



Board of Directors Meeting
Friday, September 5, 2008, 8:30 a.m.–12:00 p.m.
Kansas State Fairgrounds, Hutchinson, KS

Members Present: Chair Linda Reinhardt, Vice Chair Kyle Elliott, Bruce Dallman, Rep. Doug Gatewood, Ted Haggart, Michael Helmstetter, Secretary David Kerr, Richard Lariviere (via teleconference), Tom Lauerman, Dave McDonald, Secretary Adrian Polansky, Rita Polsley, Sen. Chris Steineger, Ron Trewyn, Rep. Kenny Wilk

Members Absent: David Brant, Sen. Nick Jordan, Bob Murdock

Others Present: Stan Ahlerich, Jim Baxendale, Rudy Beese, Keith Braman, Kevin Carr, Taylor Clauson, John English, Eric Ferrell, Todd Gentry, Ron Hirst, Mark Hrinia, Sandy Johnson, Brad Kramer, Angela Kreps, Dan Ledebor, Julie Masilionis, Teresa Merrifield, Dave Mutert, Kelly Pearl, Roger Rajewski, Bob Reader, Steve Robb, Jesse Sanders, Dick Sidles, Jeff Smith, Tracy Taylor, John Tomblin, Miriam Ubben, Michele Weigand, Wade Wiebe

Call to Order and Introductions

Board Chair Linda Reinhardt called the meeting to order at 8:30 a.m. The board members and the audience introduced themselves.

Review and Approval of Minutes

Reinhardt asked for additions or corrections to the June 6, 2008, board meeting minutes (Attachment A). Representative Doug Gatewood moved that the minutes be approved as presented. Rita Polsley seconded the motion, and the motion was approved.

CEO Annual Update

Tracy Taylor welcomed everyone to the Kansas State Fair and referred to the previous day in Wichita – the Kansas Day of Innovation - as an excellent example of collaboration and synergy among KTEC and the KTEC PIPELINE program, the Great Plains Capital Conference led by Wichita Technology Corporation and Trish Brasted, the Kansas Bioscience Authority, and KansasBio. Taylor elaborated on KTEC's areas of focus and Kansas's ranking among other states in the science and technology arenas. Taylor also summarized the findings from the Legislative Post Audit regarding the amount of money spent on economic development by the state, federal, and local governments during the past five years and the results from the state spending. Taylor clarified that unlike the information shown in newspaper headlines, the state's funding of economic development over the last five years (most of which was EDIF monies and not general fund dollars) was approximately \$200 million. The "headlines" had put this number

at \$1.5 billion/\$1.3 billion and alluded to the fact it was all state monies. In fact, individual legislators have referred to the \$1.5 billion as being all state monies. Taylor pointed out that federal monies coming to Kansas was a positive and that the state does not control local expenditures. Taylor further clarified that the state could do away with all state funding of economic development and save each Kansan approximately \$13/year and become the first state in the nation to not have any economic development programs.

Review and Approval of Financials

Kevin Carr summarized the financial reports as of August 31, 2008, presented in the board books (Attachment B). Tom Lauerma moved to approve the financials as presented, subject to audit. Michael Helmstetter seconded the motion, and the motion was approved. Kyle Elliott moved to adopt a policy that funding to Incubators and Centers of Excellence shall not be used by the organizations to provide compensation to any person who is a director of that organization. Ted Haggart seconded the motion. Discussion was held. Haggart moved to amend the previous motion to specify that the funding be designated as “KTEC” funding to the incubators. Senator Chris Steineger seconded the motion. Discussion was held. Elliott made a substitute motion to table any action and refer the motion to the Executive Committee to draft new language. Representative Gatewood seconded the motion, and the motion was approved. This discussion was prompted by NISTAC/KSU paying its volunteer chairman, Bob Krause, over \$30,000 per year for his volunteer board duties. In response to a question, it was clarified that no other board members in the KTEC system are paid anything other than expenses. Representative Kenny Wilk, who serves on the NISTAC board and approved the payments to Krause, stated that he thought NISTAC was doing a good job and he supported NISTAC's action of paying Krause.

FY 2010 Budget Submittal

Kevin Carr reviewed the FY 2009 and FY 2010 budget allocations. (Attachment C). Haggart moved to approve the FY 2009 revised budget. Polsley seconded the motion, and the motion was approved. Carr explained the budget process and reviewed the FY 2010 budget to be submitted to the Division of Budget on September 15th. Elliott moved to approve the budget submittal. Helmstetter seconded the motion. Discussion was held. The motion was approved.

University Programs Committee Report

Carr referred the board members to the EPSCoR/STAR Fund recommendations (Attachment D) in their board books, stating that the University Programs Committee had met on August 27, 2008. Carr noted that funding for the following five proposals would be contingent upon proper documentation of federal and/or industry matching awards.

NASA EPSCoR, WSU – “Lunar and Martian Surface Communications Systems with Efficient Miniature Antennas.” The committee recommended \$110,541 in funding in FY 2009. Representative Kenny Wilk moved to accept the committee's recommendation. Lauerma seconded the motion, and the motion was approved.

STAR Fund - Aircraft Design and Manufacturing Research Center (ADMRC), WSU – The committee recommended \$175,000 in funding in FY 2009 for the continuation of the ADMRC

program. Representative Gatewood moved to accept the committee's recommendation. Helmstetter seconded the motion, and the motion was approved.

STAR Fund – NIH COBRE, KU – “Center for Cancer Experimental Therapeutics.” The committee recommended \$50,000 in FY 2009. Dave McDonald moved to accept the committee's recommendation. Secretary David Kerr seconded the motion. Discussion was held. The motion was approved.

STAR Fund – NIH K-INBRE, KUMCRI – “Kansas IDeA Network of Biomedical Research Excellence.” The committee recommended \$70,000 in funding in FY 2009. Ron Trewyn moved to accept the committee's recommendation. Secretary Adrian Polansky seconded the motion, and the motion was approved.

STAR Fund – NSF – Major Research Instrumentation Program (MRI), KU –The committee recommended \$24,280 in FY 2009 for first year funding of the MRI program. Ted Haggart moved to accept the committee's recommendation. Representative Wilk seconded the motion, and the motion was approved.

Presentation

Todd Gentry gave a presentation on how the KTEC network has assisted him with his business venture and on his success with the PIPELINE program.

Investment Committee Report

Michele Weigand introduced Taylor Clauson and Julie Masilionis as KTEC's newest members of the investment team. Weigand gave a presentation (Attachment E) on the active KTEC equity portfolio, and reviewed the Investment Committee process. Weigand stated that the staff had reviewed 32 investment opportunities, and four were selected to present to the Investment Committee, which met on August 25, 2008. Weigand described the four potential investments, which included: EcoFit Lighting – LED streetlight retrofit; Talent Secure – HR solution for 100-3000 employee companies; Neurovision – neurological training to see clearer and closer; and Heartland Technologies – indoor air cleaning system. Discussion was held.

Reinhardt asked for a motion to accept the investment committee's recommendation for funding at \$200,000 for EcoFit Lighting. Haggart so moved. McDonald seconded the motion, and the motion was approved.

Reinhardt asked for a motion to accept the investment committee's recommendation for funding at \$100,000 for Talent Secure. Secretary Kerr so moved. Secretary Polansky seconded the motion, and the motion was approved.

Reinhardt asked for a motion to accept the investment committee's recommendation for funding at \$250,000 for Neurovision. Bruce Dallman so moved. Senator Steineger seconded the motion, and the motion was approved.

Reinhardt asked for a motion to accept the investment committee's recommendation for funding at \$100,000 for Heartland Technologies. Polsley so moved. Lauerman seconded the motion, and the motion was approved.

Weigand gave an update on the Angel Tax Credit Program.

Network Meeting Report

Weigand reported that the directors from the ICCs and the Centers of Excellence had met the previous day in Wichita and heard updates from Jeff Tucker from the Advanced Manufacturing Institute, Steve Robb from the Kansas Polymer Research Center, G.R. Underwood from the Lawrence Regional Technology Center, and Dan Ledebor from the Quest Business Center.

Executive Session

Senator Chris Steineger made a motion to go into executive session for 15 minutes to discuss personnel issues. Secretary Dave Kerr seconded the motion, and the motion was approved. The board entered executive session at 10:25 a.m. The board exited executive session at 10:35 a.m. Chairman Reinhardt called for a short break. Representative Wilk left the meeting and did not return.

Executive Committee Report

Following the break, Reinhardt reported that the Executive Committee had met the previous day and that the committee had approved restoring \$26,000 in FY 2009 funding to the University of Kansas Medical Center. Elliott made a motion to adopt a policy that KTEC funds to the Centers of Excellence or Incubators shall not be used to compensate any person who is a member of the organization's board of directors, unless the organization first discloses such use to KTEC and obtains KTEC's prior consent to use these funds for this purpose. McDonald seconded the motion. Discussion was held. The motion was approved.

KansasBio Update

Angela Kreps reported on the state's successes from the 2008 national BIO convention held in San Diego in June and mentioned that BIO 2009 would be held May 16-19 in Atlanta. Kreps highlighted Kansas's rankings in the bioscience industry among other states.

MAMTC Update

Sandy Johnson reported on MAMTC's first quarter operating results. Johnson invited the board to attend the upcoming manufacturing conference to be held October 21-22 at the Wichita Marriott.

Kansas Dept. of Commerce Update

Secretary David Kerr shared his optimism toward what's going on in Kansas with the economy and also touted Kansas's rankings. Secretary Kerr noted that the state has received five national recognitions within the past 90 days for its positive business climate. He also mentioned the

challenges in rural Kansas and announced the creation of the Division of Rural Development within the Kansas Dept. of Commerce.

Kansas Inc. Update

Stan Ahlerich reported on Kansas Inc.'s strategies and recommendations for the state, noting that evaluations have been completed for the Kansas Dept. of Commerce and Network Kansas and that the evaluation for the Kansas Bioscience Authority was in progress. Ahlerich stated that Kansas Inc. also is charged, by statute, with evaluating KTEC and providing valuable feedback.

Next Board Meeting and Adjournment

Reinhardt stated that the next board meeting would be held at the KTEC offices in Topeka on December 5, 2008. Reinhardt called for a motion to adjourn. Secretary Kerr so moved. Senator Steineger seconded the motion, and the motion was approved. The meeting ended at 11:50 p.m.