

Kansas, Inc.
Board of Director's Meeting
January 6, 2010

The January 6, 2010 meeting was held at the Kansas, Inc. Office, 632 S.W. Van Buren, Ste 100, Topeka, KS 66603. At 10:09 a.m. Co-Chair Johnson called the meeting to order. A quorum was present at 10:27 a.m.

Members Present: Gene Argo (p), Patti Bossert, Rep. Tom Burroughs (p), Donna Johnson, Don Landoll (p), Lawrence McCants (p), Donald Schnacke, Sec. William Thornton

(p) – via phone

Members Not Present: Rep. Lana Gordon, Sen. Tom Holland, Gov. Mark Parkinson, John Pilla, Reginald Robinson, Stephen Waite

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

Others Present: John Armbrust, Governor's Military Council; Jim Hollingsworth, Information Network of Kansas

Johnson introduced Sec. Thornton and brief introductions were provided.

Action items – September 9, 2009 Minutes – FY 2010 Financials – FY 2011 Budget Submission

Johnson noted action items would be reviewed, but not voted upon until a quorum was present.

Johnson referred the Board to the September 9, 2009 minutes and requested corrections.

Johnson referred the Board to the FY 2010 Financials for the period ending September 31, 2009.

Ahlerich provided an overview of the financials, noting no major anomalies.

At 10:19 a.m. Landoll joined the meeting via phone.

Ahlerich provided an overview of the FY 2011 budget submission, noting the agency had thus far received a \$10,000 reduction in funds.

Administration and Legislative Report

Sec. Thornton provided an update regarding Commerce's recent efforts with regards to business recruitment and expansion, noting several successes and several more opportunities on the horizon. Sec. Thornton noted Commerce was continuing discussions with the Cerner Corporation in Wyandotte County.

Sec. Thornton provided overview of Commerce's efforts with the ConnectKansas Initiative, noting it was designed to assist in providing broadband access throughout the state.

At 10:23 a.m. Burroughs joined the meeting via phone.

At 10:27 a.m. McCants joined the meeting via phone. A quorum was present.

September 9, 2009 Minutes

Johnson referred the Board to the September 9, 2009 minutes. A motion was made by Bossert to approve the September 9, 2009 minutes. Seconded by Schnacke. Motion carried.

FY 2010 Financials

Johnson referred the Board to the FY 2010 Financials for the period ending September 31, 2009. A motion was made by Bossert to approve the FY 2010 Financials for the period ending September 31, 2009. Seconded by Schnacke. Motion carried.

Administration and Legislative Leaders Report

Rep. Burroughs noted the upcoming legislative session would be challenging due to the state's current economic situation. Rep. Burroughs noted energy and transportation were among the issues that may be addressed. Rep. Burroughs noted the state was progressing with the expanded gaming effort, with a casino operational in Dodge City and plans underway in Kansas City.

New Business

Ahlerich provided an overview of upcoming research projects, including *A Comparison of Cross-State Taxes and Costs*. Ahlerich noted the project was similar to a previous report, but was intended to be based more in practical science to provide a "real-world" overview of taxes and costs for businesses of various sizes in rural and urban areas. Discussion ensued.

The Board's consensus determined this project would provide timely information to serve as a backdrop to several Administrative and Legislative discussions. The Board recommended getting further input from various sources and possibly including information regarding the impact of an educated/skilled workforce and other potential labor impacts.

A motion was made by Bossert to proceed with the *Comparison of Cross-State Taxes and Costs* project. Seconded by Sec. Thornton. Motion carried.

President's Report

Ahlerich introduced John Armbrust, Executive Director of the Governor's Military Council.

Armbrust provided an overview of the *Kansas Military Analysis: Fiscal and Economic Impact of Military Activity in Kansas*. Armbrust noted the combined total impact to GSP (output) was at least \$7.7 billion, or 7 percent of Kansas GSP in 2006, and the military directly and indirectly supported nearly 170,000 jobs (9.4 percent of total employment), paying a total of \$5.7 billion in wages (5.8 percent of state earnings in 2006). Discussion ensued.

The Board recognized the significance of the military's impact on the Kansas economy and commended Armbrust for his efforts to circulate and educate individuals on the importance of the military to the Kansas economy.

Ahlerich provided an update regarding *Technology-Based Economic Development in Kansas: Issues, Opportunities, and Strategies*. Ahlerich noted the Special Committee on Kansas Technology Enterprise Corporation (KTEC) had reviewed the report and adopted all recommendations brought forth in the study. Discussion ensued.

The Board recognized the importance of providing this study in a timely manner while KTEC was in a transition period, and expressed interest on how KTEC would implement the recommendations delegated by the Special Committee.

Ahlerich provided an update regarding the *Strategic Appraisal of the Comprehensive Economic Development Model in Kansas*. Ahlerich noted the report would be complete in the near future and provide background information for the House Vision 2020 Committee.

Ahlerich provided an update regarding in-house research, including the *FY 2009 Grants and Loans Report*, *Indicators of the Kansas Economy Report*, and the *FY 2009 Annual Report*. Ahlerich noted all reports were complete and available for the Board to review.

Ahlerich provided an update regarding Kansas, Inc.'s efforts with the House Vision 2020 Committee, noting the Committee's charge was to develop a roadmap to lead the Kansas economy into the future. Ahlerich noted a

majority of the agency's current and previous research lent itself to answering this question, and provided an overview of the topics that had been covered thus far by the Committee. Ahlerich noted the Economic Development Leadership Team, consisting of the five agency heads, had been meeting regularly to devise a plan for the Committee to review. Ahlerich noted Chairman Sloan intended to schedule a meeting with the Governor or Lt. Governor in the near future to review the results of the process.

Ahlerich provided an update regarding the agency's fundraising efforts, noting the agency would be moving forward throughout the year with this initiative.

Ahlerich provided an update regarding the agency's office lease process, noting the agency's lease was subject to competitive bid due to state requirements.

At 11:40 a.m. Argo was excused from the meeting.

Co-Chair Report

Johnson provided an update regarding Board member terms, noting the majority of Board positions had not been filled or reappointed as of yet. Johnson noted this was both a concern and priority, and the agency was working with the Governor's office to fill those positions.

Business, Labor and Educational Reports

Johnson provided a handout entitled: *Building Scientific Capacity in Kansas Through EPSCoR, COBRE and K-INBRE: Past and Future Impact*. Johnson noted the importance of programs such as EPSCoR and others, as during the past 20 years these programs have contributed substantially to the scientific infrastructure in Kansas, built significant inter-institutional collaborations between Kansas Universities, and attracted over \$154 million of federal funding into the state.

Johnson noted the biotech industry continued to grow, and efforts such as NBAF would continue to change the landscape of this industry.

Bossert provided a handout summarizing leading indicators of national employment, noting more companies are hiring compared with a year ago, and December 2009 marked the sixth straight month that job additions would outpace layoffs in manufacturing and services. Bossert noted concern with state unemployment tax (SUTA) rates, citing the increase in rates would continue to burden small businesses.

Schnacke provided a handout entitled: *Kansas Oil and Gas Industry Strategic Analysis*. Schnacke noted the oil and gas industry is nearly a \$6.3 billion dollar industry that puts tens of thousands of individuals across Kansas to work. Nationally, Kansas remains one of the major oil and gas producing states, ranking 9th among the 31 oil producing states and 9th among the 32 natural gas producing states. Schnacke highlighted various challenges facing the oil and gas industry.

McCants provided an overview of the banking industry, noting the recession had a significant impact on the banking industry. McCants noted commercial real estate continued to be a concern for the banking industry.

Landoll provided an overview of the manufacturing industry, noting that while the recession had a significant impact on the overall sector, there were several pockets of growth that were beginning to emerge. Landoll stressed the importance of the state's work-share program during recessionary times, as it allowed manufacturers to keep their workforce intact during difficult times.

Adjourn

With no further business, at 12:40 p.m. Johnson requested a motion to adjourn the meeting. A motion was made by Schnacke to adjourn the meeting. Seconded by Bossert. Motion carried.

Respectfully submitted,

Stan Ahlerich
President