From: Jim Newby
To: Clyde Williams
Date: 6/17/99 1:55PM
Subject: Clarksdale, Mississippi

Business and Industry Loan Guarantees

Colonial Bag Company $3.0 million guarantee to finance machinery and equipment for manufacturing bags for a variety of purposes including farm suppies, i.e., seed and fertilizer.

GPH, Inc. $650,000 for the renovation of a 65 room hotel and addition of 39 rooms.

Community Facility Loan, $1.5 million, to construct the Aaron Henry health facility. Mr. Henry, who passed last year, was a noted Civil Rights leader in the Delta.

Rural Business Enterprise Grant, $500,000 to provide transportation of elderly to and from health Clinics and to transport residents to job training facilites.

All of the above items were approved in the past 12 months.

Miss Delta

- A HUD-funded study, completed in 1996 (or thereabouts), recommended businesses that could spark the most revenue in the area. Some of those recommendations could be ready for announcement by the end of June.

Other Comments

The Harlem renaissance has already attracted media attention and acclaim (see attached *Washington Post* article from May 5, 1999.

DELTA POSSIBILITIES

MONROE, LOUISIANNA

Background/Highlights

- In 1994, statistics showed that Monroe is the third-poorest metropolitan area in the nation
- Monroe has a population over 50,000.

Government Investments

- Designated as EC in the first round, in 1995, receiving $3 million.

Private Sectors Investments

- **Hibernia National, Central Bank and Bank One** committed $3 million **in loans to EC businesses** unable to access traditional bank financing.
- A donated property is being rehabilitated and expanded as the St. Francis Medical Center's Primary Health Care Clinic (South), a **community-based nonprofit clinic**. The new facility will cost approximately $350,000 and provide 13 jobs.
- **State Farm Insurance** is carrying out a partnership to provide job training to place EC residents in Monroe or the adjacent Parrish. There are 10 people currently placed.

Possible Announcements/Events

Other Comments

- The EC Board was originally deemed "troubled," but has recently shown great improvement.

GREENWOOD, MISSISSIPPI

Background/Highlights

Government Investments

- Designated as Empowerment Zone in 1995.
- Received $800,000 in small cities CDBG, $1 million USDA.
- Received
-

Private Sectors Investments

- $1 million in local private sector investment.
- Viking Range, manufacturer of high quality kitchen equipment, came into the Zone, and created 500 jobs.

Possible Announcements/Events

Other Comments

St. Gabriel Education Center Provides Counseling for Local Parents, Teenagers, and Children—Mid-Delta Mississippi EZ

(Individual success—Sister Helen Papan, role model for at-risk teenagers, assistance in housing and medical care)

Parents, teenagers, and children benefit from the counsel, practical assistance and compassion given by the "Mercy Care Program" of the St. Gabriel Education Center in Mound Bayou, Mississippi. The primary focus of the program is to teach the parent the developmental stages of rapid growth in the child from infancy to the age of three. The program teaches parents about the need to support the child with understanding during the rapid transition of growth and to detect developmental problems and then to refer them to appropriate resources for help. The program also teaches parenting skills that will help promote strong parent-child development.

Sister Helen Papan, the project director, has done an exemplary job in reaching out to the residents of Bolivar County. Every other week she gives a session to roughly a dozen teenage girls at the Mental health Center in Cleveland, Mississippi. She provides them with advice that will help lead them to promising futures, while pointing out the hazards and obstacles along the way. Sister Helen talks with the girls about avoiding teen pregnancy, building values and self-esteem, about the obstacles and opportunities they will face. The sessions provide an excellent opportunity for feedback with counselors and the girls themselves. The Acting Director of MDEZA, Shirley Williams said that "Sister Helen is an excellent role model for these teenage girls, many of whom don't have self-confidence, and she provides that. She's someone who is always there for them."

Because of the financial assistance provided by MDEZA, Sister Helen has been able to get electricity and gas turned on for several needy families, while always remaining within her budget. On one occasion when furniture was removed from a home by a storekeeper because of past due balances, money was provided to buy beds for the children. The Empowerment Zone provided $23,000 in funding for "Mercy Care," and this seed money leveraged another $30,000 from other local charitable organizations to acquire the necessary total of $53,000.

As sister Helen goes into the various homes, she is able to offer much assistance to further parental development. She understands the deprivations surrounding the families and has been instrumental in having several new homes built by the Rural Economic County Development Farmers' home in Cleveland, MS (the first families moved in during the summer of 1998). Aside from assisting parents with parenting skills, she has given clothing to needy families and provided transportation to doctor's offices and welfare departments.

"We have many single parent families here," Shirley Williams said, "and Sister Helen uses the Mercy Care van to pick them up and take them to medical appointments and that has been very helpful in improving their access to health care."

Finally, with the assistance of an AmeriCorps volunteer, classes are held three times a week for 4th grade students at the I.T. Montgomery Elementary School to enhance

Job Creation in the Delta
Mid-Delta Mississippi Empowerment Zone

(Henry Gardner and Clara Brown, two people who went to work and greatly improved their lives due to this project)

The Mid-Delta Empowerment Zone Alliance (MDEZA) played a vital role in helping secure a major facility for the Mississippi Delta---Dollar General's Distribution Center in Indianola, Mississippi, leading to the creation of 500 new jobs. Just 10 months and a day after announcing construction in August, 1997, Dollar General Distribution Center shipped the first order.

The Company made the official announcement that it would construct its Distribution Center in Indianola Mississippi on August 28,1997. Groundbreaking ceremonies for the 825,000 sq. ft automated distribution facility was October 7,1997. The first inbound shipment arrived May 18, 1998 and the first outbound shipment of goods occurred June 29, 1998.

Many of the workers in this automated distribution center reside in the Mid- Delta Empowerment Zone. MDEZA was also instrumental in leveraging a $900,000 infrastructure grant to the City of Indianola thereby assuring construction of the $30 million facility and over 500 new jobs for the region.

Henry Gardner and Clara Brown are two individual success stories who illustrate the impact of this project on lives of the people. Mr. Gardner, 41, had been a farm worker who received low wages before he went to work for Dollar General. He previously did not have health or retirement benefits. Now he says that "Dollar General offered me a place to work where there are nice people to work for. The benefits and money help my family." Gardner was able to buy a car after getting his new job, and says that "since I have been employed here I can now pay my bills."

Clara Brown is another success story. A 48-year-old single parent, she says that "Dollar General gave me the opportunity to keep my home. My mother died and I did not know which way to turn. Dollar General gives me the money I need to provide for my kids so they do not have to do without the things they need." Ms. Brown previously held lower-paying jobs, and she says that "I enjoy my job now and feel good about myself." Since going to work for Dollar General she has been able to buy a car, and said that "I have even bought my son a computer and can pay all my bills."

On average there are 115 shipments per day in and out of the Center. New truck lanes are under construction on Highway 82 to safely accommodate this additional traffic.

MDEZA and Mississippi Delta Community College have finalized the details for construction of the Career & Workforce Development Center on the MDCC campus at Moorhead Mississippi. The center will be unique in that it will be able to offer every type

Business and Industry Loans for Catfish Processing Create More than 400 Jobs
Mid-Delta Mississippi Empowerment Zone

The Mid-Delta Mississippi Empowerment Zone provided vital assistance in bringing a major catfish-processing facility into the EZ. USDA's Rural Development provided a business and industry loan guarantee in the amount of $2.5 million to Freshwater Farms, a catfish-processing facility. That initial investment brought a facility to the EZ that has provided more than 236 jobs since the initial investment was made several years ago, and the business is still flourishing today.

Heartland Catfish, Inc., located a new catfish-processing facility in Itta Bena, Leflore County, Mississippi. It is a state-of-the-art facility, with robotics requiring minimum human labor in preparing the catfish. The plant turns out many thousands of pounds of fish per day.

The catfish industry is an important new activity in Mississippi and in the Delta region as a whole, as it provides a major alternative to traditional row crop farming. The Heartland Catfish facility in Itta Bena is one success story in a state-wide industry that now contributes in excess of $2 billion to Mississippi's economy annually. The region in which Leflore County is located finds itself in a unique position, from the standpoints of natural resources and climate--as well as assistance provided by USDA and the EZ--to capitalize on the growing demand for aquacultural products. Contract farming in aquaculture is rare, and the economic benefits of aquaculture accrue primarily to private citizens. For the Delta region, aqauculture provides a unique opportunity for employment and income for limited resource, small farmers--many of whom are minority--who might not otherwise be able to stay in business.

Thus, the foresight of the EZ and other community leaders led to the establishment of a major catfish plant in the EZ, and contributed to the growth of a major industry that has succeeded in diversifying and strengthening economic opportunity for the residents of the Empowerment Zone.

The Center also is used as a place where children taken into the state's custody can be bathed, given clean clothes and fed while awaiting placement or pickup by relatives. I-75 bisects both Crisp and Dooly Counties, and an increasing number of traffic stops involve drugs, stolen vehicles and other infractions committed by adults who unfortunately are accompanied by their children. Three children ages 4, 2, and 7 months were found in a stolen moving van operated by their mother, who is a carnival worker. These children had not been bathed in several days, were dressed in filthy clothing, and had head lice. They were brought to the Center and bathed, clothed and fed prior to being taken to a group home. The positive impact of being clean and adequately clothed was reflected in the faces of children who, while still scared, were no longer hungry and who felt better physically.

The biggest community impact has come through the child-friendly interview facility located in the Center and designed for use by local professionals charged with investigating child abuse. Unlike impersonal, intimidating settings such as police stations, the Center is warm, inviting and comforting. Children can feel safe while revealing their secrets to the people who need to hear those secrets in order to protect these children. With equipment procured through a Georgia Bar Foundation grant, interviews can be recorded and preserved, eliminating the necessity for repetitive interviews of children. Most importantly, the environment lessens the trauma imposed by the interview process. In one recent case, three sisters ages 9, 7 and 4 were sexually abused by their father. During the interviews, conducted separately, the sisters not being interviewed were distracted with toys and games and even performed an impromptu puppet show with the Center's Director while their mother was being interviewed.

Puppet shows, swing sets and clean clothes don't offset parental abuse and neglect, and they don't lead families to the answers to their difficulties. They do, however, provide small increments of hope and improvement on a family's journey to a better situation in life. "Like any puzzle piece," Krista Hanson said, "the Gateway Center serves in its niche and helps hold the big picture together a little tighter for the children and families it serves."

BellSouth: Serving Our Rural Customers

Technology Deployment in Rural Areas

- BellSouth serves 24 million lines across the nine-state region. Approximately 40% of these lines are rural residential and business customers
- BellSouth's gross investment in rural markets has been more than $19 billion (net $6.7B after depreciation)
- Plan to invest approx. $1.1 billion in rural areas this year and in 2000
- Today, 85% of our lines are digital and we will invest so that 100% of those lines are digital at the beginning of the new millenium. Last year we invested almost $4 billion in our network.
- BellSouth is moving new technologies to rural areas. Along with phone lines being 100% digital, we are moving toward 100% digital switches in rural areas

New Facilities in Rural Areas

- BellSouth has made an investment in our people in underserved rural areas by locating four brand new customer service centers for National Directory Assistance Service in non-metro areas of our region.
- Locations are: Albany, Ga.; Paducah, Kent.; Greenville, Miss.; Orangeburg, S.C. Total employment: 400 this year, 600 next.

BellSouth Support of Education

- Through edupower3 program, BellSouth is continuing its investment in integrating technology into public schools
- Every superintendent in our territory will be invited to be part of our leadership program that explains how to use technology – e.g. Internet access – in their classrooms.
- Also investing $7M for individual teacher training

GREENWOOD
LEFLORE
CARROLL
Economic Development Foundation

PHOTOCOPY
PRESERVATION

FROM: CLIFF BRUMFIELD
Executive Director

TO: Karen Hinton

Re: Trip Information

I would like to suggest the following potential stops for the July trip:

1. **Viking Specialty Products**
Viking Specialty Products, a subsidiary of Viking Range Co., was founded and built in the Mid Delta Empowerment Zone just two years ago. Since construction the company has already expanded and employment is double the original anticipated figure. Of note is the fact that this company was financed via cooperation from the Federal, State, and local government and from the private industry. A $1 Million Rural Business Enterprise Grant from the U.S.D.A. was utilized along with over $850,000 in a State of Mississippi Community Development Block Grant to make way for the reality of this project. The Leflore County Board of Supervisors acted as the applicant for both grants, and is actually the owner of the building. Viking pays higher than average wages and offers one of the most aggressive employee benefits packages of any industry. Viking is currently installing air-conditioning in manufacturing areas to increase employees' satisfaction.

2. **Alexander and Mary**
This company, whose facility will soon be under construction in the Itta Bena Leflore Industrial Park across the highway from Mississippi Valley State University, was also funded via a Rural Business Enterprise Grant from USDA and with local County assistance and help from the State of Mississippi. When complete, this plant will produce high-end home furnishings in the way of pictures, mirrors, and perform upholstery work for hand carved chairs made in Egypt. This company is locally owned and operated by The John Richard Collection. JRC was founded some 15 years ago by local business person and community activist Alex Malouf. JRC manufactures high-end lamps, wall art, mirrors, chandeliers, iron furniture, wood furniture, and decorative accessories. Not your typical Mississippi furniture producer, JRC exhibits its wares in their 14,000 square foot showroom housed at the nation's premier furniture fair in High Point, North Carolina. Since Alexander and Mary is not yet under construction we could arrange a tour of the John Richard Plant. The new facility will be a smaller version of this one, but similar. JRC is located in the Greenwood Leflore Industrial Park, is not in the Empowerment Zone, but is on the

way from the Airport to other proposed visit sites.

3. **Need for Housing, Education**
There is an area in the oldest part of down town Greenwood (Not in the Empowerment Zone, but on the way to the Zone from airport) that is in desperate need of housing assistance. I believe touring this area would give good insight to the special needs of our community. Several historic points of interest are in the immediate vicinity and may make good stopping points: Friendship Church, one of the community's oldest African American Churches, is located there. Longtime Democrat, former freedom movement activist and dedicated Democrat State Senator David Jordan represents this area. Also, one of Greenwood's oldest schools still in operation and in dire need of improvement is Threadgill School (grades 6-8).
Education site. While at Threadgill, we could discuss our area's problem with high school drop outs with Superintendent of Education Dr. Les Daniels. The Greenwood-Leflore School Systems both participate in the nation-wide Cities in Schools Program, a program aimed at keeping at-risk youth in school. Our CIS program was instituted and is championed by Celia Emmerich, another long time Democrat supporter, who also happens to own the local newspaper, The Greenwood Commonwealth. Celia could offer insight into this problem as well as assisting in providing positive media coverage. Ms. Emmerich also owns several other papers across the State. The Emmerich media business was founded by her late husband's father, J O. Emmerich. Celia would fully understand how to set up and provide the exposure you are looking for relative to education.

4. **Empowerment Zone Town Seeking Federal Assistance for Services for Depressed Neighborhood: (Itta Bena)**
The City of Itta Bena, located in the Empowerment Zone, has a terrible sewer problem that they are trying to solve with a combination loan/grant from the United States Department of Agriculture. In fact, the City has already made application and has a bank working with them to provide a guaranteed loan. Within the past year, during a thunderstorm, the sewers backed up in over two-dozen homes. The residents had to evacuate, and later returned to not only serious damage that most of them couldn't afford to fix but they also returned to a terrible potential health hazard. After the sewer backed up, the City's storm sewer overflowed and added to the flooding. It is my understanding that this application is close to being ready for an announcement. Perhaps the President would like to make the announcement during the trip. If there is anything left to do on the application I can assure you we will do everything needed to complete it.
The City of Itta Bena, like many rural towns, has good and needy areas. City Officials are working diligently to make every part of town as well served as the best. However, tax revenues are very limited. Itta Bena, with its needs, new industries, location in the Mid Delta Empowerment Zone, and close proximity to Mississippi Valley State University stands poised to make great strides, with the right help. Housing is also a problem in the area around this site. In fact, this stop would give a similar view to Greenwood's housing situation. It is for these reasons that I believe Itta Bena would be an excellent stopping point for the tour.

5. **Brief stop at Mississippi Valley State University**
It is my understanding this trip is focused on private sector needs and accomplishments. However, M.V.S.U. is located in Itta Bena and is only minutes away from the section of town

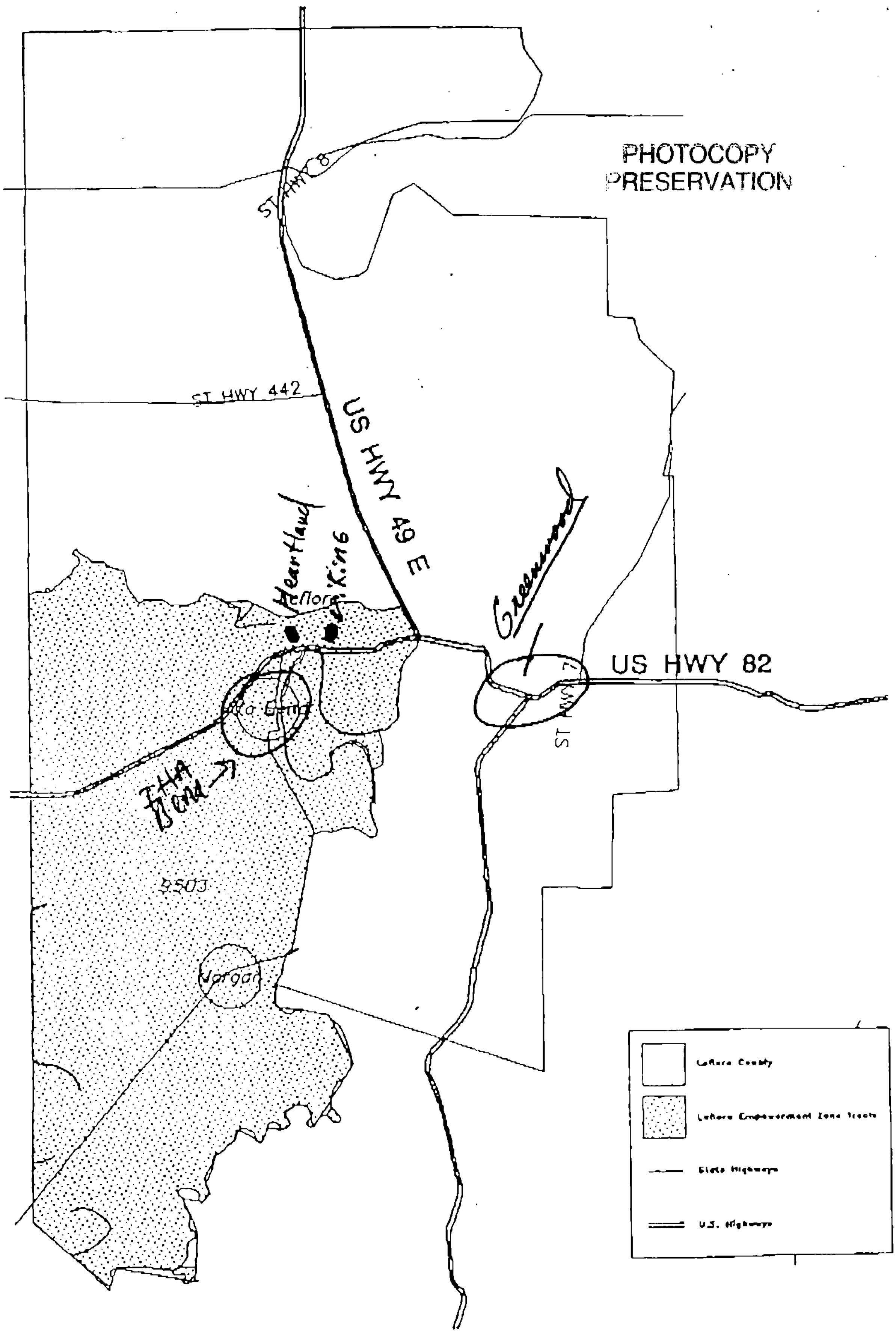
most plagued by flood and sewer problems. Perhaps a brief stopping point for refreshments at the home of M.V.S.U. President Dr. Lester Newman would give the President time for the University and time for the community to express appreciation for the administration's interest in our needs.

Driving Time:
From Greenwood Leflore Airport to Downtown Greenwood: 13 Miles
From Downtown Greenwood to The John Richard Collection: 4 Miles
From Greenwood to Viking Specialty Products: 6 Miles
From Viking Specialty Products to Itta Bena: 3 Miles
Driving time from any destination in Greenwood to Itta Bena or to another Greenwood destination is minimal.

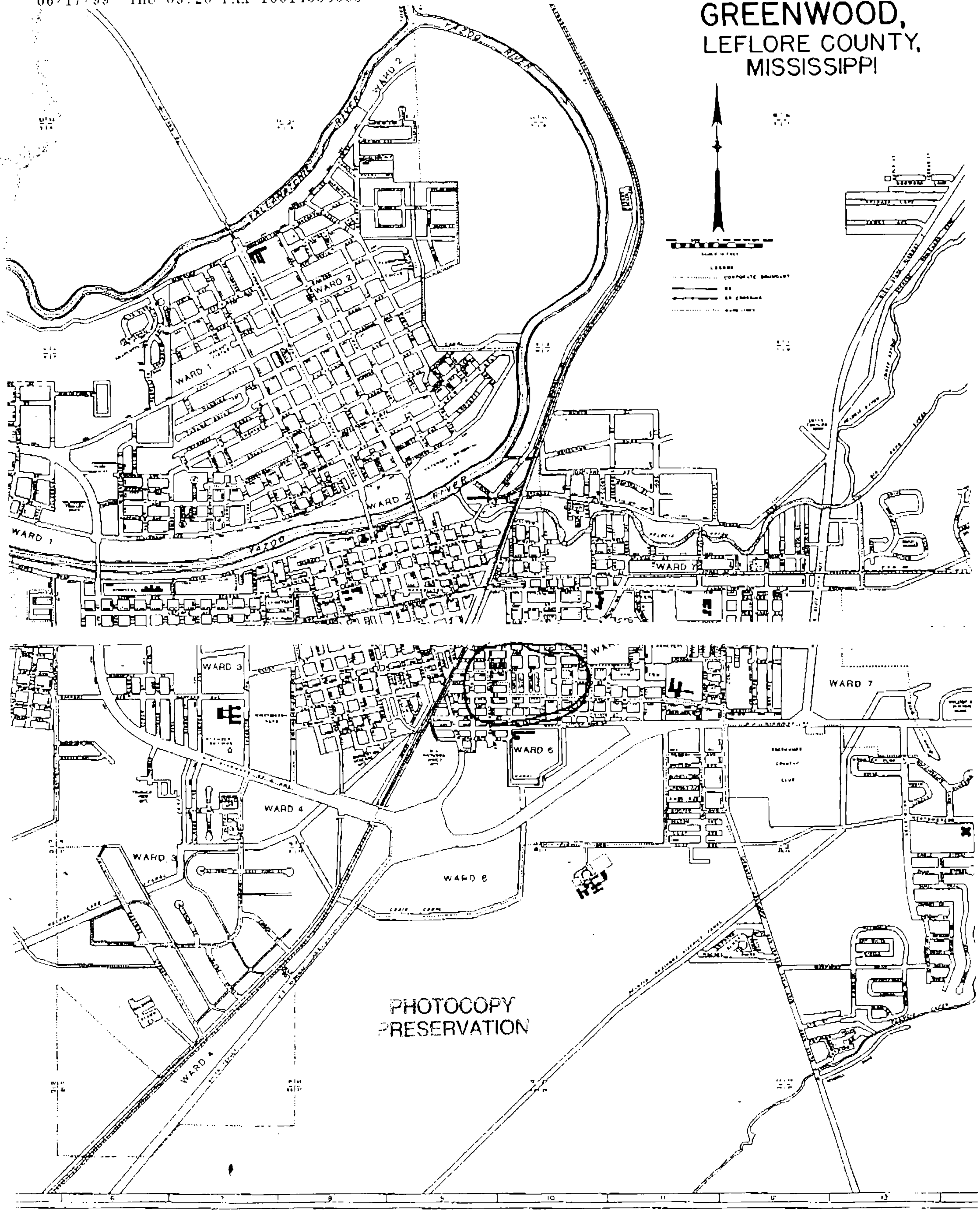
A meal can be arranged at any of the proposed sites.

If time permits, we also have a state-of-the-art catfish processing facility, Heartland Catfish, located next door to Viking Specialty Products. Heartland would not have happened without the Mid Delta Empowerment Zone. This company is Mississippi's most automated fish processing facility. Employment started at less than 100 three years ago. Heartland now employs over 200.

MID-DELTA EMPOWERMENT ZONE
Leflore County Census Tracts



GREENWOOD, LEFLORE COUNTY, MISSISSIPPI



456-2223

Computers, Inc. - Clarksdale, Mississippi

Computers, Inc. (CI) is a computer servicing and retail business that currently employs 6 full-time and 2 part-time people. CI is owned by Nita Brooks, a graduate of the FastTrac entrepreneurial training course, sponsored by ECD and administered locally by Delta State University.

The company sells and services micro computers, printers, and LAN networks. It is also an authorized Apple Computer Dealer. CI has averaged slightly over $1MM in annual sales for the past 5 years. The company serves 15 counties of the Delta region of Mississippi with customer concentrations in the following cities: Clarksdale, Batesville, Greenwood, Grenada, Cleveland, Greenville, Tunica, Drew, and Indianola. CI also serves parts of Eastern Arkansas from Helena to Lake Village, and parts of Louisiana. The company also has several loyal customers in Tennessee, North Carolina, Texas, and Louisiana.

CI serves three primary market groups with an established base of more than 1,200 clients. The main market group is comprised of various school districts and educational systems throughout the Delta. Educational sales and service represent about 43% of CI's current business. They have won a large number of hardware bids with surrounding school districts while also providing the sole source of computer servicing and support for those school districts. The company also provides sales and service to a number of the private schools and academies in the area.

CI has service contracts in place with schools, city agencies, and individuals. It is management's belief that as technology increases and the computer industry becomes more sophisticated and feature oriented, service will increasingly become a growth area for CI. Management believes that they are well poised for growth within that market sector. The balance of CI's sales revenue is derived from general commercial accounts and home/office PC sales.

Ms. Brooks attempted unsuccessfully to get financing from banks and a local quasi-public organization. Ms. Brooks did not have the financial wherewithal to come up with the substantial cash or collateral required by these lenders.

ECD originally financed $160,000 of the initial business purchase by Ms. Brooks. This included a $125.000 revolving line of credit and a $35,000 term loan. ECD later financed a portion of the down payment needed to purchase the building which CI was leasing. The original owner of CI owned the facility. ECD's financing enabled CI to maintain the use of the building and to lower her operating expenses.

Delta

Waterfield, Inc - Clarksdale, Mississippi
Waterfield, Inc. began operations in September 1998. SecurAmerica Business Credit, a Tennessee Business and Industrial Corporation, provided start-up financing. To facilitate continued growth, ECD provided a $300,000 term loan in June 1999 to provide the long-term working capital and equipment required to bring on a new product line.

BACKGROUND

Waterfield, Inc. is a Tennessee corporation doing business in Clarksdale, MS. The company was organized and chartered in August 1998, with the purchased assets from the business operation of a predecessor company, Porter-Ferguson, Inc. Waterfield produces cabinets that are marketed to retail home centers across the country. The company leases a 100,000 square foot plant facility on approximately 14 acres of land in the Clarksdale Industrial Park. The new owners of the company are Edward Shelly Rice and Robert Koerber, both of Memphis, TN.

Porter-Ferguson, the predecessor company, began manufacturing wood cabinets in Clarksdale in 1986. The company employed up to 200 full-time employees and had annual sales of over $16 million in 1992. On December 2, 1996, the company filed a voluntary petition for reorganization under the US Bankruptcy Code. The filing was prompted because Porter-Ferguson could not ship orders to a major customer due to a lack of availability under its line of credit. The lender felt that sales were concentrated with the major customer and did not wish to finance additional exposure to that customer. The customer cancelled its program with Porter-Ferguson and the companies ceased doing business together in January 1996. The customer refused to pay any amounts owed to Porter-Ferguson for over sixty days for fear of any product returns. The strain on cash flow led to problems with the bank, its auditors and bank regulators as well as a payroll tax liability for the company. Porter-Ferguson was unable to finalize an approved plan to emerge from bankruptcy, which included a takeout of the loan from the bank. As a result, an agreement was reached between Waterfield, the court and creditors to purchase certain assets of Porter-Ferguson.

MARKETS

Waterfield markets its products to retail home centers across the country. The company has three primary ways of promoting its products: through industry trade shows; through independent sales representatives; and through advertising literature provided to customers and prospects. Three trade shows are planned over the next few months. The independent sales representatives call on home centers with less than 20 stores. New sales representatives are expected to be added over the coming months.

Waterfield is also the trade name of the cabinets produced by the company. The name is well respected in the unfinished cabinet market. According to management, the name has been around longer than other trade names in the industry and has led to new and continued sales with past Porter-Ferguson customers.

Waterfield's territory consists of the states east of the Rocky Mountains to the Ohio Valley. The cabinet manufacturing industry is estimated to be a $4 billion a year business in the US. It is difficult to gauge how a decrease in housing starts or a downturn in the economy would affect the industry. Waterfield and most of its competitors do not make direct new construction and multi-family sales. A downturn in the economy could prompt remodeling, as opposed to new construction, which would favor sales from retail home centers.

ECONOMIC IMPACT

Waterfield currently employs 50 people with an average wage rate of $7.50 per hour. Of these employees, 30 came off welfare to join the company. The labor-force is trained and willing to work. With the new work schedule from its major customer, employment is projected to reach 75. Health insurance will be offered to all employees over the next twelve months. The employment level was 140 prior to the closing of Porter-Ferguson in 1998. According to management, a large number of these individuals remain eligible for employment with Waterfield.

Waterfield's predecessor company was liquidated by the bank and Waterfield purchased the assets to restart the operations.

Delta Laundry - Clarksdale, Mississippi
Delta Laundry (DL) is a start-up commercial laundry and linen service located in Clarksdale, Mississippi. DL provides commercial laundry and dry cleaning to hospitals, restaurants, and casinos in northwest Mississippi.

Re Delta Laundry:

- ***largest current customer is a hospital***
- ***four bids are out to other hospitals***
- ***two bids are out to non-casino hotels***
- ***one bid is out to catering/restaurant service***

DL currently employs 25 people, 15 of whom came off welfare and were trained for DL by Coahoma Community College's Skilltech Center.

Working though subcontractors, DL secured its first contract in December of 1997 with the Sheraton Hotel in Tunica County. DL has since taken on business from four additional casino hotels and a hospital. Financing from ECD enabled DL to open its own facility in Clarksdale, Miss.

Owner Morris ("Rocky") Rockwood has more than 10 years in the commercial laundry business. He previously owned and operated a laundry in Branson, Missouri before selling it in the early 90's. He worked on the Tunica/Clarksdale opportunity for about a year prior to ECD's invovlement. Initially he had wanted to locate in Tunica County itself. However, the county has no facilities satisfactory for DL's operations. The county supervisors were not amenable to building a facility due to general reservations regarding borrowing funds to construct new facilities for economic development. In addition, the supervisors were concerned that any aggressive steps toward economic development would not be well received by the casinos given the tight labor market that exists in Tunica.

ECD financed DL with a creative selection of financing. ECD provided Morris Rockwood with a bridge loan on his residence in Missouri, until he could sell it, to provide his equity for the business; ECD also bought preferred stock in the company and financed a working capital line of credit, a term note and provided additional subordinated debt. These, together with financing from GE Capital and the North Delta Planning and Development District were required for the start-up.

ECD has also assisted in the management of the business and contracted with alt. Consulting, a not-for-profit management consulting organization. Alt. Has worked with the company on improving its internal operations, as the company grows and on developing a marketing plan.

ATHENS COUNTY, OHIO
District 6
-Cities in County: Athens, Nelsonville
-largest district in the state
-Clinton carried Athens county with more than 50% of the vote
-7 of the 8 poorest counties in the state are in the 6th district

District 6 Population:	570,901
Athens County Population:	59,549
Athens City Population:	21,265

District Demographics:

White:	97.1%
Black:	2.1%
American Indian:	.2%
Asian:	.5%
Hispanic:	.4%

District 6 Representative:	Ted Strickland (D)
Ohio Senators:	George V. Voinovich (R)
	Mike DeWine (R)

COAHOMA COUNTY, MISSISSIPPI
District 2
--Cities: Clarksdale, Greenville
--Clinton took 58% in 1992
--Greenville is the largest city in the 2nd District

District 2 Population: 514, 845

Coahoma County Population:	31,665
Clarksdale Population:	19,717
Greenville Population:	45, 226

District Demographics:
White: 36.6%
Black: 63.0%
American Indian: .1%
Asian: .3%

Representative:	Bennie G. Thompson (D)
Senators:	Thad Cochran (R)
	Trent Lott(R)

miss

New Markets in the Delta
Summary Description of Companies Proposed for Site Visit

The following pages provide information on companies that would provide good examples of the potential of making investments in Delta firms and entrepreneurs.

Of the companies recommended, one is in Lee County, Arkansas (Marianna Apparel) and two are in Coahoma County, Mississippi (Delta Laundry and Waterfield, Inc.). The following data provides a sense of the level of distress in these areas. Similar data is available for other counties if needed.

	Lee County, AR	Coahoma County, MS
1990 Population	13,053	31,665
1996 Population	12,675	31,652
Population Change 1990-1996	(2.9%)	(0.04%)
Population Change 1980-1990	(19%)	(16.6%)
% Minority	59.1%	65.7%
1990 Civilian Labor Force	4,529	11,457
1995 Civilian Labor Force	4,814	12,839
Labor Growth	6.29%	12.1%
1990 Unemployment Rate	14.9%	13.8%
1996 Unemployment Rate	11.9%	9.9%
1990 Median Household Income	$14,213	$16,938
% of unit non-metro family income	51.5%	61.4%
% people in poverty - 1990	47.3%	45.5%
% housing w/out water lines - 1990	11.4%	8.0%
% housing w/out public sewer - 1990	42.5%	19.0%
% housing w/out phone - 1990	17.2%	14.9%

5. **CDFI Day**

- There are several good CDFI options, so we could likely find a solid CDFI to build an entire event around if we needed to visit a particular geographical location. These events would also highlight real private sector commitments.
- Potential sites include: Delaware Valley Community Reinvestment Fund in Philadelphia, Boston Community Loan Fund, Illinois Facilities Fund in Chicago, and Community Loan Fund of New Jersey.
- If we held a CDFI Day, representatives from CDFIs could be brought together in one location with the President – or the VP and Cabinet Secretaries could go on site at other CDFIs at the same time the President visits one of the CDFI cities mentioned above.

6. **Phoenix and Tucson, Arizona** (see pages 4-6)

- Arizona MultiBank Community Development Corporation (Multibank) is a non-profit CDFI and is working to create one of the first LMI SBICs.
- Multibank has provided $12.5 million to 200 projects throughout Arizona, including a home-based day care business and a local magazine dedicated to the arts and lifeways of Native Peoples. It is capitalized with over $10 million from several banks including Norwest/Wells Fargo Bank, Bank of America, Bank One Arizona.
- MicroIndustry Credit Rural Organization (MICRO) was a Presidential Award winner and has received funds from the CDFI Fund. MICRO is a non-profit loan fund and technical assistance provider that is one of the oldest Hispanic development organizations in the nation.

Potential Deliverables

- Multibank is currently trying to raise $5 million from major banks for its new LMI SBIC

7. **Mississippi Delta** (see pages 7,8,28)

- Enterprise Corporation of the Delta (Enterprise) is a CDFI, a SBIC, and soon to be SBA 7(a) Lender.
- Several businesses that have received SBIC financing through Enterprise that can be considered success stories.

Potential Deliverables

- Enterprise will become a new SBA lender in June and is raising new investments from several corporations including Blue Cross/Blue Shield and Skytel.

5. **<u>MISSISSIPPI DELTA:</u> SBICs and Investment in Rural New Markets**

Advantages

- Enterprise Corporation of the Delta (Enterprise) is a CDFI, a SBIC, and soon to be SBA 7(a) Lender. Enterprise has received past funding from the CDFI Fund.
- Enterprise is located in Jackson, Mississippi and makes investments in businesses throughout the Delta (including Louisiana, Arkansas and Mississippi). The Mississippi Delta is a rural EZ.
- Several businesses that have received SBIC financing through Enterprise are success stories.
- We have received confirmation that the Governor would welcome the President's visit to Mississippi.

Potential Announcements and Site Visits

- Enterprise will become a SBA lender in June and is raising new investments from several corporations including Blue Cross/Blue Shield and Skytel. We could possibly hold a roundtable here with corporate leaders and beneficiaries of Enterprise financing from around Louisiana, Arkansas and Mississippi.
- Potential site visits could include Marianna Apparel, a minority manufacturer located in a poor Delta community.
- (Also see notes on CDFIs in Phoenix, Arizona description)

New Markets Characteristics

- At least 16 counties in the market area served by Enterprise have more than 40% of their residents living below poverty.

New Markets Roundtable
Delta Participant List (draft)

Company	Name	
America Online	Jim	Barksdale
Bank of America	Hugh	McColl
Bank One	John	McCoy
Blue Cross & Blue Shield	Robert	Shoptaw
Dollar General	Cal	Turner
Entergy	Wayne	Turner
Federal Express	Frederick	Smith
Ford Foundation	Susan	Berresford
Hibernia National Bank	Steve	Hansel
Lewis & Son Rice Processing	Ephron	Lewis
MacArthur Foundation	Adele	Simmons
McDonalds Restaurant (Pine Bluff)	Curtis	Morrow
Mississippi Chemical	Chuck	Dunn
Morgan Stanley	Dick	Fisher
Pew Charitable Trusts	Rebecca	Rimel
Sara Lee	John	Bryant
Scott Trucking	Tom	Scott
Simmons First National Bank	Thomas	May
SkyTel	John	Palmer
Terry Manufacturing	Roy	Terry
Trustmark National Bank	Richard	Hickson
Wal-Mart	Rob	Walton
Winthrop Rockefeller Foundation	Sybil	Hampton
WorldCom	Bernie	Ebbers

Millicent.Hodge@sba.gov
06/08/99 03:47:16 PM

Record Type: Record

To: donet.graves@do.treas.gov

cc: Richard.Hayes@sba.gov, Carol.Thompson@sba.gov, delorice.ford@sba.gov, Lisa Green/OPD/EOP

Subject: SBA Roundtables - Mississippi Delta and Kentucky Highlands

---

Don,

It was a pleasure speaking with you. In keeping with our conversation, I have attached information regarding the proposed roundtables in both the Mississippi Delta and Kentucky. I appreciate your offer to forward information on the New York venue, although Cliff and Richard touched based yesterday.

As we discussed, I have recommended that the POTUS chair CEO business roundtables in connection with our sites visits for the New Markets Tour. The attached lists are CEOs who we are considering for participation in the roundtables. Please let me know if you have any thoughts.

<<New Markets - BusinessLINCRoundtable participants - Mississippi Delta.rtf>>

- att1.htm

- New Markets - BusinessLINCRoundtable participants - Mississippi Delta.rtf

MISS

BellSouth: Serving Our Rural Customers

Technology Deployment in Rural Areas

- BellSouth serves 24 million lines across the nine-state region. Approximately 40% of these lines are rural residential and business customers
- BellSouth's gross investment in rural markets has been more than $19 billion (net $6.7B after depreciation)
- Plan to invest approx. $1.1 billion in rural areas this year and in 2000
- Today, 85% of our lines are digital and we will invest so that 100% of those lines are digital at the beginning of the new millenium. Last year we invested almost $4 billion in our network.
- BellSouth is moving new technologies to rural areas. Along with phone lines being 100% digital, we are moving toward 100% digital switches in rural areas

New Facilities in Rural Areas

- BellSouth has made an investment in our people in underserved rural areas by locating four brand new customer service centers for National Directory Assistance Service in non-metro areas of our region.
- Locations are: Albany, Ga.; Paducah, Kent.; Greenville, Miss.; Orangeburg, S.C. Total employment: 400 this year, 600 next.

BellSouth Support of Education

- Through edupower3 program, BellSouth is continuing its investment in integrating technology into public schools
- Every superintendent in our territory will be invited to be part of our leadership program that explains how to use technology – e.g. Internet access – in their classrooms.
- Also investing $7M for individual teacher training

BellSouth: Serving Our Rural Customers
Telemedicine & Distance Learning Initiatives - Two Mississippi Success Stories

#1: Telemedicine in Tupelo

In America, **1 of every 100 babies** is born with a congenital heart defect. The care provided to those newboms by hospitals in their first few moments of life is crucial.

- **Hope for Rural Hospitals:** In caring for children with difficult conditions such as heart defects, rural hospitals are often at a disadvantage due to funding and staffing constraints. For example, the U.S.'s largest rural hospital –North Mississippi Women's Medical Center in Tupelo – has no pediatric cardiologists on staff.

  However, BellSouth is working with the Tupelo hospital to provide the same level of care that an infant receives in an urban-based hospital.

- **Best of Both Worlds**: Through high-speed, high-bandwidth telecommunications networks, hometown Tupelo pediatricians can jointly care for children by instantly transmitting cardiogram, X-ray and other critical information hundreds of miles away to pediatric cardiologists at Le Bonheur Children's Medical Hospital in Memphis. Doctors in Tupelo and Memphis work together to do a real-time co-examination on their patients without subjecting infants to expensive and life-threatening helicopter or ambulance transportation. Parents also know instantly the diagnosis of their children via telemedicine. *Other telemedicine programs in Mississippi towns of Collins, Bay Springs, Waynesboro and the South Central Regional Medical Center in Laurel*

#2: Distance Learning in Jackson

Working with the superintendent of Jackson Public Schools (JPS), BellSouth has created a high-speed ATM network for transporting voice, video and data to service Jackson's 58 schools, 2,200 teachers and administrators and 32,000 students. **BellSouth's learning connection has had a dramatic effect on the school district's ability to educate.**

- **Teacher shortage**: JPS can make use of master teachers, such as award-winning science teacher Peggy Carlisle at Poindexter Elementary, to fill gaps elsewhere in the school district. Peggy can teach kids through distance learning high-speed video transmission that BellSouth is providing. Similarly, Mrs. Martin, who teaches Spanish at Murrah High can also teach Spanish to students at Blackburn Middle School, which doesn't have a Spanish teacher.

Mississippi Success Stories Continued

- **Parental Involvement in Schools**: Increased access to schools and teachers for parents is critical in staying involved with the school and their child. Through advanced connections parents have access to teachers via voice mail and e-mail. **Parents also have 24-hour access to teacher web sites to monitor homework assignments, for example.** A workshop for parents was recently provided at the computer lab at the McWillie JPS, Professional Development Center. Parents were able to search the Web for scholarship information.

- **Financial Accountability**: JPS is now using centralized access to a new financial accounting system. Installation to all 66 sites (58 schools, 8 administrative offices) will be completed in July 1999

- **Security**: Kids can't learn in an unsafe environment. BellSouth is providing technology to aid school security through video surveillance of remote sites; centralized single point monitoring and integration of systems to alarms.

- **Student Achievement**: Advanced network services are being used as model teachers around the country work together to access, employ and create thematic learning units tied to critical curriculum standards. Also, students are able to construct their own knowledge by searching the web, talking to experts and collaborating with peers to complete project-oriented assignments. JPS is also sending students for network certification and has put in place 4 networking courses that make up the Cisco Academy at Murrah High School.

Mississippi Delta

Date: 06/18/1999 03:24 pm (Friday)
From: Jim Newby
To: Clyde Williams; Justin Paschal
Subject: Re: clarksdale

Racial Composition of Clarksdale: Total Population 19,601, White 7,406, Black 12,195: Cohoma County: Toral Popualtion 31,665, While 11,001, Black 20664

If you need it: City of Greenwood, Total Population 18,906, White 7,596, Black 11,310-- Leflore County Total Population 37, 158, 14,516 White--Black 22,642

>>> Justin Paschal 06/18/99 11:31AM >>>
I saw Jim Newby in the Hall asked him about water 2000 he said he will try to have a close to final list of potential cites by Monday. Said that current list would not do us any good because it is not fluid.

Also he will check on ethnic make up of clarksdale. FYI -thinks it is a predominantly White community with minority population making up the rental housing aspect. Political aspect for the leadership in upcoming election - minorities moving in through rental housing.

Mid-Delta Empowerment Zone
Bolivar, Sunflower, Leflore, Washington, Humphreys, and Holmes Counties, Mississippi

The Mid-Delta Empowerment Zone Alliance (MDEZA), consists of three non-contiguous parcels that cover six counties in the northwest area of the state of Mississippi. It includes sixteen municipalities, with a population of 29,457. The poverty rate is 45.3 percent *(based on 1990 census data)*. Rental housing comprises 38. Approximately 28% of the residents receive public assistance; 13% live in substandard housing; and 3% live in houses without standard plumbing.

Potential Sites to Visit:
Economic Opportunity
Dollar General-(Indianola) A $900,000 investment the MDEZA made for infrastructure for a new Dollar General Corporation distribution center shows significant success of leveraging MDEZA funds as the project has brought in over $38 million in public and private investments. The 800,000 sq-ft. facility will employ 350 workers within the first three (3) years of operation and will also employ about 150 tractor-trailer operators who will ship products to 370 Dollar General stores throughout a four-state area. Dollar General CEO Cal Turner, Jr., says the company chose Indianola because of the "total community support" for the company. The EZ tax credits provide up to $3,000 for every resident of the Zone that is hired by Dollar General.

Heartland Catfish-(Itta Bena) Recently completed a $2 million expansion of their processing plant and increased employees from 40 to 200. The plant features state-of-the-art machinery for catfish processing and located in the EZ as a result of employer tax credits such as 179 expensing deductions and work opportunity tax credits for training employees.

Viking Range Corporation- (Greenwood) which started in Fred Carl Jr.'s garage because his wife wanted a commercial grade range for the kitchen, when he could not find one he created Viking Range Corporation. Viking has undergone recent expansions, including the creation of a new company Viking Specialty Products in Itta Bena, which makes ventilation hoods, barbecue grills and carts and garbage disposals. With two manufacturing plants and corporate offices, employment for these two companies has risen from 225 to 550. Viking Ranges have become famous as one of the premier brands for commercial grade ranges generating tremendous demand for its products. Viking Range and Viking Specialty Products located in the EZ as a result of the EZ employer tax credits.

Youth Opportunities:
Mississippi Valley State University (Itta Bena) Employs 460 faculty and staff. The university is near completion on a three story $12 million administration building that will consolidate administrative services that are currently located in six separate buildings. The university has partnered with the EZ in many ways and the campus houses the MDEZA offices.

Mercy Care Program of the St. Gabriel Education Center (Mount Bayou) The program focuses on teaching parents about the developmental stages of children during the years of rapid growth from infancy to age 3. The program teaches parents about the need to support children with understanding, and ways to detect developmental problems it also refers parents to helpful resources for to foster strong parent-child relationships. The program director Sister Helen Papan received $23,000 in funding for Mercy Care which was used to leverage another $30,000 from local charitable organizations for the program. (Program is still in the initial stages but is a potential site)

Tapping America's Potential:

Technology Training Center- (Indianola) Dollar General has donated the land for a technology training center to be located adjacent to Dollar General. The EZ has obligated $4 million for a modern technology training center which will provide job training for youths in the Delta region through a partnership with Mississippi Delta Community College. (Construction of the building has not begun, but the Mississippi Delta Community College would be a good site to visit)

Itta Bena Industrial Park- (Itta Bena) The Industrial Park has received a $450,000 community development block grant from the Mississippi Department of Economic and Community Development and $276,000 from Leflore County. The 400-acre industrial park acquired a new 250,000 gallon elevated water tank, a 400-gallon per minute water well and an access road. With federal tax credits provide by the EZ designation the industrial park has brought in the expansion of John Richard's Alexander & Mary Home Furnishing Company. The Industrial Park is located directly across from Mississippi Valley State University.

MDEZA and Potential Negative Issues

In the past few years progress has been stymied in MDEZA due to a variety of internal problems. These include a lack of vision, turf conflicts over project funding, the absence of effective mechanisms for local participation, absence of strategic planning for projects and the lengthy removal of the previous ineffective Executive Director in December 1998. The MDEZA Commissioners are determined to get the EZ back on track with implementing their strategic plan and benchmarks. Some of their first actions have been to implement policies for employees and they have revised their policies for awarding funds to entities by streamlining their grants solicitation process. MDEZA has also received some intensive technical assistance from both the OCD office in Washington DC and the Rural Development State Field Staff in Mississippi. They are making progress and are planning to hire a permanent Executive Director this summer, the Interim Executive Director also stepped down on June 4, 1999. Currently the Executive Board officers are: Harry Bowie, Co-Chair; Dr. Tony Honeycutt, Co-Chair; Karen Crawford, Secretary; Norma Quinn, Treasurer.

St. Gabriel Education Center Provides Counseling for Local Parents, Teenagers, and Children—Mid-Delta Mississippi EZ

(Individual success—Sister Helen Papan, role model for at-risk teenagers, assistance in housing and medical care)

Parents, teenagers, and children benefit from the counsel, practical assistance and compassion given by the "Mercy Care Program" of the St. Gabriel Education Center in Mound Bayou, Mississippi. The primary focus of the program is to teach the parent the developmental stages of rapid growth in the child from infancy to the age of three. The program teaches parents about the need to support the child with understanding during the rapid transition of growth and to detect developmental problems and then to refer them to appropriate resources for help. The program also teaches parenting skills that will help promote strong parent-child development.

Sister Helen Papan, the project director, has done an exemplary job in reaching out to the residents of Bolivar County. Every other week she gives a session to roughly a dozen teenage girls at the Mental health Center in Cleveland, Mississippi. She provides them with advice that will help lead them to promising futures, while pointing out the hazards and obstacles along the way. Sister Helen talks with the girls about avoiding teen pregnancy, building values and self-esteem, about the obstacles and opportunities they will face. The sessions provide an excellent opportunity for feedback with counselors and the girls themselves. The Acting Director of MDEZA, Shirley Williams, said that "Sister Helen is an excellent role model for these teenage girls, many of whom don't have self-confidence, and she provides that. She's someone who is always there for them."

Because of the financial assistance provided by MDEZA, Sister Helen has been able to get electricity and gas turned on for several needy families, while always remaining within her budget. On one occasion when furniture was removed from a home by a storekeeper because of past due balances, money was provided to buy beds for the children. The Empowerment Zone provided $23,000 in funding for "Mercy Care," and this seed money leveraged another $30,000 from other local charitable organizations to acquire the necessary total of $53,000.

As sister Helen goes into the various homes, she is able to offer much assistance to further parental development. She understands the deprivations surrounding the families and has been instrumental in having several new homes built by the Rural Economic County Development Farmers' home in Cleveland, MS (the first families moved in during the summer of 1998). Aside from assisting parents with parenting skills, she has given clothing to needy families and provided transportation to doctor's offices and welfare departments.

"We have many single parent families here," Shirley Williams said, "and Sister Helen uses the Mercy Care van to pick them up and take them to medical appointments, and that has been very helpful in improving their access to health care."

Finally, with the assistance of an AmeriCorps volunteer, classes are held three times a week for 4th grade students at the I.T. Montgomery Elementary School to enhance

Job Creation in the Delta
Mid-Delta Mississippi Empowerment Zone

(Henry Gardner and Clara Brown, two people who went to work and greatly improved their lives due to this project)

The Mid-Delta Empowerment Zone Alliance (MDEZA) played a vital role in helping secure a major facility for the Mississippi Delta—Dollar General's Distribution Center in Indianola, Mississippi, leading to the creation of 500 new jobs. Just 10 months and a day after announcing construction in August, 1997, Dollar General Distribution Center shipped the first order.

The Company made the official announcement that it would construct its Distribution Center in Indianola Mississippi on August 28,1997. Groundbreaking ceremonies for the 825,000 sq. ft automated distribution facility was October 7,1997. The first inbound shipment arrived May 18, 1998 and the first outbound shipment of goods occurred June 29, 1998.

Many of the workers in this automated distribution center reside in the Mid- Delta Empowerment Zone. MDEZA was also instrumental in leveraging a $900,000 infrastructure grant to the City of Indianola thereby assuring construction of the $30 million facility and over 500 new jobs for the region.

Henry Gardner and Clara Brown are two individual success stories who illustrate the impact of this project on lives of the people. Mr. Gardner, 41, had been a farm worker who received low wages before he went to work for Dollar General. He previously did not have health or retirement benefits. Now he says that "Dollar General offered me a place to work where there are nice people to work for. .The benefits and money help my family." Gardner was able to buy a car after getting his new job, and says that "since I have been employed here I can now pay my bills."

Clara Brown is another success story. A 48-year-old single parent, she says that "Dollar General gave me the opportunity to keep my home. My mother died and I did not know which way to turn. Dollar General gives me the money I need to provide for my kids so they do not have to do without the things they need." Ms. Brown previously held lower-paying jobs, and she says that "I enjoy my job now and feel good about myself." Since going to work for Dollar General she has been able to buy a car, and said that "I have even bought my son a computer and can pay all my bills."

On average there are 115 shipments per day in and out of the Center. New truck lanes are under construction on Highway 82 to safely accommodate this additional traffic.

MDEZA and Mississippi Delta Community College have finalized the details for construction of the Career & Workforce Development Center on the MDCC campus at Moorhead Mississippi. The center will be unique in that it will be able to offer every type

Business and Industry Loans for Catfish Processing Create More than 400 Jobs Mid-Delta Mississippi Empowerment Zone

The Mid-Delta Mississippi Empowerment Zone provided vital assistance in bringing a major catfish-processing facility into the EZ. USDA's Rural Development provided a business and industry loan guarantee in the amount of $2.5 million to Freshwater Farms, a catfish-processing facility. That initial investment brought a facility to the EZ that has provided more than 236 jobs since the initial investment was made several years ago, and the business is still flourishing today.

Heartland Catfish, Inc., located a new catfish-processing facility in Itta Bena, Leflore County, Mississippi. It is a state-of-the-art facility, with robotics requiring minimum human labor in preparing the catfish. The plant turns out many thousands of pounds of fish per day.

The catfish industry is an important new activity in Mississippi and in the Delta region as a whole, as it provides a major alternative to traditional row crop farming. The Heartland Catfish facility in Itta Bena is one success story in a state-wide industry that now contributes in excess of $2 billion to Mississippi's economy annually. The region in which Leflore County is located finds itself in a unique position, from the standpoints of natural resources and climate--as well as assistance provided by USDA and the EZ--to capitalize on the growing demand for aquacultural products. Contract farming in aquaculture is rare, and the economic benefits of aquaculture accrue primarily to private citizens. For the Delta region, aqauculture provides a unique opportunity for employment and income for limited resource, small farmers--many of whom are minority--who might not otherwise be able to stay in business.

Thus, the foresight of the EZ and other community leaders led to the establishment of a major catfish plant in the EZ, and contributed to the growth of a major industry that has succeeded in diversifying and strengthening economic opportunity for the residents of the Empowerment Zone.

The Center also is used as a place where children taken into the state's custody can be bathed, given clean clothes and fed while awaiting placement or pickup by relatives. I-75 bisects both Crisp and Dooly Counties, and an increasing number of traffic stops involve drugs, stolen vehicles and other infractions committed by adults who unfortunately are accompanied by their children. Three children ages 4, 2, and 7 months were found in a stolen moving van operated by their mother, who is a carnival worker. These children had not been bathed in several days, were dressed in filthy clothing, and had head lice. They were brought to the Center and bathed, clothed and fed prior to being taken to a group home. The positive impact of being clean and adequately clothed was reflected in the faces of children who, while still scared, were no longer hungry and who felt better physically.

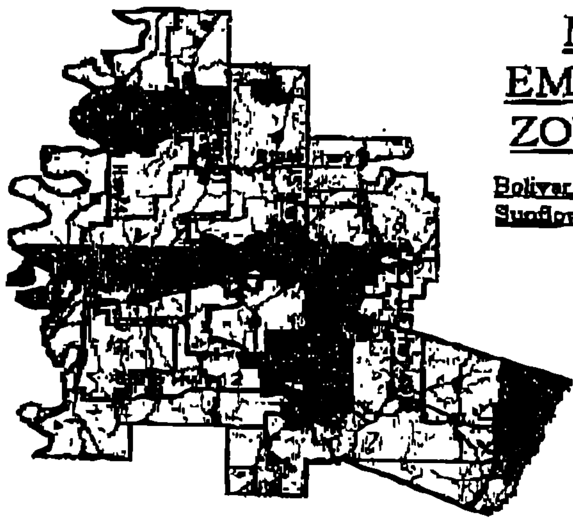
The biggest community impact has come through the child-friendly interview facility located in the Center and designed for use by local professionals charged with investigating child abuse. Unlike impersonal, intimidating settings such as police stations, the Center is warm, inviting and comforting. Children can feel safe while revealing their secrets to the people who need to hear those secrets in order to protect these children. With equipment procured through a Georgia Bar Foundation grant, interviews can be recorded and preserved, eliminating the necessity for repetitive interviews of children. Most importantly, the environment lessens the trauma imposed by the interview process. In one recent case, three sisters ages 9, 7 and 4 were sexually abused by their father. During the interviews, conducted separately, the sisters not being interviewed were distracted with toys and games and even performed an impromptu puppet show with the Center's Director while their mother was being interviewed.

Puppet shows, swing sets and clean clothes don't offset parental abuse and neglect, and they don't lead families to the answers to their difficulties. They do, however, provide small increments of hope and improvement on a family's journey to a better situation in life. "Like any puzzle piece," Krista Hanson said, "the Gateway Center serves in its niche and helps hold the big picture together a little tighter for the children and families it serves."

Mississippi

EZ/EC
BUILDING COMMUNITIES TOGETHER

Mississippi Delta Empowerment Zone Alliance



MID DELTA EMPOWERMENT ZONE ALLIANCE

Bolivar, Holmes, Humphreys, Leflore & Sunflower, Washington Counties, MS

Source: EZ/EC Task Force

Activity Location Map (Western)
Activity Location Map (Central)
Activity Location Map (Eastern)

State: Mississippi
Counties: Bolivar, Sunflower, Leflore, Washington, Humphreys, Holmes
Zone Population: 29,457
Zone Area: 981 sq. mi.
Poverty Rate: 45.3% of residents live in poverty
Unemployment Rate: 14.5%
Per Capita Income: $6,584
Education: Over 79% of residents lack a high school diploma

Overview

Significant Projects: A $900,000 investment the MDEZA made for infrastructure for a new Dollar General Corporation distribution center in Indianola shows significant success of "leveraging MDEZA funds." The 800,000 sq-ft. facility will employ 350 workers within the first three (3) years of operation and will also emply about 150 tractor-trailer operators who will ship products to 370 Dollar General stores throughout a four-state area.

A huge plus for the EZ is the opportunity to utilize the new USDA " National Centers for Excellence" at Mississippi Valley State University. Utilizing Peace Corps Representatives and other university support, MVSU will provide technical assistance, leadership training and a resource center for parts of six (6) counties in the EZ. MVSU will be networked with three (3) other higher education centers.

Kentucky Highlands Empowerment Zone

The Kentucky Highlands Empowerment Zone consists of Clinton, Jackson and Wayne Counties in the South Central portion of the state. Jackson County is approximately 60 miles southeast of Lexington and 30 miles east of London. It is in the eastern time zone. Clinton and Wayne Counties are approximately 100-120 miles south of Lexington and 30-45 miles west of Somerset. Both these counties are in the central time zone. The London-Corbin Airport has a 6,000-foot runway. The Somerset-Pulaski County Airport has a 5,600-foot runway.

The Kentucky Highlands Empowerment Zone has been aggressive in implementing their Strategic Plan. To date, the KHEZ has invested more than $21.6 million of SSBG funds, the largest amount of any rural and third highest of any Zone. Private investment committed in the KHEZ stands at $66.7 million and Public/Foundation investment totals $62 million. Through June 1, 1999, more than 1,900 new jobs have been created at private businesses financed through the KHEZ revolving loan fund with another 1,400 committed. All these numbers are documented.

Included among the initiatives in the Kentucky Highlands Empowerment Zone:

Economic Development - 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, with this 63% increase being the highest percentage in Kentucky. The current unemployment rate is 4.9% and falling. The December 1998 rate was 3.3%.

The focus of the development in Jackson County is at the controlled access 145-acre, well-landscaped industrial park at Annville. The largest employer is Mid-South Electrics, Inc., in Annville, Kentucky a manufacturer of telecommunication, electronic and appliance components. They are just completing a $5 million, 50,000 s.f. expansion financed by the USDA B&I Guaranty Program and the KHEZ. Total employment will increase from 800 to 950 with this expansion. Plant contains state-of-the-art clean rooms and complex telecommunications manufacturing. Other tenants in the industrial park all in Annville, Kentucky include JCR Industries, Inc., a self-supporting 24,000 s.f. job training facility with 103 employees started by the KHEZ; Phillips Diversified Manufacturing, a contract manufacturer with 109 employers just completing a 33,000 s.f. expansion; and, Image Entry, Inc. a data conversion company with 45 employees primarily doing work for NOAA. All facilities are new and all have received financing through the KHEZ. JCR Industries and Phillips Diversified have also received financing from USDA.

Youth Opportunity - In the KHEZ, the primary youth programs have been in Clinton County. With a $2.2 million grant from the U.S. Department of Labor, the local EZ Board has established the BRITE Center as a one-stop center for 16-24 year olds who need employment, education and training. The Center maintains 40-70 participants and is located in a rehabilitated building in Albany. Clinton County is also using $3 million in EZ funds to match $6.5 million in funds from the Commonwealth of Kentucky to construct a post-secondary education center. It is in the design phase and will be operated by the state. In Jackson County, JCR Industries in Annville provides youth employment training and the Jackson County Entrepreneurship Center, which was started by the KHEZ, provides training in the Jackson County High School.

Tapping America's Potential - Kentucky Highlands Investment Corporation, London, Kentucky, the Lead Entity for the Empowerment Zone, has been a leader in this area. They have successfully used the HUD Community Development Corporation Tax Credit to obtain a $2 million investment from Bankers Trust Company for use in and near the EZ. KHIC has also recapitalized its SBIC, Mountain Ventures, Inc., with funds from the EZ have lent $2 million from this licensee. They have also worked with several national companies, including American Woodmark Corporation, Cagle's/Keystone Foods and Specialty Defense Systems, Inc. in establishing branch plants in the Empowerment Zone.

The data and information presented in this section of our document will aptly demonstrate that the Delta faces many challenges. Nevertheless, it will also demonstrate that a foundation has already been established to develop the region and its people to their greatest potential.

Boundaries Of The Mid-Delta Empowerment Zone

The area proposed for Empowerment Zone designation by MDEZA consists of three noncontiguous geographical units that are primarily situated in the heart of the Mississippi Delta. This area is generally referred to as the Yazoo-Mississippi River flood plain and is well known for its rich, fertile, and productive soil. The easternmost portion of our proposed zone; however, is located in the "hill country" that flanks the Delta region along its eastern border.

MDEZA's proposed EZ consists of eight census tracts located within a total of six counties: Bolivar, Washington, Sunflower, Leflore, Humphreys and Holmes. A total of 16 municipalities are situated within our proposed area and include Beulah, Gunnison, Merigold, Mound Bayou, Pace, Rosedale, Winstonville, Durant, West, Isola, Itta Bena, Morgan City, Indianola, Sunflower, Greenville, and Metcalfe. The proposed EZ is comprised of 981.24 miles.

The presented at the end of this section include the following:

- one-page overview of Delta region, EZ, six counties, and cities;
- transparencies detailing census tract/BNA #s, Delta tracts/BNAs, and proposed EZ, counties, and cities; and
- transparencies detailing cities, U.S. highways, interstate highway, counties, and proposed EZ.

Social, Economic and Physical Distress Conditions

This section provides descriptive information about the Mid-Delta region and its people. It also presents in summary form an inventory of development needs and challenges faced by the region. The information in this section of the document, unless otherwise indicated, is based upon census data and statistics presented in the *Mississippi Handbook of*

Millicent.Hodge@sba.gov
06/14/99 01:06:43 PM

Record Type: Record

To: Lisa Green/OPD/EOP
cc: Jackson T. Dunn/WHO/EOP
Subject: RE: New Markets - SBA Roundtables; Field Staff; Delta Announcements; Kentucky Highlands

---

Final CEO Lists: Were there any CEO/Companies who/that should be eliminated from the list of the Mississippi Delta and/or Kentucky Highlands that I forwarded on 6/8? If so, please leave me a voicemail message during the day on Tuesday. Otherwise, I'll assume the list is okay. Thanks!

SBA Field Staff: I am currently drafting a checklist for our field staff regarding any potential POTUS visits to their districts. If you can envision any needs based on the Atlanta experience, please let me know by e-mail by Wednesday and I'll include it.

Kentucky Highlands Reminder: The district of Hal Rogers, the Chairman of the SBA Appropriations Subcommittee which is responsible for the $48m appropriations for both NMVC ($45m) and BusinessLINC ($3m), is a short drive away from K. Highlands.

Potential Delta Roundtable Announcements: The following list of nearly $17 million of recent and unannounced investments in New Market activity in the Delta is an expanded list from my 5/20/99 memo recommending the Delta as a site and may be announced (some or all) by the President at the Roundtable:

Private Funding

Walton Family Foundation	5,000,000
Ford Foundation	3,400,000
Pew Charitable Trusts	3,000,000
MacArthur Foundation	2,000,000
John Palmer (Skytel)	500,000
Blue Cross and Blue Shield of Arkansas	100,000
Sisters of Charity of the Incarnate Word	100,000
Bank of Anguilla (Mississipi)	25,000
Dominican Sisters of Charity	25,000
First National Bank of Blytheville (Arkansas)	25,000
Sisters of Charity of Saint Elizabeth	25,000
Society of the Holy Child Jesus	25,000

Total Private Support $ 14,225,000

Public Funding

2,500,000

Total Funding	$ 16,725,000

Other possible announcements:

§ ECDI's possible certification as an SBA 7A lender;

§ A BusinessLINC partnership between ECD's FastTrac entrepreneurial training program, Wal-Mart, Entergy and ECDI investor banks; and

§ ECDI plans to apply for an SBIC license.

FYI: Attached is also an expanded discussion from my earlier memo on possible sites to visit in the Delta. (FYI: Jackson, Mississippi is where the ECDI is located, but the city is not in the Delta. However, let me know if the interest is really in Jackson and we'll find sites there.).

-----Original Message-----
From: Hodge, Millicent Y.
Sent: Tuesday, June 08, 1999 7:21 PM
To: 'Lisa_Green@opd.eop.gov'
Cc: 'Jackson_T._Dunn@who.eop.gov'
Subject: FW: New Markets Roundtable - Mississippi Delta

Attached are the participants that the Enterprise Corporation of the Delta has recommended to me for the Mississippi Delta Roundtable.

FYI: Treasury and I have exchanged voicemails and will connect soon.

- att1.htm

- New Markets - POTUS Tour - Site Visits - Miss. Delta.rtf

THE PROPOSED EMPOWERMENT ZONE

A Region with Many Contrasts

The Mid-Delta is a region with a rich heritage -- it has many outstanding characteristics -- but it is also a region with pervasive poverty. A summary of the Mid-Delta's most striking characteristics are presented below:

1. The Mid-Delta is rich in natural resources (soil, water, wetlands), but remains poor because it has not developed the industrial and manufacturing sector to add value to its agricultural products, especially the cotton it produces.

2. The Mid-Delta is rich in human capital, but it has not developed educational and training programs which would develop its vast human resource to their greatest potential.

3. The Mid-Delta has adequate to substantial financial capital and bank deposits. Poverty persists, however, because the region is a capital exporter projects.

4. The Mid-Delta is rich in cultural and historical significance, but investments in historical preservation, cultural events, literature and the marketing of tourism remain low.

5. The Mid-Delta has many industrial and manufacturing parks, but rates of unemployment and underemployment are high.

6. The Mid-Delta region is served by two universities of higher learning and two community colleges, but the percentage of youths who graduate from its high school, pursue post-secondary education and the percentage who graduate from universities of higher learning is low.

7. The Mid-Delta is served by many forms of transportation -- water, rail, highways and and airports -- but has not adequately developed its transportation network to export the products produced within the region.

8. The Mid-Delta is an exporter of high quality human resource capital, especially youth who do quite well in other regions of the nation; but the region has a poor track record when it comes to developing and using the full potential of the youth who remain in the region.

- A HUD-funded study, completed in 1996 (or thereabouts), recommended businesses that could spark the most revenue in the area. Some of those recommendations could be ready for announcement by the end of June.

Other Comments
The Harlem renaissance has already attracted media attention and acclaim (see attached *Washington Post* article from May 5, 1999.

DELTA POSSIBILITIES

MONROE, LOUISIANNA

Background/Highlights
- In 1994, statistics showed that Monroe is the third-poorest metropolitan area in the nation
- Monroe has a population over 50,000.

Government Investments
- Designated as EC in the first round, in 1995, receiving $3 million.

Private Sectors Investments
- **Hibernia National, Central Bank and Bank One** committed $3 million **in loans to EC businesses** unable to access traditional bank financing.
- A donated property is being rehabilitated and expanded as the St. Francis Medical Center's Primary Health Care Clinic (South), a **community-based nonprofit clinic**. The new facility will cost approximately $350,000 and provide 13 jobs.
- **State Farm Insurance** is carrying out a partnership to provide job training to place EC residents in Monroe or the adjacent Parrish. There are 10 people currently placed.

Possible Announcements/Events

Other Comments
- The EC Board was originally deemed "troubled," but has recently shown great improvement.

GREENWOOD, MISSISSIPPI

Background/Highlights

Government Investments

- Designated as Empowerment Zone in 1995.
- Received $800,000 in small cities CDBG, $1 million USDA.
- Received
-

Private Sectors Investments

- $1 million in local private sector investment.
- Viking Range, manufacturer of high quality kitchen equipment, came into the Zone, and created 500 jobs.

Possible Announcements/Events

Other Comments

New Markets in the Delta
Possible Announcements

ECD has demonstrated the capacity for developing "new markets" in the Delta. It has also proven that the private sector shares a common agenda with respect to economic development of poor communities. As a prime model for the potential of the President's efforts to promote investment in America's New Markets, ECD would seek to make extensive use of the New Markets programs to advance its work.

President Clinton can announce the following recent and unannounced investments in New Markets in the Delta through the Enterprise Corporation of the Delta and its affiliate, ECD Investments, LLC (ECDI).

Private Funding	
Walton Family Foundation	5,000,000
Ford Foundation	3,400,000
Pew Charitable Trusts	3,000,000
MacArthur Foundation	2,000,000
John Palmer (Skytel)	500,000
Blue Cross and Blue Shield of Arkansas	100,000
Sisters of Charity of the Incarnate Word	100,000
Bank of Anguilla (Mississipi)	25,000
Dominican Sisters of Charity	25,000
First National Bank of Blytheville (Arkansas)	25,000
Sisters of Charity of Saint Elizabeth	25,000
Society of the Holy Child Jesus	25,000
Total Private Support	***$ 14,225,000***
Public Funding	
CDFI Fund	$ 2,500,000
Total Funding	**$ 16,725,000**

Treasury/CDFI BEA awards stimulated the bank investments. They are the most recent of 16 banks that used the program to invest nearly $4million in ECDI since 1997.

The Palmer and Blue Cross investments were made via a new class of investment in ECDI that is targeted for individual and corporate investors -- a great illustration of the potential of the New Markets Tax Credit.)

The Ford and MacArthur investments will also be made in this vehicle with the intent of encouraging private sector investment in this innovative model that can be replicated among other CDFIs, particularly if NMTC legislation is passed.

Combined with a $2.5 million CDFI Fund award that closed in May (that helped leverage the private investments) the President can announce nearly **$17 million** of recent investments in New Market activity in the Delta.

Representatives of investors listed above would participate in an announcement by the President. (Additional programmatic and financial commitments are being pursued and may materialize prior to the President's visit).

Other possible announcements:

- ECDI's certification as an SBA 7A lender (a New Markets Lending Company) - - The Office of Financial Institutions in Louisiana is in the final stages of approving ECDI's application to become a BIDCO. Upon this approval, the Louisiana SBA office is expected to certify ECDI BIDCO as a 7A lender.

- ECDI's certification as a CAPCO, a Louisiana Certified Capital Company. This enables ECDI to offer a 35% state tax credit to investors.

- A BusinessLINC partnership between ECD's FastTrac entrepreneurial training program, Wal-Mart, Entergy and ECDI investor banks.

- The recent approval of a USDA B&I guaranteed loan through ECD to the only African American rice processor in the U.S (Lewis and Son, owned by Ephron Lewis, a suggested roundtable participant). Also, the NIST-funded Manufacturing Extension Program (Department of Commerce) provided engineering assistance to the firm through a tri-state partnership with ECD

Several of the proposed company visits would provide an appropriate setting for the announcements.

New Markets in the Delta
Summary Description of Companies Proposed for Site Visit

The following pages provide information on companies that would provide good examples of the potential of making investments in Delta firms and entrepreneurs.

Of the companies recommended, one is in Lee County, Arkansas (Marianna Apparel) and two are in Coahoma County, Mississippi (Delta Laundry and Waterfield, Inc.). The following data provides a sense of the level of distress in these areas. Similar data is available for other counties if needed.

	Lee County, AR	Coahoma County, MS
1990 Population	13,053	31,665
1996 Population	12,675	31,652
Population Change 1990-1996	(2.9%)	(0.04%)
Population Change 1980-1990	(19%)	(16.6%)
% Minority	59.1%	65.7%
1990 Civilian Labor Force	4,529	11,457
1995 Civilian Labor Force	4,814	12,839
Labor Growth	6.29%	12.1%
1990 Unemployment Rate	14.9%	13.8%
1996 Unemployment Rate	11.9%	9.9%
1990 Median Household Income	$14,213	$16,938
% of unit non-metro family income	51.5%	61.4%
% people in poverty - 1990	47.3%	45.5%
% housing w/out water lines – 1990	11.4%	8.0%
% housing w/out public sewer – 1990	42.5%	19.0%
% housing w/out phone - 1990	17.2%	14.9%

Marianna Apparel - Marianna, Arkansas

The first company to receive equity financing from ECD, Marianna Apparel is a subsidiary of Terry Manufacturing, a 30-year-old garment business is headquartered in Alabama. Terry produces uniforms for military and corporate clients. Terry was the first minority-owned company to be approved as an Olympic licensee, and works directly with organizations around specific events such as the last Super Bowl.

Terry has two main lines of business in the garment industry. The first line is traditional cut-and-sew for military and corporate contracts. The second line is a value-added operation that designs and produces screen printed and embroidered garments under licensing contracts or direct order. Terry was the first minority-owned company to be approved as an Olympic licensee, has non-exclusive licenses with 150 colleges and universities, and works directly with organizations around specific events such as this past Super Bowl.

ECDI made a $500,000 investment in Terry that included social covenants related to the establishment of a Delta operation. This financing leveraged $3.5MM in debt through the Arkansas State pension fund that resulted in the opening of the Marianna plant.

Marianna Apparel manufactures uniforms for McDonalds restaurants nationwide. The plant has a production staff of 50 and projects growth to 80 by the end of 1999. The plant manager estimates that at least 20% of the employees are former welfare recipients.

Waterfield, Inc – Clarksdale, Mississippi

Waterfield, Inc. began operations in September 1998. SecurAmerica Business Credit, a Tennessee Business and Industrial Corporation, provided start-up financing. To facilitate continued growth, ECD provided a $300,000 term loan in June 1999 to provide the long-term working capital and equipment required to bring on a new product line.

BACKGROUND

Waterfield, Inc. is a Tennessee corporation doing business in Clarksdale, MS. The company was organized and chartered in August 1998, with the purchased assets from the business operation of a predecessor company, Porter-Ferguson, Inc. Waterfield produces cabinets that are marketed to retail home centers across the country. The company leases a 100,000 square foot plant facility on approximately 14 acres of land in the Clarksdale Industrial Park. The new owners of the company are Edward Shelly Rice and Robert Koerber, both of Memphis, TN.

Porter-Ferguson, the predecessor company, began manufacturing wood cabinets in Clarksdale in 1986. The company employed up to 200 full-time employees and had annual sales of over $16 million in 1992. On December 2, 1996, the company filed a voluntary petition for reorganization under the US Bankruptcy Code. The filing was prompted because Porter-Ferguson could not ship orders to a major customer due to a lack of availability under its line of credit. The lender felt that sales were concentrated with the major customer and did not wish to finance additional exposure to that customer. The customer cancelled its program with Porter-Ferguson and the companies ceased doing business together in January 1996. The customer refused to pay any amounts owed to Porter-Ferguson for over sixty days for fear of any product returns. The strain on cash flow led to problems with the bank, its auditors and bank regulators as well as a payroll tax liability for the company. Porter-Ferguson was unable to finalize an approved plan to emerge from bankruptcy, which included a takeout of the loan from the bank. As a result, an agreement was reached between Waterfield, the court and creditors to purchase certain assets of Porter-Ferguson.

MARKETS

Waterfield markets its products to retail home centers across the country. The company has three primary ways of promoting its products: through industry trade shows; through independent sales representatives; and through advertising literature provided to customers and prospects. Three trade shows are planned over the next few months. The independent sales representatives call on home centers with less than 20 stores. New sales representatives are expected to be added over the coming months.

Waterfield is also the trade name of the cabinets produced by the company. The name is well respected in the unfinished cabinet market. According to management, the name has been around longer than other trade names in the industry and has led to new and continued sales with past Porter-Ferguson customers.

Waterfield's territory consists of the states east of the Rocky Mountains to the Ohio Valley. The cabinet manufacturing industry is estimated to be a $4 billion a year business in the US. It is difficult to gauge how a decrease in housing starts or a downturn in the economy would affect the industry. Waterfield and most of its competitors do not make direct new construction and multi-family sales. A downturn in the economy could prompt remodeling, as opposed to new construction, which would favor sales from retail home centers.

ECONOMIC IMPACT

Waterfield currently employs 50 people with an average wage rate of $7.50 per hour. Of these employees, 30 came off welfare to join the company. The labor-force is trained and willing to work. With the new work schedule from its major customer, employment is projected to reach 75. Health insurance will be offered to all employees over the next twelve months. The employment level was 140 prior to the closing of Porter-Ferguson in 1998. According to management, a large number of these individuals remain eligible for employment with Waterfield.

Waterfield's predecessor company was liquidated by the bank and Waterfield purchased the assets to restart the operations.

Delta Laundry – Clarksdale, Mississippi

Delta Laundry (DL) is a start-up commercial laundry and linen service located in Clarksdale, Mississippi. DL provides commercial laundry and dry cleaning to hospitals, restaurants, and casinos in northwest Mississippi.

Re Delta Laundry:

- largest current customer is a hospital
- four bids are out to other hospitals
- two bids are out to non-casino hotels
- one bid is out to catering/restaurant service

DL currently employs 25 people, 15 of whom came off welfare and were trained for DL by Coahoma Community College's Skilltech Center.

Working though subcontractors, DL secured its first contract in December of 1997 with the Sheraton Hotel in Tunica County. DL has since taken on business from four additional casino hotels and a hospital. Financing from ECD enabled DL to open its own facility in Clarksdale, Miss.

Owner Morris ("Rocky") Rockwood has more than 10 years in the commercial laundry business. He previously owned and operated a laundry in Branson, Missouri before selling it in the early 90's. He worked on the Tunica/Clarksdale opportunity for about a year prior to ECD's invovlement. Initially he had wanted to locate in Tunica County itself. However, the county has no facilities satisfactory for DL's operations. The county supervisors were not amenable to building a facility due to general reservations regarding borrowing funds to construct new facilities for economic development. In addition, the supervisors were concerned that any aggressive steps toward economic development would not be well received by the casinos given the tight labor market that exists in Tunica.

ECD financed DL with a creative selection of financing. ECD provided Morris Rockwood with a bridge loan on his residence in Missouri, until he could sell it, to provide his equity for the business; ECD also bought preferred stock in the company and financed a working capital line of credit, a term note and provided additional subordinated debt. These, together with financing from GE Capital and the North Delta Planning and Development District were required for the start-up.

ECD has also assisted in the management of the business and contracted with alt. Consulting, a not-for-profit management consulting organization. Alt. Has worked with the company on improving its internal operations, as the company grows and on developing a marketing plan.

Computers, Inc. – Clarksdale, Mississippi

Computers, Inc. (CI) is a computer servicing and retail business that currently employs 6 full-time and 2 part-time people. CI is owned by Nita Brooks, a graduate of the FastTrac entrepreneurial training course, sponsored by ECD and administered locally by Delta State University.

The company sells and services micro computers, printers, and LAN networks. It is also an authorized Apple Computer Dealer. CI has averaged slightly over $1MM in annual sales for the past 5 years. The company serves 15 counties of the Delta region of Mississippi with customer concentrations in the following cities: Clarksdale, Batesville, Greenwood, Grenada, Cleveland, Greenville, Tunica, Drew, and Indianola. CI also serves parts of Eastern Arkansas from Helena to Lake Village, and parts of Louisiana. The company also has several loyal customers in Tennessee, North Carolina, Texas, and Louisiana.

CI serves three primary market groups with an established base of more than 1,200 clients. The main market group is comprised of various school districts and educational systems throughout the Delta. Educational sales and service represent about 43% of CI's current business. They have won a large number of hardware bids with surrounding school districts while also providing the sole source of computer servicing and support for those school districts. The company also provides sales and service to a number of the private schools and academies in the area.

CI has service contracts in place with schools, city agencies, and individuals. It is management's belief that as technology increases and the computer industry becomes more sophisticated and feature oriented, service will increasingly become a growth area for CI. Management believes that they are well poised for growth within that market sector. The balance of CI's sales revenue is derived from general commercial accounts and home/office PC sales.

Ms. Brooks attempted unsuccessfully to get financing from banks and a local quasi-public organization. Ms. Brooks did not have the financial wherewithal to come up with the substantial cash or collateral required by these lenders.

ECD originally financed $160,000 of the initial business purchase by Ms. Brooks. This included a $125,000 revolving line of credit and a $35,000 term loan. ECD later financed a portion of the down payment needed to purchase the building which CI was leasing. The original owner of CI owned the facility. ECD's financing enabled CI to maintain the use of the building and to lower her operating expenses.

Adela Construction, Inc. – Forrest City, Arkansas

Charles W. (Chuck) Ambrose, a full-blooded Cherokee, has been in the construction business for over 30 years working out of a local union or as an independent non-union contractor. Chuck operates Adela Construction, a Forrest City, Arkansas business that erects and ties the steel associated with concrete. The jobs are large commercial facilities located throughout the Mid-South. The customer base is comprised of large private general contractors and state transportation and highway offices. Adela employs approximately 23 persons. The wages reflect the skilled nature of the work, averaging approximately $14 per hour.

In 1994 Ambrose formed Adela Construction, Inc. to engage in the construction business, including highway and paving construction. The business originally concentrated on cement and concrete work, and demand was soft. General contractors suggested that he investigate reinforcing steel placement work. He found this field in high demand, with minimal competition. Most larger general commercial contractors were beginning to sub-contract reinforcing steel placement work. Such work requires highly skilled and compensated journeymen. Individual contractors' demand for steel reinforcement technicians varies and is hard to estimate. Some jobs require a substantial number of laborers and others less. Because of the high cost, general contractors cannot maintain an adequate number of staff for all work. With large jobs, the ability to secure skilled assistance is in many instances very difficult. On-site training is limited by the skill demands of the process. Matching reinforcement staffing to uncertain and varying demand is difficult and expensive. Thus, by sub-contracting this specialty work, general contractors are able to ensure the work is accomplished correctly and on schedule, as well as save money. Reducing staff assists the companies in reducing their overhead. Payroll, workman's compensation, and general liability insurance for the contractor are all reduced.

Adela began specializing in reinforcing steel placement in August 1995. The company has been able to secure a consistent flow of business since its service shift from concrete to steel reinforcement. However, the firm was undercapitalized, which coupled with limited access to debt financing, impeded the firm's ability to grow. As such, Adela had to turn down profitable jobs because of an inability to finance their asset conversion cycle.

ECD provided Adela a $150,000 line of credit in August 1996 to address severe cash flow constraints. This financing enabled the company to survive and expand its operations. In addition to job growth, this venture provides the Delta high quality jobs for skilled labor. Hourly wages, (from $9 for trainees to $17 for experienced reinforcement steel labor) are very competitive for the region. This work requires skilled labor and develops technical skills.

The company has annual sales of $600M to $700M. The business has experienced several financial problems over the course of time with ECD. ECD has provided consulting services and assistance to the client. The company's financial performance is trending up and management systems have shown marked improvement during the last 3-years. Demand is escalating for Adela's services both within and outside of the Delta region.

Quest Corporation – Pine Bluff, Arkansas
Quest Corporation is a manufacturer of muffler pipe-bending machines and automotive lifts. ECD provided Quest with a $200,000 loan to support the growth of its automotive lift division.

Quest employs a diverse workforce of approximately 100 people. These jobs are typically skilled and good paying. In addition to providing above market rates of pay, the company also provides employees a supplemental benefit package that includes health-care coverage, a S125 Cafeteria Plan, and a 401(k) Plan. The company has a vacation and leave policy as well.

ECD funding combined with an SBA guaranteed loan (though Elk Horn bank), and financing by Arkansas Enterprise Group and Arkansas Capital Corporation helped fuel employment growth and retained high quality manufacturing jobs in the Delta. Without this financing, Quest would have needed to seek a merger through an acquiring partner, which may have meant relocation outside of Arkansas.

Historical Background
Quest's history is both long and complicated. A detailed discussion of significant corporate events follows.

Quest Corporation's history began with the formation of Ben Pearson Archery Company in 1938. G. E. Powell, father of Ron Powell, was installed as the company's Controller. In 1948, the company's name was changed to Ben Pearson Company. Ben Pearson became the world's largest manufacturer of archery equipment. In addition, the company began manufacturing mechanical cotton pickers. In 1963, G. E. Powell became President of the company. The company was sold in 1965. G. E. Powell and an investor group elected to repurchase the cotton picker product line. The new company formed was named Ben Pearson Manufacturing Company. Ron Powell joined his father in the company in 1974 and formed a new division called Ben Pearson TubeMaster Corporation, which was run as a wholly-owned subsidiary of Ben Pearson Manufacturing Company. TubeMaster began manufacturing muffler shop pipe bending machines. Ben Pearson then repurchased the archery business and sold the cotton picker product line. In 1981, the TubeMaster division began to manufacture automotive lifts. By this time, TubeMaster had become the US market leader in sales of muffler shop pipe benders. The lift line was sold in 1989 to Hennessy Industries, a division of Danaher Corporation. The product line was moved to Chicago in 1990. However, Danaher stopped producing the lifts several years later.

During 1991, Ben Pearson purchased two companies: Sure Pull Hitches, which was latter sold in 1995 to Echlin, Inc.; and HEB Chrome Plating, which was to become Quest Chrome and Coat (chrome exhaust extensions). The sporting goods division of Ben Pearson, which included the Ben Pearson Archery and Himalayan Industries, an outdoor garment manufacturing concern, was sold to Sierra Corporation in 1992.

In 1983, the IRS began an investigation of the archery division's filing of excise taxes. The IRS audit of archery excise taxes covering the periods 1980 through 1988 was completed in 1992. The IRS determined that excise taxes should have been paid on the archery company's children's bows that were manufactured during this period. Threatened with a $1.5MM judgment, Ben

Pearson filed for protection under Chapter 11 of the US bankruptcy laws, which put the IRS claim as an unsecured credit. A reorganization plan was approved by the bankruptcy court in 1993. The plan allowed for the formation of Quest Corporation to purchase the automotive assets from Ben Pearson. The Powell family provided the capital for the formation and transaction. Quest purchased the manufacturing rights to the pipe benders, trailer hitches, and chrome auto exhaust extensions .

Fifth Wheel Acquisition, a New Jersey investor group, purchased 65% of Quest in 1994. However, the group elected in 1997 to sell back their interest to the Powell family. The specifics of this transaction are covered in a following section.

Quest bought BayMaster Industries, a Texas manufacturer of lifts, in 1996. The plant was moved to Pine Bluff. Quest has completed the design work and built a prototype for a new two-post lift line and is to have the new lift ETL certified the near future.

Quest Background

Quest Corporation was formed in 1993 to purchase the automotive after-market assets of Ben Pearson, Inc. The sale/purchase of the assets was part of the confirmed Plan of Reorganization by Ben Pearson, Inc., which had filed for protection under Chapter 11. The automotive assets of Ben Pearson included three companies: Ben Pearson TubeMaster (pipe bending machines), Sure Pull Hitches (trailer hitches), and Quest Chrome and Coat (exhaust extensions).

Of the assets purchased from Ben Pearson, TubeMaster represented the largest company. TubeMaster was formed in 1975 to manufacture muffler shop pipe bending machines. By 1980, the company had become the market leader in sales in the US. However, the market for pipe bending machines is dissipating due to the factory installation in autos of longer life mufflers. Exhaust industry sales are forecasted to remain stagnant or slightly decline in the future. TubeMaster also produces oil filter crushing systems under the name CrushMaster. Two models of crushing systems are currently offered. The product is designed to provided a safe and reliable method of recycling used oil and filters. The existing market for the devices is small; however, as additional states legislate/impose more stringent regulatory requirements on the oil changing process, this market could grow in viability.

In 1980, TubeMaster added automotive lifts to its product line. The lift product line grew to an $11MM business before it was sold to Hennessy Industries, a division of Danaher Corporation, in 1989. The lift business was sold to retire family debt that had been incurred with First Tennessee in Memphis. Hennessy Industries moved the operation to Chicago, Illinois. The company went through numerous management changes and performed poorly with the lift operation. Over a period of several years, Hennessy closed the operation and lost virtually the entire customer base that at one time were TubeMaster clients. Hennessy now purchases lifts on a private label basis from a lift industry competitor of Quest.

In 1996 as a result of former Pearson lift customers suggestions, Quest Corporation elected to reenter the automotive lift market. Even though Hennessy no longer was manufacturing lifts, Quest had to abide by a five-year non-compete agreement to stay out of the lift market. In April of 1996, Quest purchased a small lift operation in Fort Worth, Texas, BayMaster, and moved to plant to Pine Bluff. The BayMaster operation provided considerable operational challenges to Quest. The product bill-of-materials was not correct and there were no labor routings. Also, new and accurate engineering drawings had to be constructed for the entire lift line. Quest absorbed considerable expense in moving the plant to Pine Bluff and hiring a new labor force. Losses attributed to the lift operation for 1996 were $250M. The company is projecting significant growth and margin improvement in the lift operation for 1997. However, it will be latter 1998 before all the design changes, process improvements, and price increases can be fully implemented in order to achieve the desired margins and profitability. Quest's management is very optimistic about the company's ability to increase market share in the lift market, and in their ability to improve the company's operating margins.

Both four-post and two-post lift types are currently being manufactured. Quest offers five separate models of the four-post lift. During 1997 Quest made material changes to their two-post lift designs. The company achieved Electrical Testing Laboratories (ETL) certification on a new two-post line in 1998. ETL certification substantially broadens the potential market for the two-post lift line, which has four models.

Sure Pull Hitches and HEB Chrome Plating were purchased by Ben Pearson in 1991 from World Class Manufacturing located in Fort Worth, Texas. The Sure Pull operations were moved to Pine Bluff and added to the TubeMaster manufacturing operation. Quest bought the two business from Ben Pearson in 1993. Quest was able to grow Sure Pull's sales volume in hitches; however, the division continued to lose money due to high sales and distribution costs. The amount of inventory necessary to grow the business put a stain on Quest's working capital bank line. Break-even was projected to occur in 1996; however, the company was approached and accepted an unsolicited bid by Echlin, Inc. 12/31/95 for the purchase of Sure Pull. Sure Pull elected to remain housed in the Quest manufacturing complex, where they lease approximately 53M square feet for $5.5M per month. The current lease arrangement matures at the end of 1999.

Quest has elected to retain its holdings in Quest Chrome and Coat. Chrome and Coat manufactures chrome exhaust extensions or tips. An extensive product line is offered. Quest elected to keep the operation in Bedford, Texas due to the expense of a relocation and the environmental implications of the chrome process. This segment of Quest's business operation has been stable, providing a net overhead allocation return to the holding company of $100M plus per annum. However, Quest may investigate the division's sale at some date in the future.

Fifth Wheel Acquisition:
Quest sold a 65% interest in their company during October of 1994 to an investor group called Fifth Wheel Acquisition. Fifth Wheel, which is based in Morristown, New Jersey, paid $225M and funded $500M in working capital support as subordinated debt. Their investments in Quest were made under the name Wesray Capital. The investor group specializes in very large corporate acquisitions, including Six Flags and Avis Car Rental. The Quest investment was the first small manufacturing organization that the company attempted an investment with.

During April of 1996, Fifth Wheel paid Quest an additional $400M in subordinated debt to assist in the purchase of BayMaster Lift, raising their aggregate investment to $1,125M ($225M common stock equity and $900M in subordinated debt). However, in June of 1997, Fifth Wheel indicated their desire to begin liquidating their investment in Quest Corporation. Fifth Wheel had decided that they were more comfortable with investments in larger firms. Further, it had become obvious to the investors that the Quest investment was going to require more patience and the anticipated returns would be less than they had originally hoped for. Quest and Fifth Wheel negotiated a settlement that would accommodate each party.

Fifth Wheel agreed to retain a portion of their debt in the corporation provided Quest would immediately repurchase the stock for $225M and retire $237,500 in subordinated debt. An additional $100M payment was made 9/1/97 on the debt, which has brought the current balance of the remaining subordinated investment to $562,500. The proposed resolution calls for the remaining debt to be paid in annual July installments of $112,500 over the next five-years. The Powell family funded the stock repurchase and a personal friend through Mountaire Corporation, a large poultry operation in Arkansas, funded the balance through a $250M subordinated debenture that is earning 9% interest. Interest payments on the debenture are to be paid quarterly, with principal payable in full 7/1/02. The Powell family has also injected an additional $250M in the company during 1997 to assist the working capital needs of developing the lift division.

Management

Ron Powell has served as President and CEO of Quest Corporation since it was formed in 1993 to purchase the automotive after-market product lines of Ben Pearson. Prior to the formation of Quest, Powell had established the TubeMaster division of Ben Pearson and directed TubeMaster into the automotive lift market. Ron guided Ben Pearson through its bankruptcy and subsequent reorganization that allowed the purchase of Ben Pearson's remaining auto-related assets to Quest. Powell received a MBA from the University of Houston in 1974 and a BS in Electrical Engineering from Vanderbilt University in 1968. He is the largest shareholder of Quest corporation with a 48.5% interest. The remainder of the company is held by his father and brother, who holds his interest in a partnership with a third non-related party.

Delta New Markets Roundtable

President Clinton could lead a roundtable discussion with corporate CEO's and others that:

- have invested in "New Markets" in the Delta;
- have a significant business presence in the region; or
- can otherwise speak to the importance of New Market investments in the Delta.

Participant List (draft)

Company		Name
America Online	Jim	Barksdale
Bank of America	Hugh	McColl
Bank One	John	McCoy
Blue Cross & Blue Shield	Robert	Shoptaw
Dollar General	Cal	Turner
Entergy	Wayne	Turner
Enterprise Corporation of the Delta	Bill	Bynum
Enterprise Corporation of the Delta	Billy	Percy
Federal Express	Frederick	Smith
Ford Foundation	Susan	Berresford
Hibernia National Bank	Steve	Hansel
Lewis & Son Rice Processing	Ephron	Lewis
MacArthur Foundation	Adele	Simmons
McDonalds Restaurant (Pine Bluff)	Curtis	Morrow
Mississippi Chemical	Chuck	Dunn
Mississippi Board of Community Colleges	George	Walker
Morgan Stanley	Dick	Fisher
Pew Charitable Trusts	Rebecca	Rimel
Sara Lee	John	Bryant
Scott Trucking	Tom	Scott
Simmons First National Bank	Thomas	May
SkyTel	John	Palmer
Terry Manufacturing	Roy	Terry
Trustmark National Bank	Richard	Hickson
Wal-Mart	Rob	Walton
Winthrop Rockefeller Foundation	Sybil	Hampton
WorldCom	Bernie	Ebbers