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

I. Small Business Investment Program

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

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

1. Options for Public/Private Deliverables:

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

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

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

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

b. **SBA/DOL Proposal**

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

*Public/Private: SBIC/EZ/Youth Training*

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

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

**Description of JRC Industries:**

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

c. **Sports Products, Inc.**

*Deliverable: New investments from Bankers Trust*

*Public/Private: SBIC/EZ/CDC Tax Credit*

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

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

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

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

SPI was formed to take advantage of the void in the marketplace created when Hutch Sports USA was forced into bankruptcy in August 1997. Therefore, with an available manufacturing facility, equipment and inventory repossessed from bankruptcy court and a trained labor force, it was an opportune time to start SPI. SPI currently manufactures athletic jerseys, shorts, pants, and jackets for children as well as other apparel for Premier Athletic Apparel of Lexington, Kentucky. Premier sells mostly in the Midwest and Southern United States.

**2. Description of Kentucky Highlands Investment Corporation**

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

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

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

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

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

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

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

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

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

**B. Arizona MultiBank Community Development Corporation**
(New LMI SBIC, CDFI)

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

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

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

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

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

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

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

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

| | |
|---|---|
| Norwest/Wells Fargo Bank | $3,600,000 |
| ✓ Bank of America | 3,000,000 |
| ✓ Bank One Arizona | 3,000,000 |
| Community First National Bank | 140,000 |
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| Arizona Bank | 50,000 |
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## C. North Carolina - Economic Opportunities Fund

(1-5 New SBICs)

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

*Public/Private: SBIC*

### 1. Description of North Carolina - Economic Opportunities Fund

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

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

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

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

**D. Mississippi Delta - Enterprise Corporation of the Delta**

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

*Deliverables:*

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

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

## II. BuinessLINC Roundtable

### A. Mississippi Delta

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

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

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

(Interagency Effort - SBA, DOT, and nine other Federal Agencies: See 3/30/99 SBA Proposal)

1. Organize Business Roundtable with POTUS, Cabinet Secretaries, Bankers, CEOs, Community Leaders, etc. (focus on private/public investment partnership, new jobs, transportation, domestic trade, etc.).

2. Request <u>new</u> CEO and company (local and national) commitments (including from Fortune 500 companies initially financed by SBICs), and

3. Augment <u>existing</u> private sector commitments including the following

- Bell Atlantic will spend $1.88 billion, through a partnership with SBA, to increase purchasing and subcontracting with minority and women-owned businesses.

- Chase Manhattan Bank will create a new program that will connect its senior bank officers with women and minority small business owners, and a new partnership with the National Association of Black Management Consultants.

- GE Capital will expand its Small Business Colleges, which offer business advice to entrepreneurs in distressed areas, and to open a fifth college in St. Louis and a new pilot program for women business owners in Washington, D.C.

- Science Applications International Corporation (SAIC) will execute joint marketing agreements with small businesses and support relationships with small businesses in the new HUBZone areas.

4. Work with BRT and the new Department of Commerce Minority Business Roundtable chaired by Bob Johnson of BET (recent article in the New York Times)

**<u>Description of the BusinessLINC Initiative</u>**

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

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

**Description of Mississippi Delta Proposal**

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

**B. Appalachia, Tribal Lands, and Urban Centers**

Replicate the BusinessLINC Roundtable described above.

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# FOR
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## *Outline*

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(To-be-Formed New LMI SBIC, CDFI)

### C. North Carolina - Economic Opportunities Fund

(To-be-Formed 1-5 New SBICs)

### D. Mississippi Delta - Enterprise Corporation of the Delta

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

## II. BuinessLINC Roundtable

### A. Mississippi Delta

### B. Appalachia, Tribal Lands, and Urban Centers

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

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| | |
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**C. North Carolina - Economic Opportunities Fund**

(1-5 New SBICs)

*Deliverable: 1-5 New SBICs (following passage of Legislation)*
*Public/Private: SBIC* Leg Schedule is to begin June

**1. Description of North Carolina - Economic Opportunities Fund**

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

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

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

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

**D. Mississippi Delta - Enterprise Corporation of the Delta**

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

*Deliverables:*

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

*Mississippi Delta that have received SBIC financing.*

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

**II. BuinessLINC Roundtable**

EZ investigation

**A. Mississippi Delta**

Separate Discussion

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

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

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

(Interagency Effort - SBA, DOT, and nine other Federal Agencies: See 3/30/99 SBA Proposal)

1. Organize Business Roundtable with POTUS, Cabinet Secretaries, Bankers, CEOs, Community Leaders, etc. (focus on private/public investment partnership, new jobs, transportation, domestic trade, etc.);

2. Request new CEO and company (local and national) commitments (including from Fortune 500 companies initially financed by SBICs); and

3. Augment existing private sector commitments including the following:

- Bell Atlantic will spend $1.88 billion, through a partnership with SBA, to increase purchasing and subcontracting with minority and women-owned businesses.

- Chase Manhattan Bank will create a new program that will connect its senior bank officers with women and minority small business owners, and a new partnership with the National Association of Black Management Consultants.

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4. Work with BRT and the new Department of Commerce Minority Business Roundtable chaired by Bob Johnson of BET (recent article in the New York Times)

**Description of the BusinessLINC Initiative**

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

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

**Description of Mississippi Delta Proposal**

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

**B. Appalachia, Tribal Lands, and Urban Centers**

Replicate the BusinessLINC Roundtable described above.

| | | |
|---|---|---|
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**II. BuinessLINC Roundtable**

**A. Mississippi Delta**

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

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

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Six Bullets SBA

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

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

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

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

SPI was formed to take advantage of the void in the marketplace created when Hutch Sports USA was forced into bankruptcy in August 1997. Therefore, with an available manufacturing facility, equipment and inventory repossessed from bankruptcy court and a trained labor force, it was an opportune time to start SPI. SPI currently manufactures athletic jerseys, shorts, pants, and jackets for children as well as other apparel for Premier Athletic Apparel of Lexington, Kentucky. Premier sells mostly in the Midwest and Southern United States.

## 2. Description of Kentucky Highlands Investment Corporation

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

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

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

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

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

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

**B. Arizona MultiBank Community Development Corporation**
(New LMI SBIC, CDFI)

*Deliverables. One of the first NMI LMI SBICs & May raise $5 million from major banks for new SBIC for a POTUS event*
*Public/Private: SBIC/CDFI*

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

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

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

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- Rocky Mountain Bank 25,000

**C. North Carolina - Economic Opportunities Fund**

(1-5 New SBICs)

*Deliverable: 1-5 New SBICs (following passage of Legislation)*
*Public/Private: SBIC* [illegible]

**1. Description of North Carolina - Economic Opportunities Fund**

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

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

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

**D. Mississippi Delta - Enterprise Corporation of the Delta**

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

*Deliverables:*

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

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

**II. BuinessLINC Roundtable**

42 investigation

**A. Mississippi Delta**

Separate Discussion

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

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

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

(Interagency Effort - SBA, DOT, and nine other Federal Agencies: See 3/30/99 SBA Proposal)

1. Organize Business Roundtable with POTUS, Cabinet Secretaries, Bankers, CEOs, Community Leaders, etc. (focus on private/public investment partnership, new jobs, transportation, domestic trade; etc.);

2. Request new CEO and company (local and national) commitments (including from Fortune 500 companies initially financed by SBICs); and

3. Augment existing private sector commitments including the following:

- Bell Atlantic will spend $1.88 billion, through a partnership with SBA, to increase purchasing and subcontracting with minority and women-owned businesses.

- Chase Manhattan Bank will create a new program that will connect its senior bank officers with women and minority small business owners, and a new partnership with the National Association of Black Management Consultants.

- GE Capital will expand its Small Business Colleges, which offer business advice to entrepreneurs in distressed areas, and to open a fifth college in St. Louis and a new pilot program for women business owners in Washington, D.C.

- Science Applications International Corporation (SAIC) will execute joint marketing agreements with small businesses and support relationships with small businesses in the new HUBZone areas.

4. Work with BRT and the new Department of Commerce Minority Business Roundtable chaired by Bob Johnson of BET (recent article in the New York Times)

**Description of the BusinessLINC Initiative**

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

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

**Description of Mississippi Delta Proposal**

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

**B. Appalachia, Tribal Lands, and Urban Centers**

Replicate the BusinessLINC Roundtable described above.

5/21/99

# NEW MARKETS INITIATIVE: CAPITALIZING ON YOUTH INVESTMENT

## BACKGROUND

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

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

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

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

## OBJECTIVES

1. To develop the Watts community into an "opportunity zone" by having more corporations become stakeholders by hiring Watts youth and considering locating their businesses within the Watts EZ.

2. To secure private foundation funding for the Watts community in order that the Kulick project can be greatly expanded throughout the EZ.

PLAN

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

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

* Existing stakeholders (additional pledges sought)

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

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

EVENT(S)

1. Site Visit
President Clinton & Secretary Herman will visit Kulick participants:

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

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

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

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

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

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

3. Foundation Roundtable
The Secretary will convene a roundtable meeting of private foundations which have a history of funding local community efforts.

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SUPPORT

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

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

5/21/99

# Proposal for a New Markets Initiative Event
# Monticello, Kentucky

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

President Clinton
May 11, 1999

## Objective

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

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

## Background

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

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

## Existing Project

All the trappings of an Empowerment Zone: active involvement by SBA, Commerce, Agriculture. The Department of Labor has funded a pilot Youth Opportunities grant in Clinton and part of Wayne counties that is a partnership between local government, private industry and community-based organizations to improve the soft and hard skills of out-of-school youth ages 16-24. At present, 222 youths are enrolled in the training program. 74 have finished and been placed in jobs, 26 youths have entered an alternative school created by the project and 20 have entered an intensive construction trades program.

**The Event**

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

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

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

**Private Industry Targets:**

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

###

5/21/99

# DETROIT – Youth Opportunity Site

**Description of existing project:**

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

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

**New Market Objective:**

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

**Who do we contact:**

Daimler/Chrysler
Ford
General Motors
UAW
Joyce Foundation (funded the local job ladder initiative)

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

**What are we asking for:**

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

**What is the visual:**

*Option 1:* Tour Ford Academy of Manufacturing Science ("FAMS"). This facility is in the EZ and is funded in part by Title XX EZ funds. During the school year, young people at Kettering High School (which is part of the YO program) learn work skills at FAMS. *POTUS could tour the facility and observe young people being trained in manufacturing skills.*

*Option 2:* EDS currently has a customized training program using WtW funding. 15 people at a time go through a 13-week training program at a community college. Most of the participants are women with small children between the ages of 18 and 30. Although the EDS facility where the particants are employed for approximately $23,000 per year is not in the EZ, most of the residents live in the EZ. Visual could be the worksite or community college (will get worksite details Monday morning).

*Option 3:* Daimler/Chrysler has a partnership with Southeastern High School. Visual could either be high school program or Chrysler facility in the metro-Detroit area.

5/21/99

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

**Description of existing project:**

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

**New Market Objective:**

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

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

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

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

**D.C.**

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

*recruiting/training classes scheduled to begin
**on hold

**Who do we contact*:**

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

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

**What are we asking for:**

- Specific and significant hiring commitment with company-specific (customized) available for training for workers hired

- Specific investment of private resources including funding, training, mentoring, and participation in all aspects of the initiative.

**What is the visual:**

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

Site Lashes SBA

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

## I. Small Business Investment Program

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

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

#### 1. Options for Public/Private Deliverables:

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

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

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

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

**b. SBA/DOL Proposal**

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

*Public/Private: SBIC/EZ/Youth Training*

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

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

**Description of JRC Industries:**

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

**c. Sports Products, Inc.**

*Deliverable: New investments from Bankers Trust*

*Public/Private, SBIC/EZ/CDC Tax Credit*

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

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| | | |
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(1-5 New SBICs)

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

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

*Deliverables:*

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

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

**II. BuinessLINC Roundtable**

**A. Mississippi Delta**

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

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

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

(Interagency Effort - SBA, DOT, and nine other Federal Agencies: See 3/30/99 SBA Proposal)

1. Organize Business Roundtable with POTUS, Cabinet Secretaries, Bankers, CEOs, Community Leaders, etc. (focus on private/public investment partnership, new jobs, transportation, domestic trade, etc.);

2. Request new CEO and company (local and national) commitments (including from Fortune 500 companies initially financed by SBICs); and

3. Augment existing private sector commitments including the following:

- Bell Atlantic will spend $1.88 billion, through a partnership with SBA, to increase purchasing and subcontracting with minority and women-owned businesses.

- Chase Manhattan Bank will create a new program that will connect its senior bank officers with women and minority small business owners, and a new partnership with the National Association of Black Management Consultants.

- GE Capital will expand its Small Business Colleges, which offer business advice to entrepreneurs in distressed areas, and to open a fifth college in St. Louis and a new pilot program for women business owners in Washington, D.C.

- Science Applications International Corporation (SAIC) will execute joint marketing agreements with small businesses and support relationships with small businesses in the new HUBZone areas.

4. Work with BRT and the new Department of Commerce Minority Business Roundtable chaired by Bob Johnson of BET (recent article in the New York Times)

**Description of the BusinessLINC Initiative**

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

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

**Description of Mississippi Delta Proposal**

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

**B. Appalachia, Tribal Lands, and Urban Centers**

Replicate the BusinessLINC Roundtable described above.