

MINUTES
Taskforce for the 21st Century
September 11, 2008
Arkansas State Chamber of Commerce
10:00 a.m.

Chair Dianne Lamberth called the meeting to order at 10:15 a.m.

Members present: Dianne Lamberth, Chris Masingill, Gary Campbell, Clay Curtner, Gene Eagle for Mac Dodson, Guy Fenter, James Hendren, Pat Lea, Mike Maulden, Jay Wisener for Sam Walls and Jim Youngquist

Members absent: Judy Adams, John Ahlen, John Barnes, Bill Ferren, Maria Haley, Gene Hill, Brad Lacy

Staff present: Lisa Cogbill, Mike Gerfen, Randy Wright and Terre McLendon.

Guests present: Karon Rosa, Arkansas Dept. of Higher Education; Ed Franklin, Arkansas Association of Two-Year Colleges; and Phillip Young, Arch Ford Education Coop.

A motion to accept the amended minutes from the September 2nd meeting was passed to include a draft of the marked up matrix presented by IEA.

Guy Fenter said that he was concerned about the recommendations on workforce issues and asked to revisit the subject at the end of the agenda. The revised recommendations will be reflected on the updated matrix IEA will present at the next meeting.

Jim Youngquist noted that none of the three heads of the agencies are present and recommended that the task force proceed with the organizational structure but not to make any motions or decisions. The discussion included:

Parameters for structure

1. What are the hurdles in the current bureaucracy? Are there any we need to have but don't?
2. The structure for workforce development
3. Co-location of AEDC, ADFA and ASTA with central support to include ample parking
4. Need to determine where workforce development fits in economic development. Chris Masingill noted that the Governor's Workforce Cabinet is working on this issue, but the findings have not been made public.

Hurdles

1. Tourism – disconnect in funding between tourism activities and economic development
2. Need a statewide economic development strategic plan that includes all agencies involved in the process – not just AEDC.
3. Center for Entrepreneurship in Kansas is a model to emulate.
4. Need an integrated, state-of-the-art website for one-stop shopping that includes workforce development (use South Carolina as an example: www.scbos.com).
5. Need a Council on Competitiveness – similar to South Carolina.
6. Need more public/private partnerships.

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7. Need a business roundtable.
8. Need a private council that advises the State on how to improve workforce development, training, etc.

Dianne Lamberth mentioned an e-mail by Brad Lacy, who was unable to attend the meeting and had some observations:

- **AEDC Funding:** This agency is terribly underfunded in a couple of ways. First, salaries must be competitive with both the private sector and communities. When there are local economic developers who make more than the director of the agency – we have a problem! This salary problem continues down into the agency. It is almost as if we have resigned ourselves to believe that the agency will train folks to leave and go to the community level. From a community perspective, I would like continuity in the agency. When you lose someone like a project manager, all of their knowledge walks out the door and hopefully we retain it at the community level. We must invest in our folks!
- **Marketing Budget:** Our marketing budget is horrible. The agency does an outstanding job with a very small budget. This should increase if economic development is a priority. When we compare this budget to that of P&T, we see where the priority is.
- **Facilities:** I think this may be in the works, but I feel compelled to say this again and again until I see a change. The AEDC offices are the best 1977 has to offer! The building is not to level that today's prospect would expect to see from a high level state agency. AEDC facilities should have the latest in presentation technology, an attractive office setting, and some amount of dedicated parking. State officials should not have to rely on communities/utilities in LR to host prospect meetings. Again, this is not a shot at anyone. We do the best with what we have, but that is not enough in today's world. A 21st century state economic development agency **MUST** have 21st century office space.
- **EIF Funding:** EIF should be increased and fully funded. For many years, both as a state employee and at the community level, I have watched as this very important incentive is never fully funded and becomes useless. For those of us who are ineligible for the state's CDBG funds (entitlement cities) EIF is critical.
- **Governor's Quick Action Closing Fund:** Best incentive we have ever had. Today projects increasingly become decided at least partially on up front cash. This incentive was critical for the HP project. We need to increase the fund and make sure it is fully funded.
- **Amendment 82:** useless unless we are going after a car plant or steel mill. I am not sure why capital investment continues to be such an important measurement. For 21st century, white collar employers you will never have large capital investment figures unless it is a data center (and then sometimes you have few employees). This incentive should look first and foremost at jobs and payroll. An example, Nissan is just finishing their new North

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American headquarters in Franklin, TN. 1,000 jobs at \$70,000 and around \$85 million in investment. According to our current Amendment 82 language and some of the proposed changes I have heard talked about (capital investment of \$200 million) this would not be a mega project and would not qualify. We need to be very careful with the capital investment figure if this changes or we will have backed ourselves into a corner again and have an incentive that is not usable. Corporate HQs, Information Technology, and Back office operations will never have large capital investment figures but generally have better payrolls.

- LEED Incentives: Last year at IEDC in Phoenix, I listened to a panel of about 15 site consultants. All of them talked about the importance of state sponsored LEED incentives. The thought is that corporations are under increasing pressure from their boards/public to display some commitment to environmental responsibility. Many have developed statements as to their initiatives. More and more of them will make it a priority to develop LEED facilities. States with LEED incentives could jump to the top of a site selection list. We need to be a leader on this one and not wait until 25 other states have already done it.

Chris Masingill submitted a question for task force members to prepare for the next meeting: Do we have the structure in economic development to be competitive in the 21st century? If not, do we have the points to move forward to put together a proposal for consideration next week?

The meeting adjourned at 1:30 p.m. The next meeting will be held on Wednesday, September 17th at 10 a.m. in State Capitol Room 151.

Respectfully submitted by Lisa Cogbill.