

Kansas, Inc.
Board of Director's Meeting
September 9, 2009

The September 9, 2009 meeting was held at the Kansas, Inc. Office, 632 S.W. Van Buren, Ste 100, Topeka, KS 66603. At 10:05 a.m. Co-Chair Johnson called the meeting to order. A quorum was present.

Members Present: Gene Argo, Patti Bossert, Rep. Tom Burroughs, Rep. Lana Gordon, Sen. Tom Holland, Donna Johnson, Sec. David Kerr, Don Landoll, Wil Leiker, John Pilla, Sen. David Wysong

Members Not Present: Lawrence McCants, Gov. Mark Parkinson, Reginald Robinson, Donald Schnacke and Stephen Waite

Staff Present: Stan Ahlerich, Debby Fitzhugh, and Dan Korber

Others Present: Steve Radley, NetWork Kansas; Art Hall, Center for Applied Economics, University of Kansas; Lee Lewellen, Thomas P. Miller and Associates; Sean Tomb, Kansas Division of the Budget

NetWork Kansas Presentation – Steve Radley

Ahlerich introduced Steve Radley, Executive Director of NetWork Kansas to the Board.

Radley provided a handout summarizing the role of NetWork Kansas and provided an overview of recent initiatives. Radley noted the mission of NetWork Kansas is to promote an entrepreneurial environment by providing a central portal that connects entrepreneurs and small business owners with the right resources – expertise, education and economic resources – when they are needed most. Discussion ensued.

At 10:07 a.m. Bossert joined the meeting.

At 10:11 a.m. Landoll joined the meeting.

At 10:13 a.m. Sen. Holland joined the meeting.

Technology-Based Economic Development Presentation – Art Hall and Lee Lewellen

Ahlerich introduced Art Hall, Executive Director of the Center for Applied Economics, University of Kansas and Lee Lewellen, Senior Vice President of Community and Regional Development, Thomas P. Miller and Associates.

Hall provided a handout summarizing technology-based economic development in Kansas issues, opportunities and strategies. Hall noted two key themes brought forth within the research: 1) Density matters for technology-based economic development; and 2) The volume of economic experimentation matters for innovation and growth. Hall provided an overview of the research and the initial findings. Discussion ensued.

Lewellen provided an overview of various opportunities and best practices within technology-based economic development, noting Kansas must ramp up density opportunities by better leveraging its basic assets. Lewellen stressed the importance of maintaining and developing networks, such as through technology councils and other means to stimulate technology-based opportunities. Discussion ensued.

At 11:35 a.m. Leiker was excused from the meeting.

At 11:38 a.m. Hall, Radley and Lewellen were excused from the meeting.

Approval of June 9, 2009 minutes

Johnson referred the Board to the June 9, 2009 minutes and requested corrections. A motion was made by Rep. Burroughs to approve the June 9, 2009 minutes. Seconded by Bossert. Motion carried.

FY 2010 Financials

Ahlerich provided an overview of the FY 2010 Financials for the period ending July 31, 2009, noting no major anomalies. A motion was made by Argo to approve the FY 2010 Financials for the period ending July 31, 2009. Seconded by Rep. Gordon. Motion carried.

FY 2011 Budget Submission

Ahlerich provided an overview of the FY 2011 Budget as approved by the Executive Committee. Ahlerich noted the budget of \$424,867, consisted of \$365,162 in appropriated funds and \$59,705 in private funds. This would not be sustainable long-term, as the agency's private account was being significantly depleted. Ahlerich reminded the Board private funds were sourced from the Information Network of Kansas (INK), in return for rent and administrative support. Discussion ensued.

A motion was made by Sen. Wysong to approve the FY 2011 Budget as recommended by the Executive Committee. Seconded by Rep. Gordon. Motion carried.

Administrative and Legislative Report

Sen. Wysong noted Interim Committees would begin meeting during the next month, and the financial position of the state would continue to impact discussions.

Rep. Burroughs concurred on the state's financial position, noting the upcoming Legislative Session would be challenging, and issues such as budget cuts, consolidations and creating other efficiencies throughout government would be discussed. Rep. Burroughs noted two major issues for the Legislature to address besides healthcare and the budget would be both the comprehensive transportation plan and a comprehensive energy plan. Rep. Burroughs noted understanding the impact and what is available through the American Recovery and Reinvestment Act (ARRA) would be important.

Sec. Kerr noted the Department of Commerce was working on the Connect Kansas project for rural broadband, which would eventually utilize ARRA funds. Sec. Kerr noted the priorities of this project relative to rural broadband were telemedicine and distance learning.

Sec. Kerr noted that while the unemployment rate in Kansas was around 7.7%, it was still below the U.S. level. Sec. Kerr noted while many industries continue to face challenges due to the economy, business recruitment efforts were positive; however, business expansions among existing businesses continued to be minimal. Sec. Kerr noted Kansas continued to perform well in several business climate indexes and cited several businesses that Kansas had retained or attracted during the past year.

Sen. Holland noted the KTEC strategic planning process was proceeding and he expected constructive recommendations and changes would result from the process. Sen. Holland noted increased Board participation and collaboration between stakeholders.

At 12:04 p.m. Johnson recessed the meeting for a working lunch.

At 12:20 p.m. Johnson called the meeting back to order.

Business, Labor and Education Report

Bossert noted challenges with finding qualified employees to fill positions and overall concerns with individuals taking advantage of the unemployment system by remaining unemployed rather than working, due to recent changes to the system.

Argo noted credit issues continued to be a concern for small business.

Pilla noted the aviation industry could expect to see a lengthy "U" type recovery, depending on several economic factors, and the impact of larger aircraft orders would begin to be reflected during the 4th quarter of 2009. Pilla noted that compared to the rest of the state, the unemployment rate in the Wichita area was near 10 percent.

Johnson noted that technology firms in general were either maintaining the status quo or potentially growing. Johnson noted small businesses within the pharmaceutical industry were doing well, while larger companies were slowing investments, potentially waiting for fire sales on a national level.

Landoll noted state programs such as the machinery and equipment exemption and the work share program continued to positively impact his manufacturing business, through the retention of employees and expansion investments. Landoll noted exporting remained challenging due to the value of the dollar.

President's Report

Ahlerich reminded the Board to bring forward potential research topics for future projects.

Ahlerich noted Kansas, Inc. was in the process of collaborating with several economic development entities to provide support to the Vision 2020 Committee. The full report would be due to the Committee in January 2010.

Ahlerich provided the Board with copies of recently completed reports, including the *County Economic Vitality and Distress Report 2008 Update* and *Economic Development Legislation in Kansas: A Chronological History Fiscal Year 2009 Update*.

Ahlerich provided the Board with an update regarding the military economic impact analysis, noting WSU was proceeding; however, various installations had not yet provided the data needed to complete the project.

Co-Chair Report

Johnson provided an overview of fundraising efforts during the past few years, noting last year's efforts were minimal due to the Governor's proposal to abolish the agency for FY 2010. Johnson noted a letter would be drafted and presented to the Governor to potentially assist with fundraising efforts.

Johnson noted the terms of several Board members were technically inactive, as the Governor had not yet reconfirmed or appointed new members to these positions. Without action, this issue will continue to loom, and Johnson noted the importance of understanding what the Governor's position on the agency was.

Other Business

Rep. Burroughs noted the Kansas Legislative Division of Post Audit (LPA) was proceeding with the fiscal note audit.

Sec. Kerr noted LPA was also reviewing tax credits and exemptions within another audit.

Adjourn

With no further business, at 1:06 p.m. Johnson requested a motion to adjourn the meeting. A motion was made by Sec. Kerr to adjourn the meeting. Seconded by Rep. Gordon. Motion carried.

Respectfully submitted,

Stan Ahlerich
President