

**Board of Directors Meeting
March 3, 2006, 8:00 a.m.
KTEC, 214 SW 6th, Topeka, KS**

MEMBERS PRESENT: Lindsay Olsen (Chair), David Brant (Vice Chair), Carmen Alldritt, Doug Brush, Dan Cain, Ted Haggart, Bob Krause, Skip Loper, Bob Murdock, Adrian Polansky, Linda Reinhardt, Tim Shallenburger, David Shulenburg, Sen. Chris Steineger

MEMBERS ABSENT: Tom Bryant, Rep. Doug Gatewood, Sen. Nick Jordan, Steve Kelly, Rep. Kenny Wilk

OTHERS PRESENT: Tracy Taylor, Dan Schmisser, Kevin Carr, Michele Weigand, Wade Wiebe, Kim Mason, Teresa Merrifield, Sheila Meyer, Kelly Pearl, Wendi Lucero, Alan Weis, George Laurence, Suresh Ramamurthi, Trish Costello, Carlos Lock, Anvita Mishra (KTEC); Kristin Bowman-James (KU); Trish Brasted, Tyler Brown (WTC); Charles Decedue, Lanaea Heine (HBC); Eric Ferrell (ATC); Ron Sampson (NISTAC); Sandy Johnson, Jesse Bechtold (MAMTC); Brad Kramer (AMI); Angela Kreps (KansasBio); Steve Robb (KPRC); Kevin Sweeney (SNR); Joel Wiggins (ECJC)

Call to Order and Introductions

Chairman Lindsay Olsen called the meeting to order at 8:00 a.m. The members of the board and the audience introduced themselves. Olsen recognized two long-term members going off the board at the close of the meeting, and Tracy Taylor presented plaques to David Shulenburg and Bob Krause, thanking them for their contribution to KTEC.

Approval of Minutes

Olsen asked for additions or corrections to the December 2, 2005, board meeting minutes. (Attachment A) Carmen Alldritt moved to approve the minutes as presented. Doug Brush seconded the motion. The motion was approved.

CEO Update

Taylor reaffirmed KTEC's mission to identify and create leading-edge innovative and commercialization initiatives, and he introduced KTEC's newest Entrepreneur in Residence Trish Costello and new staff member and financial analyst Wade Wiebe. Taylor reported that the theme for the meeting was board governance, substance, and good people, and he previewed the forthcoming agenda items. He also noted that Suman Saripalli would be asked to make a presentation at the next board meeting, at the request of Kenny Wilk for information about the SBIR program in Kansas.

Finance Report

Kim Mason presented the financials as of February 28, 2006, (Attachment B) noting that KTEC remains under budget at 47% and the projected ending balance for KTEC Holdings was reported at \$567,000. Olsen commented that the amounts for Product Development Financing would change substantially if the board approved the recommendations by the Investment Committee. Dan Cain moved to approve the financials as presented. Tim Shallenburger seconded the motion. The motion was approved.

Kevin Carr gave a budget update, stating that the governor had restored the \$450,000 FY2005-FY2006 carryover that had been removed from the budget. He stated that the budget for FY2006 was intact, the proposal for 2007 was almost identical at \$11.9 million, and there is a long way to go in the legislative session before agency budgets are finalized.

Entrepreneurs in Residence

Olsen welcomed Trish Costello, who presented her background with the Kauffman Foundation and her enthusiasm to work with entrepreneurship in Kansas. Olsen also welcomed another KTEC Entrepreneur in Residence that focuses on commercialization, Suresh Ramamurthi, who presented strategies for capital formation in Kansas.

Board Governance

Olsen introduced Kevin Sweeney, a corporate finance attorney from Sonnenschein Nath & Rosenthal, who gave a presentation on board governance. (Attachment C) Sweeney offered a corporate overview of KTEC and described the fiduciary duties of the members of the board of directors. Discussion followed, and Sweeney answered board members' questions.

MAMTC Update

Olsen welcomed Sandy Johnson and Jesse Bechtold, who proposed a reorganization plan for MAMTC (Attachment D). Olsen summarized the plan as containing five premises: 1) to shift personnel and payroll to MAMTC; 2) to retain positions; 3) to inform the Dept. of Administration of the changes; 4) to redirect funding from the regional offices to MAMTC; and 5) to develop new operational contracts with the universities. Linda Reinhardt moved to approve the plan. Alldritt seconded the motion. The motion was approved.

Executive Session

Taylor explained the selection was due by March 15 of a new KTEC appointment on the board of directors of the Kansas Bioscience Authority. Ted Haggart moved to go into executive

session for 20 minutes to discuss personnel matters. Shallenburger seconded the motion. The motion was approved. The board entered executive session at 10:10 a.m.

The board exited executive session at 10:30 a.m. Olsen called for a short break. The board meeting resumed at 10:45 a.m.

Olsen reported that it was the recommendation of the board to nominate Dr. Ray Smilor as the KTEC appointment on the Kansas Bioscience Authority board. Alldritt moved to approve Dr. Smilor as the KTEC nominee. Brant seconded the motion. The motion was approved.

Executive Committee Report

Olsen explained that the KTEC charter calls for an executive committee of five members, appointed by the chair. Olsen appointed David Brant, Ted Haggart, Doug Brush, Bob Murdock and himself to serve on the committee until the next meeting, when a new chair would be selected who would then appoint new members to the committee. Olsen also appointed Murdock, Brant, and himself to serve on the compensation committee during the interim, and he asked Murdock to serve as chair and Brant to serve as vice chair. Olsen suggested that other board members wishing to serve on the committee let Murdock know of their interest.

Olsen disclosed that funding at the Enterprise Center of Johnson County was discussed in the executive committee meeting and that a recommendation had been made to increase funding to ECJC on a par level with the other KTEC incubators.

BIO 2006 Update

Angela Kreps shared the broad support and enthusiasm for the Kansas presence at BIO 2006, which will be held April 9-12 in Chicago. Kreps also distributed newly printed brochures to encourage membership in KansasBio.

Investment Committee Report

Olsen expressed the importance of the entire board hearing from companies in which KTEC has invested, and he requested that a Wichita company present at the next board meeting.

Michele Weigand gave a report from the investment committee (Attachment E), noting that three companies had been selected and that the staff had conducted full due diligence, market research and market and investment analysis for each company. She added that the Investment Committee had reviewed full business plans / applications, market analysis, investment analysis, and company presentations.

PeakVision Sports, LLC - The committee recommended funding at \$150,000. Haggart moved to accept the committee's recommendation. Brush seconded the motion. The motion was approved.

Innovia Medical, LLC—The committee recommended funding at \$150,000. Reinhardt moved to accept the committee's recommendation. Shallenburger seconded the motion. The motion was approved.

Verenta Pharmaceuticals, LLC - The committee recommended funding at \$300,000. Murdock moved to accept the committee's recommendation. Haggart seconded the motion. David Shulenburg abstained. The motion was approved.

Weigand informed the board that the committee had approved a \$167,000 investment in kozoru instead of the \$150,000 previously approved and also a \$50,000 investment in Proteon.

Weigand also gave an update on the Angel Tax Credit Program. She reviewed KTEC's history on grants, royalties, and investments, showing more than \$21 million of funding to over 250 companies.

University Programs Committee Report

Carr reviewed the committee funding recommendations from the February 28 meeting for the proposed projects for this quarter. (Attachment F).

DOE EPSCoR, KU - the committee recommended funding of \$16,500 for the third year of a three-year award, contingent upon proper documentation of federal and/or industry matching awards. Murdock moved to accept the committee's recommendation. Alldritt seconded the motion. Shulenburg and Loper abstained. The motion was approved.

NASA EPSCoR, KU – the committee recommended funding of \$237,879 for the fifth year of a five-year award, contingent upon proper documentation of federal and/or industry matching awards. Haggart moved to accept the committee's recommendation. Cain seconded the motion. Shulenburg, Krause, and Loper abstained. The motion was approved.

NASA EPSCoR, KU – the committee recommended additional funding of \$50,000 for FY 2006, contingent upon proper documentation of federal and/or industry matching awards and to give the committee authorization for additional funding up to the requested amount of \$93,750. Brush moved to accept the committee's recommendation. Reinhardt seconded the motion. Shulenburg, Krause, and Loper abstained. The motion was approved.

NIH, KUMC – the committee recommended funding of \$50,000 for this new request, contingent upon proper documentation of federal and/or industry matching awards. Shallenburger moved to accept the committee's recommendation. Cain seconded the motion. Shulenburg abstained. The motion was approved.

Carr announced that Pat Connelly had transferred leadership to Vern Silvers as chair of the University Programs Committee. Carr also announced that with the NASA/EPSCoR program moving its headquarters to Wichita State University and with Dave Downing retiring in the next year, leadership would transition to Scott Miller.

Steve Robb presented the history of the Kansas Polymer Research Center, a KTEC Center of Excellence at Pittsburg State University, as well as highlights of KPRC's recent progress.

Commercialization Committee Report

Weigand reported that the Commercialization Committee had met and was focused on making it easier for entrepreneurs to do business in Kansas. Weigand demonstrated tools to facilitate communication across the network.

Next Meeting Update

Olsen reported that the next KTEC board of directors meeting would be held on June 1-2, 2006, in Wichita.

At 12:05 p.m., Olsen called for a motion to adjourn. Aldritt moved to adjourn. Murdock seconded the motion. The motion was approved.

Lindsay Olsen, Chair