

Kansas, Inc.
Board of Director's Meeting Minutes
March 12, 2008

The March 12, 2008 meeting was held at the Kansas, Inc. Office, 632 S.W. Van Buren, Suite 100, Topeka, Kansas.

Members Present: Gene Argo, Patti Bossert, Donna Johnson, Sec. David Kerr, Donald Schnacke, Stephen Waite, and Sen. David Wysong

Members Not Present: Rep. Tom Burroughs, Rep. Lana Gordon, Sen. Laura Kelly, Don Landoll, Wil Leiker, Lawrence McCants, John Pilla, Reginald Robinson, and Gov. Kathleen Sebelius

Staff present: Stan Ahlerich, Debby Fitzhugh, Dan Korber, and Jacquelyn Koehler

At 12:20 p.m. Argo called the meeting to order. A quorum was not present.

President Report

Ahlerich provided an update on the *2007 Kansas Economic Development Strategic Plan*, noting meetings with several cabinet agencies and presentations to several Legislative Committees and other groups regarding various aspects of the Strategic Plan. Ahlerich noted benchmarking the Strategic Plan would become an important task during the upcoming months.

Ahlerich provided a summary of the Kansas, Inc. website www.kansasinc.org; noting an increase in overall traffic and report requests during recent years.

Ahlerich noted Kansas, Inc. would be purchasing and distributing flash drives with several recent reports to legislators and other stakeholders to keep printing costs to a minimum. The flash drives would also be utilized as a marketing tool for the agency.

Ahlerich provided an update regarding the Indicators of the Kansas Economy (IKE) project with Wichita State University (WSU), funded through an Information Network of Kansas (INK) grant. Ahlerich noted the project was proceeding, but behind schedule.

Ahlerich provided an update regarding the recently completed *Fiscal Year 2007 Grants and Loans Report*, noting the report detailed the statewide allocation of grants and loans awarded by state agencies.

Ahlerich provided an update regarding the Kansas Technology Enterprise Corporation (KTEC) evaluation, noting Kansas, Inc. was in the process of gathering input from stakeholders and developing an RFP for the process. Ahlerich noted Kansas, Inc. was reviewing a report entitled *Evaluation of KTEC Programs*, dated February 18, 2008 contracted by KTEC with RTI International. Kansas, Inc. has met with KTEC leadership to discuss the evaluation.

Ahlerich provided an update regarding the Kansas Bioscience Authority (KBA) evaluation, noting Kansas, Inc. was in the process of gathering input from stakeholders and developing an RFP for the process. Kansas, Inc. has met with KBA leadership to discuss the evaluation.

Ahlerich provided an update regarding the Kansas Legislative Post Audit (LPA) report entitled *Economic Development: Determining the Amounts the State has spent on Economic Development Programs and the Economic Impacts on Kansas Counties, Part I*. This audit is the first of a two part report and describes the amount that federal, state and local governments have spent on economic development from 2003 to 2007. The second part of the report will include the impacts of the investments made. This report contains no recommendations and estimates the cost of economic development in Kansas for the past five years has been at least \$1.5 billion. Discussion ensued regarding the audit.

Sec. Kerr noted the audit would have been better served by including part II with part I. Sec. Kerr noted there may be contradictions within the report when examining whether economic development initiatives have a significant impact on economic growth.

Financial Report

Ahlerich provided the Financial Report for the period ending January 31, 2008, noting no major anomalies.

Ahlerich provided an update on the status of the Fiscal Year 2009 budget, noting the House Agriculture and Natural Resources Budget Committee had recommended an \$8,000 enhancement for additional staff; however, other enhancements were not recommended.

Legislative Update

Sen. Wysong noted few bills had passed through the Legislature at this point and several topics had not been adequately addressed due to the energy debate. Other key topics for the year include immigration reform and credit unions.

Sec. Kerr noted amending the Investments in Major Projects and Comprehensive Training (IMPACT) program was a priority for Commerce. Senate Bill 525 would convert IMPACT funds from the issuance of bonds into a pay-as-you-go system. Sec. Kerr noted this would allow Commerce to better utilize IMPACT funds and potentially save funds for larger projects.

Board Member Industry Updates

Bossert noted the staffing industry was experiencing increased demand for qualified employees, including executive-level positions, particularly in other states such as Colorado, Minnesota, and Oklahoma. Bossert noted the difficulty associated with recruiting employees to Kansas, except for the Manhattan area, which appears to be an easier location for recruitment.

At 1:20 p.m. Sec. Kerr was excused from the meeting.

Johnson noted the pursuit of the National Bio and Agro-Defense Facility (NBAF) was going well, and the KBA was forcing collaboration between universities and Kansas was moving up in the bioscience rankings. Johnson noted the technology industry overall should be positioned to weather a potential recession.

Schnacke noted the oil and gas industry was doing well and training programs were attempting to address employment shortages in the industry. Schnacke noted four major pipelines were under construction and oil companies were putting profits back into the ground, as the ongoing benefits were substantial.

Waite noted a potential recession could put the financial sector at risk, and as a result lenders would be less willing to make loans; however, at some point there would be more capital available for investment. Waite noted within the agricultural sector, higher prices didn't necessarily translate into profits, as input prices have increased.

Argo noted small businesses would see the effects of a potential recession and credit issues would put stress on their operations.

Ahlerich noted several of the issues discussed by the Board were brought forth during the Strategic Planning process, and the Strategic Plan may provide the opportunity to address these issues.

Co-Chair Report

Noting a quorum was not present, Argo directed staff to prepare a mail ballot on all items within the agenda that required action.

Argo reported the Executive Committee had met and discussed Ahlerich's performance, day-to-day operations and the completion of the Strategic Plan. The Executive Committee recommended an ongoing contract with the President, with an open-ended date.

Other Business

Schnacke noted several Board members had been approved by the Governor; however formal action was required by the Senate. Sen. Wysong recommended staff provide him a list of members to forward to the Senate President.

At 2:00 p.m. Sen. Wysong was excused from the meeting.

Ahlerich provided an overview of potential research topics for the Board to discuss. Topics included:

- The Changing Demographics of Kansas – Aging and Immigration
- Logistical Opportunities in Kansas
- Inventory of State Research
- A History of Manufacturing in Kansas

- Fiscal Note Accountability
- Workforce Development History and Strategic Planning Strategies
- Chronological History Update
- Economic Impact Brief on Various Industries
- Economic Development Initiatives Fund (EDIF) – Overview and Recommendations

Discussion ensued regarding potential research topics. The Board's consensus was to explore research possibilities regarding the following topics: Inventory of State Research; A History of Manufacturing in Kansas; Fiscal Note Accountability; Economic Impact Brief on Various Industries.

Ahlerich provided an update regarding fundraising efforts, noting efforts were proceeding and several meetings would be scheduled in the upcoming months. Argo noted Board assistance with fundraising efforts would be welcome.

Waite requested an update regarding the Indicators of the Kansas Economy (IKE) project. Ahlerich noted the quarterly updates were ongoing and being utilized by several individuals and the interactive, electronic version of the project was in the process of being addressed through a contract with Wichita State University.

Ahlerich noted benchmarking would become increasingly important for Kansas, Inc. following the completion of the Strategic Plan.

Ahlerich noted the next Board meeting was tentatively scheduled for June 11, 2008 in Hutchinson, Kansas.

Adjournment

With no further business, Argo adjourned the meeting at 2:30 p.m.

Respectfully submitted,

Stan Ahlerich
President