

FIHMC Board of Directors
Conference Call Meeting
40 S. Alcaniz Street
Pensacola, FL 32502
January 19, 2005

FIHMC Chair Carol Carlan called the meeting to order at 9:05 a.m. with a quorum of Directors being present. Directors in attendance included:

Carol Carlan, Sandra Flake, Eugene Franklin, Bev Kitaoka, Terry Hickey, Hal Hudson, Larry Lemanski, Collier Merrill, Eric Nickelsen, Jim Reeves, John Delaney and Chris Hart

Also in Attendance:

Kenneth M. Ford (Director of IHMC), Albert Hartley (Chief Business Officer of IHMC), Robert Hansen (Associate Director of IHMC), Julie Sheppard (General Counsel and Special Assistant to the Director of IHMC), and Timothy W. Wright (Associate Director of IHMC)

Agenda:

Chair's Greetings

Chair Carol Carlan

Approval of November 8, 2004 Minutes

Chair Carol Carlan

ACTION ITEMS

1. CEO Compensation Package

Chair Carol Carlan

DISCUSSION ITEMS

1. UWF Affiliation

Vice Chair Nickelsen

2. Lobbying Initiatives

Chair Carol Carlan

3. FIHMC Board Meeting Schedule

Chair Carol Carlan

Chief Executive Officer's Report

Dr. Ken Ford

OTHER ITEMS

Chair Carol Carlan

Chair Carlan opened the meeting by congratulating Dr. Ford on his recent invitation to receive an Honorary Doctorate from the University of Bordeaux. Chair Carlan also congratulated Director Chris Hart on his recent appointment as Senior Vice President for Enterprise Florida. Finally Chair Carlan thanked Director Collier Merrill for his service on the inaugural board of the Institute. Director Merrill was a member of the Institute Board by virtue of his position as Chair of the University of West Florida Board of Trustees and in January 2005 that position was assumed by K.C. Clark. Chair Carlan invited Director Merrill to continue to attend the Institute meetings and expressed her hope that the Board could continue to call upon Collier for assistance with the transition.

Approval of November 8, 2004 Minutes

A motion was made and seconded to adopt the minutes of the November 8, 2004 meeting. The motion carried unanimously.

Action Item 1: CEO Compensation Package

Chair Carlan introduced the action item on the CEO compensation package and reminded the Board that she had been charged at the June meeting with setting an appropriate compensation package for Dr. Ford. Chair Carlan reported that several meetings have taken place with an outside financial consultant and comparable salaries and packages have been reviewed. However, at this time, Dr. Ford has asked me to defer finalizing a compensation package until after the legislative session so we can evaluate where FIHMC is in terms of its transition. With one small exception, I am recommending that we agree to his request.

This past year, UWF proposed a 25,000. housing stipend and a 10,000 car allowance for Dr. Ford and requested the UWF Foundation provide this compensation to Dr. Ford, in his role as Institute Director. In January 2004, the UWF Board Chair, Collier Merrill, UWF President John Cavanaugh and the UWF Foundation President, Buzz Ritchie, all agreed in concept on this arrangement but the agreement was never formalized through the Foundation. At their November meeting, the UWF Foundation voted to approve the \$35,000.00 package and forwarded a check to me as FIHMC Chair for action. I have discussed with Britt Landrum, the current UWF Foundation President, that, subject to Board approval, we would be happy to provide this \$35,000 compensation package to Dr. Ford for the 2004 calendar year and have followed up with him in writing to this effect. I would like to suggest to this Board that we implement a similar stipend for housing and car allowance to Dr. Ford for 2005 through FIHMC to be paid on a quarterly basis.

Motion was made and seconded to approve the housing and car allowance to Dr. Ford for 2004 in the amount of \$35,000. and to implement a housing and car allowance in the same amount for 2005. The motion carried unanimously.

Discussion Item 1: UWF Affiliation

Chair Carlan asked Vice Chair Eric Nickelsen to discuss the recent January 6, 2005 meeting between the Institute and the University of West Florida. Vice Chair Nickelsen began the discussion by recapping for the Board that initially there were nine items under discussion with UWF but that staff for both entities had reached consensus on moving forward on 7 of the 9 items, leaving only the issue of appropriate funding due from UWF and the intellectual property issues. After a four hour meeting with UWF, the issues were resolved by UWF agreeing to a funding mechanism that provided the Institute 1.54 million in state funding for 2004-2005 and to providing the Institute exclusive rights to commercialize Institute technology developed under UWF subject to a 50-50 split of proceeds and approval of the commercialization plan by a 4 person subcommittee of the

Institute Board with two members appointed by UWF and 2 members appointed by the Institute.

After several questions Chair Carlan wrapped up the discussion by pointing out that finalizing outstanding issues with UWF is a critical step for this Board in particular to live up to the expectations of the Governor, the legislators that appointed us to this Board and our fiduciary responsibilities to the citizens of the state of Florida. We are all aware of the economic importance of this Institute to downtown Pensacola, however, the transition of IHMC into a public benefit research corporation is of much greater importance statewide and we are under significant public scrutiny.

Discussion Item 2: Lobbying Initiatives

Chair Carlan discussed the current lobbying initiatives underway at both the state and federal levels and updated the Board on a recent meeting with House Speaker Allan Bense in Pensacola in December where he indicated his support for FIHMC.

Chair Carlan explained that currently, Representative Holly Benson has filed two Community Budget Requests, one for \$7 million to FIHMC for operations and another \$1 million for uninsured hurricane damage to 40 S. Alcaniz that would allow for the purchase of the property with the current damage. In addition, Chair Carlan informed the Board that the UWF Board of Trustees also has FIHMC funding on their legislative agenda and that the Pensacola Chamber of Commerce has also made FIHMC funding a top priority.

Chair Carlan informed the Board that our current Tallahassee representatives included Brett Doster and Jerry Maygarden and indicated that she hoped to call on each member of the Board individually for support this session as needs arise.

Discussion Item 3. FIHMC Board Meeting Schedule

Chair Carlan updated the Board on the meeting schedule for the remainder of the fiscal year which includes a conference call on March 23 and an in-person meeting Friday June 3rd. She discussed the possibility of scheduling a Board workshop on Thursday June 2 to discuss legislative opportunities and challenges for FIHMC in 2006 and other FIHMC initiatives. The Directors indicated general agreement on scheduling a two day meeting and agreed to check these dates and confirm their availability. Chair Carlan agreed to host a dinner on the evening of June 2nd followed by a short Board meeting on the 3rd to allow everyone traveling to be on the road before noon.

Chief Executive Officer Report

Chair Carlan then asked Dr. Ford for his report. Dr. Ford began by extending his thanks to Carol Carlan and Eric Nickelsen for the enormous commitment of both their time and effort in helping resolve many of the outstanding issues in the UWF-FIHMC negotiations

and added that he believed that we are now on course for a productive and mutually beneficial relationship.

Dr. Ford updated the Board on the December 8th signing of a formal affiliation agreement with the University of Central Florida commenting that UCF Vice President and fellow Director Terry Hickey and President John Hitt provided a gracious forum for a signing ceremony and discussions for joint research initiatives. Dr. Ford updated the Board that currently, FIHMC is formally affiliated with 3 SUS universities (UWF, FAU, and UCF) and that the Institute is committed to working with each of these universities to build a mutually beneficial research agenda.

Dr. Ford also commented that on December 6, 2004, Chancellor Debra Austin spent the day at the Institute and appeared very engaged and interested in the Institute pursuing its concept map software in the Florida educational arena. Chancellor Austin was also very supportive of the new affiliations at FAU and UCF. Dr. Ford informed the Board that Dr. Alberto Cañas, IHMC Associate Director, is currently working with the country of Panama on integrating concept maps technology into the K-12 educational arena through a collaboration with the Panamanian Ministry of Education.

Dr. Ford mentioned that within the last few months, the Institute has strengthened its already strong relationship with NSA and will be modifying the concept map software tools further to meet the particular needs of this critically important agency and that IHMC researchers will also be offering short-courses at NSA on topics such as: Critical Thinking and Statistical Analysis for Causal Relations.

Dr. Ford also mentioned some excellent national publicity on IHMC including a feature story in the New York Times about some work Anil Raj is doing with the University of Wisconsin and a spin-off company of that University called WiCab. This collaboration between IHMC, UW, and WiCab will be largely funded by DARPA.

With regard to commercializing technology, Dr. Ford indicated that the Institute is engaged in discussions regarding the OZ technology for potential use in both flight and in medical applications as well as exploring ways to market CMAP Tools Software to commercial organizations. After finalizing the agreements with UWF on the commercialization of intellectual property, the Institute expects to begin bringing commercialization proposals to a subcommittee of this Board in the near future.

With regard to the Institute transition, Dr. Ford explained that the Institute hired its first employees directly into the new corporation in January and as contracts and grants are funded into FIHMC, more employees will be moved from UWF to FIHMC anticipating a transition for personnel transfers of between 12-24 months. The Institute continues to explore cost-effective means of providing an excellent benefit package to Institute employees.

Dr. Ford informed the Board that hurricane renovations are still underway but that the 127 S. Alcaniz building was recently able to be re-occupied and renovations continue on the first floor of 40 S. Alcaniz.

All Directors should have recently received the 2004 Annual Report and Dr. Ford expressed his hope to continue to improve on this report each year and that he is appreciative of any and all suggestions for improvement. Additional copies are available should any Director desire to use them in discussions about the work of the Institute.

In conclusion, Dr. Ford thanked Collier Merrilll for his service on the inaugural Board of Directors and that we hope by our next meeting to have been notified of Collier's replacement.

Adjournment

At the conclusion of the CEO report, Chair Carlan asked the Directors for any other issues or business before the Board and none being raised, the meeting of the FIHMC Board of Directors adjourned at 9:50 a.m.

Julie L. Sheppard, General Counsel and Corporate Secretary