

**Kansas, Inc.**  
**Board of Director's Meeting**  
**April 8, 2009**

A special meeting of the Kansas, Inc. Board of Directors was called on April 8, 2009 to discuss the Evaluation of the Kansas Technology Enterprise Corporation (KTEC) report. The meeting was held at the Kansas, Inc. Office, 632 S.W. Van Buren, Suite 100, Topeka, KS 66603. At 1:00 p.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, Lawrence McCants, John Pilla (p), Donald Schnacke, Stephen Waite and Sen. David Wysong (p)

(p) – via phone

**Members Not Present:** Don Landoll, Reginald Robinson, and Gov. Kathleen Sebelius

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

**Others Present:** Thomas Miller and Lee Lewellen, Thomas P. Miller and Associates (TPMA); Kevin Carr, Tracy Taylor, Michelle Weigand, KTEC Staff; Ted Haggart, Linda Reinhardt, KTEC Board of Directors; Joel Wiggins, Enterprise Center of Johnson County; Rudolf Beese, KTEC Legal Counsel – Sonnenschein Nath & Rosenthal LLP

**Draft Report on the Kansas Technology Enterprise Corporation (KTEC)**

Johnson referred the Board to the *Kansas, Inc. Board Draft* of the KTEC evaluation. Discussion ensued.

Ahlerich referred the Board to the KTEC evaluation timeline and provided an overview of the evaluation process.

**Report Findings and Methodology**

Miller provided a brief introduction of the TPMA team and an overview of the evaluation and guiding principles, recognizing the role and challenges faced within technology-based economic development (TBED), noting the evaluation was intended to be instructive for KTEC and its stakeholders and not destructive.

Lewellen provided the Board with an overview of the evaluation and processes. Lewellen noted the TPMA team met with a variety of KTEC stakeholders, including current and former board, staff, legislators, entrepreneurs, network providers and partners. TPMA had started with an initial list of over 250 individuals compiled by TPMA, KTEC and Kansas, Inc. and conducted between 80-90 interviews during the evaluation process. A list of questions was provided in the appendices of the report.

Lewellen noted TPMA had reviewed recent reports as a part of the evaluation process, including the RTI International evaluation of KTEC and recent Legislative Post Audit (LPA) reports regarding economic development in an effort to determine the extent to which these documents could be utilized within the current evaluation.

**Kansas, Inc. Board Discussion**

Kansas, Inc. Board members (Wysong, Burroughs) requested clarification regarding the evaluation review process and whether TPMA had any other projects currently in Kansas. Lewellen noted the report had been reviewed by Kansas, Inc. and KTEC, and TPMA had corrected any factual errors in the report and had clarified several aspects of the report in response to these reviews. Miller noted this was the first project TPMA had completed for Kansas, Inc. and TPMA currently did not have any other projects in Kansas. Ahlerich noted Regents institutions were discouraged from the RFP process given their existing relationships with KTEC.

Pilla noted no major issues with the evaluation.

Holland requested clarification regarding the creation of the Centers of Excellence and patterns regarding the KTEC Investment Committee membership. Lewellen noted the Centers of Excellence were created in 1996 and would clarify this section of the report. Lewellen noted membership on the Investment Committee was consistent from year to year with the same non-Board members present. Lewellen noted it is important to have both Board and non-Board members on the Committee and succession planning and capacity building can be accomplished by bringing new individuals onto Committees. TPMA also recognizes balance is required with working Committees, and sometimes the same individuals must be called upon to serve; however, TPMA did not observe this pattern with any other Committees.

Burroughs requested clarification regarding Board execution and transparency issues that appeared throughout the report. Lewellen noted these concerns reoccurred throughout the interview process, and the opportunity for Board members to be more engaged in KTEC's processes should be present. Given the visibility and magnitude of KTEC's financial decisions, transparency is critical, although a balance is required due to the fact that many of the proprietary business materials reviewed by the Investment Committee are not necessarily public information due to non-disclosure issues.

Waite expressed concern with the tone of the evaluation, noting some statements could be reworded to possibly soften statements. Lewellen noted several discussions had taken place regarding specific wording throughout the report, and while some areas had been revised during this process, no animosity was intended based on the current wording of the report.

Kansas, Inc. Board members (Argo, Kerr, Bossert, Leiker, Schnacke, McCants) provided discussion whether current wording could conversely be considered mild, depending on perspective and the specific issues being presented. Ultimately the evaluation provides a balanced perspective bringing forth several issues, including communications and transparency that should be addressed, regardless of wording.

Burroughs noted the perceived transparency issues brought forth in the report must be addressed. Lewellen noted KTEC was responsible for state-level TBED efforts in Kansas, and while some refinement may be needed, elimination of its function would be detrimental to Kansas' TBED efforts.

Kansas, Inc. Board members (Gordon, Burroughs, McCants, Kerr) provided discussion on the metrics issues brought forth in the report, noting the importance of sound metrics and data to measure TBED efforts in Kansas. TBED efforts tend to be more high risk/high reward investments in comparison to other economic development efforts. Miller noted there is no silver bullet in terms of metrics, and other states struggle with these issues also. Lewellen noted metrics should focus on outcomes rather than activities.

### **Comments from KTEC**

Reinhardt expressed concerns with the evaluation review timeline and how reflective the evaluation was of KTEC and its statutory mission.

Carr noted concerns regarding the comments on metrics within the evaluation.

KTEC staff provided the Board with another version of the evaluation: *Response to Thomas P. Miller and Associates Draft Evaluation*.

The Kansas, Inc. Board requested clarification whether this version contained changes that were reviewed by TPMA previously. KTEC noted some changes were new and some had already been reviewed by TPMA.

Haggart noted concerns with the tone of the evaluation and comments on the governance of KTEC.

Weigand noted concerns with the interview process and the overall understanding of KTEC's financial programs.

Wiggins noted the importance of the relationships developed with the KTEC network.

Taylor noted concerns with the tone of the evaluation and the interview process. Taylor provided an overview of several KTEC accomplishments and expressed concern with the report's conclusions and recommendations.

Wysong requested clarification regarding the process of making major changes to the report as presented and noted the Legislature would receive the report and could address further issues if they presented themselves.

Kerr noted his experience with the interview process was positive, and requested clarification regarding making further changes to the report after TPMA had reviewed KTEC's suggestions.

Burroughs noted concern with making further changes based on the rewritten KTEC version of the report, as some of these had been reviewed by TPMA and some had not. Burroughs suggested the letter from KTEC similar to a LPA report would suffice, and further issues could be addressed by the Legislature if needed.

Miller noted the report had been reviewed by Kansas, Inc. and KTEC, and TPMA had corrected any factual errors in the report and had clarified several aspects of the report in response to these reviews. Ahlerich noted KTEC's comments were forwarded to TPMA as Kansas, Inc. received various sections of the report from KTEC; ultimately, TPMA provided the necessary methodology of whether to include or not each of KTEC's suggestions into the report before the Board.

Leiker noted the Board discussion, KTEC comments and information in the evaluation surrounding the interview process did not suggest the process was unbalanced, as the conclusions and recommendations within the report did not align with the Governor's Budget recommendations nor suggest the elimination of its function. In regards to the interview process, Ahlerich noted no individuals had contacted Kansas, Inc. to re-interview following his offer presented at the December KTEC Board meeting.

Gordon requested clarification regarding the interview process. Ahlerich noted TPMA had started with an initial list of over 250 individuals compiled by TPMA, KTEC and Kansas, Inc. and conducted between 80-90 interviews during the evaluation process.

Burroughs noted legislators were requesting the report and any potential issues could be addressed further in Committee if needed. Overall the report provided an informative discussion of KTEC and the opportunity was provided for KTEC to constructively address any issues with a letter to be included with the report.

### **New Business**

A motion was made by Schnacke to accept the evaluation of the Kansas Technology Enterprise Corporation (KTEC). Seconded by Burroughs. Motion carried.

### **Adjourn**

With no further business, Johnson adjourned the meeting at 3:20 p.m.

Respectfully submitted,

Stan Ahlerich  
President