

MINUTES
NORTH CAROLINA ECONOMIC DEVELOPMENT BOARD
New Bern Riverfront Convention Center
New Bern, North Carolina
December 6-7, 2005

On December 6-7, 2005, the North Carolina Economic Development Board met in New Bern.

Tuesday, December 6, Board members and staff toured Hatteras Yachts, visited BSH Home Appliances and heard presentations by Susan Moffat-Thomas, Dr. Scott Ralls, Chuck Dale and Sabrina Bengel. On Tuesday evening, Board members and staff attended a reception at the home of Lieutenant Governor Beverly Perdue. Chairman Whichard thanked Lieutenant Governor Perdue and her husband, Bob Eaves, for opening their home to Board members for the reception and for their wonderful hospitality.

The Economic Development Board meeting on Wednesday morning was called to order at 8:10 a.m. by Chairman Whichard. He welcomed members and guests to the meeting and extended a special welcome to the newly appointed members of the Board who could not attend the September meeting: Jack Cecil, Ed Weisiger and John Silvia. In addition, he thanked the sponsors of the meeting and especially thanked Jim Davis, Executive Director of Craven County Economic Development Commission, for coordinating the meeting.

The Board and staff were entertained by the Tryon Palace Historic Sties and Gardens, Jonkonnu, which is a group of revelers of West African, Caribbean and English influence who dance to the sound of a square drum.

A motion was made and seconded to approve the minutes of the September 28, 2005 meeting as presented. The motion carried.

The Mayor of New Bern, Tom Bayliss, presented a general overview of the work that has been done in New Bern to revitalize the Downtown area and he also apprised the Board of the projects that are planned for future development. There was discussion regarding the methods used to effect the dramatic changes to Downtown New Bern.

Jim Fain, Secretary of Commerce, introduced Rodney Swink, a registered landscape architect who, since 1984, has been head of the North Carolina Main Street Center in the Community Assistance Division of the North Carolina Department of Commerce.

Mr. Swink provided the history of the Main Street Program and explained that the program is an effort to help communities understand simple, low cost ways to improve their physical image to stimulate economic development within the context of historic preservation. Mr. Swink said the program uses the approach developed by the National Trust for Historic Preservation and operated through their National Main Street Center (NMSC) and they currently provide direct assistance to Main Street communities and indirect assistance to countless others. Mr. Swink answered numerous questions from Board members.

Secretary Fain recognized Lieutenant Governor Perdue for her hospitality the evening before at her home and he also acknowledged her leadership and hard work to achieve the successful outcome with BRAC 2005.

Secretary Fain provided the following brief update on Department of Commerce activities. He said that during the 2005 General Assembly Session, funds were approved for implementation of the Ticknor Study recommendations as follows:

- Buildout of economic development intelligence system which is a comprehensive, integrated system that will provide the economic development community web access to data and tools including GIS capabilities that will help do many things that support economic development.
- Promotion of North Carolina as a business destination by more effectively marketing the state
- Employment of a public relations consultant to enable the Department to get placing in media around the world to promote the value of doing business in North Carolina.

- Redesign and redevelopment of the Commerce Website, addressing architecture, look, content and content management.

In addition, Secretary Fain reported that business recruitment activity is good and recruiting efforts have resulted in several important company locations during the year.

Chairman Whichard introduced Robert L. Melville, who is Principal, Performance Management Partners in Chapel Hill and Project Manager, North Carolina Progress Board in Raleigh, to speak about the status of the Progress Board.

Mr. Melville said that the Progress Board was created as a strategic compass to set and track statewide targets and to promote North Carolina's national and international competitiveness in response to increased global economic competition, a profound demographic change and mounting investment needs in the state. He said the Board has assessed North Carolina's competitiveness in the following categories:

1. Healthy families & children
2. Safe & vibrant communities
3. Quality education for all
4. High performance workforce
5. Sustainable environment
6. Prosperous economy
7. Modern infrastructure
8. Accountable government

He said it is important to the state to take seriously, as a state, our commitment to overall competitive capacity and the Progress Board has put into place a business plan to help with those issues. He said the key elements of the Board's Plan are:

1. Fact-based campaign for the future
2. Real-time data communications
3. Regional progress capacity building
4. Relentless civic engagement
5. Leveraged academic resources

He said the Progress Board would welcome input from the Economic Development Board and other groups around the state to make indicators more relevant, timely and more related to the programs already in place.

Economic Development Board member John D. Chaffee talked about the North Carolina Biotechnology Center's Project to Strengthen Biotechnology across North Carolina. He said the Project implements two key premises:

1. Biotechnology can increasingly be a tool for the economic and societal benefit of communities statewide.
2. Regions vary in experience and resources for biotechnology development, but all can be strengthened over time by targeted assistance, identification of niche areas and increased partnerships among participants.

Mr. Chaffee said that regional biotechnology offices have been established statewide in recognition of the fact that goals, projects, and partnerships are usually best addressed at the local and regional levels. He said these offices will address five significant functions – 1) bring programs, experience and resources of the Biotechnology Center more efficiently and directly to expanded constituencies statewide, 2) verify the importance of biotechnology to regional resources, institutions and long-term economic development goals, 3) assist communities to identify appropriate niche areas of attention within the large biotechnology sector, 4) strengthen the capabilities, resources and interactions of the diverse parties required for biotechnology development and 5) administer community-wide Advisory Committees to identify and catalyze regional goals, areas of attention and partnerships.

Valeria L. Lee, President of the Golden Leaf Foundation, discussed the Foundation's funding priorities and the future of economic development in North Carolina. Ms. Lee said that Golden LEAF makes grants to qualified nonprofits and to governmental entities and continues to focus on economic development and job creation; retraining displaced workers and increasing workforce preparedness for present-day workers as well as the new

generations of workers; and developing alternative crops and marketing agricultural products. She said that the Board believes that the biotechnology industry, especially, holds great promise for the people of North Carolina and has made substantial investments and grants to help develop that industry. In addition, she said the Foundation thinks of itself as a partner in economic development and continually looks for ways to be supportive of that effort.

Chairman Whichard said that as the Board meetings shift throughout the different areas of the state, the focus of each meeting will be on the needs or concerns of that particular area, and as the Board hears of the needs, it is important to determine how to convert those ideas into approaches for the Board to collectively be engaged in. He further stated that committees were useful in creating the Strategic Plan, and might be useful again in accomplishing the Board's objectives. He said he had asked the Executive Committee members, with a few new members, to continue in their capacity reviewing and discussing ideas for the Board to consider. The Executive Committee now consists of Chairman Whichard, Representative Bill Owens, Secretary Jim Fain, Secretary Norris Tolson, Watts Carr, Representative Bill Daughtridge, Senator Walter Dalton, Phil Kirk, Jack Cecil, Matthew Szulik, and Fred Day. Chairman Whichard mentioned some of the priorities that emerged as ideas in the Executive Committee meeting on December 6, and he asked for the Board's feedback.

- Continue to advocate for funding of the Ticknor Recommendations
- Continue to develop and build consensus for and advocate the revisions of the William S. Lee Act.
- Investigate potential of developing strong relationship with emerging economies around the world such as India.
- Advocate for continued leadership, entrepreneurship, technology, investment, recruitment and job creation across the state.
- Advocate for water and sewer bonds.
- Engage in conversations with the Governor's office in plenty of time to align the Board's recommendations with the Governor's budget priorities for the 2006 Short Session.
- Engagement with Legislators, and in particular the newly appointed Oversight Committee on Economic Development.
- Continue to advance the state's relationship in the economic community and with the University leadership.
- Examine the Board's role in evaluating the state's overall economic development effectiveness among all state-funded entities that engage in economic development, including Department of Commerce, the Rural Center, the Partnerships, the universities and community colleges.

Chairman Whichard then opened the floor for discussion of the above mentioned priorities, the meeting topics or any other topics of interest to Board members.

Secretary Fain said he concurred with the near term suggestions offered by the Chairman and further spoke about the Board's Strategic Plan. He said the General Statute mandates that the Plan be updated annually and proposes that the Board's Website be used as a communication tool to document a continuous up-date of the Plan through a staff-driven, board-authorized process using ad hoc committees as necessary. In addition, he said that the staff would concurrently lead the process of tracking accomplishments and monitoring each objective. He further stated it might be useful to seek changes in Legislation to make the Plan update requirements more practical.

Chairman Whichard asked the Secretary begin the process of implementing the suggestions regarding the Strategic Plan.

Representative Owens said that seven or eight years ago, the Board was the catalyst for the General Assembly approving \$800 million for water and sewer and \$200 million for natural gas, but the fund is nearly depleted. He said he would like to see the Board consider endorsing another effort to create funding opportunities for infrastructure especially for poor counties that need a mechanism by which to attract industry to create more jobs. He asked that at the Board's next meeting, an update on the water, sewer and natural gas needs be provided and discussed.

Chairman Whichard agreed with Representative Owens and said this issue would be discussed at the next meeting.

Dr. Margaret Dardess provided an update on the Board's progress regarding the One North Carolina Small Business Fund which was created to support small businesses engaging in research projects through the SBIR and STTR programs. Dr. Dardess said that today (December 7) the Governor issued a press release announcing that applications would be accepted beginning January 1, 2006, and that \$1 million through the One North Carolina Fund would provide grants to qualifying small businesses to help them conduct research and technology development projects. She said the program allows a portion of the One North Carolina Fund money to be used for state matching funds for businesses that receive federal SBIR or STTR Phase I awards. There was some discussion regarding the Grants.

Representative Owens expressed concern that no more than \$1 million had been allocated by the Department of Commerce for this fund. He indicated that the General Assembly had asked that up to \$3 million be considered and the general intent of the General Assembly was more than \$1 million.

Secretary Fain said that when the \$1 million amount was established for the Small Business Fund, the intent was to make sure adequate money was also available for One N. C. grant requirements. He said that as the 2006 Short Session approaches, if it is determined both purposes can be satisfied, additional money may be earmarked for the Small Business Fund.

There was further discussion among members regarding economic development in the state.

Chairman Whichard again called for in-put into issues for future meetings. In addition, he said that the Board would embrace opportunities to move the meetings around the state and said that offers to host meetings had been received from Elizabeth City, Wilmington, Rocky Mount, Rutherfordton and Troy.

Chairman Whichard reminded the Board that the next meeting will be held February 22-23 (location to be determined).

As there was no further business to come before the Board, the meeting adjourned at 11:55 a.m.