

**MINUTES**  
**NORTH CAROLINA ECONOMIC DEVELOPMENT BOARD**  
**Winston-Salem, North Carolina**  
**October 26, 2006**

On Thursday, October 26, 2006, the North Carolina Economic Development Board met at the Embassy Suites Hotel in Winston-Salem. Chairman Whichard called the meeting to order at 8:00 a.m.

Chairman Whichard welcomed everyone to the meeting and told the ones that missed the events the evening before about the great tours. He told about the tour of Dell and how they are ahead of schedule in terms of investment with jobs and output; therefore proving that the incentive packages and other state and local incentives are paying off. He also told about Dell's joint announcement with Goodwill Industries creating a computer recycling program in 29 counties in North Carolina and some in South Carolina. Lieutenant Governor Beverly Purdue spoke at the Press Conference.

Chairman Whichard also told about the visit to the Institute for Regenerative Medicine in the Piedmont Research Park. He told the group that they will be hearing about some of the amazing things that will be coming out of there and that is really a centerpiece of what is an exciting research area for Winston-Salem and the whole Piedmont Triad region.

Chairman Whichard talked about Wednesday evening's wonderful events and he acknowledged Bob Leak with Winston-Salem Business Inc. and all the work that he had done to put all these programs together as well as the dinner last night. He's joined in that sponsorship by the Piedmont Triad Research Park, the Piedmont Triad Partnership, the Winston Salem Chamber of Commerce and Duke Energy. He thanked all the sponsors for all they had done to make this a very successful, enjoyable evening. He also thanked Watts Carr for being the Board host in the Piedmont Triad and for putting Bob on the job.

Our next meeting is tentatively scheduled for January 17, 2006 in Raleigh due to the Legislature getting ready to come into session and it may be an opportunity to review our legislative agenda and other things. Phil Kirk has expressed an interest in hosting a meeting in his area and if anyone else has an interest in hosting the Board in their area, please let it be known and we'll try to make that work.

A motion was made and seconded to approve the minutes of the August 3, 2006, meeting as presented. The motion carried.

Chairman Whichard explained how the committees would meet and explained some about each committee. He also thanked Senator Jenkins for agreeing to work on a committee. The committees are as follows: Industry Cluster Groups, Intergovernmental Outreach Group, Global Economic Development Group, Education and Innovation and Recruitment and Retention Group. The committees should meet for about an hour, talk

about things they feel the Board should do, report back about what was talked about and then we will create a process for coming out of those committees some recommendations that will enhance and augment our Strategic Plan and also our legislative agenda for the next session.

Chairman Whichard called on Secretary Fain for an update of the Department of Commerce activities.

Secretary Fain thanked Bob Leak of Winston-Salem Business, Ralph Womble and all the others in the area for hosting us with the wonderful dinner and all the great tours we attended. He acknowledged Mayor Allen Joines and Dick Deans for their efforts in recruitment and for being great industry leaders. He welcomed Senator Jenkins and thanked him for agreeing to work on a committee. He acknowledged the presence of the brightest of governmental leaders from the various agencies and other great leaders in North Carolina were in this room.

Secretary Fain stated that the Commerce project activity is very active. Our Commerce numbers are up but the quality of projects is also up. Jobs announced are up 25%. He just returned from the Southeast United States (SEUS) conference in Florida and noted that the United States has no stronger ally than Japan.

Secretary Fain provided a copy of the structure of our new Commerce website and how it will be organized and a copy of the Forbes Magazine cover emphasizing Education Fueling Success in North Carolina. He noted that through special arrangements with the publisher, this North Carolina Department of Commerce cover has been placed on a limited number of copies of Forbes. Also distributed to the members was information on North Carolina Retrains Workers in Crisis Industries. He noted that the textile and furniture industries have significantly reduced their activities in North Carolina. To retrain workers who have lost their jobs in these sectors, the state has initiated an ambitious training program: Community Colleges. Thanks to public support for workforce development, the unemployment rate in North Carolina is only 4.3%, below the 4.7% national rate.

John Silvia, chief economist for Wachovia and Economic Development and Economic Board member spoke on the Housing Market – he emphasized that the most important point is the diversification of our state's economy.

Dr. Margaret Dardess reported on the One North Carolina Small Business Program. SBIR/STTR Incentive Program, SBIR/STTR Matching Funds Program – these programs target high-growth entrepreneurial companies. This is the largest funding for startups – all screening is at the federal level. The first year 25 grants were awarded and all the companies that applied and qualified received grants. They have to be North Carolina companies. To date 43 grants have been awarded across North Carolina to small, growth oriented small-businesses. Current funding will be exhausted by March 2007. There was general conversation regarding this program and the concern of this

program being renewed in the future with additional financing. **At Dr. Dardess' request, her presentation has been sent under separate cover to all the members.**

Don Hobart reported on the Upcoming 2007 Legislative Long Session.

- Regional Partnership – some measures should be put in place that would be designed to increase accountability and uniformity in operation with the different partnerships. It took the form of legislation that specifies the Department of Commerce would work with the partnerships in developing what would be some uniform standards in some basic areas like accounting, personnel and purchasing. This would make it easier to audit and keep track of these activities. We're trying to get a clearer picture of the relationship of the partnership with the State of North Carolina.
- He talked about the Economic Development Infrastructure Committee. It has been identified as a study commission. At this point his understanding is that all members have been appointed and the committee is in position to meet but he is not sure when that will occur – possibly sometime within the next few weeks. Their mission is pretty broad but they will look at the economic development infrastructure and delivery system in North Carolina and make recommendations. There was discussion among the members about the committee and its impact on economic development in North Carolina.
- Next Don talked about at the end of the legislative budget process, the Department of Commerce was beneficiary of appropriation of \$10 million, in addition to our other traditional, programmatic funding items to administer as grants as what was described as Economic Development Reserve Funds. The purpose for which the funds were created was to provide funding for Site Acquisition and Development and/or Economic Development Project. We have put together a set of guidelines and criteria on how these funds will be distributed and Secretary Fain is currently soliciting applications from local governments and non-profit organizations who are seeking funding in these categories. We anticipate we will be receiving a lot of applications. These funds are not necessarily based on tier structure of the counties.

Chairman Whichard explained about the committee assignments and who is assigned to each committee. The purpose of these committees is to brainstorm about where you would like the Economic Development Board to be putting its energy. It will tie to the Board's Strategic Plan – we also hope there will be some specific recommendation coming out of these committees to help shape the creation of the legislative agenda for Commerce and the Board as we introduce some things to the Legislature.

Secretary Fain emphasized the importance of these 5 groups in providing insight about directions we need to take or avenues the Board needs to examine. Maybe our plan needs to add specific things to the plan or modify the plan. He asked the group leaders to come out of the meeting ready to further reflect or refine the objective of that particular committee and then to do some brainstorming about those ideas. By breaking into small

groups there should be plenty of time for board member comment. These groups should provide what this Board wants to drive for during the long session coming up in the General Assembly and in the next year or two.

Chairman Whichard said that we would get reports from these groups today. We will wait to get recommendations at the January 17, 2006 meeting.

Libby Smith, Commerce Policy Director and Staff to the Board, asked if everyone was comfortable with the committee assignments. She directed the committees to their specific meeting places and told them to all return at 11:00 a.m.

Chairman Whichard welcomed everyone back after the committee breakout sessions. He announced to the group that we would hear a summary of each committee's meeting and the key issues that arose. He encouraged each member to offer any suggestions/comments to any of the committee reports because the thinking of all the board members on all positions is crucial to the overall success of this Board.

Dr. Margaret Dardess gave the report on Global Economic Development Committee. Chairman Whichard thanked Dr. Dardess and asked if there were any ideas from other members of the Board that might not have been covered by this report. There being no further discussion Chairman Whichard announced the Education and Innovation Committee would give their report. Initially, this committee was named UNC and Community College Systems Committee but changed the name because of the need of utilization all the educational assets in the state for economic development. John Hardin gave an update on their committee meeting. Secretary Fain offered several suggestions for consideration of this committee. There was discussion on how to proceed with suggestions offered by this committee. Watts Carr gave the report on the Recruitment and Retention Committee. One of the main issues coming out of this committee is that the tax burden has got to be moved down on industries. There was discussion about new businesses moving equipment into their plant from other parts of the world. Don Hobart explained the issue related to the electrical code requirements. He stressed the need for standards that ensure the equipment is safe for workers but shouldn't delay getting the business operational in a timely matter. John Silvia reported on the Industry Cluster Groups. Mr. Silvia emphasized that clusters are not statewide and it will not happen due to the state's limited resources. Bill Batchelor reported on the Intergovernmental Outreach committee's meeting. One stop permitting and pass through funds was among several things discussed during their meeting. Don Hobart further explained some issues being looked at by the committee.

Chairman Whichard complimented the committees for their good ideas on where the Board should focus their interests and asked if there were any other areas that the Board should be looking at to include in the Strategic Plan. He asked each committee to summarize their recommendations in a report and get back to the lead person in each group.

Secretary Fain told the groups that it was a remarkable hour of work and the Board has plenty of work cut out for them based on the Board's thoughts and directions.

Chairman Whichard asked for any other business that should be brought before the Board today. At this time, he introduced Kay Langston and welcomed her as liaison to the Board and thanked her for her assistance. He also acknowledged Libby Smith as liaison with the Secretary's Office and the Economic Development Board and thanked her for her contributions.

Chairman Whichard confirmed January 17, 2006 for the next Board meeting and announced the next meeting dates will be sent to the members as soon as they are confirmed.

As there was no further business to come before the Board, the meeting was adjourned at 11:50 a.m.

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