

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

The June 9, 2009 meeting was held at the Lawrence Regional Technology Center, 1617 St. Andrews Drive, Lawrence, KS 66047. At 8:37 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, Wil Leiker, Donald Schnacke, Stephen Waite

**Members Not Present:** Don Landoll, Lawrence McCants, Gov. Mark Parkinson, John Pilla, Reginald Robinson, and Sen. David Wysong

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

**Others Present:** Matthew McClorey, Lawrence Regional Technology Center; Carey Novak, University of Kansas Research and Graduate Studies; LaVerne Epp, Lawrence Douglas County Bioscience Authority; Rob Herrington, Horizon Analog; Ann Spitz, University of Kansas Center for Technology Commercialization

**Administrative and Legislative Report**

Rep. Gordon expressed concern with the long-term impact of cuts to various tax credits on a retroactive basis, given there was no action to address this aspect of the budget at Sine Die. Rep. Gordon noted the Joint Committee on Economic Development would get a chance to review these issues, as well as Kansas Technology Enterprise Corporation (KTEC), but was uncertain on how many days would be allocated for Committee discussion.

Sen. Holland expressed similar concern with the tax credits and the long-term ramifications of the cuts, noting the Secretary of Revenue and State Historical Society provided a forum to address several questions regarding these issues in regards to historical tax credits. Sen. Holland noted he was now a member of the KTEC Board, and the KTEC Board had agreed to a separation agreement with their former Executive Director and elected a new Chairman who had asked to create a task force to examine the strategic direction of KTEC. Sen. Holland provided the Board with a handout regarding this process and expected the KTEC Working Committee to put forth recommendations by October 2009. Sen. Holland recognized Kansas, Inc.'s efforts in creating the handout and noted the Kansas, Inc. technology-based economic development (TBED) study, to be described later by Ahlerich, would be a key part of the resources used in this process.

Sec. Kerr noted concern regarding the "cap" rather than the 10 percent cut on tax credits. Sec. Kerr noted retroactive cuts would be poor public policy and specific to High Performance Incentive Program (HPIP) an amendment was passed to address these potential issues. Sec. Kerr noted the importance of reviewing each credit, rather than making an overarching statement or decision regarding all tax credits in an effort to assist the state in creating a competitive business environment.

At 8:50 a.m. Rep. Burroughs joined the meeting.

At 8:52 a.m. Argo and Waite joined the meeting.

Rep. Burroughs noted concerns with the state's overall budget situation, and additional cuts would have to be made to address shortfalls.

Johnson introduced Ann Spitz and she provided a handout and brief overview of the University of Kansas Center for Technology Commercialization.

**Approval of March 10, 2009 and April 8, 2009 minutes**

Johnson referred the Board to the March 10, 2009 and April 8, 2009 minutes and requested corrections. A motion was made by Bossert to approve the March 10, 2009 and April 8, 2009 minutes. Seconded by Waite. Motion carried.

## **FY 2009 Financials**

Ahlerich provided an overview of the FY 2009 Financials for the period ending April 30, 2009, noting anomalies due to budget cuts from the 2009 Legislative Session. Ahlerich noted the FY 2010 budget would reflect approximately a 25 percent cut from FY 2008 and described the agency's actions to address these issues.

Sec. Kerr requested clarification regarding the amount of legislative appropriations. Ahlerich explained specific budget figures, including legislative appropriations, the Kansas, Inc. private account and Kansas Economic Development Institute (KEDI) funds, noting the budget would not work without Kansas, Inc. private funds, which are derived from administrative support to the Information Network of Kansas, housed at Kansas, Inc. Ahlerich noted the private funds are not sustainable and will continue to be depleted. Ahlerich noted appropriated funds had decreased by approximately seven percent.

A motion was made by Bossert to approve the FY 2009 Financials for the period ending April 30, 2009. Seconded by Gordon. Motion carried.

## **New Business – Research Topics**

Ahlerich provided a handout and overview of current research proposals, including:

- 1) A study to analyze technology-based economic development in Kansas;
- 2) A study to review the model and impact of state-level economic development efforts in Kansas.

Discussion ensued.

Sec. Kerr requested clarification regarding how these studies would utilize previous work and whether they would provide different results compared to previous studies. Ahlerich noted these studies were intended to be forward-looking and would use previous studies as background resources. They were not intended to recreate previous work. Ahlerich noted the design of these studies utilized a combination of university and private industry expertise to provide a forum that would generate realistic conclusions and recommendations.

Rep. Burroughs highlighted several issues that could be explored through each of these studies, stressing the importance of the Governor and Legislature utilizing the conclusions and recommendations as resources during the decision-making process.

A motion was made by Kerr to approve a study to analyze technology-based economic development in Kansas and a study to review the model and impact of state-level economic development efforts in Kansas. Seconded by Schnacke. Motion carried.

## **President's Report**

Ahlerich provided a handout detailing the Kansas, Inc. website and its use, noting the increase in usage depicted by several figures.

Ahlerich provided the Board with an update on the 2020 Vision Committee, noting the research topics previously approved would lend themselves to the Committee's discussion. Ahlerich noted Kansas, Inc. was working with the Committee and would report its findings during January 2010.

Ahlerich provided an update on in-house research, noting all projects were proceeding accordingly.

Ahlerich provided an update on the Economic Impact Analysis of the Military on Kansas project, noting the project would proceed when Federal funding was secured by the Governor's Military Council.

## **Update FY 2010 Budget**

Ahlerich provided an update on the FY 2010 budget, noting the budget would reflect the various cuts enacted by the Governor and Legislature, which was previously described during the Financial Report.

## **Co-Chair Report**

Johnson noted Ahlerich, Sec. Kerr and herself met with the Governor during the last week to discuss Kansas, Inc. initiatives and the Governor's involvement.

Sec. Kerr noted the Governor was supportive of Kansas, Inc. initiatives; however, time constraints make it difficult for the Governor to attend meetings.

Waite noted the Board understood the time constraints with scheduling; however, occasional attendance of Board meetings would show support and also be appropriate.

## **Business, Labor, and Educational Reports**

Argo noted the current economic situation, as well as geography in general were having an impact on small businesses in western Kansas. Argo noted credit concerns continue to be an issue for small businesses.

Schnacke provided the Board with a copy of a letter dated May 27, 2009 sent to the Governor to encourage his participation with Kansas, Inc., noting the importance of having the Governor involved in the Board's discussions. Schnacke noted he had received a reply from the Governor.

Schnacke noted the oil and gas industry continued to be impacted by low prices, decreasing employment and high costs. Schnacke noted the industry would likely turn around with an increase in prices.

Bossert provided an overview of the staffing industry, noting while the current economic situation has had a major impact on the hiring of employees, several areas, such as accounting and information technology (IT) were still experiencing a shortage of employees. Bossert noted unemployment levels had also decreased recently according to Kansas Labor Market Statistics.

Sec. Kerr noted from a state level, business recruitment was somewhat positive with several recent gains (Goodyear, Black and Veatch, Siemens, Sarah Lee, etc); however, business expansions were down due to the current economic situation.

Waite noted the financial industry in general appeared to be impacted by conflicting inputs and needed to find a sense of direction. Regulations have gone from somewhat lax to very tight, and an overall balance is needed. Waite noted commercial loan levels were down.

At 9:45 a.m. Kerr was excused from the meeting.

Johnson deferred the technology discussion to later in the meeting.

Leiker noted several issues impacting labor, including unemployment levels and businesses not hiring due to the current economic situation. Leiker noted some aspects of the Federal stimulus package were working to create jobs, while other aspects had not produced any outcomes. Leiker noted the importance of training the workforce during these times to be better prepared for future opportunities.

## **Old Business**

Rep. Burroughs provided an update regarding the fiscal note study forwarded to Legislative Post Audit (LPA) by Kansas, Inc., noting the project was moving forward, but currently on hold as LPA was addressing other studies.

## **Adjourn**

With no further business, Johnson adjourned the regular meeting of the Kansas, Inc. Board and members heard presentations from the Lawrence Douglas County Bioscience Authority, University of Kansas Research and Graduate Studies, Lawrence Regional Technology Center, and Horizon Analog. Board members also participated in a tour of CritiTech, Inc. Lab and Pinnacle Technology, Inc.

Respectfully submitted,

Stan Ahlerich  
President