PROMOTING INVESTMENT IN AMERICA'S NEW MARKETS

January 15, 1998

Despite the longest peacetime economic expansion in history, marked by tremendous business and job growth, and much capital in search of good investment opportunities, many urban and rural areas of the country have not participated in the capital investment that has spurred job growth and economic development elsewhere at home and abroad. President Clinton's commitment to building one America is a commitment to making progress for all Americans, in every home and community in the nation.

President Clinton challenged the leaders of Wall Street, who are fueling America's economic growth, to take the lead in investing in America's own "New Markets" -- inner-city areas, like New York's East Harlem, and distressed rural areas like parts of Appalachia. The President's FY 2000 balanced budget includes a new initiative designed to create the conditions for success by:

- providing tax credit and loan guarantee incentives to stimulate billions of new private capital investment in targeted areas;
- building a network of private investment institutions to funnel credit, equity, and technical assistance into businesses in America's new markets; and
- providing the expertise to targeted small businesses that will allow them to use new investment to grow.

WORKING WITH EXPERTS AND CONGRESS

The President's New Markets Initiative was developed by an Administration task force that consulted with investment advisors, community development financial and venture capital pioneers, and Members of Congress who have lead efforts to promote investment in underserved areas. President Clinton has laid out a solid framework from which to build, but he will further solicit the reactions and ideas of a wide range of experts and Congressional leaders before he sends the legislation to Congress.

HARNESSING THE POWER OF THE PRIVATE MARKET TO REVITALIZE COMMUNITIES

applicable for all entities

The New Markets initiative will prompt approximately $15 billion in new investment in urban and rural areas through:

Treas. responsible for it

1. ***The New Markets Tax Credit*** -- To help spur $6 billion in new equity capital for investment in America's New Markets, President Clinton has proposed a tax credit worth up to 25 percent for investments in a wide range of vehicles serving these communities,

credit

designed so that any new investment funds elig for tax credit

CDFI's eligible as well, investor gets cred. by putting $ in funds

including community development banks, venture funds and corporations, the new investment company programs announced by the President (see descriptions below), and other targeted investment funds. Credits would be allocated to the targeted investment vehicles which could use the tax credits to **attract** investors. The investment funds would make their own decisions about what investments or loans to make to help create and grow businesses in the New Markets. A wide range of businesses could be financed by these investment funds, including small technology firms, inner-city shopping centers, manufacturers with hundreds of employees, and retail stores. — requires legis — ways & means

2. ***America's Private Investment Companies (APICs)*** -- For years, America has supported OPIC, the Overseas Private Investment Corporation, to promote growth in emerging markets abroad. Now we must do the same thing in America's New Markets. Under this program, investors will put a minimum of $100 million in equity into new private investment partnerships to be known as America's Private Investment Companies (APICs). HUD and SBA working together will provide up to another $200 million in loan guarantees for each. APICs will make equity investments in larger businesses that are expanding or relocating in inner cities and rural areas. Under the financing structure, the private investors' funds are at risk ahead of the government. However, the individual investment decisions must be approved by the government for consistency with the public policy mission of the program. — HUD & SBA — SBICs can't invest in real estate

min $75 million of expert $, $300 must

peop —

legis HUD/VA, SBA

— Franchises
— big companies
to locate plant
so capital chpr

3. ***SBICs Targeted to New Markets*** --Over 40 years, the SBA's small business investment company (SBIC) program has provided roughly $20 billion in equity and debt financing to more than 85,000 different companies, helping them at a critical stage to grow from small businesses to household names, like AOL and Staples. However, too little of the capital invested has benefited our cities and rural distressed communities. Last summer, the Vice President challenged the SBA to find ways to meet better the needs of minority firms and underserved markets. In response, SBA determined that, under existing legislation, the Agency can offer more flexibility and new financing terms to make it more attractive for SBICs to invest in businesses in low and moderate income (LMI) areas. Specifically, SBICs making LMI investments will be eligible for a new type of federally guaranteed loan to augment their capital for business investment. Interest on the guaranteed funding will be deferred for the first five years of the 10-year term to give SBICs more time to nurture their investments in small businesses before they must produce a return. In addition, SBA will conduct an aggressive outreach campaign around the country to promote LMI investments.

no legis

$2-3 million

SBIC type

4. ***New Markets Venture Capital Firms (NMVCs)*** -- There are thousands of inner-city and rural entrepreneurs who need both capital and expert guidance to transform their small businesses and great ideas into thriving companies. SBA will select ten-to-twenty NMVC firms whose management has successful records in community-based venture capital. The equity funds of private investors will be matched with government debt guarantees of up to $10 million per NMVC, with interest on the debt deferred. Investors

legis

com dev institutions we want them to do venture capital

they would be selected (respond to RFP) + need to have tech assist piece

60% test (low mod inc. areas)

ex: First Community Dev Bank helps sm. businesses in WDC
Calif put $, get grant to match pvt $ for tech assist.
They can use $ to hire a marketing firm to run venture cap fund

HUBZones

must also provide at least $1.5 million in technical assistance over five years to the target firms, matching SBA's grants of technical assistance. The program should provide long-term, patient growth capital and facilitate critically needed technology and management skills development for smaller businesses in new markets. reg. legis

5. ***New Markets Lending Companies (NMLC)*** -- For the first time in many years, SBA will approve approximately 10 new non-bank lenders -- firms authorized to originate loans under SBA's largest loan program -- the 7(a) General Business Loan Guaranty program. Under the 7(a) program, SBA guarantees up to 80% of a loan that is made by a lender to a creditworthy small business that cannot otherwise secure financing on reasonable terms. The firms selected must have a strategy to target their lending to underserved areas.

comm dev venture cap

6. ***Continued Growth for CDFIs*** -- The President's initiative to develop community development financial institutions (CDFIs), locally-based institutions with expertise in lending and investment in underserved areas, will continue to grow. His FY 2000 balanced budget will include $125 million for the CDFI fund. Thus far, CDFI has made over $180 million in awards to community development organizations and financial institutions.

7. ***BusinessLINC*** -- The President's budget will include $3 million in seed money to expand BusinessLINC -- an innovative public-private partnership launched by Vice President Gore and led by Treasury Secretary Rubin and SBA Administrator Alvarez -- to new markets in economically distressed communities. BusinessLINC (Learning, Information, Networking and Collaboration) is designed to encourage large businesses to work with small business owners and entrepreneurs in order to improve the economic competitiveness of smaller firms located in distressed areas, both urban and rural. The funds will be used to leverage private sector efforts to spur new BusinessLINC partnerships at the national and local level.

8. ***Specialized Small Business Investment Companies (SSBICs)*** -- The President's budget will expand current tax incentives to increase the amount of equity capital available to economically disadvantaged people by making it easier for Specialized Small Business Investment Companies (SSBICs) to qualify as tax-favored regulated investment companies.

companies in mostly ... in businesses owned ... at helping disadvantaged

100% test

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$100 millon debt

SBA provides guarantee

SBIC:
o we want to invest in SBIC

NMVC

Business Dateline;
Business Record-Syracuse

October 1, 1997

SECTION: Vol 17; No 20; pg 10

LENGTH: 1767 words

HEADLINE: Broome County is rebounding from 18,000 lost manufacturing jobs

DATELINE: Syracuse; NY; US; Middle Atlantic

BODY:

Broome County is experiencing the pain, the risk and the payoff that accompanies unprecedented economic change.

With the end of the Cold War, the area's historically stable economy reeled from a drop in local defense-related manufacturing from $426.7 million in 1985 annual sales to $89.7 million in 1991 The area lost 18,000 manufacturing jobs, 9,000 as a result of defense downsizing.

But now, armed with a new coordinated economic development effort and sense of optimism, the area is bouncing back. In fact, the Binghamton metropolitan statistical area (Broomemoga Counties) leads growth in non-agricultural jobs in major metropolitan areas of New York State.

Total non-farm jobs in July 1997 were up 3,200 over July 1996 figures, according to Joseph Kozlowski, labor market analyst, Southern Tier Region, for the New York State Department of Labor. This 2.9 percent growth rate surpassed that of the entire state (1.2 percent) and the nation (2.3 percent).

Consequently, Broome County unemployment rates are dropping. Unemployment rates for June and July were 3.6 percent and 4.0 percent, compared to year earlier levels of 4.6 and 4.4, respectively. The current county work force totals about 97,500.

Amid rolling hills of New York's Southern Tier region, Broome County's 212,000 residents live in the city of Binghamton, sixteen towns and seven villages within 707 square miles.

With major highway systems intersecting in the center of the county, the area is known as the crossroads of the Southern Tier. NYS Route 17 and Interstate Routes 81 and 88 connect the region to the rest of New York State, as well as many key U.S. and Canadian cites.

Integral to the current direction of the local economy is the recent coordination of area economic development efforts under an umbrella organization called The Broome Chamber.

In April 1996, an affiliation was formed by the Broome County Chamber of Commerce, Partnership 2000, the Broome County Economic Development Alliance (EDA), and the Broome County Industrial Development Agency (IDA).

"The affiliation brought together the resources of both the public and private sectors in a strong working partnership committed to the economic renewal of our community and region," said Richard Lutovsky, president and chief executive officer of The Broome Chamber.

Lutovsky coordinates the economic development activities of the four agencies and directs the chamber's services to its members.

Bringing together most economic development efforts under one roof created a one-stop shop for businesses seeking access to available programs and services, reported Mark O'Neil, immediate past chairman of the board of directors of The Broome Chamber.

"Through a coordinated effort, we've gotten everyone pulling on the same oars in the same direction. We've given economic development in Broome County one voice," said O'Neil, president and chief executive officer of United Health Services.

Business executives seeking assistance literally walk through one door, noted Dave Nolan, chairman of the EDA board of directors and retired engineer with IBM.

"With (The Broome Chamber) staff all on the same floor of the same building, we can quickly respond to an inquiry and pull together a coordinated effort to meet client need," Nolan said.

While each of the agencies continue to fulfill their missions and retain their own executive leadership, the organization missions are coalescing into one broad focus on job retention and creation.

The chamber of commerce and Partnership 2000 represent the private sector's commitment to development. Formed in 1991 Partnership 2000, a fund raising organization, is energizing the private sector as a primary partner in support of economic development in the community.

Among Partnership 2000 goals are:

* creation of a $1 million Southern Tier Equity Fund to assist entrepreneurs and small businesses;

* direct financial support for the marketing efforts of the EDA;

* direct financial incentives for relocating companies;

* implementation of a Buy Local campaign to sensitize community leaders to the positive impact purchasing from local providers has on the local economy and on job growth.

The IDA and EDA represent the public sector's commitment to economic development. The EDA, a coalition of various economic development organizations. was formed in 1994.

Current members include the chamber of commerce. Partnership 2000, the IDA, New York State Electric & Gas Corp., the County of Broome, the Village of Deposit. Endicott Development Association, and the local office of Empire State Development.

"We realized eliminating the fragmentation of economic development efforts was essential to finding solutions to the area's economic problems," said Mark Turner, EDA executive director.

"We provide a one-stop shop for programs and services, for planning and economic development implementation," Turner said, listing off a menu of incentive programs available through the EDA.

These include tax-exempt industrial development bonds, taxable industrial development bonds, revolving loan programs, as well as industrial incubators, industrial parks and real estate services.

The EDA operates three industrial incubators in Broome County and is developing a fourth to assist start-up companies in their formative years.

Current incubators include: Johnson City Incubator (33,000 square feet); Business Growth Center in Conklin (20,000 square feet); and the Deposit Incubator (5,000 square feet). The Enterprise Center is being planned for an old industrial site in Binghamton. Construction could start by year end and the facility (66,000 square feet) completed by May.

Industrial parks include Kirkwood Industrial Park and Broome Corporate Park, a 600 acre mixed use business park in Conklin. Available for lease in the Broome park is the former General Electric Regional Electronics Center North, a 200,000-square-foot, high-tech manufacturing facility.

The county is also home to Glendale Technology Park in Endicott. Located in an economic development zone, the park offers 19 buildings with more than a million square feet of office, lab, raised floor, auxiliary and utility floor areas.

Glendale is site of significant recent developments, including the opening of a Telespectrum Worldwide call center. Telespectrum, one of the five largest telemarketing companies in the nation, began operations in June and currently employs 165. Ultimately, the company expects to grow to a work force of about 550 people.

Such success stories are signs of the area's economic turnaround and ability to re-position itself.

Maines Paper & Food Service, for instance, is building a world class, 850,000-square-foot corporate headquarters and distribution center in Broome Corporate Park. The $25 million expansion will add about 125 jobs to the foodservice company's existing work force of 800.

A proposed $20 million outlet mall in Johnson City is moving closer to reality and is expected to bring 600-900 jobs to the community.

Boding especially well for the area is growth in the manufacturing sector. "Talk to just about any of our manufacturers and you'll find they're doing well." reported Turner.

"Manufacturing is coming back, and it's a very food sign for the area," Koziowski said.

For the six month period ending July 1997, the number of manufacturing jobs in the Binghamton metropolitan statistical area averaged 25,400, up from 24,600 during the same period in 1996.

From corporate giants to small operations, many manufacturers are on the move.

Azon Corporation has been experiencing several years of continuous growth, reported Gerard Shanley, senior vice president of operations for the manufacturer of coated papers and films.

Throughout the past decade the company has grown from about 200 employees to 315 today. Azon, in a joint venture with Mead Corp., just completed construction of a 52,000-square-foot coating plant in Binghamton known as Surface Tech L.L.C. The $14 million operation, which currently employs 10, is expected to be on line November 1 and grow to a work force of 30.

"The facility was built with expansion in mind, something we ultimately anticipate," Shanley said.

Hansmanns Mills is also experiencing a growth trend. The manufacturer of blended and packaged specialty flour mixes opened a new facility in Binghamton in October 1995 with seven employees and 20 products. Today the company employs about 50 and offers 240 products.

"Last year our sales doubled, and we expect them to double again this year," said company president George Slilaty. "We expect to hire 10 permanent employees per years for the next few years, and that's a conservative estimate," he said.

Bringing light manufacturing into the heart of the city of Binghamton has been an essential part of a focus to redevelop the downtown area and help it rebound from retail losses, according to Mayor Richard Bucci.

"Focusing on trying to recapture retail glory of the past is not going to work," said Bucci.

"Instead, we want to recapitalize on being a professional, legal, financial center, bringing in small retail to complement existing of offices."

Among current action are Binghamton University's plans to open a downtown campus location within the next few months.

An ongoing movement to diversify the economy and become Less dependent on the big players, such as IBM, is essential to the area's economic resurgence, area leaders report. Integral to the effort is assisting existing companies as well as recruiting new companies to the area.

The Broome Chamber is just beginning implementation of a marketing campaign, targeted primarily to distribution, electronics. administration and back office operations.

The campaign includes direct advertising in targeted trade publications, direct mail, and participation in select trade shows, including the World Trade Fair in Hannover Germany.

"We plan to aggressively pursue European and Asian opportunities for Broome County and the Southern Tier," Lutovsky said. "Foreign investment in the region will be an important component of our long-term growth."

"To help lay the groundwork for future growth, a comprehensive strategic plan is being developed for Broome County's economy

The plan will address issues including infrastructure and transportation needs of the area, quality of life and community image, and tourism development. among others.

"Broome County's economy has definitely turned the corner and is moving up," said Lutovsky. "We'll work hard to ensure we continue our upward trend."

Business Dateline;
Capital District Business Review

May 8, 1998

SECTION: No 25; Sec 4; pg 16

LENGTH: 521 words

HEADLINE: Local communities enter fray for large slice of federal funds

BYLINE: William Tuthill

DATELINE: Albany; NY; US; Middle Atlantic

BODY:

Competition is likely to be intense for a chunk of federal economic development money that the Clinton administration wants to make available in 1999.

The funding-$1.5 billion over 10 years-would go to 15 economically distressed cities in the form of tax incentives and other benefits to stimulate job creation, improve public safety, expand affordable housing, clean up environmental contamination, and develop child care and other social service programs.

Albany, Schenectady and Troy will apply for the assistance through the Enterprise Community, a joint community-based economic development body, said Anthony Tozzi, its director.

Tozzi admitted that the local group will be one of many in the country vying for the $100 million aid package, which would dwarf any current federal incentive program in the Capital Region. "That doesn't mean we shouldn't strive for it," he said.

Tozzi said the 4-year-old Enterprise Community's experience will be useful in applying for the money.

"They will be looking for how well the governing bodies work," he said of the government agency that will review the empowerment zone applications. "We now have a network in place."

The group stumbled at first in its efforts to set up a community-based economic development entity to decide how to spend the money, and was criticized for not being representative of the neighborhoods it serves.

The cities or areas selected will be designated "empowerment zones" by the U.S. Department of Housing and Urban Development. In the first round of the program in 1994, the federal government selected nine zones across the country, six urban and three rural.

The current round of empowerment zone designations is contingent on the funding being included in the final 1999 federal budget, now under deliberation by the U.S. Congress.

In anticipation of getting the full budget appropriation, HUD has scheduled a series of 10 one-day workshops around the country to help cities prepare empowerment zone applications, said Joanne Johnson, an agency spokeswoman.

Representatives of the Albany-Schenectady-Troy Enterprise Community are scheduled to attend workshops this month in Providence, R.I., and Newark, N.J., Tozzi said.

Tozzi's group, which uses state and federal dollars to spur economic development in central Albany, Schenectady and Troy, is the only regionally governed Enterprise Community in the country. It was created in 1994 with a $6 million grant provided jointly by the federal and state governments.

The empowerment zone program has the same objectives, Tozzi said. "There's just more money that comes with it," he said.

The empowerment zone program, like the Enterprise Community, is community-driven. Community groups, not government agencies or non-profit organizations, are qualified to apply for the designation. A large part of the application process involves necessary team-building between community groups, Tozzi said.

"It takes a lot of time for new groups in cities to get together and govern," he said. "We've already gone through that, and have a good feel for what works and what doesn't."

Business Dateline;
Capital District Business Review

July 7, 1997

SECTION: Vol 24; No 12; pg 18

LENGTH: 1834 words

HEADLINE: Enterprise Communities Program starts moving along after initial slow beginning

BYLINE: Mary S Yamin

DATELINE: NY; US; Middle Atlantic

BODY:

The Enterprise Communities Program is alive and on the move, thanks to state and federal funding, and is breathing new life into inner-city communities in Albany, Troy and Schenectady. Two and one-half years after becoming eligible for state and federal grants for economic development, job/youth creation and neighborhood empowerment, these communities have started dipping into the pot.

New York state and the U.S. Department of Housing and Urban Development (HUD) each contributed $2.9 million to the program, which is designed to invigorate the inner cities of the Capital Region. To emphasize the importance of making these communities self-sufficient, the program requires people in the designated neighborhoods to decide for themselves how to implement community improvements.

Generally, single cities are designated as enterprise communities. In the Capital Region's case, none of the individual cities had the necessary dimension on their own, but, together, provided an opportunity to show a regional approach. The tri-city plan was accepted by HUD, making Albany, Troy and Schenectady the only three-city enterprise community in the country.

Neighborhoods chosen for their concentration of low- and moderate-income residents were Arbor Hill, North Albany and West Hill in Albany; Hamilton Hill, Vale and Central State Street in Schenectady; and downtown and north central in Troy. Together they cover 4.2 square miles.

The Enterprise Communities Program was created by federal legislation passed in 1993. Applications were submitted to HUD in 1994 with awards being made that December.

Margaret Irwin, of Eastwest Planning & Development Inc. in Troy, was part of that process, serving as a consultant to the steering committee that formed with representatives from the three cities.

"The federal application was stringent and required strategic plans be developed for revitalizing the communities," Irwin said. "We helped prepare the memorandum of understanding that was signed by HUD, the Center for Economic Growth and the state, and we established some initial benchmarks. There was a federal benchmarking process in place, requiring communities to establish indicators and outcomes with benchmarks to measure against, based on other programs or national models."

The time-line for spending this money is 10 years. "While the state encourages a three-year window, what lasts over the 10 years is the preference these communities receive when competing for other federal resources," she said. "Communities get bonus points in a competitive application process. It has already resulted in additional monies coming to these communities, and sometimes it has been significant."

Last year, each of the cities applied to HUD for developing early childhood programs located in or adjacent to public housing authority projects. A program was funded in each of those communities and also resulted in increased access to other HUD funds-for the homeless and entitlement, for example.

Irwin said she thinks the emphasis on neighborhood-based empowerment is of critical value to the Enterprise Communities Program. "It is empowerment based in terms of creating stronger neighborhoods, but it is also collaborative and examines ways of bringing the business community, the not-for-profit organizations, neighborhood residents and municipalities together at one table to look at how they move toward a joint future that will accommodate as many of their shared goals as possible."

The Center for Economic Growth, a non-profit, privately funded economic development group in Albany, administers the local Enterprise Communities Program. Tony Tozzi, program director, attributes the program's uniqueness, in part, to the state's involvement.

"Different aspects were added when New York state became involved in 1996. There became two uses for the same program: On the federal side, the funding targets neighborhood planning and preservation, youth preservation and job/youth creation. Its philosophy is to encourage creativity and enable neighborhoods to develop their own programs. It is a fluid process with discretionary funding on the local level. On the state side, the focus is on creating jobs and businesses. They don't want money spent that won't result in private, permanent jobs."

After a slow start, the program is starting to move along now, Tozzi said. "Albany and Schenectady have allocated funds and Troy is on the verge. All three cities have made remarkable progress over the first year. This is a grassroots, community-driven program. Decisions are made by the community, for whom the funds were intended to help," he said.

Tozzi also emphasized the importance of neighborhood involvement-a vital aspect. "The local communities must articulate their needs, determine how to address those needs and implement programs. The program's philosophy is to put together programs that, when they come together, will change the lives of the people in the community. The goal is to address as many of the communities' needs as the money will allow," he said.

Tozzi said he sees the Enterprise Communities Program as a work in progress. "The first year was a struggle to build the capacity to come together and identify and address the communities' needs. The next step should result in a more creative mix of programs and more dialogue," he added.

With five projects set to go, Schenectady is ahead of Albany and Troy. Ideas on how to spend the money came from the neighborhoods, as required by the program.

Brian Wright, Schenectady delegation chairman, explained how residents of the zone discussed needs and plans in meetings over the course of a year. "Then the Schenectady delegation-which represents neighborhoods, community action and business-and the Center for Economic Growth turned those goals into specific plans," he said. "The ideas were presented to the public in May."

This year's plans include:

* A summer youth program. Run last summer, the program provides six weeks of work to 100 people aged 14 to 24. Participants work four days a week for minimum wage and spend the last week at Schenectady County Community College learning personal development and computer skills. The cost of the program is $50,000.

* A summer activity fund that will provide summer day camp for 78 youths up to age 13. The cost is $28,665.

* A business development loan fund. Applications will be ranked by their benefit to the enterprise community itself, whether by employing its residents or boosting the general economy. Money will be available for equipment, property acquisition, supplies, insurance, legal fees, advertising and marketing, and business and financial planning. Support services for new entrepreneurs also will be available. The cost is $25,000.

Other projects to be funded this year include $16,300 for the Communicator, a monthly newsletter covering the Hill, Vale and Central State neighborhoods. And another $25,000 will be provided for a neighborhood empowerment fund, but it hasn't been determined yet how that money will be spent. It is intended to groom leaders of neighborhood organizations and give residents some clout at city hall, he said. "All of the projects must still be approved by the state," Wright said.

The Albany delegation is just beginning to get its feet on the ground, said Ruby Hughes, chairwoman. She said it took the delegation a year to understand what it was doing.

"We, as a body, had to come together and make our own determinations on how to do things and then get them done. We spent the majority of the first year teaching ourselves and the community," Hughes said.

"The state refused our first set of proposals because they weren't written properly. Then we met with a state representative who showed us what to look for, how to write proposals. Currently, we are preparing to submit proposals to the state for review. I can't say what those are because the residents don't know yet," she said.

What Hughes will tell is that the delegation is looking at welfare reform. "Proposals have suggested day-care centers and after-school programs." she said. "Drug and employment counseling also have been suggested."

The city of Troy's program is starting to pick up speed, too. Following a learning curve and some organizational reshuffling, the delegates are soliciting proposals.

"We circulated throughout the neighborhoods and organizations that serve the targeted communities asking people to identify the issues they felt needed to be addressed," said Troy Deputy Mayor James Conroy.

"Following that, we identified four principal initiatives that require further evaluation: a program for a virtual training and learning center-it would be a computer, high-technology training program for the entire community; a program submitted by the Rensselaer County Council for the Arts and the Junior Museum; and a continuing summer youth employment program.

"And we have been in contact with the Troy Rehabilitation and Improvement Program to provide a neighborhood outreach organizer in the targeted neighborhoods who would work with citizen groups and generate public involvement in the project. Funding for these projects has not yet been established," Conroy said. For Troy, these programs aim to improve the neighborhoods where there is a concentration of low- and moderate-income residents.

"The state money is targeted to job creation and economic development initiatives in particular," he said. " Some of the social ills will be addressed through the virtual training and education center."

Conroy said he thinks the program's strength can be found in its intent to empower the people to make up their own minds about what is needed. "That is a central part of the entire program and why we solicited the ideas papers," he said. "Troy does not have existing neighborhood organizations. We need to develop more neighborhood participation and outreach.

"Another strong component of this particular enterprise community is the diversity within each of the communities. We haven't been hampered by that diversity but, rather, we have learned to work together and learn from one another. There has been a good cross-fertilization of ideas and approaches."

While the Enterprise Communities Program has started these inner-cities down the road to recovery, there is still a great deal of work to be done to ensure a positive economic development future.

"In order to help people, you must be around people," said Hughes, who heads the Albany delegation. "You can't run your business from State Street or Corporate Woods and feel sorry for the little community people. You need to come down here and make decisions based on what you see, not on what the newspapers and televisions say.

"Come and see for yourself. Until then, the economic development picture won't change too quickly," she said.

NEW MARKETS PRESIDENTIAL TRIP – July 5-8

Attached is a list of companies that have expressed interest in the New Markets Initiative or that have received information from the Administration about the July trip. NEC and the Office of Public Liaison will be coordinating follow-up calls to CEOs and Senior Executives.

We need your input regarding the corporate outreach. Please provide us with **background on five companies** (in order of priority) that your agency wants to contact as part of the corporate outreach for the July New Markets trip.

- Which companies on the attached list does your agency want to contact?
- Are there additional companies that are not included on the attached list that your agency wants to contact?
- If your agency wants to be directly involved in the corporate outreach (i.e. making phone calls) to a specific company, provide details on how and why?
- Who from your agency would be involved in phone calls and any written communication with companies?
- What is the relevance and importance of these companies to any of the sites that your agency or other agencies have recommended.
- What companies does your principal have existing relationships with that we can build upon in this corporate outreach effort?
- What commitments or announcements do you expect each company to make in connection with the trip or any of the potential sites.

Please provide this information by fax to Jay Dunn or Lisa Green at 456-2223.

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Bank One

AIG
Allied Signal
AllState
American Airlines
American Express
Ameritech
Bank Boston
Black Enterprise Fund
Boeing
Burger King
Chevron
Cigna
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Edison International
El duPont
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Goldman Sachs
Hewlett-Packard
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Honeywell
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International Paper
JC Penny
Johnson & Johnson
Johnson Publishing
Kmart
Kroger
Lockheed Martin
Loews Corporation
Merck
Merrill Lynch
Met Life
MJH
Mobil
Morgan Stanley
New York Life
Pfizer
Procter & Gamble
Prudential
Ralph's
Rite Aid

PRESIDENT CLINTON'S CHALLENGE TO INVEST IN AMERICA'S NEW MARKETS

May 11, 1999

"We must do more to bring the spark of private enterprise to every corner of America -- to build a bridge from Wall Street to Appalachia, to the Mississippi Delta, to our Native American communities... Our greatest untapped markets are not overseas -- they are right here at home."

-- President Clinton, State of the Union Address, 1999

Joining With Corporate America to Mobilize Investment in Untapped Markets. Today, President Clinton and Vice President Gore will hold a roundtable with 17 chief executive officers from major American corporations and investment firms to discuss ways to best mobilize new private investment in America's most economically underserved communities --- America's new markets.

Announcing a Presidential Trip the Week of July 5 to Underserved Urban and Rural Areas Across the Country. President Clinton will announce today that in July he will take a bipartisan delegation of CEOs and Members of Congress to untapped markets throughout America, touring economically distressed communities and highlighting new opportunities being created in these communities across the nation.

- The trip will be modeled after the type of trade missions that Cabinet Secretaries and CEOs often take overseas to identify markets, in which – through trade and commercial agreements – they can help to create jobs and expand economic development.
- As part of the trip, President Clinton will announce new administration commitments and innovative programs developed by companies, community leaders, non-profit organizations, and investment firms around the country.

Promoting Efforts to Attract Capital to Underserved Areas. As part of a bipartisan focus on underserved urban and rural areas, President Clinton is seeking ways to expand current efforts. President Clinton's New Markets Initiative will build upon these existing programs and help create the conditions for economically successful investment in underserved inner city and rural areas. Included among the elements of the plan are:

- **<u>The New Markets Tax Credit.</u>** To help spur $6 billion in equity capital for investment in America's new markets, President Clinton and Vice President Gore have proposed a tax credit worth 25 percent for investments in a wide range of vehicles. Eligible investment companies include community development banks, venture funds and corporations, and the new investment company programs created by this initiative.
- **<u>America's Private Investment Companies (APICs).</u>** Just as our support for the Overseas Private Investment Corporation helps promote growth in emerging markets abroad, APIC, will encourage private investment in America's untapped markets. For up to $100 million of private equity, HUD and SBA will guarantee loans up to $200 million, creating investment funds as large as $300 million to invest in new development projects and larger businesses that are expanding or relocating in inner city and rural areas. Under the financing structure, the private investors' funds are at risk ahead of the government's.
- **<u>New Markets Venture Capital (NMVC) Firms.</u>** NMVC firms will make both capital and expert guidance available to small business entrepreneurs in inner-city and rural areas. Ten to twenty NMVC firms are planned. SBA will match the equity and technical assistance of private investors.

Building on Six Years of Work to Expand Economic Development. The Clinton-Gore Administration has made community development a priority since taking office. The efforts announced today build on a number of critical initiatives that have helped to expand economic development to communities across the country that need it most. These efforts include the Community Reinvestment Act, Community Development Financial Institutions, Micro-Enterprise Programs, the Economic Development Initiative and Section 108 Loan Guarantee

Program, the Empowerment Zones and Enterprise Communities, and the Brownfields Tax Incentive.

BACKGROUND ON THE CLINTON-GORE ADMINISTRATION'S COMMUNITY DEVELOPMENT AGENDA

May 11, 1999

TODAY'S ANNOUNCEMENT BUILDS ON PRESIDENT CLINTON AND VICE PRESIDENT GORE'S SIX-YEAR RECORD OF PROMOTING GROWTH AND OPPORTUNITY IN AMERICA'S COMMUNITIES

Since 1993, President Clinton and Vice President Gore have been committed to tapping the potential of America's urban and rural communities. They have a demonstrated record of creating new initiatives and expanding existing initiatives to promote community and economic development. The Clinton-Gore Administration has worked with the private sector, states, and localities to help revitalize America's communities by bringing capital, jobs, and opportunity to distressed areas and cleaning up the urban environment. President Clinton and Vice President Gore have created or expanded the following initiatives over the last six years:

Helping to Bring Private Enterprise and Capital to Distressed Areas. The Clinton-Gore Administration has renewed the commitment of the Federal government to help bring private enterprise into underserved communities and improve access to capital for low-income households, minorities, and traditionally underserved borrowers.

- *125 Empowerment Zones and Enterprise Communities.* The Clinton Administration has announced 105 EZs and ECs across the country. This effort was proposed by President Clinton and passed by Congress in 1993. The EZ/EC effort has generated more than $2 billion of new private sector investment in community development activities. The President also has signed into law a second round of EZs -- 15 new urban and 5 new rural zones -- which will qualify for tax incentives, small business expensing, and private activity bonds. In FY 1999, President Clinton and Congress provided first-year funding of $55 million for the new EZs, and $5 million in first-year funding for 20 new rural Enterprise Communities announced in January.

- *Strengthened and Simplified the Community Reinvestment Act (CRA).* In April 1995, the Clinton Administration reformed the CRA regulations to emphasize performance. According to the National Community Reinvestment Coalition (NCRC), the private sector has pledged more than $1 trillion going forward in loans to distressed communities – and more than 95 percent of these financial commitments have been made since 1992. Banks made $18.6 billion in community development loans in 1997 alone. Lending to minority and low-income borrowers is also on the rise.

- *Created the Community Development Financial Institutions Fund (CDFI).* Proposed and signed into law by the President in 1994, the CDFI fund, through grants, loans, and equity investments, is helping to create a network of community development financial institutions in distressed areas across the United States. The CDFI fund was established in 1994. In FY99, funding was increased 19 percent to $95 million from $80 million.

- *The Economic Development Initiative (EDI) and Section 108 Loan Guarantee.* EDI grants are used to infuse capital into community development projects, enhancing the debt financing provided by the

Section 108 loan guarantee program. Together, the programs support critical economic development in distressed communities. Estimated jobs supported by EDI and the Section 108 loan guarantee have grown by 300,000 from 1994 to 1998. During this time period EDI and the Section 108 loan guarantee program have funded $3.5 billion for more than 650 separate project commitments.

Helping to Bring Jobs and Opportunity to Distressed Areas. A cornerstone of the Administration's community empowerment agenda is helping to bring jobs and opportunity back to distressed areas:

- *$3 Billion Welfare-to-Work Jobs Initiative.* The Clinton Administration fought for a $3 billion welfare-to-work jobs initiative as part of the 1997 Balanced Budget Agreement. The Administration is implementing these welfare-to-work grants directly to both cities and states for allocating additional resources to help long-term, hard-to-serve welfare recipients find and keep jobs.

- *Welfare-to-Work Tax Credit and Work Opportunity Tax Credit.* The Welfare-to-Work Tax Credit, enacted in the 1997 Balanced Budget Agreement, provides a credit equal to 35 percent of the first $10,000 in wages in the first year of employment, and 50 percent of the first $10,000 in wages in the second year, to encourage the hiring and retention of long-term welfare recipients. This credit complements the Work Opportunity Tax Credit, which expands eligible businesses to include those who hire young adults living in Empowerment Zones and Enterprise Communities. In FY 1999, the President requested and Congress accepted extending the credit through June 30, 1999.

- *Community Development Block Grant (CDBG) Expansion.* President Clinton's FY 2000 budget included an expansion of CDBG. The final budget increases funding for CDBG from $4.750 billion in FY 1999 to $4.775 billion in FY 2000, a $25 million expansion this year.

Cleaning Up the Urban Environment. The Clinton Administration has launched a landmark effort, including the Brownfields Tax Incentive, to clean up and redevelop Brownfields sites. In total, the Brownfields action agenda has marshaled funds to clean up and redevelop up to 5,000 properties, leveraging between $5 billion and $28 billion in private investment and creating and supporting 196,000 jobs.

PRESIDENT CLINTON AND VICE PRESIDENT GORE ARE BUILDING ON THEIR PAST ACHEIVEMENTS THROUGH A NUMBER OF NEW INITIATIVES THIS YEAR.
While Americans are enjoying the fruits of our strong economy, we still need to do more to improve conditions in underserved urban and rural communities. To address this need, President Clinton and Vice President Gore are working on several fronts.

The New Markets Initiative. President Clinton's FY 2000 balanced budget provides a new initiative designed to create the conditions for economic success by prompting approximately $15 billion in new investment in urban and rural areas through:

- *The New Markets Tax Credit.* To help spur $6 billion in new equity capital, this tax credit is worth up to 25 percent for investments in a wide range of vehicles serving these communities, including community development banks, venture funds, and the new investment company programs created by this initiative (see below). A wide-range of businesses could be financed by these investment funds, including small technology firms, inner-city shopping centers, manufacturers with hundreds of employees, and retail stores.

- *America's Private Investment Companies (APICs).* Just as America's support for the Overseas Private Investment Corporation helps promote growth in emerging markets abroad, APICs will encourage private investment in this country's untapped markets, by leveraging up to $1.5 bilion in investment in new development projects and larger businesses that are expanding or relocating in inner city and rural areas.

- *SBIC's Targeted to New Markets.* For over 40 years, SBA's Small Business Investment Company (SBIC) program has provided roughly $20 billion in equity and debt financing to more than 85,000 different companies, helping them to grow from small businesses to household names, like AOL and Staples. However, too little of the capital invested has benefited our cities and rural distressed communities. SBA now will offer more flexibility and new financing terms for SBICs that invest in underserved areas.

- *New Markets Venture Capital (NMVC) Firms.* NMVC firms will make both capital and expert guidance available to small business entrepreneurs in inner-city and rural areas. Ten to twenty NMVC firms are planned. SBA will match the equity and technical assistance of private investors.

- *New Markets Lending Companies (NMLC).* For the first time in many years, SBA will approve approximately 10 new non-bank lenders --- firms authorized to originate loans under SBA's largest loan program – the 7(a) General Business Loan Guaranty program. Under the 7(a) program, SBA guarantees up to 80 percent of a loan made by a lender to a creditworthy small businesses that cannot otherwise secure financing on reasonable terms. Firms must have a strategy to target lending to underserved areas.

- *Microenterprise Lending and Technical Assistance.* Microenterprise initiatives in the FY 2000 budget include the proposed PRIME Act, under which the CDFI Fund will provide microenterprise technical assistance through competitive grants to microenterprise development organizations that focus on low-income entrepreneurs. President Clinton's and Vice President Gore's proposal also includes a doubling of support for technical assistance in SBA's Microloan Program and a doubling of support for SBA lending to leverage over $75 million in new microlending. The microenterprise strategy will also involve new funding for Individual Development Accounts (IDAs) and for SBA's One-Stop Capital Shops.

- *Regional Connections.* Regional Connections will provide competitive funding to States and partnerships of local governments to develop and implement new, locally driven "smarter growth" strategies that create more livable communities by addressing economic and community development needs across jurisdictional lines. Regional Connections, as part of the Administrations' Livability Agenda, will complement existing federal programs that respond to growth and investment patterns. The budget proposes funding at $50 million in FY 2000.

- *The Economic Development Initiative and Section 108 Loan Guarantee Program.* This program supports critical economic development in distressed communities in conjunction with the Section 108 loan guarantee program to help bring economic development to residents. In FY 2000 many projects will be eligible to participate in the Community Empowerment Fund Trust, a pilot program, which will enable the pooling of loans and the creation of a private sector secondary market for economic development loans. The CEF specifically targets Welfare-to-Work and City-

Suburb Business Connections, building upon the success of HUD's EDI and Section 108 loan guarantee program.

- *Empowerment Zones and Enterprise Communities.* The 2000 Budget proposes mandatory funding for ten years: $150 million a year for urban EZs and Strategic Planning Communities; $10 million a year for rural EZs; and $5 million a year for rural ECs.

- *Community Development Financial Institutions (CDFI) Fund.* The budget proposes to expand funding for the CDFI Fund to $125 million--a $30 million increase from 1999. The Fund increases the availability of credit, investment capital, financial services, and other development services in distressed communities.

- *BusinessLINC.* The President's FY 2000 budget includes seed money to expand Business LINC --- an innovative public-private partnership launched by Vice President Gore --- for new markets in economically distressed communities. BusinessLINC (Learning, Information, Networking and Collaboration) is designed to encourage large businesses to work with small business owners and entrepreneurs.

- *Low-Income Housing Tax Credit.* Since its creation in 1986, the Low-Income Housing Tax Credit (LIHTC) has given states tax credits of $1.25 per capita to allocate to developers of affordable housing. While building costs have increased 40 percent in the last decade, the amount of the credit has not been adjusted for inflation. Therefore, President Clinton and Vice President Gore propose to increase the cap on the LIHTC from $1.25 per capita to $1.75 per capita -- restoring the value of the credit to its 1986 level and helping to an create additional 150,000-180,000 new low-income rental housing units over the next five years.

- *Play-by-the-Rules.* This program will allow renters with solid payment track records to own a home. The 2000 Budget proposes a second round of $15 million for this initiative.

- *Helping America's Communities Redevelop Abandoned Buildings.* Redevelopment of Abandoned Buildings, as part of the Administrations' "Livability Agenda," would attack one of the primary causes of blight in urban neighborhoods: abandoned apartment buildings, single-family homes, warehouses, office buildings, and commercial centers. Under the proposal, HUD will provide $50 million in competitive grant funds in FY2000 to local governments to support the demolition or deconstruction of blighted, abandoned buildings.

NEW MARKETS CITIES

Denver, CO
Mayor Wellington, Webb (D)

Fairfield, CA
Mayor George Pettygrove (D)

Phoenix, AZ
Mayor Skip Rimza (R)

East St. Louis, MO
Mayor Debra Angel Powell (D)

- need details @ neighborhood

Wichita, KS
Mayor Bob Knight (R)

St. Louis, MO
Mayor Clarence Harmon (D)

? Window Rock
— Pine Ridge
— KY Highlands
— L.A.
— Hartford, CT
— Gary IN
— Harlem, NY
— Mississippi Delta — Jackson
— Phoenix, AZ

Las Vegas, NV
Mayor Jan Laberty Jones (D)

New York City
Mayor Rudy Guillani (R)

Fort Worth, TX
Mayor Ken Worth (R)

Jackson, MS
Mayor Harvey Johnson (D)

Boston, MA
Mayor Tom Menino (D)

NEW MARKETS CITIES

Philadelphia, PA
Mayor Ed Rendell (D)

Sacramento, CA
Mayor Joe Serna, Jr. (D)

Jouisville, KY
Mayor David Armstrong (D)

Kansas City, MO and Kansas City, KS
Mayor Kay Waldo Barnes (D) and Mayor Carol Reminovich (D)

Flint, MI
Mayor Woodrow Stanley (D)

DC
Mayor Anthony Williams (D)

Minneapolis, MN
Mayor Sharon Sayles-Delton (D)

Jackson County, FL

Riverside, CA
Mayor Ronald Loveridge (D)

Akron, OH
Mayor Donald L. Plusquellic (D)

Durham, NC
Mayor Nicholas Tennyson (D)

NEW MARKETS CITIES

Dallas, TX
Mayor Ronald Kirk (D)

Houston, TX
Mayor Lee Brown (D)

Los Angeles, CA
Mayor Richard Riordan

Gary, Indiana
Mayor Scott L. King (D)

Scottsboro, AL
Mayor Louis Price

Selma, AL
Mayor Joseph Smitherman

Watsonville, CA
Mayor Oscar Rios

Champion, CA

Kentucky Highlands

Scott, McCreary Counties, TN/KY

McDowell County, WV

Greater Portsmouth, OH

Macon Ridge, LA

NEW MARKETS CITIES

Central Apalachian EC, WV – 5 Counties

Pikeville, NY
Mayor Frank Morris

Hazard, KY
Mayor Bill Gormand (R)

East Prairie, MO

Lock Haven, PA

NE Louisiana Delta

E. Arkansas EC

Paducah, KY
Mayor Albert Jones (D)

McKeesport, PA

Berea, KY
Mayor Albert Trupo

Alabama Black Belt Region

Rio Grande Valley, TX

Lower Yakima Valley, WA

NEW MARKETS CITIES

Josephine County, OR

Window Rock, AR

Pine Ridge, SD

Hartford, CT
Mayor Michael P. Peters (D)

Chicago, IL
Mayor Richard M. Daley (D)

Tuscon, AZ
Mayor George Miller (D)

Iowa City, IA
Mayor Ernest W. Lehman
No Party Affiliation

Trenton, NJ
Mayor Douglas H. Palmer (D)

Detroit, MI
Mayor Dennis W. Archer (D)

NEW MARKETS STATES

Iowa

Ohio

Nebraska

Florida

THE WHITE HOUSE

WASHINGTON

June 2, 1999

MEMORANDUM FOR HILLARY RODHAM CLINTON

FROM: NICOLE RABNER
RUBY SHAMIR

CC: MELANNE VERVEER
PATTI SOLIS DOYLE
MARSHA BERRY

SUBJECT: NEW MARKETS INVESTMENT INITIATIVE

We recommend that you consider participating in the White House New Markets Investment Initiative, which is designed to spur economic development in underserved areas of the United States. The upcoming focus of this initiative is a domestic trip of the President on July 5-8, in which he will take a bipartisan delegation of Members of Congress and CEOs on a trade mission to economically distressed communities. In this same period, other Principals will host events as well. The purpose of these events is to highlight new economic opportunities being created in communities across the nation. While we know that your July schedule is under development, your participation in this initiative would underscore your commitment to bringing jobs and economic prosperity to underserved areas as well as build on your longstanding commitment to microenterprise.

The President's trip is likely to include visits to geographically diverse areas such as an inner city, a rural community, and a Native American town. Similar to our strategy for the Save Our Treasures Tour, the NEC is working to lock in private sector announcements for the President and others to make in the areas of bringing private sector investment to untapped U.S. markets. These announcements will be in the following categories: microenterprise, Community Development Financial Institutions, Small Business Investment Companies and New Markets Venture Capital Firms, Business LINC (Learning, Information, Networking, and Collaboration) and empowerment zones (see below for discussion).

One option for you to consider is to host an event in Washington, D.C. to announce new private sector investment in distressed communities in the nation's capital (the NEC is currently pursuing this).

BACKGROUND ON NEW MARKETS INVESTMENT INITIATIVE

The President launched the New Markets Investment Initiative last January in an event on Wall Street with Reverend Jesse Jackson where he demonstrated the Administration's commitment to harnessing the power of the private sector to invest in untapped U.S. markets. The initiative builds on the Administration's overall community development agenda including the Community Reinvestment Act, microenterprise programs, empowerment zones, and the Brownfields Tax Incentive.

The major provisions of the New Markets Investment Initiative are:

New Markets Tax Credit. Proposed tax credit worth up to 25 percent to help spur $6 billion in equity capital for investment in America's new markets. Eligible investment companies include community development banks, venture funds and corporations, and the new investment company programs created by this initiative. Tax credits would be allocated to attract investors. This portion of the initiative requires new legislation.

America's Private Investment Corporations (APICs). Just as our support for the Overseas Private Investment Corporation (OPIC) helps promote growth in emerging markets abroad, APIC will encourage private investment in America's untapped markets. For up to $100 million of private equity, HUD and SBA will guarantee loans up to $200 million, creating investment funds as large as $300 million to invest in new development projects and larger businesses that are expanding or relocating in inner city and rural areas. Under the financing structure, the private investors' funds are at risk ahead of the government's. This portion of the initiative requires new legislation.

New Markets Venture Capital (NMVC) Firms. NMVC firms will make both capital and expert guidance available to small business entrepreneurs in inner-city and rural areas. Ten to twenty NMVC firms are planned. SBA will match the equity funds of private investors with government debt guarantees of up to $10 million per NMVC, with interest on the debt deferred. Investors who provide at least $1.5 million in technical assistance over five years to targeted firms will also receive matching grants from SBA.

Small Business Investment Companies (SBICs). Under this initiative, SBICs will be eligible for a new type of federally guaranteed loan to augment capital for investment in low or moderate income areas. Interest on these loans will be deferred for the first five years of the 10 year term to give SBICs more time to nurture their investments before they must show a return.

The New Markets Investment Initiative will also support continued growth of community development financial institutions (CDFIs) with $125 million in this year's budget; approve New Markets Lending Companies (NMLCs), new non-bank lenders, to lend to creditworthy small businesses that have trouble securing financing; promote partnerships between large companies and new small companies in distressed areas and encourage the bigger companies to provide training and expertise to new small firms.

Arizona New Mkts

Entrepreneur Gives Others A Chance To Succeed With Their Own Dreams

John Corella never lost sight of his old neighborhood. When the opportunity arose to give something back, he responded with the same drive that led to his first company, Corella Electric, being named the 1986 "Minority Small Business of the Year" by the U.S. Small Business Administration.

Six years later, Corella teamed with the Southwest Harvard Group to respond to a Request for Quotation by AT&T. The Fortune 500 company had developed technology to manufacture a specialized telephone-cable wire and wanted to form a strategic alliance to produce the wire.

"AT&T was not looking for a start-up company," Corella explained. "Our reputation for technological and management expertise made us a very viable partner to develop and operate the proposed state-of-the-art manufacturing plant."

Among Corella's challenges: secure financing to "ramp up" and meet high-production requirements. The solution: a term working capital loan from the MultiBank for operations and a more traditional line of credit from one of its Investing Banks.

As part of the agreement, the MultiBank's equity-like role was linked to the venture's success. The result: a $50,000 supplemental payment from Corella to MultiBank for loans to aspiring small businesses, many home-based in South Phoenix.

Nearly 30 loans ranging from $500 to $3,000 have been generated from the fund, mostly to minority and women-owned businesses, participating in the entrepreneurial training program, the Self Employment Loan Fund (SELF).

"We agreed to this pricing mechanism because the MultiBank was there for us and this was our chance to be there for someone else," Corella said.

John Corella (front) and his business partners Jess Valenzuela (back left) and John Thickett assisted other small businesses in the Phoenix area. Corella's other partners are Gary Trujillo and Gary Magnuson.

New Mkts 5.21.99

URBAN COMMUNITIES	**REC BY:**
Denver, CO Mayor Wellington Webb (D)	Political – B Mayor has reached out to us to come to the city
Fairfield, CA Mayor George Pettygrove (D)	HUD Political - B
Phoenix, AZ Mayor Skip Rimza (R)	HUD IGA A List Political - B

URBAN COMMUNITIES	REC BY:
East St. Louis, MO Mayor Debra Angel Powell (D)	HUD IGA B List Political - C
St. Louis, MO Mayor Clarence Harmon (D)	HUD IGA A List Political – C (Recent Pope Visit)
Wichita, KS Mayor Bob Knight (R)	HUD IGA B List Political - C

URBAN COMMUNITIES	REC BY:
Las Vegas, NV Mayor Jan Laberty Jones (D)	HUD IGA B List Political - A
New York City Mayor Rudy Guilliani (R)	HUD Political - C
Fort Worth, TX Mayor Ken Worth (R)	HUD IGA A List Political – A (only if in Frost's district)

URBAN COMMUNITIES	REC BY:
Jackson, MS Mayor Harvey Johnson (D)	TREAS CDFI IGA – Needs further review, mayor harvey Johnson is a good supporter of Admin but he has had a number of issues re the bombing of the oldest black newspaper in MS. Reports indicate that ex-convict says that a city Leader paid him to bomb the building. Issues for the Mayor is the division (on its face) between the black and white community. The downtown business owners, who are predominantly white, formed a business-improvement district in 1993. Some blacks see the white business owners trying to take control of some city services and potentially shut black-owned businesses out of town, The Mayor, who is the first, African American Mayor, find themselves pitted against some of the city's poorer blacks.
Boston, MA Mayor Tom Menino (D)	TREAS CDFI IGA A List Political - B
Philadelphia, PA Mayor Ed Rendell (D)	TREAS CDFI Political - B

URBAN COMMUNITIES	REC BY:
Sacramento, CA Mayor Joe Serna, Jr. (D)	TREAS CDFI IGA A List Political - B
Louisville, KY Mayor David Armstrong (D)	HUD SBA Political - A
Kansas City, MO and Kansas City, KS Mayor Kay Waldo Barnes (D) Mayor Carol Reminovich (D)	HUD IGA A List Political - C

URBAN COMMUNITIES	REC BY:
Flint, MI Mayor Woodrow Stanley (D)	IGA A List Political – A (*Bay City and Saginaw – A – additions from Orson porter) Mayor has reached out to us to come to the city
DC Mayor Anthony Williams (D)	Labor IGA A List Political - A
Minneapolis, MN Mayor Sharon Sayles-Delton (D)	IGA A List Political – A Mayor has reached out to us to come to the city
Jackson County, FL	Agriculture No vetting information
Riverside, CA Mayor Ronald Loveridge (D)	HUD IGA A List Political - A

URBAN COMMUNITIES	**REC BY:**
Akron, OH Mayor Donald L. Plusquellic (D)	Business Link IGA A List Political - B
Durham, NC Mayor Nicholas Tennyson (D)	TREAS CDFI IGA B List Political - A
Dallas, TX Mayor Ronald Kirk (D)	IGA A List

URBAN COMMUNITIES	REC BY:
Houston, TX Mayor Lee Brown (D)	TREAS CDFI Political - A
Los Angeles Mayor Richard Riordan	Labor Political – A No IGA info
Gary, Indiana Mayor Scott L. King (D)	HUD IGA A List Political – C Mayor has reached out to us to come to the city

RURAL COMMUNITIES	**REC BY:**
Scottsboro, AL Mayor Louis Price	HUD IGA – Needs further review Political - B
Selma, AL Mayor Joseph Smitherman	HUD Political – A IGA – Needs further review; Senator Hank Sanders (D), his wife, attorney Rose Sanders, and Commissioner Perry Varner filed a libel complaint against Mayor Joe Smitherman and Dallas County Board of Education member Cecil Williamson. The complaint was dismissed in March, 1999, but senator Sanders plans to appeal the decision. In January 1999, indictments were returned after a 13 month investigation of corruption charges against police Chief Ransy Lewellen and City Clerk Mary Ramsey. Both department heads were involved in a scheme of bogus invoices paid with city funds. Mayor Smitherman terminated both prior to being indicted. August, 1998, a former state law maker and the son of Selma Mayor, were sued for $6.2 million by a woman who claimed she lost her job after refusing to falsify documents associated with a housing project.

RURAL COMMUNITIES	REC BY:
Watsonville, CA	Agriculture No IGA info No vetting info
Champion, CA	Agriculture IGA – thumbs down
Kentucky Highlands	SBA Agriculture Political – nine counties – B No vetting, except Gov Patton doesn't want us to go there
Scott, McCreary Counties, TN/KY	Agriculture No vetting
McDowell County, WV	Agriculture No vetting

RURAL COMMUNITIES	**REC BY:**
Greater Portsmouth, OH	Agriculture No IGA info No vetting
Macon Ridge, LA	Agriculture No vetting No IGA info
Central Appalachian EC, WV – 5 Counties Not Named	Agriculture Political – KY Gov Patton strongly advocates the Appalachia region of KY. He is currently drafting a proposal.
Pikeville, KY Mayor Frank Morris Governor Paul Patton (D)	IGA – A List, Largest City in Appalachia, 1st preference (by far) of Gov Patton (Gov was County Exec there for 10 years before becoming Lt. Gov). Gov's office thinks Robert Kennedy went there during his '68 presidential run. Also, Pikeville/Pike Co. border WV. If they go there, perhaps we could ask Gov. Underwood to come over to KY for the event. He's the state's co-chair of the Appalachian Regional Commission and a huge supporter of the initiative Would also make it bi-partisan and we avoid any "steel problem" by not being physically in WV. (I did not receive the Underwood piece w/ patton" folks; though we should check it here first. No other vetting info

RURAL COMMUNITIES	**REC BY:**
Hazard, KY Mayor Bill Gormand (R)	IGA – Another city in Southeastern KY, but it may be logistically difficult to get there. Gov Patton's 2^{nd} choice in Appalachia No vetting
East Prairie, MO	Agriculture No vetting info
Lock Haven, PA	Agriculture No vetting info

RURAL COMMUNITIES	REC BY:
NE Louisiana Delta	Agriculture No vetting
E. Arkansas EC	Agriculture No vetting
Fairfield, CA Mayor George Pettygrove (D)	HUD IGA B List
Paducah, KY Mayor Albert Jones (D)	IGA – Needs more review Political – F (school violence is still #1 issue)
McKeesport, PA	HUD IGA B List Political - B

RURAL COMMUNITIES	REC BY:
Berea, KY Mayor Albert Trupo	TREAS CDFI IGA – Needs more review Political - B
Alabama Black Belt Region	Political – B Mayor has reached out to us to come to the city; Letter sent by Mayor Lenwood Herron
Rio Grande Valley, TX, Port Isabel	Agriculture
Lower Yakima Valley, WA	Agriculture
Josephine County, OR	Agriculture

TRIBAL COMMUNITIES	**REC BY:**
Window Rock, AR	TRES Political - A
Pine Ridge, SD	Political – A HUD Labor

MICROENTERPRISE IDEAS	REC BY:
IA	Political – Could be great, depends on city
OH	Political – B (Southern or Northeastern, OH)
Nebraska	Political - C

OTHER STATES	RAC BY:
Florida	Labor Political – Depends on city

5/21/99

DRAFT

Department of Labor-Recommended Presidential Events: New Markets Initiative

Los Angeles or Alternate (NY)

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

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

Visual: Visit to one of the following:

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

Cabinet hiring commitments

Private Industry Targets:

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

Southeastern Kentucky

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

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

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

Private Industry Targets:

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

Detroit

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

Visual: Site visit to DetroitWorks Youth training facility.

Private Industry Targets:

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

Washington, DC

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

Visual: Site visit to Computech facility.

Private Industry Targets:

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

RECOMMENDED NEW MARKET TRAVEL
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PINE RIDGE, SOUTH DAKOTA

Background/Highlights

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

Recent Investments

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

Announcements

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

GARY, INDIANA

Background/Highlights

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

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

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

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

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

Other Comments:

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

NEW YORK CITY

Background/Highlights

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

Government Investments

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

Private Sector Investments

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

Possible Announcement/Events

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

- A HUD-funded study, completed in 1996 (or thereabouts), recommended businesses that could spark the most revenue in the area. Some of those recommendations could be ready for announcement by the end of June.

Other Comments
The Harlem renaissance has already attracted media attention and acclaim (see attached *Washington Post* article from May 5, 1999.

DELTA POSSIBILITIES

MONROE, LOUISIANNA

Background/Highlights
- In 1994, statistics showed that Monroe is the third-poorest metropolitan area in the nation
- Monroe has a population over 50,000.

Government Investments
- Designated as EC in the first round, in 1995, receiving $3 million.

Private Sectors Investments
- **Hibernia National, Central Bank and Bank One** committed $3 million in **loans to EC businesses** unable to access traditional bank financing.
- A donated property is being rehabilitated and expanded as the St. Francis Medical Center's Primary Health Care Clinic (South), a **community-based nonprofit clinic.** The new facility will cost approximately $350,000 and provide 13 jobs.
- **State Farm Insurance** is carrying out a partnership to provide job training to place EC residents in Monroe or the adjacent Parrish. There are 10 people currently placed.

Possible Announcements/Events

Other Comments
- The EC Board was originally deemed "troubled," but has recently shown great improvement.

GREENWOOD, MISSISSIPPI

Background/Highlights

Government Investments
- Designated as Empowerment Zone in 1995.
- Received $800,000 in small cities CDBG, $1 million USDA.
- Received
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Private Sectors Investments
- $1 million in local private sector investment.
- Viking Range, manufacturer of high quality kitchen equipment, came into the Zone, and created 500 jobs.

Possible Announcements/Events

Other Comments