



Board of Directors Meeting
Friday, December 8, 2006, 8:00 a.m. – noon
KTEC 2nd Floor Conference Room, Topeka, KS

Members Present: Doug Brush (Chair), Linda Reinhardt (Vice Chair), Carmen Alldritt, David Brant, Dan Cain, Kyle Elliott, Rep. Doug Gatewood, Ted Haggart, Sen. Nick Jordan, Steve Kelly, Richard Lariviere, David McDonald, Bob Murdock (via conference call), Secretary Adrian Polansky, Ron Trewyn, Rep. Kenny Wilk

Members Absent: Tom Lauerman, Tim Shallenburger, Sen. Chris Steineger

Others Present: Tracy Taylor, Ken Lynn, Kevin Carr, Michele Weigand, Dennis Deppenbusch, Trish Costello, Wade Wiebe, Alan Weis, Kim Mason, Kelly Pearl, Katie Geier, Wendi Lucero, Sheila Meyer, Jane Benoit, Teresa Merrifield (KTEC); Rudy Beese (SNR); Jim Baxendale, Kristin Bowman-James, Doug Byers, Carey Novak (KU); Lanaea Heine, Roger Rajewski (HBC); Ron Hirst (Quest); Kent Glasscock (NISTAC); Sandy Johnson (MAMTC); Tim Johnson (ITTC); Brad Kramer (AMI); Angela Kreps (KansasBio); Matt McClorey (LRTC); Joel Wiggins (ECJC); Steve Robb (KPRC); Eric Ferrell (ATC); Trish Brasted (WTC); Dick Sidles (WKTC); Amy Deckard (KLRD); Andrew Lewis (Mercer) (via conference call)

Call to Order and Introductions

Chairman Doug Brush called the meeting to order at 8:00 a.m. The members of the board and the audience introduced themselves.

Review and Approval of Minutes

Brush asked for additions or corrections to the September 8, 2006, board meeting minutes (Attachment A). Rep. Doug Gatewood moved that the minutes be approved as presented. Dan Cain seconded the motion, and the motion was approved. Ron Trewyn moved that the minutes from the November 27, 2006, board planning session (Attachment B) be approved as presented. Ted Haggart seconded the motion, and the motion was approved.

CEO Update

Tracy Taylor thanked the board, staff, and network for their participation in the quarterly board meeting, and he welcomed the new members joining the board since the last meeting: Kyle Elliott, Richard Lariviere, Tom Lauerman, David McDonald, and Ron Trewyn. Taylor gave an update on the organization's goals and objectives for FY 2007, noting that KTEC continues to

look for innovative ways to move Kansas forward in a positive fashion in the areas of technology-based economic development. Taylor announced KTEC's involvement and recognition as an important player in the upcoming National Entrepreneurship Week, and he highlighted the successes of the PIPELINE program; the Entrepreneur in Residence program; the Investment program; KTEC's supporting role to the Kansas Department of Commerce with business attraction efforts, including Ventria and Oncimmune; and collaboration with the Administration, the Kansas Department of Commerce, and the Kansas Bioscience Authority.

Strategic Planning and Impact

Ken Lynn gave a presentation on KTEC's challenges, including the strategic challenge of maximizing sustainable socio-economic impact for the benefit of Kansas through efficiently leveraged application of available resources within the bounds of KTEC's statutory charter. Lynn then discussed some prospective strategic initiatives to improve performance in technology transfer and commercialization.

KTEC Statutory Requirements

Rudy Beese, KTEC counsel, gave a corporate overview of the duties and risks of board directors and what to do if there is a conflict of interest. Beese also explained the statutory roles of KTEC, and he fielded questions from board members.

Executive Session

Brush requested that the KTEC CEO and counsel be included in the executive session to answer questions. Richard Lariviere moved to go into executive session for 45 minutes to discuss personnel issues. Steve Kelly seconded the motion, and the motion was approved. The board entered executive session at 9:45 a.m. At 10:30 a.m. Rep. Gatewood moved to extend the session for 15 minutes. Kelly seconded the motion, and the motion was approved. The board exited executive session at 10:45 a.m. Brush called for a break in the meeting.

Executive Committee Report

Following the break, the board meeting resumed at 11:10 a.m. Haggart moved that the board authorize and direct the Compensation Committee to extend the contract with the current CEO for up to three years for a fixed salary and appropriate benefits for full time employment without a bonus at a compensation level that is competitive with the defined industry peer group recognizing expertise, experience, and performance as evidenced by the information from the Mercer study contracted by the Compensation Committee. Lariviere seconded the motion, and the motion was approved.

Financial Report

Kim Mason summarized the November 30, 2006, financials presented in the board books (Attachment C). Kelly moved to approve the financials as presented, subject to audit. Rep. Kenny Wilk seconded the motion, and the motion was approved.

Kevin Carr gave a budget update, explaining the budget process, recommended cuts, appeals, and next steps (Attachment D). Haggart moved to approve the budget update. Carmin Alldritt seconded the motion, and the motion was approved.

Audit Committee Report

David Brant explained the purpose of the audit and requested that board members take the time to read the document (Attachment E) as it explains how KTEC functions financially. He stated that the Audit Committee had met with the auditors, Varney & Associates, who reported the following findings: 1) There were no issues of non-compliance; 2) There was an exceptional audit trail; 3) Internal controls were in excellent shape; and 4) All actions were there for the public to see. Brant stated that the committee recommended acceptance of the FY 2006 audit. Alldritt moved to accept the audit. Linda Reinhardt seconded the motion, and the motion was approved.

Brant stated that the committee also recommended that the board approve Kevin Carr to begin negotiations with Varney & Associates with the intent to contract for services not to exceed three years with one-year renewable terms subject to Audit Committee approval. Rep. Gatewood so moved. David McDonald seconded the motion, and the motion was approved. Brant noted that the board chair and legal counsel would be reviewing all committees and memberships to ensure that they are in compliance per their charters.

University Programs Committee Report

Carr reported that the University Programs Committee had met on November 28, 2006, hearing reports from the Centers and touring CritiTech, a KTEC client company. Carr also reported that there were no EPSCoR / STAR Fund proposals this quarter, but that the committee had reviewed the proposal form Kansas State University for designation of the GRAINS Center as a KTEC Center of Excellence (Attachment F). Carr introduced Virgil Smail and Ron Madl, who gave a presentation to the board, noting that national recognition had been received for the center, which will receive federal funding, and that the request was for state recognition. Carr reported that the committee recommended approval from the board, with the understanding that 1) no current state funding is available; 2) future state funding depends on funding of the overall Centers program; and 3) every effort be made to integrate with other Centers in technology development. Dan Cain moved to approve the proposal. Reinhardt seconded the motion, and the motion was approved.

Investment Committee Report

Michele Weigand gave an update on the current portfolio of investments (Attachment G) and reported that the staff had reviewed 23 companies and selected three to present to the Investment Committee.

Urigen, Inc. - The committee recommended funding at \$100,000. Kyle Elliott moved to accept the committee's recommendation. Sec. Polansky seconded the motion, and the motion was approved.

HiPer Technology Inc. - The committee recommended funding at \$100,000. Reinhardt moved to accept the committee's recommendation. Elliott seconded the motion. Haggart abstained. The motion was approved.

CritiTech, Inc. - The committee recommended funding at \$100,000. Cain moved to accept the committee's recommendation. Reinhardt seconded the motion, and the motion was approved.

Weigand reported that \$283,000 in leftover Angel Tax Credits will roll forward to 2007 and that no anticipated changes are expected for next year.

Commercialization Committee Report

Weigand reported that the Commercialization Committee had met informally the previous day, and she recognized the progress being made by the angel networks.

KansasBio Update

Angela Kreps outlined KansasBio's mission to encourage and enable the successful attraction, creation, commercialization and growth of bioscience technologies, products and services in Kansas and featured the organization's accomplishments for 2006.

MAMTC Update

Sandy Johnson gave a report on MAMTC's goals to strengthen manufacturing in Kansas and to position companies for growth, highlighting best practices, sales and marketing, and continuous process and improvement.

Kansas Dept. of Commerce Update

Steve Kelly reported that the Department of Commerce had a strong year in recruitment and expansion, with a focus on marketing Kansas as a good place to live and work. Kelly emphasized important upcoming legislative issues, including: star bonds coming up for renewal or sunset; tax policy and tax incentives relevant to economic development; rural development; and the renewal of the lottery and EDIF.

Next Meeting and Adjournment

Brush reported that the next KTEC board of directors meeting would be held on March 2, 2007, in Topeka. At 12:20 p.m., Brush called for a motion to adjourn. Kelly so moved. Rep. Gatewood seconded the motion, and the motion was approved.

Doug Brush, Chair