



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

**MINUTES OF THE 64TH MEETING OF THE
ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY
BOARD OF DIRECTORS
UNIVERSITY OF ARKANSAS
FAYETTEVILLE, ARKANSAS
NOVEMBER 18, 1994**

The Board of Directors met Friday, November 18 at the University of Arkansas at Fayetteville. The morning session consisted of tours of the Arkansas Center for Technology Transfer, HIDEK, the Poultry Science Research Center, and the Materials Handling Research Center. Following lunch, the business portion of the meeting was held.

CALL TO ORDER

The meeting was called to order at 1:48 p.m. by Dr. Donald Pederson, Chairman of the Board, in the Upchurch Conference Room of the Bell Engineering Center on the campus of the University of Arkansas at Fayetteville.

A quorum of Board members was present and included: Dr. Roberta Bustin, Mr. Danny Ford, Dr. Charles Hathaway, Dr. James Hendren, Dr. Phillip Rayford, Dr. James Spraggins (attending for Dr. Diane Gilleland), Mr. John Troutt, and Mr. Jerry Webster.

Staff members present included: Dr. John Ahlen, Mr. Jim Benham, Dr. Joe Gentry, Dr. Danny Lattin, Mr. Chuck Myers, Ms. Melissa Adams, Mr. Brock Patterson, and Ms. Julie Welch.

Visitors present included: Ms. Kelly Hunt, Economic Development Liaison with the Governor's Office; Mr. George F. Black, Jr., President of Genesis Foods, Inc.; Dr. John A. Turner, Agri Officer with Matrix Design; Terri Black; and Cassie Boyd.

INTRODUCTION OF NEW BOARD MEMBERS

Dr. Pederson introduced Dr. Charles Hathaway, Chancellor of the University of Arkansas at Little Rock, to the Board.

APPROVAL OF MINUTES

Dr. Pederson presented the minutes from the September 16, 1994 Board meeting for approval. Dr. Hendren made a motion for the approval of the minutes. Mr. Webster seconded the motion; the Board gave its unanimous approval.

PRESIDENT'S REPORT

Dr. Ahlen introduced Dr. Danny Lattin to the Board. Dr. Lattin has filled the position of Vice President for EPSCoR.

INVESTMENT COMMITTEE

In the absence of Mr. Kelley, Mr. Troutt presented the Investment Committee's report.

Mr. Troutt called the Board's attention to the FY95 General Fund Expenditure Report and the Investment Fund Report for the quarter ending September 30, 1994.

Dr. Ahlen stated that the agency was recently audited for the last fiscal year and there were no audit exceptions.

Mr. Troutt made a motion for the acceptance of the two financial reports. Mr. Webster seconded the motion; the Board gave its unanimous approval.

DRAFT RESOLUTION 95-16

Draft Resolution 95-16 provides authorization for the expenditure of grant funds, awarded by the Arkansas Industrial Development Commission's Energy Division, for the establishment and operation of an energy and technology extension network clearinghouse.

Dr. Ahlen stated that this clearinghouse would fulfill part of the plan for the Arkansas Manufacturing Extension Network.

Mr. Troutt made a motion for the approval of Draft Resolution 95-16. Mr. Ford seconded the motion; the Board gave its unanimous approval.

DRAFT RESOLUTION 95-17

Draft Resolution 95-17 would provide monies in an amount not to exceed \$37,500 for funding recommended projects under the Technology Transfer Assistance Grant (TTAG) Program during the third quarter of state fiscal year 1995.

Dr. Hendren made a motion for the approval of Draft Resolution 95-17. Dr. Rayford seconded the motion; the Board gave its unanimous approval.

DRAFT RESOLUTION 95-18

Draft Resolution 95-18 provides for the formal acceptance of Technology Transfer Assistance Grant (TTAG) Projects funded since September 16, 1994.

Mr. Troutt made a motion for the approval of Draft Resolution 95-18. Dr. Hathaway seconded the motion. Dr. Pederson stated that all five projects were submitted by UAF, the institution of his affiliation. The Board gave its unanimous approval.

DRAFT RESOLUTION 95-19

Draft Resolution 95-19 provides for the seed capital investment in Metwool, Inc. in the amount of \$200,000. Jim Benham and Brock Patterson gave some background information to the Board about Metwool.

Metwool is owned by Envirosience, which is located in Hot Springs. The company has developed a process for recovering metallic values from hazardous waste, such as smelter dust, mill scale slag and slug waste products. They have taken the material and developed a rock wool which can be used as an insulation material and for other industrial uses.

The EPA has evaluated the process. Although it is hazardous material coming in, because of the process that Metwool has developed, the EPA has classified it as a high temperature metal recovery technology and the rock wool product has been classified as a non-hazardous material. Even the waste stream produced is not hazardous.

Mr. Patterson stated that the process developed by Metwool has been approved by the Department of Energy, the National Institute of Standards and Technology, and other federal labs. The technical reviews have been positive.

Mr. Patterson stated that Tennessee, Iowa, and Indiana have also given strong approval of the process and are also committing to the construction of the plants.

The total capitalization for the project is \$25.5 million. ASTA's investment of \$200,000 will provide nine administrative jobs at the company's headquarters in Hot Springs. \$25 million is being raised in Washington through a bond issue, which Washington is waiting to close. Mr. Patterson stated that no monies would be released until the bond issue was settled in Washington.

Mr. Benham stated that the staff had consulted with the Authority's legal counsel, Walter May. Mr. May instructed the staff that as long as the Authority did not take a collateral interest in the production facilities, the agency should be removed enough from any liability issues.

Mr. Troutt stated that during their meeting, the Investment Committee raised some concerns, such as: questions about liability to the Authority; the fact that only Metwool's headquarters would be located in Arkansas; no plant is in the works for Arkansas; and that there would be no immediate scientific benefit to the state.

Mr. Benham stated that Metwool had considered a possible plant location in Arkansas, but the company had a problems with Pollution Control and Ecology.

Mr. Benham stated that there is a clause in the loan agreement that states all the jobs funded by ASTA would remain in Arkansas. If the company decides to move its headquarters and the jobs are taken out of the state, the loan can be called immediately.

After further discussion, Mr. Troutt made a motion for the approval of Draft Resolution 95-19 with safeguards including, that the loan will not be made until the bond issue in Washington is completed and if the headquarters is moved from Arkansas, the loan is called. Mr. Ford seconded the motion; the Board gave its unanimous approval.

DRAFT RESOLUTION 95-20

Draft Resolution 95-20 provides for the seed capital investment in Genesis Feeds, Inc. in the amount of \$100,000.

Genesis Feeds, Inc. is a poultry litter processor located in Ozark, Arkansas. This company has developed a process that converts poultry litter into organic fertilizer that can be used by consumers, like Miracle Gro. The technology was developed by Dr. John Turner, owner of Matrix Designs in Texas.

Mr. Patterson stated that it has been tested and has received favorable reviews. Wal-Mart has expressed an interest in the project, and it plans to purchase 10,000 tons per year. A firm in Texas has also expressed an interest in the product.

Mr. Patterson stated that the Arkansas Development Finance Authority (ADFA) had approved monies for this project at their September Board meeting. The plant will have an initial employment of 14 and will be able to produce 25,000 tons.

After further discussion, Mr. Troutt made a motion for the approval of Draft Resolution 95-20. Dr. Rayford seconded the motion; the Board gave its unanimous approval.

OLD BUSINESS

REVIEW OF BYLAWS

Mr. Myers stated that after review of the bylaws and board policy resolutions, it was found that there were new policies that had been set, but were not added to the bylaws. The staff had discussed taking the bylaws and developing a policy manual from them. Mr. Myers asked the Board's direction: would the Board like to keep the bylaws or would they prefer to have a policy manual developed and the bylaws eliminated.

The Board stated that a policy manual would be very helpful to them.

Dr. Hathaway made a motion that the staff take the bylaws and develop a policy manual. Mr. Troutt seconded the motion; the Board gave its unanimous approval.

ANNUAL REPORT

Mr. Myers called the Board's attention to a draft of the agency's annual report. Mr. Myers stated that due to the resignation of the communications manager, the annual report had been delayed.

Mr. Troutt made a motion to approve the release of the annual report, with the Board being given two weeks from the Board meeting to make any changes. Dr. Hendren seconded the motion; the Board gave its unanimous approval.

NEW BUSINESS

ASTA BUDGET REQUEST FOR 1995-97 BIENNIUM

Dr. Ahlen stated that the Authority had its budget hearing. The executive recommendation was that the operating budget be approved as requested.

The request for programmatic funds, monies for the match for EPSCoR and other like programs, were included in the general improvement budget rather than general revenue.

COMMITTEE ASSIGNMENTS

Dr. Pederson made committee assignments for the upcoming year.

EXECUTIVE COMMITTEE: Don Pederson, Phillip Rayford, Danny Ford, John Troutt, and James Kelley.

RESEARCH COMMITTEE: Phillip Rayford, Roberta Bustin, Charles Hathaway, James Hendren.

INVESTMENT COMMITTEE: Danny Ford, Diane Gilleland, James Kelley, Michael Murphy, John Troutt, Jerry Webster.

MEETING DATES FOR 1995

Dr. Pederson gave the Board members the meeting dates for 1995: January 20, March 17, May 19, September 15, and November 17.

Dr. Pederson asked the staff to draft a resolution thanking Mr. Webster for his work as Chairman of the Board and as a Board member.

Mr. Troutt made a motion that the resolution be drafted. Dr. Hendren seconded the motion; the Board gave its unanimous approval.

ADJOURNMENT

With no further business to conduct, the meeting was adjourned.

Respectfully submitted,


Roberta Bustin, Ph.D.
Secretary
Board of Directors

APPROVED by the Board of Directors
on this 20th day of January, 1995


Roberta Bustin, Ph.D.
Secretary
Board of Directors