WHITE PAPER

Domestic Emerging Markets:
The Value in Value Investing

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Executive Summary

The economic potential within historically underserved communities provides unique opportunities for growth and wealth creation through strategic investments in domestic emerging markets. Drawing parallels to China's rapid transformation since the 1980s, the paper highlights how similar growth potential exists within marginalized American communities, especially African American communities. These communities, despite generating an annual combined income of $1.6 trillion, face barriers to wealth accumulation due to limited investment opportunities, systemic financial inequities, and underfunded institutions like Historically Black Colleges and Universities (HBCUs).

Our analysis explores that HBCUs, with a combined endowment of under $5 billion, are significantly underfunded compared to elite institutions like Harvard, which boasts a $50 billion endowment. This disparity hampers the ability of HBCUs to generate sustainable income and support economic mobility for their graduates. The paper advocates for a shift towards vertical integration strategies for HBCUs, suggesting investments in industries that serve their student populations, such as real estate, hospitality, and agriculture, thereby capturing economic value and fostering self-sufficiency.

Moreover, we address broader racial wealth disparities, underscoring how access to credit, homeownership, and wealth-building opportunities are skewed against African Americans. Through data-driven insights, we outline the importance of controlling supply chains and leveraging community resources to break the cycle of economic dependency. The conclusion offers a blueprint for empowering HBCUs and their surrounding communities by aligning educational outcomes with strategic investments, ultimately promoting long-term economic resilience and growth.

Ronald Gordon
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“If You Build It, They Will Come”?

So, where did this saying come from exactly? It actually came from the 1989 classic US film “Field of Dreams.” However, the original phrase was, “if you build it, he will come.” There wasn’t much mention of business infrastructure or ideas in this film. Instead, it was about one farmer following his dream and building a baseball-playing field in his cornfield.

The building of the baseball diamond would mean that he’d need to sacrifice some of his corn yields that year. However, a voice came to him at night and said that quote. After that point, he decided to put his fears aside and start building the baseball diamond, even though many people around him believed it was ridiculous and wasn’t going to work.

Once it was built, baseball players were beginning to be brought back to life, and his dreams began to come true. This is where the true meaning of the phrase started to shed light. It wasn’t until after he’d committed the time and resources into building the diamond that he noticed people were starting to come as he knew that they would. Even though it was a slow start, the building process was worth it in the end when the people finally came.

Nowadays, we use the phrase to allow other people to chase their dreams and start thinking about the bigger picture. Even if it sometimes means sacrificing something that you might currently love or think you can’t live without, it might be the right call for you to replace it with your new build to make way for your dreams. It’s human nature to be a “dreamer” in life, so it’s a fundamental frame of thought when anyone attempts to create something new.

Another one of the most commonly quoted pieces of advice (or cliché) is you want to buy low and sell high. It’s as simplistic, as it is unhelpful. One reason being is that human psychology has one main goal and that goal is safety. Your Brain Doesn’t Want You to Be Happy. It Wants You to Be Safe. But the element of safety is to avoid the unknown, the unchartered, and often this is where the greatest value lies.

Take China for instance. Over the past four decades, China has undergone a remarkable economic transformation, often called a “Growth Miracle.” In less than two generations, it has evolved from a low-income, agrarian society into a productive, manufacturing-driven, middle-income nation. During this period, improvements in income, education, and healthcare have been substantial. Since 1978, economic reforms have lifted hundreds of millions of Chinese citizens out of poverty, leading to a rapid enhancement in living standards—an achievement unparalleled in human history. The World Bank study (2013) estimates that these changes have moved over 800 million people out of poverty.

In 1985 Vanguard, a mutual fund company created a fund to invest directly into the country of China, **Vanguard International Growth Inv (VWIGX)**. With a total life return of 821%, if you would have invested $1,000 in 1985 it would be worth $1.7 million today. In other words if you were an adult in 1985 and today you don’t have 1.7 million in an investment account, it’s not because of social injustice, your sexual orientation or the color of your skin. It is simple because you didn’t take action. Now maybe it’s because you didn’t know about it or maybe you couldn’t see the value in that decision at the time because hindsight is always 20/20 most assuredly.

But that’s the point. You won’t see it because it isn’t there yet. But to retain the most value out of something you have to be first. Which is a lot easier than being smarter or better. Take that same example of **VWIGX**. If you would have waited just 5 years later to invest, that same $1,000 would only be valued at just shy of $700k today.

Looking back it is easy to see why an investment in China was so massively successful. After all, when you have nothing and you are at the bottom, there's only one place to go, UP! And as the nation of china was built, so was its infrastructure. And as its infrastructure was developed so was its industries. And as its industries were created, so were its jobs. China now has the largest middle class in the world in just under 40 years. China's middle-income group surpassed 400 million people in 2017, or 140 million households. Which morphs the sizes of America's middle class of 60 plus million. Now that China is a developed nation it is experiencing some of the same challenges that America is all too familiar with and that is a now shrinking middle class because it is reaching its full consumption value.

But one key element that contributed to China's growth and nation building was Human consumption. The more income they earned. The more they consumed. And the more they consumed. The richer everyone became. Because someone's spending is another's income.

So, It doesn't matter where the Federal Reserve is going with rates. It doesn't matter if the dollar is strong and commodities are weak or vice-versa. And it doesn't matter if China is hot or cold. Every long-term investor should be in the emerging markets. Ideas that are in its infancy at best.

The key justification for allocation is the return opportunity created due to the significant valuation gap between EM and the developed world, along with the longer-term growth potential of many of these economies as they emerge. That valuation gap, in simple terms, is price to earnings and other measures of company value. In other words, often an American investor is paying less to buy a Brazilian top tier bank than they are when buying an American one.

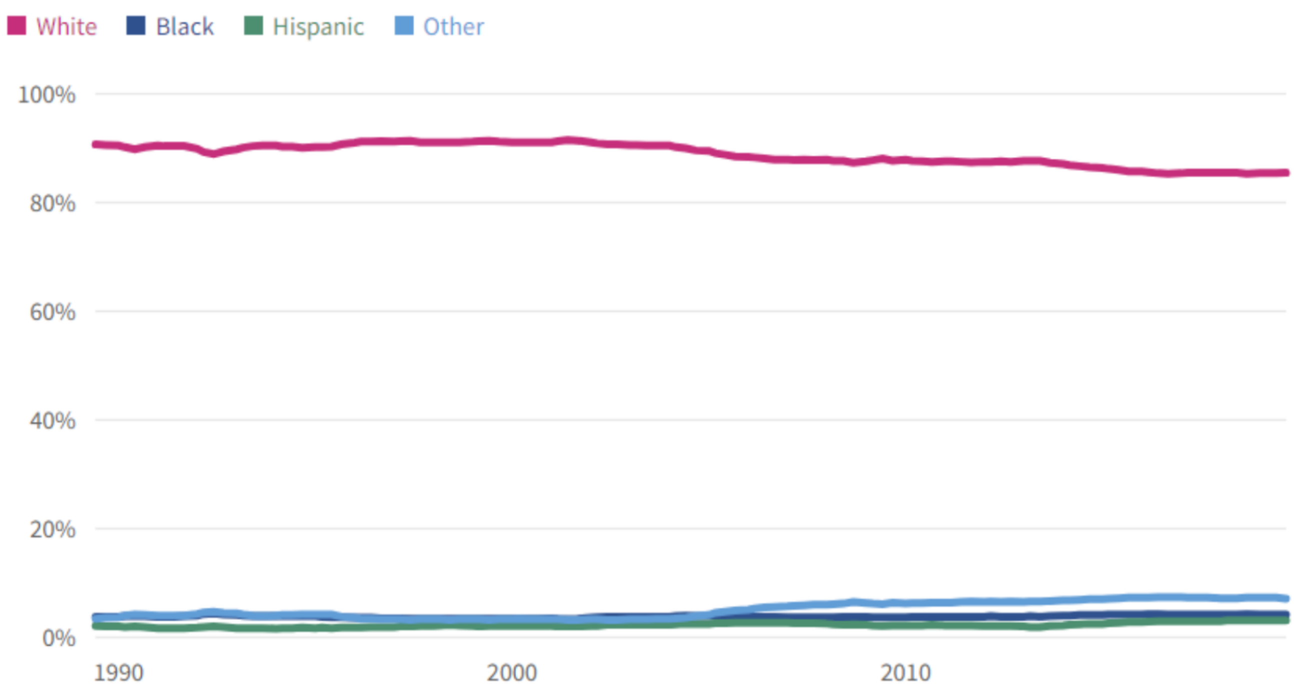
Investing in emerging markets doesn't come without some risk. Political Instability,Infrastructure Challenges, Market Risk, and Cultural and Regulatory Difference. But what if there was an even safer bet within your own borders and that will eliminate your traditional emerging markets risk? What if there's some underdeveloped sectors of America that can compete with the yields of those international markets?

Much like China in the 1980s, many US states are severely underdeveloped and with it hosting the highest yields of any regions, it stands to reason that these locations deserve a critical part of your portfolio now and in the future. Let's examine the current wealth distribution in America and it will be easy to see which communities have the highest potential for growth. We will highlight the sustainable consumption patterns and a balance with environmental and social factors are essential for long-term economic growth without negative consequences. From there you will notice a lot of markets are at max consumption levels and are decreasing due to population decline. And in some ways are over developed. Which is why there's so much credit in so few hands. Which creates an environment where one group's consumption/spending supports the other group's wealth creation. One particular market stands out from the rest. You will see why sometimes being at the bottom is a companion to maximum growth potential and not always a bad thing.

Who owns wealth in the United States?

According to data from the Federal Reserve, in 1990, white households owned 90.7% of household wealth in the United States, whereas Black households owned 3.8% and Hispanic households owned 2.1%. These numbers have changed little over the past 30 years, with white households now owning 85.5% of wealth in 2019, and Black households owning 4.2% and Hispanic households owning 3.1%. Most of the white wealth decline is due to other racial groups attaining shared wealth.

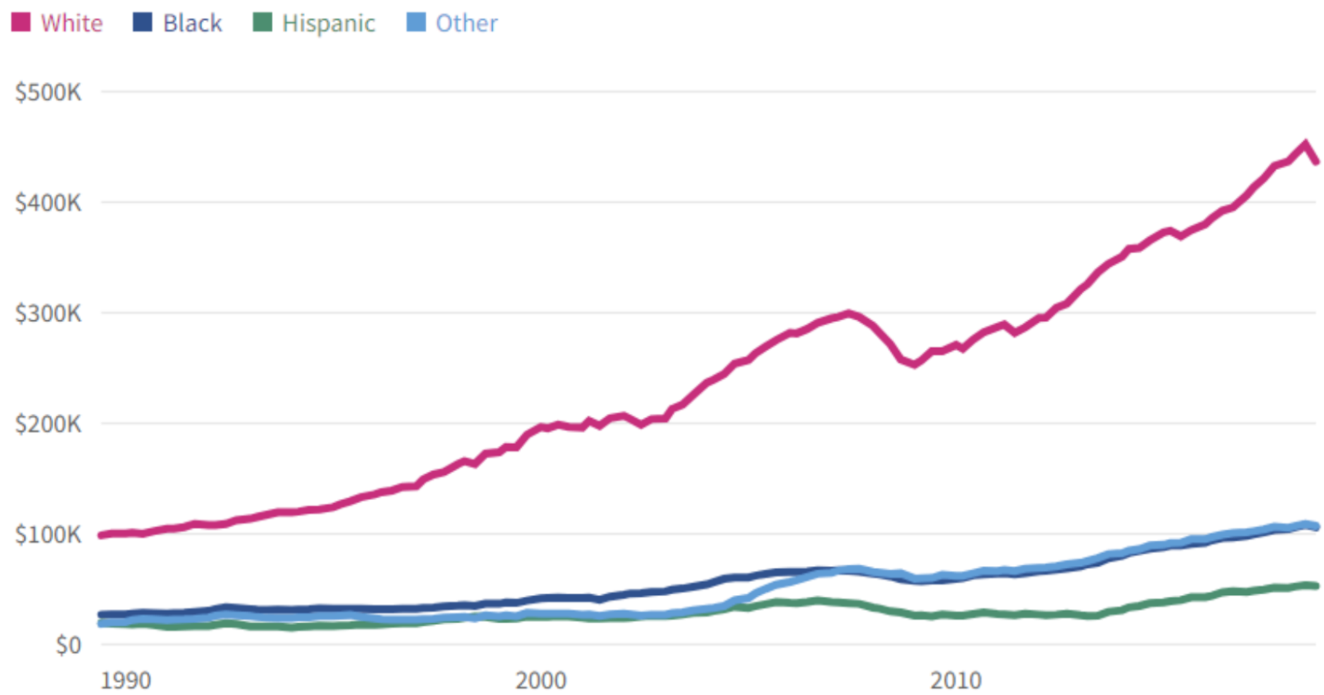
Exhibit 1: Share of US Wealth held By Race



Source: The US Federal Reserve Distribution of Household Wealth in the U.S. since 1989. Data ranges from 1989 to 2020. Distributions by generation are defined by birth year as follows: Silent and Earlier=born before 1946, Baby Boomer=born 1946-1964, Gen X=born 1965-1980, and Millennial=born 1981 or later.

Another way to look at this is the net worth, or assets (such as stocks and real estate) minus liabilities (such as loans and mortgages left to pay), by race. The average net worth per capita among white Americans is roughly $437,000 per person, whereas this value is $105,000 among Black people and $53,000 among Hispanic people.

Exhibit 2: Average Net Worth By Race



Source: The US Federal Reserve

Wealth is generally held by older Americans, who are more likely to be white

Age is also critical to understand who owns wealth in the United States. Older people, having had more time to accumulate income, are more likely to have higher wealth than younger people, even if they may have lower levels of wage income. Americans 55 and older collectively own 72% of wealth in the United States, with Americans 70 and older owning 28% alone.

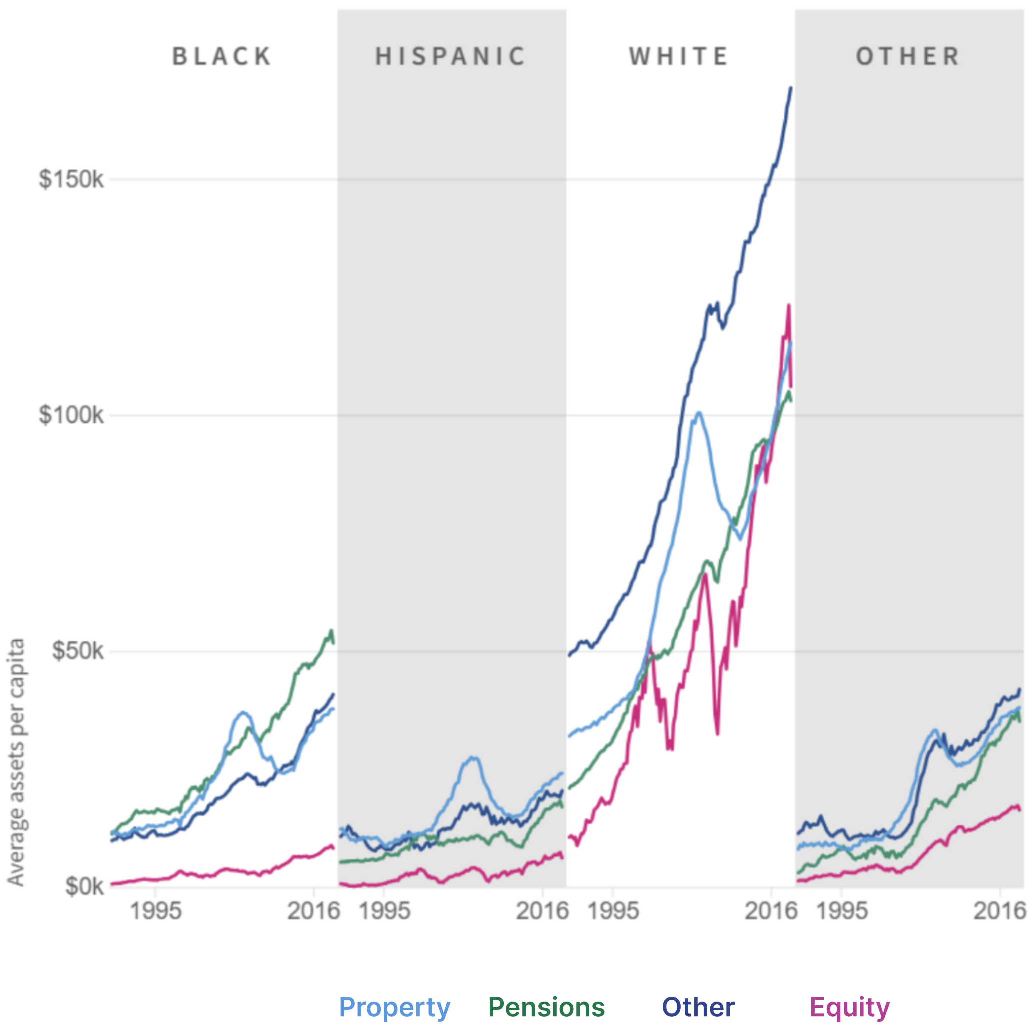
Share of US wealth by age group

Differences in wealth ownership by age and generational group help explain part, but not all, of the disparities in wealth by race group. According to data from the Census Bureau, 35% of white Americans are 55 and older, whereas only 24% of Black Americans are and only 16% of Hispanic Americans are. Hence, a part of the reason why wealth ownership is much lower among Black and Hispanic Americans may be due to the fact that they are relatively younger on average than white Americans. Black and Hispanic populations may be younger for a variety of reasons, including differences in life expectancy—Black Americans' life expectancy is 3.5 years less than that of white Americans—as well as immigration trends.

The home is typically Americans' largest asset, but not for Black Americans

While the assets of white households are equally split between real estate, equity and mutual fund shares, pensions, and other assets, the assets of other racial groups are less diversified. Almost two-thirds of Black wealth is composed of real estate and pensions, with 38% coming from pension assets alone. Similarly, 61% of Hispanic wealth and 56% of wealth from other races is composed of just these two asset types.

Exhibit 3: Assets Per Capita By Type and Race or Ethnicity



Source: Fill chart source and information here.

Wealth held in real estate plummeted across all racial groups during the 2008 Great Recession. However, while wealth held in real estate has just begun to reach pre-recession levels among Black and Hispanic individuals, as well as Americans of other races, that same wealth already reached pre-recession levels in 2016 for white Americans.

The gap in homeownership rates between white and Black Americans has also widened since the recession. In 2004, 49.3% of Black Americans and 75.5% of white Americans owned homes, with a gap of 26.2 percentage points. In the first quarter of 2020, 44.0% of Black Americans owned homes, while 73.7% of white Americans did, a gap of 29.7 percentage points.

Inequality has many forms, and wealth is a critical one to understand in the data

Racial financial inequality is often discussed in terms of income inequality. While income inequality is important, it is essential that it is complemented by an understanding of wealth inequality. Inequities in holdings of wealth are particularly central to perpetuating economic immobility across generations. But there's a much important factor often overlooked in these statistics and it shows up glaringly in the access of credit. In a debt based society one who has the access to credit has the advantage.

Access to credit

Homeownership in 2022 compared to 2012

Compared to a decade ago, homeownership among Americans has significantly increased. Presently, there are approximately 10.5 million more homeowners than in 2012. Homeownership rates have consistently grown across all racial and ethnic groups in the United States.

Asian Americans have witnessed the most pronounced increase in homeownership, with a remarkable gain of 6.1% - 1.5 million more Asian homeowners compared to 2012.

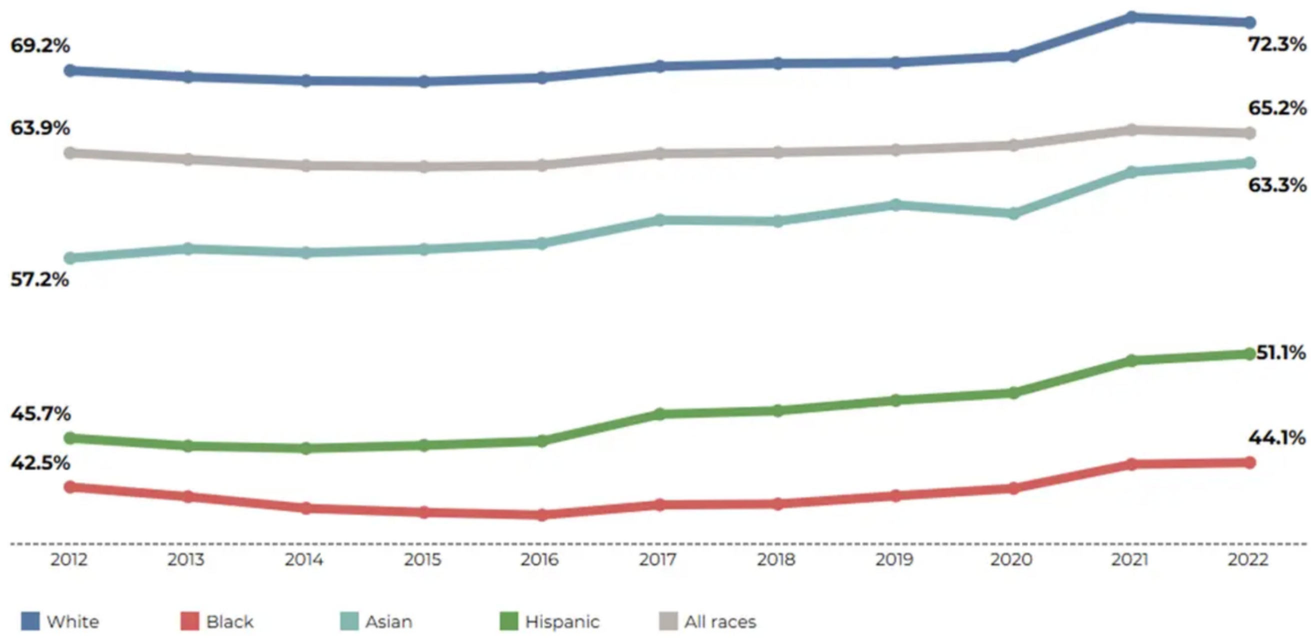
The Hispanic homeownership rate has seen an increase of 5.4 percentage points – 3.2 million additional Hispanic homeowners – compared to 2012.

While the homeownership rate for white Americans has risen by 3.1 percentage points compared to a decade ago, the increase amounts to only 65,000 new white homeowners since 2012. This increase in the white homeownership rate seems to be primarily attributable to the decrease in the white population during the past decade.

Black homeownership rate increased by 1.6 percentage points during the same period, resulting in nearly 950,000 more Black Americans transitioning to homeownership.

While homeownership rates have improved across all racial and ethnic categories over the past decade, the homeownership rate among Black individuals continues to trail behind significantly. The Black and white homeownership rate gap continues to be higher than a decade ago, standing at 28 percentage points.

Exhibit 4: Homeownership Rate by Race (2012 - 2022)



Source: National Association of Realtors

Denial rates

Black and Hispanic applicants experience higher denial rates for mortgage applications compared to their white and Asian counterparts. Data shows that mortgage applications were denied at a rate of 26% for Black and 22% for Hispanic applicants, in stark contrast to the 16% for white and 15% for Asian applicants.

Mississippi exhibits the highest overall disparity, with Black applicants facing a disparity of 17 percentage points and Hispanic applicants facing a disparity of 8 percentage points compared to the average rate of white and Asian applicants.

Mortgage rates

The data indicates that mortgages granted to Black and Hispanic borrowers frequently have higher mortgage rates. 20% of mortgages for Black borrowers and 21% for Hispanic borrowers came with mortgage rates exceeding 6%. This contrasts with 18% of white and 15% of Asian borrowers' mortgages having rates above this threshold.

Consequently, the average mortgage rates for Black and Hispanic borrowers stood at approximately 4.9%, compared to 4.8% for white borrowers and 4.6% for Asian borrowers.

Montana, Michigan, and Mississippi had the most Black borrowers, with a rate higher than 6%. In Montana, for example, nearly one in three Black borrowers had a rate over 6%.

Downpayment sources

Black/African Americans used 401k/pension (17%) more than any other group, a slight increase from 16% last year; Asian/pacific islanders received gifts and loans from family more than other groups (26%), down slightly from 29% last year.

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Sources of Downpayment by Race/Ethnicity

Racial and Ethnic Distribution

	Black/African American	Asian/Pacific Islander	Hispanic/Latino	White/Caucasian
Savings	49%	76%	66%	53%
Proceeds from sale of primary residence	17	17	23	41
401k/pension fund including a loan	17	7	7	5
Gift from relative or friend	6	19	11	9
Tax refund	5	3	3	2
Loan from relative or friend	3	7	3	2
Sale of stocks or bonds	3	20	4	7

Source: 2023 Profile of Home Buyers and Sellers

Student Loan Debt

41% of Black/African American buyers (up from 33% last year), and 29% among Hispanic/Latino buyers (down from 46% last year) reported having student loan debt. Black/African American buyers had the largest student loan debt amount of $46,000.

Critically Underbanked

Characteristic	Unbanked	Underbanked	Fully banked
Family Income			
Less than $25,000	16%	21%	63%
$25,000–$49,999	3%	19%	78%
$50,000–$99,999	1%	12%	88%
$100,000 or more	1%	5%	94%
Education			
Less than a high school degree	26%	24%	51%
High school degree or GED	8%	15%	76%
Some college/technical or associate degree	4%	16%	79%
Bachelor's degree or more	1%	8%	92%
Race/Ethnicity			
White	3%	9%	88%
Black	13%	27%	59%
Hispanic	9%	21%	70%
Asian	3%	7%	89%
Overall	**5%**	**13%**	**81%**

Source: FDIC "A Closer Look At The Unbanked: Cash-Only Households Versus Those That Use Prepaid Cards or Nonbank Payment Apps"

What's the opportunity?

Unlike China, the black community has an immense amount of wealth already. The black community currently has a combined income of $ 1.6 trillion annually. If African Americans were a country, it would have the 16th highest GDP worldwide. Ahead of Saudi Arabia, Israel, UAE(Dubai). Countries specifically known for its wealth.

However African American's incomes are competitive but their net worths are in a steady decline. In other words, they are spending far more than they are saving and investing. As you see they are having to take more from their retirement than other groups to purchase a home and the homes they purchase are usually under terms much more predatory than other groups because of higher debt levels primarily due to the cost of higher education. Which is why a lot of African Americans have a bitter sweet relationship with the HBCU colleges because on the one hand I did receive a college degree but on the other hand, at what cost? Which is why the HBCU endowments are embarrassingly low compared to PWI's. But that is not the only reason endowments at HBCU's are smaller.

Self-sufficient institutions

HBCU's (Historically Black Colleges and Universities) which total more than 100 institutions have a combined Endowment of just shy of 5 billion dollars. The average return on the investments from those endowments come in at -3.1% annually. Which means they are losing more than they are recieving. To understand how baffling that is you have to understand that the US Stock market average annual return is closer to 12% a year. Let's take a look at what correctly managed endowment returns should look like.

Harvard's Dominance and Financial Strength

Harvard university endowment bolster and an astounding $50 billion dollars as of 2023. The annualized return on the endowment, since HMC's founding, has been approximately 11% per year and the endowment was valued at $50.7 billion on June 30, 2023. In fiscal year 2023, distributions from the endowment contributed over one-third of Harvard University's operating budget.

Harvard currently has 30,631 students enrolled and at a yearly tuition rate of $56,550. That's a total of $1,732,183,050 annually. But at an 11% return of 50 billion, its investments earn $5,500,000,000 annually. Which means Harvard can pay for every student to attend Harvard for free 3 times over. It also means that if every student walks out that door, Harvard will have no trouble keeping its lights on. If Harvard doesn't get the bulk of its income from tuition, is it a university or investment firm? I don't know but what I do know is that it is a self-sufficient institution.

HBCUs Missing Ingredient

Which brings me to my point. HBCU's (historically black colleges and universities) total 107 institutions mostly in the southeastern states of America and have a combined endowment of less than 5 billion dollars. That means Harvard makes more interest in a year than the total endowment of 107 HBCU's.

But what makes Harvard so different from HBCUs?

The first thing that will come to mind will be its donors. Sure, Harvard donors are some of the richest people in the world and most have attended Harvard or are in some capacity affiliated. But that's the point! That's the secret formula! Harvard controls its supply chain. Think of it like making a pencil. First you have the raw materials, which are mostly wood. As it moves down the production line a piece of wood will be shaved down into No.2 pencil, leaving shaved wood chips on the ground. The wood chips are what is called the By Product. The No.2 pencil is the finished product. Those wood chips became an incidental business from making pencils. It increases the viability of your company by diversifying your income. Now if the pencil company uses a multitude of wood with the intention to sell wood chips, this is what we will call a co product. The difference being the intention.

Now take that concept and use it on a university level. The raw material is the students. The Finished products are the well-educated assets with higher earning abilities. But what might be the bi product and/or co product? The students all use google as a search engine, the students all use social media to communicate, the students all use technology to pay and clouds to store. It should come as no surprise that Harvard's largest 3 stock investment positions are GOOG, META, And QQQ.

Harvard Office of Technology Development

Harvard invests in the same business that its students would eventually get hired at and help create those businesses through venture capital and private equity. This way the finished product is always guaranteed a good job. Harvard is getting paid by way of vertical integration. First the raw materials, Tuition. Then the By/Co product is investing in all the products in services your students will use while attending. And the finished product gets hired by one of the many businesses Harvard has invested in. Creating a closed loop production assembly line of human capital.

The Financial Reality of HBCUs

In the academic year 2021–22, some 48,800 degrees were conferred by HBCUs: 11 percent were associates degrees, about two-thirds were bachelor's degrees (67 percent), 16 percent were master's degrees, and 6 percent were doctor's degrees. Of the degrees conferred by HBCUs, the majority (74 percent) were conferred to Black students. Black students earned 44 percent of the 5,300 associates degrees, 81 percent of the 32,800 bachelor's degrees, 70 percent of the 7,600 master's degrees, and 61 percent of the 3,000 doctor's degrees conferred by HBCUs in 2021–22. Black students conferred by HBCUs to Black students, more than two-thirds were conferred to female students (69 percent) (source).

Of all the bachelor's and master's degrees conferred to Black students, the percentage conferred by HBCUs has decreased over time. For example, HBCUs conferred 35 percent of the bachelor's degrees and 21 percent of the master's degrees Black students earned in 1976–77, compared with 13 and 5 percent, respectively, in 2021–22 (source, source, source, and source). Additionally, the percentage of Black doctor's degree recipients who received their degrees from HBCUs was lower in 2021–22 (10 percent) than in 1976–77 (14 percent) (source, source, and source).

The total revenue for HBCUs in 2021–22 was $10.7 billion, with $1.9 billion from student tuition and fees. Total expenditure was $9.9 billion, of which $2.3 billion was spent on instruction. Instruction, including faculty salaries and benefits.

An increase in wages for staff of 10%, coupled with a decline in tuition and fees of 10% could have the institution barely breaking even. Good news for HBCU's because surely the government wants to support black owned institutions.

A Bleak Future for Government Support

Sixteen states have been underfunding some of their historically Black colleges for decades. The shortfall is more than $12 billion, according to an analysis from the U.S. Department of Education. And of all these states, Tennessee underfunded its HBCU land grant college more than any other state.

But now that the government clearly understands the issue, they most certainly will help, right? Not so fast! The US government is currently running at a budget deficit. The U.S. budget deficit is how much more the federal government spends annually than it receives in revenue during that same period. According to the Congressional Budget Office (CBO), the budget deficit will rise from $1.6 trillion, or 5.6% of GDP, in fiscal year 2024 to $2.6 trillion, or 6.1% of GDP, in 2034. Meanwhile, the budget deficit in 2020 was about $3.1 trillion, the largest in U.S. history. The only way for them to avoid their own expenses, they could cut expenses but that means the HBCU's will likely get less in that regard. Or they likely borrow which raises inflation that is an indirect blow to the same community HBCU's serves. Because these communities don't own assets that would appreciate with inflation, the wage gap widens for them every time the profit margins widen for a corporation.

No one is coming to save us. So what must we do?

As sorrowful, yet always rejoicing; as poor, yet making many rich; as having nothing, and yet possessing all things. 2 Corinthians 6:10

Much like the verse above we are wealthier than we know. We are just spending a lot of time "making many rich; as having nothing, and yet possessing all things".

A lesson from Walt Disney

Actually, most people don't realize how much land Walt Disney World actually encompasses. In fact, it's about 80 times the size of the entire nation of Monaco, twice the size of Manhattan, and the same size as San Francisco, California! So when you say Walt Disney World is huge, you aren't kidding!

The Walt Disney World Resort is made up of 47 square miles of land.... or about 30,000 acres. Only about 1100 acres of that land is devoted to the 4 theme parks. In fact, with only 7,100 acres developed, there's quite a lot of room for expansion!

But how (and why) did Disney buy up all that land?

Back in the early 1950s, Anaheim, the home of Disneyland, was a quiet little town, surrounded by nothing more than acres and acres of orange groves. Originally, Walt Disney wanted his new, 8-acre theme park to be built near his Burbank studios, but soon realized that such little space would not be enough. So, he purchased over 160 acres of orange groves and walnut trees in Anaheim near the junction of the Santa Ana Freeway and Harbor Boulevard, and built his "Magic Kingdom" inside its borders (while moving 15 existing houses in the process). Today, Disneyland encompasses fewer than 300 acres, which includes Disney's California Adventure and additional hotel properties. Relatively speaking, all of Disneyland could fit inside of Epcot.

Regrettably, Walt Disney did not buy enough land surrounding Disneyland, and soon after the park opened it was surrounded by tacky hotels, tourist gift shops and restaurants. His dream of a completely contained theme park for families was now tainted with views of billboards and fast-food restaurants. Walt vowed that if he ever built another theme park, he would not make the same mistake twice. He would be sure that they could control the surroundings, which would include campgrounds, and first-class facilities for recreation and accommodation.

In the early 1960s, Walt and a team of Imagineers, including his brother Roy and General Joe Potter embarked on a super-secret endeavor, known simply as “Project X” (later known as “Project Florida”) to scour the nation in search for a new location for a second theme park. First and foremost, they were looking for a lot of land… cheap! Second, they wanted it to be near a major city, with good weather and great highways and infrastructure. Reportedly, when Walt’s plane crossed over the intersection of I-4 and Route 192 in Florida, he knew he found his spot.

But how does Walt Disney go and buy up thousands of acres of land without the landowners holding out for exorbitant prices? He doesn’t. Sort of. Walt Disney set up dozens of “dummy” corporations, with names like “M.T. Lott” (get it? Empty Lot?), the “Latin-American Development and Managers Corporation” and the “Reedy Creek Ranch Corporation” to purchase seemingly worthless parcels of land ranging from swampland to cattle pastures. By May of 1965, there had been major land purchases recorded in Osceola and Orange Counties (just southwest of Orlando), although no one realized (or suspected at first) that Disney had anything to do with it. One of the earliest purchases included 8,500 acres owned by Florida state senator Irlo Bronson.

In late June of that same year, the Orlando Sentinel reported in an article that over 27,000 acres had recently changed hands. Speculation began that large corporations such as Ford, McDonnell-Douglas, Hughes Aircraft, and Boeing, (as Kennedy Space Center was located nearby), and, yes, even Walt Disney. In October, though, Orlando Sentinel reporter Emily Bavar, having her suspicions confirmed after various non-responsive answers from Disney employees, released the story that it was Walt Disney who had been secretly behind the purchases of all of this land. Of course, once it was revealed that Disney was behind the purchases, the prices of land jumped more than 1000%! That’s partially why Walt bought his first acre of land in Florida for Walt Disney World for $80.00 and his last for $80,000.00!

Disney quickly scheduled a press conference and confirmed the story. With the governor of the state of Florida and his brother Roy by his side, Walt described the $400 million dollar project that would become Walt Disney World. In exchange for bringing such a boost to the area’s economy, the creation of thousands of jobs, and improvements to the environment and infrastructure of central Florida, Disney was given permission to establish their own, autonomous government, known as the Reedy Creek Improvement District. This quasi-government gave Disney the ability to create their own building codes, do his own zoning and planning of roads and bridges, and create his own residential community, among other perks.

When Walt Disney purchased the 47 square miles that was to become the Walt Disney World Resort as we know it today, it was nothing more than a desolate swampland, scrub forests, and groves. In order to transform this area into the number one vacation destination in the world, massive amounts of Earth had to be moved. Additionally, since much of central Florida is essentially “floating” on a body of water, a daunting challenge presented itself. Disney had to transform this land, while balancing the needs of the environment and ecology of the area. If any part of the water supply was damaged or deleted, it would have caused a massive ecological imbalance to the region.

The first thing Disney did was set aside a 7,500 acre Conservation Area in 1970, which would never be built on. This would preserve cypress trees as well as provide land for the area’s natural inhabitants. Second, they developed an engineering marvel by creating a system of more than 55 miles of canals and levees to control water levels. Disney Imagineer John Hench designed this network of canals to blend into the natural landscape, rather than being constructed in straight lines. The mechanisms that control the water levels are completely automated, and require no monitoring and little maintenance. Pretty impressive, considering the property is about twice the size of Manhattan!

Currently, the two municipalities of Bay Lake and Lake Buena Vista are home to Walt Disney World. These two cities are governed by Disney employees who live on the property in a small cluster of homes “backstage”. Although the permanent residential population of these cities is very small (population 20 in 2003), it hosts millions of families who, for a brief period, call Bay Lake “home.”

Over the years, an additional 3,000 acres was purchased by Disney, bringing the Walt Disney World Resort’s total size to over 30,000 acres. Less than one year after the formal public announcement that it was in fact the Disney Company that had purchased all of that land near the intersections of major Highways U.S. 192 and Interstate 4, he stated;”Here in Florida, we have something special that we never enjoyed at Disneyland . . . the blessing of size. There’s enough land here to hold all the ideas and plans we can possibly imagine.” With only about 1/4 of the entire property developed, it looks like he was right.

The By Product

Walt Disney made a critical error building the park in the 1950s. He didn’t fully understand the concept of an Anchor tenant and supply chain control. Anchor tenants are large stores or businesses that occupy substantial space within a power center. They are typically high-profile retailers such as big-box stores, department stores, or grocery chains, whose brand recognition and customer base help draw significant foot traffic to the center. By attracting a large number of visitors, anchor tenants act as a magnet, increasing exposure and foot traffic for surrounding smaller retailers.

The presence of anchor tenants can influence the rental rates for other stores within the power center, as higher foot traffic can justify premium lease prices. In turn, smaller retailers benefit from being located near popular anchor stores, where the constant stream of visitors can boost their visibility and sales.

Walt Disney created a large Anchor for the community of Anaheim. Disneyland brought a lot of traffic to the city and in surrounding areas. Which led to further investment in the area. More hotels, restaurants, grocery stores, shopping centers, gas stations and Walt Disney didn’t own any of it. He was single handedly responsible for bringing all the traffic to those areas and retained none of its value.

With Disney World however he bought more land than necessary and built his own hotels, restaurants, gas stations, and shopping centers. Retaining the majority of the value he brought to the city.

Today many HBCU’s are like Disneyland. They built the lake and stocked it with fish but don’t own a tackle shop to sell bait and fishing poles. Students come to your city for you. Your institution is only designed to sell them degrees. And so that’s where your profit comes to an end. The student supply chain consumes more than an education. Students have to eat, why don’t TSU own restaurants? Students like to drink and party, why don’t Alabama A&M own bars and nightclubs? Students have to purchase groceries. Why doesn’t Famu own a grocery store?

Nashville, Tennessee a city with 20 million visitors a year. Tallahassee, FL a city with more than 3 million visitors a year. All have HBCU’s but none have their own hotels. There’s a lot of value given away to private investors every year that most of the universities create. Supporting industries could be a massive injection to the balance sheets of universities as well as decreasing the dependence of tuition for the universities value.

The Finished Product

Credit scores are ratings used by banks and other lenders to indicate the creditworthiness of a potential borrower. Scores are based on an individual's payment history, amount owed, length of credit history, credit mix and percent new credit. The ability to pay balances on time, a healthy mix of credit types and not too many new lines of credit leads to a better score. Income is not a factor in a borrower's credit score.

Scores range from 300 to 850. In general, scores over 800 are considered excellent; scores between 750-799 are very good; 700-749 are good; 650-699 are fair; 600-649 are poor; and under 599 are very poor. The minimum credit score for a conventional mortgage is 620.

Exhibit 5: Degrees with the Best Credit Scores (Degree types ranked by median credit score)

Rank	Degree	Median Credit Score	Range
1	Doctor of Pharmacy	765.0	Very good
2	Juris Doctor (JD)	752.0	Very good
3	Masters	744.5	Good
4	Doctor of Philosophy (PhD)	742.0	Good
5	Master of Business Administration (MBA)	735.5	Good
6	Bachelors	716.5	Good
7	Associates	651.0	Fair

Source: Forbes - "Which Degrees Produce The Most And Least Financially Responsible Graduates?" 2017

With nearly 50k students graduating from HBCUs every year and college graduates having higher credit scores than non-college graduates typically, it suggests that the HBCU's are creating a much more dependable borrower but have no financial products to sell them but a student loan. With an average salary being 72,000 for an HBCU graduate that's a total of $ 3.6 billion a year in new spending created from HBCUs.

"To live in a system of free enterprise, and to not understand the rules of free enterprise – must be the very definition of slavery."

— Civil rights icon Ambassador Andrew Young

The Emerging Market of 9 Trillion

Unlike China, African Americans already have a middle class base with a lot of income to support spending. 1.6 trillion to be exact! Within this market lies a potential annual output of 9 trillion dollars that breeds agency within

the community of African Americans. This opportunity is already established and like the film " Field of Dreams", it's hidden in land we already possess. The future of the American economy depends on tapping into this market. With exponential decrease in the white population and greatest transfer of wealth with the aging population of baby boomers, it stands to reason that if America is going to continue to grow its consumption based economy, it is going to have to offer more credit to the African American community. And with the HBCUs building tomorrow's leaders, what better place to start than with Black college graduates.
There's a way to take 10% of the entire HBCU's endowment and create a vertical supply chain for each university. And just under a decade the universities will earn more from its investments than it does from the tuition it receives. HBCUs shouldn't just be building tomorrow's leaders. They should be invested in the industries that will one day employ those leaders. By securing the economic value of those leaders, it will increase the total value of those institutions while giving them a much higher ability to earn more from each student.

Communities who have supply chain insecurity learned the hard way in 2020 that it best you control your access to food because the shelves can be cleared within 2 weeks. So at best the 100 plus locations of HBCUs should be investing in Farms. And if you're going to invest in farms, it's best if you own a Grocery store. And since you have a grocery store its best you have a restaurant to serve your student appetite for meals off campus.

If you're going to bring hundreds of thousands of people to your campus by way of visiting annually, then it's best if you own 100 hotels. If you have a housing shortage which they all do, then its best you invest in homes in the community and develop the infrastructure of the campus. If you are going to invest in the infrastructure, then it's best you own a construction firm. And if you are going to finance the farm, the grocery, the restaurant, the hotels, the homes, and the infrastructure, then it's best if you own a bank. And if you're going to bank on anything, it's best you

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