

Arkansas ? Political site with Englund: m. m. m.

My Copy

1st New Markets Trip

September 28, 1999

• taking points for what have we done since July

John Urban - Native American

MEMORANDUM TO MARIA ECHAVESTE

FROM: GENE SPERLING
LISA GREEN
NATASHA BILIMORIA

SUBJECT: NEW MARKETS NOVEMBER TRIP – PRELIMINARY SITE RECOMMENDATIONS

I. STRATEGY FOR SELECTING SITES

As you know, the New Markets Interagency Policy Working Group has been working to identify potential locations and deliverables for the President's trip in November, which will involve visits to several distressed communities. Agencies have been asked to focus on sites based on geographic categories and policy deliverables.

II. BEST PRELIMINARY OPTIONS

Out of the more than 50 recommendations made by the working group, several of the strongest options raised are outlined on the following pages. *Materials from each agency with additional detail about the communities described in this memorandum are attached.*

- Rural/Agricultural Areas: Mankato, MN; Fresno, CA; North Carolina
- Large Cities: Hartford (and other cities in CT); Newark, NJ; Chicago, IL; Washington, DC; Detroit, MI; and Minneapolis, MN.
- Small/Medium Cities: Benton Harbor, MI; Gary, IN; Silicon Valley, CA; Gary, Indiana, Portland, OR

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RURAL AND AGRICULTURAL AREAS

1. Mankato, Minnesota (approximately 100 miles southwest of Minneapolis)

- FOCUS: Agricultural Investment in New Markets
Farmers are facing financial hard times and Minnesota and surrounding states have the potential to lose many farmers without new markets for their crops.

Potential Site Visits

- The President could tour Phenix Biocomposites, Inc. as an example of a successful agricultural venture involving alternative crop production. Phenix Biocomposites, Inc. has built a \$30 million manufacturing plant for a product made from soy and wheat

straw. Forty percent of the company is owned by a farmer's cooperative (Phenix Manufacturing Company Cooperative) with 1000 farmer members from Minnesota and Iowa. Phenix has received \$17 million from individual private investors, commercial debt of \$20 million from private lenders, \$20 million from the farmer's cooperative, and \$2 million from the State. Phenix has also received \$3.25 million in equity investment from USDA's Alternative Agricultural Research and Commercialization Center (AARCC) to continue its work in creating and producing renewable, recyclable and/or sustainable resources. AARCC is strongly supported by Senators Daschle, Harkin, Dorgan, Conrad, and Lugar to develop biobased products.

2. Fresno, CA

- FOCUS: Agricultural Opportunities

California's Central Valley is one of the most agriculturally productive areas in the world, producing 250 crops worth more than \$13 billion annually. More than 70% of the farmers producing crops on this land are ethnic-minority tenant farmers, many of whom are low-income individuals.

Potential Site Visits

- The President could highlight the work of the Fresno County Economic Opportunities Commission- a micro-enterprise development program, which has financed 380 farmers and scores of small business owners.

Potential Deliverables

- Several companies including Pacific Gas and Electric, State Farm Insurance and Union Bank have provided donations or made investments in farming cooperatives located in this area. These companies could challenge others to provide the same type of support.
- We could also explore the possibility of large agricultural corporations making commitments to cooperative farming efforts.

3. Other Potential Sites

- North Carolina is the site of a potential rural or agricultural event with the Rural Prosperity Task Force headed by Erskine Bowles. We are pulling together information on the efforts of this group and the North Carolina State Department of Commerce.

and more add an info p/bs ??

LARGE CITIES

— take out for 18th

1. Hartford or New London or Groton, Connecticut

- FOCUS: Investment by New England Institutions in New Markets

Potential Deliverables:

- On the first trip, Aetna referenced but did not specifically announce its \$20 million investment in the Metro-Hartford Millennium Project. Other companies, including United Technology and Pratt Whitney have pledged to help raise \$150 million for this effort.
- The Southside Institutions Neighborhood Alliance (SINA)/Trinity College Project involves five private institutions from the Hartford area who are working on a comprehensive neighborhood revitalization plan for the distressed area surrounding Trinity College. The project is a \$300 million private/public partnership and it is possible that Aetna would have an announcement to make related to the group's efforts.

Potential Site Visits

- Chase Bank operates several programs that cover the New England Area including:
 - 1) The CIED (Credit Institute for Economic Development) provides financial training for CDFIs and those seeking to organize a CDFI. Previous classes have been held in Bridgeport and we could highlight the success of a "graduate" and visit a business that they helped to finance.
 - 2) Chase's Business Resource Centers provide free consulting to small businesses. The BRC provides one-on-one advice, referrals, and help applying for business loans. We could visit a company that has benefited from the help of a BRC.
- Other investments that we could highlight include a commitment by Pfizer in partnership with New London Development Corporation, to locate its worldwide research and development headquarters in the Groton, Connecticut Enterprise Community. This recent partnership and relocation will result in 500 new jobs for the Enterprise Community and a state financed biotech research center. The President could tour the proposed site or participate in a groundbreaking activity for part of the project.
- The President could tour a training site that works to employ welfare recipients and inner-city youth. There are community based efforts taking place in Hartford such as the Connecticut Workforce Partnership with Connecticut Business and Industry Association, Hartford Public High School's Technology Academy, the A.I. Prince Vocation-Technical High School and the National Association of Manufacturers that are working toward placing welfare recipients and inner-city youth in jobs.
- The President could do a roundtable event inside a colorful indoor market, known as the Mercado, located in the midst of the distressed area around Trinity College. Several Latino merchants who operate businesses in this market have been involved in the current strategies for economic development with the Trinity College Project, mentioned above.

2. Newark, New Jersey

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November 5th ??

- FOCUS: Investment by Sports Teams and Organizations in New Markets

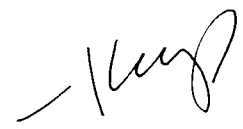
Potential Site Visits

- We are currently working to develop a suitable goal around this theme in order to create a lasting and sustainable effort. While we are certainly in favor of doing an event around sports teams, we want to identify firm commitments and clear goals before holding an event. Therefore, this idea may not be ready for an event on October 18th.
- The President could participate in a tour of the Newark neighborhood where a new sports and entertainment facility will be constructed. We are exploring an idea with Ray Chambers and Lewis Katz, principal owners of the New York Yankees and New Jersey Nets, to provide an on-going and lasting partnership related to sports organizations and investment in New Markets. It is conceivable that a coalition, with other sports team owners/organizations, such as Jerry Reinsdorf owner of the Chicago Bulls and White Sox, could help to create such partnerships all over the country. Reinsdorf's organization for example has developed successful supplier/vendor relationships with small minority businesses, which could be used as a model for other sports teams.
- The Urban League of Essex County in Newark, New Jersey is one of four National Urban League affiliates selected to participate in a 1997 TIIAP award. Under this project each affiliate has designed a Technology Education and Access Center (TEAC). The TEAC in Newark has 30 personal computers connected to the Internet through an ISDN connection. Seven instructors provide classes covering topics from computer literacy to basic Internet skills. The average class size is around 30 students.

Potential Deliverables

- On October 22nd, the New Community Corporation (NCC) has plans to announce the Youth Automotive Training Center (YATC), an innovative partnership with Ford Motor Company, Bell Atlantic, and Hillside Auto Mall. NCC is the largest grassroots community development corporation in the United States and was founded in 1968 by residents of Newark Central Ward. YATC will soon become an official training program for Ford and will offer at-risk youth job training in automotive careers. Ford will use YATC as a prototype for community-based organizations and local auto dealers to train and certify technicians in urban areas. Ford's commitment to NCC will reach \$1 million in financing alone.
- The Mills Corporation (founder of Potomac Mills) hopes to connect several of their large-scale mall developments with existing sports centers. Specifically, Mills plans to work with the Rockefeller Foundation, the City of Newark, community organizations and training/employment intermediaries to develop and implement a recruitment, hiring, and retention program for its development near the Meadowlands. The President could highlight this investment commitment as part of his visit to Newark.

3. Chicago, Illinois



- FOCUS: Investing in Inner Cities and BusinessLINC

Potential Site Visits

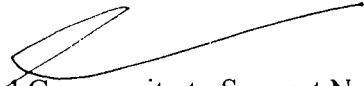
- The President could participate in a kick-off ceremony to announce a new training partnership with Alliance, a minority owned business, and its corporate clients FedEx, UPS, Coca-Cola, McDonald's, McGraw-Hill and DePaul University. He could highlight this example of a successful BusinessLINC type of partnership with Allied Van Lines, which groomed an in-house executive to establish a new company and attract new inner-city customers. Allied saw the need to expand ownership and employment opportunities in an industry where minorities not well represented.
- The President could highlight the local BusinessLINC coalition operated in partnership with the Business Roundtable. The Chicago BusinessLINC Coalition is led by the Civic Committee of the Commercial Club of Chicago. The coalition will provide a platform for Chicago's private sector to create new opportunities for companies in Chicago's Empowerment Zone and other distressed areas.
- The President could tour the Englewood neighborhood as an example of the conditions that the New Markets Initiative is designed to address. Englewood is a distressed community that has been highlighted by Reverend Jesse Jackson and Representative Bobby Rush as an example of a neighborhood that could benefit from the New Markets Initiative. **NOTE:** The Salaam Restaurant, which is operated by the Nation of Islam is located in Englewood. The restaurant is the first stage in an economic development plan presented by Louis Farrakhan in 1995.

Potential Deliverables

- Major corporations, including Shorebank, are establishing a fund that will do New Markets investing. Shorebank, is the country's premier community development organizations with a 25-year history of urban community lending and more than \$700 million in assets. The President could announce investments of \$15.5 million in SB Partners, specifically targeted to inner city investing: \$6 MM from Bank of America, \$4 MM from State Farm, \$3.5 MM from Shorebank and POSSIBLE: \$2 MM from Prudential Insurance, and investment by City of Chicago pension fund.

4. Washington, DC

- FOCUS: Commitment from the Legal Community to Support New Markets
Lawyers for One America (LEOA) is a loose-knit coalition of national, state and local legal organizations that are committed to promoting greater diversity within the legal profession and providing pro-bono service to those who are unable to retain legal services.



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Potential Site Visits

- The President could visit one of the commercial sites that the East River Community Development Corporation (ERCDC) is developing. In 1998, the DC Bar Public Service Activities Corporation established the Community Economic Development (CED) Pro-bono project to provide a vehicle for corporate and transactional lawyers to provide pro-bono services to the community. An example of the group's success is the work that Latham and Watkins (DC law firm) has been doing with ERCDC, a community development group working to revitalize Ward 8 in southeast Washington, DC.

Potential Deliverables

- We are exploring the possibility that LOFA would commit to a target number of programs (perhaps 100) to be established in the next year. LOFA is currently working on survey of attorneys throughout the country to identify transactional pro-bono programs that are specifically targeted to businesses in low-income communities.

5. Detroit, Michigan

- FOCUS: Investment in Manufacturing *6 mos. by Sept. - New White Detroit*

Potential Site Visits

- The President could attend the first production run from new factory, a joint venture in the Detroit Empowerment Zone to create a major minority-owned auto supplier. Bridgewater Interiors, LLC, is a joint venture between Johnson Controls, Inc. and a minority business. This type of corporate joint venture is increasingly common in auto business, and creates minority-owned companies of significant size -- very significant as a business investment strategy. Bridgewater has built a new building in EZ (grand opening June 10) and will create 180 new jobs.

Potential Deliverables

- We could explore the possibility of the National Association of Manufacturers making a commitment to encourage these types of partnerships.

6. Minneapolis, Minnesota

- FOCUS: Native American Communities in Urban Areas and Welfare to Work Initiatives *- keep - ? plan meeting*

A large percentage of Native Americans live in urban areas. The Minneapolis/St. Paul metropolitan area has one of the largest urban Indian populations in the United States.

Potential Site Visits

- The President could conduct a roundtable with some of the participants in the American Indian Partnership. There are a number of urban Indian welfare-to-work activities in Minneapolis. The American Indian Partnership, a coalition of over 30

organizations and agencies in Hennepin County (including the six largest Native non-profits) have joined together to facilitate welfare-to-work from a cultural standpoint.

- The President could highlight an existing BusinessLINC type of partnership between TLC Precision Wafer and Lockheed over the last five years. As the result of the mentoring, TLC grew from a four-person company that generally conducted small research projects for DOD to a forty-person company that now provides sophisticated components to major aerospace defense contractors. TLC is located in an empowerment zone in downtown Minneapolis.
- The President could hold a roundtable at the Mercado. The Mercado is retail complex focusing on Hispanic business that is located in the downtown area near the Sears Redevelopment project which is a brownfields that has just completed its environmental cleanup phase. The Mercado also functions as a business incubator and has received partial funding from HUD and SBS.

Potential Deliverables

- Working together with the Welfare to Work Partnership, we could explore a commitment from local businesses to hire 50 or 100 interns from the local tribal college. Three major companies, Honeywell, 3-M, and General Mills, have their headquarters there, and we may be able to work with them and the Welfare-to-Work Partnership to get commitments to hire people off welfare, including Native Americans.
- We could explore the expansion of BusinessLINC to Indian Country.

MEDIUM AND SMALL CITIES

1. Portland, Oregon

- FOCUS: University Efforts in New Markets

There are a number of universities that provide technical assistance to small businesses in low-income communities. This theme has great flexibility and depending upon the deliverables could involve a number of locations throughout the country.

Potential Site Visits

- The University of Oregon School of Business operates a program, called the Lundquist Center for Entrepreneurship that provides low-income people the opportunity to gain knowledge and expertise in starting their own businesses. The program uses local business people, alumni and professors and holds seminars for interested parties, most of whom are welfare recipients. Relevant topics include marketing strategies, financial planning and legal issues. The aim of these seminars is to provide lessons on the basics of setting up a small business and will help individuals go through the process of moving a business idea into reality. The program also links participants with mentors who will provide individual help and advice for starting a business.

- There are a number of other universities that have programs such as the one in Oregon. Accordingly, an event with this focus could be held in a number of different locations. We could conduct research with the help of the Department of Education on what programs similar to Oregon's program exist in economically distressed areas throughout the country.

Potential Deliverables

- We could explore the possibilities of a number of universities and or business schools forming a coalition to support and provide assistance to businesses in low and moderate-income areas.
- Representative McGovern and Senator Wellstone have proposals on the Hill that would provide for technical assistance funding to universities to do research in support of Community Development Venture Capital Funds. We could explore the possibility of working with either member on deliverables from academic institutions.

2. **Benton Harbor, Michigan**

FOCUS: Investment in the Midwest

Benton Harbor is the most distressed central city in Michigan. There have been several recent investments in the community which are good examples of New Markets efforts.

Potential Site Visits

- The President could visit a local community college/technology center funded by a coalition known as Cornerstone Alliance. The Center was developed with funding from Whirlpool and a coalition of local businesses known as the Cornerstone Alliance, which makes grants and loans to support local job creation and training.
- The President could also visit the Atlantic Automotive Components factory, which opened in July 1999 and employs over 130 people. The company's success has been attributed in part to the work of the Cornerstone Alliance.

3. **Duluth, Minnesota** (approximately 250 miles north of Minneapolis)

FOCUS: Investments in Technology by Community Development Venture Capital Firms
Soft Center Duluth, founded in 1998 and the first of its kind in the United States, is an innovative technology campus housed in a 200,000 square foot advanced technology facility, funded for \$33 million through public and private investment. It harnesses educational institutions, government resources and private industry to benefit businesses that locate in the facility and northeastern Minnesota.

Potential Site Visit and Deliverables

- The President could and announce the grand opening of the Soft Center Duluth. Northeast Ventures, is a CDFI that has formed a partnership with Soft Center through which Northeast Ventures will make venture capital investments in appropriate Information Technology companies that will be located in Soft Center. Northeast Ventures is committed to the President's New Markets Initiative, and intends to form

a New Markets Venture Capital Fund under the New Markets Venture Capital Companies (NMVC) program, if enacted.

- There is also a community development venture capital firm located in Silicon Valley that we could invite to participate and perhaps join with Northeast Ventures in a challenge to the CDFIs to invest in technology companies in distressed areas.

4. Other Sites

- **Gary, Indiana** was recommended by HUD as a potential site. Although the potential site visits and deliverables were good we did not include this city, because it was eliminated from the first trip on the basis of steel concerns.



Key

+ Hartford

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Day on Spots

Day to General

Newark

Agriculture - ~~Admiral~~

Chicago / Englewood

Small / Medium Sized city

Sony - Clark w/ Karen T

Beta Hubs

Urban Area w/ large Native American Communities

Benton Harbor, MI

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IMMEDIATE RELEASE



VISTEON AND VENTURE INDUSTRIES TO EXPAND INTERIOR SYSTEMS CAPABILITIES WITH NEW INVESTMENT

BENTON HARBOR, Mich., July 28, 1999 -- In a move that will strengthen its ability to deliver fully integrated vehicle interiors, Visteon Automotive Systems has teamed up with Venture Industries to open a new \$25 million manufacturing facility in Benton Harbor, Mich.

The new Ox Creek Plant will be operated by Atlantic Automotive Components LLC, a company jointly owned by Visteon and Venture. The 77,000 square foot facility will initially employ 100 people who will produce door trim panels, speaker enclosures, instrument panel components and Visteon's new Rear Seat Entertainment System.

"Ox Creek will enhance our ability to deliver complete interior systems solutions to our customers," said Steve Delaney, vice president, Interior and Exterior Systems, Visteon. "The plant will combine state-of-the-art machinery with a highly trained workforce and leading-edge processes to manufacture products that consumers want," he said.

"We are very enthusiastic about growing Atlantic because of its excellent quality and competitiveness through the execution of lean manufacturing," added Delaney.

Visteon designs, engineers, manufactures and assembles fully-integrated systems and modules for the automotive industry. Visteon will incorporate products made at the Ox Creek Plant into interior systems it supplies to customers.

"We're absolutely thrilled that Atlantic is expanding as a result of winning new Visteon business," said Pete Whitehead, president, AAC. "We're especially proud to be selected as the assembly site for Visteon's new Rear Seat Entertainment System. It's an exciting product with enormous growth potential. It shows that Visteon is transforming itself into a leading consumer-focused business," he said.

AAC employs 360 people at its existing plant in Benton Harbor, Mich. The plant produces high-quality door trim panels, speaker grills and other plastic products for the automotive industry. The plant's customers include Lear, JCI, ACI Carron, Clarion, K-Omega and Ford.

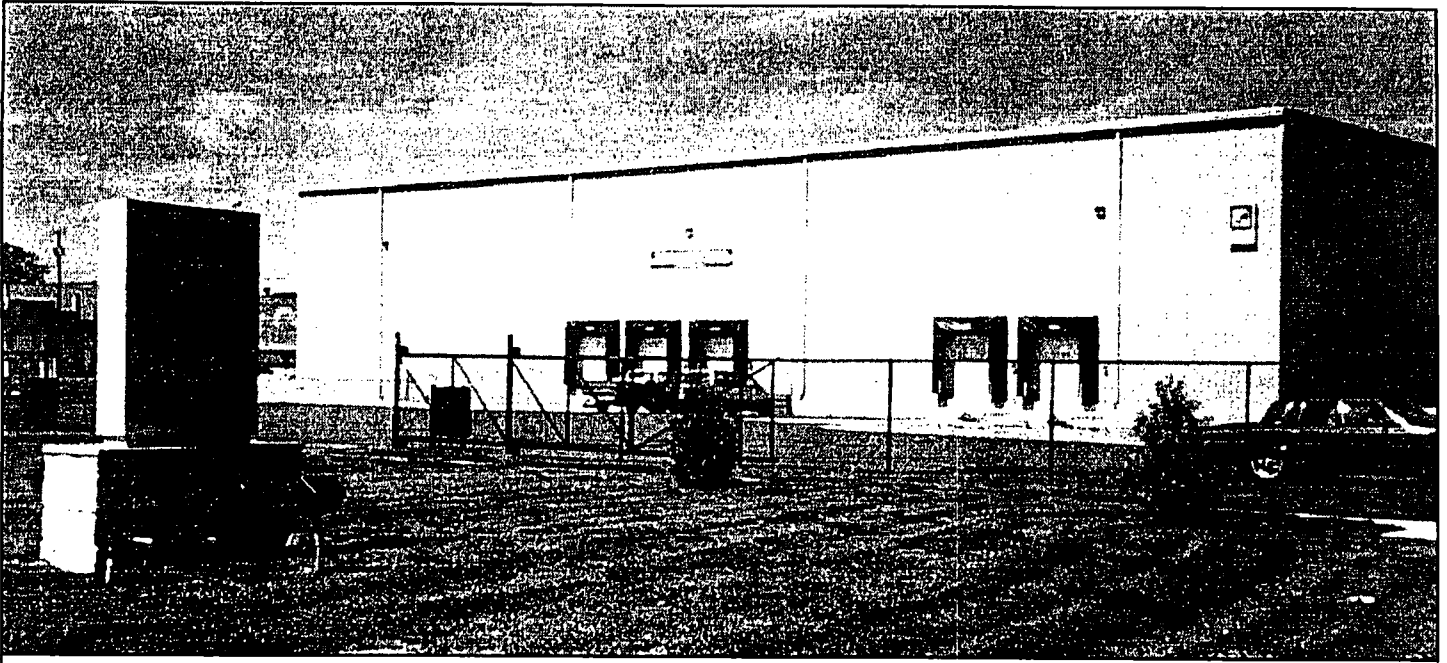
"We're very excited about the many benefits we will be able to offer the Benton Harbor area through our true partnership with Visteon," said Larry Winget, chief executive officer and president, Venture Industries. "The introduction of Venture's lean manufacturing philosophy and techniques has enhanced AAC's competitive position, allowing the company to take advantage of the commercial opportunities that led to the opening of this new facility," he said.

Venture designs, engineers, manufactures and assembles plastic and composite solutions for the automotive industry around the globe.

With the global delivery system of more than 125 technical, manufacturing, sales and service facilities located in 21 countries, Visteon is leveraging the talents of its 77,000 employees to deliver innovative, consumer-driven systems solutions to its customers.

#

Visteon news releases and photographs are available on the Visteon media web site at (<http://media.visteon.com>).



A COMMUNITY CELEBRATION OF THE DEDICATION OF THE

ATLANTIC AUTOMOTIVE COMPONENTS OX CREEK PLANT



ATLANTIC AUTOMOTIVE COMPONENTS

Atlantic, owned by Visteon, an enterprise of Ford Motor Company, and Venture Industries produces injection & blow molded plastic components & assemblies for the automotive industry.

Ownership: Joint venture between Visteon and Venture Industries

President: C.R. (Pete) Whitehead

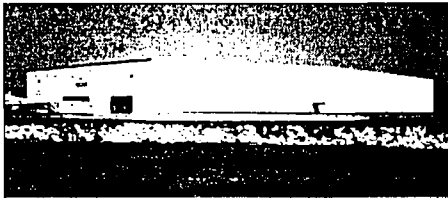
Union Name: UAW, Local 1972

Customers: Ford Motor Company, Visteon, Clarion, K-Omega, Leak, Johnson Controls, Freightliner

Annual Production: 16.5 million units

Sales: \$75 million annually

Awards & Certification: ISO 9002, QS 9000 Certification, and Cornerstone Alliance Large Business of the Year



THE OX CREEK PLANT

359 Territorial Road
Benton Harbor, MI 49022
Year Opened: 1999
Site Size: 15 acres
Plant Size: 77,000 sq. ft.

Products Manufactured at the Plant:
Rear Seat Entertainment is a mobile entertainment system specifically designed to keep children entertained during short or long trips in a vehicle. The system is comprised of a 6.4 inch, rear facing, flip-up LCD screen; video cassette player and video game plug-and-play capability, all of which is integrated into a high-quality center.

Door trim panels for the new Ford 4-door truck will also be produced at this facility. The components will be produced using injection molded parts processes including vinyl wrapping, heat staking and automotive glue operations. Lean manufacturing technologies have been incorporated to insure state-of-the-art manufacturing

ATLANTIC AUTOMOTIVE COMPONENTS OX CREEK PLANT *MAKING IT HAPPEN...*

By D. Jeffrey Noel, President, Cornerstone Alliance.

Imagine standing on Territorial Road on a hot August afternoon looking at 28 individual parcels of property comprising over 250,000 square feet of old manufacturing space, with Ox Creek running through the proposed redevelopment area. Can you conceive that a 77,000 square foot state-of-the-art manufacturing facility will be operational in less than eight months?

Ask yourself what steps would be required for making such a project a reality. What permits through federal and state agencies would have to be granted? How could funds be put in place to guarantee the project's success? How could the communications process, in which federal, state, and local regulatory agencies along with over 32 sub-contractors, be assembled to work in partnership on a tight time frame for the demolition of all buildings, the relocation of Ox Creek, and the construction of a state-of-the-art manufacturing facility?

Such a situation actually occurred in order to make the Atlantic Automotive Components Ox Creek Plant a reality.

On August 15, 1998 purchase option agreements were not executed on any of the properties in the North of Main Industrial Park. No permits had been approved for the Brownfield Redevelopment, nor the relocation of Ox Creek. No lease agreement or occupancy agreement was in place with the intended occupant, Atlantic Automotive Components.

On September 2, 1998, without any of the normal plans in place, a commitment was made by officials within the office of Governor John Engler, Michigan Department of Environmental Quality, Department of Natural Resources, the Benton Harbor City Commission, Atlantic Automotive, and Fiskars Construction, to do one thing.....whatever was necessary to assure that the opportunity to redevelop the



Many of the partners that helped to make the project a reality participate in the ribbon cutting ceremony for the new Atlantic Automotive Components Ox Creek Plant.

North of Main area was not lost. These partners not only agreed that such a project was necessary for the community, but that all parties would do whatever was required to make such a redevelopment initiative a success.

The moving of Ox Creek in under 240 days was the last step in a long journey. The redevelopment team listed will always be grateful to those whose commitment to quality and passion for performance first gave birth to the Ox Creek redevelopment project three years ago.

The management and the employees of Atlantic Automotive are to be congratulated for creating a company whose growth and prosperity first created the opportunity for the Ox Creek journey. The performance of each of the employees and management team members at Atlantic Automotive in developing a world class injection molding operation gave birth to the Ox Creek redevelopment project. The commitment each individual made to the company gave way to the outstanding performance of Atlantic Automotive. The commitment of these individuals and their pride in workmanship is what truly helped build this new plant.

THE PARTNERS

Atlantic Automotive Components

Ox Creek Plant

This project was made possible through the hard work, dedication, and support of the following partners

Abonmarche Consultants, Inc.

American Electric Power

Ameritech

Atlantic Automotive Components

City of Benton Harbor

State Representative Bob Brackenridge

Cornerstone Alliance

Office of Governor John Engler

Fiskars, Inc.

Klute-Miller, PLC

State Senator Harry Gast

State Representative Charles LaSata

Michigan Department of
Environmental Quality

Michigan Department of
Natural Resources

Michigan Economic
Development Corporation

Michigan Gas Utilities

National City Bank

Congressman Fred Upton

U.S. Army Corps of Engineers

U.S. Dept. of Commerce,

Economic Development Administration

U.S. Dept. of Housing &
Urban Development

Venture Industries

Visteon Automotive Systems

Wightman Environmental, Inc.

THE CELEBRATION



The celebration was kicked off with a performance by a 15 member team of the Benton Harbor High School Marching Band.



James Sims, an Atlantic Automotive Employee and Benton Harbor Workforce Skill Development Center graduate, explains to the crowd the training he underwent in order to become a part of the Atlantic Automotive team.



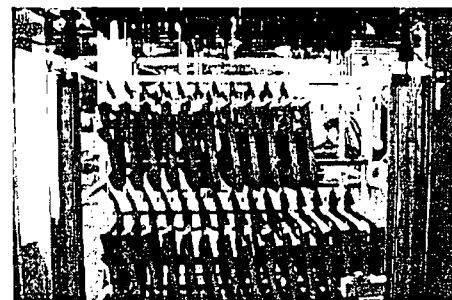
Atlantic Automotive President Pete Whitehead speaks to the nearly 800 people in attendance for the celebration.



The crowd was filled with many of Atlantic Automotive employees proudly wearing their green shirts along with invited guests.



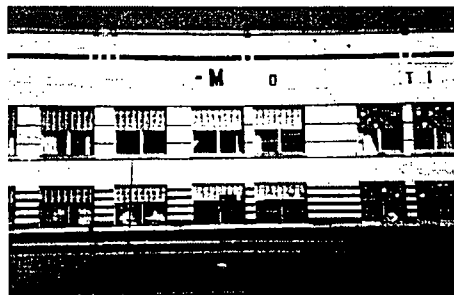
Cardell Cooper, assistant secretary for community planning & development with the U.S. Department of Housing & Urban Development, speaks of the significance of the project to the future of the residents of our community.



Products produced by the company and the company's philosophy of "Pride in Workmanship" were proudly displayed throughout the plant during the event.

NORTH OF MAIN INDUSTRIAL AREA

CITY OF BENTON HARBOR—SUMMER 1999



Above are the former VM buildings located on the North of Main. These buildings have been demolished to make way for the new Atlantic Automotive plant.

FACTS ABOUT THE SITE

- In order to locate the new Atlantic Automotive Components plant on the North of Main site, 950 feet of Ox Creek had to be relocated 300 feet east.
- The site of the project is over 15 acres and is bordered by Territorial Road and Second, Fourth, and Water Streets
- More than 200,000 square feet of old dilapidated buildings were demolished to create the site where the building is located.
- This is the **third location** in the North of Main Renaissance Zone.
- 28 different parcels were acquired to make up the site.
- This project restores a former brownfield site to productivity.
- The project took eight months to complete from the initial meeting to completion of the construction on the building.
- Ox Creek has been rerouted at least three or four times since 1898.
- The site is part of the area's Edgewater Development Plan.

The Site. The North of Main area, located on the Paw Paw River and Ox Creek in the city of Benton Harbor, is a brownfield site. A brownfield site is an abandoned or underutilized industrial or commercial site with a high probability of environmental contaminants.

Reuse of the Site. The North of Main Industrial Area is an example of the city of Benton Harbor's use of federal, state, and local funds, coupled with support of its DDA/TIFA and the private sector, to acquire and demolish a five block area of deteriorated and abandoned industrial, commercial and residential buildings. The result of the acquisition and redevelopment of this property was the construction of the Benton Harbor Business Growth Center, which houses the Benton Harbor Workforce Skill Development Center and facilities for Sumitec, Whirlpool and JA Foodservice. However, upon completion of phase 1 of redevelopment there were still several run down properties that needed to be taken care of in order to fully develop the site.

Challenges to the Site

- Due to the configuration of streets, utility right of ways and Ox Creek, it has been difficult to accommodate the needs of today's manufacturers without making infrastructure changes.
- Since many of the parcels in the North of Main area have, at one time or another, been turned over to the city of Benton Harbor through various

bankruptcies and tax reverted issues, the brownfield contaminants on the site will fall to some public entity for remediation, making the cost of redeveloping the property very expensive.

- The city alone does not have the financial wherewithal to carry out the remediation of the site. Therefore, the alternatives are to either never redevelop the site, or work with a prospective company to redevelop the land.

Incentives to make the site more attractive. Thanks to Renaissance Zone designation, the site has become more usable. Through designation the site was able to be enlarged to the west and include 10 acres of vacant and unused land, three vacant multi-storied turn of the century manufacturing buildings, one vacant and abandoned structure and the rail right of way along Ox Creek. The location of this site between Business Loop 1-94 and the CSX rail line with two spur lines makes it eminently marketable.

Reuse of the land. The strategy used to develop the land includes strategic linkages to brownfield redevelopment, workforce training, housing and commercial revitalization. The area is immediately adjacent to Benton Harbor's downtown on the west and Morton Hill neighborhood on the east. Both of these areas are experiencing a marked increase in reinvestment.

Activities in the North of Main Area would support these efforts with a continued improvement in the area's overall image and add more employees to the already 4,000 workers in the downtown area of Benton Harbor. The North of Main/Graham Avenue areas are the only remaining industrial development parcels left in the four square mile area of the city of Benton Harbor.

Part of a Overall Redevelopment Plan. The North of Main site is part of the



The site is being prepared for development as the VM buildings and Betker Steel building are demolished.

Edgewater Project, which is a partnership between the cities of Benton Harbor and St. Joseph, along with Whirlpool Corporation and Cornerstone Alliance.

ACHIEVING OUR GOALS

From Renaissance Zone Application

Goal: Within the context of a coordinated Brownfield Initiative, provide the stimulus through the Renaissance Zone for the reuse by light manufacturing, storage and distribution companies over 50 acres of under-utilized and abandoned property in a manner to generate increased commercial activity in the adjacent downtown and in support of the revitalization of the Morton Hill neighborhood.

Achievements

- Garden Homes Housing Project
- Location of Old World Stone and Product Design Services in the North of Main Renaissance Zone
- Improvements to the Northshore Development Facility
- New business activity/improvements in downtown including Marche Fashions, Metro Business Systems, Main Street Café, Civitas ATM, GENCO, along with many other developments.

Objective One: Provide means to attract a user of 20,000 square foot building with an investment to job ratio of \$25,000 per job created, a starting average salary of \$8.00 per hour and with a minimum of

100 employees and to tie this investment to the goals, objectives and strategies of the Graham Avenue Area.

Achievement

- Atlantic Automotive Components Ox Creek Plant

Objective Two: Maximize employment opportunities and enhance small business start-ups and expansions, as part of the North of Main initiative and with special emphasis on the residents of Benton Harbor.

Achievements

- Location of Product Design Services
- Awarding of Kellogg Grant for the Workforce Skill Development Center
- Start-up of many new businesses including Marche Fashions, Arts Cafe, Main Street Cafe, The Sign Shop, and many others.

Taken from

Cornerstone Alliance Strategic Plan North of Main - Priorities 1999-2003

1. Complete demolition of VM and other buildings to enhance area's image.
 - Completed, currently the site for Atlantic Automotive Components Ox Creek Plant.
 - Product Design Services has taken over empty building.
2. Focus on infrastructure improvements and crime reduction.



The appearance of the site today.

- Clean up of Ox Creek.
 - Improvement to the area such as building rehabs and other improvements such as street cleaning.
3. Targeted incentives for new business development.
 - Product Design Services
 - Old World Stone
 - Atlantic Automotive Components Ox Creek Plant
 4. Develop a feeder system with the Workforce Skill Development Program to help area residents find employment created in the district.
 - Center is very busy doing training programs for companies like Atlantic, Rieter, GENCO, and others.
 5. Integrate existing employers into development of Ox Creek with facade improvement incentives.
 - Facade improvements to Northshore Development.

THE BENTON HARBOR WORKFORCE SKILL DEVELOPMENT CENTER: IN PARTNERSHIP WITH ATLANTIC AUTOMOTIVE FOR ON-THE-JOB SUCCESS

By Kathy Zerler.



Students of the Benton Harbor Workforce Skill Development Center go through computer training as part of their skill upgrade component of training.

"When I joined forces with another person, I had twice the strength to grow, with twice as many alternatives." Leo Buscaglia

At the Benton Harbor Workforce Skill Development Center, workers ready to improve their lives have good people to depend upon for help. Tough love is tangible at 200 Paw Paw in Benton Harbor. Stop by the center and you will feel it. The women and men implementing the programs are committed to getting their clients ready for employment.

"We know our clients and where to find them. We make sure they get to and from appointments, we help with family and medical issues, anything that might stand in their way," said JoAnn Bailey, 50, center executive director. "We feel very protective of our clients during and after the program. To get people ready for employment, we deal with a wide range of situations. Some things might seem small, but they are the things that stop people from working."

While serving individual needs, the center uses a simple set of rules that apply to everyone: be there, be on time, dress



A group of Atlantic employees gather as they go through training at the center.

appropriately, work together, do not use drugs or alcohol on the job. The rules are strictly enforced. Everyone enrolled at the center is obliged to comply.

"We never let our policies become personal with any one client," said Bailey, describing the specifics of center requirements such as attendance, tardiness, dress code and drug use. "Everything we do is aimed at getting people ready for on-the-job success."

She told a story about one client who came to the center with alcohol on his breath. The teacher who smelled it came to Bailey who took a whiff herself. "Instead of one person confronting that client, about five of us went to him," Bailey said. "That way it isn't personal between two individuals. It is all of us together caring about the success of that person. We work hard to establish the trust necessary for our clients to respect our rules, and to make decisions that will help them in the long run."

The program, which utilizes training staff from Andrews University, has worked well for Atlantic Automotive. The process begins with the Employment Resource Center at Vincent Place in downtown Benton Harbor where Atlantic's applications are kept. ERC does some screening before sending the candidates to Atlantic. If Atlantic is interested, the applicants are forwarded to the center where they are tested for drugs and skill levels. If they meet



The training received at the Center helps to build good team spirit among the employees.

Atlantic's requirements, they are paid by the company to attend a five-week training program at the center.

"Atlantic works in cells," said Bailey as she outlined the life skills and job specific tasks taught at the center. "Teamwork is very important to them."

Bailey said Atlantic supervisors and managers participate in the training so that they know who the new hires are and vice versa. "Working well together is very important to this type of training," Bailey said. "Atlantic is very involved. We give them a lot of feedback."

Prospective clients begin at the center with Anita Dawkins, administrative specialist. In addition to building and office management that includes billing, payroll and recruiting, Dawkins handles the rigorous process of client intake. Every chance is given to people who are sincere about improving their job skills and their lives.

"It's very hard to get turned away from us," said Dawkins, 43, of Benton Township. "Sometimes it gets pretty rough around here, but we do enforce all of the rules to the highest."

All of the programs — in five, eight and 16 week sessions — total 160 hours of classroom instruction in life skills and job specific tasks at the center and at Lake Michigan College. Completion of any of the programs equals six credits at Southwestern Michigan College and a chance for job placement in the average pay range of \$7.50 an hour plus benefits.

"JoAnn is very adamant about a living wage," Dawkins said. "We really care about what happens to our clients and their families."

PERSONAL GROWTH FOR OUR EMPLOYEES

A highlight of how Atlantic Automotive Components is making life better for their employees

By Kathryn S. Zerler.



Willie Davis

WILLIE DAVIS

Willie Davis, 29, of Benton Harbor, is employed at Atlantic Automotive as a team leader in Blow Mold. Davis hired in as a production associate on August 21, 1995 after completing a training program at the Benton Harbor Workforce Skill Development Center.

"Willie Davis is a perfect example of what we do," said Joann Bailey, center executive director. "He was told by friends and others that he wouldn't make it through the program, and if he did, we wouldn't find a job for him. He is doing extremely well at Atlantic, and he frequently makes referrals to us."

Many center graduates refer others to the center and to the jobs that may come afterwards.

Of the center, Davis said, "They do a lot of good things like teach you how to have a good attitude, to budget your money, and to plan for the future."

Last fall, Davis enrolled at Lake Michigan College in accounting. It is a program that is paid in full by Atlantic as long as Davis passes his courses. He said that working well at Atlantic, with support from the center and from his mother, gave him the confidence he needed to advance his education.

"I want to improve myself so my mother and I can have a better life," he said. Davis' mother is Parker Louise Price, 49, of Benton Harbor. "I am planning for my future and for my mother, and I'm proud of myself for that."



Amy Oviatt

AMY OVIATT

"I've never been at a place where they do so much for people."

Amy Oviatt, speaking about her employer, Atlantic Automotive

Amy Oviatt was working in the toy department at Meijer's when a friend told her about Atlantic Automotive.

"He said the environment was really clean," said Oviatt, 29. "When you think of a factory, you think it's dirty. This is a really nice place to work."

In 1994, Oviatt's hiring path began at Lake Michigan College where she tested for attitudes and skills. She progressed to a series of three interviews, two with company officials and one with the people on the floor.

"Atlantic gets people involved. They figure we're going to be working with the new people everyday. That's one thing I've always liked about the company, they don't treat us like workers," Oviatt said.

She said when advancement opportunities arise at Atlantic, employees get the chance to bid. Oviatt was promoted from production associate to data entry clerk in 1998.

"I was always content working on the floor," she said. "The job I was doing involved working with a girl from data entry. When she was promoted, I moved up."

Oviatt does data entry for the original Atlantic plant on Crystal as well

as the new Ox Creek plant in downtown Benton Harbor. She has taken several computer classes offered by the company.

"They are really good about education," said Oviatt who lives in Eau Claire with her husband Robert and their two children, Kyle 6, and Callie 4. "They pay 100% of the cost up-front. If you fail, you have to pay them back. With two little kids I don't know if I'm ready for a whole semester right now, but it's too good an offer to pass up."

Oviatt said Atlantic has in-house workshops on home-buying, retirement, money management and other topics. "They survey us on areas that we want to know more about, and then they get specialists in to help us. I've never been at a place where they do so much for people."

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Brownfield Redevelopment Opportunities in Michigan

WHAT IS A BROWNFIELD?

"Brownfield" is a new term to describe an old problem. Brownfields are "abandoned, idled, or underutilized industrial or commercial properties where redevelopment is complicated by real or perceived environmental contamination." Brownfields can be found in both large and small communities alike, and in rural areas. But one thing common to all brownfields is that reuse is hampered by the specter of liability for existing contamination.

In Michigan, that paradigm has changed. Recently enacted legislative reforms and financial incentives have created new opportunities for brownfields. The benefits of brownfield redevelopment include job creation, restoration of tax base, reuse of existing infrastructure, slowing of urban sprawl, and preservation of green space.

WHAT TOOLS ARE AVAILABLE FOR BROWNFIELD REDEVELOPMENT?

The key to brownfield redevelopment is to create conditions whereby a developer concludes a redevelopment project is a sound business decision. The certainty of brownfield redevelopment, in terms of liability, costs, and schedule, must be made competitive with greenfield development. In Michigan, this is now possible by taking advantage of the following state legislative reforms and new financial incentives.

Liability Protection: In 1995, the State legislature enacted amendments to Part 201 of Michigan's Natural Resources and Environmental Protection Act to reform the liability scheme for cleanup responsibility. It is now possible for an innocent purchaser to take title to environmentally impaired property without assuming liability to the State for existing contamination, provided the buyer conducts a Baseline Environmental Assessment (BEA) and discloses it to the State. Lenders may also conduct a BEA to avoid potential liability upon taking title in lieu of foreclosure. Buyers and lenders are now reliably protected from liability under Michigan law. Additionally, a person may wish to enter an Administrative Agreement and Covenant Not To Sue (CNTS), if they can meet the statutory criteria, to obtain protection from liability for existing contamination. A CNTS is generally entered into with a person who plans to perform more response activities than required by the law or where other extenuating circumstances exist.

Reduced Remediation Costs: In addition to liability protection, the Part 201 amendments also adopted risk-based cleanup criteria tied to actual land use. Cleanup costs are now 50 percent lower for industrial and commercial properties than they were prior to the amendments, while the public and the environment are still properly protected.

Timely Government Responses: The Michigan Department of Environmental Quality (MDEQ) has a lead role for brownfield redevelopment in Michigan. The MDEQ has made brownfield redevelopment a top agency priority and the Department is working aggressively with all involved parties, property owners, buyers, developers, lenders, and local units of government to help facilitate redevelopment projects.

Incentives: Several attractive incentives are available to help tip the balance from greenfield development to brownfield development.

The Michigan Single Business Tax Act has been amended to extend a tax credit for non-labile owners and operators of contaminated facilities who conduct redevelopment activities on their property. These redevelopment activities may include demolition, construction, restoration, alteration, renovation, or improvement of buildings on eligible property and the addition of machinery, equipment, and fixtures to eligible property pursuant to an approved Brownfield Plan (see below). The credit is equal to 10 percent of the cost of eligible investment paid or accrued, up to a maximum cumulative credit of one million dollars. This credit can be carried forward into subsequent tax years for up to ten years. However, the investment eligible for the credit must be made or accrued in a tax year beginning after December 31, 1996, and before January 1, 2001.

Local units of government may be eligible for a number of state grants and loan programs to help leverage private investment at brownfields. For example, the MDEQ offers the Site Reclamation Grant program, which pays for environmental response activity costs such as site investigation, due care, and remedial action.

Cities, villages, townships, and counties may also create a Brownfield Redevelopment Authority (BRA), establish a Brownfield Zone, and adopt Brownfield Plans. The BRA may capture the incremental real and personal property tax revenues generated by a developer's project to pay for the eligible environmental response costs incurred at the property. A BRA or local unit of government can also receive Revitalization Revolving Loans from the MDEQ for assessments and due care activities and additional responses, including demolition, at an interest rate of 2.25 percent and repay it with tax increments. Finally, a BRA may create a revolving fund out of the excess tax property revenues captured from one brownfield and apply the proceeds to pay for eligible expenses at other brownfields included in a Brownfield Plan.

WHERE CAN MORE INFORMATION BE OBTAINED?

For more information about brownfield redevelopment and the above programs, contact your local Michigan Economic Development Corporation Account Manager, the Michigan Economic Development Corporation Customer Assistance Line, at 517-373-9808, or visit our web site at <http://www.michigan.org>, or your local Michigan Department of Environmental Quality, Environmental Response Division, district supervisor. You may also contact Consumers Renaissance Development Corporation, a private Michigan non-profit that offers brownfield education, community assistance, and transaction facilitation services, by calling Mr. Bruce Rasher at 517-788-0331.



Michigan's Tax-Free Renaissance Zones

WHAT IS A TAX-FREE RENAISSANCE ZONE?

Michigan's Tax-Free Renaissance Zones are 11 regions of the state designated as virtually tax free for any business or resident presently in or moving to a zone. The zones are designed to provide selected communities with the most powerful market based incentive — NO TAXES — to spur new jobs and investment. Each Renaissance Zone can be comprised of up to six smaller zones (sub zones) which are located throughout the community to give businesses more options on where to locate.

JUST HOW 'TAX FREE' ARE TAX-FREE RENAISSANCE ZONES?

By law, Renaissance Zones waive the following local and state taxes:

- Michigan Single Business Tax
- Michigan Personal Income Tax
- Michigan's 6 mill State Education Tax
- Local Personal Property Tax
- Local Real Property Tax
- Local Income Tax
- Utility Users Tax

These taxes represent nearly all state and local taxation on a Michigan business.

WHAT TAXES WOULD A BUSINESS STILL PAY IN A RENAISSANCE ZONE?

A business would pay unemployment insurance, social security taxes, workers' compensation, sewer and water fees which are either federal taxes or fees for service. Businesses would also pay property taxes which result from local bonded indebtedness or special assessments so as not to jeopardize the community's current bonds. Businesses would also pay Michigan's six percent sales tax. Michigan does not allow local sales taxes.

WHERE ARE THE ZONES, HOW BIG ARE THEY, AND HOW LONG DO THEY LAST?

<u>Zone</u>	<u>Acreage</u>	<u>Duration</u>	<u>Sub Zones</u>
Benton Harbor/ St. Joseph/ Benton Twp.	120 acres	10 years	5
Detroit	1,345 acres	12 years	6
Flint	836 acres	15 years	5
Gogebic/Ontonagon/Houghton Counties	2,917 acres	15 years	6
Grand Rapids	536 acres	15 years	6
Lansing	110 acres	12 years	2
Manistee County	556 acres	15 years	2
Montcalm/Gratiot Counties	1,870 acres	15 years	6
Saginaw	743 acres	12 years	5
Warren Tank Arsenal (former)	153 acres	15 years	1
Wurtsmith Air Force Base (former)	2,202 acres	15 years	1

(MORE)

MICHIGAN'S TAX-FREE RENAISSANCE ZONES

The final three years of the zone will begin a phase in of taxation. For example, in year 13 of a 15-year zone businesses will pay 25 percent of taxes, 50 percent in year 14, 75 percent in year 15, and 100 percent after year 15.

WHEN DOES THE CLOCK START ON HOW LONG A ZONE LASTS?

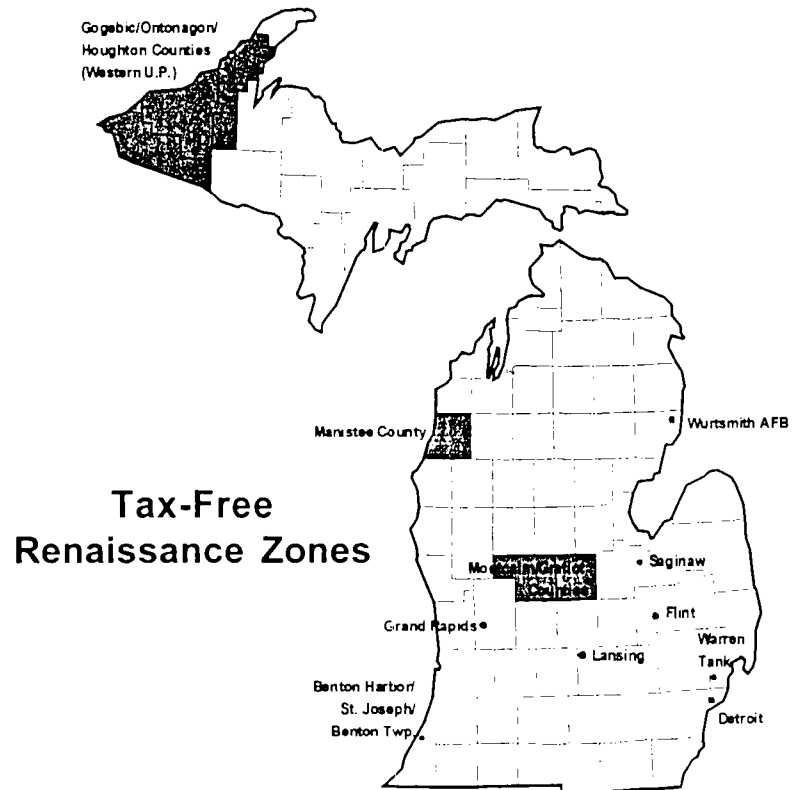
All Tax-Free Renaissance Zones began on January 1, 1997. A business locating into a 15-year zone receives the benefit for as long as the zone designation lasts. If a business moves into a 15-year zone in the year 2000, it has 12 years of tax-free status remaining.

TAX FREE? WHAT'S THE CATCH?

No catch. We are up front about which taxes are waived, which taxes are not waived, where your business needs to locate, and how long the benefit lasts. Michigan fully understands that we are offering businesses a great deal. We want your business in these targeted areas and are willing to make it worth your while to locate here. Michigan's philosophy is that cutting taxes and keeping them low creates more jobs and more business for the state. That is why in these targeted areas we are eliminating taxes to spur growth and investment.

WHO CAN I CALL FOR MORE INFORMATION?

For more information, contact the Michigan Economic Development Corporation at 1-800-94-NoTax or 517-373-9808, or visit our web site at <http://www.michigan.org>. We will assist your business in locating into one of Michigan's 11 Tax-Free Renaissance Zones.



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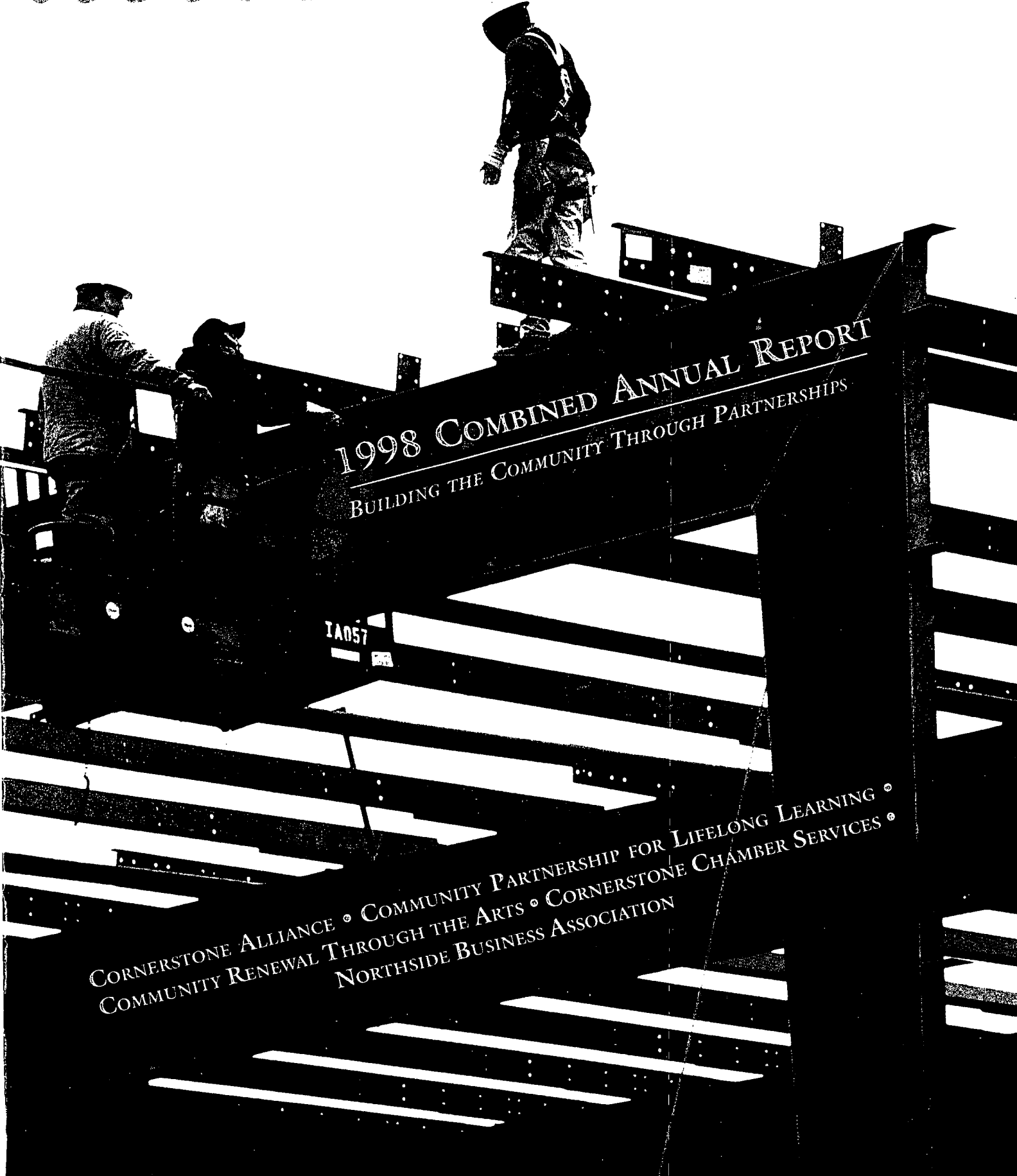
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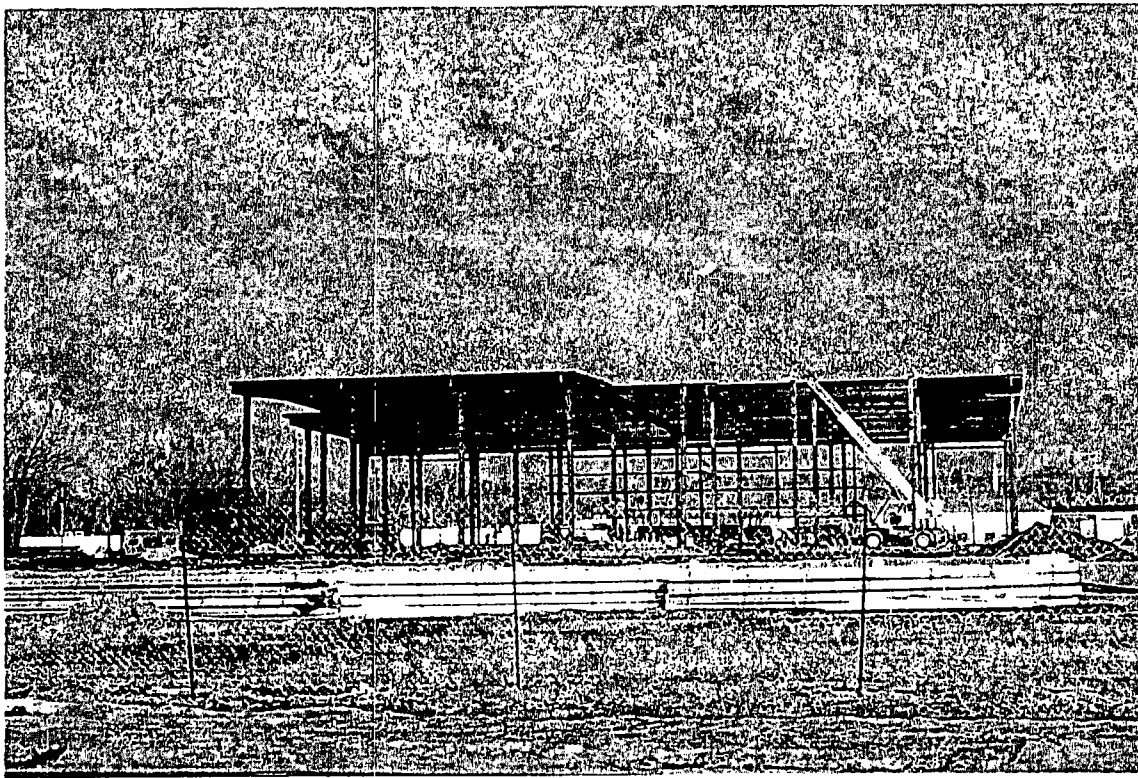


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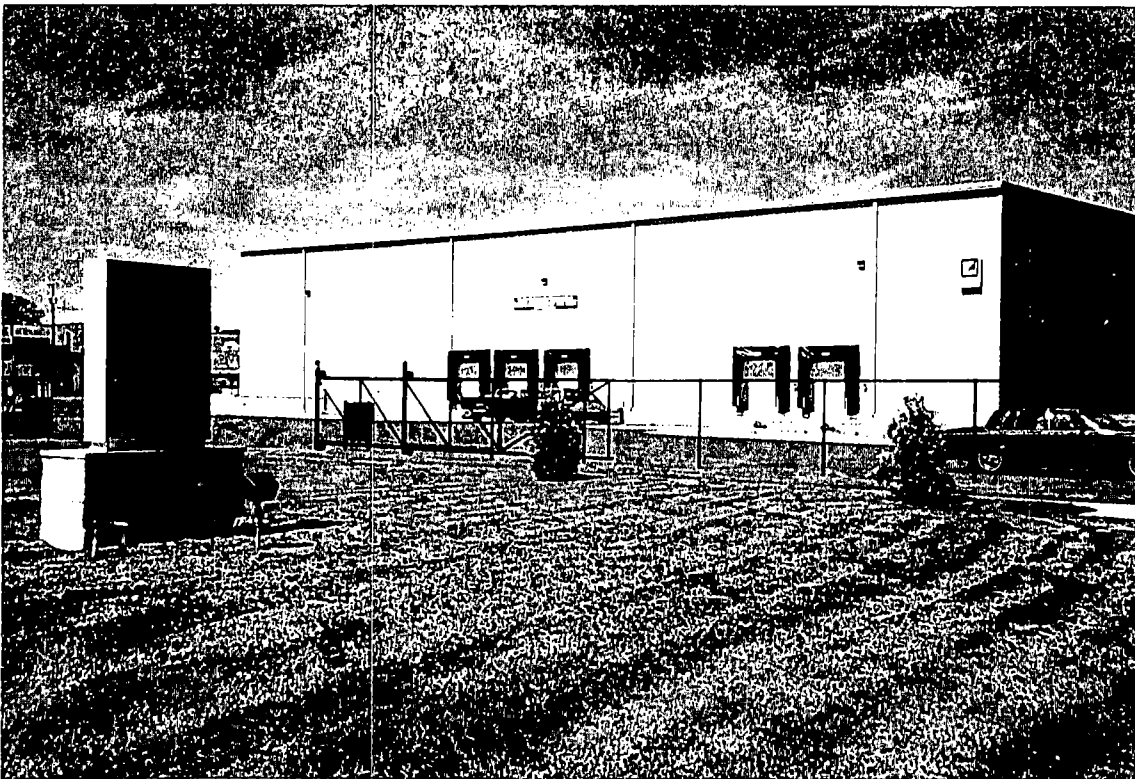
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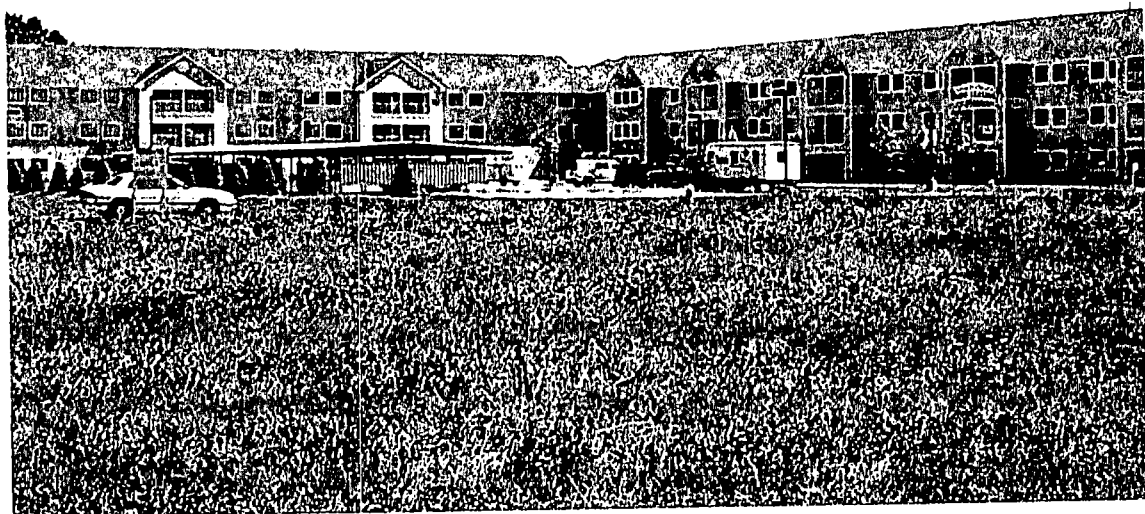
The new Atlantic Automotive Components Ox Creek Plant
in the city of Benton Harbor.



The new Atlantic Automotive Components Ox Creek Plant
in the city of Benton Harbor.



Morton Hill Housing
First new privately funded housing in the
city of Benton Harbor in 20 years



Harbor Pointe
senior housing community



Graham Avenue property after demolition.



Demolition of dilapidated properties in the North of Main area
of the city of Benton Harbor. Site for the new Atlantic
Automotive Components Ox Creek Plant.

Graham Avenue

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Demolition of dilapidated properties in the North of Main area of the city of Benton Harbor. Site for the new Atlantic Automotive Components Ox Creek Plant.



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