



NEWS RELEASE

PRESS OFFICE

Release Date: December 16, 1999 **Contact:** Carol Chastang (202) 205-6987

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SBA HURRICANE FLOYD RELIEF SOARS TO HALF BILLION

WASHINGTON – The U.S. Small Business Administration (SBA) has approved over \$500 million dollars in disaster loans to residents of the 10 states struck by Hurricane Floyd, Administrator Aida Alvarez announced today.

More than 14,700 residents and business owners have been approved for the low-interest disaster loans since Hurricane Floyd tore along the East Coast from Florida to Connecticut in September. The loan approval amount for this disaster has surpassed 1989's Hurricane Hugo (\$491 million), and now ranks as one of the costliest disasters ever handled by the SBA.

"Rebuilding one's home or business is the most difficult part of dealing with the aftermath of a disaster, but the people in those states affected by Hurricane Floyd have shown great strength," said Administrator Alvarez. "The SBA is the nation's bank in times of disaster, and we will continue to work in those communities devastated by the hurricane as the rebuilding efforts continue."

SBA still has more than 250 field staff working in six states as loan applications continue to be processed.

Of the 10 states affected by the hurricane, North Carolina and New Jersey were hardest hit. 8,351 disaster loans for \$334 million were made in North Carolina. In New Jersey, nearly 2,500 loans were made for \$77 million.

The other states struck by the pounding rains and flooding caused by Hurricane Floyd include Virginia, Pennsylvania, Delaware, New York, Maryland, Connecticut, South Carolina, and Florida.

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Hurricane Andrew in 1992 was the largest hurricane ever handled by the SBA, with \$696 million in disaster loans made to 25,992 residents and business owners in Florida, which was hardest hit, and the Gulf Coast states.

Homeowners, renters and businesses of all sizes may apply for SBA low-interest disaster loans. SBA can lend up to \$200,000 to repair uninsured damages to homes. Homeowners and renters may borrow up to \$40,000 to repair or replace uninsured personal property such as furniture, clothing, and automobiles damaged during the disaster.

Businesses of all sizes may borrow up to \$1.5 million to repair uninsured real estate, machinery, inventory and other business assets damaged during the disaster. SBA also makes working capital loans of up to \$1.5 million for small businesses financially impacted by the disaster, even if the property was not physically damaged.

For more information about SBA disaster loans, those in Florida, and North and South Carolina can call (800) 359-2227. Residents of Virginia, New Jersey, New York, Delaware, Connecticut, Pennsylvania and Maryland can call (800) 659-2955.

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NEWS RELEASE

PRESS OFFICE

Release Date: December 3, 1999
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Contact: Don Elder (202) 205-6740
Internet Address: www.sba.gov/news/

VICE PRESIDENT GORE AND SBA ADMINISTRATOR ALVAREZ ANNOUNCE *TRADENET*: 'ONE-STOP' ONLINE EXPORT ASSISTANCE

Washington, DC – Vice President Al Gore and Small Business Administration Administrator Aida Alvarez announced today a new online resource to help small firms. *TradeNet's Export Advisor* (www.tradenet.gov) is a new SBA-led, interagency Internet site designed to provide 'one-stop' access to international trade information for America's small businesses.

"The *Export Advisor* will provide small exporters with a 'one-stop shop' of information and services needed to succeed in today's increasingly global economy," Vice President Gore said. "The Small Business Administration clearly understands that prosperity in the 21st century requires us to both engage the world and take advantage of the opportunities afforded to us in the Information Age."

"The number of small businesses that export has tripled in the last decade," SBA Administrator Aida Alvarez said. "Small businesses now account for almost a third of all U.S. export sales. Nearly 97 percent of U.S. firms that export are small businesses. *TradeNet's Export Advisor* will be an invaluable resource in keeping small businesses in the exporting game."

The new website provides access to a wide range of trade information from government and industry, including:

- Export market research
- Export laws
- Business opportunities
- Research tools

- more -

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- Financing information
- Federal forms
- Trade shows and events

“E-Commerce has helped level the playing field for small businesses in the global market place,” Administrator Alvarez said. “Now, we’re using the Internet to give them ‘one-stop’ access to export information.”

The Government Information Technology Services (GITS) Board funded the development of *TradeNet's Export Advisor*. SBA's federal partners in the website include the Department of Commerce, the Export-Import Bank, the Department of Agriculture's Foreign Agricultural Service, and the Agency for International Development.

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The U.S. Small Business Administration, established in 1953, provides financial, technical and management assistance to help Americans start, run, and grow their businesses. With a portfolio of business loans, loan guarantees and disaster loans worth more than \$45 billion, the SBA is the nation's largest single financial backer of small businesses. Last year, the SBA offered management and technical assistance to more than one million small business owners. The SBA also plays a major role in the government's disaster relief efforts by making low-interest recovery loans to both homeowners and businesses. America's 23 million small businesses employ more than 50 percent of the private workforce, generate more than half of the nation's gross domestic product, and are the principal source of new jobs in the U.S. economy.

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NEWS RELEASE

PRESS OFFICE

Release Date: December 2, 1999
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SBA Contact: D.J. Caulfield (202) 205-6740
SBA Internet Address: www.sba.gov/news/

NEW 'PRODUCT-IMPROVED' U.S. BUSINESS ADVISOR GIVES FIRMS MORE OPTIONS, FASTER SERVICE

WASHINGTON – The federal government's premier website for business-related information has been substantially upgraded and redesigned and is now ready to provide a broader range of electronic services at faster speeds. The new system was unveiled today by the U.S. Small Business Administration (SBA) and Vice President Al Gore's National Partnership for Reinventing Government (NPR).

The refurbished *U.S. Business Advisor* (<http://www.business.gov>) supplies easy on-line access to many of the most frequently asked questions about businesses and the federal government. It also provides interactive tools that can be used to find solutions to situations involving the environment, health and safety, and permits companies to download many of the forms necessary for regulatory compliance.

Since 1996, this website has been providing 'one-stop shopping' for small businesses on a wide range of topics, including business development, financing, taxes, laws and regulations. The rollout of this latest version of the *U.S. Business Advisor* took place in Washington, DC during the SBA's Vision 2000 conference, an event that gives national exposure to state and local initiatives in small business development.

"We have completely overhauled the *U.S. Business Advisor* site to help small firms save time, be more productive and find government information and services with the click of a mouse – anytime, anywhere," said SBA Deputy Administrator Fred Hochberg, who presided over the rollout. "We believe it is a powerful tool to increase our outreach to the business community and at the same time, will make public access to the government easier and more effective. I think it will forever change the interaction between government and business."

"Federal agencies across the board have embraced the challenge of automating their basic services," said Morley Winograd, Senior Policy Advisor to Vice President Gore and NPR Director. "Through the *Advisor* and other initiatives like the *Online Classroom* and *Online Women's Business Center*, SBA has been one of our e-gov pioneers. The Vice President's vision is to use information technology to deliver comprehensive service to citizens in productive and cost-effective ways. The new and improved *U.S. Business Advisor* is one of the ways we're fulfilling that vision."

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New and improved technical features include more powerful and focused search engines; database-driven dynamic web page development; a correspondence tracking system to provide better customer service; and a fully developed administrative interface for federal webmasters.

In addition to the services already mentioned, the *U.S. Business Advisor* can be used to:

- Access electronic commerce services, ranging from loan information to trademark registration, export licenses, payroll benefits, and tax filing;
- Use web-based tutorials and online classroom training to find other sources of counseling, education, and training;
- Interact with buyers and suppliers of equity capital, contracting opportunities, trade leads, innovation, and research grants;
- Create a tailored web page to support international trade activities;
- Access laws, regulations, and guidance; and
- Seek and receive e-mail advice and counseling.

During an extensive 18-month review period, private and public sector designers, with the support and feedback of the business community and more than a dozen federal agencies, built the new technical architecture of the *U.S. Business Advisor*.

The SBA, established in 1953, provides financial, technical and management assistance to help Americans start, run, and grow their businesses. With a portfolio of business loans, loan guarantees and disaster loans worth more than \$45 billion, the SBA is the nation's largest single financial backer of small businesses. Last year, the SBA offered management and technical assistance to more than one million small business owners.

The National Partnership for Reinventing Government is a White House interagency task force headed by Vice President Gore. Its mission is to create a government that works better, costs less, and gets results the American people care about. It is the longest-running government reform effort in U.S. history.

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NEWS RELEASE

PRESS OFFICE

Release Date: November 23, 1999 **SBA Contact:** D.J. Caulfield (202) 205-6740

Release Number: 99-96

DOT Contact: Bill Mosley (202) 366-5571

SBA Internet Address: www.sba.gov/news/

THOUSANDS OF DISADVANTAGED FIRMS TO BENEFIT FROM NEW CERTIFICATION PACT BETWEEN SBA AND DOT

WASHINGTON – U.S. Small Business Administration (SBA) Administrator Aida Alvarez and U.S. Department of Transportation (DOT) Secretary Rodney E. Slater today signed an agreement that will help small socially and economically disadvantaged firms that want to do business with the government – by streamlining the certification for disadvantaged businesses.

The move will make it easier for thousands of firms to gain access to the multibillion-dollar marketplace linked to two distinct groups of contracts – those offered by the federal government and those available on many federally-funded state and local transportation projects.

“Small business owners want to spend less time filling out government forms and more time working on contracts,” said Administrator Alvarez. “Today’s agreement recognizes this and opens even wider the doors of opportunity for small disadvantaged firms in the \$200 billion-per-year federal marketplace, as well as opportunities with state and local transportation projects.”

“This initiative fulfills two important priorities set out by President Clinton and Vice President Gore: improving opportunities for small and disadvantaged businesses, and removing unnecessary government burdens on the private sector,” Secretary Slater said. “From this day forward, it will be easier than ever for eligible firms to participate in the government’s programs for disadvantaged businesses.”

This agreement allows most small businesses that have qualified for disadvantaged status through one agency's certification process to qualify for the other's without going through another round of extensive paperwork and examination. In most cases, all that will be required will be a brief supplemental statement confirming the eligibility requirements.

This agreement will pave the way for a uniform federal application for securing disadvantaged status, which will eliminate the need for any supplemental paperwork.

Nearly 8,000 small firms are currently certified by the SBA as Small Disadvantaged Businesses (SDBs), while approximately 50,000 small socially and economically disadvantaged firms have secured DOT's Disadvantaged Business Enterprise (DBE) certification from DOT-assisted state and local transportation agencies. Until now, these two certification systems operated totally independent from one another.

In fiscal year 1998, the federal government provided small disadvantaged businesses with more than \$11 billion in contracting opportunities. This total includes contracts obtained by disadvantaged firms in the SBA's 8(a) Business Development Program, which is also covered by this agreement.

Congress reauthorized the DOT DBE program in last year's Transportation Equity Act for the 21st century. Participants in DOT's DBE program qualify for contracting opportunities offered through transportation projects developed with some degree of federal financing. These include undertakings by state and local highway, transit, airport and port authorities with an average estimated value of \$3 billion per year being awarded to certified DBEs nationwide.

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NEWS RELEASE

PRESS OFFICE

Release Date: November 18, 1999
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Contact: Mike Stamler (202) 205-6740
Internet Address: www.sba.gov/news/

SBA ADMINISTRATOR OPENS FIRST FULLY BILINGUAL BUSINESS INFO CENTER

WASHINGTON – U.S. Small Business Administration (SBA) Administrator Aida Alvarez opened the agency's first fully bilingual Business Information Center today in Lawrence, Massachusetts, an economically distressed city with a 70 percent Hispanic population.

The SBA's Business Information Centers, or BICs, provide a one-stop location where small business entrepreneurs can receive assistance and advice. The opening of the new center in Lawrence brings the total number of BICs nationwide to 63.

"The majority of businesses in Lawrence are small and many are struggling financially," Administrator Alvarez said. "At the same time, the city of Lawrence has a diverse population, with the creativity, determination and drive to become successful small business owners. The SBA's role – through the Lawrence Business Information Center – is to help them reach these goals.

"By doing so, we will help the people of Lawrence to revitalize their city and their economy, and to take part in the great economic expansion in New England and the nation," Administrator Alvarez said. "This new BIC is part of SBA's aggressive outreach effort to make sure the doors of economic opportunity are wide open to all Americans."

Sen. John Kerry (D-Mass.) added: "The opening of this first-in-the-nation bilingual Business Information Center will be a precious resource for those wanting to start or expand small businesses in Lawrence. Aida Alvarez and the SBA should be commended for creating a facility that is molded to fit the community and its needs. I will continue to work with Marty Meehan and Mayor Dowling to find innovative opportunities to help Lawrence grow and prosper."

Rep. Martin Meehan, (D-Mass.) also expressed satisfaction with the center's opening, saying: "I am pleased that the Small Business Administration is locating the nation's first bilingual business information center in downtown Lawrence. The future of this city will be determined by education and small business. The programs offered here will make sure that budding entrepreneurs in Lawrence have the tools and opportunities they need to thrive in the new millennium. I'm proud that this SBA Center will help a new generation of Lawrencians to write their own success stories in the 21st Century."

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The Lawrence BIC is co-sponsored by the city of Lawrence and the SBA, and represents a broad partnership that includes FleetBoston Bank, the Merrimac Valley Chamber of Commerce, First Essex Bank, Working Capital, Catholic Charities, the United Methodist Church, the Latin American Merchants Association, the Urban Initiative Fund, Boston Community Capital, Northern Essex Community College and the Massachusetts Office of Business Development.

Each BIC constantly adjusts its materials and resources to reflect special needs in their small business community. In Lawrence – in which 70 percent of the population is Hispanic and 60 percent of the business licenses in 1997 were issued to Hispanics – that means offering all services in Spanish as well as English. Other BICs around the country offer some materials in Spanish, but the center in Lawrence is the first to be fully bilingual.

BICs combine the latest computer technology, hardware and software, an extensive small business reference library of hard copy books and publications, and current management videotapes to help entrepreneurs plan their business start-up, expand an existing business or venture into new business areas. All business services at BICs are offered free of charge.

In addition to the self-help hardware, software and reference materials, BICs have on-site counseling provided by members of the Service Corps of Retired Executives (SCORE). These former business men and women lend their expertise and knowledge to assist clients with small business problems and issues.

For more information on all of SBA's programs for small businesses, call the SBA Answer Desk at 1-800-U-ASK-SBA, or visit the SBA's extensive website at www.sba.gov.

The U.S. Small Business Administration, established in 1953, provides financial, technical and management assistance to help Americans start, run, and grow their businesses. With a portfolio of business loans, loan guarantees and disaster loans worth more than \$45 billion, the SBA is the nation's largest single financial backer of small businesses. Last year, the SBA offered management and technical assistance to more than one million small business owners. The SBA also plays a major role in the government's disaster relief efforts by making low-interest recovery loans to both homeowners and businesses. America's 24 million small businesses employ more than 50 percent of the private workforce, generate more than half of the nation's gross domestic product, and are the principal source of new jobs in the U.S. economy.

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NEWS RELEASE

PRESS OFFICE

Release Date: November 10, 1999
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Contact: Don Elder (202) 205-6740
Internet Address: www.sba.gov/news/

SBA ADMINISTRATOR: NEW DATA SHOW SMALL BUSINESS WILL DRIVE EXPORTS IN 21ST CENTURY

Small Business Exporters Triple; Smallest Firms Show Biggest Growth

WASHINGTON – U.S. Small Business Administrator (SBA) Aida Alvarez released new data today that show small businesses are going global in a big way. Administrator Alvarez also said that the SBA will take the strong advocacy role for America's 24 million small businesses at the upcoming World Trade Organization (WTO) summit in Seattle.

"The number of small businesses that export has tripled in the last decade," SBA Administrator Aida Alvarez said at a forum for small businesses in Rockville, Maryland. The event was part of the President's 'National Dialoguc On Trade' Day. "The biggest growth was seen in the smallest companies that employ fewer than 20 people. Small businesses now account for almost a third of all U.S. export sales."

The Administrator released new statistics from a joint SBA-Commerce Department study that show:

- Nearly 97 percent of U.S. firms that export are small businesses.
- Small businesses account for nearly 31 percent of total U.S. export sales.
- The number of small firms that export has tripled over the last decade, rising from 69,354 in 1987 to 209,455 in 1997.
- In the past five years, the value of small business exports has increased 300 percent.
- Small firms' share of U.S. exports has risen steadily, from over 26 percent in 1987, to just under 31 percent in 1997.
- Very small companies – those with fewer than 20 employees – made up 65 percent of all U.S. exporting firms in 1997. This is up significantly from 1992, when the smallest firms represented 59 percent of exporters.
- Non-manufacturing companies dominate exporting by small firms. In 1997, they accounted for 69 percent of all small exporters and generated 69 percent of exports.
- Emerging markets are of growing importance to small business exporters. For example, small business exporters were responsible for 38 percent of total U.S. goods exported to China and Hong Kong in 1997.

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President Clinton and Administrator Alvarez will join WTO member trade ministers from 134 countries in Seattle (November 30 – December 3) to launch a new round of multilateral negotiations and set the international trade agenda for the next decade.

“While the small business sector is the most significant area of growth potential for exports, it is also very vulnerable to trade barriers,” Administrator Alvarez said. The SBA is required to aggressively advance the interests of U.S. small business in international trade under the Small Business Export Promotion Act of 1980.

“Small businesses help create more vibrant and prosperous communities here and abroad,” said Administrator Alvarez. **“The small business community of the 21st century will be more diverse, technologically-capable, and global in scope. Our economic success in the new millennium very much depends on small business fully participating in a dynamic international trade arena.”**

The SBA provides a variety of resources for small businesses looking to expand their business through exporting. For more information, visit SBA's web site at <http://www.sba.gov/oit/export/>.

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NEWS RELEASE

PRESS OFFICE

Release Date: November 4, 1999

Contact: D.J. Caulfield (202) 205-6740

Release Number: 99-93

Internet Address: www.sba.gov/news/

WHAT IS A 'SMALL' BUSINESS? SBA TO SHIFT TO NEW CLASSIFICATION SYSTEM

WASHINGTON – The U.S. Small Business Administration (SBA) plans to adopt within the next year a new, more precise industrial classification system that will serve as the basis for the agency's widely used small business size standards.

The new system, known as the North American Industry Classification System (NAICS), reflects recent business development trends by listing a greater number of advanced technology and service industries than the current Standard Industrial Classification (SIC), which has been in use since the 1930s.

The NAICS classification system now is used to compile business and trade statistics in the United States, Canada and Mexico.

"A business owner can't compete with a manual typewriter when the rest of the world is humming along with computers, and that's one way to think about this move from SIC to NAICS," said SBA Administrator Aida Alvarez. **"Whole new industries have emerged since the SIC system was first developed. Shifting to the new NAICS-based size standard table will help the SBA open new doors of opportunity for small business owners in these emerging industries."**

Federal procurement officials and others use size standards to determine whether a business is large or small. Knowing the correct size standard can pave the way for a firm to receive contracts and assistance reserved only for small businesses.

The SBA outlined its vision for the new NAICS system in a proposed rule in the Oct. 22 issue of the *Federal Register*, which can be obtained through the Internet at <http://www.sba.gov/size/section04c.htm>. The proposed rule seeks adoption of the NAICS-based size standards on Oct. 1, 2000 – the start of the federal government's fiscal year 2001.

As part of the switchover, SBA plans to use the guidelines outlined in the rule to convert size-standards based on the SIC system to size standards for the NAICS system. Through this process, SBA intends to retain, to the extent practical, the small business status of firms currently eligible for federal small business programs. Interested parties may file comments until Dec. 21, 1999.

Further information about NAICS is available on the U.S. Bureau of Census' web site at <http://www.census.gov/naics>.

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NEWS RELEASE

PRESS OFFICE

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Contact: D.J. Caulfield (202) 205-6740
Internet Address: www.sba.gov/news/

SBA MOVES RULE TO PROTECT SMALL FIRMS FROM 'CONTRACT BUNDLING'

WASHINGTON – The U.S. Small Business Administration (SBA) today issued interim final regulations designed to limit the “bundling” of federal procurement contracts, a practice seen as detrimental to small businesses nationwide. Plans call for the regulations to become effective before the end of the calendar year.

SBA defines contract bundling as the consolidation of two or more federal procurements into a prime contract so large that small businesses cannot compete for it. The Small Business Reauthorization Act of 1997 stipulated that federal agencies can only bundle contracts to achieve “measurably substantial benefits” in terms of cost, shorter acquisition cycles, or better terms and conditions, among other benefits.

“These rules are an important step forward for small government contractors, taxpayers and for the government itself,” said SBA Administrator Aida Alvarez. “Government agencies and, more importantly, the taxpayers who support them, save money when small business is a viable participant in the federal procurement marketplace. The competition holds down prices.”

Congress and the SBA have been tracking the trend toward the increased use of bundled contracts within the federal procurement community. Many predicted that if left unchecked, the move could lead to a decrease in prime federal contracting with small businesses, which averages about \$40 billion per year. Overall federal contracting averages over \$180 billion per year.

The interim rule, which appeared in today's *Federal Register*, will become effective after 60 days. The SBA's government contracting website at <http://www.sba.gov/gomcd/regulatory.htm> features a link to those regulations. Any public comment received within that 60-day period will be evaluated and, if appropriate, incorporated into the final rule. That will leave one step in the process, implementation in the Federal Acquisition Regulation.

Earlier this year, when the SBA first asked for comment on the proposed rule, the agency sought public input in deciding what constitutes measurably substantial benefits as a justification for bundling.

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The interim rule defines the term "measurably substantial benefit" by establishing a two-tiered approach to determine the benefits that can reasonably be expected from a bundled contract. These may include improvements in any of five separate areas, but they must lead to the following:

- Benefits equivalent to 10 percent if the contract value (including options) is \$75 million or less; or
- Benefits equivalent to five percent if the contract value (including options) is over \$75 million.

The regulations also establish that only the most senior procurement officials within a federal agency can make the determination to allow a bundled contract to proceed if it fails to meet the percentage benefit analysis requirements. To justify the action, that official must determine that the contract consolidation is critical to the success of the agency's mission and link that to a procurement strategy that allows for the maximum small business participation possible.

The procedures to quantify measurably substantial benefits do not apply to one class of federal procurement, those consolidated under the so-called A-76 rule (which refers to OMB circular A-76). This is a separate federal effort at cost savings.

The interim rule also establishes clear guidelines for small businesses that want to create a joint venture, or team, to go after the bundled contracts that can't be broken down. Under the old rule, small businesses banding together were sometimes disqualified because the resulting new employee count or combined revenues would exceed SBA's definition of a small business. With the new regulations, if the firms are small before they enter the arrangement, a joint venture won't change that status.

In addition, if a bundled contract is seen as a necessity, the interim rule requires that agencies establish a significant evaluation factor that will allow to the maximum extent possible subcontracting by small businesses. Part of this may include evaluating the prime contractor's past efforts in providing small firms the chance to subcontract.

For more information on these and other SBA programs, call the SBA Answer Desk at 1-800-U-ASK-SBA, or visit the SBA's extensive website at www.sba.gov.

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NEWS RELEASE

PRESS OFFICE

Release Date: September 13, 1999
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Contact: Janie Dymond (202) 205-6740
InternetAddress: www.sba.gov/news/

U.S. SMALL BUSINESS ADMINISTRATION COSPONSORS TRADE AND OUTREACH MISSION TO THE REPUBLIC OF SOUTH AFRICA

WASHINGTON – The U.S. Small Business Administration, in its effort to increase mutual trade and investment opportunities for U.S. exporters and investors, will cosponsor a Trade and Outreach Mission to the Republic of South Africa, October 25-November 3, 1999. SBA's partner is The Corporate Council on Africa (CCA).

"This trade mission presents an unprecedented opportunity for small business owners to explore and develop trade and investment possibilities with South African companies," said Administrator Alvarez.

The Republic of South Africa has a sophisticated free-market economy, with modern infrastructure and communications systems. The country accounts for 40 percent of Africa's industrial output, and maintains well-developed financial, legal, energy and transport sectors. South Africa is the gateway through which corporations start their ventures on the African continent.

South Africa presents many immediate and long-term opportunities for U.S. investors and exporters in a variety of sectors. The business sectors to be featured at this

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mission include the service industry, telecommunications, healthcare equipment and services, computers and peripherals, transportation, infrastructure and tourism.

According to recent SBA statistics, firms that export experience 20 percent faster employment growth and are nine percent less likely to go out of business than non-exporting firms. Small firms employ more than half the workers involved in exporting and account for 30 percent of the dollar value of exported products.

"It's time that America's small businesses had their fair share of opportunities in a growing international marketplace. The SBA has lending and technical programs as well as the needed partnerships to help small businesses succeed globally," Administrator Alvarez said.

The SBA invites, by September 15, 1999, applications from U.S. small businesses that are interested in participating in this mission to South Africa. CCA will manage the trip itinerary in Johannesburg, Durban/Port Elizabeth and Cape Town. CCA's experienced staff will match mission participants with South African firms and arrange individual business contact meetings. One major mission is to identify qualified U.S. small businesses.

Cost for each participant is \$3,500 for meals, lodging, ground transportation and business support services, in addition to air travel costs of about \$1350. Interested businesses should contact: Tanya Gallery Smith, U.S. Small Business Administration, (202) 205-7268 or e-mail Ms. Smith at tanya.smith@sba.gov. Applications should be submitted to Tim McCoy, Director of Trade Missions, The Corporate Council on Africa, (202) 835-1115 by September 15, 1999 to ensure sufficient time to obtain in-country appointments for applicants selected to participation in the mission. A \$500.00 deposit is required with registration. Applications received after that date will be considered only if space and scheduling constraints permit.

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NEWS RELEASE

PRESS OFFICE

Release Date: August 25, 1999

Contact: Mike Stamler (202) 205-6740

Release Number: 99-68

Internet Address: www.sba.gov/news/

SBA'S ADMINISTRATOR ANNOUNCES SUCCESSFUL EFFORT ON FIRST ASSET SALE

WASHINGTON – Administrator Aida Alvarez of the U.S. Small Business Administration (SBA) today announced the highly successful first sale of SBA loans to the private sector. The sale is the first of its kind for a Federal Credit Agency under the Credit Reform Act.

The loan sale is part of an innovative program of sales that will reduce the balance of direct and acquired SBA loans by up to \$10 billion over the next three years. The program also will establish a mechanism for selling up to \$500 million in new loans each year thereafter.

The widely anticipated first sale realized \$195 million in proceeds, a \$90 million premium over the \$105 million that the government estimated it would receive if it held the loans to maturity. Because this is the first time that this loan product type has been sold in this magnitude, the premium was exceptional.

In addition to placing the SBA at the forefront of the secondary market for these kinds of loans, the sale paved the way for additional reductions in SBA servicing costs and related operating expenses.

"The first asset sale is another exciting step in the Agency's aggressive strategy for re-inventing itself as a 21st century leading edge institution," Administrator Alvarez said. **"We are changing the way we manage our credit portfolio, and we are changing it for the better."**

The sale – which was conducted under existing authority of the Small Business Act – is part of a government-wide initiative to sell federal loan assets to the private sector.

The sale included 4,060 small business loans that SBA had either made directly or had previously guaranteed for private sector lenders. The unpaid principal balances for the loans included in the sale totaled approximately \$332 million, with about half the loans classified as non-performing or under-performing. The loans were divided among 26 loan pools in order to maximize value.

SBA received 135 bids from 25 different bidders for the 26 different loan pools. The loan pools were sold in two packages: to CFSC Consortium LLC of Minneapolis, Minnesota, and to Loan Participation Partners Ltd. of Dallas, Texas.

SBA Deputy Administrator Fred Hochberg, who approved the two winning bids, said the agency was very pleased by the interest in SBA's first loan sale. "Market participation in this sales effort was very strong," Deputy Administrator Hochberg said. "SBA is pleased with the large number of bids that it received and with the prices offered for the loans. The high level of participation will be a momentum builder for the continuing sales program."

The first sale was the culmination of nearly two years of careful planning by SBA and its team of private sector contractors.

The money realized from the sale will be turned over to the U.S. Treasury.

The SBA has already begun work on its second sale, which is eagerly awaited by the investing public.

For more information on all of SBA's programs for small businesses, call the SBA Answer Desk at 1-800-U-ASK-SBA, or visit the SBA's extensive website at www.sba.gov.

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NEWS RELEASE

PRESS OFFICE

Release Date: August 19, 1999
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Contact: Mike Stamler (202) 205-6740
Internet Address: www.sba.gov/news/

NEW PARTNERSHIP AGREEMENTS WILL HELP SBA REACH MINORITY SMALL BUSINESSES

WASHINGTON – U.S. Small Business Administration (SBA) Administrator Aida Alvarez today signed historic partnership agreements with three leading national African-American organizations that will help the agency deliver its small business financing, technical assistance, contracting and other programs to minority entrepreneurs.

The agreements were signed today at the Washington, D.C., headquarters of the National Council of Negro Women (NCNW), whose leaders signed the agreement with Administrator Alvarez. Also signing agreements with Alvarez today were representatives of the National Association of Black Accountants and the Phelps Stokes Fund.

"These agreements will help ensure more Americans a seat at the nation's economic table," Administrator Alvarez said. "Combining the resources of the SBA with the networks of these influential and vigorous organizations sends a powerful message that we're serious about all Americans sharing in our economic prosperity.

"In the midst of this great economic expansion – 100 consecutive months of economic growth, we are obligated to help make sure the doors to opportunity are wide open for everyone. Because if we can't find a way to give every single hard-working American family the chance to participate in the future we are building for this country, during this time of great prosperity – then we'll never get around to it."

"These partnership agreements commit us all to the hard work of increasing participation by African-American entrepreneurs in SBA's capital access, procurement, international trade, advocacy, welfare-to-work and women-owned business programs," Administrator Alvarez said. "SBA's role is to make sure that access – access to credit, access to technical assistance, and access to federal contracts – is part of the solution, not part of the problem."

The NCNW is a voluntary nonprofit organization that helps African-American women find ways to improve the quality of life for themselves, their families and communities. Through a network of community-based organizations, the NCNW has outreach capability to four million women.

The National Association of Black Accountants (NABA) is a professional membership organization representing African-American accountants. Its efforts support an estimated 200,000 minority accountants throughout the United States.

The Phelps Stokes Fund was founded in 1911 with the aim of improving access to quality education for African-Americans, Native Americans, Africans and needy and deserving white students.

NCNW President Dr. Jane Smith and Dr. Dorothy Height signed today's partnership agreements on behalf of the NCNW. George Willie signed on behalf of NABA, and Glenwood Roane signed for the Phelps Stokes Fund.

Today's partnership agreements state that the SBA, NCNW, NABA and the Phelps Stokes Fund will combine their efforts to reach out to African-Americans who may benefit from SBA services and to help more small firms succeed.

The SBA's African-American outreach effort is part of a broader initiative by the SBA to reach New Markets—those markets that have not fully participated in our economic prosperity—such as women and minorities, as well as businesses located in distressed rural and urban areas. Similar agreements have been signed with a number of national organizations, including the Urban League, the National Association for the Advancement of Colored People, the National Association of Women Business Owners and the U.S. Hispanic Chamber of Commerce.

The effort was developed in support of President Clinton's desire to promote racial reconciliation through increased economic opportunity. These national partnership agreements also help forge stronger relationships between SBA district offices, local chambers, and other SBA resource partners as well as the participating organization's local chapters.

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The U.S. Small Business Administration, established in 1953, provides financial, technical and management assistance to help Americans start, run, and grow their businesses. With a portfolio of direct and guaranteed business loans and disaster loans worth more than \$45 billion, SBA is the nation's largest single financial backer of small businesses. Last year, SBA offered management and technical assistance to more than one million small business owners. SBA also plays a major role in the government's disaster relief efforts by making low-interest recovery loans to both homeowners and businesses.

For more information about SBA programs, visit the SBA website at www.sba.gov, or call the SBA Answer Desk at 1-800-U-ASK-SBA.

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PRESS OFFICE

Release Date: August 17, 1999
99-66

***SBA ADMINISTRATOR ALVAREZ ROLLS OUT
NEW NATIONAL HUBZone PROGRAM***

Joins D.C. officials for town meeting on economic development

WASHINGTON – The head of the U.S. Small Business Administration (SBA), Aida Alvarez, joined District of Columbia Delegate Eleanor Holmes-Norton, Mayor Anthony Williams and Councilwomen Charlene Drew-Jarvis and Sandra Allen in launching a national effort to help distressed communities through a new government contracting initiative, the HUBZone Empowerment Contracting Program. HUBZone refers to Historically Underutilized Business Zones.

“The HUBZone program is going to be a real economic boost for people and places that have not fully participated in our current prosperity,” said Administrator Alvarez. “I am pleased to be able to kick off our national outreach effort here in the nation’s capital. The HUBZone program is about creating jobs, and keeping them in the community.”

Administrator Alvarez made the remarks during an SBA-sponsored town hall meeting on economic development attended by area residents and business owners. There are 84 census tracts within the District that qualify as federal HUBZones. Census tracts are areas that range in population from 2,000 to 8,000 persons.

The SBA is launching this educational effort to tell small business owners how they can qualify for HUBZone designation and what the benefits are. The event in the nation’s capital is just one of many that will take place around the country during the next several weeks.

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Nationally, HUBZones are located in more than 7,000 urban census tracts, in 900 rural counties, and on every federally recognized Native American reservation.

Increased contracting activity by HUBZone firms is seen as a way to promote private-sector investment in distressed communities and create several thousand new jobs as the program takes hold. The new workers will be employed by qualified small businesses located in HUBZones, which are areas of generally low income and high unemployment.

Under the HUBZone legislation, many federal contracts are more likely to be awarded to small businesses in HUBZones. To qualify, a small business' principal office must be in a HUBZone and at least 35 percent of its employees must reside in a HUBZone. The firm must also be completely owned and controlled by U.S. citizens. Contracts reserved for HUBZone firms can be awarded through competition limited to qualified HUBZone firms or on a sole-source basis. Another option allows contracting officers to give HUBZone firms a price preference in bidding open to non-HUBZone firms.

The goal of the HUBZone program is to reach three percent of all federal contracting by fiscal year 2003, or almost \$6 billion. That percentage will then remain fixed at that level.

The SBA has created an interactive Internet web page that provides detailed information and identifies HUBZones by state, county and specific address. Applications for certification also can be downloaded. The Website is at www.sba.gov/hubzone.

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SBA NEWS

RELEASE

PRESS OFFICE

Release Date: July 7, 1999
Release Number: 99-62

Contact: Mike Stamler (202) 205-6740
Internet Address: www.sba.gov/news/

President Announces Nation's First SBA Venture Capital Company Targeting Low, Moderate Income Areas

PHOENIX, AZ – President Clinton's economic mission across America brought him to Phoenix today, where he announced the formation of the nation's first Small Business Administration-backed venture capital company targeting low- and moderate-income areas.

SBA Administrator Aida Alvarez is traveling with the President. SBA's New Markets investment fund, an effort to establish SBA-backed private sector venture capital companies that will invest in small businesses located in low- and moderate-income areas, is an important element in the Clinton/Gore Administration's economic opportunity agenda, the "New Markets Initiative."

The President said that the new venture capital company, Magnet Capital, is being formed to provide small businesses in Arizona with the kind of equity investments that helped get firms like Intel, America OnLine, and Federal Express going when they were young. Magnet Capital has raised \$5 million in private capital and can leverage that with up to \$15 million in SBA-backed funding.

"Even though this is a blessed time for America, not all Americans have been blessed by it," said President Clinton. "This is the time to bring more jobs and investment and hope to the areas of our country that have not fully participated in this economic recovery."

SBA Administrator Alvarez added: "We all know that there are some Americans and some places in America that haven't been full partners in our economic revival. And, we can't continue to do well into the 21st century unless the doors of economic opportunity are wide open for all Americans. That's what the New Markets Initiative is all about."

Magnet Capital is an initiative of Arizona MultiBank, which also is a significant investor in the firm's investment pool. Andrew Gordon, President of Arizona MultiBank, will serve on the advisory board. The bank today filed its application with the SBA to become the first SBIC in the

country to base its investment strategy on small businesses located in low- and moderate income (LMI) areas.

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Six major banks have joined Arizona Multibank in contributing a total of \$5 million in private capital, the minimum amount required to start an SBIC. They are: Bank One, Wells Fargo, Sears National Bank, Union Bank of Arizona and Northern Trust Bank.

Mike Shields, national projects manager for Bank One, and Greg Mischel, a former Bank of America executive, will be general partners and managers of Magnet Capital.

Magnet Capital plans to focus on those smaller businesses in Arizona that have traditionally been overlooked by venture capitalists. That strategy will allow it to utilize a new funding mechanism designed by the SBA to stimulate venture capital investments by SBA-backed small business investment companies (SBICs) in New Markets areas.

The LMI funding will allow SBICs to defer for five years interest payments on money borrowed with SBA guarantees so that they will be more willing to take risks on small businesses in low- and moderate-income areas.

SBICs that make LMI investments will also have more flexibility than other SBICs to participate in the ownership and management of the companies in which they invest, allowing them to work more closely with start-up companies or people with good ideas but relatively inexperienced management.

Under the SBIC program, SBA-licensed venture capital companies put risk capital, in the form of debt and equity financing, into small businesses for growth, modernization and expansion. SBICs are privately owned and managed, for-profit investment companies licensed by the SBA. They make equity investments and long-term loans to small businesses, using their own capital supplemented with funding secured through the use of SBA guarantees.

Over the past 40 years the program has provided roughly \$20 billion in equity and debt financing to more than 85,000 different companies. Many of them have become household names, such as Intel, Apple Computer, Federal Express, America OnLine, and Outback Steakhouse.

Magnet Capital is a direct result of a series of workshops the President asked the SBA to hold around the country to encourage the formation of SBICs focusing on meeting the needs of New Markets entrepreneurs. Arizona MultiBank, under its President, Andrew Gordon, was the first organization to agree to create such an SBIC.

In addition to announcing Magnet Capital, the President also announced his intention to create New Market Venture Capital Companies. Unlike the LMI SBICs, which were created administratively, however, this proposal will require Congressional approval.

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Under it, SBA would fund between 10 and 20 New Markets Venture Capital Companies (NMVCs). These will be venture capital companies that provide a combination of equity venture capital financing and technical assistance to smaller businesses located in LMI areas. In the past, these businesses have been severely limited by a lack of adequate funding for both investment and technical assistance

The NMVC program will meet this need by providing government-guaranteed long-term funding, combined with technical assistance grants, to private sector, for-profit community development venture capital companies that will target their efforts in New Markets areas. SBA will require that each NMVC invest principally in small businesses located in LMI areas.

SBA Administrator Alvarez said SBA will do what it can to continue to encourage venture capital investments in LMI areas.

"New Markets communities are rich with untapped potential," she said. "Each loan, each investment enriches the community by creating jobs and fulfilling dreams. And SBA-backed venture capital companies deliver the goods."

For more information on the SBIC program and other SBA programs, call the SBA Answer Desk at 1-800-U-ASK-SBA, or visit the SBA's extensive website at www.sba.gov.

The U.S. Small Business Administration, established in 1953, provides financial, technical and management assistance to help Americans start, run, and grow their businesses. With a portfolio of business loans, loan guarantees and disaster loans worth more than \$45 billion, the SBA is the nation's largest single financial backer of small businesses. Last year, the SBA offered management and technical assistance to more than one million small business owners. The SBA also plays a major role in the government's disaster relief efforts by making low-interest recovery loans to both homeowners and businesses. America's 24 million small businesses employ more than 50 percent of the private workforce, generate more than half of the nation's gross domestic product, and are the principal source of new jobs in the U.S. economy.

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U.S. Small Business Administration



NEWS RELEASE

PRESS OFFICE

Release Date: June 4, 1999
Release Number: 99-57

Contact: Janie Dymond (202) /205-6740
Internet Address: www.sba.gov/news

SBA ADMINISTRATOR PROMOTES CROSS-BORDER SMALL BUSINESS OPPORTUNITIES IN MEXICO

WASHINGTON – U.S. and Mexican small businesses are already benefitting from a small business trade agreement signed last year between Mexico and the United States, said Aida Alvarez, Administrator, U.S. Small Business Administration (SBA), who met Friday with trade officials in Mexico City.

Administrator Alvarez issued a report on the collaborative efforts between the U.S. and Mexico at the XVI U.S.-Mexico Binational Commission (BNC) Meeting cochaired by Attorney General Janet Reno and the Minister of Foreign Affairs for Mexico, Rosario Green.

“Mexico is a vital economic partner in the rapid growth in trade,” said SBA Administrator Alvarez. “Since 1987, U.S. exports to Mexico have tripled. In 1997, trade between our two countries accounted for nearly \$160 billion. It’s a door of opportunity that’s wide open. Following Canada, Mexico is the United States’ second largest trading partner.”

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Earlier this year, Administrator Alvarez led 28 U.S. small business owners on a Strategic Partnership and Development Mission to Mexico City and Guadalajara. Here, SBA coordinated over 400 business-to-business meetings among the U.S. and Mexican firms. A survey of the participating U.S. businesses immediately following the trip indicated 35 deals were in negotiation worth over \$22 million dollars, with several potential joint ventures or distribution agreements between U.S. and Mexican companies. Follow-up interviews indicate that the total value of pending deals is close to \$80 million.

The partnership and development mission to Mexico provided small business owners an opportunity to explore their options by allowing them to work first-hand with Mexican businesses as well as government and financing agencies.

"The SBA mission gave me an opportunity to go into a market with an agency that knows the area and how to do business in Mexico – which I did not know," said Jose Nunez, Senior Vice President of Compu-Base, Inc. of Pennsylvania. "It was a pleasure doing business in Mexico because of their hospitality and the friendly atmosphere I found there. I was surprised to find such a high level of technology and such a strong business infrastructure in Mexico."

A reciprocal trade mission is planned this year.

Other significant cross-border collaborative steps highlighted at the BNC in Mexico City by Administrator Alvarez included:

- A proposal to open an International Business Incubator at Kelly Air Force Base in San Antonio, Texas. Here, 10 Mexican companies will be selected to participate in the first year-long comprehensive training and consulting program at Kelly Air Force Base which is scheduled to convert to civilian use by 2005. This effort will create jobs and promote economic growth in San Antonio.

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- Small businesses will find a wealth of information as SBA, SECOFI (Secretaría de Comercio y Fomento Industrial) and NAFIN (Nacional Financiera) provide on-line links to each other's Websites and databases. SBA has already developed linkages, which are located on the Office of International Trade's site at: www.sba.gov/oit.
- SBA plans to add fields to Pro-Net, the agency's small business database for government procurement opportunities, to include information on how businesses can trade products and services.
- The South Texas Border Region Small Business Development Center (SBDC) has agreed to establish a pilot program with SECOFI's CRECE (Consultores Externos en la Republica Mexicana) to assist small businesses from the U.S. and Mexico who are trying to partner.
- NAFIN, the U.S. Mexican Chamber of Commerce and SBA recently sponsored nine seminars across the United States on Tax, Finance and Investment In Mexico. Seminars were conducted in New York, Detroit, San Francisco, Los Angeles, Baltimore, Denver, Miami, Dallas and Chicago, in conjunction with the U.S. Export Assistance Center Network, in which SBA is a partner.
- SBA will work with SECOFI to begin a program in Mexico similar the U.S. Small Business Week, so as to duly and officially recognize the contributions of small business in their country as well.

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The U.S. Small Business Administration, established in 1953, provides financial, technical and management assistance to help Americans start, run, and grow their businesses. With a portfolio of business loans, loan guarantees and disaster loans worth more than \$45 billion, the SBA is the nation's largest single financial backer of small businesses. Last year, the SBA offered management and technical assistance to more than one million small business owners. The SBA also plays a major role in the government's disaster relief efforts by making low-interest recovery loans to both homeowners and businesses.

America's 24 million small businesses employ more than 50 percent of the private workforce, generate more than half of the nation's gross domestic product, and are the principal source of new jobs in the U.S. economy.

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The agreement enhances the effort of the Small Business Administration and the Department of Commerce in conjunction with the Canadian Government, to assist women-owned businesses in the U.S. and Canada. A major goal of the agreement is to build a stronger base of women-owned businesses and stronger ties between the U.S. and Canadian business women's communities.

More than 250 U.S. and Canadian women business owners and leaders are meeting in Toronto to tackle cross-border trade issues and make policy recommendations to top U.S. and Canadian trade officials.

The number of women-owned businesses is growing twice as fast as business in general. Women own close to 40 percent of all U.S. businesses (about eight million women-owned businesses) and 24 million Americans work for them. In Canada, women own close to 35 percent of all businesses.

This Trade Summit has enabled both American and Canadian women small business owners to explore trading opportunities by networking directly with each other and by establishing new contacts. More than 300 one-on-one, business-to-business, meetings were arranged by the Small Business Administration and the Department of Commerce for the participants at this summit.

The agreement commits the U.S. and Canada to:

- o Pursue joint trade promotion and trade facilitation activities, and share best practices;
- o expand the U.S./Canadian business dialogue to include businesswomen in other countries, such as Mexico;

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- o link U.S. Government and Canadian export assistance web sites containing information on business opportunities, export education and international business counseling, and establish an online networking program to encourage continued business contacts after the conclusion of this Trade Summit;
- o work together to explore ways to improve access by women-owned businesses to our respective government procurement markets;
- o support and promote the Asian-Pacific Economic Cooperation (APEC)-related Women Leaders' Network meeting in Wellington, New Zealand in June 1999;
- o foster discussions among businesswomen at the Free Trade of the Americas (FTAA) Business Forum in Toronto in October 1999 and at the Women's Summit of the Americas conference in Argentina in November 1999; and
- o promote and support the Second Organization for Economic Cooperation and Development (OECD) Conference on "Women Entrepreneurs in SMEs 2000" to be held at the OECD in Paris.

The message of this summit and the high level of commitment through this agreement highlight the importance of trade as a vehicle for job creation and business growth – especially among small businesses and women-owned businesses.

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NEWS RELEASE

PRESS OFFICE

Release Date: April 28, 1999
Release Number: 99-36

Contact: Mike Stampler (202) 205-6740
Internet Address: www.sba.gov/news/

COMMUNITY EXPRESS LENDERS SELECT TARGET AREAS FOR INNOVATIVE PILOT LOAN PROGRAM

WASHINGTON – Nine major American banks participating in the U.S. Small Business Administration's (SBA) new Community Express Pilot Loan Program have selected more than 20 areas to begin making loans under the program, SBA Administrator Aida Alvarez announced today.

Under the Community Express Pilot Program, participating lenders will adopt streamlined processing and approval procedures for SBA-backed small business loans in the targeted areas. The lenders, working in concert with the National Community Reinvestment Coalition (NCRC), will provide technical assistance to the borrowers through community-based, nonprofit NCRC member organizations.

"This innovative pilot program will help newer and smaller businesses in New Markets areas succeed by making sure that access – access to credit and technical assistance – is part of the solution, not part of the problem," Administrator Alvarez said. "This creative, three-way public/private partnership will help us open doors of opportunity wider."

The lenders are members of the NCRC's Banker/Community Collaborative Council. All of them have preferred lender status in SBA's 7(a) General Business Loan Guaranty program. They are: BankBoston, Bank of America, Bank One, Chase Manhattan Bank, Chase Bank of Texas, Wachovia, European American Bank, Mellon Bank and Wells Fargo.

The lenders and the areas they will operate are:

Bank Boston – Boston, MA, and Hartford, CT

Bank One – Chicago, IL, and Milwaukee, WI

Bank of America – Dallas, TX; Los Angeles, CA; Miami, FL; Pensacola-

Tallahassee corridor in FL; San Francisco, CA, and Oakland, CA

Wachovia – Durham, NC, and Greensboro, NC

Chase Bank of Texas – Houston, TX

Chase Manhattan Bank – New York City; Long Island; Rochester, NY, and western New York state, including Buffalo

European American Bank – New York City and Long Island

Mellon Bank – Philadelphia (Philadelphia County), PA, and Pittsburgh (Allegheny County), PA

Wells Fargo – Phoenix, AZ, and Seattle, WA

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The pilot is scheduled to run for five years, and SBA expects to add additional lenders later this year.

Participating lenders will adopt streamlined loan processing and approval procedures similar to those used in the SBAExpress program. Under SBAExpress, lenders perform credit analyses, use their own paperwork and are permitted to apply SBA guaranties to loans without SBA's direct involvement. In return for this flexibility, lenders making SBAExpress loans agree to accept a maximum loan guaranty of 50 percent.

Under Community Express, the same processing procedures will be adopted, but the guaranty percentages will be increased to 80 percent for loans up to \$100,000, and to 75 percent on loans up to \$250,000.

The loans include term loans, lines of credit and commercial mortgages. Loan proceeds can be used for purchasing inventory, machinery and equipment, land and buildings and for working capital.

The critical element of the program is the link between the SBA-backed loans and the technical assistance that will be funded by lenders and provided by NCRC member organizations. Borrowers will receive hands-on training and support, both before and after loan closings.

The Community Express pilot program is part of SBA's New Markets Initiative, which is designed to spur economic development and job creation in untapped rural and inner city communities with venture capital, commercial loan credits and technical assistance.

NCRC is a nonprofit trade association comprised of 680 dues-paying community development and advocacy groups. Members are committed to revitalizing distressed communities. NCRC's mission is to ensure fair and equal access to credit, capital and banking services and products to these communities. NCRC seeks to develop and support long-term solutions that provide resources, knowledge, and skills to build community and individual net wealth.

For more information on these and other SBA programs, call the SBA Answer Desk at 1-800-U-ASK-SBA, or visit the SBA's extensive website at www.sba.gov.

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NEWS RELEASE

PRESS OFFICE

Release Date: April 6, 1999
Release Number: 99-26

Contact: Mike Stamler (202) 205-6740
Internet Address: www.sba.gov/news/

SBA PARTNERSHIP WITH LENDERS, NONPROFITS LINKS LOANS AND TECHNICAL ASSISTANCE FOR NEW MARKETS BORROWERS

Community Express Loans Aimed at Low/Moderate Income Areas in Inner Cities and Rural Communities

WASHINGTON – U.S. Small Business Administration (SBA) Administrator Aida Alvarez today launched a new partnership with eight large American banks and the National Community Reinvestment Coalition (NCRC) to provide loans and technical assistance to stimulate small business formation and job creation in economically distressed rural and inner city areas.

Under the "Community Express" pilot program, participating lenders will adopt streamlined processing and approval procedures for SBA-backed small business loans in up to 30 targeted areas. The lenders also will provide funding for technical assistance to the borrowers through community-based, nonprofit NCRC member organizations.

"By linking SBA, lenders and the NCRC in this creative, three-way public/private partnership, we can help these new markets small businesses succeed," said SBA Administrator Alvarez. "In short, we will open doors of opportunity wider by making sure that access – access to credit and technical assistance – is part of the solution, not part of the problem."

John Taylor, president and CEO of NCRC, added: "This new program is about providing the one resource that small business owners need the most – capital. By making capital available to entrepreneurs in underserved neighborhoods, we are helping these individuals, their families and their communities achieve the American dream of financial self-sufficiency."

SBA launched the program today by signing an agreement with NCRC.

The participating lenders are members of the NCRC Banker/Community Collaborative Council. All of them have preferred lender status in SBA's 7(a) General Business Loan Guaranty program. They are: BankBoston, Bank of America/NationsBank, Bank One/First Chicago, Chase Manhattan Bank, European American Bank, Mellon Bank and Wells Fargo.

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The pilot is scheduled to run for five years, and SBA expects to add additional lenders later this year.

Participating lenders will adopt streamlined loan processing and approval procedures similar to those used in the *SBAExpress* program. Under *SBAExpress*, lenders perform credit analyses, use their own paperwork and are permitted to apply SBA guaranties to loans without SBA's direct involvement. In return for this flexibility, lenders making *SBAExpress* loans agree to accept a maximum loan guaranty of 50 percent.

Under Community Express, the same processing procedures will be adopted, but the guaranty percentages will be increased to 80 percent for loans up to \$100,000, and to 75 percent on loans up to \$250,000.

The loans include term loans, lines of credit and commercial mortgages. Loan proceeds can be used for purchasing inventory, machinery and equipment, land and buildings and for working capital.

The 30 areas to be targeted for Community Express will be selected by the lenders and NCRC.

The critical element of the program is the link between the SBA-backed loans and the technical assistance that will be funded by lenders and provided by NCRC member organizations. Borrowers will receive hands-on training and support, both before and after loan closings.

The Community Express pilot program is part of SBA's New Markets Initiative, which is designed to spur economic development and job creation in untapped rural and inner city communities with venture capital, commercial loan credits and technical assistance.

NCRC is a nonprofit trade association comprised of 680 dues-paying community development and advocacy groups. Members are committed to revitalizing distressed communities. NCRC's mission is to ensure fair and equal access to credit, capital and banking services and products to these communities. NCRC seeks to develop and support long-term solutions that provide resources, knowledge, and skills to build community and individual net wealth.

For more information on these and other SBA programs, call the SBA Answer Desk at 1-800-U-ASK-SBA, or visit the SBA's extensive website at www.sba.gov.

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NEWS RELEASE

PRESS OFFICE

Release Date: March 23, 1999
Release Number: 99-23

Contact: Mike Stamler (202) 205-6740
Internet Address: www.sba.gov/news/

SBA OPENS WORKSHOP SERIES TO PROMOTE VENTURE CAPITAL INVESTMENTS IN 'NEW MARKETS'

CHICAGO – U.S. Small Business Administration (SBA) Administrator Aida Alvarez today held the first in a series of workshops designed to increase venture capital investments in "New Market" small businesses: newer, smaller businesses and those in distressed rural and inner city communities.

At the workshop in Chicago, the Administrator told an audience of lenders, investors, and community leaders: **"Thanks to President Clinton's economic leadership, small business is thriving. But there are still gaps in the market when it comes to access to credit and capital. That's why we are focusing on newer, smaller businesses, and those in distressed rural and urban areas.**

"The President's New Markets Initiative brings together the tools that newer, smaller businesses need to succeed – now and in the 21st century: credit, capital, and technical assistance. We want to expand our network of venture capital companies and provide incentives for them to target the small firms that need help the most."

The workshop today in Chicago is the first in a series of seven SBA is sponsoring around the country between now and June. The workshops are designed to recruit potential Small Business Investment Company (SBIC) investors and management teams with experience in investing in small businesses in low- and moderate-income areas.

The workshops bring together three main constituencies: 1) funding sources, primarily the banking community; 2) venture managers, including existing SBICs and Specialized SBICs; and 3) community development organizations.

Other workshops are scheduled for Kansas City (4/6), New York (4/12), Atlanta (5/6), Dallas (5/17), Los Angeles (6/1) and San Francisco (6/2). More detailed information about the New Markets Workshops can be obtained at the SBA Internet website at www.sba.gov/inv/marketworkshop.html.

"We want these workshops to result in the creation of new SBIC licensees, new interest in rural and inner city investing, and a database of investment and community development professionals that will be available to work with SBA on this effort," Administrator Alvarez said.

SBICs, licensed and regulated by the SBA, are privately-owned and privately-managed investment firms that use their own capital, plus funds acquired with SBA guarantees to make investments in small businesses. SBICs provide risk capital in the form of long-term debt and equity financing to small businesses for their growth, modernization or expansion.

SBA venture capital companies help small, unproven companies in their early and difficult formative period, providing time to establish products, organizations and credit standing with suppliers and conventional lenders. SBICs make such investments with the ultimate objective of investment returns in the form of capital gains.

The SBIC program currently has 332 licensees with a total committed investment pool of \$9.8 billion. SBICs have invested nearly \$20.5 billion in more than 116,000 small business financings since the program's inception in 1958, including \$3.2 billion in FY 1998. Last year, about 32 percent of the number of investments were made in firms that are at least 50 percent or more owned by minorities or women. Those investments represent about 6.3 percent of the total dollars invested.

Well-known companies that benefited from early SBIC investments include Intel, Federal Express, Apple and Compaq Computer. In fact, the federal income taxes generated in a typical year by Intel alone are more than enough to fund the SBA's entire budget for the current year.

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For more information about SBICs and other SBA programs, call the SBA Answer Desk at 1-800-U-ASK-SBA, or visit the SBA's extensive website at www.sba.gov.

The U.S. Small Business Administration, established in 1953, provides financial, technical and management assistance to help Americans start, run, and grow their businesses. With a portfolio of business loans, loan guarantees and disaster loans worth more than \$45 billion, the SBA is the nation's largest single financial backer of small businesses. Last year, the SBA offered management and technical assistance to more than one million small business owners. The SBA also plays a major role in the government's disaster relief efforts by making low-interest recovery loans to both homeowners and businesses. America's 24 million small businesses employ more than 50 percent of the private workforce, generate more than half of the nation's gross domestic product, and are the principal source of new jobs in the U.S. economy.

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U.S. Small Business Administration



NEWS RELEASE

PRESS OFFICE

Release Date: March 4, 1999
Release Number: 99- 14

Contact: Chancy Lyford 202-205-6740
Internet Address: www.sba.gov/news/

SBA, ORGANIZATION FOR NEW EQUALITY SIGN HISTORIC PARTNERSHIP AGREEMENT

WASHINGTON, DC – The Small Business Administration’s (SBA) Deputy Administrator Fred Hochberg today signed a historic partnership agreement with the Organization for New Equality (ONE). ONE is a national African-American organization that works with legislators, the media, and private businesses to promote social change for an open economy for everyone.

“This agreement today ensures more Americans a seat at the nation’s economic table,” Deputy Administrator Hochberg said. “Combining the resources of the SBA with the network of ONE sends a powerful message that we’re serious about all Americans sharing in our economic prosperity.”

According to the SBA, the number of African-American-owned businesses has grown by 108 percent from 1987 to 1997, to an estimated 880,000 businesses. Estimated revenues from these firms are \$59 billion annually. But there is plenty of room for growth.

According to Hochberg, African-Americans are one of the fastest growing groups in America representing well over 10 percent of the U.S. population. Yet, as a group,

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African-Americans own less than 4 percent of the nation's businesses. Today's partnership agreement states that the SBA and ONE will combine their efforts to reach out to African-Americans who may benefit from SBA services and to help more small firms succeed.

Deputy Administrator Hochberg added that today's event was significant because it illustrated the Clinton-Gore Administration's commitment to ensuring that all Americans have the opportunity to benefit from the strongest U.S. economy in a generation. Hochberg said that continued economic growth depends on spreading the prosperity through outreach initiatives such as the ONE partnership signed today.

The SBA's African-American outreach effort is part of a broader initiative by the SBA to reach New Markets—those markets that have been underserved—such as women and minorities, as well as businesses located in distressed rural and urban areas. The effort was developed in support of President Clinton's desire to promote racial reconciliation through increased economic opportunity. These national partnership agreements also help forge stronger relationships between SBA district offices, local chambers, and other SBA resource partners as well as the participating organization's local chapters.

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The U.S. Small Business Administration, established in 1953, provides financial, technical and management assistance to help Americans start, run, and grow their businesses. With a portfolio of direct and guaranteed business loans and disaster loans worth more than \$45 billion, SBA is the nation's largest single financial backer of small businesses. Last year, SBA offered management and technical assistance to more than one million small business owners. SBA also plays a major role in the government's disaster relief efforts by making low-interest recovery loans to both homeowners and businesses.

America's 23 million small businesses employ more than 50 percent of the private workforce, generate more than half of the nation's gross domestic product, and are the principal source of new jobs in the U.S. economy.

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NEWS RELEASE

PRESS OFFICE

Release Date: February 16, 1999
Release Number: 99-11

Contact: Mike Stamler (202) 205-6740
Internet Address: www.sba.gov/news/

HISPANIC-OWNED BUSINESSES TO BENEFIT FROM \$20 MILLION SBA-BACKED VENTURE CAPITAL FUND

WASHINGTON – A venture capital company newly licensed by the U.S. Small Business Administration (SBA) is the first regular Small Business Investment Company (SBIC) in the 40-year history of the program to base its investment strategy on investing in Hispanic-owned small businesses.

“Our new venture capital fund focusing on Hispanic-owned businesses is a first for the SBA,” SBA Administrator Aida Alvarez said today. “It will bring first-rank investment experience to the pursuit of finding and financing promising small businesses owned by Hispanic Americans. With an investment pool of \$20 million, it will be a strong presence in the venture capital industry. Its investments are going to help create growth and new jobs in the Hispanic community, and a stronger U.S. economy overall.”

The new investment company is Capital International SBIC, based in Miami, Florida. Capital International is notable in that it will focus its investment activity on Hispanic-owned or managed businesses – a market that has had difficulty obtaining access to venture capital.

Capitalized with \$5 million in private funds, Capital International will have potential access to as much as \$15 million more in leverage from SBA in the form of SBA-guaranteed debentures.

Capital International is a subsidiary of Capital International Holdings (CIH), a family of related financial companies in South Florida formed to provide financial assistance and brokerage services to primarily Hispanic-owned businesses. CIH is owned by two experienced Hispanic businessmen, John Zelaya and Gerardo Hammerer. Capital International will cover the venture capital segment of CIH's operations.

Capital International will make investments throughout the southeastern United States and Puerto Rico. The company is managed by Manuel Iglesias, a prominent and successful entrepreneur and investment banker.

SBICs, licensed and regulated by the SBA, are privately owned and privately managed investment firms that use their own capital, plus funds acquired with SBA guarantees, to make investments in small businesses. SBICs provide risk capital in the form of long-term debt and equity financing to small businesses for their growth, modernization or expansion.

SBA venture capital companies help small, unproven companies in their early and difficult formative period, providing time to establish products, organizations and credit standing with suppliers and conventional lenders. SBICs make such investments – commonly thought of as higher risk investments – with the ultimate objective of investment returns in the form of capital gains.

The SBIC program currently has 325 licensees with a total committed investment pool of \$9.7 billion. SBICs have invested nearly \$20.5 billion in more than 116,000 small business financings since the program's inception in 1958.

SBIC investments have created well over one million new jobs, tens of millions of dollars in exports and billions of dollars in tax revenues that greatly exceeded the cost of the program. The program is cost effective for the taxpayers, providing jobs, economic growth and tax revenue at the federal, state and local levels.

Well-known companies that benefited from early SBIC investments include Intel, Federal Express, Apple and Compaq Computer. In fact, the federal income taxes generated in a typical year by Intel alone are more than enough to fund the SBA's entire budget for the current year.

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The U.S. Small Business Administration, established in 1953, provides financial, technical and management assistance to help Americans start, run, and grow their businesses. With a portfolio of business loans, loan guarantees and disaster loans worth more than \$45 billion, the SBA is the nation's largest single financial backer of small businesses. Last year, the SBA offered management and technical assistance to more than one million small business owners. SBA also plays a major role in the government's disaster relief efforts by making low-interest recovery loans to both homeowners and businesses. America's 23 million small businesses employ more than 50 percent of the private workforce, generate more than half of the nation's gross domestic product, and are the principal source of new jobs in the U.S. economy.

For more information on SBICs and other SBA programs, call the SBA Answer Desk at 1-800-U-ASK-SBA, or visit the SBA's extensive website at www.sba.gov.

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Administrator Alvarez added that today's event at the White House was significant because it illustrated the Clinton-Gore Administration's commitment to ensuring that all Americans have the opportunity to benefit from the strongest U.S. economy in a generation. Alvarez said that continued economic growth depends on spreading the prosperity of Wall Street to Main Street, through outreach initiatives such as the 33 partnerships formed today.

SBA's Hispanic outreach effort is part of a broader initiative by Administrator Alvarez to reach New Markets—those markets that have been underserved—such as women and minorities, as well as businesses located in distressed rural and urban areas. The effort was developed in support of the President's desire to promote racial reconciliation through increased economic opportunity. The national partnership agreements also help forge stronger relationships between SBA district offices, local chambers, other SBA resource partners as well as the participating organization's local chapters.

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(List of the 33 Hispanic organizations participating in today's signing is attached)

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Organization	First Name	Last Name	Title	Address	City, State ZIP	Phone	Fax
American Association of Hispanic CPAs	Ismael "Milo"	Martinez	President	1100 Weston Center 112 E Pecan	San Antonio, TX 78205	210-340-8202	210-340-1940
American G.I. Forum	Francisco	Ivarra	Executive Dir.	109 N 22 nd	Seattle, WA 98133	206-364-5948	206-361-1341
Aspira Association	Ronald	Blackburn-Moreno	President	1444 Eye St. NW, Ste. 800	Washington, DC 20005	202-835-3600	202-835-3613
Cuban American National Council	Guariona	Diaz	President	1223 SW 4th St	Miami, FL 33135	305-642-3484	305-642-9122
Hispanic American Police Command Officers Association	Jess	Quintero	Executive Dir.	6601 Cooridge Rd., Ste. 101	Camp Springs, MD 20746	301-449-7967	301-449-7077
Hispanic American Police Command Officers Association	Errol	Chavez	President	4560 Viewridge Av.	San Diego, CA 92123	619-616-4001	619-616-4240
Hispanic Association of Colleges & Universities	Antonio	Flores	President	4204 Gardendale St., Ste.216	San Antonio, TX 78229	210-692-3805	210-692-0823
Hispanic Association on Corporate Responsibility	Rick	Bela	President	1730 Rhode Island Av. NW, Ste. 505	Washington, DC 20036	202-835-9672	202-457-0455
Hispanic Contractors of America	Paul	Rodriguez	Chairman	1224 E 9th St.	Kansas City, MO 64106	816-421-3626	816-421-1025
Hispanic Designers, Inc.	Penny	Harrison	President	1101 30th St. NW, Ste. 500	Washington DC 20007	202-337-9636	202-337-9635
Hispanic National Bar Association	Lillian G.	Apodaca	President	3908 Carlisle NE	Albuquerque, NM 97105	505-881-4545	505-889-0988
Latin American Management Association	Stephen	Denlinger	President	419 New Jersey Av. SE	Washington, DC 20003	202-546-3803	202-546-3807
Latino Peace Officers Association	Adrian	Garcia	President	705 Sue St.	Houston, TX 77009	713-247-1378	713-247-1340
League of United Latin American Citizens	Rick	Dovalina	President	1133 - 20th St. NW, Ste. 750	Washington, DC 20036	202-408-0060	202-408-0064
League of United Latin American Citizens	Brent	Wilkes	President	1133 - 20th St. NW, Ste. 750	Washington, DC 20036	202-408-0060	202-408-0064
MANA	Elisa	Sanchez	President	1725 K St. NW, Ste. 501	Washington, DC 20006	202-833-0060	202-496-0588
Mexican American Legal Defense & Educational Fund	Antonia	Hernandez	President	634 S. Spring St.	Los Angeles, CA 90014	213-629-2512	213-629-0266
Mexican American Legal Defense & Educational Fund	Teresa	Bustos	President	634 S. Spring St.	Los Angeles, CA 90014	213-629-2512	213-629-0266
National Association of Hispanic Firefighters	Ron	Morales	President	8204 Elmbrook Dr., Ste. 139	Dallas, TX 75247	214-631-0025	214-634-0768
National Association of Hispanic Publications	Andres	Tober	Executive Dir.	528 - 14th St. NW, Ste. 652	Washington, DC 20045	202-662-7250	202-662-7254
National Association of Latino Elected Officials	Arturo	Vargas	Executive Dir.	5800 S Eastern Av. Ste. 365	Los Angeles, CA 90040	323-720-1932	323-720-9519
National Conference of Puerto Rican Women	Yvonne	Carvoni	President	5 Thomas Cir. NW	Washington, DC 20005	202-387-4716	NA
National Conference of Puerto Rican Women	Lisa	Torres	President	1550 Madrua Av. Ste. 325	Coral Gables, FL 33146	305-669-8600	305-669-8603
National Council of Hispanic Women	Velma	Montoya	President	7095 Hollywood Blvd. #520	Hollywood, CA 90028	213-427-8048	323-876-9969
National Council of La Raza	Raul	Yzaguirre	President	1111 - 19th NW, Ste. 1000	Washington, DC 20036	202-785-1670	202-776-1794
National Hispana Leadership Institute	Marisa	Rivera-Albert	President	1901 N Moore St	Arlington, VA 22209	703-527-6007	703-527-6009
National Hispanic Builders, Inc.	Art	Delgado	President	31103 Rancho Viejo Rd., Ste. 2146	San Juan Capistrano, CA 92675	800-926-2757	949-487-0240
National Hispanic Builders, Inc.	Gary	Ayala	President	31103 Rancho Viejo Rd., Ste. 2146	San Juan Capistrano, CA 92675	800-926-2757	949-487-0240
National Image, Inc.	Ana	Villagra	Chair	3705 George Mason Rd. #206	South Falls Church VA 22041	703-671-0755	NA
National Latino Children's Institute	Rebeca	Barrera	Executive Dir.	1611 W. 6th St.	Austin, TX 78703	512-472-9971	512-472-5845
National Puerto Rican Coalition, Inc	Manuel	Mirabal	President	1700 K St. NW, Ste. 500	Washington, DC 20006	202-223-3915	202-429-2223
National Puerto Rican Forum, Inc.	Kofi A.	Boateng	Executive Dir.	31 E. 32rd St. 4 th Fl.	New York, NY 10016	212-685-2311	NA
National Society of Hispanic MBAs	Richard	Tobias	President	8204 Elmbrook, Ste. 235	Dallas, TX 75247	214-267-1622	312-214-2223
National Society of Hispanic MBAs	John	Honaman	Executive Dir.	8204 Elmbrook, Ste. 235	Dallas, TX 75247	214-267-1622	214-267-1626
Saludos Hispanos	Steve	Solomon	President	73-121 Fred Waring Dr., Ste. 100	Palm Desert, CA 92260	800-371-4456	760-778-1214
Society of Hispanic Professional Engineers, Inc.	Leticia	Vidal	Executive Dir.	5400 E Olympic Blvd., Ste. 210	Los Angeles, CA 90022	323-725-3970	323-725-0316
United States Hispanic Chamber of Commerce	Massey	Villarreal	Chair	1019 19th St. NW, Ste.200	Washington, DC 20036	202-842-1212	202-842-3221

United States Hispanic Leadership Institute Juan Andrada President 431 S Dearborn St., Ste. 1203 Chicago, IL 60605 312-427-6883 312-427-5183
United States Hispanic Leadership Institute Joanne Martinez 431 S Dearborn St., Ste. 1203 Chicago, IL 60605 312-427-8883 312-427-5183
William C. Velasquez Institute Antonio Gonzalez 2914 N Main St. 2nd Fl. Los Angeles, CA 90031 323-343-9299 323-343-9100

U.S. Small Business Administration



NEWS RELEASE

PRESS OFFICE

Release Date: January 15, 1999 Contact: Mike Stamler (202) 205-6740

Release Number: 99-04 Internet Address: www.sba.gov/news/

PRESIDENT CLINTON, SBA OFFER NEW MARKETS INVESTMENT INITIATIVES TO FUEL BUSINESS AND JOB CREATION IN RURAL, INNER CITY AREAS

NEW YORK - President Clinton and U.S. Small Business Administration (SBA) Administrator Aida Alvarez today announced a sweeping new public/private partnership to provide tax credits, investment capital and credit, and technical assistance to stimulate business formation and job creation in economically distressed rural and inner city areas.

The New Markets Initiative could lead to investment of as much as \$15 billion in the nation's most economically distressed rural areas and inner cities.

"We have to do more to invest in our own people to give them the tools they need to succeed and to widen the circle of opportunity," the President said.

"Concentrations of poverty and joblessness continue to have a devastating effect on the social and economic fabric of communities across the country, and it is holding America back," the President said. "This lack of opportunity is at the heart of our deepest social divisions. The New Markets Initiative will direct billions of dollars of private and public investment capital and credit into these communities, and go a long way toward opening the doors of opportunity to all Americans."

SBA Administrator Alvarez noted: "It couldn't be more fitting that we are meeting on Martin Luther King's birthday - at the center of economic power in this country - to talk about opening the doors of economic opportunity, to tap into New Markets. Dr. King's words and actions remind us that when we limit economic opportunities for some Americans, we limit the possibilities for all Americans."

The comprehensive program announced today by the President includes participation by the SBA and the Departments of Treasury and Housing and Urban Development, as well as numerous private sector investment and banking professionals and private sector corporate sponsors.

The President and Administrator Alvarez announced the programs today at the Wall Street

Project Conference sponsored by the Rev. Jesse Jackson.

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The New Markets Initiative is designed to take advantage of attractive business opportunities in underserved rural and inner city communities that are not currently being met. The key elements include: tax credits and loan guarantee incentives, a network of private investment institutions to funnel credit, equity and technical assistance into businesses in America's New Markets, and technical assistance and mentoring programs to help targeted small businesses use new investments to finance growth.

The New Markets Initiative includes:

- **New Markets Tax Credits** - 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, including community development banks, venture funds and corporations, the new investment company programs listed below, and other targeted investment funds.
- **New Markets Venture Capital Companies (NMVCs)** - NMVCs will be venture capital companies that provide a combination of equity venture capital financing and technical assistance to smaller businesses located in low- and moderate-income (LMI) areas. SBA is proposing a pilot program to create between 10 and 20 NMVCs.

LMI areas are census tracts where at least 20 percent of the population is beneath

NMVCs will provide government-guaranteed long-term funding, combined with technical assistance to obtain commitments to provide at least \$1.5 million in technical assistance funding over 5 years. SBA will provide technical assistance grants amounting to 30 percent of the

SBA anticipates that the program will involve \$100 million in SBA-backed funding a

- **LMI Investments and Outreach Workshops** - SBA has organized a series of six workshops designed to recruit potential SBIC investors and management teams with experience in investing in small businesses in LMI areas. Beginning in late March, workshops are scheduled for Chicago, Kansas City, New York, Atlanta, Dallas and San Francisco.

These workshops will result in the creation of new SBIC licensees, new interest in rural and inner city investing, and a database of investment and community development professionals that will be available to work with SBA on this effort.

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99-04, Page 3

SBA also will create a new funding mechanism to provide financial incentives to en

- **America's Private Investment Companies (APICs)** - APICs, modeled on the Overseas Private Investment Corporation, will provide equity capital for the creation or relocation of large-scale businesses in inner cities and rural areas. It will fund large, investment partnerships formed by private investors for this purpose. It will be a Department of Housing and Urban Development (HUD) program administered jointly by HUD and SBA to combine SBA's venture investment expertise with HUD's expertise in large scale urban revitalization.

APICs will be organized as conventional, for-profit private venture capital funds with a minimum private capitalization of \$100 million. APICs will be eligible for twice that amount in government guaranties. APIC investments will be required to be in low- and moderate-income areas and require prior government approval for each investment transaction.

HUD and SBA anticipate that the program will involve \$1 billion of government-backed funding. Establishing the program will require enabling legislation.

- **BusinessLINC Initiative** - The BusinessLINC Initiative is a new partnership between the federal government and America's business community to encourage large businesses to work with small business owners and entrepreneurs, especially in America's rural areas and inner cities.

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

- **New Markets Lending Companies (NMLCs)** - Under this pilot, SBA will select approximately 10 non-depository lending institutions to make SBA-guaranteed loans targeted to New Market small businesses. The proposed NMLC program is a limited term, limited participation pilot that will last between five and 10 years.

NMLCs will make SBA-guaranteed loans under the 7(a) General Business Loan Guaranty program, the agency's largest financial assistance program. Under the 7(a) program, SBA guarantees up to 80 percent of a loan that is made by a commercial lender to a creditworthy small business that cannot otherwise secure financing on reasonable terms.

Funding for loan guaranties made under the NMLC initiative will come from the SBA's appropriation for 7(a) program loans, which is funded at a level of \$10 billion for the current fiscal year.

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PROMOTING INVESTMENT IN AMERICA'S NEW MARKETS

January 15, 1999

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

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

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, 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.

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.

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.

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 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.

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.

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 taxfavored regulated investment companies.

NEWS RELEASE

PRESS OFFICE

Release Date: January 5, 1999
Release No. 99-01

Contact: Patricia L. Young (202) 205-6740
SBA News Releases: www.sba.gov/news/

SBA ADMINISTRATOR COMMENDS SCORE ORGANIZATION'S 35 YEARS OF SERVICE TO SMALL BUSINESS

WASHINGTON -- Aida Alvarez, Administrator of the U.S. Small Business Administration, today congratulated the Service Corps of Retired Executives (SCORE) -- the agency's counseling and training resource partner -- on 35 years of helping small businesses succeed.

"The SCORE organization and its volunteers have made immense contributions to the small business community and the U.S. economy," SBA Administrator Aida Alvarez said. "I congratulate the organization on its 35 years of excellent service to millions of aspiring entrepreneurs and look forward to continuing the SBA/SCORE partnership to help small businesses succeed for many years to come."

SCORE President Emmett Gumm also expressed appreciation to the agency for its support. "SCORE is especially thankful to the SBA during this important milestone year. SBA's enduring support has enabled SCORE to have a tremendous impact on the small business community nationwide."

Each year, SCORE's 12,400 volunteers assist approximately 300,000 small businesses with one-to-one counseling, e-mail counseling and business training. The SCORE network includes 389 local chapters that offer more than 5,000, low-cost or free business workshops and seminars each year. SCORE volunteers donate more than one million hours to counseling and training each year.

The SCORE Association was formed in 1964 as a nonprofit association dedicated to entrepreneur education and the formation, growth and success of small businesses nationwide. SCORE has assisted nearly four million Americans with small business counseling. For more information about starting or managing a small business, call (800) 634-0245 for the SCORE chapter nearest you or visit the SCORE Web site at www.score.org.

Additional information on SBA programs and services is accessible through the SBA home page at [Error! Bookmark not defined.](#)