

Approved 1-18-89
Date

MINUTES OF THE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Senator Dave Kerr at
Chairperson

8:00 a.m./~~p.m.~~ on January 12, 1989 in room 254-E of the Capitol.

All members were present except:
Senator Jack Steineger, Excused

Committee staff present:
Bill Edds, Revisor of Statutes' Office
Lynne Holt, Kansas Leg. Research Dept
Carol de la Torre, Secretary to the Committee

Conferees appearing before the committee:

William Brundage, President, Kansas Technology Enterprise Corpora-
tion (KTEC)
Kevin Carr, KTEC

William Brundage, President, Kansas Technology Enterprise Corpora-
tion (KTEC), briefed the Committee on KTEC's accomplishments and
presented a status report. (Attachment I)

Regarding the Seed-Capital Fund, the Chairman advised that Harland Priddle, Secretary, Department of Commerce, reported we are now at 22.4 million in certified venture capital and seed capital funds. Mr. Brundage questioned whether it was possible to dedicate extra tax credit dollars for the Ad Astra Fund, Limited Partnership. The Chairman stated it was hard to say. If there was a significantly increased cap, perhaps that would be good. Mr. Brundage was asked to characterize his degree of confidence in the Ad Astra Fund reaching the five million dollar minimum? He advised that if the economy remains the same, five million is not going to be difficult to raise. He indicated he hoped they could raise ten million, possibly fifteen million over a twelve month period.

The Chairman asked if the Governor's budget recommendations included additional funds for FY90 for seed capital beyond the \$1.5 million which was in there. The Chairman questioned whether the money was re-appropriated or if there was another new million in the fund. He was advised by Walt Darling, Budget Staff, that now we have a total state money available to go into the Ad Astra Fund of \$2.5 million.

The Applied Research Matching Grants Review process was explained. Senator Francisco asked for the number of proposals at this time. Kevin Carr, KTEC, advised that eleven proposals have been received to date. The Senator felt it would be beneficial, since this process would take place while the Legislature was in session, for the Committee to be briefed on those eleven proposals as they go through the review process. The Chairman asked Mr. Brundage, KTEC, if there would be disclosure problems. He was advised that the proposals could be screened to provide a level of information for the Committee and still protect the proposals. The Chairman

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT,
room 254-E, Statehouse, at 8:00 a.m./~~p.m.~~ on January 12, 1989.

suggested that the Committee schedule one meeting at the KTEC office to familiarize themselves with KTEC and the proposal process.

There being no further questions, the meeting was adjourned.

**Briefing Information
for the
Senate Committee on Economic Development
Kansas State Legislature**

January 12, 1989

**William G. Brundage
President
Kansas Technology Enterprise Corporation
(KTEC)**

*Sen Eco - Dev
1-12-89
Attachment 1*

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Introduction

After 24 months of operation, the Kansas Technology Enterprise Corporation (KTEC) is currently in the process of completing a full Peer Review of its programs. We have enlisted assistance from recognized experts in advanced technology research and development from throughout the country to evaluate the scope and effectiveness of our programs and to recommend enhancements for increased economic development impact.

At the Centers of Excellence, we are refining three-year strategic plans to ensure our research and development efforts are market-driven and responsive to the needs of Kansas technology-based industry. These plans incorporate the results of comprehensive market research recently completed for KTEC by professional market analysts. We are also restructuring our project management and reporting procedures to guarantee accountability for monies received and progress made.

To ensure that the most qualified Applied Research Matching Grant proposals are funded, we have added highly qualified experts from the private sector to the KTEC Board's Applied Research Committee. This committee reviews all grant proposals for applied research, research equipment and Small Business Innovation Research (SBIR). Their recommendations to the Board of Directors are based upon the economic development potential and merit of research.

We are also working closely with Dr. Anthony Redwood, KU Institute for Public Policy and Business Research, to develop an industrial liaison program that will provide the most effective research and development, technology transfer and technical support services to Kansas industry. Our model for technology transfer in Kansas will be based on the unique characteristics of our state economy and the lessons learned from program implementation in other states.

The technology development and commercialization process in Kansas is evolving as we become more in tune with market trends and the needs of our private sector partners. The work we are now conducting is going to ensure that we accomplish our goals and that the money entrusted to KTEC is invested in programs with the greatest economic development impact potential.

KTEC Status Report

The following figures, presented to the Committee on Economic Development on January 12, 1989, provide an overview of KTEC's accomplishments and current activities in each program area.

KTEC Status Report

**Dr. William G. Brundage, President
Kansas Technology Enterprise Corporation**

**Presentation to the
Senate Committee on Economic Development**

January 12, 1989

1988 Business Plan – Milestones

<u>Action Items by Priority</u>	<u>Responsibility</u>	<u>1988 Month</u>						
		J	F	M	A	M	J	J
1. Appoint Center Review Committee	Board		●					
2. Approve Center Qualifying Criteria	Board			●				
3. Approve Center Performance Criteria	Board				●			
4. Appoint Applied Research Committee	Board		●					
5. Establish Technical Referral Service – Join NASA's Technology Bases	President						●	
6. Develop Seed-capital Subsidiary	Board		●					
7. Staff New Positions	President							
a. Fund Manager						●		
b. Investment Analyst						●		
c. Programmer/Analyst								●
d. Editor/Publisher								●
e. Executive Secretary								●
f. Marketing Manager								●
8. Initiate Marketing Program	President		●					
9. Develop Assessment Strategy	President		●					
10. Establish KTEC Office	President						●	

Accomplishments, 1987-88

KTEC Programs

- **Centers of Excellence**

- Qualification and evaluation criteria published
- Committee site visits completed
- Centers' strategic plans completed
- External reviews conducted
- Market analysis conducted
- Agricultural Value-Added Processing Center started

- **Applied Research Matching Grant Program**

- 37 proposals reviewed, 20 grants awarded to 18 companies
- New guidelines established and published
- Committee expanded with private sector membership

- **Equipment Grant Program**

- Guidelines published

Accomplishments, 1987-88

- **Industrial Liaison Program**

- Programs in other states studied
 - Statewide data base contract awarded

- **SBIR Matching Grant Program**

- Three grants awarded to small businesses
 - Program evaluated and recommendations prepared to increase applications and awards
 - Workshop cosponsored with SBDC in Wichita

- **Seed-capital Fund**

- Subsidiary company formed
 - Limited Partnership established

- **Special Projects**

- Biotechnology workshop sponsored, statewide study initiated
 - Statewide teleconferencing network study initiated with Southwestern Bell and U.S. Sprint
 - Activities with other state agencies coordinated

Accomplishments, 1987-88

- **Conferences, Workshops & Presentations**

- Third Annual Midwest Venture Capital Conference brought \$3.2 million to six new companies

- State Fair display contacted approximately 200 people

- Fifth Annual Technology Exposition & Conference attracted 150 attendees

- Workshops in Wichita, Topeka and Overland Park increased program awareness

- Presentations made to approximately 1,000 people across state

- Beginnings of statewide constituency established

- Reputation around country enhanced

Accomplishments, 1987-88

KTEC Operations

- **Management Planning**

- Business plan completed
- Funding increased
- Financial system requirements studied
- Management (tracking) system requirements studied
- Board retreat held
- New offices selected
- Policy manual initiated

- **Marketing Activities**

- First Newsletter published
- First Annual Report published
- Scope of Services updated
- Articles published in local, state and national media
- TV ads for promotion of KS Lottery filmed

Centers

Current Activities

- **Centers of Excellence**

January 17 – Responses to Peer Review Panel Reports

January 20 – Decision on distribution of \$600,000

- **Agricultural Value-Added Processing Center**

January 18 – Interview finalists for Director position

- **All Centers**

Strategic Planning

Centers

Centers of Excellence Planning Workshop

- **Executive Strategy**

- Develop a vision of successful Center

- Develop a Mission Statement for Center that will enable it to be successful

- Identify strategic opportunities that are essential to achieving success

- Develop a high impact strategic plan

- **Team Planning**

- Identify key issues

- Identify management teams' critical success factors

- Provide a team building forum

- Build a plan for analysis of the organization and issues

- then develop an action plan for resolution

Centers

- **Management Analysis**

- Document how the Center works today
 - Establish a base line measurement for future improvement
 - Develop action plans for improvement that set priorities, objectives and management responsibilities
 - Provide situational problem solving

- **Investment Strategies**

- Review Center's current business strategy, competitive position and comparative funding strengths and weaknesses
 - Identify specific R&D opportunities
 - Use a financial model to demonstrate long-term funding potential of selected R&D projects

- **Investment Selection**

- Refine the business justification for selected projects
 - Reach a firm business decision to implement
 - Develop action plan and implement

Seed-capital Fund

Ad Astra Fund, L.P.

- Limited Partnership offering public this month
- First investment this month

Applied Research Matching Grant Program

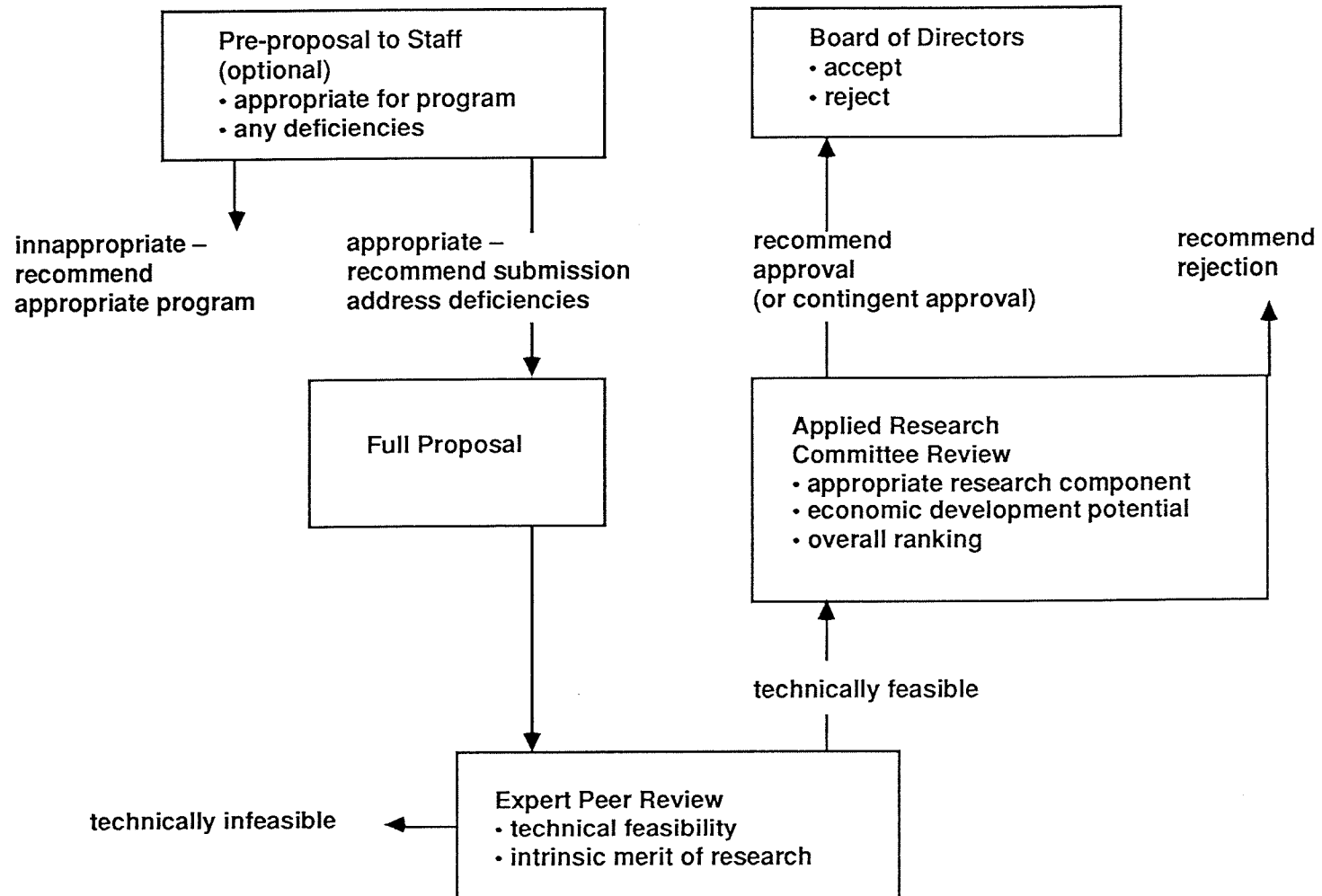
Current Activities

- January 13 – Initiate peer review on pending proposals
- February 21 – Committee review of proposals/
recommendations to Board of Directors
- February 28 – Funding decision on pending proposals

Applied Research Committee Members

Dr. John Breazeale, Institute for Aviation Research
Dr. Theodore Kuwana, Center for BioAnalytical Research
Dr. F. Victor Sullivan, PSU School of Technology &
Applied Research
Dr. Walter Woods, KSU College of Agriculture
Stanley Koplik, Kansas Board of Regents
Carol Wiebe, Hillsboro Development Corporation
Dr. Ivan C. Smith
Dr. Phil Anderson
Michael J. Easterday
Phillip R. Dick, Lewis, Hooper & Dick
Kevin M. Carr, KTEC

Applied Research Matching Grants Review Process



Applied Research Matching Grant Program

Recently Funded Projects

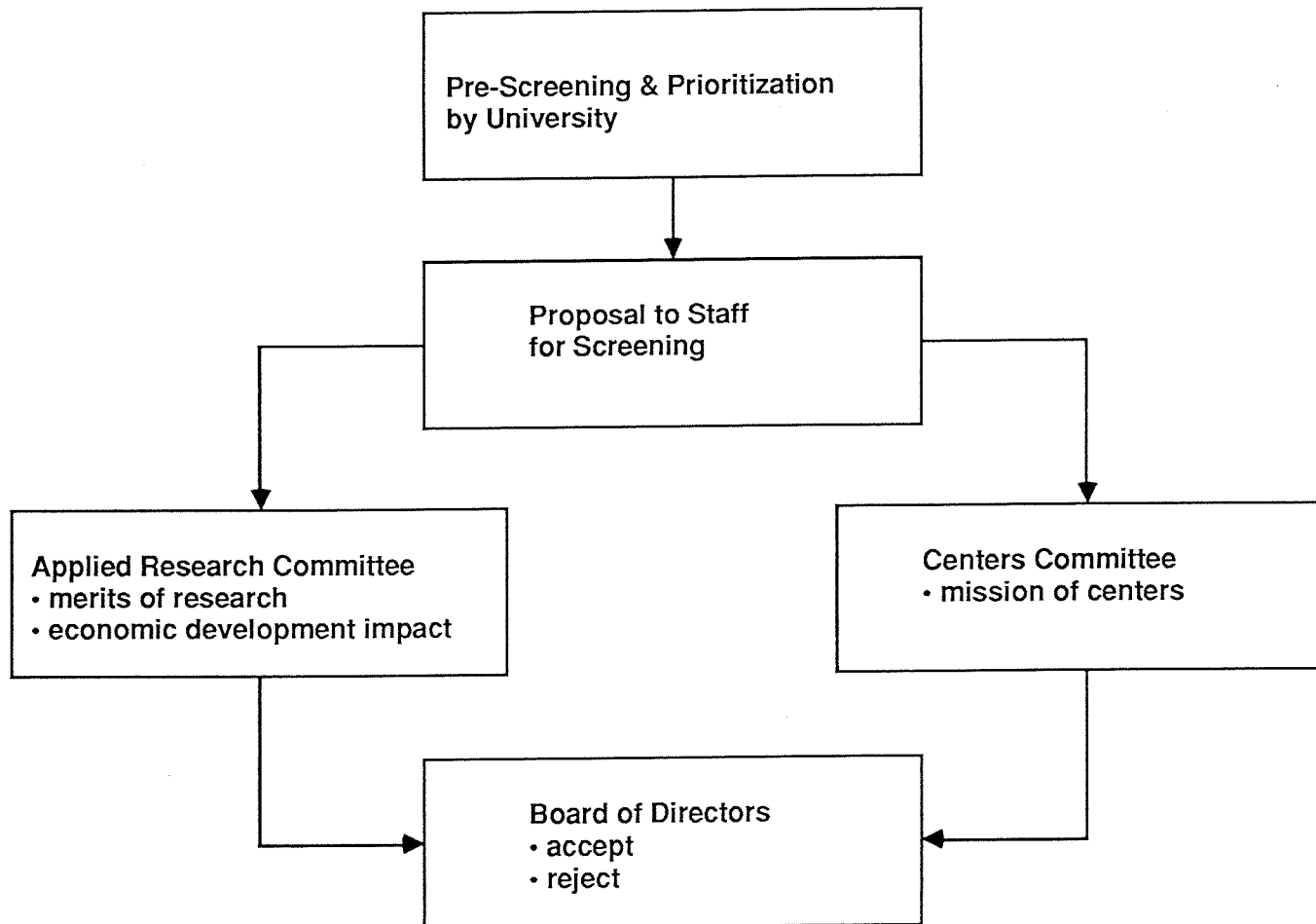
- **Kansas State University**
Transducer Design for Multi-Frequency Therapeutic Ultrasound Systems
sponsored by Physio Technology, Topeka, Kansas
\$45,885 KTEC grant with \$68,937 match from sponsor
- **Pittsburg State University**
Miniaturization of Two-Way Radio Product
sponsored by Arpeda Corporation, Silver Lake, Kansas
\$78,110 KTEC grant with \$120,498 match from sponsor
- **University of Kansas**
Stability Testing of Solid Drug Substances
sponsored by Marion Laboratories, Inc., Kansas City, Missouri
\$32,880 KTEC grant with \$49,430 match from sponsor
- **Wichita State University**
Structural Composite Producibility Study
sponsored by Beech Aircraft, Wichita, Kansas
\$13,623 KTEC grant with \$20,434 match from sponsor

Research Equipment Grant Program

Current Activities

- **January 19 – Committee review of pending proposals/ recommendations to Board of Directors**
- **January 20 – Funding decision on pending proposals**
- **February 1 – Round Two submission deadline**

Research Equipment Grants Review Process

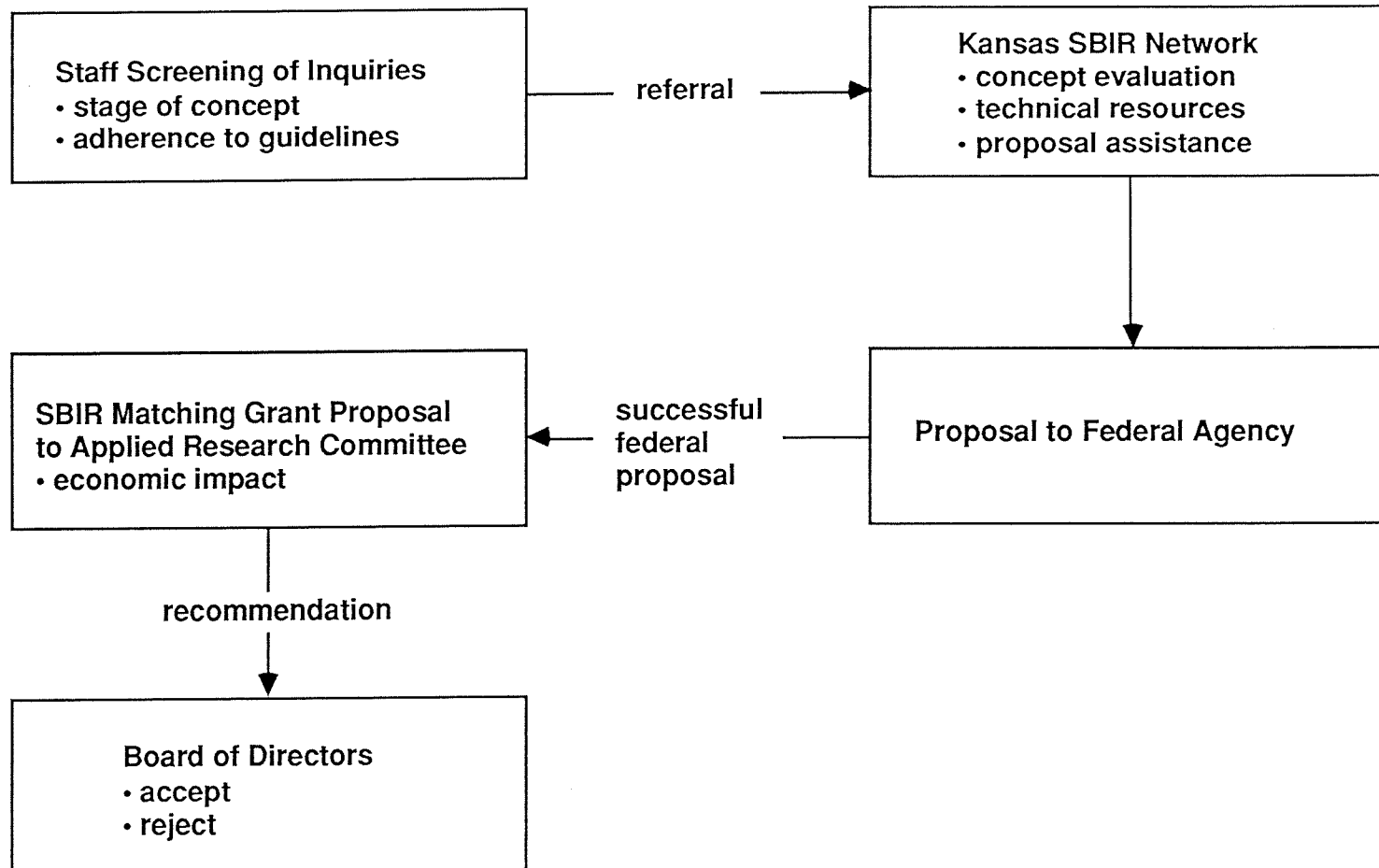


Small Business Innovation Research Grant Program

Current Activities

- January 12 – Planning meeting for Kansas City SBIR conference
- Strategic Planning Meeting

SBIR Grants Review Process

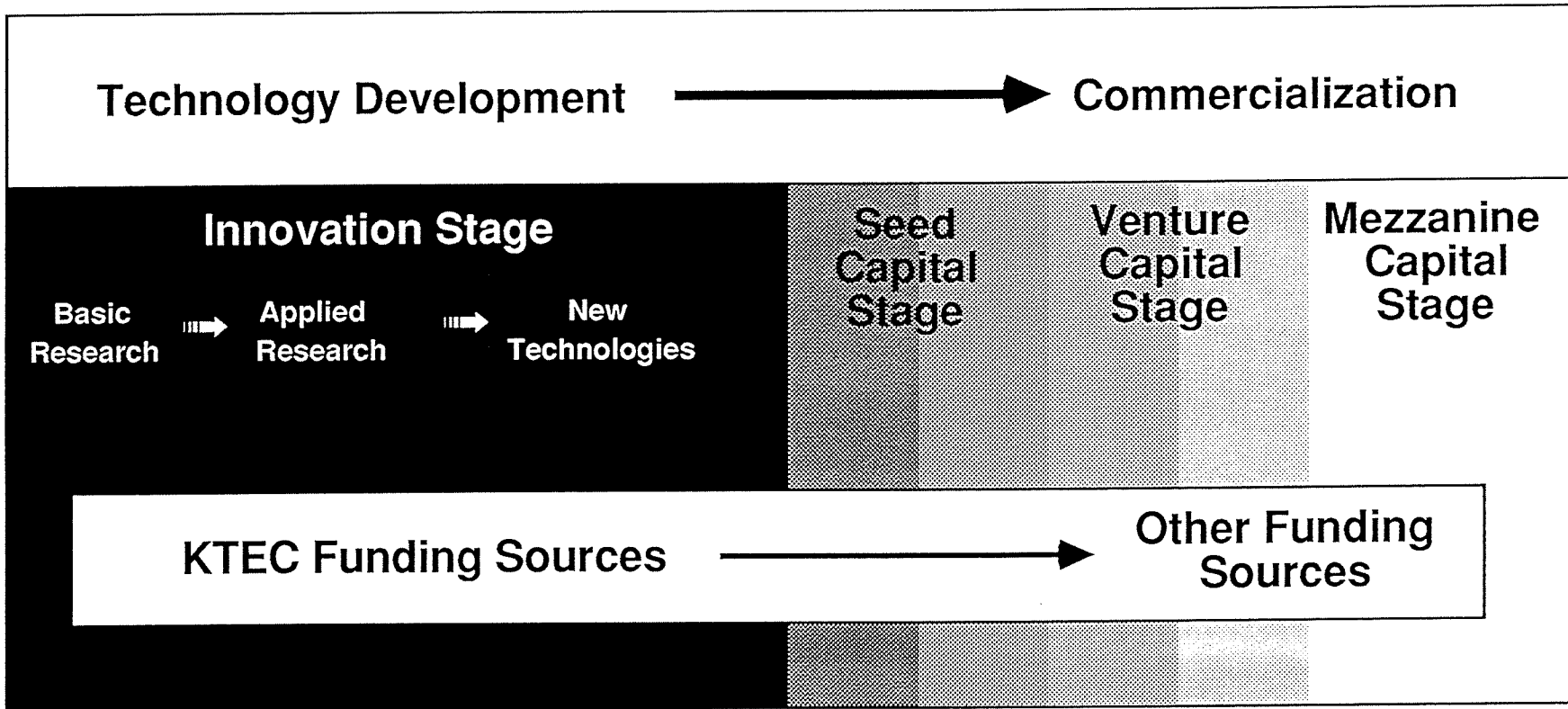


Industrial Liaison

Current Activities

- January 17 – Report to Centers Committee
- January 20 – Report to KTEC's Board of Directors

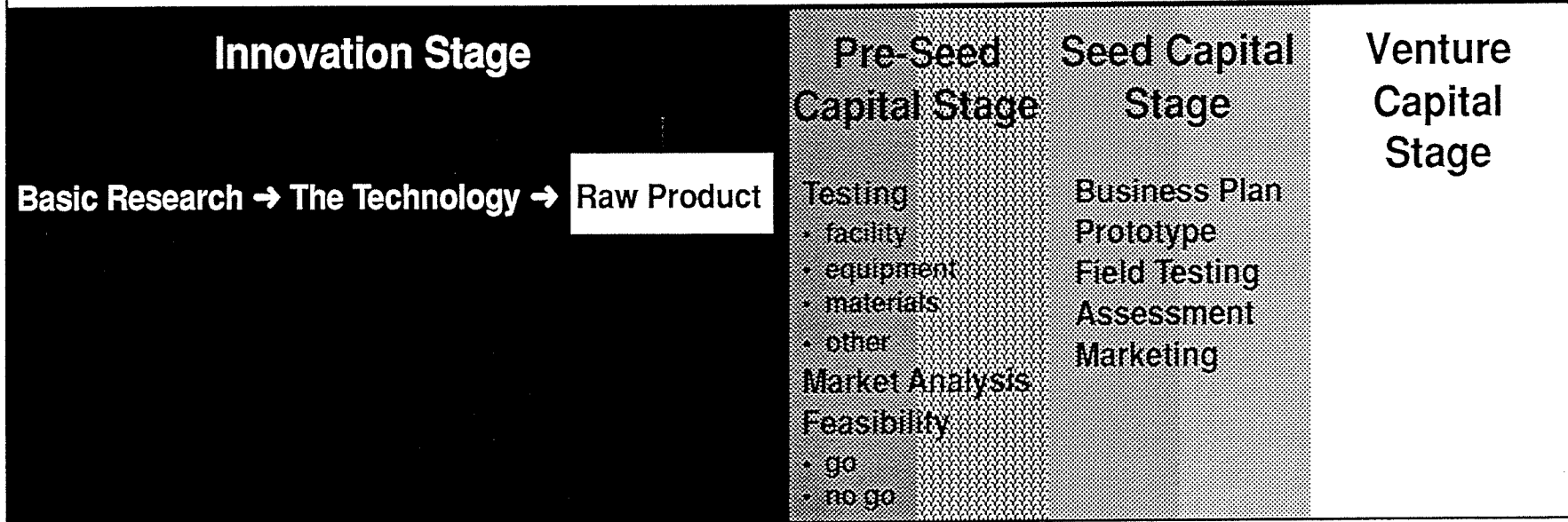
Commercialization Process



Entrepreneurs

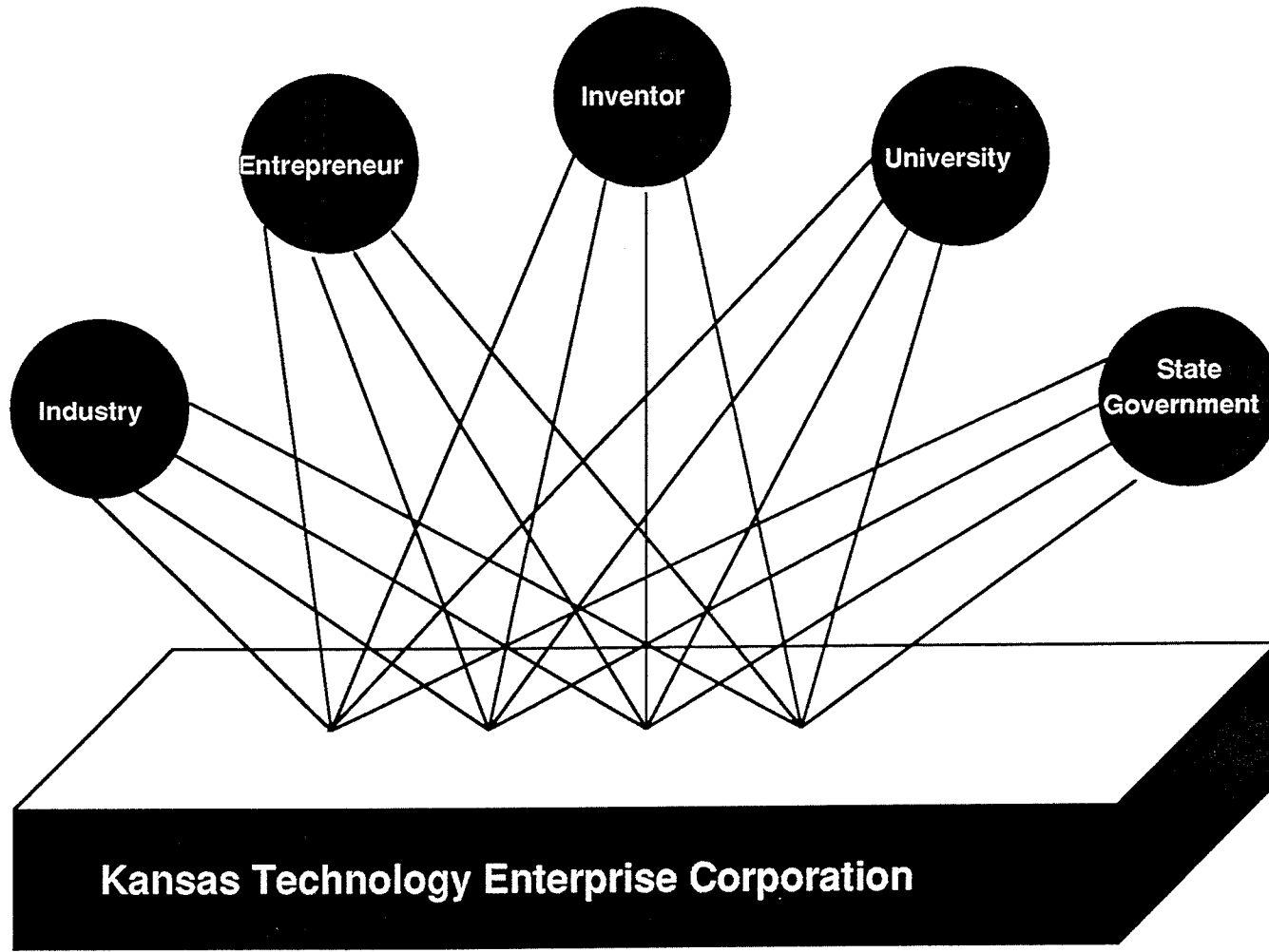
TECHNOLOGY AND COMMERCIALIZATION PROCESS

Technology Development → Commercialization



technology transfer continuum →

KTEC Access Network



Every community in Kansas can access the KTEC Network

