

Laura A. Graham
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Record Type: Record

To: Lisa Green/OPD/EOP@EOP, Jonathan A. Kaplan/OPD/EOP@EOP

CC:

Subject: New Markets Memo - Scheduling Piece

We would propose the following:

Depart on the evening of Monday, July 5th for Los Angeles, spending the night in Los Angeles. On Tuesday, July 6th, events in Los Angeles, Anaheim and Phoenix. On Wednesday, July 7th, events in Pine Ridge, SD and Mid West City (East St. Louis or Chicago) On Thursday, July 8th, events in Jackson, MS and Appalachia City TBD (Kentucky or Athens, Ohio), returning to Washington that evening.

Please send me a draft of the memo so that Stephanie can review. Thanks.

SD
DRAFT

June 9, 1999

DRAFT

MEMORANDUM TO MARIA ECHAVESTE AND STEPHANIE STREETT

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

SUBJECT: NEW MARKETS JULY TRIP - PROPOSED SITES

I. NEXT STEPS FOR SITE SELECTION

June 11, 1999

- Gene, Maria and Stephanie to meet to discuss proposed sites
- Larger White House meeting to finalize site recommendations
- Memo to President summarizing strongest options and alternative options

II. STRONGEST OPTIONS THUS FAR

Native American
Pine Ridge, SD - *ZZ*

West Coast
Los Angeles, CA - *ZZ I*

Mississippi Delta *ZZ - I*
Jackson, MS - *ZZ*
EC

Southwest
Phoenix, AZ - *ZZC*

III. OTHER OPTIONS

Northeast Urban
New York, NY - *ZZ - I*
Hartford, CT
New Haven/New London, CT - *ZZ - I*

Appalachia
Kentucky Highlands, KY - *ZZ - I*
Athens, OH - *U.P. could do a week later*

Midwest
St. Louis/East St. Louis, MO - *ZZ - I*
Detroit, MI - *ZZ - I*
Akron, OH - *ZZC*
Chicago, IL - *ZZC*

*more story
- secondary story*
*Long Huber
with us to*
Primer
Arizona
South Dakota
Chicago

Mississippi
Appalachia

Paper on LA Community Development Bank
D&A

information to Stephanie on locations for scouting
starting in California

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 the Shell Oil Small Business Academy.
- Other potential sites related to the DOL program include the Youth Opportunities Unlimited Alternative High School where the President could tour a center where former gang members, single parents and other out-of-school youth are learning basic computing skills to help prepare to be productive in the workforce.
- 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 also 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. In total there are more than \$100 million in new CDFI announcements that could potentially be announced as part of the trip. 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.

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.

Disadvantages

- Jackson, MS is technically located in the Delta, but is not considered so by some residents. We would need to be careful to identify a business for the actual site visit that was within the Delta.

5. 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.

6. 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.

7. 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.

8. 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. New tenants that could be included on a visit to the park are as follows: (1) 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. (2) 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. (3) The Hispanic Manufacturing Center has added 200 jobs. The HMC has committed to hire Zone residents where ever possible. (4) 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.
- John James is a local resident of Detroit who redeveloped a Brownfield site into an extremely successful business, that employees 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.

- Members of The Detroit Empowerment Zone Financial Institutions Consortium (EZFIC) include leading financial institutions in the area such as Comerica Bank, First Federal of Michigan, First Independence Bank, First of America, 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 date, over \$956 million has been loaned, approximately 93 percent of the entire 10 year goal. Mid-size and small businesses, one of which could be visited by the President, 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 with recent visits by the Vice President. The story of Detroit as an economically successful EZ could be overly saturated.

9. 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.
- 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.

10. CHICAGO, IL: Investing in CDFIs and Urban EZs

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:
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.
- There are several private companies interested in making announcements in Chicago. (1) SBC Communications is also involved in hiring programs for the Hispanic community. We might be able to coordinate an announcement around this workforce activity. (2) Ameritech is developing a partnership with Africa~~A~~American entrepreneurs selling cable door to door. (3) BankAmerica has identified Chicago as one of the sites where they would be willing to make a major national announcement related to New Markets.
- The BusinessRoundtable is prepared to an announcement about a BusinessLINC chapter here which could open simultaneously with chapters in New York and Dallas. There is a possibility of holding a roundtable on BusinessLINC in this location along with simultaneous roundtables in other locations.
- BankAmerica has identified Chicago as one of the sites where they would be willing to make a major national announcement related to New Markets.

Disadvantages

- Chicago may have issues related to the EZ that need to be vetted.

Daley - conference on this issue
& Jackson

LaSalle Street Conference

11. 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. *detail on 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.
- Fannie Mae has a new partnership with BankBoston in Hartford involving \$10 million for residential and commercial construction financing that was described in a recent article as a "collaborative effort between private and public investors that's designed to improve people's lives." Fannie Mae made an equity investment through its American Communities Fund group. Although the partnership has been announced it can be highlighted as a local example of New Markets equity investment.

12. 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.

13. 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

May 24, 1999

MEMORANDUM TO MARIA ECHAVESTE

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

**SUBJECT: NEW MARKETS JULY TRIP – PRELIMINARY SITE
RECOMMENDATIONS**

I. STRATEGY FOR SELECTING SITES

As you know, the New Markets Interagency Policy Working Group has been working to identify potential locations and deliverables for the President's trip in July which will involve visits to at least six distressed communities. Each agency has been asked to focus on sites based on the following framework:

Geographic Categories

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

Policy Deliverables

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

II. BEST PRELIMINARY OPTIONS

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

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

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

Potential Deliverables:

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

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

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

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

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

Potential Deliverables:

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

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

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

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

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

Potential Deliverables

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

5. **CDFI Day**

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

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

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

Potential Deliverables

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

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

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

Potential Deliverables

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

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

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

Potential Deliverables:

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

III. NEXT STEPS

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

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

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

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

Marianna Apparel - Marianna, Arkansas

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

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

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

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

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Adela Construction, Inc. - Forrest City, Arkansas

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

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

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

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

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

Quest Corporation - Pine Bluff, Arkansas

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

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

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

Historical Background

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

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

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

outdoor garment manufacturing concern, was sold to Sierra Corporation in 1992.

In 1983, the IRS began an investigation of the archery division's filing of excise taxes. The IRS audit of archery excise taxes covering the periods 1980 through 1988 was completed in 1992. The IRS determined that excise taxes should have been paid on the archery company's children's bows that were manufactured during this period. Threatened with a \$1.5MM judgment, Ben Pearson filed for protection under Chapter 11 of the US bankruptcy laws, which put the IRS claim as an unsecured credit. A reorganization plan was approved by the bankruptcy court in 1993. The plan allowed for the formation of Quest Corporation to purchase the automotive assets from Ben Pearson. The Powell family provided the capital for the formation and transaction. Quest purchased the manufacturing rights to the pipe benders, trailer hitches, and chrome auto exhaust extensions .

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

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

Quest Background

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

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

In 1980, TubeMaster added automotive lifts to its product line. The lift product line grew to an \$11MM business before it was sold to Hennessy Industries, a division of Danaher Corporation, in 1989. The lift business was sold to retire family debt that had been incurred with First Tennessee in Memphis. Hennessy Industries moved the operation to

Chicago, Illinois. The company went through numerous management changes and performed poorly with the lift operation. Over a period of several years, Hennessy closed the operation and lost virtually the entire customer base that at one time were TubeMaster clients. Hennessy now purchases lifts on a private label basis from a lift industry competitor of Quest.

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

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

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

Quest has elected to retain its holdings in Quest Chrome and Coat. Chrome and Coat manufactures chrome exhaust extensions or tips. An extensive product line is offered. Quest elected to keep the operation in Bedford, Texas due to the expense of a relocation and the environmental implications of the chrome process. This segment of

Quest's business operation has been stable, providing a net overhead allocation return to the holding company of \$100M plus per annum. However, Quest may investigate the division's sale at some date in the future.

Fifth Wheel Acquisition:

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

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

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

Management

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

interest in a partnership with a third non-related party.

June 5, 1999

*Site Locations
Sperling*

MEMORANDUM TO MARIA ECHAVESTE AND STEPHANIE STREETT

FROM: GENE SPERLING
JONATHAN KAPLAN
LISA GREEN

SUBJECT: NEW MARKETS JULY TRIP – PROPOSED SITES

I. POTENTIAL TIMETABLE FOR SELECTING SITES

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

Friday, June 4

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

Monday, June 7

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

Tuesday, June 8

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

Week of June 9-15

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

II. GEOGRAPHIC CONSIDERATIONS

Northeast

New York, NY
Hartford, CT
Philadelphia, PA
Boston, MA

Mississippi Delta

Jackson, MS

Midwest

Gary, IN
Chicago, IL

Native America

Pine Ridge, SD
Window Rock, AZ

West Coast

Los Angeles/Anaheim, CA
Denver, CO

Southwest

Phoenix, AZ

Appalachia

Kentucky Highlands

III. THEMES

CDFI's and SBICs

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

Investment in Rural New Markets

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

Untapped Retail Potential

Gary, IN
Denver, CO

Workforce/Training Youth

Los Angeles/Anaheim, CA
Kentucky Highlands, KY

BusinessLINC

New York, NY
Chicago, IL

Urban and Rural EZs

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

IV. OPTIONS

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

Advantages

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

Potential Announcements and Site Visits

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

New Markets Characteristic

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

Disadvantages

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

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

Advantages

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

Potential Announcements and Site Visits

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

New Market Characteristics

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

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

Advantages

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

Potential Announcements and Site Visits

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

PHILADELPHIA, PA: Delaware Valley Community Reinvestment Fund

BOSTON, MA: Community Loan Fund

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

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

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

New Markets Characteristics

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

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

Advantages

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

Potential Announcements and Site Visits

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

New Market Characteristics

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

Disadvantages

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

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

Advantages

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

Potential Announcements and Site Visits

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

New Markets Characteristics

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

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

Advantages

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

Potential Announcements and Site Visits

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

Disadvantages

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

7. GARY, IN: Urban EZs

Advantages

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

Potential Announcements and Site Visits:

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

New Market Characteristics

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

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

Advantages

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

Potential Announcements and Site Visits:

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

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

Advantages

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

Potential Announcements and Site Visits:

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

10. **DENVER, CO:**

Advantages

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

Potential Announcements and Site Visits:

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



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TIME:			

COMMENTS

New Markets Initiative - Presidents' Tour

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Rev. Willie T. Barrow, Co-Chair of Board of Trustees • Dennis Rivera, Co-Chair of Board of Trustees
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June 7, 1999

VIA FACSIMILE
(202) 456-2878

Gene B. Sperling
Assistant to the President for
Economic Policy
The White House

Dear Gene:

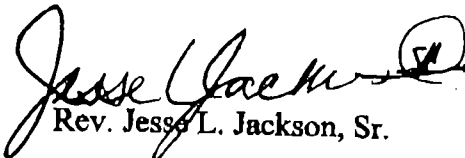
It was great meeting with you on May 27th to talk about the President's July New Market's tour. In our meeting, you asked me to provide you with suggestions on possible sites that the President should visit in order to show the power of the union between public and private capital.

As we continue to be supportive of these initiatives, the following are some sites that I would like to see added to the President's agenda.

- Appalachia Region - Nelsonville, OH (as you know, we spent a lot of time in Appalachia making the case for economic development for the rural poor);
- Mississippi Delta - Jackson, MS and surrounding areas;
- 2nd District of Illinois - Chicago (Poor Suburban Chicago); and
- Kentucky Highlands - Kentucky

I continue to look forward to working with you to make this a successful tour. Please feel free to contact Dahlia Hayles at (202) 333-5270 if we can be of any further assistance to you.

Respectfully,


Rev. Jesse L. Jackson, Sr.

JLJ/dh

NEW MARKETS JULY TRIP—PROPOSED SITE STATISTICS

Los Angeles, CA

Unemployment: Unemployment rate 16% community-wide and 55% for youth compared to 8.4% unemployment in L.A. County (1996)

Median Income: Ranges of \$6831 to \$16594

Poverty: Half of adults and 57% of youth live at or below the poverty line

Racial: 54.0% African-American; 45.5% Hispanic — is this correct 100% Minority?

Pine Ridge, SD

Shannon County

Unemployment: 90%

Median Income \$18,070

Income: 60% of residents make \$15,000 or less

Racial Make-up:

White: 500

American Indian: 9,400

Other: 30

Phoenix, AZ

Maricopa County

Unemployment Rate: 4.9%

Median Income: \$37,583

Poverty Rate: 13.8%

Racial: 4% Black, 19.5% Hispanic

Mississippi Delta

Percent living Below Poverty Level: 27.9%

Median Household Income: \$16,583

Racial Make-up

Percent African American 1990; 34.4%

Jackson, MS

Hinds County

Unemployment: 3.1%

Median Income: \$29,641

Poverty: 21.8%

Racial: 43.3% Black

Kentucky Highlands, KY

Unemployment: 4.9%, December 1998: 3.3%

West Virginia/Western Virginia**Huntington, WV:**

Unemployment: 6.2% (1998)

Poverty Rate: 49%

Cabell County:

Median Income: \$27,715

Racial:

White: 92,000

Black: 2,000

Other: 700

New York, NY

Unemployment: Less than 10% of Harlem's residents were employed in the businesses located there

Education: Over 50% of Harlem's adult residents did not have a high school diploma.

Median Income: \$34,405

Poverty: 22.7%

Hartford, CT**Hartford County**

Unemployment: 6.1%

Median Income: \$43,209

Poverty: 10.2%

Racial Make-up:

White: 683,000

Black: 82,000

American Indian: 1,200

Asian: 13,000

Hispanic: 72,000

Racial: 9.4% Black, 8.1% Hispanic

New Haven, CT**New Haven County**

Unemployment Rate: 5.9%

Median Income: \$42,123

Poverty Rate: 10.0%

Racial:

White: 687,000

Black: 82,000

American Indian 1,500

Asian: 10,000

Other: 22,000

New London, CT

New London County

Unemployment Rate: 5.3%

Median Income: \$43,724

Poverty Rate: 7.3%

Racial:

White: 234,000

Black: 12,000

American Indian 1,300

Asian: 3,300

Other: 3,800

Boston, MA

Suffolk County

Unemployment Rate: 16%

Median Income: \$32,836

Poverty Rate: 35.8%

Racial:

White: 439,000

Black: 149,000

American Indian 2,000

Asian: 34,000

Other: 41,000

Philadelphia, PA

Philadelphia County

Unemployment Rate: 7.5%

Median Income: \$26,854

Poverty Rate: 23.8%

Racial:

White: 849,000

Black: 632,000

American Indian 3,500

Asian: 44,000

Other: 58,000

Athens, OH

Athens County:

Unemployment: 5.4%

Poverty Rate: 33.3%

Median Income: \$26,020

Racial:

White: 56,000

Black: 2,000

Asian: 1,000

Other: 400

Appalachian, OH

Counties: 25% of the poorest counties in America are located in Appalachia where poverty and unemployment are 150% of the national average and income is less than 67% of the national average.

25 out of 29 counties are gov't designated HPSA's

Unemployment: 9.2%

Akron, OH

Summit County

Unemployment: 5.2%

Poverty Rate: 11.3%

Median Income: \$36,301

Racial:

White: 447,000

Black: 61,000

American Indian: 1,000

Asian: 5,000

Other: 1,000

Detroit, MI

Wayne County

Unemployment: 6.5%

Poverty: 20.6%

Median Income: \$32,382

Racial Make-up:

White: 1,210,000

Black: 850,000

American Indian: 8,000

Asian: 22,000

Other: 21,000

St. Louis/East St. Louis, MO

St. Louis City

Unemployment Rate: 7.1%

Poverty Rate: 29.5%

Median Income: \$23,679

Racial:

White: 202,000

Black: 188,000

American Indian: 950

Asian: 3,700

Other: 1,500

Additional Information about the St. Louis area

Racial Make-up: 17.6% Black, 1.3% Hispanic

Unemployment Rate: 24%

Poverty Rate: 47%

East St. Louis

Unemployment Rate: 24.6%

Poverty Rate: 41.8%

Median Income: \$12,627

Racial:

White: 1.6%

Black: 98.1%

Chicago, IL

Cook County

Unemployment: 5.9%

Poverty: 14.7%

Median Income: \$37,824

Racial Make-up:

White: 3,205,000

Black: 1,317,000

American Indian: 10,000

Asian: 189,000

Other: 384,000

Gary, IN

Lake County

Unemployment: 7.1% vs. 2.8% for Indiana as a whole

Poverty Rate: 40% (for Lake County as a whole the Census gave 13.3%)

Median Income: \$35,276

Racial:

White: 334,000

Black: 117,000

American Indian: 865

Asian: 2,800

Other: 21,000



LOCAL INITIATIVES SUPPORT CORPORATION (LISC)

1825 K Street, N.W., Suite 1100

Washington, DC 20006

FAXDate: 5/21/99Number of pages including cover sheet: 4To: Lisa Graham

Phone: _____

Fax phone: 202-861-1294From: Stephanie O'KeefePhone: (202) 785-2908Fax phone: (202) 861-1294

Please contact _____ at (202) 785-2908 if there
is a problem with transmission of this fax.

REMARKS:



Urgent



For your review



Reply ASAP



Please comment

MEMORANDUM

DATE: May 19, 1999

TO: Michael Barr and Lisa Green

FROM: Stephanie O'Keefe

RE: New Markets Tax Credit Event Locations

As we discussed, I have prepared a list of potential sites for the President to visit to promote his New Markets Agenda. They are urban and rural, and have been undertaken by community development corporations, with the exception of the West Virginia example. The projects provide an excellent visual and compelling stories that communicate the success that distress communities can enjoy with access to capital. Each community has a number of articulate individuals that can tell their stories.

RURAL EXAMPLES:

Quitman County Development Organization (QCDO) Marks, MS

- Located in a federal Rural Enterprise Community, QCDO's major accomplishment is the formation of a federally chartered community development credit union. Currently, this 13 year-old credit union has over 4,000 members and \$1 million in assets.
- QCDO's credit union has made more than \$2 million in loans for home purchases and improvements, automobiles, other consumer items, and small business loans
- Fly to Memphis, probably two hours to site.

Kentucky Highlands Investment Corporation (KHIC) London, KY

- Business and Economic Development is the heart of KHIC's mission. KHIC has invested \$57 million in 130 enterprises, resulting in \$400 million in salaries, more than \$1 billion in goods and services, the creation of over 2,000 new jobs from 1995-98 resulting in a vast reduction in unemployment.
- KHIC administers a federal Rural Empowerment Zone program.
- Fly to Lexington, approximately two hours to site.

Coastal Enterprises, INC (CEI). Wiscasset, ME

- CEI has created or sustained over 5,000 jobs, provided business counseling and technical assistance to over 6,000 fledgling enterprises and participated in \$100 million of financing for 500 ventures.

- CEI launched a solicitation of its \$5 million CEI Ventures, a Maine limited partnership. This venture capital investment vehicle will be Maine's first "social investment" fund

NGK Sparkplug Plant, Pocatalico, West Virginia

- This is not a community development story.
- This factory employs 500-600 people in a high unemployment area.
- The Japanese took a chance putting it here, and are extremely happy with the result.
- NGK's success helped get Toyota to West Virginia.
- This is Rockefeller's project, and he has offered to introduce the Tax Credit Legislation in the Senate.
- Fly to Huntington and one hour to site.

URBAN EXAMPLES

Abyssinian CDC, Harlem, New York

- Last month, the long-awaited Harlem Pathmark supermarket opened its doors. The 50,000 square-foot, full-service facility has generated 250 permanent and part-time jobs, 75 percent of which are held by Harlem residents. A full service Chase Bank branch is inside the Pathmark. It is in the Empowerment Zone, along with a new Sterling Optical and Starbucks.
- The visual is spectacular.
- The Abyssinian CDC has used nearly every urban program the Administration has promoted with much success.
- It is in Rangel's CD.
- The only problem is recent coverage of the supermarket.

Asociacion de Puertorriquenos en Marcha (APM), Philadelphia, PA

- Borinquen Plaza, comprised of a 44,000 square foot Thriftway Supermarket at 5th and Berks Streets in North Philadelphia, is sponsored by APM, one of Philadelphia's leading nonprofit neighborhood-based developers.
- This full-service store has created 175 new jobs, 85 percent of which are held by community residents.
- It is in the Zone.
- Another great visual, in one of the most devastated neighborhoods in the country.

Greater Dwight Development Corporation (GDDC), New Haven, CT

- Dwight Place, a 78,000 square foot shopping center at the corner of Whalley Avenue and Orchard Street, is sponsored by Greater Dwight Development Corporation (GDDC) and includes a 56,000 square foot Shaw's Supermarket, a BankBoston branch office and a Hollywood Video.
- This full-service supermarket project was a collaboration effort with Yale University, and it has provided substantial employment opportunities. There had been no supermarket in the corporate limits of New Haven in 17 years.
- It is in the Enterprise Community.
- It also looks great, with substantial additional retail development around it.

Community Development Corporation of Kansas City (CDC of KC) Kansas City, MO

- Community Development Corporation of Kansas City works in an area where \$154 million in development activity has occurred, \$46 million developed by CDC of KC alone.
- The Linwood Shopping Center, located in the Empowerment Zone, is a two-phase project with phase one, an 80,000 sq. ft center costing \$5.5 million, consisting of a Hallmark Cards Store, Osco and Walgreen's Drug Stores among others. Phase two, Linwood Square Shopping Center, is a 58,500 sq.

ft development costing \$6.5 million, and will house a clothing and video store among other retail shops.

Renaissance Cooperative Houston, TX

- The Renaissance Cooperative is a consortium of community development corporations, working in the expanded Empowerment Zone, brought together to help make Houston's Third Ward a better place to live. The consortium consists of the Neighborhood Recovery CDC, and the MacGregor Area CDC.
- The Renaissance Shopping Center is a 72,084-sq. ft. development with a 24,500-sq. ft. H.E.B. supermarket as its anchor tenant. The total development cost of the project was \$4.7 million.

South East Effective Development (SEED) Seattle, WA

- South East Effective Development, established in 1975, is responsible for more than \$40 million in re-development activity in the Rainer Valley neighborhood of southeast Seattle. SEED operates economic development, housing, arts, youth employment and training programs.
- Rainer Valley Square is an 110,00-sq. ft. supermarket anchored shopping center completed in 1994. The total development cost of the project was \$12 million and it houses a Drug Emporium drug store, Starbucks coffee store, and a video store. SEED is in the process of completing the acquisition of 12 acres of land adjacent to Rainer Valley Square to develop a phase two of the project.

We also have worked with CDCs on supermarkets in Jamaica Plain, in Boston and Cleveland. I couldn't reach our program folks to get more information, but can follow up with them on Monday.

Finally, I am sure you are looking at Crenshaw, in LA. There is CDC involvement in that development, although I do not have the details. I can get information from our program folks there if you need it as well.

Let me know if you need any more information.

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 \$18million will be submitted this month.

CommunityName KY -- Kentucky Highlands EZ

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

CommunityName MS -- Mid-Delta EZ

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

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

CommunityName TN/KY -- Scott/McCreary EC

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

CommunityName TX -- Rio Grande Valley EZ

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

CommunityName WV -- McDowell County EC

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

CommunityName KY -- Kentucky Highlands EZ

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

CommunityName CA -- Watsonville EC

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

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

CommunityName Champion

I-5 Business Development Corridor CC (CA)

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

5172
Shed
and
Sufficient

Translated

S:\norm\Budget Testimony 1999.doc

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 plants. 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.

Raising Rural Citizens Up From Poverty to Middle Class Status

CommunityName WV -- Central Appalachian EC

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

CommunityName SC -- Williamsburg EC

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

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

CommunityName MO -- East Prairie EC

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

CommunityName PA -- Lock Haven Federal EC

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

CommunityName LA -- Northeast Louisiana Delta

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

CommunityName CA -- Watsonville EC

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

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

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

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

CommunityName AR -- Eastern Arkansas EC

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

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

CommunityName WV -- Central Appalachian EC

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

CommunityName OR -- Josephine County EC

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

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

CommunityName LA -- Macon Ridge EC

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

CommunityName MO -- East Prairie EC

This EC has christened a new adult learning program. Community businesses and individuals are taught at the new Computer Learning Center at Epworth 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.



**UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY**

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FAX COVER SHEET

DATE: 5-20-99

NUMBER OF PAGES, INCLUDING COVER SHEET: _____

PLEASE DELIVER TO: LISA Green

FAX NUMBER: () 456-2223 PHONE NUMBER: () 2803

- FROM: ☐ DAN GLICKMAN, SECRETARY
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- ☐ LAURETTA MILES, ADMINISTRATIVE ASSISTANT
☐ JANNA PASCHAL, STAFF ASSISTANT

MESSAGE: _____

Attached New Markets

Thanks
JMP

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
CURRENT AND POTENTIAL PRIVATE SECTOR
PARTNERS FOR NEW MARKET ACTIVITIES**

PINE RIDGE, SOUTH DAKOTA

- America Online
- Andersen Corporation (windows)
- AT&T
- Bank of America
- Blue Cross, Blue Shield
- Carrier Corporation (heating ventilation)
- Centex Homes (developer)
- Certain Teed Corporation (roofing, insulation)
- Champion Manufactured Housing Company
- Citibank
- Countrywide Mortgage
- First Security Bank of New Mexico
- Fleetwood Manufactured Housing Company (also recreational vehicles)
- Ford
- Gateway
- General Electric Appliances
- General Motors
- Home Depot
- Honeywell, Inc. (building systems controls)
- IBM
- Kohler Company (fixtures)
- Louisiana-Pacific Corporation (lumber, siding products)
- Lucent Technologies
- Marriott
- Masonite Corporation (hardboard, paneling)

Lisa,

*HUD will follow
up with the
priority list you
requested.*

- Motorola
- North American Steel Framing Alliance
- Northwest Airlines
- Norwest Mortgage
- Owens Corning (roofing)
- Pepsico
- Pulte Corporation (developer)
- Sears
- Simpson Strong Tie (structural connection and hardware)
- Solutia, Inc. (impact resistance glazing to prevent glass breakage)
- Southdown, Inc. (concrete)
- State Farm Insurance Companies
- Superior Walls (pre-fabrication foundation company)
- Tenaco Building Products
- Texaco
- U.S. Gypsum Company (sheet rock)
- U.S. West
- United Airlines
- Washington Mutual (Seattle)
- Weather Shield (doors, windows)
- Wic Manufactured Housing Company

GARY, INDIANA

- ACE Hardware
- US Steel

NEW YORK, NY

- Broadway Video
- Citibank
- Disney
- HMT Records

SELECTED BUSINESSES FROM EZs/ECs, OTHER HUD PARTNERS

- Bankers Trust
- Citibank
- Hudson Foods
- New Boston Seafood Company
- Pathmark
- Sterling Optical
- Tysons Food
- Viking Range

BUSINESSES HUD CAN REACH OUT TO

- Ben and Jerry's
- Blockbuster Video
- Burger King
- Disney
- Gap
- Loew's Theater
- McDonalds
- Pathmark
- Rite Aid
- The Limited/Structure
- Time Warner
- Tower Records

- Borders
- Filenes Basement
- Home Depot
- Marshalls
- NationsBank
- Nike Barnes and Noble
- Price Club
- Reebok
- Starbucks
- TJ Max