

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT AND TOURISM COMMITTEE

The meeting was called to order by Chairman Lana Gordon at 3:30 p.m. on February 2, 2009, in Room 711 of the Docking State Office Building.

All members were present except:

- Representative Don Myers- excused
- Representative Valdenia Winn- excused

Committee staff present:

- Jason Long, Office of the Revisor of Statutes
- Doug Taylor, Office of the Revisor of Statutes
- Reed Holwegner, Kansas Legislative Research Department
- Ann Deitcher, Committee Assistant

Conferees appearing before the committee:

- Stan Ahlerich, President, Kansas, Inc.
- Jerry Paytas, GSP Consulting, Pittsburgh, PA

Others attending:

See attached list.

Stan Ahlerich, President, Kansas, Inc.

Jerry Paytas, GSP Consulting, Pittsburgh, PA

The Chair called on Stan Ahlerich who in turn introduced Jerry Paytas who gave an evaluation of the Kansas Bioscience Authority as prepared by his Consulting Corporation. (Attachment 1).

Mr. Paytas explained to the Committee how the Kansas Bioscience Authority (KBA) was created by the Kansas Economic Growth Act of 2004 with the sole purpose of advancing Kansas' leadership in bioscience.

As the state's largest-ever commitment to expanding Kansas' research capabilities, the KBA is promoting innovation and encouraging company formation that will create high-paying jobs for generations to come.

The approximate \$581 million initiative is charged with:

- Building world-class research capacity;
- Fostering the formation and growth of bioscience startups;
- Supporting expansion of the state's bioscience clusters; and
- Facilitating industrial expansion and attraction.

Saying that the KBA was an independent entity of the state, Mr. Paytas said that it is governed by an 11-person board of directors comprised of local and national leaders in industry and academia.

GSP Consulting was contracted by Kansas, Inc. to conduct this evaluation as an objective, external reviewer. Comments and clarifications provided by the KBA have been footnoted where they have appeared in this report. All other findings and conclusions in this report are the opinions of GSP Consulting based on verification from multiple sources, including interviews, data analysis and benchmarking.

Mr. Paytas pointed out that the evaluation and assessment conducted by GSP Consulting fell into four categories:

1. Is the KBA adhering to its statutory obligations?
2. Has the KBA initiated its statutorily defined programs?
3. What has been the initial outcomes of the KBA's investments?

CONTINUATION SHEET

Minutes of the House Economic Development And Tourism Committee at 3:30 p.m. on February 2, 2009, in Room 711 of the Docking State Office Building.

Saying that if all companies were still up and going after 4 or 5 years, they weren't taking enough risks. He was convinced that the KBA needed to balance its due diligence with a reasonable level of risk-taking so that the KBA's due diligence, review standards and staff capacity were not a barrier to the development of industry-university partnerships in to the state of Kansas.

One of the things that has been suggested was the nomination of more bioscience entrepreneurs to the Board of Directors. Saying that the Governor and the Legislature, not the KBA, control the nomination and appointment process, he still felt there should be a target goal to have at least three entrepreneurs who founded and grew a bioscience firm on the Board of Directors. In order to reach this target goal, the Governor, the House and the Senate should each nominate one entrepreneur to the board when the next reappointments were made.

Questions and answers followed.

The meeting was adjourned at 4:30 p.m. The next meeting is scheduled for Wednesday, February 4, 2009.