

TALKING POINTS FOR NEW MARKETS CABINET BREAKFAST
Wednesday May 5, 1999 – 7:30 AM

- **Impetus for the New Markets Initiative:** We have extraordinary economic growth but it is not reaching everywhere --- e.g., parts of Appalachian and inner cities are left behind. If we can't use this opportunity to try to redirect some of the economic engine to address underlying problems, when will we ever be able to do so? New markets are untapped markets --- communities in the rural or inner city areas that have traditionally not had access to capital.
- **Elements of the New Markets Proposal:** The Initiative involves several components involving Treasury, HUD and SBA. Our goal is to provide incentives for private investment in communities, build capacity for small businesses, and establish relationships between venture capitalists and businesses in new markets. Some of these programs require legislative authorization, while others do not.
- **Planned Events:** The Rollout of the New Markets Initiative will have several facets.
 - CEO Roundtable, Rose Garden Announcement about the July trip, and the visit to Atlanta, GA on May 11
 - (1) The roundtable will include CEOs and the President only. We anticipate closed press. Cabinet and senior White House staff will attend. The current proposal (out of the working group for the event) is for Cabinet members to only attend and not participate in the roundtable. We should discuss further the structure of the roundtable and the role of Cabinet members. Is it reasonable to have them attend without participating in the discussion.
 - (2) Rose Garden announcement about the results of the roundtable and the July trip to under-served markets. The message here will be that the President is mobilizing corporate America and challenging them to invest in areas that have not traditionally had access to capital.
 - (3) The Atlanta visit will include a stop and remarks at a business that illustrates the potential for successful investment in new markets. Atlanta has an Empowerment Zone with classic characteristics of a new market. An EZ was chosen to help create the bridge between EZ/ECs and the New Markets Initiative.
 - Community Empowerment Conference on May 27 (VP will attend)
 - June unveiling of all three pieces of legislation with a Presidential Rose Garden Announcement immediately after the Congressional recess (details and date TBD)
 - A major 2-4 day Presidential trip in July involving extended visits to several distressed rural and inner city areas.

- **Programs Not Requiring Legislation:**
 - SBICS Targeted to New Markets
 - New Markets Lending Companies
 - Continued Growth for CDFIs
 - BusinessLINC
 - Specialized Small Business Investment Companies
- **New Programs Requiring Legislation:**
 - **New Market Venture Capital Firms** – SBA will select 10 to 20 NMVC firms with successful records in community-based venture capital. The program is based on the successful SBIC program at SBA, but also involves a \$1.5 million grant of technical assistance, to be matched by private sector funds.
 - **APICS** – Based on the OPIC model, APICs will be capitalized with a minimum of \$100 million in equity. APICs will make equity investments in larger businesses that are expanding or relocating in inner cities or rural areas. HUD and SBA will administer the program jointly.
 - **New Markets Tax Credits** – The NM tax credit is designed to help spur \$6 billion in new equity capital. The credit will be worth up to 25 percent for investments made in a wide range of investment vehicles including New Market Venture Capital Firms.
- **Legislative Update:**
 - Strong interest is coming from the Hill based on efforts made by Legislative Affairs at the White House and at HUD, Treasury and SBA. *(See chart outlining potential lead sponsors and co-sponsors)*. We are getting requests to share legislation with the Hill. Cabinet Secretaries may raise this issue. The working group has proposed the release of Staff Discussion Drafts, which are ready on APICs and NMVCs. We need to discuss this issue with you further.
 - Rangel's staff has agreed to begin drafting legislation after school construction is done. We expect work to begin on the tax credit piece by next week.
 - You may want to use this opportunity to flag with Podesta the June event (which is not yet on the schedule) where we would unveil the legislation.
- **Potential Roles for Cabinet Members:** The NEC New Markets Group has been working on the overall rollout strategy for the legislation and on events. Agencies might be helpful in the following ways.
 - **July Trip:** You may want to thank people for their response to ideas for the July Trip. Proposals were received from several agencies including HUD, Treasury, SBA, Transportation, and Labor. Continued input is helpful.
 - **Legislative:** We are seeking help to sell the legislation on the Hill.
 - **Press Communications:** Encourage Cabinet members to be innovative in creating events around the initiative. There may be events in addition to those that we have proposed that could link to our message on New Markets Initiatives. As an example the announcement/release of a major report.
 - **Outreach to Industry/Interest Groups:** We are looking at ways to garner industry support and raise awareness about the proposed legislation in the business community. As an example, SBA is conducting a New Markets workshop in Atlanta on May 6, which will be used to highlight the New Markets Initiative.

Peter A. Weissman

04/28/99 03:52:17 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: fyi- May 5th New Markets Cabinet Breakfast

----- Forwarded by Peter A. Weissman/OPD/EOP on 04/28/99 03:51 PM -----



Dawn L. Smalls
04/28/99 03:47:47 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc: Sara M. Latham/WHO/EOP@EOP

Subject: Cabinet Breakfast

John will hold a "New Markets" Cabinet breakfast on **Wednesday, May 5 at 7:30** in his ofc.

Invited are:

Rubin
Cuomo
Herman
Daley
Alvarez

Sperling
Stein
Marshall
Tramontano

Pls call me at 6-4514 with any questions/conflicts. Thanks.

Message Sent To:

Peter A. Weissman/OPD/EOP@EOP
Melissa G. Green/OPD/EOP@EOP
Clay Reed/WHO/EOP@EOP
Carolyn T. Wu/WHO/EOP@EOP
Mindy E. Myers/WHO/EOP@EOP

Message Sent To:

Melissa G. Green/OPD/EOP
Brian A. Barreto/OPD/EOP
Jonathan A. Kaplan/OPD/EOP
Sarah Rosen/OPD/EOP@EOP
Lisa Green/OPD/EOP@EOP



Sarah Rosen Wartell
05/03/99 09:53:45 AM

Record Type: Record

To: Clay Reed@EOP@LNGTWY
cc: Lisa Green/OPD/EOP@EOP, Sonyia Matthews/OPD/EOP@EOP
bcc:
Subject: Re: Chief of Staff Breakfast...

that's may 18th -- happy to. Sonyia - please put on calendar. Lisa -- let's think about materials.
Clay Reed@EOP



Clay Reed@EOP
05/03/99 09:35:00 AM

Record Type: Record

To: Sarah Rosen Wartell@EOP
cc:
Subject: Re: Chief of Staff Breakfast...

Message Creation Date was at 3-MAY-1999 09:35:00

Our next breakfast will be two weeks from Tuesday...if you want to speak, you don't have to have any materials on paper to give or present, people just often like to include something. So if you do want to speak, just let me know....

[Handwritten signature]
Clay Reed

Peter A. Weissman

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*Who is
John?
for K?*

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