



ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY
100 Main Street, Suite 450, Little Rock, Arkansas 72201 (501) 324-9006

MINUTES OF THE 45TH MEETING OF THE
ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY'S
BOARD OF DIRECTORS
LITTLE ROCK, ARKANSAS
MARCH 15, 1991

CALL TO ORDER

The meeting was called to order at 1:36 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 Dr. Joe Bates, Dr. James Hendren, Mr. Harry Truman Moore, Dr. Betty Overton, Mr. Louis Ramsay, Mr. Jerry Webster, and Dr. William Willingham

INTRODUCTION OF NEW BOARD MEMBER

Mr. Troutt welcomed Dr. Joe Bates of the McClellan VA Medical Center to the Board of Directors. He also recognized Mr. Jerry Webster, who was reappointed to the Board of Directors.

APPROVAL OF MINUTES

Mr. Troutt presented the minutes from the January 18, 1991 meeting for approval. Mr. Ramsay 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 written report that updated the programs at ASTA. Dr. Ahlen stated that, as part of the prepacket sent to them, the Board members received a copy of the Research Report covering all research projects completed by ASTA. Dr. Ahlen stated that for every dollar the Board approves, \$2.25 comes back to the state in additional research funds.

Dr. Ahlen announced that Stacie Nunn, Communications Manager for ASTA, submitted her resignation to the Authority. The Board applauded and thanked Ms. Nunn for her work at ASTA.

ARKANSAS INDUSTRIAL NETWORK

At Dr. Ahlen's request, Mr. Jim Benham gave an update on the Arkansas Industrial Network Project.

ASTA began working on the project eight months ago in cooperation with the Southern Technology Council and the Winthrop Rockefeller Foundation. Three, two-day training seminars have been held and 23 people from around the state are now certified to work as brokers in the networking project.

Mr. Benham stated that ASTA was trying to use challenge grants in forming these networks. A goal of raising \$150,000 was set and approximately \$100,000 has been committed. In response to a question, Mr. Benham stated that no ASTA funds were involved. Funds are being sought from public and private sources. This money will be used to offset part of the expenses in forming these networks.

Mr. Benham explained that ASTA had looked into a couple of options for handling the challenge grant money: the Community Foundation and the Wilowe Institute.

Dr. Ahlen reminded the Board that it had talked at earlier meetings about the need for having an ASTA-affiliated Foundation. The network activities show that the best reason for having a relationship with a foundation is that industry sources, while having economic development interests, prefer that industry funds be kept in the hands of the private sector.

Mr. Moore stated that Wilowe would be a good choice because it is located in the same building as ASTA and because Wilowe was proposing a reasonable arrangement. He stated that eventually the ASTA-affiliated foundation would be formed, but for ASTA's immediate needs, he felt the Wilowe Institute would be a good choice. With that, Mr. Moore made a motion for approval of the Board to formalize an agreement with the Wilowe Institute. Mr. Ramsay seconded the motion.

Mr. Troutt asked if the motion was set up in such a way that ASTA could terminate the relationship with Wilowe form an ASTA Foundation at the time it was appropriate. Mr. Moore stated that ASTA was just committing the funds that would come in for this particular project.

Dr. Bates asked how secure the funds would be and what guidelines would be followed for investing the funds. Mr. Benham stated that the funds would be placed in money market accounts in area banks. He also stated that joint signature requirements for withdraw of funds has been included in the draft memorandum of agreement. Mr. Benham stated that

Wilowe is a highly recognized institution and he felt very comfortable dealing with them.

Mr. Moore stated that this is a short-term situation on this project and that money market funds would be the best option for this money. Mr. Benham stated that these monies are going to be a quick in and quick out. The money will not sit in the money market accounts more than two months.

With no further questions, Mr. Troutt put the motion to a vote. The motion passed unanimously.

INVESTMENT COMMITTEE

Jerry Webster, chairman of the Investment Committee asked Alice Rumph Smith to give an update on the National Biotechnology Cooperative project.

Ms. Smith reported that the contract on NBC would expire on September 30 and the state's involvement would end on June 30 of this year. Ernst & Young is working on a summary operating plan for the NBC entity and should be completed the first week in April. NCTR-AU is currently developing the agreement that defines the relationship between NBC and the NCTR federal laboratory, which should be in final form by the week of March 18.

Ms. Smith reported that UAPB was involved in a project in regulatory science, training both industry and federal agency regulators. There has been a lot of excitement about this from USDA and EPA. Ms. Smith stated that although FDA is the parent agency, it is still a reluctant participant in all of this.

Dr. Hendren asked if there were other people besides Arkansas' legislative delegation that ASTA could talk to about the NCTR project. Ms. Smith stated that one big boost to the project early on was the FDA Revitalization Act sponsored by Senators Hatch of Utah and Kennedy of Massachusetts. In that bill was a separate title called the National Biotechnology Demonstration Project. That authorized this public/private partnership like the NBC. The report accompanying the bill specifically mentioned NCTR. In the last two days of the congressional session, the bill was pared down from 12 to four titles, with the NBC title being one that was cut. Ms. Smith stated that she had only worked with the Labor Human Resources Committee staff, which was Hatch's and Kennedy's committee. Ms. Smith stated that although she had not put together that kind of lobbying effort, she would be open for suggestions and help from the Board. There was substantial discussion about other avenues that might be followed. Mr. Troutt said that the people in Washington have to want to do the NBC project.

Dr. Overton asked if there was something that could be done to implement the project. The Board discussed this and Mr. Ramsay suggested that if you have someone in the higher levels of government that is interested in the project, then maybe the commissioner would pay more attention. Mr. Moore suggested that if FDA's budget was coming up, it might be timely to emphasize the importance of the project to the administration when the budget comes up.

Mr. Ramsay stated that it was important to keep NCTR viable because it is important to the state of Arkansas and to the nation. Mr. Troutt asked Mr. Ramsay and Mr. Bowen to serve as an informal committee of two to push this in central Arkansas.

NIST UPDATE

Mr. Moore gave an update on the NIST project for the Board. The Technology Extension Pilot Project attempts to link small and medium-sized businesses with federal labs that may be working in their area of technology. ASTA is seeking 36 participants in the state to participate. To date, 14 companies have signed up and are part of the program with two more in the application process. The size of the companies average between 5 and 800 employees, dealing with basic research to such things as removing paper fiber from polyethylene products.

RESEARCH COMMITTEE

Dr. Overton, chairman of the research committee, recognized Dr. Joe Gentry to discuss changes in the applied research guidelines.

Dr. Gentry presented changes that needed to be made to the guidelines, including one that sets deadlines for the coming year. The three deadlines suggested were May 31, October 15 and January 31. Dr. Willingham asked what the reason was for the deadlines. Dr. Gentry stated that he has found that university people are more apt to submit proposals when a deadline is approaching.

The next change was a provision that would allow a company that is making a match on a grant to pay its match in installments instead of in a lump sum up front. When it makes the installment payments, ASTA will make 90 percent of its payment. This change was being done to make it easier for companies that were making large grant matches.

With no further questions, Dr. Overton moved for the approval of the applied research guidelines, Dr. Willingham seconded the motion. The motion passed unanimously.

EPSCoR REPORT

Marion Staab gave an update to the Board on the activities of EPSCoR. The Arkansas EPSCoR Committee was recently notified that the NASA proposal has received funding, \$150,000 a year for four years, (\$75,000 from NASA and \$75,000 per year from state funds). The EPSCoR proposal to the U.S. Department of Energy will be submitted March 20th. Plans for two grants would be set up with this proposal: one for traineeships and one for a one-year planning grant. The traineeships total \$250,000 to be matched by state funds and the planning grant for \$100,000 (the university has agreed to provide 20 percent matching funds for the planning grant). There has been no word on the proposal submitted to the National Science Foundation. This proposal would provide \$4.5 million over three years for building the infrastructure for scientific research in the state and for supporting the research Dr. Garcia-Rill at UAMS, Dr. Goldstein at the VA, and Dr. Koeppe at U of A.

RESEARCH SUMMARY

Dr. Overton recognized Dr. Gentry for a presentation on research proposals that have been submitted to ASTA over the last three bienniums.

In the 1986-87 biennium, a total of 138 basic proposals were submitted and 18 were funded. Eight applied proposals were submitted and 7 were funded. In the 1988-89 biennium, 59 basic proposals were submitted and 20 were funded. Thirty two applied research proposals were submitted and 17 were funded, with 2 of those proposals being funded with energy grant money. In the 1990-91 biennium, 76 basic proposals were submitted and 23 were funded. Eight applied proposals were submitted and 5 were funded.

Dr. Gentry reported that in 1986-87, \$868,229 was available to fund the 7 applied and 18 basic proposals approved by the Board. This money was coming out of capital improvement and took a long time to flow. In 1988-89, \$824,000 was available to fund proposals in that biennium; \$300,000 in energy money was also available. Dr. Gentry stated that ASTA has been running between \$400,000 and \$450,000 a year for funding proposals, which means 12 to 15 proposals are funded a year. Dr. Gentry stated that if ASTA could not fund about 1/3 of the proposals submitted, then ASTA was going to have some credibility problems with the program.

Dr. Gentry stated that at the moment, 28 basic research proposals for requests of over a million dollars and 4 applied requests for over \$100,000 have been submitted.

Dr. Gentry also brought to the Board's attention the quality of proposals being received by ASTA. In 1986-87, the average score of proposals that were peer reviewed was 6.8

with the average score of proposals funded being 8.0. In 1991, the average score of proposals that were peer reviewed was 7.8 with the average score of the proposals funded being 9.0. The quality of proposals has improved significantly. Dr. Gentry stated that the major areas of funding were agriculture, chemistry and biochemistry.

Dr. Overton asked Dr. Gentry to give an update on the flow of research funds. Dr. Gentry stated that for fiscal year 1991, ASTA has awarded \$438,020 worth of grants. \$84,600 of that came out of general revenue, but the \$350,420 from capital improvement has not yet been released. Dr. Gentry stated that \$309,618 is needed for the grants awarded in September and January.

Dr. Bates stated that this delay could hurt ASTA's credibility with investigators. This could be damaging to the researchers because they plan certain things to happen in a certain sequence.

Dr. Overton asked how certain it was that the funds would be released in April for the proposals that have been approved. Dr. Ahlen felt confident that the funds would be released.

Mr. Troutt stated that we need to publicize the applied research programs. Something that the man on the street can grab onto and say that it created jobs and brought money into the state.

LEGISLATIVE SESSION

Alice Smith updated the Board on the legislative session and highlighted bills that pertained to ASTA and other items of interest in the session. ASTA did not receive any new positions, which is the second biennium that ASTA has not been granted an increase. Ms. Smith stated that the research picture looks brighter than it ever has.

In the general improvement fund, the Governor recommended \$2 million for the business incubators. There has been a lot of interest from presidents and chancellors of universities. Ms. Smith felt confident that the EPSCoR match of \$3 million would be passed and a substantial part of the \$2.4 million funding for the centers for applied technology would be approved.

OLD BUSINESS

FERRIS WOMACK VISIT

Mr. Troutt announced that per Mr. Bowen's suggestion, Dr. Ferris Womack from the University of Michigan has been invited to speak to the Board. Because of a scheduling conflict, he would not be available for the May 17th

meeting. Mr. Troutt stated that a special meeting may be called during the summer.

Mr. Troutt reminded the Board of the next scheduled meeting on May 17th. Dr. Ahlen stated that Chris Coburn from Battelle would be speaking at the May 17th meeting. Mr. Coburn, who recently left the Governor's office in Ohio to work for Battelle, will speak on R&D funding.

The last item brought before the Board was the concern by Dr. Bates involving funds for approved research proposals. Dr. Bates stated that he has received grants for 30 years, and he had already done a lot of work on the grant. Dr. Bates stated that you find your venture capital in the grant money you receive. Researchers have to pay their technicians and pay for the lab so they won't go under. Dr. Bates stated that, for an investigator who is working on ongoing projects and writing grants all the time, to make plans and invest and then not get the money on or about the time it was supposed to be sent, is like running a bank and when the customer wants to withdraw funds, you don't pay. Dr. Bates stated that something needs to be done to fix that.

Dr. Hendren stated that the state has laws that they can't spend money they don't have. Dr. Bates stated that ASTA shouldn't make commitments they it can't keep.

Dr. Ahlen stated that the next legislative session will mark the tenth anniversary of the creation of ASTA and ASTA is on the track where research is the heart and soul of what ASTA does. Dr. Ahlen stated that the Board needs to go to the 1993 legislative session and bring to the attention of the General Assembly that ASTA has been here for ten years and that there are barriers that have had to be dealt with.

Dr. Overton suggested that something might need to be done to try and get the funds put into general revenue for the next biennium. Her main concern is the proposals that have been approved, but not funded.

Mr. Moore suggested that the chairman send a letter to the Governor thanking him for adding the additional funds and for adding them to general revenue. This would give the chairman an opportunity restate all the reasons why it is so important for ASTA to have ready access to research funds. Mr. Troutt stated that he would send the letter.

Ms. Smith informed the Board that Dr. Joe Nix mailed 90 letters to people within the research community regarding the research funding strictly.

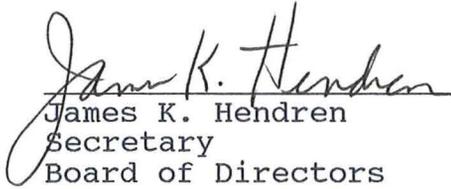
Dr. Overton moved that the Board send a letter thanking Dr. Nix for his efforts on behalf of ASTA. The motion was

seconded by Dr. Willingham; the Board gave its unanimous approval.

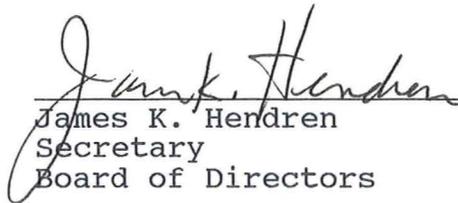
ADJOURNMENT

With no further business to conduct, the meeting was adjourned at 3:10 p.m.

Respectfully submitted,


James K. Hendren
Secretary
Board of Directors

Approved by the Board of Directors
on this 17th day of May, 1991


James K. Hendren
Secretary
Board of Directors