

June 9, 1999

STOP/ma NACIA
MEMORANDUM TO GENE SPERLING

CONF
**FROM: JONATHAN KAPLAN
LISA GREEN**

SUBJECT: NEW MARKETS JULY TRIP – PROPOSED SITES

I. NEXT STEPS FOR SITE SELECTION

June 9, 1999

- Gene to review revised memo on site selection

June 10, 1999

- Gene, Maria and Stephanie to meet to discuss proposed sites
- Larger White House meeting to finalize site recommendations

June 11, 1999

- Memo to President summarizing strongest options and alternative options

II. STRONGEST OPTIONS THUS FAR

Native American

Pine Ridge, SD

West Coast

Los Angeles, CA

Mississippi Delta

Jackson, MS

Southwest

Phoenix, AZ

III. OTHER OPTIONS

Northeast Urban

New York, NY ←

Hartford, CT ←

~~Boston, MA~~

New Haven/New London, CT

Appalachia ✓

Kentucky Highlands, KY ←

~~West Virginia/Western Virginia~~

Athens, OH ←

Midwest

St. Louis/East St. Louis, MO ←

Detroit, MI

~~Gary, IN~~

Akron, OH

Chicago, IL

USA

Wm

- Not about A.A.

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Sohr
Business
Hiz McNeil
CDF 1's*

*fede site memo
- for Stephanie ed
- set up meeting
- Press Paper
- All letters
for will do*

IV. DETAILS ON POTENTIAL SITES

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

Potential Announcements and Site Visits

- The DOL's Kulick grant program has created 700 new jobs, employing 1700 youth. Several corporations have made pledges to the Kulick program. Additional pledges could be sought to expand the program through collaboration being formed by Labor with the National Alliance of Business, Los Angeles Chamber of Commerce, 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 plans to hold the National Academy Foundation's 15th Annual Institute for Staff Development the week of July 5th. The meeting will involve public schools and 200+ business partners. NAF focuses on intern sponsorships and youth focused efforts. They have a formal partnership with the Department of the Treasury.

Disadvantages

- The Watts EZ has received negative publicity. There is also 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. PINE RIDGE, SD: Private Sector Investment in Native American Communities

Potential Announcements and Site Visits

- This community is the first EZ on a reservation. Fannie Mae is working on a significant commitment that Sen. Daschle would participate in. The Fannie Mae investment plan will involve a \$400 million statewide commitment as well as the opening of a new Partnership Office in Sioux Falls. The plan currently involves housing mortgage efforts only but could potentially include equity investments.
- The Federal Housing Finance Board and the Mortgage Bankers Association of America have committed to bring lenders interested in mortgages (including commercial mortgages) and economic development loans to reservations.
- IBM and American Online have spoken with HUD about developing an e-commerce system that could be used to market products produced on reservations. In Pine Ridge E-commerce would be applicable to distribution arts and crafts products. 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 500 tribal leaders from across the U.S. The President could address the conference as tribal consultation.
- The President could announce the establishment of the Board of Directors for the first-ever Empowerment Zone on an Indian Reservation. According to HUD, no sitting President, since Taft, has ever visited a reservation.

3. PHOENIX, AZ: Providing Access to Capital in Hispanic Communities

Potential Announcements and Site Visits

- Arizona Multibank Community Development Corporation 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. 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.
- MicroIndustry Credit Rural Organization (MICRO), based in Tucson, 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. We could potentially visit with one of MICRO's entrepreneurs. There are also several companies considering major investments (up to \$1million) in MICRO that could be announced.
- **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 Multibank. Other potential sites include:
PHILADELPHIA, PA: Delaware Valley Community Reinvestment Fund
BOSTON, MA: Community Loan Fund
All of the above CDFIs have received past funding from the CDFI fund and they are all prepared to make substantial announcements and about new private investments.
- 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 more than \$100 million in new CDFI announcements that could potentially be announced as part of the trip.

4. **MISSISSIPPI DELTA: Investment in SBICs and Rural New Markets**

Potential Announcements and Site Visits

- 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). 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 throughout the Delta including Louisiana, Arkansas and Mississippi.
- The Mississippi Delta is a rural EZ and Jackson, Mississippi was designated as a Strategic Planning Community in the second EZ/EC round. The Mid-Delta Empowerment Zone covers six counties in the northwest area of Mississippi. There are several companies that have benefited from the Zone that could be good sites, including the Viking Range Corporation in Greenwood that is the manufacturer of Viking ranges, the premiere brand for commercial grade ranges.
- Potential site visits could include several companies that have received financing from Enterprise including a manufacturer of construction products that is Native American owned and serves construction projects in Tennessee. There is also Marianna Apparel, a 30 year old minority manufacturer located in a Mariana Arkansas, a poor Delta community, that manufacturers uniforms for large companies, including McDonalds.
- SBA is also exploring the possibility of a BusinessLINC roundtable in the Delta, which would include companies such as Federal Express, Bank One, Wal-Mart and America online.

5. **WEST VIRGINIA and WESTERN VIRGINIA: Investment in Appalachia and Rural New Markets**

Potential Announcements and Site Visits:

- Huntington West, VA (located in Appalachia but not in Boucher's district) is a very successful Enterprise Community with 19 new businesses and 4,316 new jobs, and 44 new micro-enterprises since it was designated as EC in 1994. The EC is home to a very successful small business incubator that we could tour as part of a visit here.
- ACE-Net (Appalachian Center for Economic Networks) is involved in developing a partnership between Kroger, Wild Oats, Big Bear and rural Appalachia producers of specialty foods. We could potentially go to a farm of one of the local producers to highlight this program. This event could potentially be in Boucher's district.

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

Potential Announcements and Site Visits

- 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. We could potentially visit several businesses financed by KHIC including 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.
- Labor and SBA are working on a job training investment announcement that could be made in conjunction with an existing pilot Youth Opportunity program.
- It is possible there will also be new announcements to make about additional private sector investments in KHIC.
- 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.

7. **ATHENS, OH: Investment in Appalachian and Rural New Markets**

Potential Announcements and Site Visits

- Bank One will be closing a \$5 million investment in the DCC Growth Fund, a large national fund with a regional office in Akron, OH. The timing of the closing or an announcement of Bank One's investment could be made in Athens/Nelsonville.
- According to David Wilhelm LBJ visited Athens as part of his Great Society kickoff which could help to frame the trip.
- Enterprise Development Corporation (EDC) is a CDFI based in The Plains Ohio that was founded 19 years ago and covers a 30-county largely rural region of Appalachian Ohio. They have received grants from the CDFI Fund. Bank One has committed to making a loan to DC through the SBA microloan program. The closing event is scheduled to take place in Athens/Nelsonville, OH.
- An organization called ACE-Net (Appalachian Center for Economic Networks) is actively involved in providing support to small businesses. We could visit a minority woman owned business that manufacturers specialty foods and has been helped by venture capital financing that resulted from a prior roundtable organized by ACE-Net.
- Several groups including Kentucky Highlands Investment Corporation and ACE-Net are involved in the formation of a new fund to be known as the Appalachia Ohio Development Fund, which will provide technical assistance to small businesses in southern Ohio. Bank One is willing to make an announcement of its intent to become a leading investor with a specific financial commitment.

8. AKRON, OH: MicroEnterprise Development and Investment in Mid-Sized Cities

Potential Announcements and Site Visits:

- The Safe Harbor Minority Business Center assists the development and growth of minority-owned office and service firms through support services and technical assistance. The 7,000 square foot center currently houses nine businesses. The center also operates a micro-lending program in conjunction with Akron's EC Program.
- Enterprise Community Fund (ECF) is a non-profit business loan fund – and a recipient of a CDFI Fund award -- that makes working capital loans to small and micro-businesses in the distressed neighborhoods of the Akron Enterprise Community. ECF also provides businesses with much needed technical assistance.
- Akron Edison Industrial Incubator was created in 1983 and is a model small business incubator with a multi-tenant facility that provides entrepreneurs with space and a wide variety of administrative, management, technical and professional services.

9. DETROIT, MI: Urban EZs or Microenterprise Development

Potential Announcements and Site Visits:

- The Detroit Entrepreneurship Institute, Inc. provides a one-stop shop for aspiring micro-entrepreneurs. They have received CDFI funding in the past. DEI may be selected as an SBA's Women's Center, which could be announced as part of the trip.
- The Detroit Empowerment Zone Financial Institutions Consortium (EZFIC) was formed in support of the Empowerment Zone application which the City of Detroit submitted to the Federal government several years ago. Its members represent leading financial institutions in the area, including Comerica Bank, First Federal of Michigan, First Independence Bank, First of America, Greater Detroit Business and Industrial Development Corporation (BIDCO), Liberty BIDCO, Michigan National Bank, Bank One (formerly NBD), Standard Federal Bank, and Detroit Local Initiative Support Corporation.
- The Clark Street Technology Park: A former General Motors plant has been transformed into the 70-acre Clark Street Technology Park, the largest development within the Detroit EZ. Total employment is expected to reach 1,700 permanent jobs. Among the new tenants that could be included on a visit to the park are: VITEC, a minority-owned manufacturer, spent \$20 million to construct a new multi-acre plant within the Technology Park. This new plant makes auto components and will create 350 new jobs, and train and hire local workers for the positions. Piston Packaging, a minority-owned business started by former Detroit Pistons star Vinnie Johnson, manufactures products for General Motors. The venture created 50 jobs, and will soon expand to 100. The Hispanic Manufacturing Center has added 200 jobs. The HMC has committed to hire Zone residents where ever possible. Federal Express has decided to open a 77,000-square-foot sorting and distribution center there this summer. This facility is in construction. Mayor Archer was planning a June 30th press conference to announce that the EZ has achieved their ten year goals within the first four years of the Zone's establishment. This press conference has been postponed, so we could build this announcement into the President's event. *NOTE:* Vice President Gore has visited this site.

- John James is a local resident of Detroit who redeveloped a Brownfield site into an extremely successful business, that employs Zone residents and brings revenue into the Zone. OJ serves Ford Motor Company with comprehensive transport services. His expanding business could be explored for announcements – for example, he is about to export his first products to Australia.
- Shorebank was created in 1997 as a community development bank dedicated to revitalizing the Detroit EZ area. The new institution focuses its efforts in several areas: residential, commercial, and consumer loans; real estate development; and an enterprise development loan fund. Finally, Shorebank raised \$4.6 million from the Ford Foundation, Charles Stewart Mott Foundation, and other sources to lend to minority microenterprises.
- Investments by Chrysler in the Zone including major production facilities that could be toured total of \$2.4 billion dollars.
- Riverbend Plaza Phase II Project: This project involves the construction of a 23,000 square foot addition to the Riverbend Plaza Shopping Center. The expanded shopping center will provide retail services to a low to moderate income area on the lower East side of Detroit. To date the project has generated 136 new jobs. The project is anchored by Rite Aid, a major supermarket (the first one in this underserved area). Additional businesses are slated to come into this project.
- The Detroit Alliance for Fair Banking is a coalition of community organizations that has coordinated an agreement reached by major Detroit banks for over \$10 billion. This is the first time that such agreements have been made in the history of the City. The alliance provides business counseling, business loans, and assist persons with poor credit to become homeowners.
- The Detroit Empowerment Zone Financial Institutions Consortium (EZFIC) was formed in support of the Empowerment Zone application which the City of Detroit submitted to the Federal government several years ago. Its members represent leading financial institutions in the area, including Comerica Bank, First Federal of Michigan, First Independence Bank, First of America, Greater Detroit Business and Industrial Development Corporation (BIDCO), Liberty BIDCO, Michigan National Bank, Bank One (formerly NBD), Standard Federal Bank, and Detroit Local Initiative Support Corporation. The EZ FIC committed \$1.1 billion in lending over a ten year period of time within the Detroit Empowerment Zone, to be used by EZ residents and businesses. To date, over \$956 million has been loaned, approximately 93 percent of the entire 10 year goal. Mid-size and small businesses were the primary beneficiaries.

Disadvantages

- The Detroit EZ has received public criticism for not spending their funds in a timely manner.
- The Detroit EZ has received significant attention already from the press and the Vice President and the story of Detroit as an economic development success could be overly saturated.

10. CHICAGO, IL: Investing in CDFIs and the Local Community

Potential Announcements and Site Visits:

- The Illinois Facilities Fund finances nonprofit facilities that support low income people in Chicago and elsewhere in the state of Illinois. The fund has previously received funding from the CDFI Fund. IFF focuses on financing day care centers, health care clinics, and other critical. We could potentially visit a daycare center facility. A major company is also prepared to announce a significant financial investment in IFF's childcare initiatives.
- **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 MultiBank. Other potential sites include:
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- SBC Communications is also involved in hiring programs for the Hispanic community. We might be able to coordinate an announcement around this workforce activity.
- Ameritech is also developing a partnership with Africa-American entrepreneurs selling cable door to door.

11. ST. LOUIS/EAST ST. LOUIS,MO: Urban EZs

Potential Announcements and Site Visits:

- The former Enterprise Community (which is part of the EZ) gave rise to the Jackee Joyner Kersee Community Center, which will provide educational and recreational programs for youth. The Jackee Joyner Kersee Community Center, which received HUD funding, could be the site of an event. A number of corporations have contributed to the Jackee Joyner Kersee center, including Enterprise Rent-A-Car, May Dept. Stores, and NationsBank. 20 jobs will be created.
- Within the EZ, Walgreens will locate an anchor store in the largest shopping center to be built in the area since 1950. The \$3 million store is part of a \$10 million shopping center. The developer, Koman Properties, Inc, said they also have letters of intent to lease the property from State Farm Insurance, Hollywood video, Save-A-Lot and others.
- Levy Sign company, D and H Auto service, and Nails, Etc. are small businesses that have been pre-approved for loans through the small business development center. These businesses will create 25 new jobs for EZ residents. Site visits could take place at the small business locations.
- The St. Louis 2004 Revitalize Neighborhoods Project features \$751 million in loans and investments by 18 local financial institutions and the creation of 200 jobs in East St. Louis and eight other targeted communities.
- This summer, Union Bank will host a grand opening of a new branch in East St. Louis.
- YouthBuild East St. Louis (YBE) received a \$700,000 implementation grant in 1997. YBE has successfully completed two major projects, which included the demolition phase of St. Teresa Transitional housing project for the East St. Louis community using community development block grant (CDBG), and the renovation of a single family home for the East St. Louis Housing Authority. Please note that Mayor Powell has official express support for YBE.

12. GARY, IN: Urban EZs

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
- Gary won an EZ designation in the last funding round.

Disadvantages

- Potential for steel issues to be raised that would bring negative attention to a visit.

13. **BOSTON, MA: Urban EZs and CDFIs**

Potential Announcements and Site Visits:

- Boston Community Capital and Boston Community Loan Fund are two affiliated CDFIs that would be good site visits. There are several major investors considering investments in the Boston Community Venture Fund that would make venture capital investments in emerging businesses providing employment for low-income residents. (We are waiting on additional information on small businesses that are financed by these funds that would make good site visits).
- Bell Atlantic is working on a program with DOL to train unemployed workers and commit to hire a set number. The program which could be announced as part of a visit here is national in scope but will focus on Boston, Philadelphia, and New York.
- The Dudley Street Neighborhood Initiative(DSNI) is a community-based agency serving Boston's Roxbury/North Dorchester area, one of the poorest, most culturally diverse neighborhoods in the city. DSNI collaborates with Community Development Corporations (CDCs), banks, government agencies, businesses, foundations, non-profits, religious institutions, and over 2,700 residents. Dudley Square received funds of \$20 million, allowing the City to create a new Town Common. YouthBuild recently moved into Dudley Street Center with the assistance of a joint capital campaign with BankBoston. Events at the unique Town Common site (completed 3 years ago) could be held to mark the latest achievements in Dudley Square.
- YouthBuild Boston has been in Roxbury since 1990 and is located on Dudley Street, near but not in Dudley Square. The YouthBuild Center offers education, job training, and computer skills classes. The Center is one of the first Youthbuild projects in the country and an event could be centered around its success.
- Ribbon cuttings could occur at significant and successful HUD/CPD Section 108 and EDI projects (esp. Palladio Hall). These would be excellent forums for business roundtables, attended by local business owners helped by HUD funds.

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

Potential Announcements and Site Visits:

- 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.
- 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.
- 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.

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

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, for example an African-American owned manufacturer of printer toner. Another BusinessLINC site visit could be the Metropolitan Teaching and Learning Company, which received a \$1 million investment from NYCIF (see below) and is mentored by Primedia, a large educational publisher. The site visit would be at a Brooklyn school that uses the curriculum published by Metropolitan. The school may have a summer program in session.
- 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.
- The New York City Investment Fund, is a model of the type of community development venture funds that the New Markets Initiative would benefit. Investors in this fund include many of the major corporations in New York such as Chase and Fannie Mae. We could visit a company that has received financing from NYCIF, such as Independent Care System which is a home health care company located in the Bronx that will eventually employ up to 1,000 people. Based on conversations that HUD has had with specific companies there is a strong likelihood that Bill Harrison, new CEO of Chase and Henry Kravis, major venture capitalist and founder of NYCIF could attend event.
- 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.
- 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. There is the possibility of making announcements related to the nationwide network that ACCION New York is a part of.

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.

16. NEW HAVEN and NEW LONDON, CT: Urban EZs and Investments around Technology

Potential Announcements and Site Visits

- A network of specialized quasi-public development corporations, created through collaborations with the private sector and local banks, will continue to offer a range of investment vehicles to meet the capital needs for business start-up and expansion. These corporations include the New Haven Community Investment Corporation, the Technology Investment Fund, the New Haven Enterprise Development Corporation and the Connecticut Economic Development Fund.
- The Omni Hospital Training collaborative has brought an additional 200+ jobs to the area with over 80 residents employed at New Haven's new Omni Hotel. We could potentially visit this site.
- Yale University has invested \$10,750,000 in various initiatives for the community ranging from homeownership programs to community service for students.
- The Regional Workforce Development Board's investment, through its employment training funds, of \$2,250,000 per year and commitment to anchoring the *Partnership for Jobs* program. *Partnership for Jobs* will use an employer-driven model to develop training programs that will connect neighborhood residents to specific employment opportunities in the neighborhoods and surrounding areas

MEMORANDUM

Date: June 7, 1999

To: Lisa Green

From: Jacquie Lawing, HUD

Re: New Market Travel

In response to your e-mail of June 4th, we have surveyed the following places where you have asked us to take another look: West Virginia, Northeastern cities, and East St. Louis. We have found some very exciting projects in those areas, which we believe have great potential for successful New Market visits. While some of this information is preliminary, I wanted to make sure it got to you today – we will update throughout tomorrow.

HUNTINGTON, WEST VIRGINIA

Background/Highlights

- Huntington qualifies as a “double-burdened” community, as defined in HUD’s “Now is the Time: Places Left Behind in the New Economy.” This designation means that the city faces consistently high unemployment rates relative to the nation as a whole (6.2% in 1998), plus either significant long-run population loss (34% over the last 30 years) or persistently high poverty rates (23% in 1995).
- Huntington was first appointed an Enterprise Community in 1994. The EC has been very successful, resulting in 19 new businesses, 4,316 new jobs, 66 entrepreneurs starting up 44 new micro-enterprises, and 100,000 square feet of renovated downtown office space.
- In February, Huntington was designated an Empowerment Zone. The community will receive \$3 million this year and a planned \$100 million over ten years.

Recent Investments

- Huntington was awarded a “HUD Blue Ribbon Practices” award for the successful redevelopment of a 42-acre brownfield. The site was vacated by Owens-Illinois Glass Company in 1993, and was the largest vacant industrial site in West Virginia. The community secured \$680,000 in CDBG funds, \$3.5 million in Section 108 loans, and a \$350,000 EDI grant to make improvements to the property and attract new businesses. As a result of these investments, Huntington has successfully leased 70% of the space to various businesses, including SNE Enterprises and Pure Tech Plastics, and created 350 new jobs with the potential for 200 more.
- Huntington used \$250,000 in EC funds to expand a small business incubator called

Unlimited Future, Inc. (UFI). The Ford Foundation recognized UFI as the only incubator in the country to offer four key elements of small business development: space, counseling, business courses, and access to capital financing. UFI used the EC funding to purchase and renovate its facility so it could expand its services. Forty-four businesses have been initiated since UFI's inception, creating 83 full-time jobs.

- Huntington employed \$675,000 in CDBG funds and \$430,000 in EC dollars to construct the Enterprise Child Development Center. This state-of-the-art facility will offer child care services for 88 Huntington children. This project also illustrates the critical role that quality, affordable child care plays in economic development.

Possible Announcements/Events

- The former Owens-Illinois site offers a perfect example of how deserted properties can be revitalized through tax incentives and federal investments. Secretary Cuomo traveled there earlier this year to illustrate this very point.
- Huntington is planning to use Empowerment Zone funds to build "the premier business and tech park in West Virginia" (according to the city's economic development coordinator).
- **The Appalachian Summit:** HUD is planning, with interagency cooperation, the first major Appalachian Summit. This historic conference will attempt to comprehensively address the many challenges to economic and social development in this region. The President could announce the conference, which is scheduled for mid-August.

ROCHESTER, NY Upper Falls Shopping Center

Background/ Highlights

- Rochester's population has been declining, both in absolute terms and in proportion to its suburban neighbors. In 1960, the population was 318,611 which represented 55% of all of Monroe County. By 1990, the City's population declined by 28% to 231,636, while Monroe County overall grew 22%. The City now represents only 33% of the County's population. The population loss was not an evenly distributed migration: those remaining in the City in 1990 represented persons below the poverty level of 22.6%.
- Estimated median household income in 1990 was \$22,785, or 56% of the County median of \$40,931.
- Rochester lost 21,000 manufacturing jobs from 1970 - 1990. Partially offset by gains in the service sector, the City still had a net job loss of 13,200 during that period.
- The City's per capita income in 1990 was but 80.3% of what it was in 1980.

Government Investments

- Part of the City's ECZ strategic plan identified the need for a neighborhood grocery store. The City developed a successful collaboration and partnership building initiative which culminated in major economic development and job creation endeavor known as the Upper Falls Shopping Center.

- This is an \$11.3 million project: \$3m Federal ECZ, \$980,000 CDBG, \$2.3m Rochester Econ. Dev. Corp, \$2.2M Urban Renewal Trust Fund.
- The City also engaged residents through the development of employment and training opportunities for neighborhood residents, including welfare-to-work related services.

Private Sector Investments

- Private sector investments totaled \$2.8m. The Shopping Center's anchor is a 25,000 sq. ft. B-Kwik Market that is operated by Tops Markets, Inc. Tops completely renovated a former vacant supermarket site. Tops also provides job training and a hiring preference to neighborhood residents.
- Along with the grocery store, the Center includes 6,000 sq. ft. Monroe County WIC office (Women, Infants and Children nutritional supplemental assistance program), retail space, and a McDonald's fast food restaurant. The Center also includes a new City of Rochester police substation.
- Job creation has totaled over 120 full and part-time jobs.

Possible Announcements/Events

- The Upper Falls Shopping Center would make an excellent venue for the New Market event.
- This renovation is part of an overall economic investment plan that includes \$23.1 m to build or expand five grocery stores in the City of Rochester and create 350 new jobs. Several other sites are undergoing renovation or construction. One or more of the sites may be ready for opening.
- The City has been developing an asset disposition plan for approval by the Office of Housing to manage and market HUD's single family properties in the City. The existing contract, HUD Owner-Occupant Program (HOOP), is being prepared for extension now by the Office of Housing. Perhaps this extension or approval of their new proposal would be an excellent and welcomed announcement for the City.
- The City, through the Rochester Housing Authority, currently has an application for mixed financing awaiting approval in the Office of Public Housing for Anthony Square. This is the former site of a demolished assisted housing development. The approval of the use of PIH development funds for new townhouses would also be a potential announcement.

Other Comments:

- HUD awarded the City of Rochester eight Best Practice Awards for 1998. The largest number to be received by any City in 1998. In addition, it was one of only ten cities to be designated an "All-America City" in June 1998 by the National Civic League.
- The City's current plans call for the development of Brooks Landing which is a major economic development project along the Erie Canal which will provide restaurants, retail shops, boat docks, and a City park which would stimulate other commercial development in neighborhood near the University of Rochester.
- The City's Local Waterfront Revitalization Program outlines the future use of Lake

Ontario for a future project to include a fast ferry service that would link Rochester with Toronto, Canada.

- The City also has another extremely successful economic development project in the High Falls District which is a themed, family-oriented entertainment area. City investment in a downtown area of former manufacturing sites are now successful businesses, restaurants, theatres and retail shops. Funding and job information were not immediately available, but could be developed tomorrow.

BUFFALO, NEW YORK

Background/Highlights

- Buffalo 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. The City of Buffalo has lost 43.4% of its population in the last four decades. During that same period, the population outside the city more than doubled. Buffalo’s population is approximately 310,548 as of 1996 as compared to 328,175 in 1990.
- Erie County, in which the City of Buffalo is located, has an unemployment rate of approximately 4.7% vs. 4.9% for New York State as a whole. The unemployment rate for just the City of Buffalo is estimated to be substantially higher. Upstate job growth is 0.8 % vs. a statewide growth rate of 4%.

Government Investments

- The City transformed a mile-long abandoned rail corridor with a new parkway directly accessible to regional and interstate highway systems. This \$7m investment in the City's infrastructure included \$1m ECZ and \$1m HUD funds.
- A \$1.3 m loan funds the construction of a business incubator adjacent to the Parkway to house up to 10 minority-owned light industrial, commercial warehousing or distribution companies and create 200 permanent jobs. This is in addition to \$1m in funding from the US Economic Development Agency.
- This parkway is in the ECZ.

Private Sector Investments

- This new parkway is anchored by the American Axle & Manufacturing facility (former General Motors Saginaw Gear plant), and the former GM-Harrison plant. The purchase of the former GM-Saginaw plant by the newly created American Axle & Manufacturing company has resulted in a private investment of over \$100 m, creating the largest manufacturing employer in the City of Buffalo. Purchase of the plant resulted in the location of seven new businesses and the creation of over 300 jobs at this facility.
- The construction of the parkway resulted in the construction of American Axle's paint shop headquarters for a capital outlay of \$3m and the creation of 125 high-salary,

UAW jobs.

- In addition, the City has seen growth of TCI, Colad and Graphic Controls.
- The small business incubator is expected to house five companies and create 75 jobs. Adjacent to the business center, Rural Metro Ambulance will build its new headquarters resulting in 90 new jobs over three years, with an capital outlay of over \$2m.
- A local construction firm, that was preparing to move out of the City, chose to invest approx. \$1m to remain in Buffalo and expand their operations.

Possible Announcement/Event

- With 90% of the incubator complete, the leases for two tenants are about to be signed. The President could preside at the lease signing, symbolically declaring the project "Open for business."
- Also, ribbon cutting of the facility may be arranged.
- A tour of the American Axle facilities and the economic growth it has sparked would provide strong visuals.

Other Comments:

- Other economic development activities include 1) Buffalo's Medical Corridor which is the region's center for medical enterprises and related businesses. It has already resulted in a \$9.7M 108 loan for a 100-room Medical Inn - Pillars Hotel, and a \$240 m renovation project at Roswell Park 2) Village Farms a former brownfield site is now a thriving hydroponics plant employing approximately 170 full and part-time workers. An adjacent site owned by LTV Steel will provide an additional 100-350 acres for a multi-year redevelopment project designed to retain and create 5,000 to 8,000 jobs. The City is researching the availability of funds for testing and remediation of this site, as well as, funds for redevelopment.
- City is currently finalizing plans for the Inner Harbor Project which is designed to encourage private-public growth of water recreational activities, cultural amenities and tourism. This development will include building new facilities and the potential location of corporate national headquarters. The City's vision is to develop the center for family recreation and entertainment and enhance downtown Buffalo's position as the regional entertainment center for Western NY. An estimated investment of \$27m in public funds would produce an overall private investment of more than \$120m.

EAST ST. LOUIS

Background/Highlights

- According to a report by the East St. Louis Action Project, East St. Louis "has long been seen as a prime example of urban blight in America."
- The population decreased by almost half from 1960-1980.
- In 1990, over half of the residents were living below the poverty level. Today, 40 percent of the 5,888 renter households in privately-owned units have annual incomes below

the poverty level.

- At one point, the City had so little revenue that it had to lay off 84% of its city work force and could not afford regular garbage pick-ups.

Government Investments:

- The former Enterprise Community (which is now part of the bi-city St. Louis EZ) gave rise to the **Jackee Joyner Kersee Community Center**, which will provide educational and recreational programs for youth. The project has garnered widespread community support.
- The St Louis transit line, MetroLink, is being extended into East St. Louis. The federal government has committed to pay for two-thirds of the route, which will cost \$339 million.
- Levy Sign company, D and H Auto service, and Nails, Etc. are small businesses that have been pre-approved for loans through the small business development center. These businesses will create 25 new jobs for EZ residents

Private Sector Investments:

- Within the ECZ, Walgreens will locate an anchor store in the largest shopping center to be built in East St. Louis since the 1950. The \$3 million, 13,900-square-foot store is part of a \$10 million, 50,000-square foot shopping center. The developer, Koman Properties, Inc., said they also have letters of intent to lease space on that property from State Farm Insurance, Hollywood video, Save-A-Lot and other stores.
- A number of corporations have contributed to the Jackee Joyner Kersee center, including Enterprise Rent-A-Car, May Dept. Stores, and Nationsbank. 20 jobs will be created.
- The St. Louis 2004 Revitalize Neighborhoods Project features \$751 million in loans and investments by 18 local financial institutions and the creation of 200 jobs in East St. Louis and eight other targeted communities.

Possible announcements/Events:

- The Jackee Joyner Kersee Community Center, which received HUD funding, would be the site of the event.
- The first phase of the Center is expected to open in mid-1999, we are looking into the possibility of the date coinciding with the travel.
- In addition to the Community Center, there are many other projects which demonstrate the success of the EC/EZ. A description of one example, "Kim's Kids" is attached to this memo. These successful businesses could join us for an event at the Center, or may provide other announcements to be determined.
- This summer, Union Bank will host a grand opening of a new branch in East St. Louis.
- An event could be done at the new Walgreens, which has opened in the EZ and which is attracting new businesses.
- An event can also be held at the opening of a MetroLink Station at 15th and Baugh Avenue in East St. Louis. Local officials hope the route, which runs through several undeveloped or blighted areas, will spur development and give people new ways to

Marvonne Smith
366-7907
JH

get to new jobs.

Private Sector

Youthbuild (to be worked into body of memo).

YouthBuild East St. Louis (YBE) received a \$700,000 implementation grant in 1997. YBE has successfully completed two major projects, which included the demolition phase of St. Teresa Transitional housing project for the East St. Louis community using community development block grant (CDBG), and the renovation of a single family home, located at 1412 Trenley Ave., for the East St. Louis Housing Authority. They have submit an application for 1999. Please note that Mayor Powell has official express support for YBE. Application for 1999.

Also applying for 1999 Youthbuild program is Emerson Park Development Corporation (EPDC) and the Tomorrow's Builders YouthBuild Consortium both wishes to provide GED education, on the job training and leadership development for East St. Louis youth. EPDC has never received a Youth Build Program Implementation Grant and the total cost of the proposed Tomorrow's Builders YouthBuild Program activities is \$780,499. The EPDC successfully raised \$258,564 in cash contributions (\$100,000 from McCormack Baron and Associates and \$50,000 from Annie E. Casey Foundation) and leveraged an additional \$221,935 in in-kind contributions. They are requesting the remaining \$300,000 from HUD's to start the program.

Possible site for visit

Walgreens new Store, at the intersection of State and 25th streets, in East St. Louis, IL

NEW HAVEN, CONN

Background/ Highlights

- Vital Statistics
 - Population:- 124,000
 - Empowerment Zone Population: 49,913
 - Approximate Zone Size: 5 square miles
 - Poverty Rate: 33.7%
 - Unemployment Rate: 12.9%
 - Education: 38% of Zone residents, over age 25, lack a high school diploma
- New Haven was an Round I EC and was awarded Round II EZ designation in January of 1999.
- Estimated Number of Jobs Created or Retained: 9,000
- Total Proposed Commitments: \$700 million
 - Public Sector: \$300 million
 - Private Sector: \$400 million
- Key Business Partnerships: Over 10 businesses made commitments in the Strategic

Plan. Some of the key business partners are:

- New Haven Savings Bank
- Arts Industry Coalition
- International Festival of Arts
- Matthews Ventures
- Science Park Development Corp.
- Olin
- New Haven Chamber of Commerce
- Long Wharf Galleria, Inc.
- Regional Cultural Plan for New Haven

• Other Key Partners:

- Yale University
- New Haven Board of Education
- Community Foundation

Private Sector Investments

- The **Omni Hospital Training** collaborative has brought an additional 200+ jobs to the area with **over 80 residents employed at New Haven's new Omni Hotel.**
- A commitment of employers throughout the region to creating 2,000 livable wage jobs and career opportunities for Zone residents over two years.
- Yale University's investment of \$10,750,000 in various initiatives for the community ranging from homeownership programs to community service for students.
- The Regional Workforce Development Board's investment, through its employment training funds, of \$2,250,000 per year and commitment to anchoring the *Partnership for Jobs* program. *Partnership for Jobs* will use an employer-driven model to develop training programs that will connect neighborhood residents to specific employment opportunities in the neighborhoods and surrounding areas.
- A network of specialized quasi-public development corporations, created through collaborations with the private sector and local banks, will continue to offer a range of investment vehicles to meet the capital needs for business start-up and expansion. These corporations include the New Haven Community Investment Corporation, the Technology Investment Fund, the New Haven Enterprise Development Corporation and the Connecticut Economic Development Fund.
- The production of 227 units of housing, by 13 neighborhood-based housing developers, for low and moderate income families in EZ neighborhoods. Many of these homes will be developed for owner occupants.

Government Investments

- Key federal programming efforts include funding opportunities for Brownfields reinvestment, community policing efforts, and transportation expansion.
- **Brownfields** The City of New Haven received approval for a \$120,000 EPA grant. The sites identified for testing that will be covered by this grant include:
 - 275 Winchester Avenue - The site of a the former Winchester Rifle plant is located in the Science Park. The one million square foot facility is situated on ten acres of land in the technology incubator park that is home to about 90 companies in addition to the USRAC. Several businesses who wish to remain in Science Park currently have expansion needs that cannot be filled. The space represented by the former Winchester building could allow those and other businesses to stay in Science Park.

- 150 Truman Street - Located about half a mile from Interstate 95, this 64,000 square foot derelict industrial building has been remediated and sold to a developer. Renovations have opened the building for retail and industrial use.
- On October 5, 1998 the City was awarded a \$147,000 grant to clean up former industrial sites for new development as part of the EPA's Brownfields Pilot Cooperative Agreement Grant Program. The expertise and funding of this grant will be applied to the Science Park, B tract site and 8 additional sites in the EZ/Developable sites area.

Possible Events/Announcements:

- We are looking into possible announcements, but the OMNI Hotel, which employs 80 zone residents, would make an excellent site.

VIA *negative*

Boiler

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/DOL 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:

▪ Norvest/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 Stated-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. BuinessLINC 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 SBICs); 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

q

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.

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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 PATH. 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.

Announce 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 side 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

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, HMV** 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

10/1/84

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
Northrop
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.

216177

~~SECRET~~

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).

FEB. -03 '98 (TUE) 12:55 COMMUNITY DEVELOPMENT

TEL: 202 690 1395

P. 002

BART - now market

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

28

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.

FEB. -03' 98 (TUE) 12:56 COMMUNITY DEVELOPMENTS

TEL:202 690 1395

P. 005

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 park 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 plant. 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.

FEB. -03' 98 (TUE) 12:56 COMMUNITY DEVELOPMEN

TEL:202 690 1395

P. 006

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

FEB -03' 98 (TUE) 12:57 COMMUNITY DEVELOPME

TEL:202 690 1395

P. 007

The Lock Haven area will have new entrepreneurs specializing in family day care services, thanks to the efforts of Clinton-Lycoming 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 Bootheel 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.