



**Board of Directors Meeting**  
**Friday, June 8, 2007, 8:15 a.m. - noon**  
**Kansas Life Sciences Innovation Center at KUMC, Kansas City, KS**

**Members Present:** David Brant, Doug Brush (Chair), Linda Reinhardt (Vice Chair), Dan Cain, Kyle Elliott, Rep. Doug Gatewood, Ted Haggart, Sen. Nick Jordan, Tom Lauerman, Dave McDonald, Bob Murdock, Rita Polsley, Ron Trewyn, Rep. Kenny Wilk

**Members Absent:** Secretary David Kerr, Richard Lariviere, Secretary Adrian Polansky, Sen. Chris Steineger

**Others Present:** Tracy Taylor, Ken Lynn, Kevin Carr, Michele Weigand, Dennis Depenbusch, Wade Wiebe, Jesse Sanders, Taylor Clauson, Teresa Merrifield (KTEC); Stan Ahlerich (Kansas Inc.); Rudy Beese, Kevin Sweeney (SNR); Jim Baxendale, Carey Novak (KU); Trish Brasted, Josh Oeding (WTC); Charles Decedue, Eli Michaelis, Roger Rajewski (HBC); Eric Ferrell (ATC); Ken Williams (NISTAC); Joan Hunt, Scott Weir (KUMC); Richard Huston (KUMCRI); Tim Johnson, Keith Braman (ITTC); Steve Kelly (KDOC); Angela Kreps (KansasBio); Dan Ledebouer (Quest); Steve Robb (KPRC); Jeff Tucker (AMI)

**Call to Order and Introductions**

Chairman Doug Brush called the meeting to order at 8:15 a.m. The board of directors and the members of the audience introduced themselves.

**Review and Approval of Minutes**

Brush asked for additions or corrections to the March 2, 2007, board meeting minutes (Attachment A). Dan Cain moved that the minutes be approved as presented. Tom Lauerman seconded the motion, and the motion was approved.

Brush asked for additions or corrections to the April 6, 2007, board meeting minutes (Attachment B). Ted Haggart moved that the minutes be approved as presented. Cain seconded the motion, and the motion was approved.

**Election of Officers**

Haggart presented the slate of new officers recommended by the Nominating Committee, proposing Linda Reinhardt as Chair and Doug Brush as Vice Chair. Brush asked for other nominations from the floor, and hearing none, he asked for a motion to accept the committee's recommendation. Cain so moved. Rita Polsley seconded the motion, and the motion was approved.

## **CEO Annual Update**

Taylor introduced Jesse Sanders as the individual now responsible for KTEC's IT needs, and he recognized Steve Kelly for his service on the board as the representative for the Kansas Department of Commerce. He also hailed Charles Decedue and Tim Johnson for their past leadership as Centers of Excellence directors.

Taylor gave an update on FY2007 and KTEC's basic operating philosophy of helping Kansas be competitive nationally and globally in technology-oriented economic development, emphasizing that collaboration, leading-edge innovation, and good governance were critical to KTEC's success. Taylor displayed the Governor's Cup Award presented to KTEC for its work in conjunction with Junction City, the Dept. of Commerce, and the Secretary of Agriculture in helping to bring Ventria Biosciences to Kansas.

## **Financial Report**

Kevin Carr summarized the May 2007 financials presented in the board books (Attachment C) Carr also presented the FY2008 budget allocation for KTEC (Attachment D), totaling \$12,582,085.

Kyle Elliott moved to approve the financials as presented, subject to audit. Kelly seconded the motion, and the motion was approved.

## **Presentation:**

Taylor introduced Scott Weir, Director of the Office of Therapeutics, Discovery and Development at the University of Kansas Cancer Center, who gave a presentation on the progress within the university, the region, and the country in terms of drug discovery and development.

## **Executive Session**

Bob Murdock made a motion to go into executive session for 20 minutes to discuss personnel and compensation. Linda Reinhardt seconded the motion, and the motion was approved. The board entered executive session at 9:15 a.m. The board exited executive session at 9:30 a.m. Chairman Brush called for a short break.

## **Executive Committee Report**

The board meeting resumed at 9:50 a.m. Haggart presented the recommendation of the Compensation Committee and moved to authorize the CEO to issue bonus payments to the staff for FY2007 in the amount up to \$89,064.82 at the discretion of the CEO. Haggart noted that these were expected to be the final bonus payments authorized by the board. Cain seconded the motion. Steve Kelly abstained. The motion was approved.

Linda Reinhardt made a motion to accept the Compensation Committee's recommendation to approve the half year bonus to the CEO for \$33,035.32. Murdock seconded the motion. Rep. Gatewood asked that the motion be amended to include the phrase "by contractual obligation." Reinhardt agreed to the amendment to her motion, and the motion was approved.

## **FY2008 Funding and University Programs Committee Report**

Carr gave a summary (Attachment E) of the peer review recommendations for the Information and Telecommunication Technology Center, the Higuchi Biosciences Center, and the Advanced Manufacturing Institute, noting that KTEC statutes require peer reviews every other year for the Centers of Excellence.

Cain gave a brief update on the status of the new Center of Excellence at Kansas State University.

Carr gave a presentation (Attachment F) on the staff funding recommendations for the KTEC business assistance incubators, detailing a total of \$1,519,000 in funding for FY 2008. Kelly moved to authorize the staff to negotiate contracts and provide funding for the incubators up to their current level amounts. David Brant seconded the motion, and the motion was approved.

Carr reviewed the committee funding recommendations from the May 25th meeting for all the Centers of Excellence, detailing a total of \$3,112,087 in funding for FY 2008.

Advanced Manufacturing Institute - the committee recommended funding of \$645,000. Reinhardt moved to accept the committee's recommendation. Haggart seconded the motion. Ron Trewyn abstained. The motion was approved.

Higuchi Biosciences Center - the committee recommended funding of \$1,087,000. Haggart moved to accept the committee's recommendation. Brant seconded the motion. The motion was approved.

Information & Telecommunication Technology Center - the committee recommended funding of \$600,000. Murdock moved to accept the committee's recommendation. Dave McDonald seconded the motion. Elliott abstained. The motion was approved.

Kansas Polymer Research Center - the committee recommended funding of \$310,254. Cain moved to accept the committee's recommendation. Reinhardt seconded the motion. Elliott abstained. The motion was approved.

National Institute for Aviation Research - the committee recommended funding of \$459,833. Trewyn moved to accept the committee's recommendation. Sen. Nick Jordan seconded the motion. Brant and McDonald abstained. The motion was approved.

Peer review expenses - the committee recommended funding of \$10,000. Elliott moved to accept the committee's recommendation. Reinhardt seconded the motion. The motion was approved.

Carr reviewed the EPSCoR / STAR Fund recommendations from the committee meeting held at KTEC on May 25, 2007, noting that funding would be contingent upon proper documentation of federal and/or industry matching awards.

DEPSCoR base, KSU - the committee recommended funding of \$109,004. Polsley moved to accept the committee's recommendation. Haggart seconded the motion. Trewyn abstained. The motion was approved.

DEPSCoR new, KSU - the committee recommended funding of \$91,666. Reinhardt moved to accept the committee's recommendation. Rep. Kenny Wilk seconded the motion. Trewyn abstained. The motion was approved.

ADMRC, WSU - the committee recommended funding of \$175,000. Elliott moved to accept the committee's recommendation. Haggart seconded the motion. McDonald and Brant abstained. The motion was approved.

NIH / Fisher, KUMC - the committee recommended funding of \$75,000. Trewyn moved to accept the committee's recommendation. Reinhardt seconded the motion. The motion was approved.

NSF CRESIS, KU - the committee recommended funding of \$125,000. Haggart moved to accept the committee's recommendation. Murdock seconded the motion. The motion was approved.

NIH COBRE, KU - the committee recommended funding of \$50,000. Elliott moved to accept the committee's recommendation. Trewyn seconded the motion. The motion was approved.

Carr gave a progress update on the Proof of Concept pilot program, reporting that processes and funding guidelines have been drafted and applied to proposals for a \$25,000 grant to KU for diabetes treatment and a \$50,000 grant for a start-up company dealing with treatment for headaches. Carr noted that if approved, the funding for these grants would come out of KTEC Holdings.

### **Investment Committee Report**

Michele Weigand gave a presentation (Attachment G), stating that the staff had reviewed 21 investment opportunities during the fourth fiscal quarter and selected one to present to the Committee, which met on May 22, 2007. Weigand highlighted the equity portfolio and the investment funds and reported on the status of the portfolio software update.

Rush Tracking Systems, LLC – RFID solutions provider. The committee recommended funding from KTEC Holdings at \$100,000. Haggart moved to accept the committee's recommendation. Elliott seconded the motion, and the motion was approved.

Lee Pittman – Portfolio software evaluation and selection. The committee recommended funding from KTEC Holdings at \$15,000. Tom Laueran moved to accept the committee's recommendation. Murdock seconded the motion, and the motion was approved.

Transfer to KTEC Operations - KTEC staff recommended funding at \$42,000. Reinhardt moved to accept the recommendation. Polsley seconded the motion, and the motion was approved.

Weigand gave an update on the Angel Tax Credit Program and explained the changes to the program due to the new legislation.

### **Network Meeting Report**

Weigand reported on the network meeting held the previous day, which included discussions on the Angel Tax Program and the KTEC deal flow, as well as updates from Ken Lynn on the Proof of Concept model and from Joni Cobb on the KTEC PIPELINE.

### **KansasBio Update**

Angela Kreps highlighted KansasBio's presence at the national BIO convention held in Boston on May 6-9, 2007, and thanked KTEC for its major support. Kreps gave an update on the activity at the event, including 17 industrial attraction leads for Kansas.

### **MAMTC Update**

Taylor reported that Sandy Johnson was attending training in Ohio and that MAMTC was running smoothly and performing effectively.

### **Kansas Inc. Update**

Stan Ahlerich presented an update on Kansas Inc.'s strategic plan in collaboration with KTEC and the Kansas Dept. of Commerce, describing it as an attempt to understand "where we are and where we are going in Kansas." Ahlerich remarked that he would like to present the report to the board upon completion.

Rep. Wilk recommended the book The Entrepreneurial Imperative by Carl Schramm as suggested reading for all board members. Sen. Jordan added that a follow-up book, Good Capitalism, Bad Capitalism, would also be a valuable tool for board members.

### **Kansas Dept. of Commerce Update**

Steve Kelly reported that the Dept. of Commerce continues to be very active and involved in positive happenings around the state, including the revitalization of Greensburg following the tornado and in workforce development. Kelly expressed his enjoyment of having served on the board as the representative for KDOC.

### **Next Meeting and Adjournment**

Charles Decedue announced a symposium to be held at the Higuchi Biosciences Center on June 18.

Steve Robb disclosed that Pittsburg State University would be receiving a national award in biochemistry on June 26 and that the dedication of PSU's new research building would be held on September 21.

Carr thanked Charles Decedue and Tim Johnson for their years of service to KTEC and the Centers of Excellence.

Reinhardt thanked Brush for his chairmanship of the board of directors for FY2007.

Taylor revealed that the next board meeting would be held in Hutchinson at the Kansas State Fair on September 7, 2007, and that activities were scheduled in Wichita for September 6 in conjunction with the Great Plains Capital Conference and the Kansas Day of Innovation.

Brush called for a motion to adjourn. McDonald so moved. Haggart seconded the motion, and the motion was approved. The meeting ended at 11:55 a.m.