



ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY

100 Main Street, Suite 450, Little Rock, Arkansas 72201 (501) 324-9006

**SPECIAL MEETING OF THE
ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY
BOARD OF DIRECTORS
(via conference call)
LITTLE ROCK, ARKANSAS
JULY 21, 1995**

CALL TO ORDER

The meeting was called to order at 1:32 p.m. by Dr. Donald Pederson, Chairman of Board, in the Authority's Conference Room in Little Rock.

A quorum of Board members participated in the conference call. They were: Dr. Roberta Bustin, Dr. James Hendren, Mr. James Kelley, Mr. Michael Murphy, Mr. John Troutt and Mr. Jerry Webster.

Staff members present for the conference call were: Dr. John Ahlen, Mr. Jim Benham, Mr. Chuck Myers, Ms. Julie Welch, Ms. Melissa Adams, Mr. Bob Alvey, Mr. Al Grijalva, Mr. Brock Patterson, and Ms. Joyce Sadler.

INVESTMENT COMMITTEE

Mr. Troutt stated that the investment committee had met and voted to recommend the following resolutions to the Board.

DRAFT RESOLUTION 96-01

Draft Resolution 96-01 provides for the formal acceptance of Technology Transfer Assistance Grant (TTAG) Program projects funded since May 19, 1995. A total of 17 projects were funded.

Mr. Troutt made a motion for the approval of Draft Resolution 96-01. Mr. Webster seconded the motion. Dr. Pederson stated that some of the projects funded were from UAF, the institution of his affiliation. The Board gave its unanimous approval.

DRAFT RESOLUTION 96-02

Draft Resolution 96-02 would provide funding in the amount of \$200,000 for Law Office Information Systems, Inc. (LOIS) from the Seed Capital Investment Program.

Mr. Benham stated that LOIS has developed a retrieval software called PETA, which is superior to the system that was being used for their CASEBASE software. If approved, the funds would be used as working capital to start a marketing company for the same product, but with the new retrieval software.

Mr. Troutt made a motion for the approval of Draft Resolution 96-02. Mr. Webster seconded the motion; the Board gave its unanimous approval.

DRAFT RESOLUTION 96-03

Draft Resolution 96-03 would provide funding from the Seed Capital Investment Program in the amount of \$25,000 for Comfort Diagnostics and Solutions.

Mr. Troutt stated that this company provides training to consumers in the area of energy checks and audits, showing consumers how to save money on energy costs. He also stated that there is only one other company in the state that offers this service, that company is located in Jonesboro. Mr. Troutt stated that the investment committee had discussed this project at length and decided to recommend its approval.

Mr. Benham added that although the company does not provide any new technology, they have developed an innovative use of technology and the staff felt like it did fit into the seed capital program.

Mr. Troutt made a motion for the approval of Draft Resolution 96-03. Mr. Murphy seconded the motion; the Board gave its unanimous approval.

90-DAY EXTENSION REQUEST FOR UAMS

Mr. Benham stated that the 90-day extension pertained to Resolution 95-29, which was approved by the Board at its March 17, 1995 meeting. The funding involved a \$50,000 technology development project with Mr. Dan Eaton, a researcher at UAMS. Mr. Benham stated that the staff was continuing to negotiate the royalty agreement with UAMS and that the resolution had lapsed. Mr. Benham stated that the extension would allow the staff to continue negotiations and close the deal within 30 to 60 days.

Mr. Troutt moved that the 90-day extension on Resolution 95-29 be granted. Mr. Webster seconded the motion; the Board gave its unanimous approval.

OTHER BUSINESS

TELEMEDICINE

Dr. Ahlen briefed the Board on a project that the Governor and Department of Finance & Administration (DF&A) asked the Authority to manage.

The project involves telemedicine. The project, called the AAA Healthcare Model, is an information management system for the healthcare industry. There is an appropriation to DF&A for \$50,000 to fund the development of a business plan.

The project will have a public file at the Authority and will be considered a special project. The Authority will maintain the file and ensure that the state gets a product in return for the money invested. Dr. Ahlen stated that the Authority has received the proposal, which is modeled after the agency's Technology Development Program proposals.

Dr. Ahlen stated that the paperwork has been completed and the funds have been transferred. The Authority has requested approval from the Legislative Council to expend the funds. Dr. Ahlen asked the Board to make a motion concurring with the expenditure of the funds for this project.

After further discussion, Mr. Troutt moved that the Board concur in the staff's recommendation to manage the AAA Healthcare Model project. Dr. Hendren seconded the motion; the Board gave its unanimous approval.

MANUFACTURING RESOURCE ADVISORY COMMITTEE

Ms. Welch stated that at the last meeting of the Manufacturing Resource Advisory Committee, the members recommended that Mississippi County Community College be added to the committee.

Ms. Welch stated that Mississippi County Community College is a federal empowerment zone. The committee felt that it would be beneficial to the network and manufacturers in that area to be connected to other technical resources throughout the state. Ms. Welch explained that a federal empowerment zone means that area receives preferential treatment in any federal contracts, grant requests, etc.

Dr. Hendren made a motion to approve the addition of Mississippi County Community College to the Manufacturing

Resource Advisory Committee. Mr. Troutt seconded the motion; the Board gave its unanimous approval.

GENESIS

Dr. Ahlen stated that at the last meeting of the Board, there was discussion of the availability of funds for the GENESIS Technology Incubator in Fayetteville. Dr. Ahlen stated that on June 29 he had a meeting with the Governor to discuss ASTA business and one of things discussed was the expiration of the Business Incubator Program (BIP) and the possibility of funding GENESIS out of the next biennium's budget.

The Governor agreed that if there was any money to go into GENESIS in the fiscal year, it should come out of some place other than the Authority's budget. He then asked Neal Turner, his chief of staff, to look at the general improvement fund for any other place where funds for GENESIS could be found.

The following day, Mr. Turner called to say that the only place they could possibly find support for GENESIS was in the ASTA BIP budget line. Mr. Turner asked about any barriers to the use of BIP funds, keeping in mind the tradition and policy of requesting Board approval for all Authority projects. During these conversations, Mr. Troutt and Dr. Gilleland were also consulted.

Dr. Ahlen stated that after several discussions the following agreement was reached:

At the end of FY95, the Business Incubator Program expired with no money to be reported. There were no additional awards and the Authority was not entertaining any additional proposals. With the expiration of the program, that budget line, which had money in it for GENESIS, would be tapped by the Governor for matching funds. The money would be used to match a federal grant for construction of a new building for GENESIS.

Dr. Ahlen stated that there was a discussion as to whether the investment committee, which had been hesitant about the release of funds at its last meeting, would be content with this arrangement. Dr. Ahlen stated that Mr. Troutt and Dr. Gilleland, both members of the investment committee, were contacted and they both concurred that if this was what the Governor wanted to do, and the Business Incubator Program would expire as scheduled, they would concur. An additional condition was that the University of Arkansas send a letter, signed by the chancellor, indicating that GENESIS would not seek any additional funds from the Authority.

Dr. Ahlen stated that the Authority had a warrant for GENESIS in the amount of \$400,000, drawn on last year's budget, which does not affect this year's budget. Dr. Ahlen stated that if the Board concurred with the administrative action, the staff would send the warrant to GENESIS.

After further discussion, Mr. Troutt made a motion to concur with the Governor's recommendation and release \$400,000 to the GENESIS Technology Incubator in Fayetteville. Dr. Hendren seconded the motion. Dr. Pederson stated that UAF is the institution of his affiliation. The Board gave its unanimous approval.

GENERAL IMPROVEMENT FUND PRIORITIES

Dr. Ahlen stated that at his meeting with the Governor, several issues were discussed concerning the Authority's programs. There was a discussion about the balance in the Authority's budget between research activities and development activities. The idea is that there should be equal balance between the two activities, which will require, in future years, an increased amount of money going into development activities. Also discussed was the scale of projects done, large or small, and a need to do both.

Concerning funds for larger projects like EPSCoR and Manufacturing Extension, the discussion involved the Governor's and the Board's priorities. With that, the Governor asked Dr. Ahlen to draft a memo to outline those priorities.

Dr. Ahlen asked the Board to review the draft memo, which included draft language for the three priorities the Governor mentioned:

- Manufacturing Extension Network. The Manufacturing Resource Advisory Committee was asked to prepare a proposal requesting funds for three field engineers.
- EPSCoR. The EPSCoR Advisory Committee should prepare a brief proposal and a cash flow projection for their biennial budget of \$1,000,000.
- Manufacturing Extension Network. The Authority should prepare for contingency funding for other Manufacturing Extension Network enhancements, which total \$400,000 for the biennium.

Dr. Hendren asked if these were the only items under general improvement, or if these were the top three. He also expressed concern about manufacturing and the classical definition of a manufacturer.

Ms. Welch stated that the Manufacturing Resource Advisory Committee had discussed not limiting the Network to serving industry in manufacturing SIC codes 20-39. She stated that the Network partners realize there are broader needs within the state and do not wish to confine the Network to manufacturing only. For example, the Authority uses the term "enterprise" in its statutory language.

Ms. Welch stated that she hopes in the future, to recommend changing the name of the committee from the Manufacturing Resource Advisory Committee to the Industrial Resource Advisory Committee.

After reviewing the memo, the Board members expressed concern that some of the Board's priorities would not be addressed. Some of the Board's priorities are different from the Governor's priorities.

Dr. Ahlen shared with the Board the items that were in the Authority's general improvement line, under Category A. They included NASA/EPSCoR, the Manufacturing Extension Network, Material Handling Research Center, DOE/EPSCoR and EPA/EPSCoR.

Dr. Ahlen stated that a specific request could be made to the Governor to release funds for any of the items in Category A; it is a question of whether funds would be available.

After further discussion, the Board asked that the staff reword the memo so that it is not so restrictive. The memo should say that the three priorities listed are among those of the Board's, but the Board would also like other priorities to be considered.

Dr. Hendren made a motion that the Board concur with the general language drafted by the staff, with the provision that it be somewhat less restrictive than the three items mentioned. Mr. Webster seconded the motion; the Board gave its unanimous approval.

ADJOURNMENT

With no further business to conduct, the meeting was adjourned at 2:15 p.m.

Respectfully submitted,

Roberta Bustin
Roberta Bustin, Ph.D.
Secretary

APPROVED by the Board of Directors
on this 15th day of September, 1995

Roberta Bustin
Roberta Bustin, Ph.D.
Secretary