



Lisa Green
06/01/99 07:44:32 PM

Record Type: Record

To: Melissa G. Green/OPD/EOP@EOP
cc: Jonathan A. Kaplan/OPD/EOP@EOP
Subject: New Markets July Trip Update

Handwritten notes and signatures: "Gene", "6/1/99", and a large signature.

Melissa, for Gene, the following is a status update on planning for the New Markets July Trip.

LOCATION DECISION and NEW LOCATION INFORMATION

At last Friday's interagency meeting we received additional input on locations that had been identified as potential sites. Some of this additional input was in response to the issues raised by Maria Echaveste and others in last week's meeting where we discussed our memo to Maria dated 5/24. We believe that we have appropriately addressed the concerns brought up in that meeting. We have also started the process of getting more information on other potential sites that were mentioned in the meeting and/or are still considered possibilities.

- **Phoenix, Arizona** - We have additional information, on MultiBank (the local CDFI) and the demographics for the communities that they serve, which supports this location as a good New Markets site. Both SBIC and Treasury continue to be strong supporters of this site as an option.
- **Kentucky Highlands, KY** - We have confirmed that the Kentucky Highlands office as well as many of the businesses they finance are located in Appalachia. In addition, Kentucky Highlands is willing to explore potential workforce announcements as part of the tour. This site is supported by several agencies including USDA, Labor, Treasury, and SBA.
- **Hartford, CT** - The working group is exploring possibilities based on the Aetna proposal and the possibility that we could have strong private investment announcements from Aetna and maybe other insurance companies.
- **Pine Ridge, SD** - I have traded messages with Phil Webber (Raines designee on Pine Ridge) and am working on getting written details about Fannie Mae's activities there and potential new announcements. Similarly, Enterprise Foundation is involved in Pine Ridge and is sending more information. We believe there are appropriate private sector investments that can be announced in addition to and independent from the tribal conference that HUD wants to hold.
- **Harlem, NY** - No new information, however we believe this recommendation should continue to hold, based on potential deliverables from major financial companies headquartered in New York City that are still being explored (see plans for corporate outreach below).
- **Mississippi Delta** - Since last week's meeting we received confirmation from Minyon Moore that the Governor would welcome the President's visit to Mississippi. This location as a potential site (as outlined in the 5/24 memo) should therefore still be in play.
- **Gary, IN** - We are still not in a position to release information to the entire working group on the private investment deliverables that HUD is coordinating. However, we believe this city remains a strong option.

Next Steps on Location

The next steps on location include:

(1) A discussion (among senior staff -- yourself and Maria primarily) to commit to the sites identified in our 5/24 memo as a short list of possibilities. We are continuing to collect information on other potential sites. However, we need to identify at least 6-8 locations as relatively firm possibilities, in order to begin the next steps. We believe the information outlined above should satisfy all of Maria's concerns about the proposed sites.

(2) Collection of information from agencies on specific business locations and visuals. At Friday's meeting we asked the group to begin collecting details on what we would do, who we would meet with and what we would see at potential sites. The shorter the list of potential sites, the more efficient this process will be. The working group is now assuming that all of the recommendations made are possibilities. We gave them a little verbal guidance on sites that look like strong possibilities, but we are waiting to provide them with a short list until a decision has been made on the sites outlined in our 5/24 memo.

(3) Full vetting on sites, businesses, business owners, organizations (i.e. CDFIs, EZ boards, SBICs) and relevant personnel at these organizations.

(4) Sign off from all working group members on a short list of at least 3-6 places that we would consider definite stops on the trip.

(5) Continuation of this process until all sites are agreed upon

DECISIONS ON THE DELEGATION - Who Accompanies the President

Congressional on Outreach

As you know, Leg Affairs prefers that we wait to have a meeting with members until we have narrowed down sites. However, an early list of possible candidates that we could call about the trip are as follows:

Members Who Have Expressed Interest in being Lead Sponsors on the Legislation

Rangel - NY
Sarbanes - MD
Velazquez - NY
Kerry - MA
Rockefeller - NY
Edwards - NC

Heads of Caucuses

Congressional Black Caucus - Roybal Allard - CA
Congressional Hispanic Caucus - Clyburn - SC

Key Leadership

Gephardt - MO
Daschle - SD
Leach - IO
LaFalce - NY

Members Who Have Expressed Interest in Our Coming to their District

Bennie Thompson - MS
Harold Ford - TN
Robb (R-VA)

Republicans Who Have Expressed Interest in the Legislation

Jeffords - VT

Lewis - KY

I will contact Chuck Brain (Broderick Johnson is out on paternity leave) and Roger Ballentine to confirm which members they believe are appropriate to contact. We will coordinate your placing calls to these individuals (with information on announcements we might be able to make connected to their districts and information on their support of the legislation) by the end of the week.

Corporate Outreach

We are working closely with Jay Dunn on the outreach plan. We expect to submit something for your review by Thursday morning, with an outline including the type of information you recieved earlier today on the BRT call sheet. At last Friday's meeting we requested a written plan from each agency summarizing the role their agency and their principal wants to have in corporate outreach for the trip. In the NEC/OPL overall plan we will include for each company the following information:

- Agency involvement (related to the trip or and/or related programs in place already)
- What type of outreach has already taken place (i.e. letters, phone calls)
- What followup have we recieved from the company
- Types of commitments we are seeking
- What calls need to be made (by you and others)

We will track this information daily, and begin to make decisions about who will be invited to join the President by June 15.

Non Profit Outreach

I am coordinating with non-profit point people from each of the agencies to finalize a list of non-profit organizations that will be invited to a meeting in the West Wing which you will lead. The meeting will tentatively be next Wednesday. We have already begun to make calls to individuals which will be followed by letters which we will ask you to sign. The letters will be sent to the heads of each non-profit but we will ask them to send senior level policy and/or program staff so that the initial meeting can be nuts and bolts. The heads of the non-profits will not be as familiar with the details we want to discuss at the meeting. The meeting will also be much more helpful if we can provide the groups with a short list of possible sites. Each group is being asked to bring information and ideas about potential deliverables and announcements. They are also being asked to provide feedback on their parnterships with private companies. We will coordinate the non-profit outreach and corporate outreach where we see synergies.

Following this initial meeting, the groups that provide substantial deliverables will be asked to send a senior person (i.e. Chairman of the Board, President) from their organization to join the delegation. We want to create a similar type of competitive spirit that we are creating among the corporations. We should identify which non-profits will participate in the actual delegation by June 11. We may ask for your assistance in making calls and soliciting the involvement of heads of some of the major non-profits (i.e. Ford Foundation) for the trip.

OTHER ONGOING ACTIVITIES

(1) We are continually meeting with subteams from the agencies. As an example we are meeting with Treasury tomorrow to narrow down details for the CDFI day proposal.

(2) We met with OPL today and will be meeting with them daily to coordinate the policy/deliverables piece of the corporate outreach plan and to regularly track the communications flow (both written and by phone) with companies.

(3) We have also created a new subteam which is focused on research and data deliverables. As an

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now

examples they are looking into potential corporate involvement related to research, i.e. Dun and Bradstreet or Claritas (both private companies that provide market data for a fee) possibly committing to sponsor research on untapped markets. This research/data working group met today and will be developing a list of potential deliverables by the end of the week. These deliverables will presumably not be dependent on location.

ROUND II RURAL ENTERPRISE COMMUNITY WINNERS

Lewiston, ME
Deming, NM
Orange Cove, Huron, Parlier, and Tule River Tribal Council, CA
Allendale County, SC
Fay-Penn, PA
Clinch-Powell, TN
Fort Peck Tribe, MT
Collier County, FL
Clare County, MI
Northwoods Nijji, WI
Bowling Green, KY
Molokai, HI
Metlakatla Indian Community, AL
Middle Rio Grande, TX
Four Corners, AZ, NM, UT
Tri-County Indian Nation, OK
Austin, IN
Wichita, KN
Tri County (Pend Oreille, Stevens, Okanogan Counties), WA
Upper Kanawha Valley, WV



Lisa Green
06/04/99 04:23:43 PM

Record Type: Record

To: See the distribution list at the bottom of this message
cc: Jonathan A. Kaplan/OPD/EOP@EOP, Melissa G. Green/OPD/EOP@EOP
Subject: New Markets July Trips - Site Recommendations

Thank you for your assistance to date on site recommendations for the July New Markets Trip. We are beginning to close in on final recommendations. However, following a meeting today with Gene Sperling and Maria Echaveste, we need to more fully explore the following possibilities:

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- ✓ 1) West Virginia and Western Virginia as potential Appalachia sites.
- 2) Northeastern Cities (other than New York for which we already have good information). Possibilities include Boston, MA, Hartford, CT, New Haven, CT, and Bridgeport, CT or other Northeast locations that have particularly strong potential
- 3) Midwestern Cities particularly cities that fit the "dustbowl" category --- areas that were once prospering but have now fallen upon hard times. Possibilities might include Peoria, St. Louis/East St. Louis, Southern Illinois, and parts of Iowa.
- 4) Detroit, Michigan

It would be very helpful if you and your staffs could take a look at these four categories and identify any strong sites. We need the same level of detail that you are and have been providing on the places we discussed during yesterday's meeting. Please keep in mind that the site must be consistent with the New Markets message --- the visual needs to relate to an economically distressed community.

We need to complete our analysis on Monday. Your response as soon as possible would be helpful and greatly appreciated. Thank you.

Message Sent To: _____

→ Maria's Comments
X

Bob Wise my son
WV - R.D. 1
still looking
600 pages

II. GEOGRAPHIC CONSIDERATIONS

Northeast

New York, NY X
→ Hartford, CT *everyone is doing*
Philadelphia, PA *2.6 billion a year*
Boston, MA

Native America

→ Pine Ridge, SD
Window Rock, AZ *control the land*

Mississippi Delta

→ Jackson, MS *where is tell what business*

West Coast

→ Los Angeles/Anaheim, CA *satellite cities*
Denver, CO *Denver*

Midwest

Gary, IN X *steel makes it out*
Chicago, IL

Southwest

→ Phoenix, AZ

Appalachia

→ Kentucky Highlands

III. THEMES

CDFI's and SBIC's

Kentucky Highlands, KY
Jackson, MS
Phoenix, AZ
Window Rock, AZ
Chicago, IL
Philadelphia, PA
Boston, MA

Workforce/Training Youth

Los Angeles/Anaheim, CA
Kentucky Highlands, KY

BusinessLINC

New York, NY
Chicago, IL

Investment in Rural New Markets

Kentucky Highlands, KY
Jackson, MS
Pine Ridge, SD
Window Rock, AZ

Urban and Rural EZs

New York, NY
Gary, IN
Kentucky Highlands, KY
Jackson, MS

Untapped Retail Potential

Gary, IN
Denver, CO

Boyle
C...
X

J.P. - Ohio

New Haven - good

→ best value

→ and ...

2
New ...
Pa ...

June 5, 1999

MEMORANDUM TO MARIA ECHAVESTE AND STEPHANIE STREETT

FROM: GENE SPERLING
JONATHAN KAPLAN
LISA GREEN

SUBJECT: NEW MARKETS JULY TRIP – PROPOSED SITES

I. POTENTIAL TIMETABLE FOR SELECTING SITES

We suggest the following tentative plan for reaching final decisions about where to visit on President Clinton's New Markets tour from July 6-8.

Friday, June 4

- Meeting with Sperling, Echaveste to review revised proposed site memo
- Confirm several of the strongest options (e.g., Kentucky Highlands, Los Angeles) and develop plans for the remaining options (e.g., Hartford OR New York City)
- Political offices conduct final vet of proposed sites

Monday, June 7

- Possible memo from Sperling, Echaveste, and Streett to Podesta with strong suggestions and options

Tuesday, June 8

- Possible discussion with Podesta on presentation to the President of suggestions and options for locations
- Memo to the President summarizing strongest options and alternative options

Week of June 9-15

- Resolve final locations before the President leaves for Europe on Tuesday, June 15

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Hartford, CT
Philadelphia, PA
Boston, MA

Mississippi Delta

Jackson, MS

Midwest

Gary, IN
Chicago, IL

Native America

Pine Ridge, SD
Window Rock, AZ

West Coast

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Denver, CO

Southwest

Phoenix, AZ

Appalachia

Kentucky Highlands

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New York, NY
Chicago, IL

Urban and Rural EZs

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Gary, IN
Kentucky Highlands, KY
Jackson, MS

IV. OPTIONS

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

Advantages

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

Potential Announcements and Site Visits

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

New Markets Characteristic

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

Disadvantages

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

2. KENTUCKY HIGHLANDS, KY: Investment in Appalachia and Rural New Markets

Advantages

- Kentucky Highlands Investment Corporation (KHIC) is the lead entity for the EZ and is a certified CDFI, SBIC, SBA Micro-lender, and USDA Guaranty Lender. KHIC has invested \$50 million in over 140 enterprises that employ 1,285 employees.
- Kentucky's Governor Patton has been very supportive of the Appalachian Regional Commission Entrepreneurship Initiative and of the New Markets Initiative.

Potential Announcements and Site Visits

- We could potentially visit several businesses financed by KHIC including:
 - (1) Mid-South Electric, Inc., a small company funded by KHIC, which has grown to 800 employees and is now completing a \$5 million expansion that will add 100-150 employees.
 - (2) Sports Products, Inc., a small business that manufactures sports gear for children, raised funds in part through a CDC tax credit and received a \$2 million investment from Bankers Trust and the Appalachia Wall Street, L.P.
- Job training investment announcement coordinated with SBA and Labor connected with the existing pilot Youth Opportunity program.
- It is possible there will be new announcements to make about additional investments in KHIC (we are waiting on release of information from Treasury).
- The Appalachian Regional Commission has funded training for the Women's Initiative Networking Groups, Inc. and provided capital to create a Strategic Capital Fund managed by a non-profit, Mountain Association for Community Economic Development (MACED). We could potentially visit a businesses helped by one of these organizations.
- Kentucky Highland Enterprise Zone Development Venture Fund has been very successful with over 500 jobs created through loans to small businesses in the EZ. We could potentially visit Specialty Plastic Products of Kentucky, which plans to start construction on a second plant in early July.

New Market Characteristics

- Several agencies have confirmed that the Kentucky Highlands office as well as many of the businesses they finance (and all of the business identified above) are in Appalachia.

3. **PHOENIX, AZ: Community Investment through SBICs and CDFIs/Providing Access to Capital in Hispanic Communities**

Advantages

- 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), based in Tuscon, 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 Announcements and Site Visits

- MultiBank is currently trying to raise \$5 million from major banks for its new LMI SBIC. We could announce the first LMI SBIC and these new private investments.
- We could also visit a business financed by MultiBank. For example, Corella Electric, which was the SBA1986 Minority Small Business of the Year received working capital from MultiBank in its early years. This company now has contracts with AT&T and is so successful that they gave a supplemental payment to MultiBank to make microloans to aspiring small businesses in South Phoenix.
- **Other Strong CDFI Options:** At the same time that these announcements were being made we could also have principals throughout the country making CDFI announcements in other locations. The following are also good CDFI options that the President could visit as an alternative to the Phoenix or Mississippi Delta CDFIs. Other potential sites include:

PHILADELPHIA, PA: Delaware Valley Community Reinvestment Fund

BOSTON, MA: Community Loan Fund

CHICAGO, IL: Facilities Fund in Chicago (which funds daycare facilities).

All of the above CDFIs have received past funding from the CDFI fund and they are all prepared to make substantial investment announcements from the private sector.

- Another option is to bring representatives from these CDFIs to MultiBank and make a series of announcements about new investments. As an example, Fannie Mae has indicated that they may be in a position to announce new CDFI investments building upon their existing investments with several CDFIs throughout the country. In total there are potentially \$100 million in new CDFI announcements that could potentially be announced as part of the trip.

New Markets Characteristics

- The communities we would visit are racially diverse with significant Hispanic populations (25+%).

4. **PINE RIDGE, SD: Private Sector Investment in Native American Communities**

Advantages

- This community is the first EZ on a reservation.
- A \$2 million investment Rural Initiatives Grant has been made to encourage mortgage lending and financial assistance for housing construction.
- A \$8.6 million NAHASDA grant is in place for housing.
- Norwest Mortgage is making about \$1.4 million in loans has provided mortgage counseling to families.

Potential Announcements and Site Visits

- Fannie Mae is working on a significant commitment that Sen. Daschle would participate in. According to recent discussions with a Fannie Mae Senior VP assigned to work with us by Frank Raines, the investment plan will involve a \$400 million commitment to the area as well as the opening of a new Partnership Office (which in addition to being responsible housing mortgage efforts will also help to coordinate equity investments from the American Communities Fund)
- Countrywide Mortgage is ready to announce a mortgage-lending program on another reservation.
- The Mortgage Bankers Association of America and the Federal Housing Finance Board have committed to bring other lenders interested in reservation-based mortgages to the table.
- Motorola and AT&T have expressed interest in Pine Ridge. An infrastructure investment announcement could be coordinated with the release of the Commerce report about the dearth of telecommunications access on reservations. (We are expecting more information from HUD on this investment by the end of this week).
- A HUD conference on economic development will draw more than 500 tribal leaders from across the country.
- The President could announce the establishment of the Board of Directors for the first-ever Empowerment Zone on an Indian Reservation.

New Market Characteristics

- Pine Ridge is very representative of the distressed conditions on reservations today.
- 60% of the residents earn \$15,000 or less and unemployment is very high.

Disadvantages

- There are few non-housing related announcements that can be made.

5. MISSISSIPPI DELTA: 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.

6. NEW YORK CITY, NY: BusinessLINC and/or Urban EZS

Advantages

- The New York EZ is one of the most successful EZs in the country.
- ACCION New York, Inc. is a recipient of CDFI funds and one of the largest microlending organizations in the United States, having made over 1,800 loans ranging from \$500 to \$25,000 to more than 900 clients.

Potential Announcements and Site Visits

- The Business Roundtable, including Chase Manhattan and McDonalds, will be prepared to make a major announcement that they will house the BusinessLINC coalition. Dana Mead, Chair of BRT, could also announce the appointment of the CEO who will run BusinessLINC.
- Chase Manhattan has a Business Center program that was recently expanded which illustrates the benefits of BusinessLINC. We could visit this site or visit the site of a business that was assisted by BusinessLINC.
- At the same time this announcement is being made, we could also make an announcement about the other BRT BusinessLINC chapters in Dallas and Chicago, which would “open” simultaneously.
- There is also the possibility of simultaneously holding a roundtable on BusinessLINC in another location that would involve local businesses and cabinet members.
- There are also numerous retail initiatives in Harlem New York that could be announced including store and business openings such as Starbucks and Walt Disney.

Disadvantages

- Recent negative publicity about the New York EZ.
- In fighting among local politicians and officials regarding the zone.
- Tensions between local retailers and large chains opening in Harlem.

7. GARY, IN: Urban EZs

Advantages

- Gary won an EZ designation in the last funding round.
- ACE Hardware moved into Gary following a \$88,000 CDBG investment in retail space. ACE succeeded in Gary's underserved market, and the owner was quoted in the media as saying that the inner-city location outperformed his suburban store.

Potential Announcements and Site Visits:

- There are several projects nearing completion that could be ready for announcement by the end of June.
- Ten banks have made a combined commitment of \$50 million to private sector businesses in the EZ.

New Market Characteristics

- Gary is a good example of untapped potential (approximately \$287 million was spent in Gary in 1992 versus an available purchasing power of \$522 million).
- Unemployment is 7.1% in Gary versus 2.8% for Indiana as a whole.

8. **HARTFORD, CT: Private Sector Efforts to Attract Capital to Underserved Urban Areas**

Advantages

- Aetna is currently involved in several major projects in the community including the MetroHartford Millennium Project, which is a comprehensive effort and collaboration to attract capital and development from outside Metro Hartford.
- There is a small woman owned business called McHugh Publishing & Design located in West Hartford that has received SBA assistance through a mentoring program for Women.

Potential Announcements and Site Visits:

- The Metro Hartford Investment Fund is being developed and with Aetna's leadership expects to raise \$50 to \$100 million from Hartford based corporations. A major announcement of corporate commitments to the fund could be made as part of the tour.

9. **WINDOW ROCK, AZ: Private Sector Investment in Native American Communities**

Advantages

- First American Credit Union has received a \$1 million grant from the CDFI Fund. This CDFI is also providing the first ATMs on the reservation..

Potential Announcements and Site Visits:

- A visit to this reservation could be combined with the commerce report on infrastructure on Native American lands. It is possible that some telecommunications companies.
- In addition, Kevin Gover at BIA is talking to Intel, which has a huge plant in New Mexico, about doing more than they already are--which is basically funding training programs at the Tribal Colleges. IBM also has funded one training program.
- We are looking for a possible tribal college site in the Dakotas for a new program. To that end, Lynn has asked the Association that represents the tech industries to find someone to fund a program like that. Also, Lynn has talked to Bill Sweeney from EDS about training programs and wiring BIA schools.

10. **DENVER, CO:**

Advantages

- Mayor Wellington Webb has written to the President requesting consideration for the New Markets trip.
- The City is currently working with several private companies to bring capital and living wage employment to one of the poorest neighborhoods in Denver. The project is known as Interlock Business Development Park and could create 1,000 jobs.
- The DOL's Kulick grant program, which focuses on workforce opportunities for young people, operates in Denver.
- Colorado Enterprise Fund (CEF) is a microenterprise fund based in Denver, provides technical assistance to socially and economically disadvantaged small business owners. CEF has received assistance from the CDFI fund in the past.

Potential Announcements and Site Visits:

- The Interlock project is now under construction. We could potentially tour the site and meet with business people who would be relocating or locating there.
- DOL may be able to identify a Kulick business site that we could tour.

June 5, 1999

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FROM: GENE SPERLING
JONATHAN KAPLAN
LISA GREEN

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Kentucky Highlands

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3. **PHOENIX, AZ: Community Investment through SBICs and CDFIs/Providing Access to Capital in Hispanic Communities**

Advantages

- Arizona MultiBank Community Development Corporation (Multibank) is a non-profit CDFI and is working to create one of the first LMI SBICs.
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Potential Announcements and Site Visits

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FROM: GENE SPERLING
JONATHAN KAPLAN
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SUBJECT: NEW MARKETS JULY TRIP – PROPOSED SITES

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3. **PHOENIX, AZ: Community Investment through SBICs and CDFIs/Providing Access to Capital in Hispanic Communities**

Advantages

- 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), based in Tuscon, 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 Announcements and Site Visits

- MultiBank is currently trying to raise \$5 million from major banks for its new LMI SBIC. We could announce the first LMI SBIC and these new private investments.
- We could also visit a business financed by MultiBank. For example, Corella Electric, which was the SBA 1986 Minority Small Business of the Year received working capital from MultiBank in its early years. This company now has contracts with AT&T and is so successful that they gave a supplemental payment to MultiBank to make microloans to aspiring small businesses in South Phoenix.
- **Other Strong CDFI Options:** At the same time that these announcements were being made we could also have principals throughout the country making CDFI announcements in other locations. The following are also good CDFI options that the President could visit as an alternative to the Phoenix or Mississippi Delta CDFIs.

Other potential sites include:

PHILADELPHIA, PA: Delaware Valley Community Reinvestment Fund

BOSTON, MA: Community Loan Fund

CHICAGO, IL: Facilities Fund in Chicago (which funds daycare facilities).

All of the above CDFIs have received past funding from the CDFI fund and they are all prepared to make substantial investment announcements from the private sector.

- Another option is to bring representatives from these CDFIs to MultiBank and make a series of announcements about new investments. As an example, Fannie Mae has indicated that they may be in a position to announce new CDFI investments building upon their existing investments with several CDFIs throughout the country. In total there are potentially \$100 million in new CDFI announcements that could potentially be announced as part of the trip.

New Markets Characteristics

- The communities we would visit are racially diverse with significant Hispanic populations (25+%).

4. **PINE RIDGE, SD: Private Sector Investment in Native American Communities**

Advantages

- This community is the first EZ on a reservation.
- A \$2 million investment Rural Initiatives Grant has been made to encourage mortgage lending and financial assistance for housing construction.
- A \$8.6 million NAHASDA grant is in place for housing.
- Norwest Mortgage is making about \$1.4 million in loans has provided mortgage counseling to families.

Potential Announcements and Site Visits

- Fannie Mae is working on a significant commitment that Sen. Daschle would participate in. According to recent discussions with a Fannie Mae Senior VP assigned to work with us by Frank Raines, the investment plan will involve a \$400 million commitment to the area as well as the opening of a new Partnership Office (which in addition to being responsible housing mortgage efforts will also help to coordinate equity investments from the American Communities Fund)
- Countrywide Mortgage is ready to announce a mortgage-lending program on another reservation.
- The Mortgage Bankers Association of America and the Federal Housing Finance Board have committed to bring other lenders interested in reservation-based mortgages to the table.
- Motorola and AT&T have expressed interest in Pine Ridge. An infrastructure investment announcement could be coordinated with the release of the Commerce report about the dearth of telecommunications access on reservations. (We are expecting more information from HUD on this investment by the end of this week).
- A HUD conference on economic development will draw more than 500 tribal leaders from across the country.
- The President could announce the establishment of the Board of Directors for the first-ever Empowerment Zone on an Indian Reservation.

New Market Characteristics

- Pine Ridge is very representative of the distressed conditions on reservations today.
- 60% of the residents earn \$15,000 or less and unemployment is very high.

Disadvantages

- There are few non-housing related announcements that can be made.

5. MISSISSIPPI DELTA: 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.

6. NEW YORK CITY, NY: BusinessLINC and/or Urban EZS

Advantages

- The New York EZ is one of the most successful EZs in the country.
- ACCION New York, Inc. is a recipient of CDFI funds and one of the largest microlending organizations in the United States, having made over 1,800 loans ranging from \$500 to \$25,000 to more than 900 clients.

Potential Announcements and Site Visits

- The Business Roundtable, including Chase Manhattan and McDonalds, will be prepared to make a major announcement that they will house the BusinessLINC coalition. Dana Mead, Chair of BRT, could also announce the appointment of the CEO who will run BusinessLINC.
- Chase Manhattan has a Business Center program that was recently expanded which illustrates the benefits of BusinessLINC. We could visit this site or visit the site of a business that was assisted by BusinessLINC.
- At the same time this announcement is being made, we could also make an announcement about the other BRT BusinessLINC chapters in Dallas and Chicago, which would “open” simultaneously.
- There is also the possibility of simultaneously holding a roundtable on BusinessLINC in another location that would involve local businesses and cabinet members.
- There are also numerous retail initiatives in Harlem New York that could be announced including store and business openings such as Starbucks and Walt Disney.

Disadvantages

- Recent negative publicity about the New York EZ.
- In fighting among local politicians and officials regarding the zone.
- Tensions between local retailers and large chains opening in Harlem.

7. GARY, IN: Urban EZs

Advantages

- Gary won an EZ designation in the last funding round.
- ACE Hardware moved into Gary following a \$88,000 CDBG investment in retail space. ACE succeeded in Gary's underserved market, and the owner was quoted in the media as saying that the inner-city location outperformed his suburban store.

Potential Announcements and Site Visits:

- There are several projects nearing completion that could be ready for announcement by the end of June.
- Ten banks have made a combined commitment of \$50 million to private sector businesses in the EZ

New Market Characteristics

- Gary is a good example of untapped potential (approximately \$287 million was spent in Gary in 1992 versus an available purchasing power of \$522 million).
- Unemployment is 7.1% in Gary versus 2.8% for Indiana as a whole.

8. **HARTFORD, CT: Private Sector Efforts to Attract Capital to Underserved Urban Areas**

Advantages

- Aetna is currently involved in several major projects in the community including the MetroHartford Millennium Project, which is a comprehensive effort and collaboration to attract capital and development from outside Metro Hartford.
- There is a small woman owned business called McHugh Publishing & Design located in West Hartford that has received SBA assistance through a mentoring program for Women.

Potential Announcements and Site Visits:

- The Metro Hartford Investment Fund is being developed and with Aetna's leadership expects to raise \$50 to \$100 million from Hartford based corporations. A major announcement of corporate commitments to the fund could be made as part of the tour.

9. **WINDOW ROCK, AZ: Private Sector Investment in Native American Communities**

Advantages

- First American Credit Union has received a \$1 million grant from the CDFI Fund. This CDFI is also providing the first ATMs on the reservation..

Potential Announcements and Site Visits:

- A visit to this reservation could be combined with the commerce report on infrastructure on Native American lands. It is possible that some telecommunications companies.
- In addition, Kevin Gover at BIA is talking to Intel, which has a huge plant in New Mexico, about doing more than they already are--which is basically funding training programs at the Tribal Colleges. IBM also has funded one training program.
- We are looking for a possible tribal college site in the Dakotas for a new program. To that end, Lynn has asked the Association that represents the tech industries to find someone to fund a program like that. Also, Lynn has talked to Bill Sweeney from EDS about training programs and wiring BIA schools.

10. DENVER, CO:

Advantages

- Mayor Wellington Webb has written to the President requesting consideration for the New Markets trip.
- The City is currently working with several private companies to bring capital and living wage employment to one of the poorest neighborhoods in Denver. The project is known as Interlock Business Development Park and could create 1,000 jobs.
- The DOL's Kulick grant program, which focuses on workforce opportunities for young people, operates in Denver.
- Colorado Enterprise Fund (CEF) is a microenterprise fund based in Denver, provides technical assistance to socially and economically disadvantaged small business owners. CEF has received assistance from the CDFI fund in the past.

Potential Announcements and Site Visits:

- The Interlock project is now under construction. We could potentially tour the site and meet with business people who would be relocating or locating there.
- DOL may be able to identify a Kulick business site that we could tour.

Site Leasing
Small

Clyde Williams on Phone

Pine Ridge
only home

SA - SA Bank issues on RDA

New York City
misc field
political agent

Long, IN political - governor doesn't support

→ Memphis, possibility - corporate sector
relative



New York City Partnership
↓ NYC Institute - background
10 companies to sector annually

AWED's gradually 20 women entrepreneurs
Micro piece

Chase opened 3rd Business Center in Puerto
Credit Institute for base of C.D.F.I.s

Phil Webster

Investment Plans with new P.O.

Daschle \$400 million in South Dakota
long native american - Unge

Planning grant
just let me ask
be able to
do

Howard Rosen - piece

If we know we are giving something they
will make something bigger

net + Monday

CDFI's - all made
Hank Bank in Baltimore
new investments
new funds

May 24, 1999

Site Locations
Sum - p

MEMORANDUM TO MARIA ECHAVESTE

**FROM: GENE SPERLING
JONATHAN KAPLAN
LISA GREEN**

**SUBJECT: NEW MARKETS JULY 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 July which will involve visits to at least six distressed communities. Each agency has been asked to focus on sites based on the following framework:

Geographic Categories

- Rural (with particular attention to Appalachia and the Delta)
- Urban (with particular attention to Northeast possibilities)
- Native American land
- Overall interest in geographic diversity

Policy Deliverables

- Clear economic development success stories related to programs created under the Clinton Administration
- New announcements by companies agreeing to participate in public/private partnerships already in the pipeline
- New investment commitments by companies based on examples set by other companies already investing in a community
- Increased investment by companies that have existing community development programs

II. BEST PRELIMINARY OPTIONS

Out of the 20 to 30 recommendations made by the working group, several of the strongest options raised are outlined on the following pages. ***Material from each agency with additional detail about the communities is attached, and is referenced throughout the rest of this memorandum.***

1. **Pine Ridge, South Dakota** (see pages 10,11)

- **FOCUS: Private Sector Investment in Poor Native American Communities and Private Sector Investment in Housing**
- Pine Ridge is very representative of the distressed conditions on reservations today.
- This community is the first EZ on a reservation.
- A \$2 million investment Rural Initiatives Grant has been made to encourage mortgage lending and financial assistance for housing construction.
- A \$8.6 million NAHASDA grant is in place for housing.
- Norwest Mortgage is making about \$1.4 million in loans has provided mortgage counseling to families.

Potential Deliverables:

- Fannie Mae is working on a significant commitment which Sen. Daschle would participate in.
- Countrywide Mortgage is ready to announce a mortgage lending program on another reservation.
- The Mortgage Bankers Association of America and the Federal Housing Finance Board have committed to bring other lenders interested in reservation-based mortgages to the table.
- Motorola and AT&T have expressed interest in Pine Ridge. An infrastructure investment announcement could be coordinated with the release of the Commerce report about the dearth of telecommunications access on reservations.
- A HUD conference on economic development will draw more than 500 tribal leaders from across the country.

2. **Kentucky Highlands, Kentucky** (see pages 1-3, 17,21,22,28-30)

- **FOCUS: Investment in Appalachia and Rural New Markets**
- This community is an EZ located in Appalachia.
- Kentucky Highlands Investment Corporation (KHIC) is the lead entity for the EZ and is a certified CDFI, SBIC, SBA Micro-lender, and USDA Guaranty Lender. KHIC has invested \$50 million in over 140 enterprises that employ 1,285 employees. Mid-South Electric, Inc. is a small company funded by KHIC, which has grown to 800 employees and is now completing a \$5 million expansion that will add 100-150 employees.
- Kentucky's Governor Patton has been very supportive of the Appalachian Regional Commission Entrepreneurship Initiative and of the New Markets Initiative.
- The Appalachian Regional Commission has funded training for the Women's Initiative Networking Groups, Inc. and provided capital to create a Strategic Capital Fund managed by a non-profit, Mountain Association for Community Economic Development (MACED).
- Mountain Ventures (an SBIC) and KHIC financed Sports Products, Inc., a small business that manufactures sports gear for children. The funds were raised in part

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

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

Potential Deliverables:

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

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

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

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

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

Potential Deliverables

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

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.

8. **Gary, IN** (see pages 11, 12)

- Gary won an EZ designation in the last funding round. Ten banks have made a combined commitment of \$50 million to private sector businesses in the EZ
- Gary is a good example of untapped potential (approximately \$287 million was spent in Gary in 1992 versus an available purchasing power of \$522 million).
- ACE Hardware moved into Gary following a \$88,000 CDBG investment in retail space. ACE succeeded in Gary's underserved market, and the owner was quoted in the media as saying that the inner-city location outperformed his suburban store.

Potential Deliverables:

- There are several projects nearing completion that could be ready for announcement by the end of June.

III. NEXT STEPS

Continued Work on Sites and Deliverables. Working off of the refined list of potential sites above, as well as the other possible sites listed in the attached agency memos, we will continue to pursue new commitments so that we are able to develop a more final list of potential sites over the next week.

Outreach to Non Profits and Industry Coalitions. As with the policy teams we have set up, we have begun working with non-profit organizations and foundations regarding the July trip. We are meeting with several groups this week to ask for ideas on what economic development work is being done by non-profits in several of the locations we are considering visiting. The organizations and industry groups we are working with include:

The Enterprise Foundation	LISC (Local Initiative Support Corporation)
Ford Foundation	Ms. Foundation (focus on microenterprise)
Initiative for a Competitive Inner City	Rural Community Assistance Corp
Corporation for Enterprise Development	Association for Enterprise Opportunity
Foundation for Int'l Community Assistance	Community Development Tax Credit Coal.
American Association of Enterprise Zones	Community Development Venture Capital
Village Foundation (active in Youth Opportunities)	Alliance
National Community Reinvestment Coalition	National Congress for Community
National Ass. for Affordable Housing Lenders	Economic Development

Research/Data. A separate policy team has been assembled to focus on government analyses and research on "indicators of new market potential" that could be deliverables for the July trip.

SITE RECOMMENDATIONS

For The July **NEW MARKETS TOUR**

FROM THE INTERAGENCY WORKING GROUP

SBA.....pp 1-9

HUD.....pp 10-15

DOL.....pp 16-27

USDA.....pp 28-34

**SBA RECOMMENDATIONS
FOR
POTUS JULY NMI TOUR
(Draft 5/20/99)**

I. Small Business Investment Program

A. Kentucky Highlands Investment Corporation ("KHIC"):

(SBIC, SBA Microlender, CDFI, USDA Guaranty Lender and Intermediary Lender, Lead Entity for the Kentucky Highlands Empowerment Zone)

1. Options for Public/Private Deliverables:

a. Mid-South Electric, Inc. (Jackson County)

Deliverable: \$5m Business Expansion/100-150 new jobs

Public/Private: SBIC & USDA /EZ/Youth Job training

Founded by Jerry Weaver, a native of Jackson County, the tool and die company has grown to 800 employees and is currently completing a \$5 million expansion which will add 100-150 employees this year. The expansion of the modern plant was accomplished through SBIC funding for equipment and a USDA guarantee. The expansion and the addition of new jobs through public/private partnership could be announced in July.

b. SBA/DOJ Proposal

*Deliverable: Capital Investment by Corporate CEOs for
Additional Youth Training*

Public/Private: SBIC/EZ/Youth Training

SBA will work with the Department of Labor to direct new capital investments from large employers and financial entities into Mountain

Ventures, Inc., an SBIC, or through a different vehicle of KHIC for additional youth job training, etc. in connection with JRC Industries.

Description of JRC Industries:

In late 1995, a nonprofit, job training workshop was opened in Jackson County as part of the Kentucky Highlands Empowerment Zone initiative. For several years, this training program struggled until it moved into a new 24,000 sq. ft. building and Jerry Weaver agreed to become General Manager. Installing a new management team, Mr. Weaver created a tool and die apprenticeship program, an electronic circuitry class and a computer laboratory. The company, JCR Industries, is now entirely self-supporting and employs 100 persons as a contract manufacturer. Training, including GED preparation, is provided for 16-24 year olds.

c. Sports Products, Inc.

Deliverable: New investments from Bankers Trust

Public/Private: SBIC/EZ/CDC Tax Credit

Mountain Ventures and Kentucky Highlands Community Development Corporation (utilizing a CDC tax credit on a \$2 million investment from Bankers Trust and the Appalachian Wall Street Limited Partnership) financed a building to house Sports Products, Inc. which manufactures sports gear for children. Additional investments will be made with the remaining investment funds from Bankers Trust.

Description of Sports Products, Inc. ("SPI")

SPI was incorporated in the Commonwealth of Kentucky in January of 1998, and started operations on February 1, 1998. Kentucky Highlands Investment Corporation along with its subsidiaries Mountain Ventures, Inc. (a SBIC) and Kentucky Highlands Community Development Corporation (a tax credit community development corporation) financed the building, equipment and working capital of this start-up company.

The Tennessee Valley Authority has also made a loan to the company for equipment.

SPI was formed to take advantage of the void in the marketplace created when Hutch Sports USA was forced into bankruptcy in August 1997.

Therefore, with an available manufacturing facility, equipment and inventory repossessed from bankruptcy court and a trained labor force, it was an opportune time to start SPI. SPI currently manufactures athletic jerseys, shorts, pants, and jackets for children as well as other apparel for Premier Athletic Apparel of Lexington, Kentucky. Premier sells mostly in the Midwest and Southern United States.

2. Description of Kentucky Highlands Investment Corporation

a. Founded in 1968 as a Community Development Corporation based in Southeastern Kentucky;

b. Is a SBIC, SBA Microlender, a USDA Guaranty Lender and Intermediary Lender, Lead Entity for the Kentucky Highlands Empowerment Zone and a CDFI;

c. Provides equity-type capital for new and expanding businesses;

d. Services a 9-county area, amongst poorest in the nation (Wayne, Clinton, Jackson, Rock Castle, Clay, Bell, Whitley, McCreary and Harlan) with some lending capabilities in three (3) additional counties;

e. Governed by a 17-member Board of Directors and has a staff of 15 employees;

f. Administers a \$13 million venture fund as the lead entity for the Kentucky Highlands Empowerment Zone, encompassing Jackson, Clinton, and Wayne counties;

g. Provides technical and management support to businesses, entrepreneurial training and houses a small business incubator created with assistance from the ARC;

h. Has invested more than \$50 million in over 140 enterprises that employ 1,285 employees;

i. Administers the Appalachian Capital Corporation, a fund that derives its capital from the U.S. Department of Agriculture. Through this entity, competitive financing is available to viable businesses located in or which will locate in Southeastern Kentucky.

B. Arizona MultiBank Community Development Corporation

(New LMI SBIC, CDFI)

Deliverables: One of the first NMI LMI SBICs & May raise \$5 million from major banks for new SBIC for a POTUS event

Public/Private: SBIC/CDFI

1. Description of Arizona MultiBank Community Development Corporation ("MultiBanks")

a. An Arizona non-profit corporation and an initiative of the Arizona Bankers Association. In addition to several initiatives throughout Arizona in urban centers, rural communities and Indian Country, MultiBank has now taken on the development of a homegrown, Arizona-based SBIC in order to better meet the equity and subordinated debt needs of Arizona's small businesses

b. Established to operate an investment pool that is funded on a long-term basis by Arizona lenders, MultiBank is certified by the U.S. Department of the Treasury as a Community Development Financial Institution ("CDFI").

c. Since 1993, MultiBank has provided \$12.5 million to 200 projects throughout Arizona. Fifty-six percent of MultiBank's loan dollars have been provided to small businesses, 28% to non-profit organizations and 16% to affordable housing projects. By subordinating its collateral interests in 30% of these projects, MultiBank leveraged another \$23 million of financing from its Investing Banks. Examples of financings that have been done, include:

- A \$500 "circle of lending" micro loan to a home-based day care business (affiliated with SBA-funded entrepreneurial program for women);
- A \$50,000 line of credit to a locally published magazine dedicated to the arts and lifeways of Native Peoples -- the official magazine of the Smithsonian Institution's National Museum of the American Indian; and
- A \$400,000 loan to a start-up, minority-owned wire manufacturer supplying a Fortune 100 company

d. In addition to providing capital to small businesses, MultiBank provides financial and technical assistance to small businesses, to low and moderate-income housing project, and to non-profit organizations.

e. MultiBank has been capitalized with over \$10 million in capital debt securities, making its initial capitalization one of the largest, if not the largest, in the nation for a non-profit community development corporation of its kind. The following institutions provided the funding:

▪ Norwest Wells Fargo Bank	\$3,600,000
✓ ▪ Bank of America	3,000,000
✓ ▪ Bank One Arizona	3,000,000
▪ Community First National Bank	140,000
▪ National Bank of Arizona	100,000
▪ Arizona Bank	50,000
▪ Johnson Bank	50,000
▪ Harris Trust Bank	50,000

▪ Northern Trust Bank	50,000
▪ Pacific Century Bank	50,000
▪ Community Bank of Arizona	25,000
▪ Heritage Bank	25,000
▪ Imperial Bank Arizona	25,000
▪ Mohave State Bank	25,000
▪ Rocky Mountain Bank	25,000

C. North Carolina - Economic Opportunities Fund

(1-5 New SBICs)

Deliverable: 1-5 New SBICs (following passage of Legislation)

Public/Private: SBIC

1. Description of North Carolina - Economic Opportunities Fund

a. The State of North Carolina is proposing a capital formation initiative to increase the availability of equity capital for high growth entrepreneurial firms in the state's economically distressed rural and urban communities.

b. To accomplish this goal, the State has proposed to establish 1-5 new SBICs with up to \$30 million in public sector investment to leverage as much as \$360 million in growth capital. The State would work in partnership with banking, institutional and corporate private investors in the state.

c. Prudent investment by the Economic Opportunities Fund may support a diversity of entrepreneurial development throughout North Carolina. Their success will produce benefits to all parties involved: financial return to the State and participating investors, growth resources for the entrepreneurial companies receiving capital, and employment gains and wealth creation to the communities in which these firms prosper.

d. State legislation is required to establish the State-owned SBIC's. Governor Hunt has championed the concept to the North Carolina General Assembly which is proceeding with legislation providing for public sector participation.

D. Mississippi Delta - Enterprise Corporation of the Delta

(To-be SBA 7(a) Lender, EZ, CDFI, SBIC Investments in region)

Deliverables:

- *New Investment by Chairman of Skytel for \$500,000*
- *New Investment of Arkansas Blue Cross/Blue Shield for \$100,000*
- *2 Bank Enterprise Awards for \$50,000 total*
- *New SBA 7(a) Lender in May/June*
- *SBA has a lengthy lists of businesses located in the Mississippi Delta that have received SBIC financing.*

Public/Private: New 7(a)Lender/SBIC/EZ, etc

II. BusinessLINC Roundtable

A. Mississippi Delta

(SBIC, EZ, CDFI, Youth Training, SBA Microloans, HUBZones)

Deliverables: CEO and Local Company Commitments to rural and urban communities & Business Roundtable chaired by POTUS

Public/Private: SBIC/EZ, HUBZones, etc.

(Interagency Effort - SBA, DOT, and nine other Federal Agencies: See 3.30/99 SBA Proposal)

1. Organize Business Roundtable with POTUS, Cabinet Secretaries, Bankers, CEOs, Community Leaders, etc. (focus on private-public investment partnership, new jobs, transportation, domestic trade, etc.);
2. Request new CEO and company (local and national) commitments (including from Fortune 500 companies initially financed by SBIC's); and
3. Augment existing private sector commitments including the following:
 - Bell Atlantic will spend \$1.88 billion, through a partnership with SBA, to increase purchasing and subcontracting with minority and women-owned businesses.
 - Chase Manhattan Bank will create a new program that will connect its senior bank officers with women and minority small business owners, and a new partnership with the National Association of Black Management Consultants.
 - GE Capital will expand its Small Business Colleges, which offer business advice to entrepreneurs in distressed areas, and to open a fifth college in St. Louis and a new pilot program for women business owners in Washington, D.C.
 - Science Applications International Corporation (SAIC) will execute joint marketing agreements with small businesses and support relationships with small businesses in the new HUBZone areas.
4. Work with BRT and the new Department of Commerce Minority Business Roundtable chaired by Bob Johnson of BET (recent article in the New York Times)

Description of the BusinessLINC Initiative

g

1. Launched by VOTUS, the BusinessLINC Initiative is a new partnership between the Federal government and America's business community to encourage large businesses to work with small business owners and entrepreneurs, especially in America's rural areas and inner cities.

2. Administered by SBA and Treasury, BusinessLINC, which stands for Learning, Information, Networking, and Collaboration, is designed to stimulate business-to-business relationships that will produce one-on-one technical advice and consulting, classroom and group training, peer group consulting, strategic alliances, and supplier and marketing development for small businesses.

Description of Mississippi Delta Proposal

Through three major initiatives (the SBIC LMI Investment Program, the New Market Venture Capital Company Program and the Microloan Program), SBA will further enhance access to capital for businesses located in low and moderate-income (LMI) areas. In addition, SBA will increase federal contracting opportunities throughout this region through its HUBZone Program. To attract interest in SBA community-based capital access programs, SBA is providing a series of regional workshops to promote investment in inner cities and rural communities, including the Mississippi Delta region. Many communities of the Mississippi Delta region are located in both LMI rural areas and HUBZones, and thus, will benefit from these targeted programs.

B. Appalachia, Tribal Lands, and Urban Centers

Replicate the BusinessLINC Roundtable described above

RECOMMENDED NEW MARKET TRAVEL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PINE RIDGE, SOUTH DAKOTA

Background/Highlights

- Pine Ridge offers a unparalleled opportunity to reflect the realities of most reservations today: high unemployment, low incomes, lack of infrastructure, etc. Pine Ridge's unemployment reaches 90%; 60% of residents make \$15,000 or less.
- HUD's Native American Housing and Economic Development Conference and the Pine Ridge Empowerment Zone (the first EZ reservation) effectively demonstrate the possibilities of a New Markets Initiative on reservations everywhere, not just on Pine Ridge. Hundreds of tribal leaders, lenders, builders, economic and housing experts will attend the HUD conference, which will highlight aspects of the New Markets Initiative and unveil the construction and purchase of 20 to 25 homes by tribal families on Pine Ridge.
- The goals of the Pine Ridge EZ fit thematically with the work of the Oglala Sioux Housing Partnership, the nonprofit recently established to oversee mortgage lending and home construction on the reservation. Combined, they provide a strong foundation for the New Markets Initiative message.
- The mortgage lending/construction activities and the EZ goals reflect the Oglala Sioux's stated needs and desires for economic growth on the reservation. It is important to respect the tribes' advocacy for "self-determination" and not dictate to them what the private sector or the federal government is willing to "do for" them.
- The first economic development project on a reservation must be housing and a finance/banking system. Pine Ridge is developing precisely the new economic models envisioned by President Clinton.
- The President's attendance at Pine Ridge offers the best opportunity to communicate the New Markets message with the greatest number of tribes, as it would coincide with HUD's conference drawing over 500 tribal leaders from across the country.
- The Pine Ridge projects build on the work of Senators Daschle and Dorgan, and the recent meeting with the President and the Plains tribes.

Recent Investments

- \$2 million Rural Initiatives Grant to encourage mortgage lending and financial assistance for housing construction.
- This \$2 million investment supports the President's One Stop Mortgage Initiative and PATH, Partnerships for Advanced Technologies in Housing.
- An \$8.6 million NAHASDA grant for housing.
- Another \$2 million and additional technical assistance from USDA for the Empowerment Zone.

*FU to Chicago Conference
where there were
800*

*USDA comments
you would visit... for the EZ - 10
MOU - on 10 EZs/ECs
create a forum*

Announcements

- Following USDA and HUD's lead, private sector investment is creating jobs, job training, and low-cost housing in Pine Ridge. The federal government's initial investment is sparking at a minimum \$2.5 million in private sector activity that the President could announce:
 - ✓ • Norwest Mortgage is making about \$1.4 million in loans and has provided mortgage counseling to the families.
 - ✓ • Countrywide Mortgage is ready to announce a mortgage lending program on another reservation. The Mortgage Bankers Association of America and the Federal Housing Finance Board have committed to bring other lenders interested in reservation-based mortgages.
 - A pre-fabrication foundation company wants to franchise a business on the reservation.
 - A manufactured housing company is building and installing half of the homes and also plans to provide job training to tribal members.
 - Other homes are being constructed by Indian contractors at a modular housing facility on the reservation, providing dozens of additional jobs to tribe members.
 - Kohler, a Wisconsin fixture company, Karrier Heating, and Weather Shield are being approached about investments and job training for tribal members. These companies are providing plumbing and other fixtures at no or reduced costs for the 20 to 25 homes under construction.
 - Other private sector businesses have indicated interest in the Pine Ridge, including Motorola and AT&T, as well as companies involved in PATB. These partnerships could be aggressively explored and developed. Prospects include national supermarket and pharmacy chains.
 - ✓ • The President could announce the establishment of the Board of Directors of the first-ever Empowerment Zone on an Indian Reservation.

Commerce
Report

GARY, INDIANA

Background/Highlights

- Gary qualifies as "double burdened" in HUD's Now is the Time: Places Left Behind in the New Economy, meaning that it faces continued high unemployment relative to the Nation as a whole, plus either significant long-run population loss, or persistently high poverty rates, or both.
- Approximately \$287 million was spent in Gary in 1992, versus an available purchasing power of \$522 million. In other words, \$243 million left the inner-city for the suburbs or other retail markets, resulting in a huge untapped market.
- Gary has an unemployment rate of 7.1%, vs. 2.8% for Indiana as a whole.

- Gary is a vastly neglected market, with great potential. It has no national retailers, no supermarket, and no movie theater.

Government Investments

- A \$88,000 CDBG project that rebuilt sidewalks and parking created a retail space that ACE Hardware moved into. ACE met outstanding success in Gary's underserved market, and the owner was quoted in the media as saying that the inner-city location outperformed his suburban store.
- Gary won an Empowerment Zone designation in the last funding round.
- 202 and other HUD housing support the business in the Empowerment Zone.

Private Sector Investments

- ACE Hardware, as described above.
- US Steel has committed to drag the Calumet river, a \$30 million investment, in addition to \$22 million in waste-water improvements. They has also pledged to put \$120 million into plant improvements in 1999.
- Ten banks have made a combined commitment of \$50 million to private sector businesses in the Empowerment Zone.

Possible Announcements/Events

- Based on the success of the local franchise, ACE Hardware could be approached to commit to new franchises to other new markets.
- The city is putting the final touches on an application for a \$3.3 million Section 108 loan that would enable development of a planned \$30 million shopping center on 25th Street, at the heart of Gary's historically black neighborhood. The shopping center would include a movie theater, grocery store, and a car dealer.
- **CONFIDENTIAL:** The City of Gary has several confidential projects nearing completion that could be ready for announcement by the end of June.

Casino Activity

APIC scale type of project

Other Comments:

- The cities involved in this Empowerment Zone, Gary, East Chicago, and Hammond, are working to develop a comprehensive transportation HUB that would alleviate overcrowding at O'Hare Airport and its adjacent services. This HUB would include a deep sea port, a multi-modal freight railyard, and Gary Airport, which would be a freight airport. These facilities would be within minutes of major intestates, and they would relieve freight overcrowding at O'Hare, allowing that airport to focus on consumer flights.
- Gary's proximity to successful cities like Chicago further make the case for it as an untapped market.
- The prevalence of casino activity, mostly led by Donald Trump, needs to be considered in planning this visit.

Business INC

12

2012-0043-S

DETERMINED TO BE AN
ADMINISTRATIVE MARKING

INITIALS: MA DATE: 12-6-11

NEW YORK CITY

Background/Highlights

- Harlem has been unable to connect their local economy to New York's regional economic boom.
- In 1994, over 50% of Harlem's adult residents did not have a high school diploma.
- Despite the fact that Harlem has a number of major institutions, including Columbia University (the third largest employer in New York City) and major hospitals, *less than 10% of Harlem's residents were employed in the business located there.*

Government Investments

- Upper Manhattan received an Empowerment Zone designation in 1995 of \$100 million from the Federal Government.
- The federal investment was matched by \$100 million from the New York City and \$100 million from New York State.

Private Sector Investments

- \$193 million in private sector commitments followed the EZ designation, **representing a 3.25 to 1 ratio of private to public dollars.** Some of these private sector projects include:
 - **Harlem USA:** This major retail complex, the largest project in the upper Manhattan EZ, has attracted **Disney, HVM** and other national outlets. Approximately \$11 million in public investment will be leveraged by an additional \$45 in private sector commitments. Construction of the complex will create 200 new jobs, while its ongoing operation is expected to result in 300 permanent jobs (with 75% of these targeted for EZ residents under tax credit provisions).
 - **Broadway Video:** Saturday Night Live producer Lorne Michaels is bringing high-tech jobs to Harlem with the opening of a \$1.1 million post-production facility called Broadway Video, creating at least 20 jobs for EZ residents. Funding comes from loans from the Upper Manhattan EZ and Citibank.
 - **Pathmark Supermarket:** The designation of the EZ attracted Pathmark supermarket to the area, the first supermarket to open there in many years.
 - **Citibank,** along with the Upper Manhattan EZ, is offering loans to the new businesses.

Possible Announcement/Events

- Numerous private companies have indicated interest in joining the Harlem revitalization, including: Sterling Optical, and Bankers Trust, with most of the activity oriented towards African-Americans.
- The area is capable of supporting still more development. Entertainment business are especially interested in joining Disney and Lorne Michaels in New York. HUD has contacts in the entertainment industry who would be interested in joining the EZ and participating in a public event.

- 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, LOUISIANA****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

10-1111
01/24/84

Department of Labor-Recommended Presidential Events: New Markets Initiative

Los Angeles or Alternate

Once a devastated community after riots, Watts is now moving forward, and a Department of Labor Youth Opportunity pilot grant has been used to form a community-wide partnership that is giving out-of-school youth the skills they need to land good jobs, with committed private sector partners including Ultramar Petroleum, Rockwell, and others.

President Clinton, executives and role models announce Secretary Herman's Youth Opportunities Movement, with the local goal of an empowerment zone-wide "opportunity zone" with more employers pledging to hire more youths.

Visual: Visit to one of the following:

Rockwell International Reach Program - shop setting
Shell Oil Business Academy - classroom setting
Ultramar Petroleum Refinery - Chemical work site
McDonnell Douglas Plant - Vast aircraft production site

Private Industry Targets:

Rockwell Space Systems	Staples	Xerox
Pacific Bell	Hughes	Northrup-Grumman
Safeway	ARCO	Bank of America
Toyota	Disney	Universal Studios
Occidental Petroleum	PG&E	Safeway
Ralph's		

Southeastern Kentucky

The Department of Labor funds a Youth Opportunity program here, to train out-of-school youth for meaningful employment. The Small Business Administration is deeply involved in capital investment programs in this rural Empowerment Zone. SBA will work with the Department of Labor to direct new capital investments from large employers and financial entities into Mountain Ventures Inc., a Small Business Investment Corporation, or a similar vehicle to expand youth job training programs to give every youth in the region the opportunity for job training.

Kentucky business leaders answer the President's challenge, pledge \$2 million or more in annual investment.

Visual: A site visit to American Woodmark, a six-month-old, state of the art, computerized machine shop making cabinets for the nation's leading home improvement retailers.

Private Industry Targets:

American Woodmark	Bell South	Horizon Yachts
Image Entry	Fantasy Custom Yachts	Citizens National Bank
United Parcel Service		

Detroit

The Department of Labor recently awarded Detroit a Youth Opportunity grant to build a broad-based effort to provide jobs skills training to area out-of-school youth. Private sector partners in that effort include Daimler-Chrysler and Ford, who have pledged to hire some of the youth when they finish training. A New Markets event would add General Motors, the United Auto Workers and other companies to this effort.

Visual: Site visit to DetroitWorks Youth training facility.

Private Industry Targets:

Daimler-Chrysler	Ford Motor Co.
General Motors	United Auto Workers

Washington, DC

Businesses in the Washington area increase their investment in a regional consortium organized by the State of Virginia to train dislocated workers and others to fill critical shortages in the high tech industry.

Visual: Site visit to Computech facility.

Private Industry Targets:

AOL	PSINet	Computech
First Union Bank	Urban Technologies	Bell Atlantic
Maytag	CENTECH	COMSAT

NEW MARKETS INITIATIVE: CAPITALIZING ON YOUTH INVESTMENT

BACKGROUND

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

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

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

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

OBJECTIVES

1. To develop the Watts community into an "opportunity zone" by having more corporations become stakeholders by hiring Watts youth and considering locating their businesses within the Watts EZ.
2. To secure private foundation funding for the Watts community in order that the Kulick project can be greatly expanded throughout the EZ.

PLAN

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

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

* Existing stakeholders (additional pledges sought)

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

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

EVENT(S)

1. Site Visit

President Clinton & Secretary Herman will visit Kulick participants:

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

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

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

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

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

2. Reception

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

3. Foundation Roundtable

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

SUPPORT

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

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

Proposal for a New Markets Initiative Event Monticello, Kentucky

"I'm going places not just to remind America of the plight of the Americans who live there, but to highlight their enormous economic potential, and the visionary businesses who are helping to develop it."

President Clinton
May 11, 1999

Objective

Build a broad private sector coalition to partner with local, state and federal government to enable Southeastern Kentucky's emergence as a more powerful new market area in the 21st Century, by upgrading skills and providing lifetime learning opportunity for the people in and around the rural Empowerment Zone of Clinton, Wayne and Jackson Counties.

This would be started with a Department of Labor-Small Business Administration partnership that has been developed in principal.

Background

American Woodmark Cabinetmakers is doing gangbusters business. The problem is, it *could* be doing much better. So could other businesses, large and small, on the western edge of the Appalachian mountains in Kentucky's Lake Cumberland area of the southern and eastern part of the state. They need more trained workers.

American Woodmark, a supplier of cabinets to home furnishing retail giants like Home Depot, Lowe's and Hechinger's, saw profit grow by 24 percent last year - and that was before the company opened a state-of-the-art manufacturing facility in Monticello, Kentucky, in Clinton County smack in the middle of Kentucky's Empowerment Zone and a long haul from Lexington, the nearest major city. Unemployment is high. One hundred percent of the population is considered rural. Forty percent of residents live in poverty, and more than half didn't finish high school. Per capita income averaged about \$6,838 according to 1990 census data.

Existing Project

All the trappings of an Empowerment Zone: active involvement by SBA, Commerce, Agriculture. The Department of Labor has funded a pilot Youth Opportunities grant in Clinton and part of Wayne counties that is a partnership between local government, private industry and community-based organizations to improve the

soft and hard skills of out-of-school youth ages 16-24. At present, 222 youths are enrolled in the training program. 74 have finished and been placed in jobs, 26 youths have entered an alternative school created by the project and 20 have entered an intensive construction trades program.

The Event

The Department of Labor has the Youth Opportunity program here. The Small Business Administration is deeply involved in capital investment programs here. SBA will work with the Department of Labor to direct new capital investments from large employers and financial entities into Mountain Ventures Inc., a Small Business Investment Corporation, or a similar vehicle to expand youth job training programs to give every youth in the region the opportunity for job training.

At this event, Kentucky business leaders would answer the President's challenge, pledge \$2 million or more in annual investment.

Visual: A site visit to American Woodmark, a six-month-old, state of the art, computerized machine shop making cabinets for the nation's leading home improvement retailers.

Private Industry Targets:

American Woodmark
Image Entry
United Parcel Service

Bell South
Fantasy Custom Yachts

Horizon Yachts
Citizens National Bank

###

DETROIT – Youth Opportunity Site

Description of existing project:

On March 25, 1999, the City of Detroit's Workforce Development Agency was awarded \$2.25 million to implement an Out of School Youth Opportunity Demonstration Project. Working through SER Metro Jobs for Progress, Inc., the City is establishing a comprehensive community approach to provide young people in the City's Empowerment Zone with training, mentoring, and employment opportunities. Their strategy includes:

1. A neighborhood Youth Opportunity Center and Advisory Council comprised of parents, teachers, major stakeholders and faith and community leaders;
2. A CET job training program for out of school youth and young adults;
3. A school to work charter school for middle and high school-aged youth;
4. A neighborhood drop-out prevention program to offer mentoring, tutoring remediation and counseling;
5. In partnership with Detroit Works, provide pre-trades preparation and apprenticeship readiness and entry training; and,
6. Employer-to-Employer Job Ladder program with Daimler/Chrysler and Ford to create employment opportunities for youth through the creation of a job ladder of progressive skills and wage scales to provide youth with incentives to prepare for middle and upper level employment opportunities.

New Market Objective:

As part of the new market initiative we would bring General Motors into the partnership and increase the involvement and commitment by all three automakers (and potentially other private sector players in and around the EZ) to the initiative. Currently, commitments are to consider young people graduating from the programs for hire. We would look to increase participation in all aspects of the project, including mentoring, school to work commitments and most importantly in the nature and level of the employment commitment.

Who do we contact:

Daimler/Chrysler
Ford
General Motors
UAW

Joyce Foundation (funded the local job ladder initiative)

Chamber of Commerce
Mayor's Office
Governor's Office
EDS

What are we asking for:

- Specific and significant hiring commitment.
- Specific investment of private resources including funding, training, mentoring, and participation in all aspects of the initiative.
- Specific commitment to broaden to auto suppliers in metro Detroit area.

What is the visual:

- Option 1:* Tour Ford Academy of Manufacturing Science ("FAMS"). This facility is in the EZ and is funded in part by Title XX EZ funds. During the school year, young people at Kettering High School (which is part of the YO program) learn work skills at FAMS. *POTUS could tour the facility and observe young people being trained in manufacturing skills.*
- Option 2:* EDS currently has a customized training program using WtW funding. 15 people at a time go through a 13-week training program at a community college. Most of the participants are women with small children between the ages of 18 and 30. Although the EDS facility where the participants are employed for approximately \$23,000 per year is not in the EZ, most of the residents live in the EZ. Visual could be the worksite or community college (will get worksite details Monday morning).
- Option 3:* Daimler/Chrysler has a partnership with Southeastern High School. Visual could either be high school program or Chrysler facility in the metro-Detroit area.

WASHINGTON, D.C. - Metropolitan Area Information Technology Employment Project

Description of existing project:

On June 30, 1998, DOL awarded a \$1.2 million grant to the Commonwealth of Virginia to undertake planning and organizing activities related to implementing a multi-state project to assist and train over 3,300 eligible dislocated workers in the Washington, D.C. metropolitan area to work in the high tech industry in the area. The project is designed to train workers in the area to fill the numerous employment vacancies which regional employers have identified in the high tech industry. Virginia is in partnership with Maryland and the District of Columbia. Upon completion of the planning phase, the operations phase would be initiated with a grant of approximately \$15.5 million as early as June 1999.

New Market Objective:

As part of the new market initiative we would identify private sector participants and jointly announce specific employment commitments. We would look to expand participation in all aspects of the project, but particularly in the nature and level of the employment commitment. (The commitments identified below have not been the subject of press stories.) As part of the New Market Initiative, we would attempt to increase the number of private sector participants and to increase the number of trainees and placements on the part of existing participants.

Company Participation/Hiring Commitments to Metro Tech Project Includes --

<u>Company</u>	<u>Job Titles</u>	<u>Commit.</u>	<u>Training</u>
Maryland:			
Compu Tech, Inc.	Programmer	4	3
Virginia:			
Bell Atlantic/BACCSI	Service Techs or Splice/ Service Tech	45	*
Washington Data Systems, Inc.	LAN Techs (non-degree)	5	5
	Network Engineers (degreed) 5	5	
RHI, Inc.	PC Help Desk Technician	5	
Apex Systems	PC Help Desk Technician	5	15
Aerotek Staffing	PC Help Desk Technician	5	

Subsystem Technologies	Help Desk/LAN Techs; LAN Engineer; Computer Programmer/Operator I; Computer System Analyst I	5
Pinnacle Software**	Oracle DBA	5
Employer Consortium		15

D.C.

National Capital Planning Council	Geographic Info Systems (GIS) Programmer	5	*
Lucent Technologies	Central Office Technician	10	*
PEPCO	Network Administrator	5	*
EDS	Network Administrator	5	
Urban Technologies	Programmer/Data Base Administrators/ Advanced Desk Top Productivity Personnel	20	**

*recruiting/training classes scheduled to begin

**on hold

Who do we contact*:

AOL	VA Governor's Office
PSINet	Mayor's Office
Computech	MD Governor's Office
First Union Bank	Maryland High Technology Council
Urban Technologies, Inc.	N. Virginia High Technology Council
Bell Atlantic	Organized Labor
Other High Tech companies in region	DC Board of Trade

*contacts should be initiated through the Virginia Governor's Office for Job Training (Bill Carolson) to ensure coordination occurs with past/current project undertakings

What are we asking for:

- Specific and significant hiring commitment with company-specific (customized) available for training for workers hired
- Specific investment of private resources including funding, training, mentoring, and participation in all aspects of the initiative.

What is the visual:

Southwest Mall Tech Center (Stephanie – ETA thinks you may know some of this).

BART - now markets

Creating Career-wage Types of Jobs

CommunityName Champions

I-5 Business Development Corridor (I-5 BDC), CA (CC) A private prison company has announced plans to build a \$60 million detention center in Mendota (a community in the I-5 BDC). Officials with the Nashville-based Corrections Corporation of America (CCA) estimate the 1,000 bed facility could bring more than 200 jobs to Mendota. Jobs will range in the \$8 - \$12 per hour range and most will require only a high school diploma. CCA will be providing job training locally.

Hollister, CA (CC) Corlin Motorcycles, an electronic vehicle manufacturer, has moved into its new plant in Hollister. The company brought 150 employees with it in the move, but has plans to hire approximately 75 additional employees over the course of this year.

CommunityName FL -- Jackson County EC

Ayers Corporation of Albany, Georgia, a major aircraft manufacturing company has signed a letter of intent with FEDEX to acquire 50 new Ayers Loadmaster LM200 aircraft with options for an additional 200 airplanes. The Jackson County Development Council, Inc. (JCDC) have been working with Ayres Corp. on becoming one of the locations for an assembly plant operation. Ayres plans to hire 125 assembly plant employees at a beginning salary of approximately \$9.00 per hour; during the first year. They also plan to hire a number of engineers to design the loadmaster prototype. Employment in future years could reach as high as 400. Jackson County feels one of its key attractions is its designation as a Enterprise Community with the many business tax incentives that this makes possible. A proposal to Ayers Corporation with appropriate federal, state and local incentives valued up to \$18 million will be submitted this month.

CommunityName KY -- Kentucky Highlands EZ

Specialty Plastic Products of Kentucky Inc. is proposing to construct a second plant in McKee (Jackson County) with financing from the Development Venture Fund. The need for the additional plant is driven by a 5-year, \$62 million Defense contract to produce military backpacks for the Navy. The company hopes to begin construction in early July and be operating in the building by January 1, 1998. The contract requires a total of 214 employees of which at least 175 will be in McKee.

CommunityName MS -- Mid-Delta EZ

The EZ has announced that Dollar General Stores will expand into the EZ investing some 38 million dollars in a new distribution plant that will mean 500 to 700 new jobs with a \$5 million a year payroll. This expansion of Dollar General Stores has involved the EZ, the state, and both business and the private sector. More details as they become available.

Groundbreaking for Sporting World, Inc. New business funded with USDA/RD RBEG funds are scheduled to take place soon. Washington County received a RBEG grant of \$445,000. This will save 15 jobs and add 10 new positions.

CommunityName TN/KY -- Scott/McCreary EC

In announcing its decision to locate in Scott County, Container Technologies Inc., a supplier of bins used in waste management operations, acknowledged that a major factor was the availability of loans for start-up operations in The Enterprise Community. The firm plans to have 25 workers by the end of the year, expanding to 50 by the end of 1988, with projections for 100 by the year 2000.

CommunityName TX -- Rio Grande Valley EZ

Business developers and the EZ are helping a fledgling ferry from Port Isabel to Honduras become a success. The "Regal Voyager Ferry" is viewed by the community as an economic link that can be developed to put Valley businesses in direct competition with its Houston, New Orleans and Miami counterparts. The community will work with several partners including the University of Texas/Pan American Business Opportunities Center; Foreign Agricultural Service, CEED Program, Center for Operations and Community Service, Port Authority and others to develop markets in Central America. This effort is quite an enhancement of Benchmark 1.5.

CommunityName WV -- McDowell County EC

On September 3rd, in Charleston, Governor Underwood, joined by representatives of the Greenfields Coal Co. Ltd., announced the company's \$70 million investment in a project that recovers coal fines from a McDowell County settling pond near Gary. The project, which will produce a form of coke that is used to make steel, is expected to employ as many as 60 people directly and more than 250 in associated jobs in the surrounding area. The Governor noted that not only are people put to work but environmental problems are cured as well. There are plans to expand the use of the coal recovery process to other sites in West Virginia and 240 coal impoundments have already been identified.

CommunityName KY -- Kentucky Highlands EZ

KHEZ reports that its Jackson County Rehabilitation Industries (JCRI), which opened a little over a year ago (Nov.95) has grown in its first year of operation to 33 employees. Many of them were on public assistance at the time of employment. JCRI has a backlog of contracts of \$1 million. Now that JCRI is in its new industrial building, expectations are that growth will approach 100 employees in the next eighteen months. A second sheltered workshop is scheduled to open this year for Wayne and Clinton Counties.

CommunityName CA -- Watsonville EC

EC Job Training Program: Six students from the program have been accepted into the Youth Entrepreneur Training Program offered by El Pajaro Community Development Corporation. The thirteen week training is focused around writing a business plan. Participants will learn the day to day operations of a small business, including inventory, bookkeeping, marketing and customer service. Participants will obtain "hands on" experience working with small business owners in the Plaza Vigil small business incubator.

EC Job Training Program: The eleven youths who began the 45 hour customer service and cashiering training March 3rd received certificates of participation from the Mayor of Watsonville, Al Alcalá, on Tuesday, April 22. Local employers have agreed to interview participants. Employers include a local bank (CalFed) and retailers.

CommunityName Champion

I-5 Business Development Corridor CC (CA)

The California State University - Fresno is completing a USDA Rural Development-funded Hispanic

market study. Entrepreneurial training classes, also funded by the Rural Business Enterprise Grant, are expected to begin in Kerman within the next few weeks. The classes, sponsored in part by the Kerman Chamber of Commerce, will teach business owners how to market to the large Hispanic community.

CommunityName KY -- Kentucky Highlands EZ

As of November 30, 1996, summary of the KHEZ Development Venture Fund Loan portfolio shows investments totaling \$5.9 million in 11 enterprises with a current employment level of 252 that is projected to reach more than 1500. The employment projection does not include an additional 2-500 jobs if current negotiations are successful in bringing additional contract work to a zone firm.

In its August Newsletter, KHEZ provides some very encouraging news about the Zone's job creation success and unemployment situation. As of August 1st, 732 new jobs have been created and current projections anticipate a total of almost 2500 jobs. This includes some 1000 jobs associated with a chicken processing plant currently under construction with an anticipated completion date of a year from now. The unemployment rate in the Zone dropped below 6 per cent in June, the lowest rate in memory for each of the three Zone counties.

As of August 1st, KHEZ reported that the Development Venture Fund Loan has created 513 jobs with projections of 2,280 jobs when all firms are operating at capacity. Non Venture Capital Fund has created 172 jobs with projections for an additional eight jobs for a grand total of 685. It is projected that there will be 2,460 jobs created by the 2 funds.

Three weeks ago the first houseboat left "Thoroughbred Cruisers," a new manufacturing facility in Clinton County. Now laying claim to the title of "the houseboat manufacturing capital of the world," another KHEZ area firm, "Horizon Yachts" has completed and sold its first houseboat to a customer in Kent, Washington. The plant, which employs 58, is located in Wayne County. An office opened in January of this year with production beginning in March. Prices of the custom houseboats produced by "Horizon Yachts" range from \$75,000 to \$400,000.

The lead entity for KHEZ, the Kentucky Highlands Investment Corporation (KHIC) held an Open House on Oct 1, with more than 100 persons in attendance. Between 1:00 and 3:00 p.m. a session was held with area bankers on KHIC, the type of business development on which the company focuses and the different areas with which KHIC works, including the Empowerment Zone, SBA Microloan program and Rural Development -IRP. From 3:00 to 5:00 p.m. an open house was sponsored for all residents in the KHIC twelve county service area. Demonstrations of the teleconference center and computer laboratory were conducted and representatives from the One Stop Capital Shop and the Kentucky State Rural Development office were in attendance to answer questions.

CommunityName OH -- Greater Portsmouth EC

(Update) The Ohio Valley Regional Development Commission's (OVRDC) new Business and Industry Development Center (BIDC) is up and running to serve Ohio. The Center, which received a \$60k Business Enterprise Grant from the USDA is providing technical assistance and training to rural business and industry in the OVRDC's 12-county region. The program is designed to facilitate economic development, job creation and retention. Among other services, the BIDC's work program involves: developing and maintaining a database of businesses and industries within the district; surveying companies for information on technical assistance and training needs; and, conducting meetings with local chambers of commerce and Small Business Development Centers.

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CommunityName WA -- Lower Yakima Valley EC

Sun Steel Corporation, a local manufacturer, is working closely with the EC's job training program. Sun Steel has hired graduates from the welding program and provides a skills-based pay structure and full benefits package to its employees.

CommunityName Champion

The City of Brawley recently completed a 1.5 miles wastewater extension line to their industrial par area. The extension enabled a partnership with the Salico Company, which has begun construction on an \$8 million carrot processing facility. The facility will employ 150 people when it is completed, scheduled for April 1998. The sewer extension was financed by Enterprise Community funds and the City of Brawley, which leveraged these funds with a state Community Development Block Grant in the amount of \$300,000 for additional extension to the water and sewer systems and a road which will lead to the plant. NADBank funds for a wastewater rate study, BECC funds for preliminary design engineering and a water/wastewater master plan, and the California State Revolving Loan Fund for Wastewater Treatment Facilities. Also as a result of the sewer extension, an established business has moved into the city's Business Park, more than tripling its workforce from 12 employees to 40 employees.

CommunityName Champion

Hollister, CA (CC): TAG Manufacturing, Inc. of San Jose, CA has announced plans to purchase a 1,900 acre ranch just west of Hollister. The ranch, previously used as an airplane manufacturing facility will be converted into a "high-tech robotic facility." If rezoning plans are approved by the county, as many as 25 jobs will be created at the new computer-related materials manufacturing plans. The company is also pursuing an option to develop an additional 60,000 square feet on the site, possibly creating even more jobs.

CommunityName KY -- Kentucky Highlands EZ

President's Budget Message. We reviewed a draft of the proposed Budget Message, particularly the section on Strengthening the American Community which has an Empowerment Zone and Enterprise Community component that highlights accomplishments in the Kentucky Highlands and Baltimore Empowerment Zones. From the \$5.6 million obligated to date from the \$11 million in the Kentucky Highlands Empowerment Zone (KHEZ) development venture capital fund KHEZ has leveraged an additional \$38 million for eleven new manufacturing enterprises that have already created 575 jobs and committed to another 1600.

CommunityName LA -- Macon Ridge EC

Wisner Catfish Processing Plant - 175 Jobs Saved: The second-largest employer in the Enterprise Community is a catfish processing plant, in Wisner. It is vital to economic development as Northeast Louisiana diversifies its economic base into aquaculture. The company leasing the plant announced it would close. Working with the Louisiana Department of Agriculture, Macon Ridge provided economic development expertise which saved these 175 jobs.

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Raising Rural Citizens Up From Poverty to Middle Class Status

CommunityName WV -- Central Appalachian EC

The Enterprise Community which encompasses five West Virginia counties has just published its first annual report which reflects many significant accomplishments. Among them are these: CAEZ WV has leveraged over \$5.8 million in outside funds; established a Building Trades Construction program in Clay County High School; secured almost \$600,000 for a housing rehabilitation program and completed five houses in Fayette County; approved \$300,000 in funding for two Wellness Centers to be matched with \$500,000 in private funds; and developed and capitalized a revolving loan fund to assist new and expanding businesses and secured \$450,000 in outside funding.

CommunityName SC -- Williamsburg EC

The WECC formed a Housing Task Force to coordinate its housing projects. As a compliment to its housing renovation program Telamon, a nonprofit organization will guide the EC construction job training program. Rural Development signed a letter of cooperation with Telamon, for Telamon to provide to HUD in seeking a federal grant entitled Youthbuild. The grant would provide funding to Telamon and aid them in providing job training and GED training to at-risk underprivileged youth ages 18-24 in the Williamsburg Enterprise Community. This assistance would reduce the amount of assistance needed by Rural Development in providing leveraging of funds to aid in housing rehabilitation.

The WECC Board of Directors voted to create the "Youth Enterprise Camp." The Program is patterned after the "Education Designs that Generate Excellence" Youth Entrepreneurship program—one of the leading youth entrepreneurship programs in the U.S. The Youth Camp is free and will be open to 500 middle and high school students from the EC. Participating youth will not only study the concept of business but also actually start their own business. Presentation of a business plan is one of the essential elements of the program. The best business plan in each class will have access to up to \$250 from a Youth Enterprise Revolving Loan Fund, which will be capitalized with \$5,000 from the Enterprise Community's seed grant. This loan fund will provide kids with the necessary capital to turn their innovative business plans into income-generating enterprises. The Williamsburg Enterprise Community Small Business Development Center will provide guidance and assistance to businesses that participate in the Youth Enterprise Revolving Loan Fund.

CommunityName MO -- East Prairie EC

On March 27, Joan Tyler, EZ/EC Representative from the U.S. Department of Commerce/National Institute of Standards, traveled to East Prairie for a meeting with the EP Technological Development Work Group. The Goal of the team is to develop a non-traditional advanced technological training facility in East Prairie. The training would be market driven, and fuel a workforce for future technologies of the 21st Century. Team members are working with NIST and National Office staff to develop a position paper and pool potential partners.

CommunityName PA -- Lock Haven Federal EC

The Lock Haven area will have new entrepreneurs specializing in family day care services, thanks to the efforts of Clinton-Lyncoming County Head Start Program. The Program received a Head Start expansion grant through the U.S. Department of Health and Human Services to implement the program. The local Head Start agency is developing a new Head Start-Family child care initiative which will offer a new network of family day care homes. Several of the past and present Head Start parents will be trained to become family child care providers. The environment of the home will be inspected and assessed to assure zoning compliance and the parent's future participation in the state licensing system. Potential providers will be screened for capacity to be successful entrepreneurs as well as quality care givers for infants, toddlers and preschoolers. Head start will coordinate and offer training and technical assistance on a vast array of topics including business planning, child growth and development, discipline, curriculum, lesson plans, nutritional means and snacks. Approximately 10 family day care sites will be established in Clinton and Lycoming areas.

CommunityName LA -- Northeast Louisiana Delta

The EC has a partnership with the Louisiana Technical College, Tallulah which provides for a nursing assistant training program with 30 adults and 23 high school seniors. The high school students will receive nursing assistant certificates upon graduation from high school allowing them to go from school to work.

CommunityName CA -- Watsonville EC

Opportunity to Work (OTW): To date, five of the ten OTW participants have successfully passed their Class B driving test. Eight of the ten have received forklift certification. On March 25, 1997, all ten were introduced to city council members and they expressed their gratefulness for the opportunity to work and learn new skills. Local contractors are being approached to set up full-time, permanent positions for OTW participants upon completion of the internship. The purpose of the OTW program is to provide high-risk youth with positive alternatives in a structured environment in which they can develop basic job skills. Ten high risk youth ages 18-21 have been hired by the City of Watsonville's Public works and Utilities Department and began work as Utility Worker Interns, February 28th. Participants will work towards their Class B drivers license and forklift certification. It is also required that participants undergo academic assessment and enroll in at least one academic class during the internship. Supportive Services will be provided by a local community based organization, Si Se Puede. Weekly attendance and group counseling and job preparation workshops is required.

The eight new participants in the Opportunities to Work program have been attending classes and will finish at the end of June, 1998. The first group is currently going through job interviews. They will have completed their program by the end of August, 1997.

The community finished its interview process for the second round of the Opportunities to Work program. They have hired ten more youths to work at the area Public Works and Utilities. The participants will earn a Class B license and learn to operate a forklift.

Watsonville has partnered with the local Job Training and Partnership Act (JTPA) provider, Career Works, and a local vendor to offer telephone skills training. The 30-hour training, which began this week, will cover professionalism, accurate message taking, customer service, and other phone skills. This class is offered as a direct result of employer requests and will help residents transition from welfare to work.

CommunityName AR -- Eastern Arkansas EC

The EC has awarded money to fund 13 youth initiative programs. The programs will emphasize

educational enrichment, leadership development, community pride, and work experience. Some programs will offer employment opportunities where youth gain an understanding of policies and procedures, collaboration, computer skills, and public speaking.

CommunityName WV -- Central Appalachian EC

The CAEZ Enterprise Community is putting finishing touches on its plan to conduct a series of ten-week courses on "How To Start a Business" in cooperation with the West Virginia State College Community and Technical College. There are five CAEZ counties and each ten-week course will be held in a different one. A September 9th self-assessment session is planned for the first in the series of classes. These classes will be held at the Clay County High School beginning September 23rd, and run from 6 to 9 p.m. A fee of \$50.00 is being charged for the classes but it is refundable contingent upon finishing the course with a completed business plan.

CommunityName OR -- Josephine County EC

The Josephine County Community Services and Josephine County Community Development Corporation have established a Rental Assistance Loan Fund to help low-income families with move-in costs. The Illinois Valley Community Response Team will provide referral services.

In mid-June, the Sunny Wolf Community Response Team produced a community business and skills directory to encourage residents to use local vendors. The directory was distributed free of charge to all residents.

CommunityName LA -- Macon Ridge EC

On Tuesday, May 6, over 425 high school juniors and senior, students at the Bastrop vocational-technical school, and the general public visited a Macon Ridge-sponsored Job Opportunity Fair in Bastrop. Some 36 businesses, organizations, and post-secondary schools had exhibit booths at the fair to meet students who are potential employees, and inform the students about job opportunities in Bastrop and Morehouse Parish after graduation. Northeast Louisiana University's Small Business Development Center (an EC partner) told students how to start their own business after graduation. Students and the public also learned information about continuing their education at the post-secondary level if they so desire. Macon Ridge, the City of Bastrop, the Morehouse Parish School Board, the Job Service Office, and private industry were leading sponsors. Every leading sponsor has been a key Macon Ridge EC partner, many from the start of the community meetings in the spring of 1994. The Opportunity Fair is the second job fair which Macon Ridge EC has held. In November 1996, Macon Ridge held its first job fair in Ferriday at the EC offices, where 200 students participated.

CommunityName MO -- East Prairie EC

This EC has christened a new adult learning program. Community businesses and individuals are taught at the new Computer Learning Center at Epworth Boothel Family Learning Center. This program, aimed at making each adult ready for a job, is divided into four components; job skill development, work place maturity, academic achievement, and computer literacy.

CommunityName Champions

Shafter CC (CA): On Wednesday, October 22 USDA Rural Development and Self Help Enterprises, a non-profit housing organization, presented 43 families with certificates of completion for constructing their own homes through the Self-Help program. USDA Rural Development provided \$2.5 million in low-interest loans for the construction of homes for low- and very low-income families.