legislative Affairs
Ezunial Burts
President

Greater Los Angeles African American Chamber of Commerce
Janice Bryant Howroyd
President and President Act 1 Personnel Services

Latin Business Association
Los Angeles

Disney
Rica Rodman
(will broker our package with the other studios, Universal, Warner, etc.)

No contact as yet, but potential targets:

Univision
Telemundo
Pac Bell
Occidental Petroleum
PG&E
Safeway
Ralph's
Staples
Starbucks

Wells Fargo
American Express
ARCO (through Chamber)
BankAmerica
Toyota Motor Company (Dennis Cuneo)

THE MWW GROUP
Strategic Communications Counsel

FAX TRANSMISSION

DATE: June 10, 1999

TO: Jay Dunn

COMPANY:

FROM: Fran Wallem

NUMBER OF PAGES TO FOLLOW: 4

RE:

COMMENTS:

1747 Pennsylvania Avenue, N.W. • Suite 1150 • Washington, D.C. 20006
Phone: 202-296-6222 Fax: 202-296-4507
Chicago • East Rutherford, NJ • New York • Olympia, WA • Seattle • Springfield, IL • Trenton, NJ

PEP BOYS

Frederick A. Stampone
Senior Vice President
Chief Administrative Officer and Secretary

TELECOPY

TO: FRAN WAKEM, MWW GROUP

FROM: FRED STAMPONE, PEP BOYS

PAGES — 3

ATTACHED PLEASE FIND MY LETTER TO JAY DUNN, AS PER YOUR REQUEST. PLEASE CALL IF YOU HAVE ANY QUESTIONS OR COMMENTS.

THANKS,

Fred

(202) 296-4507

3111 West Allegheny Avenue • Philadelphia, PA 19132
(215) 430-9583 • Fax (215) 223-5267

x 296-6222

x 215-430-~~@~~ 9563

PEP BOYS

Frederick A. Stampone
Senior Vice President
Chief Administrative Officer and Secretary

June 9, 1999

Mr. Jay Dunn
Deputy Director, Office of Business Liaison
The White House
Washington D.C.

Dear Mr. Dunn,

Thank you for your insights this morning regarding the President's proposed *New Markets* initiative. Pep Boys welcomes the opportunity to discuss how it might participate in this unique and exciting program.

Pep Boys is unique in the automotive industry as it is the only national company that serves the entire car and light truck aftermarket. Our *Supercenter* concept offers the broadest capabilities in the industry to most all automotive consumers and, in particular, caters to the cost conscious do-it-yourselfer with high-quality parts and accessories discounted at everyday low prices.

As I outlined during our phone conversation, Pep Boys grew very rapidly during the last ten years and now enjoys a presence in 38 states and Puerto Rico with 646 stores. Many of these stores are located in urban trade areas in the largest cities in America, including New York, Philadelphia, Los Angeles, Chicago and Detroit. For years, a good deal of our development involved the acquisition of under-utilized real estate, e.g. small, outmoded supermarkets, car dealers or other vacant parcels for conversion to state-of-the-art automotive destinations designed to meet the needs of cash-starved do-it-yourselfers in under-served markets.

In particular, we are excited by our entry into New York city where we have recently opened five new *Supercenters* in Queens and Staten Island, intend to open a sixth unit on 4th Avenue in Brooklyn on July 6 and are under construction with a seventh unit on East Tremont Street in the Bronx that will open this fall. Our Chairman and CEO, Mitch Leibovitz, would be interested in participating with the President and members of Congress during the week of July 6 and sharing his vision regarding the potential of these untapped markets.

[illegible]

City of Los Angeles / Urban League - welfare to work

3111 West Allegheny Avenue • Philadelphia, PA 19132
(215) 430-9363 • Fax (215) 223-5267

Mr. Jay Dunn
June 9, 1999
Page Two

I would appreciate the opportunity to discuss with you or Lisa Green the details of this tour at your convenience. I can be reached at 215-430-9563 and my assistant, Cathy Inglesby, will be happy to set up a meeting or convenient time to talk. Thank you for your interest in Pep Boys.

Sincerely,

cc: Fran Wakem, MWW Group

Chicago United

CHARLES E. BROWN
DIRECTOR OF ECONOMIC DEVELOPMENT

30 WEST MONROE STREET
CHICAGO, IL 60603
312.977-3060
FAX: 312.977-3089

FAX COVER SHEET

DATE: JUNE 11,1999

TO: JAY DUNN

FAX #: 1-202-456-6218

FROM: Charles Brown

Chicago United, Inc.

PHONE# 312.977.3075

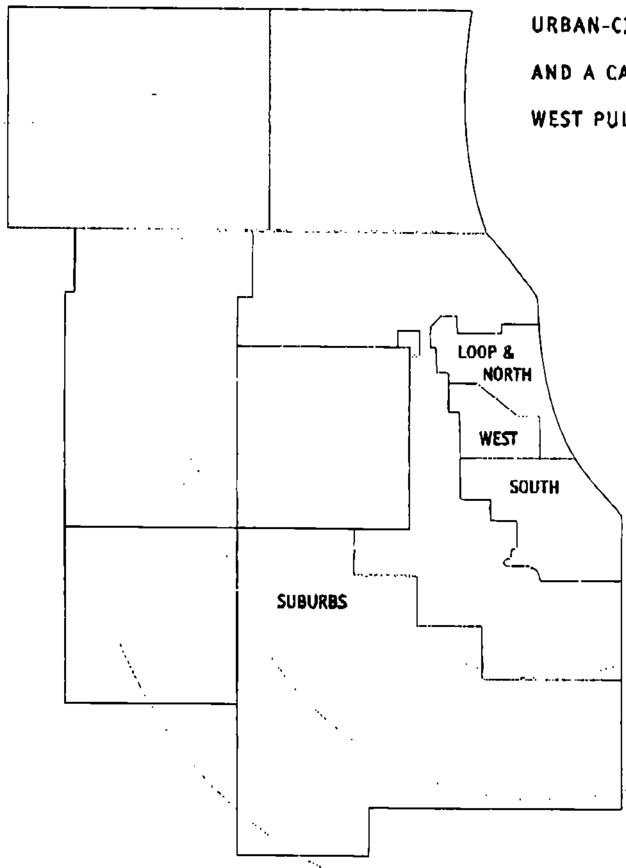
FAX #: 312.977.3089

PAGES TO FOLLOW 12

THIS IS A RECENTLY ISSUED PUBLICATION REGARDING"EMERGING URBAN MARKETS" WITH A CASE STUDY FOR A COMMUNITY IN THE CHICAGO AREA. ADDITIONAL INFORMATION AND AN ORGINAL COPY OF THE REPORT WILL BE IN YOUR OFFICE MONDAY BY FEDERAL EXPRESS. PLEASE FEEL FREE TO CONTACT ME IF YOU HAVE ANY QUESTIONS .

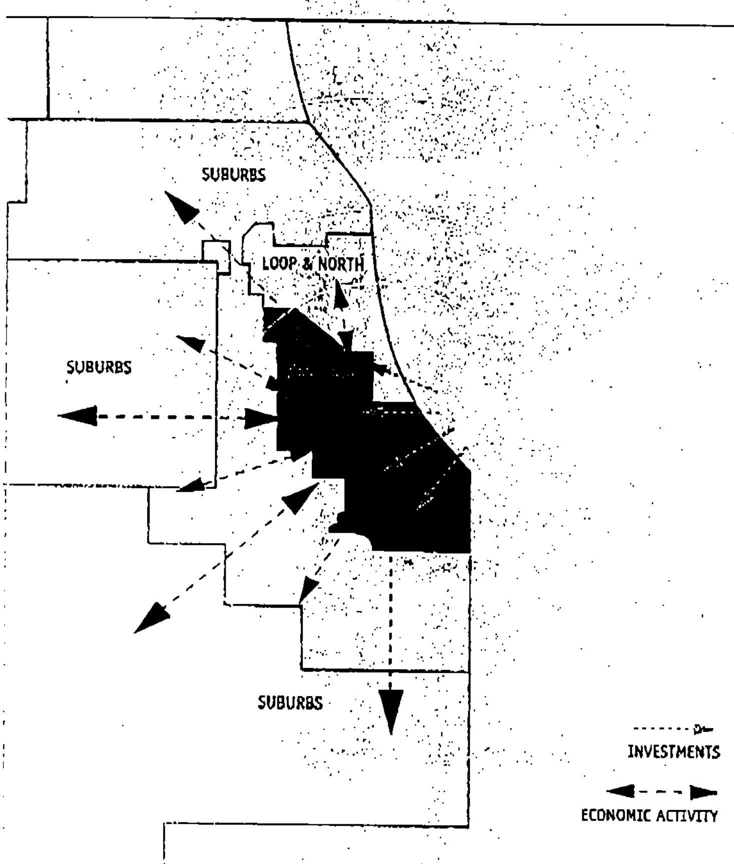
PLEASE CALL 312/977.3075 IF ALL PAGES ARE NOT RECEIVED OR IF THE DOCUMENT IS NOT LEGIBLE. THANK YOU.

EMERGING URBAN MARKETS:
The Next Business Frontier



URBAN-CITY DEVELOPMENT OPPORTUNITIES AND A CASE STUDY OF CHICAGO'S WEST PULLMAN COMMUNITY

CHICAGO UNITED INC. with the REGIONAL ECONOMICS APPLICATIONS LABORATORY
Supported by the John D. & Catherine T. MacArthur Foundation



CONCLUSIONS OF THE *REAL* ANALYSIS

INVESTMENTS AND JOB GROWTH ON THE SOUTH AND WEST SIDES BRING **SUBSTANTIAL SPINOFF BENEFITS TO THE SUBURBS AND THE REST OF CHICAGO.**

BUILDING UP THE SOUTH AND WEST SIDE ECONOMIES CREATES AN **OVERALL INCREASE IN ECONOMIC ACTIVITY** THROUGHOUT THE METROPOLITAN AREA AND ALLOWS THE CHICAGO REGION TO PARTICIPATE MORE FULLY IN THE MIDWESTERN AND GLOBAL ECONOMIES.

THE MULTIPLIER EFFECT DOCUMENTED IN THIS ANALYSIS EMPHASIZES THE IMPORTANCE OF PROJECTS LIKE CHICAGO UNITED'S **INVEST IN CHICAGO** INITIATIVE. IF EVERY DOLLAR OF NEW INCOME EARNED ON THE SOUTHSIDE CREATES **$1.99** "RIPPLE," THEN THE WEST PULLMAN COMMUNITY HAS AN INCREASED POTENTIAL TO PRODUCE LOCAL, AS WELL AS REGIONAL, ECONOMIC IMPACT.

COVER: AERIAL VIEW OF WEST PULLMAN INCLUDING THE 160-ACRE PARCEL BEING DEVELOPED AS A BUSINESS PARK.

'EMERGING URBAN MARKETS' OFFER BILLIONS IN UNTAPPED OPPORTUNITY

The long-sought revival of inner-city America is now a real possibility. New stores, industrial parks and housing developments are appearing in neighborhoods once written off as poor choices for investments. And a growing body of economic evidence shows that these islands of economic activity represent a tiny fraction of what could follow.

Chicago in particular shows widespread potential for development of what might be called the *Emerging Urban Markets* of the United States. Since the early 1990s, there has been a buildup of retail and housing activity in low- and moderate-income communities throughout the city, including neighborhoods that had not seen new development in 20 years or more. New movie houses, grocery stores, townhouses and single-family homes now dot the city landscape. They are beachheads on the next domestic frontier for business growth.

This report documents the economic underpinnings for this revival, such as the $18 billion in annual purchasing power of residents on Chicago's South and West Sides.[1] Analysis by the Regional Economics Applications Laboratory shows that much of this earned income is not spent in the neighborhoods where residents live. But it could be, if appropriate development takes place, and this could create huge economic gains in neighborhoods like Pilsen, Austin, South Shore, West Garfield, Kenwood-Oakland and West Pullman.

BENEFITS THROUGHOUT CHICAGO REGION

The data also show that the entire metropolitan area — and the suburbs in particular — will benefit from revitalization of the urban economy. Decades of disinvestment on the South and West Sides have left these economies with a limited ability to participate in and gain from economic activity elsewhere. This in turn prevents the entire metropolitan area from growing as quickly as it would if the South and West Sides had thriving, active economies. It is a lesson proven again and again by the dynamics of international trade: as the economy of a weaker trading partner is built up, its stronger neighbors benefit because of an overall increase in buying and selling.

Like any emerging market, the underdeveloped markets of Chicago will not reach their potential without investments in businesses and people. Also needed are new and reliable data sources to help define opportunities, along with strategic assaults on barriers that have held back development. Issues of safety, education, racial bias and ignorance must be addressed.

This type of work is already underway in several Chicago communities. To illustrate the approaches being used, a case study is presented of the West Pullman neighborhood, where Chicago United is working with the City of Chicago and 34th Ward Alderman Carrie Austin to catalyze redevelopment with a potential economic impact of $257 million.

IN A $93 BILLION TRADING AREA, NEIGHBORHOODS ARE UNDISCOVERED PARTNERS

It would be front-page news in American cities if a new and little-known trading partner suddenly burst on the scene, flashing billions of dollars in spending power and a large base of consumers, companies and skilled workers. Businesses in nearby regions would predict growth in their own sales as this new trading partner developed, and economists would estimate how much the larger economy would grow as trade increased among the partners.

This new trading partner already exists, but it is largely undeveloped in Chicago and other metropolitan areas. It is the urban market of African-American and Latino neighborhoods.

To gain a better understanding of the flow of money in and out of Chicago's South and West Sides, Chicago United commissioned an analysis by the Regional Economics Applications Laboratory (REAL). Using a sophisticated modeling program, REAL tracked 53 economic sectors and three major forms of economic interdependence: trade flows of goods and services, employment flows and income flows associated with the journey to work.

[1] Geoffrey Hewings, *"Creating and Expanding Trade Partnerships in the Chicago Region: Economic Interaction within the Chicago Metropolitan Region,"* Regional Economics Applications Laboratory for Chicago United, January 1999.

The analysis examined these flows among four trading "blocks": the West Side, South Side, Loop/North Side, and all suburbs in the six-county area. Though these trading areas are of quite different size, business composition and population — the suburban block, for instance, represents more than two-thirds of all employment — they provide a simplified way to examine the flow of wealth to and from the city and suburbs.

AN UNREALIZED URBAN POTENTIAL

The analysis confirmed that a large section of Chicago is not developed to its potential. Despite total metropolitan-area trade of nearly $94 billion, the South and West Sides account for only $9 billion (Figure 1). When businesses make investments on the South and West Sides, a larger percentage of that money "leaks out" to suburban and downtown businesses than would leak from more fully developed economies (Figure 2). And almost two-thirds of the money earned in these neighborhoods is spent in the suburbs or other communities (Figure 3).

All of these conclusions suggest that portions of the city, stripped of retail outlets, businesses and industry over the past three decades, are ill-equipped to take advantage of economic gains. But additional analysis shows that the situation can be reversed — often dramatically — by attracting new economic activity to the city. As new businesses are opened, offices staffed and factories built, much of the economic impact remains in the area (Figure 4). As new jobs are created locally, more income is available to support the new businesses and attract more.

A mix of industries is also important. Some economic activities, such as health care facilities, retain more than 90 percent of the economic impact locally. Others capture less because of an interdependence with businesses elsewhere. Banking facilities on the West Side, for instance, would capture only 72 percent of economic impact locally, with downtown picking up most of the rest. Metal fabrication and trucking, on the other hand, capture about 78 percent of impact, splitting the remainder with downtown and suburban firms (Figure 4).

These interrelationships among industries demonstrate that a broader economy in the city would be more able to participate in economic activity from the suburbs and beyond. Building up multiple sectors of urban neighborhoods — rather than only retail or housing — will bring broader payoffs and a larger ripple effect. Over time, the build-up across sectors can mitigate or even eliminate the current trade imbalances within the metropolitan economy.

... SIDES CAPTURE SMALL SHARE ...

The South and West Sides are junior partners in metropolitan Chicago's trade flow, capturing a smaller percentage of the total trade than their populations would indicate.

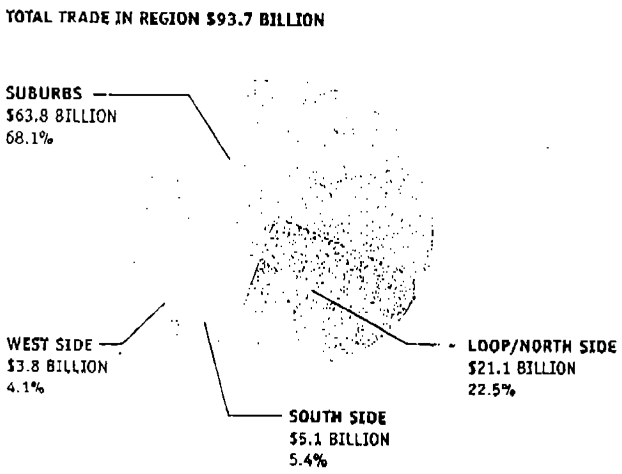


 FIGURE 1

Money spent on the South or West Sides has a direct positive benefit in the suburbs and elsewhere in the city.

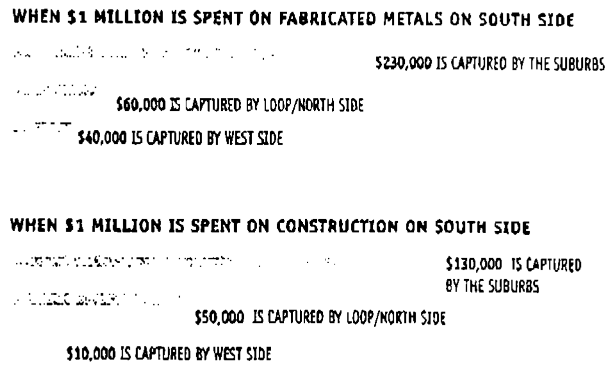


FIGURE 2

MOUNTING EVIDENCE OF URBAN POSSIBILITIES

The potential of the urban economy is only beginning to be discovered. A 1998 report by the Initiative for a Competitive Inner City noted that Chicago's South and West Sides have "tremendous strengths" that are "frequently overlooked by businesses unaware of the possibilities." A 1999 report by the Brookings Institution's Center on Urban and Metropolitan Policy states that "inner-city market potential remains largely unrecognized and untapped...traditional indicators (of economic activity) lead businesses to underestimate the market potential." These reports and others document huge opportunities across a range of industries:

- *Concentrated spending power is an unappreciated aspect of most city neighborhoods: they are far denser than suburban communities with greater per-capita wealth. Chicago's South Shore neighborhood packs in $69,000 of spending power per acre and Little Village exceeds $85,000 per acre, compared to $38,000 in wealthy Kenilworth, the Brookings study reports.*[2]

- *Business opportunities are heightened by excellent transportation, a large nearby workforce and unmet demand for goods and services. The Initiative for a Competitive Inner City identified particularly strong possibilities in Chicago for retail stores, commercial services, freight rail, back-office activities and manufacturing.*[3]

- *Growth prospects are good in both the African-American and Latino communities that dominate the South and West Sides. A 1996 study by the U.S. Census Bureau found that the number of African-American-owned businesses in Illinois jumped 50 percent over five years, with 15,328 firms in Chicago alone.*[4] *A 1999 study by Hispanic Business magazine projected creation of 30,000 new Hispanic-owned firms in Illinois by 2020.*[5]

[2] Robert Weissbourd and Christopher Berry, Shorebank Corporation, *"The Market Potential of Inner-City Neighborhoods: Filling the Information Gap,"* The Brookings Institution Center on Urban and Metropolitan Policy, March 1999. Funded by the John D. and Catherine D. MacArthur Foundation.

[3] The Boston Consulting Group in partnership with The Initiative for a Competitive Inner City, *"Strategies for Business Growth in Chicago's Low-Income Neighborhoods,"* June 1998.

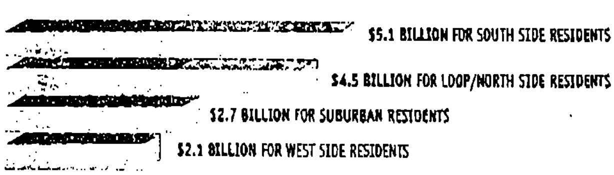
[4] Paul Merrion, *"Black-owned firms gain momentum in Illinois,"* Crain's Chicago Business, March 25, 1996.

[5] Jeff D. Vitucci and Joel Russell, *"Era of the Entrepreneur,"* and *"Number of Hispanic Firms,"* (chart), Hispanic Business, analysis by HispanTelligence of U.S. Census Bureau data, April 1999.

INCOME EARNED IN THE CITY "TRAVELS" TO OTHER AREAS

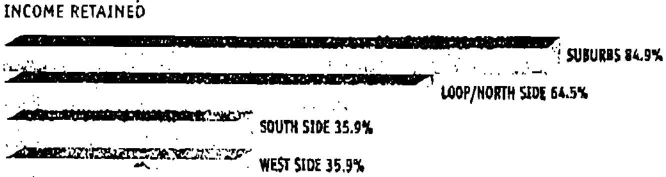
Nearly two-thirds of the income earned from jobs on the South and West Sides travels away from those sub-regions, because so many of the income-earners do not live on the South or West Sides.

JOBS ON THE SOUTH SIDE PRODUCE INCOME OF $14.3 BILLION PER YEAR THAT BECOMES TAKE HOME INCOME OF...



A much larger percentage of income earned from jobs in the Loop/North Side and suburbs stays in those sub-regions.

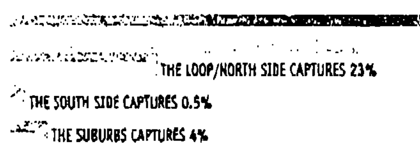
INCOME RETAINED



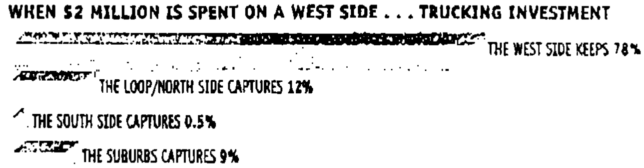
... CREATES LOCAL JOBS, BUT ...

More than 90% of the jobs created by a $2 million health care investment will be in the development area. Even sectors that are more dependent on downtown, like banking, deliver about 70% of their employment benefits to the host sub-region.

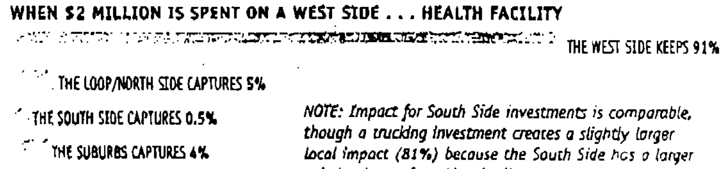
WHEN $2 MILLION IS SPENT ON A WEST SIDE . . . BANKING FACILITY



WHEN $2 MILLION IS SPENT ON A WEST SIDE . . . TRUCKING INVESTMENT



WHEN $2 MILLION IS SPENT ON A WEST SIDE . . . HEALTH FACILITY



NOTE: Impact for South Side investments is comparable, though a trucking investment creates a slightly larger local impact (81%) because the South Side has a larger existing base of trucking facilities.

FIGURE 3

NEW INVESTMENT — KEY TO REVIVAL — UNLOCKS LOCAL AND REGIONAL BENEFITS

The lack of development in America's urban neighborhoods has many roots, from structural changes in the industrial economy to racial segregation and failed schools. But the primary economic cause was a simple lack of investment. These areas have been starved for development capital for many years because investors in both government and the private sector felt their money would be better spent somewhere else. This decision to invest elsewhere, however, was not benign neglect; rather, it was driven by long held racial stereotypes about both social and economic behaviors.

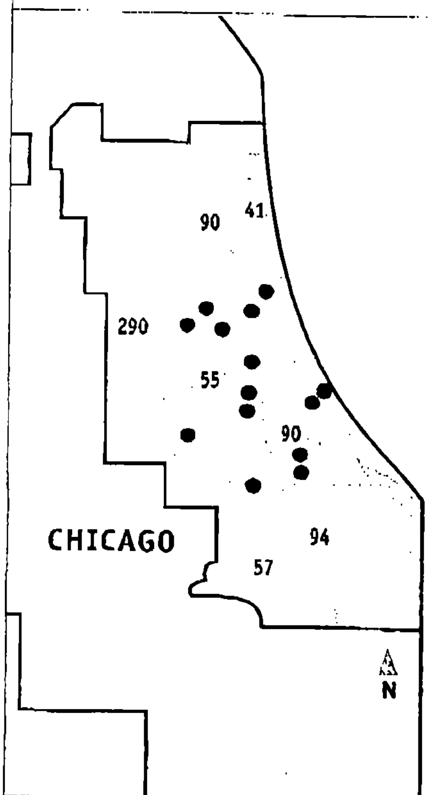
This report demonstrates that the opposite can be true: that money spent to build up the economies of Chicago's African-American and Latino neighborhoods can create attractive economic returns for businesses and produce spinoff impacts that benefit the metropolitan area as a whole.

Arguments for investment, both public and private, are compelling:

1. Retail opportunities are virtually untapped in many city neighborhoods. Billions of dollars earned by city residents are spent elsewhere because there are insufficient local outlets for products including electronics, clothing, groceries and hardware. South Siders have $9.7 billion in earned income to spend each year; West Side residents take home $8.3 billion (Figure 5).

2. Unbalanced economies don't gain as much from economic activity. Neighborhood economies have been unable to fully benefit from spending elsewhere, creating a drag on the entire metropolitan economy. Trade with other sub-regions is reduced (Figure 1). A significant portion of investment is lost to other sub-regions (Figure 2) and nearly two-thirds of the income generated on the South and West Sides ends up elsewhere in metropolitan Chicago (Figure 3). This dynamic can be reversed by attracting new businesses to the area.

3. Increased earning power of lower-income consumers creates expansion of the entire market. Henry Ford sparked an



Many neighborhoods contain bricks-and-mortar evidence that urban investment brings economic benefits for businesses and for governments. Over the past decade, a transformation has begun across the South and West Sides:

- *Shopping centers have been built in the very heart of the South Side, including a pioneering project at 54th St. and the Dan Ryan Expressway near the Robert Taylor public housing development, which showed high population density can compensate for low per-capita incomes.*

- *Industrial revival is underway with more than 1 million square feet of new construction on Goose Island and strong growth in the Stockyards and Southwest Industrial Corridors.*

A 30-acre, 670,000-square-foot development on Chicago Ave. in Austin is planned.

- *Large new grocery stores have been built in North Lawndale, South Shore and the Near South Side and are planned for other neighborhoods.*

- *New housing for a range of income levels is being built across the city, from Kenwood-Oakland and Pilsen to the Near West Side and West Garfield.*

- *"Big-box" retailers and multi-screen cinemas are responding to urban spending power; there is a Home Depot on 87th St., a Borders bookstore on 95th St., and new cinemas in North Lawndale, Chatham and Chicago Lawn.*

economic revolution when he increased the wages of his auto workers so that they could buy the cars they produced. The same phenomenon has been proven repeatedly in international trade: when developing nations increase their income levels, nearby economies reap benefits. New wealth in China, for instance, has created a tourism boom in neighboring Thailand.

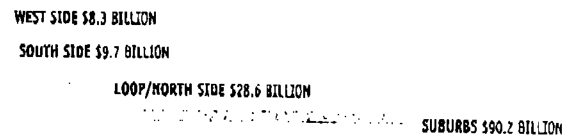
4. Development across sectors contributes to local "capture" of economic activity. Some new investments bring stronger local payoffs than others, such as health services facilities, which return more than 90% of job impacts locally (Figure 4). But new investments in most sectors will bring a substantial local impact (72% for banking; 85% for retail), while producing momentum for further development in other areas such as housing. This in turn expands the consumer base for stores, entertainment facilities and health services.

5. Suburbs and the rest of city share in the benefits. New income earned on the South or West Sides creates a wave of economic benefits both within that sub-region and throughout the metropolitan area. For every dollar of new income on the South Side, a ripple effect of $1.28 is felt on the South Side itself, while the suburbs experience 56 cents of new spending. The total economic impact for every dollar of new, South Side income is $1.99, the largest ripple from investments in any of the four sub-regions (Figure 6).

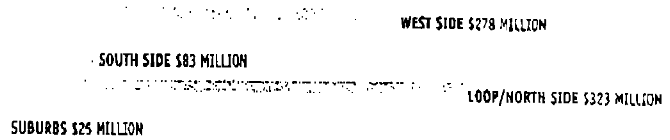
Investors have already pioneered a first level of renewal in Chicago's neighborhoods and begun to prove the principles above. But the full potential of rebuilt urban economies is far larger than the islands of activity already in Chicago. The West Pullman case study that follows shows the potential for $257 million in short-term economic benefits, plus new jobs in a modern business park and new retail developments that would not only serve West Pullman, but draw south-suburban spenders into the city.

Income earned by residents of the South and West Sides is substantial. This spending power is often underestimated because some methods do not count income earned in other parts of the metropolitan area.

EARNED INCOME FOR RESIDENTS/YEAR



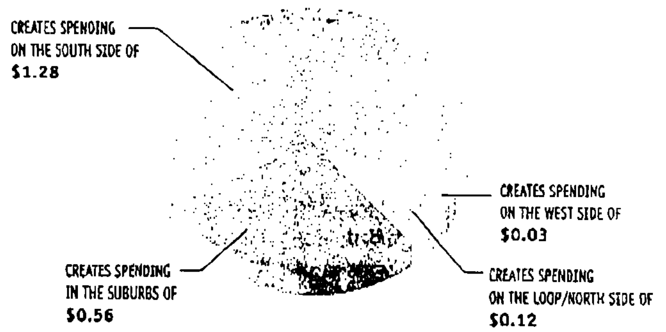
SPENDING POWER PER SQUARE MILE



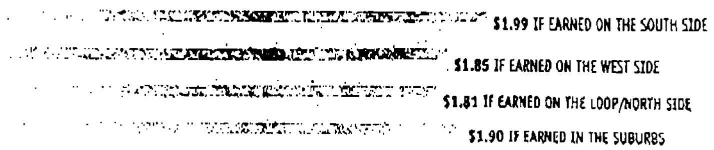
Note: South Side spending power per mile is significantly reduced by large tracts taken up by landfills, railroad switching yards, port facilities and industrial uses. Even so, it has more than tripled the spending "density" of suburban areas.

New income creates a substantial ripple effect or "multiplier" as that money is spent and respent, circulating through local businesses and individuals. The suburbs receive 50 cents or more of new spending for each new dollar earned on the South or West Sides. The largest total impact — nearly $2 for each dollar of new income — comes from new income on the South Side.

ONE DOLLAR OF NEW INCOME EARNED ON THE SOUTH SIDE



ONE DOLLAR OF NEW INCOME EARNED CREATES TOTAL "RIPPLE" SPENDING OF...

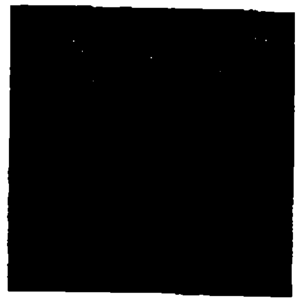


A NEIGHBORHOOD WITH SURPRISING STRENGTHS AND A PLAN TO DEVELOP THEM

Dozens of communities have the characteristics that make investment in urban neighborhoods a sound strategy. Large populations, available land, pent-up demand for industrial space, underserved retail markets and undeveloped commercial-service opportunities are common to many South and West Side neighborhoods.

Austin has a population of 114,000, more than many small cities. Pilsen has a 900–acre industrial district and a dense population of skilled and semi-skilled workers. The neighborhoods just south of the Loop have superb access to downtown, strong institutional anchors and a wealth of historic buildings. Attractive attributes can be found in South Shore, Ashburn, Roseland, Englewood, West Garfield, North Lawndale, Pilsen and other communities west and south of Chicago's downtown. Yet these communities have few major grocery stores, no WalMarts and none of the "big-box" retail outlets found in North Side neighborhoods.

Redevelopment in inner-cities remains a slow and difficult process, hardly reflecting the multi-billion-dollar markets that wait to be developed. A large part of the problem is perception. Neighborhoods on the South and West Sides, rarely visited by those who do not live or work there, tend to be thought of as blighted, dangerous places populated primarily by poor people with limited skills. As the West Pullman example will show, in many cases this is not an accurate picture. It is true that urban schools have tended to perform poorly, that infrastructure and buildings are worn out, and that security can be an issue for businesses in certain neighborhoods. The fact is that many suburban counterparts are increasingly facing similar challenges of security and declining quality of public education. Inner ring suburbs confront infrastructure deterioration and building renovation questions. More important than what they share in common, though, is that unlike their suburban counterparts, the economies of many urban neighborhoods have been hollowed out so that other amenities or services don't exist to balance the challenges unique to an area. Urban neighborhoods cannot take for granted the presence of family restaurants, a variety of retail stores, a range of office jobs, business-service firms or the opportunity for new housing.



A NEIGHBORHOOD SPECIFIC PLAN

The West Pullman development effort addresses all of these issues at once. It seeks to fill gaps in the current economy, address deficiencies that may deter new investment, and improve educational achievement at local schools. These barriers to development are attacked simultaneously, as part of a comprehensive strategy, and with strong support from city agencies, businesses and local political leaders.

On the Far South Side of Chicago, West Pullman has particularly strong prospects for near-term economic improvement. It is a predominantly African-American neighborhood of Chicago-style bungalows, multi-family buildings, stores and small factories. Though the community underwent rapid racial change in the 1970s, a traumatic period when factories and nearby steel mills were laying off workers, most of the community's streets remain intact and well maintained. Block clubs are active, churches dot the neighborhood, and some retail amenities are nearby, including a major grocery chain, drug stores and fast-food restaurants. The neighborhood's households have levels of education and income that exceed the citywide average (Figure 7), and the homeownership rate is 66%.

MAJOR ASSET: AVAILABLE LAND

What was once viewed as a major detriment to redevelopment is being transformed into West Pullman's most powerful asset. By the 1980s, the once-thriving industrial area centered on 119th St. east of Ashland Ave. had lost most of its factories, including International Harvester and Dutch Boy paints. Abandoned buildings, scrap yards and garbage-strewn lots created a powerful negative image for the area, even though several manufacturers continue to operate in the industrial zone and one of Chicago's largest churches, Christ Universal Temple, has built a new church and private school at 119th St. and Ashland.

Major support by the City of Chicago, including creation of a Tax Increment Financing district, is preparing the industrial zone for redevelopment. The city has committed $20 million for cleanup of the 160-acre parcel and $33 million for infrastructure improvements, including new streets and curbs, lighting and landscaping. A conceptual master plan was created for a modern business park and a market analysis was conducted by Arthur Andersen LLP.[6] The study identified key strengths including proximity to a skilled labor force, access to intermodal rail centers and opportunities in back-office, light industrial, freight-related companies and business services. The park could incorporate existing users and provide a total of 1.3 million square feet of newly developed space.

BUILDING UP THE RETAIL DISTRICT

A second focus for development activity is the commercial and retail district at 119th and Halsted. The area is heavily trafficked by cars, CTA buses, Metra passengers and pedestrians. It already includes a Jewel Foods, Pizza Hut, Radio Shack, State Farm

[6] Arthur Andersen LLP Real Estate Advisory Services Group, *"Market and Strategic Analysis for the West Pullman Business Park,"* for the City of Chicago and U.S. Equities Development Inc., May 1998.

A COMPREHENSIVE WEST PULLMAN DEVELOPMENT PROGRAM

The West Pullman strategy seeks to create new economic activity across various sectors. Development projects in the active planning stages would create construction spending of $79 million and total economic impact of $257 million.

DEVELOPMENTS IN PLANNING STAGES
Construction spending Year 2000-2004 (estimated)

BUSINESS PARK: $31 MILLION
Create new warehouse/industrial spaces, commercial center at historic clock tower and back-office center

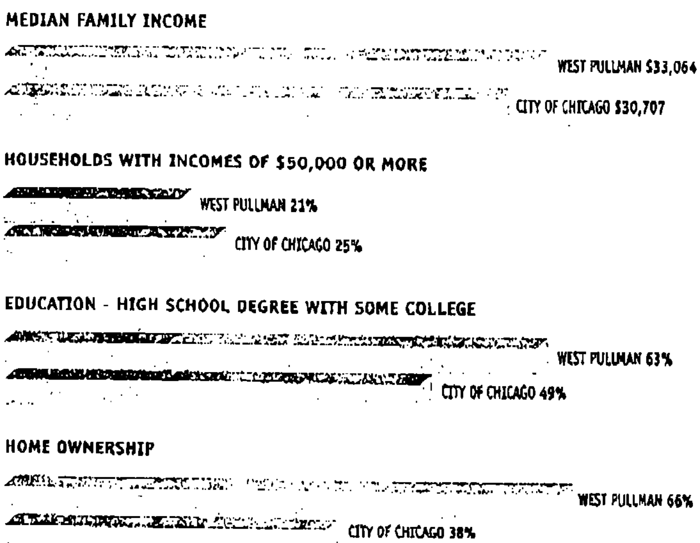
RETAIL AND COMMERCIAL INVESTMENT: $11.5 MILLION
Attract major retailer to site near Interstate 57; develop space for smaller retailers around 119th St. and Halsted intersection.

HOUSING: $10.5 MILLION
Create 110-unit senior housing development; begin in-fill development of affordable townhouse units; construct first phase of market-rate housing.

PUBLIC FACILITIES: $26 MILLION
Build new branch library and develop cultural and arts center.

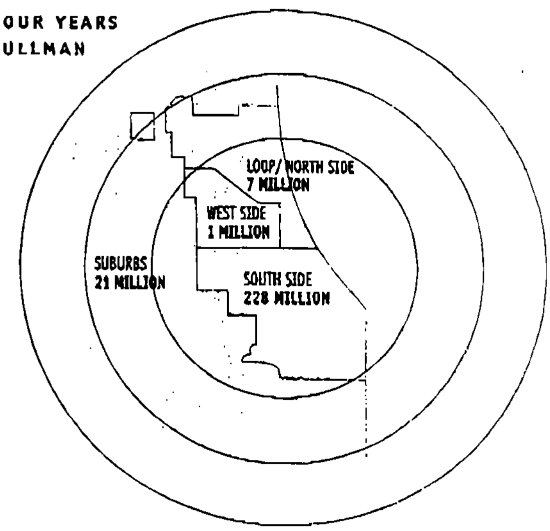
TOTAL NEW DEVELOPMENT: $79 MILLION
TOTAL NEW EMPLOYMENT: 530 JOBS
TOTAL NEW WAGES (OVER FOUR YEARS): $26 MILLION
TOTAL ECONOMIC IMPACT: $257 MILLION

WEST PULLMAN PROFILE: HIGH HOME OWNERSHIP, EDUCATION AND INCOME LEVELS
Little known to outsiders, the West Pullman community has many of the characteristics that businesses and investors seek out.



INVESTMENT COULD CREATE $257 MILLION BOOST TO METROPOLITAN ECONOMY
The projected $79 million in construction spending and $26 million in new wages would create spinoff benefits in the South Side sub-region and throughout the metropolitan area.

IMPACT OVER FOUR YEARS OF THE WEST PULLMAN INVESTMENTS



Insurance agent and other businesses. But a number of properties are vacant or underutilized, and the adjacent residential area is the most run-down of the entire neighborhood.

A catalyst for redevelopment of this area is a planned $6 million branch library on Halsted. A 110-unit senior housing development is slated for an area of vacant land, and affordable in-fill housing is targeted for underused blocks on 119th Street. New median planters along Halsted, filled with flowers and trees, are designed to attract new retailers and build support for a $20 million cultural and arts center. If retail momentum can be established, a destination shopping center featuring major retailers of clothes, electronics and other goods could be developed north of 117th St.

SPINNING OFF BENEFITS

Initiated less than two years ago, the West Pullman development strategy is expected to bring large investments before the year 2000. Land preparation for the business park has taken place, library construction is scheduled and active recruitment of industrial and retail investment is underway.

Urban redevelopment is not new. South Shore Bank pioneered the practice more than 20 years ago as it used local knowledge and careful investment to rebuild the housing stock of the South Shore neighborhood. Individual developers have created successful projects in Chicago communities once considered "undesirable" for development. The West Pullman example follows efforts that are farther along in North Lawndale, Austin and Bronzeville. As it goes forward, more neighborhoods can use the growing base of knowledge to build economic breadth and spin off benefits to surrounding areas.

This is not an idealistic scenario. It is based in hard numbers that are beginning to be noted, understood and strategically evaluated by a variety of business investors. Urban America is the next business frontier. The data presented here speak clearly to that potential.

- *Total household income of $324 million per year*
- *Largely intact housing stock including post-World War II bungalows*
- *Excellent freight access by Interstate, intermodal, rail and port*
- *Excellent transportation access by car, Metra train and CTA/PACE*
- *Available land for business park development (160 contiguous acres)*
- *Existing business base of industrial, commercial and financial firms (6,500 employees)*

[illegible]
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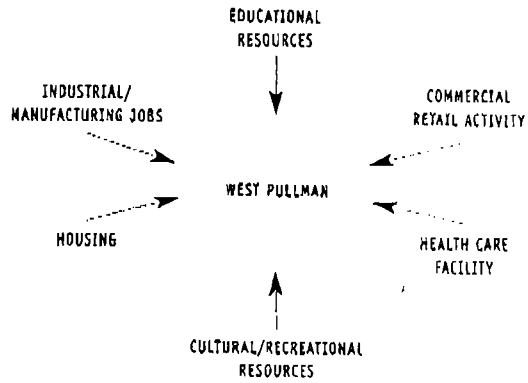
Large-scale redevelopment in West Pullman depends on creating activity in multiple areas. Rather than using a linear timeline that requires one activity before another, the Chicago United approach applies pressure in all areas to create simultaneous developments that build on and support each other.



INDUSTRIAL/MANUFACTURING JOBS

Redevelop 160-acre business park with modern facilities; retain current employers and attract new light manufacturing, back-office and commercial-service firms.

EDUCATIONAL RESOURCES

Implement $2.6 million, four-year program to improve math and science learning at 10 area schools, using business sponsorship and partnership with Teachers Academy for Math and Science. Support development of new South Side College Prep High School as academic flagship for Far South Side.

HOUSING

Build new housing to upgrade appearance of the neighborhood's few blighted areas, including 110-unit senior housing adjacent to Metra stop, market-rate infill in Maple Park area, and affordable townhomes on 119th St.

CULTURAL AND RECREATIONAL RESOURCES

Anchor redevelopment of 119th and Halsted area with new branch library and $20 million community arts and culture center.

HEALTH CARE FACILITY

Attract regional health-services provider to serve residents and boost local economy, as 90% of job impact from health facilities remains in the host area.

COMMERCIAL/RETAIL ACTIVITY

Develop grocery, drug store, restaurant and other retail opportunities to serve local shoppers and workers; build regional retail destination center to attract south suburban and South Side residents. Attract commercial-service firms to serve area businesses.

CHICAGO UNITED *is a corporate membership organization whose mission is to improve relations among Chicago's diverse racial and ethnic groups. It provides a forum for discussion and action on specific business and social issues in education and economic development.*

INVEST IN CHICAGO *is a Chicago United economic development program designed to promote the revitalization of urban communities whose commercial markets are underdeveloped, even though the area's demographics indicate substantial support for private-sector investments. The first focus community under the Invest in Chicago program is West Pullman on the Far South Side.*

REGIONAL ECONOMICS APPLICATIONS LABORATORY (*REAL*) *is a cooperative venture of the University of Illinois at Urbana Champaign and the Federal Reserve Bank of Chicago. REAL uses computer modeling to forecast economic impacts of actual and proposed activities or developments. REAL has measured the impact of such different projects as the 1995 Claude Monet exhibit at the Art Institute of Chicago; the economic effects of proposed airport expansion in metropolitan Chicago; and the trade impacts among countries and regions including Brazil and Indonesia.*

REAL's Chicago Region Econometric Input-Output Model was used to create the analysis in this report. The model measures trading relationships between business sectors within the Chicago region and includes the effect of households and state and local governments. Economic interactions beyond the metropolitan area, such as imports and exports with Midwestern and global trading partners, are also measured.

SECOND RESEARCH PHASE TO BUILD ON THESE FINDINGS

With the continued support of the John D. and Catherine T. MacArthur Foundation, Chicago United and REAL have begun a second phase of research which will expand understanding of these findings. This work will examine 1) the interdependence of city subregions with smaller suburban subregions (e.g., the relationship between the South Side and the South Suburbs as compared to the South Side and the Western Suburbs should further enhance the applicability of these data to different economic development scenarios); 2) differences in household consumption patterns by areas; 3) differences in shopping patterns across metropolitan Chicago.

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L. A.

REVITALIZATION/2

"In addition, most of the revenue from our stores remains in the local community in the form of salaries and wages, taxes and other services. Rite Aid stores and personnel also are active participants in community life, contributing time and resources to local merchants associations, business district beautification, neighborhood events and programs. In many cases, Rite Aid has provided new opportunities for local pharmacists unable to remain in business because of pressures brought on by reduced revenue from managed care," Grass continued.

Rite Aid also reinforces its commitment to urban communities through its Mother's Day Mammograms© program. The program educates women about breast cancer and helps uninsured women, through a referral service, receive free yearly mammograms. Since 1990, over 15,000 women have received free breast screenings.

"Our experience shows that stores in underserved urban areas are among our most successful ventures," Grass added.

Rite Aid Corporation, based in Camp Hill, PA is one of the nation's largest drugstore chains with approximately 4,000 stores in 30 states and the District of Columbia with annual revenues of $11.4 billion. General information about Rite Aid, including corporate background and press releases, is available through the company's website at http://www.RiteAid.com.

Recent highlights of Rite Aid's commitment to urban revitalization include:

New store at site of 1992 Los Angeles riots

In mid-January Rite Aid celebrated the grand opening of its first new Los Angeles store, highlighting its commitment to economic recovery in South Los Angeles. Community and business leaders joined Rite Aid CEO Martin Grass at the store located on the corner of Rodeo and LaBrea. Rite Aid was commended for its commitment to the community, and the importance of companies like Rite Aid investing in Los Angeles was emphasized. The corner was a site of devastation following the riots in 1992. Rite Aid's move into the community signals a major rebirth of business in the area.

In addition, Rite Aid is committed to investing $55 million over the next year in the city of LA alone, including new and remodeled stores throughout the inner city areas of South Central Los Angeles, East Los Angeles, the harbor district and the San Fernando Valley. The company is also slated to open two new stores in the City of Compton, representing an investment of $4.5 million in that city. Other urban regions of Southern California to be served by new or remodeled Rite Aid stores include, Long Beach, Santa Ana, Huntington Park, Baldwin Park and Gardena.

(more)

Commitment to employing San Francisco welfare recipients

Rite Aid is planning a partnership with San Francisco Works, a program that helps provide valuable employment opportunities for San Francisco residents. Led by the Chamber of Commerce, the Committee on Jobs and the United Way, San Francisco Works was chartered in 1997 to prepare 2,000 men and women to transition successfully from welfare to work through proven screening, training, placement and retention support programs. Within the next 90 days Rite Aid will open three new stores in San Francisco and will be hiring from the local communities.

Rite Aid redeveloping entire block in Tacoma Hilltop area

Rite Aid will soon break ground on a $4 million project that will help revitalize the Hilltop, a struggling neighborhood in Tacoma, Washington. Rite Aid has been commended by community leaders, for its pioneering efforts, which may serve as a catalyst for future economic developments. The 16,000 square foot store will employ Hilltop neighborhood residents.

Partnering with community construction and hiring groups in Philadelphia

In mid-1996 Rite Aid reaffirmed its commitment to urban retailing by partnering with a community development group to relocate a store in inner-city Philadelphia. The relationship with the Greater Germantown Housing Development Company (GGHDC) ensured local hiring of all subcontractors, architects, engineers, and other construction consultants. In addition, the GGHDC handled all phases of the construction process and assisted in the hiring process for in-store positions.

Also, in January of 1996 Rite Aid teamed with the Jefferson Manor Community Development Corporation and the Girard Avenue Business Association. A state-of-the-art Rite Aid pharmacy was opened in a depressed North Philadelphia neighborhood, where more than a quarter of the residents were unemployed and the nearest drugstore was blocks away. Most of the 18 store employees were hired from within the neighborhood. Community leaders commended Rite Aid saying the store serves as a building block to help revitalize their neighborhood.

Rite Aid partnering with New York City as a foundation for urban development

Recently, Rite Aid CEO Martin Grass committed to a project sponsored by New York Mayor Rudolph Giuliani called "The ANCHOR Program." Developed in conjunction with the New York City Partnership, the program is dedicated to the

(more)

EXECUTIVE OFFICES
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California

May 7, 1999

The Honorable William Jefferson Clinton
President of the United States
The White House
Washington, D.C.

Dear Mr. President:

Thank you for your invitation to your May 11, meeting on your administration's New Market Initiative. I am disappointed that I will not be able to attend. I will be presiding at our company's annual shareholders meeting that same day in Los Angeles.

We commend your efforts to promote capital development in underserved communities. Safeway has a strong record of investing in these markets. It was my privilege to meet you at a White House gathering in March of 1997 about local business development in Washington, D.C. You remarked during your East Room presentation that Safeway was planning to open a 55,000 square foot supermarket in Southeast Washington, D.C. the following day. We appreciated the recognition. I am pleased to report, the store has been well-received in the community, and a tremendous success as a business investment. Developing the site was a good example how business, along with government agencies and community groups, can work together to bring essential services to otherwise underserved parts of a city. As you may know, we operate 16 stores in the District of Columbia, four times that of our nearest competitor.

Over the last five years Safeway has invested more than $165 million building new stores and remodeling outdated facilities in urban/underserved neighborhoods throughout our operating divisions in the U.S. For example, our newly acquired Dominick's division in Chicago opened a new supermarket on West Roosevelt Road this past March. It was the first new supermarket in this section of Chicago in nearly 40 years. This was the third inner city supermarket Dominick's opened in the last three years.

In addition, we have opened state-of-the-art supermarkets in two Baltimore inner city locations in the last two years. In 1998 we opened a new store in an underserved section of Pasadena. We have done similar projects in San Francisco, Los Angeles (including Inglewood and Compton), Oakland, San Jose, Phoenix and Seattle. In the process, we have greatly expanded the grocery shopping options and made thousands of employment opportunities available to residents in these neighborhoods.

Our thanks again for the invitation, Mr. President. I am sorry I cannot attend, however, I do look forward to learning more about your New Market Initiative.

Sincerely,

Steven A. Burd
Chairman, President and Chief Executive Officer