



ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY

200 Main Street, Suite 210, Little Rock, Arkansas 72201 (501) 371-3554

ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY
MINUTES OF THE FOURTEENTH REGULAR MEETING OF THE BOARD OF DIRECTORS
LITTLE ROCK, ARKANSAS
SEPTEMBER 26, 1985

The September 26, 1985 meeting of the Board of Directors of the Arkansas Science & Technology Authority was called to order by Mr. Louis Ramsay at 1:40 p.m. Other members of the Board attending the meeting included Dr. Marion Barr, Mr. William Bowen, Dr. Joycelyn Elders, Mr. Bart Lindsey, Mr. Charles Mimbs, Mr. Harry Truman Moore, Dr. Joe Nix, Mr. Winfred Thompson, and Dr. Tom Spencer (interim director of the Arkansas Department of Higher Education).

The minutes of the August 20, 1985 meeting of the Board of Directors were approved on a motion by Mr. Bowen, seconded by Dr. Elders.

Dr. John Ahlen gave the President's report. He indicated that the July monthly report had been sent to members and that the August monthly report was in their meeting packet. He reported that the Authority's staff had been working hard to prepare the draft proposed rules for the Authority's new programs. He reported that Dr. Lothar Schafer, a former member of the Science & Technology Authority's Board of Directors, was responsible for the University of Arkansas being honored by Industrial Research and Development magazine. This leading periodical in the field of applied high-technology research selected the electron diffraction instrument developed by Dr. Schafer and Drs. J.D. Ewbank and David Paul, as one of the 100 most important technological advances of the year.

Dr. Ahlen also reported that the staff had been working to promote a conference in Dallas called "High-Tech 86" which is being sponsored by the National Science Foundation and sixteen federal research agencies. He will be on a program discussing Arkansas' research and development programs.

The Board next considered adoption of the Bylaws for the Arkansas Science & Technology Authority. Mr. Ramsay suggested that the first sentence under Article VI, Section 2 read as follows: "Officers of the Authority shall be elected annually by the Board of Directors." Mr. Ramsay also reminded the Board that under Article VIII, Section 3 each committee of the Board of Directors

is required to keep minutes of its meetings and report the same to the Board of Directors at its next meeting. Mr. Bowen suggested amending Article II, Section 1 of the Bylaws. His amendment would add at the end of the first sentence a comma instead of a period and the following: "and, in pursuit of these programs and services to cooperate with similarly situated sister organizations--public and private--in the State of Arkansas." The proposed Bylaws with the changes suggested by Mr. Ramsay and Mr. Bowen were approved unanimously on a motion by Mr. Bowen, seconded by Dr. Elders.

The next item of business was the review and approval of proposed rules for the Authority's new programs. Alice Rumph Smith discussed the rule-making process as established by the Administrative Procedures Act. She also discussed the review of proposed and final rules by the Arkansas Legislative Council. The process involves the adoption by the Board of proposed rules on which the public has opportunity to comment in writing and in person at a public hearing. After public comments have been received, the Board will decide which comments to incorporate into what will become the final rules. After the final rules are adopted, there is a twenty day waiting period before they become effective.

Notice of the Board's adoption of proposed rules will be placed in the State's major newspapers. Public hearings are tentatively scheduled for October 9 and 10, 1985 on the second floor of 200 Main Street.

Mr. Bowen summarized the September 26, 1985 meeting of the Investment Committee (see Appendix A for the minutes of the Investment Committee meeting). Mr. Jim Benham, of the Authority's staff, reviewed the seed capital investment rules and reported there were four areas of concern that had been resolved by the committee. These four areas involved (1) working prototypes, (2) the confidentiality of information provided to the expert advisory committee, (3) the rationale for a three-to-one ratio of capital raised by sources other than the Authority to the Authority's investment, and (4) conflict of interest. After clarifying that an "enterprise" could be a corporation, partnership, or individual, the Board voted unanimously to adopt the committee-endorsed proposed seed capital investment rules on a motion by Mr. Bowen, seconded by Mr. Lindsey.

Mr. Thompson reported on the September 26, 1985 meeting of the Planning Committee to consider the business incubator rules (see Appendix B for the minutes of the Planning Committee meeting). He reported that there were three points for the Board to consider: (1) the rules should be flexible, (2) the program is restricted to State supported institutions, and (3) there is a requirement for institutions to protect the program from conflicts of interest by

employees in the colleges and universities. After discussion concerning the similarities and differences between the Seed Capital Investment Program and the Business Incubator Program, the Board voted unanimously to adopt the committee-endorsed proposed business incubator rules on a motion by Mr. Thompson, seconded by Dr. Spencer.

Dr. Nix reported on the September 25, 1985 teleconference meeting of the Research Committee to consider the proposed rules for the Basic Research Grant Program and the Applied Research Grant Program (see Appendix C for the minutes of the Research Committee meeting). Dr. Nix emphasized the importance of a strong conflict of interest statement in the rules, and pointed out that "in-kind services" include scientific or technological equipment and/or supplies, release time, and indirect costs at 50% of the predetermined HHS rate. It was suggested that "HHS" be substituted with "U.S. Department of Health and Human Services." Both sets of rules were unanimously adopted with the suggested change on a motion by Mr. Moore, seconded by Mr. Mimbs.

Dr. Nix also brought to the Board's attention the concern of the Research Committee in patent policies that protect the State's rights to intellectual property developed with State funds. Dr. Ahlen pointed out that a similar concern was expressed by the Investment Committee. Given this concern, the Authority's staff will begin background work needed by the Board in addressing this issue.

Board Members had been sent a number of printed documents for their review before the Board meeting. These documents included (1) a draft contract report titled "Business Incubators: An Opportunity for Arkansas Small Business Development," (2) a copy of a \$22,000 contract for legal services with the Wright, Lindsey & Jennings law firm in Little Rock, and (3) a draft job description for the Science & Technology Authority's Technology Transfer Program Manager. The Board approved distribution of the business incubator report on a motion by Mr. Bowen, seconded by Mr. Lindsey. The Board approved the proposed contract for legal services with the Wright, Lindsey & Jennings firm on a motion by Mr. Bowen, seconded by Mr. Thompson. The Board approved the Technology Transfer Program Manager job description on a motion by Mr. Bowen, seconded by Dr. Elders.

The Board agreed to next meet on November 5 & 6, 1985 at a location to be determined. The two day meeting will involve educational presentations to the Board, concurrent meetings of the Board's committees to consider public comment on the proposed rules, and a business meeting of the full Board of Directors on November 6, 1985.

Mr. Bowen asked that a letter which he received from Mr. James E. Davis, co-founder and former chairman of Winn-Dixie Stores, Inc., be read into the minutes of the Board meeting. (See Appendix D for a copy of the letter.) Mr. Bowen suggested that Dr. Ahlen follow-up this correspondence.

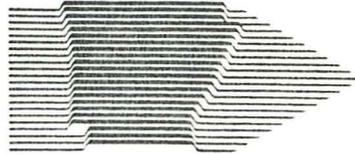
The Board meeting was adjourned at 2:40 p.m.

Respectfully Submitted,

Joe Nix, Ph.D.
Secretary, Board of Directors

APPROVED by the Board of
Directors on this _____
day of _____

Joe Nix, Ph.D.
Secretary, Board of Directors

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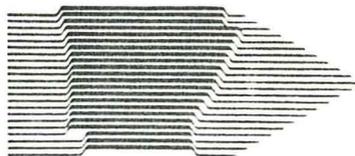
UNAPPROVED MINUTES
OF THE
INVESTMENT COMMITTEE MEETING
SEPTEMBER 26, 1985

A meeting of the Investment Committee of the Board of Directors was held September 26, 1985 at 11:00 a.m. in the Authority's offices.

Present at the meeting were chairman Bill Bowen, Vice Chairman Charles Mimbs, and members Bart Lindsey, and Harry Truman Moore.

The proposed rules were discussed and several questions were raised concerning specific rules. The necessity of a working prototype as an eligibility requirement was discussed and the committee decided to omit this requirement from the eligibility requirements. Ways that the confidentiality of an applicant enterprise can be protected from unfair competition resulting from the evaluation of the expert advisory committee was discussed. The committee decided to amend the rules to include that each member of the expert advisory committee be required to sign a non-disclosure statement. The rule about a 3 to 1 dollar match was discussed and decided by the committee to be retained in the proposed rules. The conflict of interest statement raised several hypothetical situations that could not be clearly settled by the committee. Although the committee agreed that a conflict of interest statement should be addressed in the proposed rules, it was decided that a letter be drafted asking the Attorney General for an official opinion.

The committee voted to accept the proposed rules as amended and to present them to the full Board of Directors.



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UNAPPROVED MINUTES
OF THE
PLANNING COMMITTEE MEETING
SEPTEMBER 26, 1985

The Planning Committee of the Board of Directors met on September 26, 1985 at 1:00 p.m. at the Authority's offices to discuss and approve the proposed rules for the Business Incubator Program. The meeting was chaired by Mr. Winfred Thompson and attended by Dr. Tom Spencer.

After a brief discussion of section 4.1.11, concerning faculty conflicts of interest, the Committee approved the proposed rules to be recommended to the Board of Directors for adoption.

No further action was taken and the meeting was adjourned.



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UNAPPROVED MINUTES
OF THE
RESEARCH COMMITTEE MEETING
SEPTEMBER 25, 1985

A teleconference meeting, initiated at Research Committee Chairman Dr. Ron Hart's request was held at 1:30 p.m. on September 25, 1985 to discuss the draft proposed Basic Research Grant Program rules and the proposed Applied Research Grant Program rules. Participants in the conference call were Drs. Ron Hart, Joe Nix, and Jocelyn Elders, John Ahlen and Patricia Troth also participated.

Drs. Ron Hart and Joe Nix felt that the substance of their comments regarding the two sets of rules did not warrant a trip to Little Rock from Pine Bluff and Arkadelphia, respectively considering other demands on their time. Dr. Elders was in agreement.

Each member clarified their ideas on the two sets of proposed rules. Drs. Hart, Nix, and Elders felt that the draft proposed rules, with some slight modifications, were acceptable to present to the full Board of Directors. The modifications concerned indirect costs as an in-kind service. It was suggested that indirect costs be limited to fifty percent of the predetermined U.S. Department of Health and Human Services rate.



WINN-DIXIE STORES, INC. 5050 EDGEWOOD COURT P. O. BOX B JACKSONVILLE, FLORIDA 32203-0297 (904) 783-5000

September 24, 1985

JAMES E. DAVIS
Co-Founder
Chairman 1950-1983

Mr. William H. Bowen
First Commercial Bank
Capitol and Broadway
Little Rock, Arkansas 72201

Dear Bill,

You probably already know the Howard Hughes Medical Institute plans to sell the Hughes Company stock to General Motors for several billion dollars.

Dr. Donald S. Fredrickson, President of the Institute, will be looking for places to invest research funds.

Would this fit into your proposed medical research plans?

Sincerely,


James E. Davis

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