

Kansas, Inc.
Board of Director's Meeting
January 24, 2006

The January 24, 2006 meeting was held at the Kansas, Inc. Office, 632 S.W. Van Buren, Suite 100, Topeka, KS 66603.

Members Present: Patti Bossert, Howard Fricke, Rep. Lana Gordon, Donna Johnson, Sen. Laura Kelly, Wil Leiker, Lawrence McCants, John Pilla (by phone), Donald Schnacke, and Stephen Waite.

Members Not Present: Gene Argo, Rep. Tom Burroughs, Sen. Stephen Morris, Reginald Robinson, and Governor Kathleen Sebelius.

Staff Present: Stan Ahlerich, Debby Fitzhugh, and Daniel Korber.

Guests Present: Janet Mosser, Kansas Bioscience Authority; Dan Schmisser, Kansas Technology Enterprise Corporation (KTEC).

At 12:25 p.m. Bossert called the meeting to order. A quorum was present.

Industry Updates

Johnson provided an overview of Primary Industry, specifically, the importance of small businesses and entrepreneurship to the U.S. economy. Johnson provided information regarding the education of students for high-tech occupations, and the growing competition from countries such as China with the U.S. economy. Johnson cited several graphs and tables depicting these trends. Discussion ensued.

Schmisser provided a brief introduction and overview of KTEC's involvement with the Kansas Bioscience Authority. Schmisser introduced Mosser as a new employee of the Authority.

Bossert provided an overview of Professional and Business Services, specifically, the temporary staffing service and information related to her staffing businesses. Bossert provided information regarding trends in the use of staffing services, types of jobs, and wages related to temporary staffing. Bossert provided information regarding the certification of minority and women business owners, and noted that Kansas currently doesn't make these certifications. Discussion ensued.

Approval of Minutes – December 7, 2005

Bossert referred to the minutes of the December 7, 2005 meeting. A motion was made by McCants to approve the December 7, 2005 minutes. Johnson seconded. Motion carried.

Financial Report

Ahlerich provided the financial report for the period ending December 31, 2005. Ahlerich reported no major anomalies within the report, and provided a detailed summary of the report to

the Board. A motion was made by McCants to approve the financial report for the period ending December 31, 2005. Kelly seconded. Motion carried.

1:10 p.m. Kelly was excused from the meeting.

Co-Chair Report

Bossert deferred the Co-Chair Report to Ahlerich to provide during the President's Report.

President Report

Ahlerich noted staff had been working on and completed several projects since the last meeting. Ahlerich updated the Board on both in-house research and outsourced research projects. Ahlerich noted defining the scope of the 2007 research agenda was a priority for strategic planning.

Ahlerich noted several meetings, presentations, and committees that staff had participated in. Ahlerich noted presentations regarding Kansas, Inc. had been given to the Senate Commerce Committee, House Economic Development Committee, Topeka Rotary Club, and to various other groups.

Ahlerich referred the Board to the Joint Committee on Economic Development Report. Ahlerich noted that the report states that Kansas, Inc. has made progress towards its goals, however it must remain focused on its statutory requirements of research, strategic planning, and evaluation. Ahlerich reminded the Board that several issues with upcoming projects, particularly in the area of evaluation would need to be addressed to ensure their success. Discussion ensued.

From the Report of the Joint Committee on Economic Development:

The Committee wishes to acknowledge the growth and leadership in Kansas, Inc. during the past few months. Kansas, Inc. has shown remarkable progress in achieving many of its statutory responsibilities by completing several reports. However, the Committee wishes to convey its desire that Kansas, Inc. also undertake its responsibilities to provide to the Legislature and the Governor evaluation of economic development agencies. If this statutory responsibility is not assumed by Kansas, Inc., the agency is directed to return to the standing committees and the Joint Committee on Economic Development and explain the reasons why evaluation of state agencies is not occurring.

Ahlerich deferred to Korber to provide an overview of recently completed in-house reports, including: *County Economic Vitality and Distress Report: FY 2004 Update* and *Economic Development Legislation in Kansas: A Chronological History, FY 2005 Report Update*.

1:30 p.m. Mosser was excused from the meeting.

1:35 p.m. Fricke was excused from the meeting.

Ahlerich provided the Board with an overview of the *Kansas Consumer Sentiment 2005* report, outsourced to the Docking Institute of Public Affairs.

Ahlerich noted the IKE Advisory Committee had met for the first time, and the project was proceeding accordingly.

Research Committee Report

Johnson provided the Board with the Research Committee Report, and noted three specific research proposals that required the action of the Board, including the Aviation Proposal, the County-to-County Proposal, and the Consumer Confidence Survey Proposal. Discussion ensued.

Discussion ensued regarding the scope of the Aviation Proposal through Wichita State University (WSU). The Board recommended that Ahlerich follow up with WSU regarding the cost of expanding the scope of the project to include avionics, and report to the Executive Committee.

Discussion ensued regarding the County-to-County Proposal through the University of Kansas Center for Applied Economics. The Board noted the relevance and importance of this study in relation to the upcoming strategic plan.

Discussion ensued regarding the current survey results and the increased future costs of the Consumer Confidence Survey Proposal through the Docking Institute of Public Affairs. The Board noted that this publication would become a quarterly publication that would be integrated into the IKE Report.

A motion was made by Schnacke to approve the Consumer Confidence Survey Proposal through the Docking Institute of Public Affairs, at a rate of \$17,000, with an annual increase of four percent, for reports provided on a quarterly basis. Within this motion, it was noted that Ahlerich would provide clarification on specific inconsistencies within the proposal and notify the Executive Committee accordingly of any unforeseen issues. McCants seconded. Motion carried.

A motion was made by McCants to approve the County-to-County Proposal through the Center for Applied Economics, at a rate of \$5,000. Schnacke seconded. Motion carried.

A motion was made by Leiker to approve the Aviation Proposal through Wichita State University, at a rate of \$10,500. Within this motion, it was noted that Ahlerich would follow up with WSU regarding the cost of expanding the scope of the project to include avionics, and notify the Executive Committee accordingly to decide if further funding was justified. Waite seconded. Motion carried.

Fundraising Committee Report

Waite provided the Fundraising Committee Report, and noted fundraising progress was ahead of last year thus far, and commended Ahlerich's efforts. Waite noted any assistance by Board members regarding fundraising efforts would be appreciated. Ahlerich outlined the Board on

future fundraising efforts, and noted the funding would be utilized to complete the research agenda leading into the next strategic plan. Discussion ensued.

1:50 p.m. Gordon was excused from the meeting.

New Business

Ahlerich noted the Research Committee had sent out an inquiry regarding possible research topics or issues that could be addressed within the upcoming research agenda.

McCants noted the consolidation of local government units is a major issue that needs to be addressed, including costs, impediments, and other aspects. McCants mentioned a hearing on SB 797 to be held could provide insight on this issue. McCants noted a study related to the cost of local government, including school districts could be a research topic. Discussion ensued.

Schnacke noted oil and gas taxes, specifically the impact of ad valorem taxes and state comparisons could be a research topic.

Schnacke noted the impacts of assessed property taxes, specifically on a county level could be a research topic. Discussion ensued.

Pilla noted the status of engineering within Kansas, specifically within the educational system and how the business community utilizes its engineering resources, given that an increasing percentage of work is being outsourced internationally, could be a research topic. Discussion ensued.

2:10 p.m. Pilla was excused from the meeting.

2:10 p.m. Schmisser was excused from the meeting.

Bossert adjourned the meeting at 2:15 p.m.

Respectfully Submitted,

Stan Ahlerich,
President