

NORTH CAROLINA ECONOMIC DEVELOPMENT BOARD



Minutes Raleigh, North Carolina November 29, 2001

The newly appointed Economic Development Board met in Raleigh on November 29, 2001 at the Sheraton Capital Center. Chairman Gordon Myers called the meeting to order at 10:05 a.m. The Chairman and Secretary Jim Fain welcomed the Board.

Court of Appeals Judge Hugh Campbell, Jr., presided over the swearing-in ceremony. Appropriate paperwork was signed to complete the orientation process.

Chairman Myers introduced Governor Michael F. Easley who spoke to the Board about economic development in North Carolina and his goals for a One North Carolina.

He told the Board that he would like to see them develop a strategic plan within six months or by March, if possible, that includes measurable results and would cover the entire state. He asked the Board to concentrate on a One North Carolina and to focus on at least six important areas.

1. Recruitment and retention strategies, including incentive, prioritization, the core of economic development investments and community readiness.
2. Workforce development.
3. Collaboration with education and research institutions and development of future technologies.
4. Coordination of agencies, foundations and boards already in existence, like the Golden Leaf, to help the tobacco dependent communities of which there are many in this state.
5. Rural development.
6. Marketing North Carolina.

He said that the Board has a challenge and an opportunity to build a plan that truly reflects One North Carolina, where every citizen in every county has an opportunity to succeed. He expressed his confidence that the Board would come up with an aggressive plan that meets the needs of the state and the people, and follow-up to ensure accountability.

He further stated that the Board has a lot of work to do, but it has a chance to set the state on a course of progress for many years to come.

Chairman Myers asked Secretary Fain to review the Orientation Notebook provided to each member.

Secretary Fain also provided a brief history of the Economic Development Board. He said that prior to 1993 the Board's primary responsibility was to advise the Department of Commerce. As a result of the GPAC study that was done in the early 1990's, a new bill passed in the General Assembly made several substantial changes in the Board:

- Broadened the scope of the Board essentially to include all economic development activities that take place in the state
- Expanded the size of the Board to 36 members to include five ex officio positions and four legislators from the House and four from the Senate.
- Outlined the format for a strategic plan that would reflect the diversity of all areas of the state.

Secretary Fain discussed the members of the Board and how they were selected by the Governor for their diverse backgrounds and locations in North Carolina and for their involvement with economic development in various capacities.

He stated that the Board would meet in Raleigh quarterly, but would meet more frequently as necessary when developing the Economic Development Strategic Plan. The meeting format would follow a two-day schedule with committees meeting on the afternoon prior to the Board meeting.

The Secretary told the Board that the staff of Commerce and other state Departments would be available to assist with the substantial workload of the Board

Chairman Myers called on former Secretary Rick Carlisle, Managing Partner of Dogwood Equity, to give a brief history of the Board's Economic Development Strategic Plan. Mr. Carlisle stated that in 1993, in response to the Government Performance Audit Committee (GPAC), the General Assembly passed legislation to create an economic development strategy that would coordinate and provide clear direction to all agencies involved in economic development in North Carolina.

Mr. Carlisle said that the Board began the process of putting the strategic plan together by listening to the general populace from public hearings that were conducted throughout North Carolina. From these hearings and from other public and private input, issue teams and taskforces consisting of Board members, Commerce staff, and numerous other professionals, worked to formulate the Strategic Plan that was presented to the General Assembly and to the Governor in April of 1994. The Strategic Plan was adopted in 1994 and became a working document for the Administration and guided economic development policy for the next several years. From the time the document was created until now, the following works were accomplished:

- The current system of regional economic development partnerships
- The tax study that shaped the 1995 tax cuts, which reduced personal taxes, eliminated the intangibles tax, and phased down the corporate income tax.
- The incentives study that led to the 1996 Lee Act, the most sweeping revision of incentives policy in the state's history.
- Commerce's technology and information and site location systems.
- And a variety of initiatives for rural water and sewer and other programs to support local economic development.

Mr. Carlisle told the Board that North Carolina is at a critical juncture and Governor Easley has tasked the Board with making sure the state continues to take the necessary actions and to make the necessary investments to keep economic development in North Carolina on track.

Chairman Myers said there are several organizations that are economic development allies and will be helpful to the Board in its efforts to develop a Strategic Plan. Those allies are the Rural Economic Development Center, North Carolina Economic Developers Association, Golden Leaf Foundation, Charlotte Regional Partnership, Rural Prosperity Task Force and the North Carolina Progress Board. A representative from each of these entities will speak briefly on behalf of their organization.

Billy Ray Hall, President of the Rural Economic Development Center, spoke to the Board about the Center and explained that it was created approximately 14 years ago by the Jobs Commission to bring together leaders of North Carolina business, education and local areas to focus on ways to improve the lives of citizens of rural North Carolina. Over the years, many programs have been developed by the Rural Center to promote development in rural North Carolina. He discussed numerous other on-going efforts that are designed to benefit rural areas of the state. In addition, Mr. Hall invited Board members to call him anytime they have questions related to rural economic development.

Chairman Myers asked Board members to introduce themselves by stating their name, affiliation and location. After introductions Chairman Myers discussed the economy in North Carolina and how a series of events has caused numerous layoffs. He also mentioned several companies that are locating in North Carolina to help offset some of the layoffs. He said it was important for the Board to be familiar with the economic situation in the state and be ready to cooperate and work hard to meet the challenge ahead

After a short lunch break, Secretary Jim Fain introduced Mark Vitner with First Union who spoke about trends in North Carolina's economy. (A copy of his speech is available upon request).

Chairman Myers asked for comments from the following economic development allies:
Jeff McKay, President of the North Carolina Economic Developers Association and Director of the Greater Statesville Development Corporation
Valeria Lee, President of the Golden LEAF Foundation
David Cline, Board of Directors, Charlotte Regional Partnership
Tom Covington, Executive Director, North Carolina Progress Board
Erskine Bowles, Chairman, Rural Prosperity Taskforce

The North Carolina General Assembly's Speaker of the House Jim Black spoke briefly to the Board about its role in determining North Carolina's economic development process. He also discussed the General Assembly's lengthy session and stated that a major factor keeping the General Assembly in Raleigh is the fact that the uncertain economy is generating lower than expected revenues. He encouraged the Board to use their varied talents to develop a workable economic development plan for North Carolina.

Chairman Myers discussed the strategic planning process. He outlined issues that he felt were important to address when developing a plan for the state. He further stated that Governor Easley had requested that the Board complete its plan by May 2002, and in order to meet that deadline, the Board may need to meet more often than the quarterly meetings designated by the General Statute. He suggested that the Board meet monthly for the next five months and said that proposed meeting dates would be sent to the Board as soon as possible.

Chairman Myers designated Robert Stolz to lead a committee to examine the current strategic plan and determine the Board's next steps in the planning process. The members of the committee led by Mr. Stolz are Watts Carr, Randall Kaplan, John Crumpler, Jordy Whichard and Bob Winston. Mr. Stolz said the committee would read the plan, outline it, discuss the findings via conference call and be prepared to make recommendations to the Board at its January meeting.

Upon recommendation by Secretary Fain, Board Committees will be aligned with the various Divisions within the Department of Commerce. The Chairman said that he would like to see an extremely active Committee structure with the Committee system doing most of the work in structuring the Strategic Plan and the implementation of that Plan upon its completion. In addition to staff support of the Committees, an Economic Development Advisory Council of about 14 to 15 members will be appointed by the Governor to advise the Board.

The Chairman stated that he thought it was necessary to make an in-depth economic development assessment of North Carolina now and proposed that a consulting group be engaged to look at how we do economic development in North Carolina to determine what we are doing and how effective we are. This assessment would include taking a look at current roles and responsibilities of the Department of Commerce, the Regional Partnerships, the Rural Center, the Economic Developers Association and all other agencies directly responsible for economic development in the state. The Executive Committee will interview three to five different groups with expertise in economic development, request proposals from them and bring the results to the Board at its January meeting.

Chairman Myers opened the floor for discussion or recommendations regarding the procedures he outlined. There was some discussion.

Upon motion duly made and seconded, the meeting was adjourned at 3:07 p.m.