

NORTH CAROLINA ECONOMIC DEVELOPMENT BOARD
WINSTON-SALEM, NORTH CAROLINA
November 19-20, 2009

On Thursday, November 19, 2009, the North Carolina Economic Development Board gathered at the Marriott in Winston-Salem, North Carolina for committee meetings. They broke out into three committees which are as follows: Global Economic Competitiveness, Innovation, Technology, Education and Workforce and Widely-Shared Prosperity. Following the committee meetings, the Committee chairs met with the Executive Committee chairs and briefed them on the goals, objectives and legislative agenda items that were discussed during their respective meetings.

Following the Executive Committee meeting, there was a reception held at the Downtown Loft of Mr. & Mrs. Philip Hanes. The Hanes were gracious hosts and shared their vision of Winston-Salem's growth in the future and the important role that the Arts play in economic development. He is the former Chairman of Hanes Dye and Finishing Company and is a long time supporter of the City's downtown revitalization program, using Arts as a catalyst.

A dinner meeting followed at the Marriott. Chairman Joines welcomed everyone to the dinner and thanked each person for attending. During the meeting welcoming remarks and presentations were made by Gayle Anderson, President and CEO, Winston-Salem Chamber of Commerce, Bob Leak, President, Winston-Salem Business, Inc., and Don Kirkman, President and CEO, Piedmont Triad Partnership.

The keynote address speaker for the dinner event was Dr. James H. Johnson, Jr., Director of the Urban Investment Strategies Center at the Frank Hawkins Kenan Institute of Private Enterprise and William R. Kenan Jr., Distinguished Professor of Strategy and Entrepreneurship.

Friday, November 20, 2009, the North Carolina Economic Development Board met at Targacept, Inc. in the Piedmont Triad Research Park located in Winston-Salem. Chairman Joines called the meeting to order at 8:45 a.m.

He introduced Doug Edgeton, President of Piedmont Triad Research Park. Mr. Edgeton explained how the Piedmont Triad Research Park came into existence. He thanked the Board for helping bring companies into the Park. There are almost 1,000 employees and 29 companies located there and Targacept is the largest. The renowned Wake Forest Institute for Regenerative Medicine is also located in the Park.

Chairman Joines introduced Dr. Tony Atala, Director of the Wake Forest Institute for Regenerative Medicine. He and about 30 researchers relocated to Winston from Harvard about five years ago. Today he has 250 researchers and scientists; the largest regenerative medicine program in the country. Dr. Atala gave an overview of regenerative medicine. He talked about many species that can regenerate body parts. He said there is a race between the time of injury

and the time to close off the injury from the outside environment to eliminate infection, and the ability of the cells to regenerate. He explained the amazing process of growing cells and the marvelous impact this has on mankind.

Dr. Atala thanked Senator Garrou, EDB member, for her support in the regenerative medicine program. California is investing \$300 million per year in regenerative medicine. Massachusetts is investing \$100 million per year. He encouraged North Carolina to make a similar investment in order to ensure that the state excels in this field and keeps those jobs here. He expressed his appreciation for all the state is doing for regenerative medicine.

A motion was made and seconded to approve the minutes of the September 10, 2009 Board meeting. The motion carried.

Bill Redding, Economic Development Board member and chair of the Global Economic Competitiveness Committee, gave his committee's report to the Board. He announced that the committee took the old strategic plan and tried to consolidate it. He said that the goal is to create a world-class, globally competitive economic and business development system that continually positions North Carolina for a sustainable and growing economy, and creates a permanent competitive advantage. The Objectives are as follows: Objective 1.1 – Business Competitiveness, Objective 1.2 – Taxes and Incentives, Objective 1.3 – Targeted and Emerging Industries, Objective 1.4 – Economic Development System and Structure, Objective 1.5 – Marketing and Branding. Mr. Redding concluded his presentation by saying he was impressed with the committees' energy and work in completing this plan.

Cy Rich, Economic Development Board member and chair of the Innovation, Technology, Education, & Workforce Committee, reported to the Board on his committee's progress. Their goal is to develop and promote North Carolina as a global leader in innovation and technology with a highly educated and qualified workforce. The Objectives are as follows: Objective 2.1 – Workforce Development, Objective 2.2 – R&D and Innovation, Objective 2.3 – Capital and Objective 2.4 – Leadership. Mr. Rich stressed the need for all agencies involved with workforce development to foster better communication. He stated that the tax credit for R&D is 20% now – recommends minimum of 50%. That would be a very important legislative item. He also thanked his committee for all of their input and assistance.

Bonnie Renfro, Economic Development Board member and chair of the Widely Shared Prosperity Committee, reported to the Board on her committee's progress. Their goal is to promote community and business development policies, programs, and services that seek to improve the prosperity of disadvantaged populations and communities across North Carolina. The Objectives are as follows: Objective 3.1 – Infrastructure Funding, Objective 3.2 – Business & Community Development Capacity & Collaboration, Objective 3.3 – Small Business Access to Capital & Technical Assistance, Objective 3.4 – Residential, Commercial & Industrial Development, and Objective 3.5 – Grow, Retain & Attract Skilled Workers, and Objective 3.6 – Business Incentives. Ms. Renfro stated that they could put a lot of tools in place, but leadership is necessary in achieving those goals. Ms. Renfro thanked all her committee members for their hard work.

Chairman Joines thanked everyone for their assistance on these committees and for a job well done. He said that this captured the first cut of the plan.

Chairman Joines asked Mr. Redding to come forward to discuss the possible legislative action items that arose from the Global Economic Competitiveness Committee meetings. They are as follows: 1) Tax structure and policy, 2) Funding for the economic development system, 3) Funding for One NC Grant, and 4) Environmental regulations related to incentives.

Mr. Rich presented the possible legislative action items as they relate to the Innovation, Technology, Education & Workforce Committee meetings. They are as follows: 1) Expand the existing R&D tax credit, 2) Recurring funding for One NC Small Business Program, 3) Expand existing Qualified Business Venture tax credits, and 4) Create a Founders tax credit.

Mrs. Renfro shared her committee's ideas for possible legislative action items that came out of the Widely –Shared Prosperity Committee meetings. They are as follows: 1) Support the removal of e-NC's sunset date of December 31, 2011, 2) Incent local and regional economic development collaboration, 3) Legislation to induce small business access to capital, 4) Physical environment tax credits (historic preservation, brownfields, affordable housing, etc.), 5) State incentives for disadvantaged communities and local workforce development, and 6) System for local revenue sharing.

Chairman Joines asked the Board to identify any duplications or omissions. He asked for comments and/or observations of how the members felt the plan was progressing. There was much discussion about whether the universities and community colleges have been addressed, K-12 systems to include math and science, and several other educational concerns. It was agreed that virtual education is the way of the future.

Secretary of Cultural Resources Linda Carlisle advised the members to remember that the cultural amenities in the communities are a major drawing card for folks looking to relocate. She talked about the *2007 Creative Economy* report that elaborates on the Arts in North Carolina and their importance to its citizens and economic development efforts. She stressed the need to integrate the Arts into the Board's Strategic Plan.

Chairman Joines summarized the comments expressed as follows:

- Innovation should be the over-arching theme throughout the Plan reflecting connectivity
- Reflect the Arts & Culture and the impact they can have on all the aspects of the Plan. Should be a cultural theme throughout the Plan
- A very clear reflection that the Plan supports education
- Overlap of Objectives 1.2 and 3.6
- State government itself needs to set the tone for the innovation culture

The final draft should reflect all of the above. Again, Chairman Joines thanked the members for all of their hard work and noted his enthusiasm for a great new Plan for the Board.

Don Hobart, Deputy Chief of Staff for the Governor's Office, thanked everyone on behalf of the Governor for their work on the Plan. He said that Governor Perdue's focus is getting folks back to work and educating them for a smooth transition into this new economy. He said that we also need to be practical when submitting ideas that cost money: Where does the money come from? The unemployment rate is one of the state's biggest challenges. Mr. Hobart mentioned two areas that the Governor wanted special emphasis on and they are: 1) Looking at how North Carolina State Government does its purchasing and contract process. Can more North Carolina companies be used? 2) Small Business Economy – in the short-term what can the Governor be doing that will have a positive impact on small businesses? Again, Mr. Hobart emphasized the importance of the Economic Development Board to North Carolina!

Chairman Joines introduced Secretary of Commerce, Keith Crisco. Secretary Crisco praised the Board and the team that is involved in economic development, from the local people, regional organizations, Department of Commerce and other allies! He said that the citizens of North Carolina are served well! He recognized Dale Carroll for his great contribution and dedicated hard work to the State. Also, Secretary Crisco thanked Don Hobart for all of his assistance and guidance to both himself and Deputy Secretary Carroll.

Secretary Crisco thanked John Morrison, Assistant Secretary for Energy, for doing a great job with the Energy Division. He also acknowledged Joe Crocker, Assistant Secretary for Community Development, for his role and efforts with Community Assistance. He talked about the reorganization plan that charges Susan Fleetwood with the day-to-day management and point person for Business/Industry. Gene Byrd will be charged with the Small Business customer service area.

Among other topics Secretary Crisco discussed are:

- Announcement of the Innovation Council. Al Delia and Steve Nelson are the co-heads of this council. Secretary Crisco said this council is eager and ready to get started with their initiatives. He also talked about the Energy Policy Council's first meeting. Cy Rich is also on this committee. These two organizations are set up to advise the Governor and he is expecting lots of good things to come from them.
- Projects and announcements – expecting 10-12 big projects to announce by January 1, 2010 – talked about Telecris' announcement in Clayton last week.
- Recovery monies in Roger Shackelford (Workforce), Joe Crocker (Housing) and John Morrison's (Energy) shops. The fourth bucket of money in the Recovery Zone Bonds is an additional tool available.
- Implementing a metric system measuring performance and goals for developers for purposes of reassessing the current process and its effectiveness.
- Ethics issues and how to address folks – EDB not under the Ethics umbrella but stressed the need to use good judgment when dealing with folks
- Competition with other states and the need to redefine competitiveness

Don Hobart said that it is very important to get the message to the legislators about the importance of advancing the Board's goals concerning economic development. Mr. Hobart suggested getting some of Policy, Research & Strategic Planning folks together with the

Governor's Office, along with persons from the House and Senate to focus on how to present the message – then bring that back before the Board.

Chairman Joines acknowledged and thanked Kay Langston for her work with the Board and her upcoming retirement.

The next Board meeting will be held in Charlotte on January 14-15, 2010. The following meeting will be March 11-12.

A motion was made and seconded to approve that the March meeting be held in Newbern. The motion carried.

Chairman Joines suggested the May meeting be held in Raleigh due to the legislature being in session. He also suggested the following meeting would probably be held in western North Carolina.

He thanked SBTDC for facilitating the Economic Development Committees. They did a great job consolidating all the ideas that came from these committees.

Chairman Joines asked everyone to think about a small ad-hoc task force to work on the three areas suggested by Don Hobart on which the Governor wants the Board to focus. They are as follows: Purchasing, Small Business assistance and the way North Carolina can engage with China, India and other emerging issues. He encouraged them to think about this challenge and to advise him or Stephanie McGarrah, Assistant Secretary for Policy, Research and Strategic Planning, on which area they wanted to concentrate.

Being there was no further business to discuss; the meeting was adjourned at 11:25 a.m.

