

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairman Nick Jordan at 8:30 A.M. on January 19, 2005 in Room 123-S of the Capitol.

All committee members were in attendance

Committee staff present: Kathie Sparks, Legislative Research
Susan Kannarr, Legislative Research
Helen Pedigo, Revisor of Statutes
Jackie Lunn, Committee Secretary

Conferees appearing before the committee:

Wint Winters, Chairperson for the Center of Entrepreneurship
Dr. Clay Blair, Chairperson for Bioscience Authority

Others Attending:

See Attached List.

Chairperson Jordan opened the meeting by reminding committee members of the deadline for individual bill request being Jan 24th.

Chairperson Jordan introduced John Federico, Federico Consulting on behalf of the Kansas Self-Storage Agency, would like to introduce a bill regarding self storage late fees to delinquent payers. Motion was moved by Senator Schodorf and seconded by Senator Barone. Motion Passed.

Chairperson Jordan introduced Wint Winters, Jr. Chairman Kansas Center for Entrepreneurship Board of Directors. Mr. Winters provided the committee with testimony (Attachment 1) which provided an update on activities and progress with implementation of the new Entrepreneurship Center, which was passed as part of the Kansas Economic Growth Act. His testimony included an outline of the duties and responsibilities of the Board of Directors along with the names of the Board members and their information. A summary of the inaugural Board meeting held December 16, 2004 on the Campus of Wichita State University was also provided.

After questions and discussion it was determined that the Board of Directors of the Center of Entrepreneurship feels the intent of the legislation was to improve the quality of life in Kansas through creating new jobs, creating additional income in existing jobs and additional equity brought into the state via entrepreneurship. The board will be tracking these results in order to measure the success of the Board of Directors of the Center for Entrepreneurship.

Chairperson Jordan introduced Dr. Clay Blair, Chairperson of the Bioscience Authority. Dr. Blair presented an overview of the Bioscience Authority stating the Board is seeking to define a vision for economic development creating jobs, creating opportunity for educated Kansans and our students to be able to work in the bioscience field in Kansas. One of the byproducts of the Kansas Economic Growth Act was to be able to keep our students in Kansas. Dr. Blair presented a list and biography of each board member (Attachment 2) stating the expertise of these board members is incredible and the global perspective they bring to the Board of the Bioscience Authority will be very helpful. The Board will be spending the next 90 days developing a process on how to manage the Bioscience Authority. There has already been a positive response from companies in Kansas and outside the state. We are working with universities to help in the developing process to meet the many challenges which lie ahead to achieve the intent of the legislation.

Chairperson Jordan stated how pleased he is with the progress of the Board in setting up the Bioscience Authority and is very excited for the future.

Chairperson Brownlee reminded committee Monday January 24th is the last day for individuals to request bill drafts and Wednesday February 2nd is the last day for non-exempt committees to request bill drafts.

Tomorrow in committee the meeting time will be spent setting committee goals. The city of Olathe has offered their facilitator, Michael Ashcraft to assist.

CONTINUATION SHEET

MINUTES OF THE Senate Commerce at 8:30 A.M. on January 19, 2005 in Room 123-S of the Capitol.

Meeting adjourned at 9:30 a.m. with the next scheduled for Thursday, January 20, 2005 at 8:30 a.m. in room 123-S.

Senate Committee on Commerce

January 19, 2005

Testimony by:

Wint Winter, Jr., Chairman
Kansas Center for Entrepreneurship Board of Directors

Co-Chairs Brownlee and Jordan and members of the Committee, I am Wint Winter, Jr. and I am currently serving as the first Chairman of the newly created Kansas Center for Entrepreneurship Board of Directors. Also in attendance are Matt Jordan, Director of Operations, and Patty Clark, Director of Community Development and Ag Marketing of Commerce. Thank you for the opportunity to appear before your committee today to provide an update on our activities and progress with implementation of this new Center, which was passed as a part of the Kansas Economic Growth Act.

I understand this Committee was extensively involved in the creation of the Center and would call your attention to the list of fellow Board members included with this testimony. The Board is a dynamic blend of individuals from the financial community, business and industry, the agricultural community, and the entrepreneurial community. It also represents a good cross section of urban and rural and geographic and career diversity. I look forward to serving as their chair, and can already assure you they do not shy away from vigorous discussion.

I have also provided you with an outline of the duties and responsibilities of the Board and of the Center as per the statute, and our purpose is to fulfill the intent you outlined in statute. The mission of the Center is to foster a world-class entrepreneurial system in Kansas by creating a seamless resource website and call center, management of the Kansas Community Entrepreneurship Fund, and lead collaborative efforts between educational institutions and service providers. The Board of Directors' role is one of oversight, review and policy recommendation to the Secretary for management of the Center.

Our inaugural Board meeting was held December 16, 2004 on the Campus of Wichita State University. Our first order of business was to select a chair, and our second action was to recommend to Secretary Fricke that he sign the proposed contract with the Kansas Small Business Development Center, which provides for the creation and management of the Center, the comprehensive Resource Website, and accompanying Call Center. An outline of the provisions of the contract are also provided in your packets. The contract stipulates KSBDC's responsibility to hire a Center Director, create the comprehensive resource website, and establish the call center and provide management oversight of the Center. The position description for the Director is attached, and we anticipate having a Director in place by the end of March. Staff is currently working with KCSOURCELINK and Access Kansas to create the website. It and the call center should be functional by autumn.

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I also want you to know about the activities of the staff of Commerce, Kansas, Inc. and KSBDC on behalf of the Center's Board prior to the first meeting. Staff submitted a grant proposal, in collaboration with Kansas, Inc. to the Kauffman Foundation in the amount of \$600,000 to implement an entrepreneurship outreach education program and analyze minority, aging and immigrant population bases in rural and distressed urban areas. This funding would augment the first-year funding provided by the legislature and jump-start the creation and delivery of outreach education programs for new and existing entrepreneurs. The grant would help fund such requests as WSU's outreach education proposal, and expand the Blended e-Learning program from three community colleges to all community colleges in Kansas. We hope to know the status of this grant before our next Board meeting in February.

In addition to the proposal submitted to the Kauffman Foundation, KSBDC, in partnership with Commerce, Kansas, Inc. and KCSourceLink have applied to Information Network of Kansas (INK) for a \$62,500 grant. This grant would fund the creation of a new "feedback module" for the existing *Biz-Trakker* system created by KCSourceLink and be utilized by the four partner organizations and the Center. Currently, *Biz-Trakker* has the capacity to track the economic impact of small business growth, including jobs created, sales increases, reduction in expenses, equity received, and more. But, the input by the client is done manually and is very time consuming. The new "feedback module" will not only automate the survey and data collection, but improve the effectiveness of the service providers. This system will also provide the data to Kansas, Inc. to assist in the evaluation of the success and effectiveness of the Kansas Center for Entrepreneurship. We should know the status of this grant by the end of this week.

In addition to the proposals to the Kauffman Foundation and INK, staff time and effort was exerted to secure additional financial support for the Community Entrepreneurship Fund through a grant application in the amount of \$2,000,000 from the Kellogg Foundation. Unfortunately, that proposal was not funded, but staff continues to look for additional private funding sources to enhance the performance of the Center.

It is also worth noting that a group of federal, state, regional and local agencies that serve rural Kansas was formalized under the name of "*Kansas Entrepreneurship Committee*." This committee of more than 20 agencies and organizations is working collectively to support new programs, coordinate resources, and pursue joint grant applications, as well as develop a common calendar.

We believe the new Director of the Center will be hired and in place by late winter or early spring, and the website and call center will be activated by fall.

Our next Board meeting is scheduled for February 8th here in Topeka. The agenda will include consideration of WSU's outreach education proposal as outlined for the Board in our December meeting, and our review of other existing outreach education models in existence, including the blended e-Learning model already being used by three of our community colleges.

Again, I thank you for this opportunity and would welcome your questions at this point.

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**KANSAS CENTER FOR ENTREPRENEURSHIP
BOARD OF DIRECTORS**

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Updated December 8, 2004

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Attachment 1-4

Center for Entrepreneurship
Position Description for Board of Directors
May 2004

The vision for the Kansas Center for Entrepreneurship (Center) and Community Entrepreneurship Fund (Fund) is to create a world-class system to support, grow and sustain entrepreneurs in Kansas. It will operate under the supervision of a Board of Directors (Board) through a contract administered by the Department of Commerce.

An eleven (11) member Board of Directors appointed by the Secretary of Commerce (Secretary) will serve as a vital component to the successful creation of a world-class center. The guidance provided by the individual board members, serving as representatives of major segments of the economy, will provide the necessary direction to ensure services and financial support improve the entrepreneurial culture in Kansas.

The Board shall be comprised of the following:

1. Three at-large entrepreneurs
2. One agricultural entrepreneur knowledgeable in biosciences
3. One representative of the banking industry
4. One representative of the travel/tourism industry
5. One representative of the Enterprise Facilitation projects
6. One representative of the Kansas Chamber of Commerce and Industry
7. One representative of the Kansas Small Business Development Centers
8. One representative of the Kansas Technology Enterprise Corporation
9. One representative of the National Federation of Independent Businesses

The Secretary shall organize and schedule the first meeting of the board, at which time the board shall choose a chairperson and may appoint committees from its members as necessary.

Duties of the Board include:

1. Consult with and make a recommendation to the Secretary concerning the awarding of the contract for the Center.
2. Make recommendations to the Center regarding its policies and procedures.
3. Review and evaluate the Center's annual report in light of its purpose, policy and procedures, and current economic conditions; and, report its conclusions and recommendations to the Secretary and the Center.
4. Advise the Secretary regarding any matter of impropriety involving the Center of which it becomes aware.
5. Carry out any other advisory or oversight function the Secretary deems necessary to fulfill and further the purpose and intent of the Center.
- 6.

Responsibilities for the Center are as follows:

1. Create and review policies that foster traditional corporate, government, nonprofit and university entrepreneurship;
2. Serve as the central portal for entrepreneurs seeking business assistance and financing options in Kansas by providing a seamless resource center clearinghouse and referral source, to include establishment of a website and a toll free telephone number;

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Center for Entrepreneurship
Position Description for Board of Directors
May 2004

3. Lead collaborative efforts between education, research and outreach services to serve potential entrepreneurs across the state;
 4. Manage the Kansas Community Entrepreneurship Fund and develop policies and procedures to assure that funds are distributed to qualified entrepreneurs;
 5. Organize a summit to recommend policy to foster an economic climate conducive to the development of an agricultural bioscience industry;
 6. Work with the Board of Regents and the Kansas Board of Education to create training and coursework in entrepreneurship for dissemination to elementary, secondary and vocational-technical schools, community colleges and universities; and,
 7. Prepare an annual report to the Governor and the Legislature detailing the operational and fund activity of the Center and recommending a legislative agenda that will encourage growth in entrepreneurship.
- **The Center shall have all the powers necessary to achieve its purposes including the power to make contracts and execute all instruments necessary or convenient for carrying out its business.**
 - **The Center shall transmit annually to the Governor, Commerce, Kansas, Inc., and Legislature a report stating what tax credits have been issued along with specified information regarding use of such credits.**
 - **Three years from the effective date of this act (by January 1, 2008) Kansas, Inc. shall conduct a review of the Center and the Community Entrepreneurship Fund to determine program and cost effectiveness.**

Members of the Board shall meet at least four times a year and at such other times as it deems appropriate or upon call of the chairperson or upon the written request of a majority of the Board. Members attending board meetings or committee meetings shall be paid a per diem of \$35 per day for actual attendance at any meeting plus mileage, meals and lodging (as provided by subsection (e) of KSA 75-3223 and amendments thereto).

Members, in their dealings with enterprises that may receive financing through the Fund, shall declare any potential conflict of interest and abstain from voting prior to taking any actions relating to that transaction. Before assuming office, each Board member shall complete and file with Office of the Secretary of State a "Statement of Substantial Interest."

Members shall serve for a term of four years and until such members' successors are appointed, except that, of the members first appointed, three shall serve for a term of two years, three shall serve for a term of three years and two shall serve for a term of four years. In case of a vacancy by a member, a successor shall be appointed in like manner and subject to the same qualifications and conditions as the original appointment of the member creating the vacancy and shall serve the remainder of the unexpired portion of the term. Members may serve multiple terms. The Secretary may remove members for cause.

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Kansas Center for Entrepreneurship
Agreement between the Kansas Department of Commerce
and
Fort Hays State University

Summary of Key Points

- The Kansas Department of Commerce (KDOC) by mutual agreement provides financial support to Fort Hays State University (FHSU) to effect the operation of the office of the Kansas Center for Entrepreneurship program (KCFE) under management of the State Director of the Kansas Small Business Development Center Network (KSBDC). These funds are EDIF pass-through funds for the purpose of creation and management of the Center. The contract and Center are dependant upon this annual allocation of funds.
- FHSU will provide the necessary personnel, equipment, facilities and supplies to establish the Center to be located at Wichita State University and achieve the goals specified below.

The Kansas Center for Entrepreneurship shall:

- (a) Create and review policies that support and grow traditional corporate, government, nonprofit and university entrepreneurs in Kansas;
 - b) serve as the central portal for entrepreneurs seeking business assistance and financing options in Kansas by providing a seamless resource center clearinghouse and referral source, to include establishment of a website and a toll free telephone number;
 - (c) lead collaborative efforts between education, research and outreach services to serve potential entrepreneurs across the state;
 - (d) work with the Board of Regents and Kansas Board of Education to create training and coursework in entrepreneurship for dissemination to elementary, secondary and vocational-technical schools, community colleges and universities; and
 - (e) prepare an annual report to the governor and the legislature detailing the operational and fund activity of the center and recommending a legislative agenda that will encourage growth in entrepreneurship.
- The period of performance shall commence on December 16, 2004 through June 30, 2005, unless extended by mutual written agreement or terminated in accordance with the terms of this Agreement.
 - In consideration of services to be provided by FHSU and KCFE as set forth above, KDOC funds in the amount of \$175,000 will be paid to FHSU for expenses related to the achievement of the goals prescribed in this document.

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- Funding shall be provided in two installments, up front, based on a July through June fiscal year.

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KANSAS BIOSCIENCE AUTHORITY APPOINTEES

Governor Kathleen Sebelius

*Victoria Franchetti Haynes, Ph.D.
Sandra Lawrence*

Senate President Dave Kerr

*Bill Sanford
Clay Blair, D.Ed.*

House Speaker Doug Mays

*David Franz, D.V.M., Ph.D.
Dolph C. Simons, Jr.*

Senate Minority Leader Anthony Hensley

Senator Jim Barone

House Minority Leader Dennis McKinney

Dan Glickman

Kansas Technology Enterprise Corporation (KTEC)

Stephen O'Connor, Ph.D.

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Johnson County Visioning Committee, the Johnson county Infrastructure Advisory Board, and the Johnson County Charter Revision Commission.

Blair is a former Chairman and Vice Chairman of the Kansas Board of Regents and current Chairman of the Kansas Research Enhancement Building Corporation, which among other duties is charged with designing and building three research facilities across the state: a biomedical center at the University of Kansas, a bio-security facility at Kansas State University and an expansion of the aviation research center at Wichita State University. Blair played a key role in the enactment of the state legislation that allotted \$120 million in state bonds to the project.

Blair earned a bachelor's degree from the University of Kansas in 1965, a master's in business administration from Indiana University in 1966, and a doctorate in higher education administration from KU in 1969.

David Franz – out-of-state member

David R. Franz joined the faculty at Kansas State University in fall 2003 as director of the National Agricultural Biosecurity Center. He is also currently Chief Biological Scientist and head of the Consulting for Biological Defense group at the Midwest Research Institute. Previously, he has been Vice President of the Chemical and Biological Defense Division at the Southern Research Institute at the University of Alabama at Birmingham. Franz served in the U.S. Army Medical Research and Materiel Command for 23 of 27 years on active duty. Franz has served as both Deputy Commander and then Commander of the U.S. Army Medical Research Institute of Infectious Diseases and as Deputy Commander of the Medical Research and Materiel Command. Prior to joining the Command, he served as group veterinarian for the 10th Special Forces Group (Airborne). Franz served as Chief Inspector on three United Nations Special Commission biological warfare inspection missions to Iraq, and as technical adviser on long-term monitoring.

His current national-level committee appointments include the Defense Intelligence Agency Red Team Bio-Chem 2020, the Defense Threat Reduction Agency's Threat Reduction Advisory Committee Science & Technology Panel and Counterproliferation Panel, co-chair of the National Academy of Sciences Committee on Advanced Sensors, the National Academy of Sciences Committee on Research Standards and Practices, and the National Academy of Sciences Committee for Research with Russian Biological Institutes, which he chairs. He also serves on the Dean's Advisory Council of the College of Veterinary Medicine at Kansas State University.

Franz holds a D.V.M. from Kansas State University and a Ph.D. in physiology from Baylor College of Medicine.

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She serves on numerous corporate, not-for-profit and advisory boards, including MCNC Research and Development Institute, PPG Industries, Inc., Lubrizol Corporation, Nucor Corporation, and has served in the past on the board of the North Carolina Biotechnology Center and the North Carolina Board of Science and Technology. She is also a frequent speaker at symposiums, universities and professional conferences.

Haynes received her Ph.D. in Physical/Organic Chemistry from Boston University in 1975, an M.A. in College Teaching from Boston University in 1971 and a B.S. in Chemistry from the University of California at Berkeley in 1969.

Sandra Lawrence – in-state member

In 2004, Sandra Lawrence was named Senior Vice President and Treasurer of Kansas City-based Midwest Research Institute (MRI), an independent, not-for-profit laboratory that conducts scientific research and technology development for government and industry. In this capacity, she oversees MRI's business management, human resources, and information technology and facilities operations. Currently, MRI is dealing with some of the nation's most challenging problems in defense, energy and life sciences.

Lawrence joined MRI several years ago as Director of its Center for Regional Development. She left to become a General Manager and then Vice President of Administration for Gateway and most recently was President and CEO of Global Packing Solutions, Inc. Prior to coming to MRI initially, she was president of Stern Bros., an investment banking firm.

Lawrence's current Kansas City civic obligations include service on the Executive Committee of the Greater Kansas City Community Foundation and Affiliated Trusts, The Kansas City Market Board of US Bank, Dunn Industries, The Hall Family Foundation Board and The Children's Mercy Hospital Board.

Lawrence received her A.B. in psychology, with an emphasis in statistics, from Vassar College. She went on to The Massachusetts Institute of Technology, where she earned a master's in architecture with a focus on urban design and civil engineering. She later earned an MBA from Harvard Business School.

Stephen O'Connor – out-of-state member

Steve O'Connor is founder and CEO of Pasadena, Calif.-based Nanostream, a biotech company whose technology allows pharmaceutical companies to bring drugs to market faster. The company provides microfluidic products, or "chips" with miniaturized channels to move nanoliters of fluids involved in biological and chemical reactions. Microfluidic components will become the plumbing infrastructure for pharmaceutical research and development, promising to

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Sanford is actively involved with Kansas State University as a Trustee of the Kansas State University Foundation, Vice Chairman of the Kansas State University Research Foundation, Chairman of the President's Entrepreneurial Roundtable, and Chairman of the Commercialization Committee of the College of Business Advisory Council.

Sanford received his Bachelor of Science in Biological Sciences from Kansas State University in 1965.

Dolph C. Simons, Jr. – in-state member

Dolph C. Simons Jr., is chairman of The World Company, which owns cable television provider Sunflower Broadband and the Lawrence Journal-World, which he also serves as editor. The operation, located in Lawrence, Kansas, is one of the most integrated multimedia companies in the nation. Its cable television unit, which has an 80 percent market penetration in Lawrence, also serves other communities in Douglas, Leavenworth and Wyandotte counties. The company's broadband division provides telephone and Internet services in addition to cable television. The company also has weekly newspapers in Douglas, Leavenworth and Johnson counties. As chairman of The World Company, Simons oversees not only the newspaper and broadband operations, but also World Online, its Web division.

Simons recently resigned as Chairman of the Kansas University Endowment Association; he remains a member of the board and its Executive Committee. He has served as president of the William Allen White Foundation, the Kansas Press Association, the Kansas Associated Press, and the Lawrence Chamber of Commerce. He is a member of the Board of Trustees of Midwest Research Institute in Kansas City; trustee of the Menninger Foundation in Topeka; past member of the Central Governing Board, Children's Mercy Hospital, Kansas City; a member of the Advisory Committee of the University of Kansas School of Business; and former director of Oread Laboratories, Inc., Lawrence, Kansas and Commerce Bancshares, Kansas City, Missouri. He is a former director of the Inland Daily Press Association, the Lawrence National Bank and Lawrence Memorial Hospital. He also is national past president of the Kansas University Alumni Association. He is a trustee of the National Parks and Conservation Association and a former trustee of The Kansas Nature Conservancy.

Simons graduated with a degree in journalism from the University of Kansas in 1951.

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