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THE WHITE HOUSE
WASHINGTON

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June 17, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING
MARIA ECHAVESTE
STEPHANIE STREETT

SUBJECT: PRESIDENTIAL TRIP TO AMERICA'S NEW MARKETS

BACKGROUND

In response to the issues you raised in our meeting on Tuesday, June 15, we are providing additional information regarding possible locations for the trip you will take the week of July 5. The current options allow you to visit a broad range of communities that reflect the cultural and geographic diversity of the country. We have also provided more detail on the demographics of each community and indicated how each location amplifies your New Markets Initiative. As an attachment to this memorandum we are providing a full schedule outlining your itinerary. In contrast to our original proposal, the trip would now begin in Appalachia and end in Los Angeles/Anaheim.

This memo provides additional information and options, which you requested in our meeting.

APPALACHIA, DELTA AND MIDWEST LOCATIONS

In response to the questions you raised regarding proposed sites in Appalachia, the Delta and the Midwest, we provide the following information.

1. Mississippi Mid-Delta

Focus: Investment in the Delta and Rural New Markets

Summary Recommendation: We have explored several locations in Mississippi including Greenville, Greenwood, and Clarksdale as alternatives to our original proposal to land in Jackson. We recommend Clarksdale as the strongest option.

- **Clarksdale, MS:** Clarksdale is close to the Arkansas border and Secretary Slater strongly recommends it as a good place for your Delta stop. The town is located in Coahoma County which is 63% African-American and has a poverty rate of 45.5%; nearly 20% of the housing does not have public sewers. However, there are economic success stories in Clarksdale, as a result of financing provided by the Enterprise Corporation of Delta (EDC), a CDFI headed by an African-American that we hope to highlight on our visit to the Delta as a successful example of New Markets economic activity. Information on businesses that we might visit is contained in the attached appendix. Coahoma County is not located in the Mid-Delta Empowerment Zone.

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- **Greenwood, MS:** This community is located within the Mississippi Delta Rural EZ which has a 46% poverty rate and is 69% African-American. Greenwood is approximately one hour from Clarksdale. It is a slightly larger town than Clarksdale but has similar demographics. A visit to Greenwood could include stops at businesses in the Mid-Delta EZ, including the Viking Range Corporation and Heartland Catfish Company, both of which employ EZ residents, many of whom have moved from welfare to work.

2. Appalachia

Focus: Investment in Appalachia and Rural New Markets

Summary Recommendation: After exploring possible Appalachia sites in more detail, we recommend Kentucky Highlands, KY as our strongest option. Some concerns have been expressed regarding steel issues in Ohio, which might result in controversy over a stop in Athens County. It is particularly important that the press stay focused on the New Markets message on this stop since we are recommending that the trip begin in Appalachia.

- **Kentucky Highlands, KY:** Kentucky Highlands is a rural Empowerment Zone consisting of Clinton, Jackson, and Wayne Counties; the poverty rate for each county exceeds 30% as compared to an overall poverty rate of 20% for the State of Kentucky. Wayne and Jackson Counties are the state's poorest, and have populations that are 98.7% white. The lead EZ entity is the Kentucky Highlands Investment Corporation (KHIC), one of the premier community development venture capital funds in the nation. We would potentially visit one or more business in the Kentucky Highlands EZ that have benefited from financing from KHIC such as Mid-South Electric, a small company which has grown to 800 employees and is now completing a \$5 million expansion that will add 100-150 additional employees. Please note the additional information on businesses and potential stops in the appendix.
- **Athens County, OH:** Athens County is 97.1% white and one of the poorest counties in the state. The largest municipalities in Athens County are the town of Athens (where Ohio University is located) and Nelsonville, which is approximately 15 miles away. We have identified several potential new announcements that would be made related to Enterprise Development Corporation (EDC), a CDFI that covers a 30-county, largely rural region of Appalachian Ohio. Bank One is prepared to announce a commitment to make a loan to EDC through the SBA microloan program. Please note the additional information on businesses and potential stops in the appendix.

3. Midwest

Focus: Investment in Urban EZs and the Inner Cities

Summary Recommendation: Our goal in the Midwest is to highlight urban poverty and the changes that are occurring in urban, inner-city communities.

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- **East St. Louis, IL:** East St. Louis is an extremely economically distressed community and part of an Urban EZ with unemployment rates in excess of 20%, a poverty rate of 42%, and a 98% African-American population. You could visit the Jackee Joyner Kersee Community Center -- financed in part by the private sector -- which is currently under construction in a neighborhood that was formerly an Enterprise Community and is now part of the EZ. Other potential stops include the construction site of the largest shopping center to be built in East St. Louis since 1950. Additional corporate involvement in the community is outlined in the attached appendix.
- **Chicago, IL:** A visit to Chicago, which is an Urban EZ, could focus on a very poor neighborhood such as the West Side where the poverty rate is 26% and the population is 66% African-American. This area also includes the downtown business district and would present a stark contrast between the haves and the have-nots. We might visit sites connected with the Illinois Facilities Fund, a CDFI that finances nonprofit facilities supporting low income people in Chicago and elsewhere in Illinois. There are also several business announcements that could be made here, by companies such as Bank of America, Ameritech and SBC Communications (see appendix for more information). Lastly, a visit to Chicago allows you to announce The BusinessRoundtable's decision to open BusinessLINC chapters in Chicago, New York, Dallas, and Boston. You should note that that you are scheduled to travel to Chicago on June 30 and August 3.

REQUEST AND RECOMMENDATION

Based on our meeting on Tuesday June 15, we will proceed with plans for the New Markets trip to include stops in Los Angeles/Anaheim, South Phoenix, and Pine Ridge Indian Reservation (see appendix for detailed information). We recommend the following additional stops:

1. Appalachia: Kentucky Highlands ☒ Agree ☐ Disagree
2. Mississippi Delta: Clarksdale, MS ☒ Agree ☐ Disagree
3. Midwest: ☐ East St. Louis OR ☐ Chicago

RECOMMENDED ITINERARY

If you concur with the above recommendations, your itinerary would be as follows, departing from Washington, DC on Monday, July 5 and returning the evening of Thursday, July 8.

- | | |
|--------|---|
| July 5 | Kentucky Highlands, KY |
| July 6 | Clarksdale, MS
Chicago, IL or East St. Louis, IL |
| July 7 | Pine Ridge, SD
Phoenix, AZ |
| July 8 | Los Angeles and Anaheim, CA |

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TRIP OF THE PRESIDENT TO AMERICA'S NEW MARKETS

July 5-8, 1999

Note: Per your request, we have included OTR Time in each city which will give you the opportunity to meet with the local residents.

MONDAY, JULY 5th

MORNING OFF

11:30 am Depart AAFB en route Kentucky
[flight time: 1 hour, 15 minutes]
12:45 pm Arrive Kentucky
2:00 pm **EVENTS TBD**
3:15 pm *Kentucky City TBD*
3:30 pm **OTR TIME**
4:30 pm
4:40 pm **POSSIBLE INTERVIEWS**
5:40 pm
6:50 pm ET Depart en route Memphis, TN
7:10 pm CT Arrive Memphis, TN

EVENING OFF

RON MEMPHIS, TN

THURSDAY, JULY 8th

9:00 am **EVENTS TBD**
10:30 am *Watts, CA*
10:45 am **OTR TIME**
11:30 am
12:00 pm Depart en route Anaheim, CA
12:15 pm Arrive Anaheim, CA
12:45 pm **REMARKS TO CEO**
1:45 pm **CONFERENCE**
Anaheim, CA
3:00 pm PT Depart en route The White House
10:50 pm ET Arrive The White House
RON **THE WHITE HOUSE**

TUESDAY, JULY 6th

8:15 am Depart Memphis via Marine One en
route Clarksdale, MS
9:15 am **EVENTS TBD**
10:45 am *Clarksdale, MS*
11:00 am **OTR TIME**
12:00 pm
1:05 pm Depart en route MidWest City
2:20 pm Arrive MidWest City
3:00 pm **EVENTS TBD**
4:15 pm *MidWest City*
4:20 pm **OTR TIME**
5:20 pm
6:05 pm CT Depart en route Ellsworth AFB, SD
6:50 pm MT Arrive Ellsworth AFB, SD

EVENING OFF

RON SOUTH DAKOTA

WEDNESDAY, JULY 7th

8:15 am **EVENTS TBD**
9:45 am *Pine Ridge Indian Reservation*
10:00 am **OTR TIME**
11:00 am
12:35 pm MT Depart en route Phoenix, AZ
[flight time: 2 hours, 10 minutes]
[time change: -1 hour]
1:35 pm PT Arrive Phoenix, AZ
2:15 pm **EVENTS TBD**
3:30 pm *Phoenix, AZ*
3:45 pm **OTR TIME**
5:15 pm
6:00 pm Depart en route Los Angeles, CA
[flight time: 1 hour, 10 minutes]
7:10 pm Arrive Los Angeles, CA

EVENING OFF

RON LOS ANGELES, CA

as of June 17, 1999 (11:49AM)

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APPENDIX

1. Mississippi Delta

Clarksdale, MS: There are several businesses located in Clarksdale that you may want to visit:

- Computers, Inc. is a computer servicing and retail business that serves 15 counties of the Delta region. The company employs six people full time and has revenues of \$1 million. They are an authorized Apple Computer Dealer and also provide sales and services to a number of schools and academies in the area, which we might visit. The owners, Nita Brooks, is a graduate of the FastTrac entrepreneurial training course, sponsored by ECD and administered locally by Delta State University.
- Waterfield, Inc. is a Tennessee corporation doing businesses in Clarksdale. The company produces cabinets and employs 200 full-time employees many of whom have moved from welfare to work.
- Delta Laundry is based in Clarksdale and provides commercial laundry and linen service to hospitals, restaurants, and casinos. The company employs 25 people, 15 of whom moved from welfare to work.

In addition we could travel through the community which is very characteristic of the Mississippi Delta and make stops in places like the first predominantly black community college in Mississippi, which is located in Coahoma.

Greenwood, MS: There are several businesses in Greenwood that you could visit on a stop here.

- Viking Range Corporation is headquartered in Greenwood and employs 500 people, most of whom live in the EZ. The company manufactures Viking ranges, the premiere brand for commercial grade ranges, and has a tremendous success story to tell about their decision to locate in an EZ.
- A visit to Greenwood could also involve a tour of local neighborhoods and a visit to a business located there. One such business is Heartland Catfish, Inc., which received a USDA business and industry loan guarantee to help open a new processing plant that will provide jobs for 150 people.

2. Appalachia

Kentucky Highlands, KY: There are several business throughout the Kentucky Highlands EZ that have benefited from financing from KHIC including:

- Mid-South Electric is a small company which has grown to 800 employees and is now completing a \$5 million expansion that will add 100-150 additional employees. Mid-South is located in Jackson County where the poverty rate was 34.8% in 1995. The plant is located in an industrial park that includes several other successful ventures that have hired individuals from the EZ.

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- Fantasy Custom Yachts is a custom manufacturer of luxury houseboats, located in Wayne County, Kentucky where poverty rates were at 32% in 1995. The startup of the business in 1995 was aided by KHIC and the company now has sales approaching \$10 million.
- Because KHIC has been very involved in the start-up of several of the Ohio entities described below, it is possible that we could make some of the corporate announcements listed below in Kentucky.

Athens County, OH: We have identified the following potential new announcements that would be made related to Enterprise Development Corporation (EDC).

- Bank One would announce a commitment to make a loan to EDC through the SBA microloan program. The closing event is scheduled to take place in Athens or Nelsonville. We could also hold a roundtable with some of the micro-entrepreneurs and businesses that have benefited from EDC financing.
- Several groups, including KHIC and ACE-Net (Appalachian Center for Economic Networks), are involved in the formation of the Appalachia Ohio Development Fund, which will provide technical assistance to small businesses in southern Ohio. Because this is a new fund, there are no businesses that have received any financing yet.
- However, Pat Fresca is a small, minority woman-owned business that manufactures specialty foods, was nurtured by ACE-Net, and has benefited from some of the local programs. The owner received venture capital financing as a result of the Second Appalachian Economic Roundtable held in Southern Ohio which was organized by Rainbow/Push in collaboration with local organizations like ACE-Net.

3. Midwest

East St. Louis, IL: Potential site visits in East St. Louis include:

- Bank of America is also prepared to make a significant announcement in East St. Louis about a national program related to your New Markets Initiative. This could be done at a local neighborhood branch.
- A ribbon cutting for the Jackee Joyner Kersee Community Center which is now under construction and is located in a neighborhood that was formerly an Enterprise Community and is now part of the EZ. A number of corporations have contributed to the center, including Enterprise Rent-A-Car, May Department stores, and NationsBank. Twenty jobs will be created.
- Walgreens will locate an anchor store in the largest shopping center to be built in the area since 1950. The \$3 million store is part of a planned \$10 million shopping center to be located in a very poor community. You could potentially announce the execution of new leases for State Farm and Hollywood Video at the site of the planned shopping center.

Chicago, IL: We might visit the following types of businesses or community sites:

- You might visit a daycare center connected with the Illinois Facilities Fund, a CDFI that finances nonprofit facilities supporting low income people in Chicago and elsewhere in Illinois. The IFF has previously received funding from the CDFI Fund, and focuses largely on financing day care centers, health care clinics, and other critical facilities that

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improve the availability and quality of essential human services. At the daycare center, you could announce a significant corporate investment in IFF.

- There are also several private companies interested in making significant announcements in Chicago. We could visit with entrepreneurs or workers involved in one or more of the following activities:
 - (1) Ameritech is developing a partnership with African-American entrepreneurs selling cable door-to-door.
 - (2) SBC Communications is involved in several hiring programs in the Hispanic community. We could potentially coordinate a workforce investment announcement.
- A visit to Chicago allows you to highlight a significant BusinessLINC (Learning, Information, Networking and Collaboration) initiative. The BusinessRoundtable is prepared to announce that it will open BusinessLINC chapters in Chicago, New York, Dallas, and Boston. BusinessLINC, as you know, is a program designed to encourage large businesses to work with small business owners and entrepreneurs. You could visit a small business that has benefitted from this initiative. There could be simultaneous event in New York, Dallas, and/or Boston highlighting the BRT's new effort.
- Bank of America is also prepared to make a significant announcement in Chicago about a national program related to your New Markets Initiative. This could be done at a local neighborhood branch.

4. Los Angeles and Anaheim, CA

We would visit a number of potential sites as part of the Los Angeles and Anaheim stop.

- Several corporate CEOs, including Shell Oil, Northrup Grumman, and McDonnell Douglas; a number of celebrities such as Denzel Washington, Shaquille O'Neal, Lauryn Hill, and Sidney Poitier; and the LA Chamber of Commerce will join together to announce programs hiring inner city youth. One site is a center where former gang members, single parents and other out-of-school youth are learning basic computing skills.
- Sandy Weill, Chairman and CEO of Citigroup, will be meeting in Anaheim with over 200 business leaders and others to highlight the efforts of the National Academy Foundation (NAF), a non-profit organization supporting intern sponsorships that help to prepare high school students for work. NAF and Weill have announced formal partnerships with the Departments of Treasury and Commerce.

5. South Phoenix, AZ

Businesses and organizations we could visit in the Phoenix area are described below.

- This visit to South Phoenix would allow you to highlight the Arizona Multibank Community Development Corporation, which has provided \$12.5 million to 200 projects throughout Arizona, including a home-based day care business.
- MultiBank is currently trying to raise \$5 million from major banks for its new Low and Moderate Income (LMI) SBIC. You could announce that this is the first SBIC to apply to the SBA to become an LMI SBIC.

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- We could also visit a business financed by MultiBank. For example, Corella Electric, which was the SBA 1986 Minority Small Business of the Year received working capital from MultiBank in its early years. This company now has contracts with AT&T and is so successful that they gave a supplemental payment to MultiBank to make microloans to aspiring small businesses in South Phoenix.
- MicroIndustry Credit Rural Organization (MICRO), based in Tucson, was a Presidential Award winner and has received funds from the CDFI Fund. MICRO is a non-profit loan fund and technical assistance provider that is one of the oldest Hispanic development organizations in the nation. We could potentially visit with one of MICRO's entrepreneurs. There are also several companies considering major investments (up to \$1million) in MICRO that could be announced.

6. Pine Ridge Indian Reservation, SD

This community is the first EZ on a reservation where you could participate in several announcements and activities.

- You could announce with Frank Raines and Sen. Daschle that Fannie Mae is making a significant commitment to South Dakota, including the reservation. The Fannie Mae investment plan will involve a \$400 million statewide commitment as well as the opening of a new Partnership Office in Sioux Falls.
- The Federal Housing Finance Board and the Mortgage Bankers Association of America have committed to bring lenders interested in mortgages (including commercial mortgages) and economic development loans to reservations.
- IBM and American Online have spoken with HUD about developing an e-commerce system that could be used to market products produced on reservations. In Pine Ridge e-commerce would be applicable to distribution arts and crafts products. An infrastructure investment announcement could be coordinated with the release of the Commerce report about the dearth of telecommunications access on reservations.
- A HUD conference on economic development will draw 500 tribal leaders from across the U.S. You could announce the establishment of the Board of Directors for the first-ever Empowerment Zone on an Indian Reservation. According to HUD, no sitting President since Taft has visited a reservation.