

Minutes
ECONOMIC DEVELOPMENT BOARD
Greensboro, North Carolina
May 20-21, 2003

The Economic Development Board met at the Marriott in Downtown Greensboro May 20-21, 2003. Chairman Robert Stolz called the meeting to order at 8:05 a.m.

Chairman Stolz thanked the sponsors of the meeting, Randall Kaplan and Watts Carr, for their outstanding hospitality. He talked about the informative panel discussions that involved Triad economic developers from both rural and urban areas. He thanked the sponsors for leading the walking tour of Downtown Greensboro and explaining the changes that evolved with the redevelopment and revitalization of that area.

Chairman Stolz also thanked the hosts for the superb meal that was served in the Empire Room, which is located in renovated property and was created to provide a need for an entertainment area separate and apart from conventional meeting/overnight accommodation which is generally prevalent in Greensboro.

The Chairman thanked Don Kirkman, President and CEO, Piedmont Triad Partnership, for speaking to the Board at dinner on Tuesday evening and providing an update on the activities of the Partnership.

Chairman Stolz announced that Senator Walter Dalton was recently appointed by the President Pro Tempore to fill the vacancy of Senator Aaron Plyler whose term ended December 31, 2002.

Chairman Stolz explained that this and future meetings would follow a different format and that the seven Board Committees had been dissolved, but that time-limited task forces would be appointed to address issues of importance as they arise.

Stephanie McGarrah explained that an Implementation Team, consisting of Commerce staff and Scott Daugherty with SBTDC, had been established to assure that the economic development challenges identified and catalogued in the Strategic Plan are implemented through legislative and executive actions.

Don Hobart discussed legislative items currently before the General Assembly that were either influenced by the Economic Development Board or were issues of interest to the Board. There was discussion about the effectiveness of the William S. Lee Act tax credit incentive, and whether or not the Board should explore the possibility of working toward reducing the corporate income tax burden in exchange for eliminating or minimizing the William S. Lee tax credit obligations.

Ed Feser, Director of Policy and Research in the Department of Commerce, reviewed the state's competitive position with respect to taxes and incentives when compared to other states in the Southeast. He said the overall finding is that the combination of North Carolina's incentive programs has improved considerably the state's competitive position for certain projects. He also said that historically, there is little evidence of a direct relationship between tax burden and the state's site selection ranking.

J. B. Milliken, Senior Vice President for University Affairs for the University of North Carolina System, said that North Carolina's biomanufacturing industry has expanded in recent years to the point that the state is now ranked third in the nation in biomanufacturing. He said the manufacturing industry in the state has exhausted the qualified workforce and existing training programs cannot meet demand. He asked Hal Price, a former employee of Biogen and director of the initiative to improve biomanufacturing training programs in the state, to talk about this project.

Hal Price said that the biomanufacturing initiative is a proposed training and education program consisting of a central training facility, a graduate research institute, and a community college training network that will provide training support for existing biomanufacturing companies and would be an attractive resource for recruitment of new biomanufacturing companies.

After much discussion regarding this project, Randall Kaplan made a motion that the Board endorse a resolution adopted by the North Carolina Board of Science and Technology at its May 2, 2003 meeting in support of a “Comprehensive Biomanufacturing Training and Education Program in North Carolina.” Phil Kirk seconded the motion and the Resolution passed without opposition. (The resolution is appended to the minutes as Exhibit I.)

Secretary Fain said that manufacturing jobs have been on the decline for a number of years, and North Carolina should consider alternative recruitment measures to offset the loss of these jobs. He asked Ed Feser, Director of Policy and Research in the Department of Commerce to elaborate on advanced manufacturing in North Carolina.

Dr. Feser said that although North Carolina has experienced a decline in traditional manufacturing jobs, manufacturing nonetheless remains strong in the state. He said that our economic development efforts should include recruitment of advanced manufacturing firms, reinvention of existing industry support and modernization, improved transportation corridors, high speed Internet connections, and training for workers in targeted markets. In addition, Dr. Feser said that the state should consider providing tools for large project recruitment and pursue project development financing and interjurisdictional revenue sharing options.

There was discussion regarding Dr. Feser’s remarks.

Mac Williams, Director, Economic Development, City of Asheville, spoke to the Board about proposed Senate Bill 725/House Bill 1293 – *An Act to Amend the North Carolina Constitution to Permit Cities and Counties to Incur Debt to Finance the Public Portion of Certain Economic Development Projects*. He said that this bill provides a way for local governments to more effectively partner with the private sector in responding to targeted community and economic development challenges and opportunities specific to that community. He asked for the Board’s support of this very important legislation.

After discussion, Bill Batchelor moved to endorse this initiative by resolution. The motion was seconded by Bill Forsyth and passed without opposition. (The resolution is appended to the minutes as Exhibit II).

Jane Smith Patterson, Executive Director of the Rural Internet Access Authority, discussed the e-NC initiative and grid computing. Ms. Patterson said that the North Carolina Rural Internet Advisory Authority (RIAA) was created by the General Assembly and successfully accomplished its goals. She said that HB 1194, which has passed in the House, establishes e-NC in an effort to ensure that the citizens of North Carolina keep pace with the technological changes in telecommunications and information networks to assure the economic competitiveness of North Carolina with special focus on rural and urban distressed areas. She said that affordable, high-speed Internet access is a key competitive factor for economic development and quality of life in the New Economy of the global marketplace and that high-speed Internet access and the broadband applications it delivers are the necessary platforms that will support development of emerging technology-based sectors of great economic promise. The intent of the e-NC Authority is to continue the work of the North Carolina Rural Internet Access Authority and develop, promote, and coordinate initiatives and public policy to foster and maintain universal broadband connectivity at affordable prices for all citizens and businesses of North Carolina.

Chairman Stolz called for a motion to approve the minutes of the last meeting, which was held in Greenville on February 12-13. Mr. Coley made the motion to approve the minutes and Mr. Whichard seconded the motion. As there was no opposition, the motion carried.

The Chairman said that the next meeting of the Board would be held in Western North Carolina, August 20-21. The agenda will include tax reform issues and in November the Board will discuss how important the military presence is in North Carolina as an economic development tool.

As there was no further business to come before the Board, the meeting was adjourned.

EXHIBIT I

**A Resolution by the
North Carolina Economic Development Board
TO ENDORSE THE FOLLOWING RESOLUTION ADOPTED BY THE BOARD OF SCIENCE AND TECHNOLOGY AT ITS
MAY 2, 2003 MEETING IN SUPPORT OF
A COMPREHENSIVE BIOMANUFACTURING TRAINING AND EDUCATION PROGRAM IN NORTH CAROLINA**

The North Carolina Economic Development Board resolves to endorse the following resolution adopted by the North Carolina Board of Science and Technology:

The North Carolina Board of Science and Technology resolves that, to prepare a technically competent workforce sufficient to meet the needs of the expanding biomanufacturing industry, the state should establish a comprehensive biomanufacturing training program consisting of a statewide training center and education facility at a university, a graduate-level bioprocessing research institute at a university, and resource and training facilities at community colleges. Such a program and facilities would respond directly to the needs expressed for several years by industry in North Carolina.

Strong, sustainable growth for all areas of North Carolina necessitates the investment of resources in the establishment of (1) a comprehensive biomanufacturing training program, (2) a central training center and education facility that will serve all areas of the state, (3) a graduate-level bioprocessing research institute, and (4) resource and training facilities to be located at selected community colleges across the state focused on sectoral needs of industry. North Carolina is currently among the nation's top five states in biomanufacturing, a sector that is widely projected to grow dramatically in future years in the number of products produced and in the creation of high-paying jobs. The state could lose its competitive advantage unless it can outpace competing states in the training of a critical biomanufacturing workforce. States that are in a position to offer a continuous stream of trained workers will be best positioned to attract the biomanufacturing industry now and in the future. In order to assure and sustain North Carolina's leadership position (and attract new ventures), the state must provide appropriately trained biomanufacturing workers to the biomanufacturing industry at all levels of the workforce. In a recent survey by the North Carolina Biotechnology Center, more than 75 percent of biomanufacturing executives stated that, to maintain and build a capable workforce, their top three strategies are to (1) hire people with biomanufacturing experience from within the state, (2) work with educational institutions to improve training and recruitment, and (3) continuously train employees on site.

North Carolina can respond to the needs of the biomanufacturing industry by establishing training programs and education facilities that will provide coordinated, efficient, and effective workforce preparation designed to meet the growth potential in biomanufacturing throughout the state. The central training center and education facility should provide high-level, "capstone" biomanufacturing education and training, as well as provide guidance and leadership regarding education and training provided at the resource and training facilities. The research institute should conduct cutting-edge research targeted to meet the needs of the biomanufacturing industry. These training, education, and research facilities should be located at universities geographically central to the state's existing biomanufacturing community, managed by and closely associated with a strong chemical engineering faculty, accessible to multidisciplinary faculty with expertise in molecular biology and other biological and life sciences, and available to students with career interests in the engineering and life sciences. The community college programs should provide basic biomanufacturing education and training for students and various specialized resources to community colleges throughout North Carolina. These programs should be academically strong in disciplines important to biomanufacturing, coordinated with each other to facilitate sharing of information, innovations, and resources, and available to students with career interests in the engineering and life sciences. By investing in such a comprehensive biomanufacturing program, North Carolina will help ensure high-quality jobs that boost the incomes and quality of life of its families throughout the state.

This, the 21st day of May 2003.

**James T. Fain, III, Secretary
North Carolina Department of Commerce**

**Robert H. Stolz, Chairman
North Carolina Economic Development Board**

EXHIBIT II

**Resolution by the
North Carolina Economic Development Board
In Support of
Senate Bill 725/House Bill 1293,
An Act to Amend the North Carolina Constitution
To Permit Cities and Counties to Incur Debt
to Finance the Public Portion of Certain Economic Development Projects**

WHEREAS, local governments in North Carolina are actively engaged in economic development,

WHEREAS, 48 states and local governments are authorized to utilize a wide variety of incentives and finance tools, not limited to project development financing, to attract private sector economic development,

WHEREAS, other states and local governments in other states have been successful in attracting private sector job creation and capital investment to their areas through incentive packages which have included the provision of infrastructure improvements financed through the issuance of project development debt instruments,

WHEREAS, economically distressed areas of North Carolina could utilize project development debt instruments to attract new industry to their areas,

WHEREAS, project development financing could enable North Carolina to be more nationally or internationally competitive in attracting private sector job creation and capital investments, particularly in attracting major economic development efforts,

NOW THEREFORE BE IT RESOLVED that the North Carolina Economic Development Board encourages the North Carolina General Assembly to enact Senate Bill 725/House Bill 1293, "Local Option Project Development Financing," thus providing North Carolina's local governments with a valuable asset and needed financial flexibility in the ongoing effort to attract quality growth and economic development to our state.

This, the 21st day of May 2003.

**James T. Fain III, Secretary
N. C. Department of Commerce**

**Robert H. Stolz, Chairman
N. C. Economic Development Board**