

Florida Institute for Human and Machine Cognition November 8, 2004 Agenda

Roll Call	Chair Carol Carlan
Chair's Greetings	Chair Carol Carlan
Approval of June 25, 2004 Minutes	Chair Carol Carlan
Chief Executive Officer's Report	Dr. Ken Ford
Hurricane Brief	Dr. Ken Ford
Building Update	Julie Sheppard
Affiliation Agreements	Dr. Jack Hansen
Legislative Issues	VADM Tim Wright
Research Initiatives	Dr. Jack Hansen

ACTION ITEMS

- | | |
|---|--------------|
| 1. Ratification of Scientific Advisory Council | Dr. Ken Ford |
| 2. Approval of FIHMC 2004-2005 Operating Budget | Bert Hartley |

DISCUSSION ITEMS

- | | |
|--------------------|--------------------|
| 1. UWF Affiliation | Chair Carol Carlan |
|--------------------|--------------------|

OTHER ITEMS	Chair Carol Carlan
-------------	--------------------

ADJOURNMENT	Chair Carol Carlan
-------------	--------------------

**FIHMC Board of Directors
Organizational Meeting
40 S. Alcaniz Street Classroom
Pensacola, FL 32502
June 25, 2004**

IHMC Director Ken Ford welcomed the new Directors to the organizational meeting of the Board of Directors for the Florida Institute for Human and Machine Cognition. The meeting convened at 8:30 a.m., June 25, 2004 in the IHMC Classroom. Directors present at the organizational meeting included:

Pam Bilbrey, Carol Carlan, John Delaney, Eugene Franklin, Tim Goldfarb, Chris Hart, Terry Hickey, Hal Hudson, Larry Lemanski, Collier Merrill, Eric Nickelsen, Jim Reeves, and Ray Russenberger

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:

1. Organizational Business
2. Meeting Convenes
3. Board Business Items
4. Discussion of IHMC Expansion Initiative and Approval of Purchase
5. Discussion and Approval of Corporate Resolution to Assist in the Implementation of the Pensacola Historic District Master Plan.
6. Discussions and Approval of Agreement with the Florida Board of Governors
7. Lunches and Presentation of Concept Maps
8. Report of Chief Executive Officer and Director
9. Meeting Wrap-Up

Agenda Item 1: Approval of Articles of Incorporation and Bylaws

General Counsel Julie Sheppard introduced and reviewed Agenda Item 1 including the FIHMC Articles of Incorporation and Proposed Bylaws. Director Nickelsen moved to adopt the articles and bylaws and Director Hudson seconded the motion. The articles of incorporation and bylaws were unanimously adopted.

Agenda Item 2: Election of Chair and Vice Chair

General Counsel Julie Sheppard explained that the next order of business for the Board to begin operation was to elect a chair and vice chair; the floor was opened to nominations. Director Nickelsen nominated Carol Carlan as Chair and Director Franklin seconded this

motion. Nominations were then closed, and Director Carlan was unanimously elected as the charter chair of the FIHMC Board of Directors. Chair Carlan spoke briefly about the wonderful opportunity that FIHMC presented as a new economic model in Florida and welcomed the opportunity to serve as Chair. The floor was opened for nominations for Vice Chair and Chair Carlan nominated Eric Nickelsen. Director Lemanski seconded this motion. Nominations were then closed, and Director Nickelsen was unanimously elected the vice chair of the FIHMC Board of Directors. The meeting agenda was then turned over to Chair Carlan.

Agenda Item 3: Approval and Appointment of a Chief Executive Officer

Chair Carlan introduced Agenda Item 3 regarding the requirement that FIHMC employ a Chief Executive Officer of the corporation. Director Reeves nominated Dr. Ken Ford to be named as Chief Executive Officer and several Directors seconded this motion. Nominations were then closed, and Dr. Ford was unanimously voted in as the Chief Executive Officer of FIHMC.

Agenda Item 4: Delegation of Authority to CEO to Administer Activities of the Institute

Chair Carlan introduced Agenda Item 4 proposing that the Directors delegate authority to the Chief Executive Officer to administer the activities of the Institute conferred by F.S. Section 1004.447. Director Goldfarb made a motion to delegate this statutory authority to Dr. Ford in his role as CEO, and Director Reeves seconded this motion. The motion passed unanimously.

Agenda Item 5: Delegation of Authority to Chair to negotiate an Employment Relationship with the Chief Executive Officer Subject to Final Approval by the Board

Chair Carlan introduced Agenda Item 5 regarding the delegation of authority to a Director to negotiate an employment relationship with the Chief Executive Officer subject to final approval by the Board. Discussion was held on the merits of a committee review or single Director. Director Delaney moved that Chair Carlan be authorized to negotiate this employment relationship subject to final approval by the Board. Several Directors seconded this motion and the motion carried unanimously that Chair Carlan be authorized to negotiate an employment relationship with CEO Dr. Ford subject to final approval by the Board of Directors.

Agenda Item 6: Resolution for Approval of Corporate Bank Accounts and Signatories

Chair Carlan introduced the Resolution in Agenda Item 6 that authorized an initial banking relationship with the Bank of Pensacola and designated four individuals on the Institute staff to serve as authorized signatories. Director Reeves moved the resolution and named signatories; several Directors seconded the resolution. Directors Hudson and

Russenberger recused themselves from this vote as both presently serve on the Board of Directors for the Bank of Pensacola. The resolution was unanimously approved.

Agenda Item 7: Delegation of Authority to General Counsel and Chief Business Officer to obtain Officer's and Director's Insurance and other Liability coverage.

Chair Carlan introduced this agenda item and discussed the need for insurance and the benefits, allowing staff to negotiate and obtain the required coverage. Director Reeves moved that the General Counsel and Chief Business Officer be authorized to obtain necessary insurance coverages and numerous Directors seconded this motion. The motion was unanimously approved.

Agenda Item 8: Establishment of Boards and Committees

Chair Carlan discussed Section 5 of the Bylaws providing for an Executive Committee and a Finance and Audit Committee while allowing other ad hoc committees to be established as deemed necessary for specific future purposes. Chair Carlan proposed an Executive Committee consisting of Director Kitaoka, Director Russenberger, Director Hudson, and Director Carlan. Director Delaney motioned to approve this proposed executive committee and numerous Directors seconded this motion. The motion carried unanimously.

Chair Carlan proposed a Finance and Audit Committee consisting of Director Nickelsen, Director Goldfarb, and Director Lemanski. Director Delaney motioned to approve this proposed Finance and Audit committee and numerous Directors seconded this motion. The motion carried unanimously.

Agenda Item 9: Discussion of Expansion Initiatives and Approval of Purchase of Land and Facilities

Chair Carlan introduced this agenda item and turned the discussion over to Dr. Ford. Dr. Ford thanked the Board for their support and explained the need for expansion of the Institute facilities. Dr. Ford presented a series of slides showing proposed new buildings including mixed use facilities that met the needs of the Institute and fit well within the economic development models being reviewed in the downtown community. Director Nickelsen discussed the need for the Institute to take ownership of the real estate. Discussions ensued about the purchase price and financing options as well as costs per square foot to duplicate commercial space. Director Nickelsen moved that the Board approve a purchase price of 4.2 million to the UWF Foundation with 3 years financing of interest only with payments at 5%. Numerous Directors seconded this motion and the motion carried unanimously to proceed with the purchase of the land and buildings.

Agenda Item 10: Approval of Joint Resolution regarding the Implementation of the Pensacola Historic District Master Plan

Chair Carlan introduced this agenda item and turned the discussion over to Dr. Ford who

explained the Institute's participation in funding a joint study by Urban Design Associates regarding a Master Plan for the Historic District. Due to the overwhelming support the plan had received by the community, the funding partners had been requested by the City of Pensacola to sign a resolution endorsing the conceptual conclusions of the Urban Design Associates Master plan dated March 2004. Director Nickelsen moved to approve the resolution, and Director Delaney seconded this motion. The motion was unanimously approved.

Agenda item 11: Discussion and Approval of Agreement with the Florida Board of Governors

Chair Carlan introduced this agenda item and turned the discussion over to Director Bilbrey who sits as a member of the Florida Board of Governors. Director Bilbrey discusses her role as a member of the Florida Board of Governors and her role in assisting General Counsel Julie Sheppard with developing this agreement that is required by the FIHMC enabling legislation. Director Russenberger motions to approve the proposed agreement with the Florida Board of Governors, and Director Merrill seconds. The motion was unanimously approved.

Agenda item 14: Setting Schedule For Future Board Meetings

Chair Carlan proposes to discuss Agenda Item 14 (out of Agenda order). After general discussion, the Directors agreed that a schedule of four meetings per year would be sufficient. Chair Carlan proposed to table the finalized meeting schedule to the next meeting to allow more time to coordinate schedules.

Chair Carlan then proposed a meeting break from 9:10 a.m. to 9:30 a.m. with the Director's Meeting to resume at 9:30 a.m. with Agenda Item 13.

Agenda item 13: Report of the Chief Executive Officer and Director

Chair Carlan introduced Agenda Item 13 and turned the meeting over to Dr. Ford.

Dr. Ford thanked the Directors for their participation this morning with the many significant but time consuming organizational items needed to make this public benefit corporation operational and suggested that with these organizational issues concluded, that future meetings will be more streamlined and business oriented. Dr. Ford expressed his desire that future meetings would be shorter but allow for more participation and brainstorming to position FIHMC as a prominent statewide and national research model to emulate.

Dr. Ford then discussed the Institute's primary research niche known as *Human Centered Computing* by utilizing slides and explaining the inherently interdisciplinary nature of this type of research. He commented that both innovation and excellence are the keys to IHMC's success now and in the future as well as successful affiliations and collaborations with research partners.

Dr. Ford then introduced Associate Director, Dr. Jack Hansen, to discuss this topic in more detail.

Dr. Hansen discussed many of IHMC's research initiatives with federal research agencies by discussing the federal agencies as long-term research partners rather than federal entities with money. Dr. Hansen identified NASA, Carnegie Mellon, University of Rochester, Naval Surface Warfare Center in Panama City, National Security Agency, University of Central Florida, Florida Atlantic University, and the Scripps Research Institute as key partnerships that FIHMC would continue to pursue for collaborations.

Dr. Ford resumed the discussion to introduce Associate Director and Retired Admiral Timothy Wright to discuss the legislative agenda and the current congressional session. Admiral Wright presented a brief slide show and discussed numerous defense opportunities in Naval Automation and Human Systems Technology. Opportunities were discussed in terms of key legislators including Representatives Miller and Boyd, and Senators Nelson and Graham. Also discussed was the importance of having a viable strategy for FIHMC to be included in either the SUS Legislative Program as a separate entity or as a proposer with an affiliated university, or a combination of the two avenues. Director Lemanski suggested that a combination of the two would work best; FIHMC could take the lead in its specialized area and support the affiliated universities in other major research initiatives.

Dr. Ford continued the discussion by doing a brief recap of the FIHMC organization and history of the UWF resolutions leading to the signing of the legislation and appointment of Directors by Governor Bush. Dr. Ford explained the rationale behind the flat organizational structure of IHMC, its website, advertising strategies, and the first affiliation agreement signed with UWF in April of 2004.

Dr. Ford then introduced the Chief Business Officer, Bert Hartley, who discussed the transition timeline of FIHMC from the February 2004 filing of the articles of incorporation through the June meeting. Dr. Ford concluded his Director's report.

Chair Carlan adjourned the formal portion of the Director's meeting and the Directors assembled for a group photo.

Lunch was served at 11:00 a.m.

Agenda Item 12: Cmap Tools

During lunch, Associate Director Dr. Alberto Cañas gave a presentation and discussion on the Cmap Tools technology developed at the Institute and its current use worldwide.

Adjournment: The organizational meeting of the FIHMC Board of Directors meeting adjourned at 11:45 p.m.

Scientific Advisory Council

1. Rita Colwell — former Director of the National Science Foundation, Colwell is currently chair at the Canon US Life Sciences, the Arlington, VA based subsidiary of Canon USA Inc.
2. Julio Escobar, National Secretary of Science, Technology and Innovation, Panama
3. Vice Admiral Alfred Harms, Jr. USN —Commander, Naval Education and Training Command
4. Scott Hubbard — Director, NASA Ames Research Center
5. Alexander Levis — former Chief Scientist of the Air Force, Levis is currently the University Professor of Electrical, Computer, and Systems Engineering, George Mason University
6. Bruce Melnick — former NASA astronaut & currently Vice President for Florida Operations, Boeing
7. JoAnn Morgan — former Director of External Relations and Business Development at Kennedy Space Center
8. Bill Mularie — CEO, Telework Consortium
9. Alain Rappaport — Founder & CEO, MedStory
10. Raj Reddy — Herbert Simon University Professor of Computer Science & Robotics, Carnegie Mellon University
11. Winston Scott — former NASA astronaut & currently Executive Director of the Florida Space Authority
12. William Smart — Former Senior Vice President of Abbott Laboratories.
13. Dave Waltz Director, Center for Computational Learning Systems, Columbia University

FIHMC STATUS REPORT

We are pleased to report that substantial progress has been made in creating and starting up the newly authorized corporation, FIHMC. With the assistance and support of many, the UWF BOT and FIHMC successfully developed and approved the Affiliation Agreement in April 2004. While this significant document was intended to provide the basis for future collaborative initiatives between the institute and the university, much remains to be done and further actions by the UWF Board and the FIHMC Board are required. There has been little cooperation from the UWF administration with regard to the transition of FIHMC since the signing of this Affiliation Agreement.

Perhaps of most interest and importance is the overall transition plan and the timeframe for migrating the operations of IHMC into FIHMC. This report will summarize the transition plan and describe those action steps to ensure a successful implementation. The assistance and support of the BOT in this effort will be appreciated.

SUMMARY TRANSITION PLAN

A summary statement of the necessary milestones and timeframe is as follows:

<u>Milestone</u>	<u>Timeframe</u>
Incorporate FIHMC and organize its governing board.	Done
Take BOD Corporate Action	Done
Appoint CEO	
Approve Bank Accounts and Signatories	
Procure D & O Liability Coverage	
File 501 c (3) application with IRS	Done
Contract for Outsourcing Services	Done
Accounting System Installation	
Payroll Processing	
Position FIHMC to Receive Federal Awards	Done
Prepare Federal Indirect Cost Proposal	
Develop Required Policies and Procedures	
Develop Federal Certifications and Assurances	
Establish Scientific Advisory Council subject to Board Ratification	Done

Capitalize FIHMC	
Initial Transfer of \$500,000 from IHMC SEED Fund	May, 2004
Transfer of additional \$500,000 (PENDING SINCE JULY)	IMMEDIATE
UWF To Transfer SEED Fund Balance (less \$50,000)	NOV. 8
UWF To Transfer IHMC Earned Indirect Costs Monthly	DEC. 1
Submit First Federal Research Proposal (NASA) from FIHMC	Oct.13, 2004
Execute an Affiliation Agreement with Florida Atlantic University	Done
Finalize Joint Federal Legislative Agenda with UWF	Nov. 2004
Finalize an Affiliation Agreement with the University of Central Florida	Dec. 2004
Receive First Federal Award into FIHMC	Dec. 2004/
Apply for Approval of Federal Indirect Cost Proposal (A-122)	Jan. 2005
Transition Affected IHMC Employees to FIHMC HR System	
Implement Payroll & Fringe Benefits Package	
Implement TIAA/CREF Retirement Plan	
Implement Required Time & Effort Reporting System	
Implement Business Insurance Coverages	
Provide all support services for new Federal Awards (Phase-In)	
Begin Charge-Back Procedure to UWF for IHMC Award Costs	Dec. 2004/
Invoice UWF for appropriate IHMC costs	Jan. 2005
Provide UWF Time & Effort Reports for IHMC Awards	
FIHMC and UWF Resolve any Transition Gaps	
Seek Direct State Legislative Appropriation to FIHMC	Spring 2005
FIHMC BOD To Select External Auditors for FY2005	Spring 2005
FIHMC CEO Develops FY 2006 Budget & Action Plan	Summer 2005
FIHMC Prepare FY 2005 Annual Report	Summer 2005
FIHMC Reports To UWF Board & Board of Governors	Summer 2005

As can be seen from the above summary description of the transition plan, substantial progress has been made in positioning FIHMC as a start-up Research Institute during 2004.

INSTITUTE FOR HUMAN AND MACHINE COGNITION
PROJECTED OPERATING BUDGET
FOR THE YEAR ENDING JUNE 30, 2005

Revenue

Contract revenue	\$ 8,276,346
UWF Appropriation	1,531,848
Lukeion	<u>52,141</u>

Total revenue	9,860,335
----------------------	-----------

Expenses

Salaries and wages	7,784,463
General Expenses	781,750
Facilities/Van expenses (A)	730,000
Equipment	120,000
UWF share of overhead 20%	<u>349,873</u>

Total expenses	<u>9,766,086</u>
-----------------------	------------------

Excess of revenues over (under) expenses	<u><u>\$ 94,249</u></u>
---	-------------------------

NOTE (A): Facilities/Van expenses includes costs for facilities rental, internet connectivity, telephone, vehicle rental expense, and other expenses.

IHMC / FIHMC
SCHEDULE OF PROJECTED REVENUES, EXPENSES AND CASH FLOWS
FOR THE YEAR ENDING JUNE 30, 2005

	State Appropriation (A)	State Carry Forward (B)	Federal Grant Revenues	IHMC SEED	Research Foundation	UWF Foundation (C)	FIHMC	Totals
Beginning Balance	\$ -	\$ 16,892		\$ 1,431,483	\$ 23,171	\$ 20,664	\$ 517,571	\$ 2,009,781
Revenue	1,583,989		6,526,982				1,000,000	9,110,971
Overhead			1,749,364					1,749,364
Transfers in				1,399,491				1,399,491
Less:								
Expenses	(1,583,989)	(16,892)	(6,526,982)	(1,288,350)	(10,000)	(8,700)	(1,367,000)	(10,801,913)
Transfers:								
Transfers out - IHMC accounts			(1,399,491)		(13,171)		13,171	(1,399,491)
Transfers to UWF (D)			(349,873)					(349,873)
Ending Balance	\$ -	\$ -	\$ -	\$ 1,542,624	\$ -	\$ 11,964	\$ 163,742	\$ 1,718,330

(A): This includes the State Appropriation in the amount of \$1,531,848 as well as the Lukeion appropriation in the amount of \$50,000 and Lukeion carryforward in the amount of \$2,140.77, respectively.

(B): An additional amount of \$3,212.61 should have been deposited into the Carry forward account representing unspent fiscal year 04 funds from the State Appropriation account (100).
As of this analysis, the amount has not been transferred.

(C): UWF Foundation has committed an additional \$200,000 to pay for IHMC/FIHMC lobbying expenses over the next two years.

(D): The transfer in the amount of \$349,873 represents UWF's 20% portion of IHMC's earned overhead.

(E): IHMC is awaiting a deposit from UWF in the amount of \$50,000 into the Lukion account (101).
These funds were earmarked for Downtown development.