



ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY

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**MINUTES OF THE 43RD MEETING OF THE
ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY'S
BOARD OF DIRECTORS
LITTLE ROCK, ARKANSAS
NOVEMBER 16, 1990**

CALL TO ORDER

The meeting was called to order at 1:32 p.m. by Mr. John Troutt, Chairman of the Board, in the conference room of the Department of Higher Education in Little Rock, Arkansas.

A quorum of Board members was present and included Mr. William Bowen, Dr. Diane Gilleland, Dr. James Hendren, Mr. Harry Truman Moore, Dr. Joe Nix, Dr. Betty Overton, Mr. Jerry Webster, and Dr. William Willingham.

The Authority's executive staff attending the meeting included Dr. John Ahlen, Mr. James T. Benham, Dr. Joe Gentry and Ms. Alice Rumph Smith. Other staff members attending the meeting included Melissa Adams, Al Grijalva, Anita Millard, Chuck Myers, Stacie Nunn and Marion Staab.

Visitors attending the meeting included Ms. Carol Griffee from Editorial Services, Inc. and Mr. Andrew Moreau from the Arkansas Democrat.

APPROVAL OF MINUTES

Mr. Troutt presented the minutes from the September 21, 1990 meeting for approval. Mr. Bowen moved that the minutes be approved. Dr. Willingham seconded the motion; the Board gave its unanimous approval.

PRESIDENT'S REPORT

Dr. Ahlen directed the Board's attention to the President's Report. The first item brought before the Board was a program status update for each program that the Authority operates. Dr. Ahlen stated this was just to keep the Board informed on all activities at the Authority.

Dr. Ahlen pointed out a summary of SBIR awards around the country for the last federal fiscal year. Arkansas received four awards with over a million dollars in grant funds.

The Chair recognized Al Grijalva for a presentation on federal R&D spending at Arkansas colleges and universities.

Mr. Grijalva presented the Board with statistics on federal R&D spending obligations to universities and colleges in Arkansas. The statistics presented showed that the U.S. average for university R&D spending for fiscal year 1987 was \$145 million, with 22 states being at or above the national average.

Mr. Grijalva stated that since 1975, Arkansas has been moving up. Arkansas is now 40th in the country for federal R&D spending obligations to universities.

Mr. Bowen asked if these statistics included federal agencies and industry. Mr. Grijalva stated that these statistics represented only universities.

INVESTMENT COMMITTEE

Mr. Webster presented the Investment Fund Report for the quarter ending September 30, 1990.

Mr. Webster made a motion for the approval of the Investment Fund Report. Mr. Moore seconded the motion; the Board gave its unanimous approval.

The next item brought before the Board was the General Fund Report through September 1990.

Mr. Webster made a motion for the approval of the General Fund Report. Mr. Moore seconded the motion; the Board gave its unanimous approval.

DRAFT AMENDED RESOLUTION 91-6

Mr. Webster submitted for approval draft amended Resolution 91-6. Draft Amended Resolution 91-6 would amend the original resolution approved at the September 21, 1990 meeting. The resolution authorizes a seed capital investment into Transgenic Sciences, Inc. (TSI).

Mr. Webster stated that the amended resolution was necessary to make a change in the total amount of capital that TSI needed. That amount has been changed from \$2,000,000 to \$1,750,000. Mr. Webster stated that ASTA's investment of \$250,000 has not changed.

Mr. Webster made a motion for the approval of Draft Amended Resolution 91-6. Dr. Overton seconded the motion; the Board gave its unanimous approval.

RESEARCH COMMITTEE REPORT

Dr. Willingham introduced a draft of new guidelines for the Basic Research Grant Program. Dr. Willingham stated that one change was being made to the guidelines, that change

being on page 1, paragraph 2. The sentence reads, "The board of directors awards grants to qualified faculty or qualified applicants." The Research Committee proposed changing that sentence to read, "The Authority is governed by a Board of Directors which awards grants to the institutions of qualified tenured or tenured-track faculty applicants to carry out research projects."

Dr. Willingham stated that the reason for the change was that in the past research associates who have applied for grants were not in permanent positions. Dr. Nix added that because the Research Committee can fund only a few proposals, the committee didn't feel it was appropriate to fund a proposal if that person was not going to be at the institution very long. Dr. Nix stated that the research committee would like to fund projects that will grow in Arkansas and attract additional funding.

Dr. Willingham made a motion for the approval of the new Basic Research Grant Program guidelines. Mr. Bowen seconded the motion; the Board gave its unanimous approval.

OLD BUSINESS

ASTA FOUNDATION

Mr. Harry Truman Moore presented an update on the ASTA foundation. Mr. Moore stated that the ad hoc committee looking into the formation of an ASTA foundation met and its members are trying to make a decision on how they want to proceed. One option the committee looked into was going through another organization, such as the Arkansas Community Foundation, which administers funds for community activities around the state. Mr. Moore stated that the committee was still negotiating with the foundation concerning their management fees and comparing that with what it would cost for ASTA to set up the foundation.

Dr. Nix asked what the advantages were if ASTA went through the Arkansas Community Foundation. Mr. Moore stated that if the foundation took care of the account, ASTA would know for sure who was responsible for ASTA's account. Another consideration would have to be the amount of money the ASTA foundation would be receiving. Mr. Moore stated that if there were large amounts of money in the fund for long periods of time, ASTA could possibly lose interest on the account if the Authority went through the Community Foundation. On the other hand, if the money received would not be held for a long period of time, it would be better to go through the Foundation.

Mr. Moore stated that the Arkansas Community Foundation, ASTA's foundation activities would be governed by an advisory committee rather than by a board of directors, and

the advisory committee would make the recommendations on disbursement of funds. Mr. Moore also stated that if the Arkansas Community Foundation handled the account, they would have no part in making recommendations; the ASTA advisory committee would notify the Foundation to whom to release funds.

Mr. Moore stated that the committee would have a recommendation for the Board at the next Board meeting in January. Until then, the committee will negotiate with a few more organizations.

NEW BUSINESS

MEETING DATES FOR 1991

Dr. Ahlen submitted for consideration the meeting dates for the upcoming year. Six dates were suggested, one being an optional meeting during the legislative session. The meeting dates are: January 18, February 15 (optional), March 15, May 17, September 20 and November 15.

Dr. Willingham asked if the Board could not take care of business in four meetings or was it necessary to have five or six meetings a year. Dr. Ahlen stated that the Board could probably take care of business in four meetings, but because the Seed Capital Investment Program accepts proposals anytime, rather than having deadlines like the research programs, sometimes it is necessary to meet to consider these proposals. Dr. Ahlen also stated that one of the meeting dates is usually set aside for planning.

With no further questions, Mr. Bowen moved that the meeting dates be approved. Dr. Hendren seconded the motion. The Board gave its unanimous approval.

The next item brought before the Board by Dr. Ahlen were recommendations for new committee assignments. Dr. Ahlen stated that the Board's bylaws call for four committees: an executive committee, a research committee, a planning committee, and an investment committee.

Dr. Ahlen proposed to the Board that the committees be restructured to fit the needs and changes of the Authority. The new structure would consist of the Research Committee, which would handle basic and applied research and the centers for applied technology. Dr. Ahlen stated that the Investment Committee might be changed to the Business and Technology Development Committee. This committee would be responsible not only for the seed capital investments, but also for business incubators, technology development, and the SBIR assistance. Dr. Ahlen also proposed moving the planning committee function to the executive committee, and abolishing the planning committee.

Dr. Ahlen proposed that other programs under the ASTA umbrella, but not considered permanent programs like research or investment, would have a liaison from the board.

Dr. Hendren asked about when a new program is developed at ASTA; if it became permanent, who would make the decision as to what committee it would fall under. Mr. Troutt stated that the executive committee would make that decision.

Dr. Overton stated that it might be useful to have a past chairman serve on the executive committee. She felt that a past chairman could bring experience to the committee when it came to planning. Dr. Ahlen stated that historically, the past chairman was the one in the early years of the Authority who was involved in a day-to-day basis with the startup activities, and it was important in those early years for that kind of advice. However, he thought the Board had matured and has an understanding of what is going on at ASTA, and it is perhaps no longer necessary to have a past chairman on the executive committee.

Mr. Troutt asked if the Board wished to approve this structure. Mr. Bowen moved that the structure be approved. Dr. Gilleland seconded the motion; Mr. Troutt asked for a show of hands. The vote was 9 in favor, 0 opposed. Committee assignments were then made by Mr. Troutt.

EXECUTIVE COMMITTEE - John Troutt, William Willingham, James Hendren, Jerry Webster, Betty Overton.

RESEARCH COMMITTEE - Betty Overton, Chair, Don Pederson, Joe Nix, William Willingham, James Hendren.

INVESTMENT COMMITTEE - Jerry Webster, Chair, Bill Bowen, Louis Ramsay, H.T. Moore, Diane Gilleland.

EXTERNAL PROGRAM LIAISONS - EPSCoR - Don Pederson, NIST - H.T. Moore, Statewide Systemic Initiative - Diane Gilleland, NBC - Bill Bowen.

OTHER BUSINESS

Mr. Bowen commented that a report published in 1983 stated that a child reared in Arkansas would most likely be exposed to the worst education in the United States. Mr. Bowen stated that if statistics from 1987 were studied, he would reach the conclusion that a child reared in Arkansas would more than likely have the least R&D spending per child in the U.S., and that a child in Arkansas would not be exposed to quality opportunities in this area because of low R&D spending. Mr. Bowen stated that this is something that the Board should not let go by and escape discussion.

Mr. Bowen stated that in 1987, Arkansas' R&D spending was \$15,473,000 with a population of approximately 2.5 million, and Alaska's spending was just a few thousand dollars less with a population of 500,000 people. Mr. Bowen stated that when those statistics are compared, it makes Arkansas' 40th standing drop down close to 50th in per capita spending. Mr. Bowen stated that it was time something was done about this and ASTA should be the agency to address it.

Dr. Gilleland stated that due to the recent passage of the college savings bond program, the state of Arkansas was going to be able to make a significant difference in research capabilities in math and science equipment and facilities. Dr. Gilleland stated that business and industry in Arkansas was ready to help make a difference in the math and science education of Arkansas' students. She recently served as a consultant to the state of Alabama to review its system of higher education. Dr. Gilleland stated that after interviewing presidents, chancellors, the governor and legislators, she found that they are envious of Arkansas. Alabama has attempted to make some progress on the education and research front, but that state does not have the kind of leadership Arkansas has. Dr. Gilleland stated that Arkansas is making a difference, it was just not going to be quick.

Mr. Bowen moved that the Board go on record that it will continue to do the following: (1) study R&D spending across the entire state of Arkansas, not just focusing on colleges and universities, (2) study per capita spending, (3) look to and catalog all offices in the state that are concerned about R&D spending, and (4) herald this to the Governor and the General Assembly during the upcoming legislative session. The motion was seconded by Mr. Webster; the Board gave its unanimous approval.

Dr. Nix stated that since this would be his last ASTA Board meeting, he wanted to make a few comments. Dr. Nix commented that ten years ago he would not have guessed that this Board would be as strong as it is today. Science is well established in state government and it is because of the hard work of the ASTA staff and the Board. Dr. Nix stated that the Board has supported good science and has never given in to supporting bad science. He also stated he felt it was important to have a mixture of scientists and business people. Dr. Nix felt that ASTA is at a critical point where it can ask for significant increases in this biennium. Dr. Nix stated that because of the solid foundation that exists, he urged the Board members to continue to push forward.

Mr. Troutt thanked Dr. Nix for his hard work and service on behalf of ASTA over the last ten years.

ADJOURNMENT

With no further business to conduct, the meeting was adjourned at 2:35 p.m.

Respectfully submitted,



James K. Hendren
Secretary
Board of Directors

Approved by the Board of Directors
on this 18th day of January, 1991.



James K. Hendren
Secretary
Board of Directors