

NORTH CAROLINA ECONOMIC DEVELOPMENT BOARD
ASHEBORO – RANDOLPH COUNTY
November 29-30, 2007

On Thursday, November 29, 2007, the North Carolina Economic Development Board met at the Hampton Inn in Asheboro. At 2:00 p.m., Chairman Whichard called the meeting to order. He thanked everyone for coming to the meeting and read the Ethics Awareness & Conflict of Interest Reminder.

The meeting started with a tour of Seagrove Pottery and Victory Junction Gang Camp. The meeting was hosted and sponsored by Bonnie Renfro, President, Randolph County Economic Development Corporation and Tammy O’Kelley, Director, Randolph County Tourism.

The meeting continued with a “Behind the Scenes” tour of the North Carolina Zoo, hosted by the NC Zoological Park staff – Hannah Decker and Amy Polanecki. A dinner meeting followed that was hosted by Dr. David Jones, Director of the N.C. Zoo. After Dr. Jones welcomed everyone, brief remarks were made by Randolph County local leaders and officials. The two key aspects of economic development that were highlighted were industry and tourism in Randolph County.

Chairman Whichard recognized and thanked the leaders and sponsors of the evening events.

On Friday morning, November 30, 2007, Chairman Whichard called the meeting to order at 8:30 a.m. He thanked everyone for coming to the meeting and he read the Ethics Awareness & Conflict of Interest Reminder. He thanked Dale Lambert, Executive Vice President and General Manager of Randolph Electric Membership Corporation for hosting the Board in their facility and providing refreshments and parking for the meeting. He also thanked Bonnie Renfro and Tammy O’Kelley and all the hosts, hostesses and entertainers for our enjoyable evening on Thursday. Gene King hosted the Board at Seagrove’s Pottery and Patti Petty at the Victory Junction Gang Camp.

Dale Lambert welcomed the Board members and guests to Asheboro. He briefed everyone on Thursday evening’s activities and thanked the Economic Development Board for its contributions to Randolph County and North Carolina.

A motion was made and seconded to approve the minutes of September 18-19, 2007 meeting as presented. The motion carried.

Chairman Whichard reminded the Board members of the confirmed meeting dates for 2008. They are:

February 13-14, 2008
May 28-29, 2008

September 24-25, 2008
November 5-6, 2008

“We anticipate the second date of these pairs will be the actual Board meeting date and the day before will be afternoon and evening activities yet to be scheduled. We hope to have at least two of our meetings next year outside of the Raleigh area.”

Secretary Fain joined Chairman Whichard in thanking Dale and Randolph EMC for hosting the Board. He also thanked Dr. David Jones of the N.C. Zoo for hosting the wonderful dinner and tour. Bonnie Renfro and Tammy O’Kelley were also recognized for their contributions in the evening events on Thursday. The Board was honored to have the Mayor of Asheboro and Darryl Frye of the Randolph County Commissioners join in the festivities.

- Secretary Fain reported on the twelve months period through October 2007:
 - North Carolina added about 68,000 jobs – ranked 6th in the country
 - Texas during the same period added 200,000 jobs
 - Florida, California, Georgia and New York had more job growth than North Carolina
- *Site Selection Magazine* has again named North Carolina the state with the nations’ best business climate. That makes the third year in a row! Six of the last seven years North Carolina has had that designation. The Economic Development Board can be very proud of this designation and it certainly played a big part in making this possible. These ratings are validated by the fact that they are 50% based on the survey of corporate decision-makers and 50% based on actual statistics of projects that have located in various states. Georgia rated number 2, Texas – 3, Virginia – 4 and Alabama rated 5.
- He thanked the General Assembly for the generous funding to help us achieve our mission with several initiatives. He also thanked Duke Energy for underwriting the Ticknor Study.
- The comprehensive redesign of the website has been completed.
- Ready to go live with the Economic Development Intelligence System.
- Working on a client relationship management system. A vendor has been picked and will assist to build a system that is designed to have broad access to the economic development community. This tool will enable everybody in economic development to communicate and interact with the clients or customers.
- Early in the process of remaking the building and sites information system.
- Early in the process of a High Performance Roadmap – this is the human resources of our organization that ensures salaries and other compensation is competitive to enable the state to retain and attract the best kind of talent for the service business.
- Putting in place a Memorandum of Understanding that formalizes the arrangement between Commerce and the University. This will optimize the ability to take advantage of the substantial resources in the University in a more formal capacity.
- Discussed a directive in the special provisions of the most recent budget. It calls for the evaluation of the regional partnerships’ uniform standard as it relates to

state funds. Sec. Fain referenced and explained HB 1417 and how the partnerships differ in their structure. Dale Carroll explained that the Uniform Standards Committee is comprised of leadership from four partnerships – Steve LeQuire, Jim Robertson, Al Delia and Dale Carroll. The partnerships approved all the recommended uniform standards and turned them over to Secretary Fain for him to determine the final list. An outside accounting firm will be brought in to visit all the partnerships to determine if all the standards are in place. They will report the results to Secretary Fain.

Chairman Whichard asked the Board if they wanted to make their own set of recommendations regarding the partnership resources and study the structure and availability of funding for the partnerships. There was much conversation endorsing the involvement of the Board in providing some oversight in this process. It was agreed that after the meeting Chairman Whichard would ask for volunteers to serve on the committee.

Secretary Fain briefed the Board on the business development trip that he and some other colleagues made to Japan in October. The focal point of the trip was the Southeast Japan annual meeting in Tokyo. In the year 2008, North Carolina will host this meeting in Raleigh on October 18-21. The second part of the trip was to China – the focus of this trip was to build bridges and relationships that might facilitate an important investment in jobs creation in North Carolina from China. He encouraged the Board to embrace the idea of funding to establish a mainland China office, along with support for other tools to help with other economic development initiatives.

Personnel issues within the Department of Commerce include: Doug Byrd will be retiring the first of 2008, Jean Davis succeeds Peter Cunningham as Director of International Trade and Crandall Bowles will be working on contract about two days per week with her focus on the Industry Sector Team.

Chairman Whichard welcomed Lt. Governor Perdue. She talked about the direction that she would like to see the Economic Development Board take and the economic development future of the state. She complimented the Board's leadership on the Military Foundation. Representative Tolson and Senator Dalton took the recommendations that came from the Board and presented them effectively to the General Assembly. "The biggest challenge is narrowing the economic divide between rural and urban areas – economic opportunities need to be spread across the state." That is the challenge before the Board and she wants to see that effort become a priority throughout the next 18 months.

Chris Harder, Senior Economist, Policy, Research and Strategic Planning Division, gave the North Carolina Quarterly Economic Overview. The key economic trends Mr. Harder noted are:

- The State's labor force continues to expand while the unemployment rate remains low
- Despite slowing employment growth, North Carolina continues to create jobs in key industry sectors
- Wage and occupational trends favor knowledge based industries

Concerning industry employment – when looking at employment by 2-digit and 4-digit NAICS industries, the data confirm North Carolina’s transition from labor-intensive manufacturing industries such as textiles and furniture, to knowledge based industries such as information technology, life sciences research and advanced manufacturing.

Manufacturing had the largest negative growth rate over the last three year period and one year period and Professional and Technical Services had the largest positive growth rate over those same periods.

According to the most recent occupational data, more people in North Carolina work in Office and Administrative Support or Sales occupations than any other category.

There was much discussion about North Carolina’s overall economy compared to the national level. John Silvia, Wachovia Economist and Economic Development Board member complimented Mr. Harder on his presentation and made the comment that “we are lucky to be living in North Carolina because our economy is much better than lots of other states.”

Chairman Whichard introduced Stephanie McGarrah, Assistant Secretary, Policy, Research and Strategic Planning Division. Assistant Secretary McGarrah talked about the drought situation and explained it by saying “it is bad and it’s going to get worse.” She explained the way the drought is measured – abnormally drought to exceptionally drought. Every county in North Carolina is one of the three worst. 62 counties are exceptionally drought, 23 are extreme drought and 15 are severe drought.

Business/Industry folks have been calling on companies. They also have weekly telephone calls with the companies about the drought situation and how to address the problem. The Social Services Department is working with families who are in need of water and how to maintain public safety during these times. Several state agencies are working together to ensure the State is prepared to handle the drought situation.

Leslie Boney with the UNC System recommended that someone document the actions that are taken in assessing the impact of the drought. This would enable future administrations to have the knowledge that is learned by this study. Ms. McGarrah said that action steps taken in the 2002 drought were written down, but plenty of rain was received in October of that year. There was discussion on how the draught is affecting or will affect the economic impact of companies looking to locate in the state.

Secretary Fain introduced Chris Rolfe, Chairman of the Workforce Commission. He said there needs to be a close and ongoing interface between the work of the Workforce Commission and the Economic Development Board. Mr. Rolfe said that the Commission looked at the supply and demand of the marketplace between now and 2017. He talked about the jobs that are going away where people held that had high school diplomas and even less. They are going away because of productivity and economic efficiencies. He stressed the need of North Carolinians getting more education with advanced degrees because that will ensure more job stability. There was much discussion about what degree of education would be adequate, how to change the culture of how people see education and how to obtain more resources. Secretary Fain

recommended that Roger Shackelford and his team work with Stephanie McGarrah, Libby Smith and their team to create a matrix that shows what is already in place. Chairman Whichard acknowledged that the Board would be in a better position to discuss the workforce issues after the matrix is completed.

Chairman Whichard introduced Leslie Boney, Associate Vice President for Economic Development Research, Policy and Planning, The University of North Carolina. Mr. Boney made a presentation on UNC Tomorrow. The last six to eight months, they have made 38 visits around the state in which they listened to the campuses talk about the things they are already doing to respond to the needs of the state. He is hoping UNC will do a better job talking about what it is they are currently doing and they will do a better job of organizing it into some sort of coherent delivery. They have heard from more than 10,000 people that have told them what they would like the university system to do over the next 10 years. The University wants to be a more demand driven, more responsive and more engaged university system than they have been in the past. The number one recommendation from an advisory commission that Leslie is on in Virginia, was to start a major wide spread well thought out marketing campaign to tell people why education matters. Once the report comes out, each individual campus will determine how they respond. Mr. Boney will report to the Board the responses received and how they will be implemented.

Chairman Whichard talked about the committee that was formed to examine the things left incomplete from the Board's Strategic Plan. This committee consisted of Board members Bill Batchelor, John Chaffee, Mark Erwin, Dick Dean, John Silva and Dale Carroll. They joined Chairman Whichard and staff members Libby Smith, Michael Haley, Sara Nienow, Meihui Bodane, Stephanie McGarrah and Chris Harder. From this meeting was created the white paper *A Recommendation of Action In Support of Creating One North Carolina*. Chairman Whichard reiterated that there is no funding source but he asked the Board for a recommendation to move forward with this proposal. A motion was made to move in the recommended directions, subject to all the qualifications that were mentioned. The motion was seconded and passed. After much discussion, it was noted that the initiative should be privately funded with a deadline of March 1, 2008.

Being there was no further business to discuss; the meeting was adjourned at 12:10 p.m.

