

After roll call was taken and a quorum being present, Chair Carlan opened the meeting by welcoming the Directors and thanking Valerie and Ray Russenberger for their generosity in hosting the wonderful reception the evening before on the Lady Val.

Chair Carlan began her comments by thanking the Board for the wonderful vote of confidence in allowing her to serve as the inaugural chair of this distinguished board of directors. She remarked that as she looks back over the last two years, she is proud of the accomplishments that the Board has made and the wonderful working relationship that has developed. She commented that she looks forward to helping this Board in other capacities in the coming years.

In preparation for making comments today, Chair Carlan explained that she reviewed her opening comments and the minutes of the discussions from June 2004, the first Board meeting. She explained that she would like to take this opportunity to highlight the discussions the Board had in June 2004 and our status today commenting that all should be proud.

Chair Carlan explained that the major topic of the June 2004 meeting was a discussion of the impact the Institute had made on downtown Pensacola, and that with the transition of IHMC into a public benefit research corporation, of the need to make a significant statewide impact. The Board also discussed Florida being in transition and needing new economic models and that this Board had a unique opportunity with its new not-for-profit corporate research model to both further the reputation of Florida universities nationally and to feature IHMC and its affiliated partners prominently in their research activities.

Chair Carlan commented that she believed this Board has made significant progress in meeting that goal. Today the IHMC Board has formal affiliations with three public universities in the state, the University of West Florida, our home institution, the University of Central Florida in Orlando, and Florida Atlantic University in Boca Raton. In addition, there is a formal affiliation with the Florida Institute of Technology, a private technological university in Melbourne, Florida. These affiliations have materialized into active research collaborations and federal proposals for funding.

Chair Carlan pointed out that these affiliations are not just paper affiliations explaining that this last year IHMC submitted a Center of Excellence proposal for 20 million dollars to the National Science Foundation that made it to the final proposal round and if funded, would have included major participation by UCF and UWF in addition to 5 other public institutions in Florida. This past year also saw federal funding of an UCF-IHMC initiative on Team Performance in excess of 2 million dollars that will also included participation by other SUS institutions. Additionally IHMC received federal funding of over 2 million dollars for a Coordinated Operations proposal that will result in a large partnership with the University of South Florida. IHMC has just finished a report on a successful project with FAU. This next year, IHMC is co-proposing on a project with FIT. In short, these affiliations are working documents and are helping to coordinate and collaborate research initiatives throughout the state. As stewards of state monies, Chair Carlan explained that this Board should be proud of these accomplishments.

She explained that another critical topic at the initial board meeting two years ago was the status of the building and that she is proud to report that not only are we now the

owners of the building, but IHMC has survived an unforeseen and uninsured flooding, concluded hurricane repairs, secured appropriate coverages, and continues to explore financing options and development opportunities for the property, all within two short years.

She continued on mentioning that we have finalized our affiliation agreements with the University of West Florida and transitioned 80 or more employees and associated grants to the new IHMC, hired employees, provided a benefits package, and implemented all essential aspects of the start-up including payroll processing, banking functions, external audits, establishing an indirect rate, grant accounting, and other business related functions.

Chair Carlan further commented that this Board has secured legislative funding and remains focused on expansion opportunities, has fostered excellent community relations, and has continued the popular evening lecture series and Science Saturdays for elementary school children and has affiliated and assisted Brown-Barge Middle School in their robotics program and is currently assisting PJC with remedial learning ideas. All in all, she concluded by stating that this Board should celebrate these accomplishments, all made in two short years.

Finally, as IHMC looks to the future, Chair Carlan explained that she leaves to the next chair, some great opportunities, an opportunity to help IHMC with development, to create a long-term vision, and to implement a fundraising effort among other things. It has been a fast and furious two years and Chair Carlan ended by informing the Board how much she has enjoyed the opportunity to work with all of the members on the Board and congratulated each Board member on what IHMC has accomplished together.

Chair Carlan then moved into Agenda Item 1 asking for an approval of the April 6, 2006, minutes. A motion was made and seconded to adopt the minutes. The motion carried unanimously.

Chair Carlan then introduced Agenda Item 2 calling for the reappointment of the nine public representative Directors of a 3-year term commencing on June 5, 2006 and ending June 4, 2009. A motion was made and seconded to re-appoint Dick Baker, Carol Carlan, Eugene Franklin, Chris Hart, Hal Hudson, Eric Nickelsen, Jim Reeves, Ray Russenberger, and Bev Seay to a three year term commencing June 5, 2006 and ending June 4, 2009. The motion carried unanimously.

Chair Carlan then introduced Agenda Item 3 explaining that she had served as Chair for two years and it was time to elect a new Chair and Vice chair. Chair Carlan called for nominations for Chair. A motion was made and seconded to elect Vice Chair Eric Nickelsen as the new Chair. The motion carried unanimously. Chair Carlan then called for nominations for Vice Chair. A motion was made and seconded to elect Dick Baker as Vice Chair. The motion carried unanimously.

Chair Carlan then introduced Agenda Item 4 calling for the re-appointment of Committees. Chair Carlan deferred to incoming Chair Nickelsen to make these assignments. Incoming Chair Nickelsen referred to the previous committee makeup and re-appointed the following directors to the various committees in the following manner:

Executive Committee: Chair: Eric Nickelsen, Carol Carlan, Bev Seay, Hal Hudson and Ray Russenberger

Finance and Audit Committee: Chair: Dick Baker, Larry Lemanski and Jim Reeves

Fundraising Committee: Chair: Carol Carlan, Ray Russenberger, Hal Hudson, Dick Baker, Jim Reeves. And Eric Nickelsen.

Intellectual Property Committee: Chair: Ray Russenberger, Dick Baker, Hal White (UWF selection), and Sharon Hess Herrick (UWF selection).

Chair Carlan then introduced Agenda Item 5 calling for the review and approval of the Proposed IHMC 2006-2007 Operating Budget for fiscal year July 1, 2006 through June 30, 2007. Chair of Finance and Audit Committee Eric Nickelsen and IHMC Controller Ronnie Armstrong explained, in detail, the proposed operating budget. Chair Carlan opened the floor for discussion and questions. A discussion occurred about overhead calculations and cost reimbursements. After some discussion of the budget, Chair Carlan asked for a motion to approve the budget. A motion was made and seconded to approve the operating budget. The motion carried unanimously.

Chair Carlan then introduced Agenda Item 6 and detailed the proposed Meeting Schedule for 2006-2007. Chair Carlan explained that all attempts had been made to avoid already scheduled commitments of Board members and major events and that this schedule may include an Orlando meeting or several conference calls. A motion was made and seconded to approve the meeting schedule consisting of a Wednesday, October 4, 2006 meeting, a Monday, December 4, 2006 meeting, a Friday, February 16, 2007 meeting and an annual meeting Sunday and Monday, June 3-4, 2007. The motion carried unanimously.

Chair Carlan then introduced Agenda Item 7 approving a resolution honoring Representative Holly Benson for her commitment to IHMC and her steadfast work in securing IHMC an independent line item. Chair Carlan read the following resolution:

WHEREAS the Honorable Holly Benson serves as a member of the Florida House of Representatives and has well and faithfully carried out her duties since her election in the year 2000; and

WHEREAS Representative Benson's district includes Downtown Pensacola, home of the Florida Institute of Human & Machine Cognition, Inc.; and

WHEREAS Representative Benson offered her full support and assistance in passing the Legislation that launched the Institute as a public benefit corporation; and

WHEREAS the Florida Institute of Human & Machine Cognition has become a statewide research Institute, now affiliated with four universities across Florida; and

WHEREAS Representative Benson recognized the benefits, both current and future, of the Institute's work; and

WHEREAS Representative Benson worked tirelessly throughout the 2006 Session of the Florida Legislature to secure additional funding to continue and enhance the Institute's mission; and

WHEREAS Representative Benson continued her efforts long after the end of the Session to ensure that said funding remained in the State Budget;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Florida Institute for Human & Machine Cognition offers its heartfelt appreciation and thanks to Representative Holly Benson for all of her efforts on behalf of the Institute; and

Resolved this fifth day of June 2006 by the Board of Directors, Florida Institute of Human & Machine Cognition, Inc.

A motion was made and seconded to approve the resolution honoring Representative Holly Benson and the motion carried unanimously.

Incoming Chair Nickelsen then introduced Agenda Item 8 and explained how dedicated Chair Carlan had been as Inaugural Chair of IHMC and the number of accomplishments that the Institute had achieved under her leadership. He read the following resolution and presented Chair Carlan with a gift and plaque from the Board of Directors and the staff of IHMC.

WHEREAS Carol Carlan has distinguished herself as a community leader in both her professional and civic life in Pensacola; and

WHEREAS Carol Carlan was named to the first Board of Directors of the newly created Florida Institute for Human & Machine Cognition, Inc. and

WHEREAS Carol Carlan was elected by her fellow Board members to serve as the first Chair of the Board for the Institute; and

WHEREAS the Florida Institute for Human & Machine Cognition, Inc. has flourished during her tenure; and

WHEREAS Carol Carlan has served well and faithfully throughout her two-year term, offering effective leadership and wise counsel to the Institute and to her fellow Board members; and

WHEREAS the Florida Institute for Human & Machine Cognition, Inc. is now positioned for even greater success in the years ahead; and

WHEREAS Carol Carlan's two year term as Chair will conclude on June 5, 2006;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Florida Institute for Human & Machine Cognition hereby expresses its appreciation for Carol Carlan's service to the Institute and this Board, and wishes for her continued success in all her future endeavors.

Resolved this fifth day of June 2006 by the Board of Directors, Florida Institute for Human & Machine Cognition, Inc.

Chair Carlan thanked the Board for their thoughtfulness and reiterated how much she has enjoyed working with the Board and serving as Chair. She then turned to the discussion

items and asked Incoming Chair Nickelsen to address the External Audit.

Incoming Chair Nickelsen explained that as Chair of the Finance and Audit Committee, he was responsible for the engagement of the external audit firm and that Saltmarsh, Cleveland & Gund would again be conducting our external audit for 2006. He informed the Board that Mike Adkins of Saltmarsh had asked to present to the Board but was unable to be at the meeting today and that he would be speaking briefly at the next meeting on October 4, 2006. Incoming Chair Nickelsen reminded the Board that the 2005 audit was excellent and had no material findings and that it was the goal this year to repeat this result.

Chair Carlan then turned to a discussion of fundraising, reminding the Board that the first meeting of the newly created IHMC Fundraising Committee had been held with all members being present. She explained that it was an excellent first meeting and that this group was setting goals, exploring giving opportunities and the employment of a development director. She reminded the Board that one immediate need was to secure long term financing for the IHMC building and premises and that this group would be exploring bonding and other financial options to reporting back to the full Board at a future meeting.

Chair Carlan then turned to Dr. Ken Ford for the Chief Executive Officer's report.

Dr. Ford began by thanking Chair Carlan for the opportunity to update the Board on the Institute activities since the April meeting and added his desire to echo Chair Carlan's comments about the progress we have made in these short two years.

Dr. Ford explained that this past year has been one of challenge, opportunity, and accomplishment at IHMC and that today he would touch on several issues in no particular order.

Dr. Ford began by discussing the need for the Board to maintain Diversified Funding Sources and commented that at the previous Annual Meeting, he had mentioned that IHMC would strive to diversify our funding sources as we had become, in particular, too dependent on NASA. He explained that another explicit goal was to increase research involvement with the Air Force. And finally, he mentioned that we also had the goal of building a private-sector customer base and establishing productive R&D partnerships with corporations. He commented that he is very pleased to report that since becoming a not-for-profit public benefit corporation, we have contracted for over \$7.5 M in research activities with the private sector include customers and partners such as SRI, Honeywell, Palo Alto Research Center, SAIC, Lockheed Martin, Boeing, Northrop Grumman, Honda, and Quasar to name a few. He mentioned that we are also making strong progress in building lasting research relationships with the Air Force establishing nearly \$1 million dollars of new research with the Air Force just this year. He concluded this discussion by stating that in general, the IHMC research portfolio is now more diversified than at any time in the past.

Dr. Ford then continued on to update the Directors on Concept Map Research explaining that as many of the Directors know, the IHMC CMapTools have, over the years, matured from research software to a robust commercial quality application with a very large user-community.

He explained that we currently have several major CMapTools projects as well as several smaller efforts and that at the April meeting, he discussed the large-scale educational application of CMapTools in Panama. He explained that as this is a nation-wide K-12 project, and it is not without challenges but Alberto Cañas and his team are doing a great job. He also commented that currently, the Institute's largest government sponsor for concept map work, the National Security Agency, has certainly been in the news a lot lately. Dr. Ford continued on to mention that IHMC has recently signed an agreement with the National Board of Education of Finland to use CmapTools in Finland's schools and the software has already been translated to Finnish and Swedish and this will enable the software to be available to all their public schools and that this development was possible through IHMC's collaborations with the University of Helsinki.

Continuing on Concept Map's technology, Dr. Ford explained that at the last Board meeting, Jennifer and Bryan Clark talked about the formation of Ceryph a new company focused on commercially capitalizing on IHMC's CmapTools software. He mentioned that Ceryph has reported that they have had no trouble raising the necessary funds for the start-up and that Ceryph is the first Bay area company to be awarded entrepreneurship funding under the U.S. Department of Labor's WIRED grant program consisting of a \$100k grant that will require matching funds from Ceryph. He reported that Bryan and Jennifer have been in meetings with Alberto Cañas and Joe Novak and will begin intensive training in CMapTools technology with the goal of offering training and support to external clients that already use the current free version of CMapTools. Dr. Ford commented that IHMC is excited about embarking on this undertaking with Ceryph and anticipate that in the near future Ceryph will expand its business to include sales of a commercial version of CmapTools software as well. Dr. Ford explained that shortly we will be convening the IHMC intellectual property committee to allow Ceryph to present their proposed business plan for marketing and licensing of the software and that he looks forward to updating the Board on this topic in the near future.

Dr. Ford explained that Joe Novak who invented Concept Maps while he was at Cornell University has for the last 10 years, been working at IHMC with the CmapTools team and that during this time, he has received 3 honorary doctorates from universities in Spain, Italy, and Argentina. Dr. Ford offered his congratulations to Joe Novak.

Dr. Ford also explained that recently an IHMC Science Advisory Council Member was honored and that many Directors took the opportunity to meet the SAC members at the Pensacola Museum of Art reception this past February. One distinguished member, Dr. Raj Reddy, who was not present in February, recently received one of the nation's top honors for a scientist - the Vannevar Bush Award. Among many other notable accomplishments, Vannevar Bush was the founder of the National Science Foundation and the President's Science Advisory during the Second World War. Dr. Ford explained that each year, this top honor is awarded to an individual who has displayed exceptional qualities to a democratic society, such as unselfish devotion to public service and leadership and creativity in advancing science and technology for use by all. He commented that this year, he had the privilege of presenting this award to Dr. Reddy at the recent award dinner. The other recipient of the Vannevar Bush Award this year was Dr. Charles Townes - best known as inventor of the laser and as a Nobel laureate. Dr. Ford recited Dr. Reddy's citation for the Vannevar Bush Award that reads: "For his pioneering research in robotics and intelligent systems, and significant contributions in the formation of national information and telecommunications policy."

Dr. Ford turned the discussion to the State Legislative session commenting that he was generally pleased with the results of this past session in Tallahassee. Dr. Ford explained to the Board that IHMC has been very aware of our need to expand our statewide presence and establish a recurring funding line and that this year, we were successful in securing a \$1.6 M recurring funding line direct to IHMC and \$990K in nonrecurring funding to be used largely for our expansion initiatives. Dr. Ford stated that he was pleased to introduce Jeff Hartley of Smith, Myers and Bryan, to discuss this past session.

Jeff Hartley thanked the Board for allowing him to speak and commented on the progress that had been made in making IHMC a recognizable name in Tallahassee. Jeff credited Representative Holly Benson and Representative Dennis Baxley (Ocala) for helping IHMC with its success. Jeff informed the Board that there were concerns at the session end about the new expansion money as the Governor vetoed \$500 million in budget. Jeff commented that in future years, we would want to get IHMC Board members more in contact with the legislature, bringing Directors to Tallahassee. Jeff explained that Senators Pruitt and Alexander would be important next session as would House members Rubio and Mayfield. Jeff encouraged the Board to talk with elected officials and invite them to Pensacola.

Chair Carlan suggested that next year it would be helpful to have a blurb each week on session progress and names and email addresses of key legislators in order to keep Directors more informed. Director Reeves emphasized the importance of giving money to campaigns and informed the Board that on July 13th that the three incoming house speakers would be visiting Pensacola.

Dr. Ford thanked Jeff and turned the discussion to the expansion initiatives explaining that IHMC has had several visits from the Ocala Mayor, City Council, and economic development folks and that IHMC has made several reciprocal visits and is actively engaged in dialog as to the possibility of establishing an IHMC presence in the downtown area. He explained that Ocala, like Pensacola, has a series of downtown blocks in close proximity to its historic district and that Ocala has the advantage of being reasonably close to our collaborators on the space coast, UCF, USF and FIT as well as private sector industries. Dr. Ford explained that IHMC envisions recruiting new scientists over the next year for the Ocala location and that Ocala is in the process of raising monies through their economic development council and private funding initiatives to assist in obtaining an appropriate building and to help with recruiting costs. Dr. Ford thanked Representative Baxley and Board of Governors Chair Carolyn Roberts for their assistance and support this legislative session in Tallahassee. Dr. Ford concluded the expansion discussions by explaining that we have also had discussions with communities in the Tampa area and with St. Joe about possible future expansion sites and that it was his hope that these discussions will continue to develop.

Dr. Ford then turned to the subject of federal research initiatives, and asked IHMC Deputy Director Tim Wright to discuss the current congressional initiatives in Washington.

Deputy Director Wright briefly discussed the two successful 2006 funded projects including the \$2.6 million Coordinated Operations led by IHMC that involved both the Naval Surface Warfare Center in Panama City and Dr. Robin Murphy at the University of

South Florida. After the Office of Naval Research tax and the subcontracts to USF and the Navy, IHMC's portion of the project should equal \$1.5 million. Deputy Director Wright also explained that UCF's Team Performance project through the Army Research Lab had received funding and IHMC's portion of that project should be around \$1.2 million.

Deputy Director Wright also discussed with the Board the challenges of the upcoming 2007 legislative session in Washington and that IHMC would request continuations of the 2006 projects and propose two new projects, one with Florida Institute of Technology and one based on Dr. Anil Raj's work in the area of sensory substitution that would involve working on restoring limited sight and balance capacity to wounded service men.

Dr. Ford commented that this technology and research was about 10 years away from use for a super warrior of the future and that although today it was imperfect, it could provide cause for hope for these wounded soldiers. He informed the Board that recently a CBS affiliate from Miami had done an interview at IHMC on this technology and he showed the Board the news clip. He explained that this research involved WICAB, a Wisconsin based spin-off from the University of Wisconsin Medical School.

Deputy Director Wright concluded by informing the Board that these member projects were sensitive and we were working carefully through these issues with our Washington lobbyist firm, CLJ.

Dr. Ford thanked Tim and moved into the topic of the Institute's evolving research initiatives explaining that the Directors would recall from the last meeting, the discussion of significant proposals pending at both federal agencies and through corporate partnerships. Dr. Ford requested Associate Director Jack Hansen to discuss several of our new research initiatives.

Dr. Hansen discussed with the Board the two major initiatives that IHMC had been involved in this past year that were major competitive center proposals. One was for a National Center of Excellence that IHMC proposed with USF and other institutions. This USF led proposal was ranked second and the final award was made to Johns Hopkins. The second proposal involved a National Science of Learning Center and this was a joint proposal led by IHMC and UCF and involved numerous other institutions. This Science of Learning Center proposal made it to the final Blue Ribbon Panel selection process. Dr. Hansen explained that while these are very large efforts to pull together and neither center was ultimately funded, both projects were promising to future research work with federal agencies and state centers of excellence.

Dr. Ford thanked Jack and informed the Board that Jack was moving into phased retirement where he will continue to work for IHMC on a part-time basis and that Jack and his lovely wife Pat will be based out of Greenville, South Carolina. Dr. Ford explained that while this was not goodbye, it was an excellent opportunity to thank Jack for his superb leadership and his many contributions to IHMC.

Dr. Ford explained that as many Directors may know, on April 18th IHMC hosted the third and final workshop of the National Science Board Hurricane Science & Engineering Task Force. Dr. Ford explained that this meeting was open to the public and generated substantial national media interest and that the Pensacola workshop was part of ongoing

work by the NSB to establish a "national agenda for hurricane science and engineering" that embraces a cross-disciplinary approach to hurricane research and involves cooperation between physical and social scientists, economists, biologists, and engineers." He explained that the Pensacola meeting gave participants a first-hand look at a community recovering from the devastating impacts of a hurricane, as discussions were being held to better understand and where possible, mitigate the damage hurricanes cause. He explained that similar workshops were held in Arlington, Virginia on January 24 and in Boulder Colorado on February 7 and that a final report was anticipated in September.

Dr. Ford mentioned several other areas that may be of interest including an idea raiser in Melbourne in July with Florida Institute of Technology and the Economic Development Commission for Florida's Space Coast to assist with the 100 Innovative Ideas for Florida's Future. He also mentioned that IHMC has been working with Gulf Power and Escambia County Schools on an initiative called I Love Science (Increasing Local Opportunities for Volunteers Enthusiastic about Science) and explaining that this project will involve a team of employers, educators, and community leaders - businesses, organizations, and individuals to help increase the frequency of "hands on" science activities in Escambia and Santa Rosa County 5th grade classrooms.

He informed the Board that on a personal note, he has been appointed Chair of the National Science Board Committee on Programs and Plans, explaining that the CPP reviews and provides oversight of program initiatives, major new projects & facilities, long-range plans, and new research directions at NSF. Dr. Ford explained that this will be a serious commitment of time and effort but it is a responsibility that he could not walk away from. He explained that he has been on the NSB for 4 years and have 2 years remaining in his term and that there is an expectation that senior members of the NSB take significant leadership roles. Dr. Ford commented that other than Chair of the NSB, Chair of CPP is perhaps the Board's most challenging leadership responsibility.

Dr. Ford then introduced Dr. James Allen, IHMC Associate Director and Senior Research Scientist who gave the Board a demonstration on PLOWs, a language based computer recognition system. Dr. Allen demonstrated how a person could use this system to teach their computer to search and order books on line.

Dr. Ford thanked Dr. Allen and informed Chair Carlan that this concluded his report, and he thanked Chair Carlan for the time commitment and effort that she and all the other Directors make to this Board. He expressed his hope that the Directors would continue to keep us apprised of any way that IHMC could assist in making their service more enjoyable.

Chair Carlan asked the Directors for any new business and after hearing none, and having concluded with the agenda, Chair Carlan announced that the meeting was adjourned and thanked everyone for attending and wished all a wonderful day.

The June 5th meeting of the IHMC Board of Directors ended at 11:10 a.m.
Respectfully submitted,

Julie L. Sheppard, General Counsel and Corporate Secretary