



ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY

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**MINUTES OF THE 66TH MEETING OF THE
ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY
BOARD OF DIRECTORS
UNIVERSITY OF CENTRAL ARKANSAS
CONWAY, ARKANSAS
MARCH 17, 1995**

The Board of Directors of the Arkansas Science & Technology Authority met on Friday, March 17, 1995 on the campus of the University of Central Arkansas in Conway. The morning session consisted of tours of the Lewis Science Center and Laney Hall, UCA's new chemistry building. Lunch was attended by several members of the UCA faculty and staff. Following lunch, the business portion of the meeting was held.

CALL TO ORDER

The meeting was called to order at 1:22 p.m. by Dr. Donald Pederson, Chairman of the Board, in the Torreyson Library on the campus of the University of Central Arkansas, Conway.

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

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

APPROVAL OF MINUTES

Dr. Pederson presented the minutes from the January 20, 1995 Board meeting for approval. Dr. Hathaway made a motion for the approval of the minutes. Dr. Hendren seconded the motion; the Board gave its unanimous approval.

PRESIDENT'S REPORT

Dr. Ahlen updated the Board on the legislative session and any action taken concerning the agency.

- Dr. Ahlen outlined the statutory board memberships that, as President of the Authority, he holds.
 - A. Arkansas Code Annotated 15-4-915(c) appoints the President of the Authority to serve on the Board of the Arkansas Capital Corporation.
 - B. The President of the Authority serves as a member of the Hi-Tech Training Center Advisory, which is part of the Arkansas Aerospace Education Center.
 - C. Act 366 repeals the ASTI Advisory Board.
 - D. Act 558 creates a Board of Trustees to govern the Arkansas School for Mathematics and Sciences. The President of the Authority will become an ex-officio member of the Board of Trustees.
- Dr. Ahlen pointed out to the Board changes that had been made to the Authority's enabling legislation. The changes include:
 - A. The addition of three members to the Board of Directors, which changes to total Board membership from eleven (11) to fourteen (14). This will take effect July 1. The three new members will come from the manufacturing area; and
 - B. The inclusion of the Ventures in Education program in the Authority's enabling legislation. It reads, "engaging in innovative demonstration and pilot projects involving improved education and preparation of the future work force in the areas of science, technology, and mathematics"; and "transferring knowledge and technology from colleges, universities, government entities and laboratories, and other sources of innovation to public schools."
- Dr. Ahlen discussed other bills and acts that impact ASTA, including:
 - A. Act 586, which originated with the Arkansas Biotechnology Association. The act states that "all state funded colleges and universities shall provide research assistance to the Arkansas Science & Technology Authority to assist with

planning to develop scientific, medical, and technology commercial infrastructure enhancements to encourage qualified medical companies to locate in this state."

B. Senate Bill 614, which is the Authority's Capital Improvement request. This bill has been amended to show the additional funds, requested by Senator Kevin Smith, for the Ventures in Education program.

C. Senate Bill 417 would establish the Telecommunications Advisory Board. This board would be responsible for administering a grant and loan fund for telecommunication projects within the government.

D. House Bill 2034, which would establish the Information Network of Arkansas. This would allow government agencies to be connected electronically, and would also allow the general public access to government services and information.

E. Act 386, which is the Authority's appropriation act. One position, the State Director of Information Technology, was added to the staff request.

INVESTMENT COMMITTEE

Mr. Webster stated that the Investment Committee met and approved the recommendation of several items to the Board.

Mr. Webster presented the Investment Fund report for the quarter ending December 31, 1994 for approval.

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

Mr. Webster presented the following resolutions for funding consideration by the Board.

DRAFT RESOLUTION 95-29

Draft Resolution 95-29 is a project submitted by Mr. Dan Eaton of UAMS entitled, "Alloplastic Thoracic, Head and Neck Reconstruction."

Mr. Benham noted that since this project deals with explants and implants, the Authority was concerned with product

liability. After consulting with legal counsel, the staff included in the resolution an item which states that Mr.

Eaton and UAMS must obtain comprehensive liability insurance naming themselves and ASTA as co-insured. This will give ASTA some protection in case of product liability.

Ms. Welch provided the following background information on the project.

Mr. Eaton is one of two people in the United States that does this type of work, and there are only six or seven in the world. Mr. Eaton is currently working with explants and implants. He has patented the process for making the prosthetic devices. Mr. Eaton and UAMS want to have a custom prosthetic lab at UAMS. They have plans to license the technology for off-the-shelf breast implants to another company for production.

UAMS and Mr. Eaton are pursuing FDA approval and have already started that process with animal testing protocol development at NCTR.

One major feature and uniqueness of their technology is that other breast implants feel like a baggy filled with water; they get their structure and form through the chest muscles and chest cavity. The proposed device actually has form. When pressure is applied, it goes back to its original form.

They have tried different types of mediums, like soybean oil, to use in the prosthetic breast. Ms. Welch stated that the Authority's money would help them determine what medium is best for input into the breast implants as well as actually confirming that Mr. Eaton's method of producing the prosthesis is effective.

This investment will validate the process that he has patented and will get them to the point of being ready for custom production in the lab.

Ms. Welch stated that \$50,000 was being requested for this project. There was a question about this being Mr. Eaton's private business, but it is a UAMS custom lab. Ms. Welch stated that UAMS and the Authority will be entering into a royalty agreement. Ms. Welch pointed out that the Technology Development rules read, the Authority invests in "a researcher at an Arkansas-based college or university."

Mr. Benham stated that this was an investment, subject to payback if the product of process ever gets commercialized. If the product doesn't get commercialized, it will be written off as if it were a grant.

After further discussion, Mr. Webster made a motion for the approval of Draft Resolution 95-29. Dr. Hathaway seconded the motion. Dr. Rayford stated that UAMS was the institution of his affiliation. The Board gave its unanimous approval.

DRAFT RESOLUTION 95-30

Draft Resolution 95-30 is a technology development project entitled, "Electro-Optic Force Sensing System and Load Cell," submitted by Twenty-First Century Engineering, Inc. in an amount not to exceed \$50,000.

Mr. Benham noted that this investment would require two separate agreements. The first agreement would be between the Authority and Twenty-First Century Engineering, which will consist of the basic royalty agreement. In addition to that agreement, there will be a separate agreement between the Authority and the University of Arkansas Board of Trustees, which owns the technology and has an exclusive license arrangement with Twenty-First Century.

Mr. Benham explained that in the event that UAF revokes the rights to Twenty-First Century, the Authority's ability to receive a return on its investment should be protected.

Because the Authority has a vested interest in the technology, a separate agreement with UAF will be drafted. The agreement would entitle the Authority rights to co-market the technology along with the university and find a commercial outlet for this technology. It also entitles the Authority to share in the royalty arrangements of that technology. The staff has contacted UAF and they are in the process of discussing the possibilities of coming to some agreement with the University.

Ms. Welch provided background information on the project.

Twenty-First Century has licensed technology for an optic sensor. The major advantage of this technology is that the sensor is immune to electro-magnetic interference because it is made from optics and plastic. Ms. Welch stated that anything that has to be weighted could use a sensor like this rather than a strain gauge.

Ms. Welch stated that this project received three positive technical reviews. The market potential for this product is great.

After further discussion, Mr. Webster made a motion for the approval of Draft Resolution 95-30. Mr. Murphy seconded the motion. Dr. Pederson stated that UAF was the institution of his affiliation. The Board gave its unanimous approval.

DRAFT RESOLUTION 95-31

Draft Resolution 95-31 provides for the formal acceptance of Technology Transfer Assistance Grant (TTAG) Projects funded since January 20, 1995.

Mr. Webster made a motion for the approval of Draft Resolution 95-31. Dr. Hathaway seconded the motion; the Board gave its unanimous approval.

DRAFT RESOLUTION 95-32

Draft Resolution 95-32 will provide monies in an amount not to exceed \$66,000 for funding recommended projects under the Technology Transfer Assistance Grant (TTAG) Program during the fourth quarter of state fiscal year 1995.

Mr. Webster made a motion for the approval of Draft Resolution 95-32. Dr. Hathaway seconded the motion; the Board gave its unanimous approval.

VECTOR-90 DAY EXTENSION REQUEST

Mr. Webster stated that during the last Investment Committee meeting it was recommended that a 90-day extension be granted for Vector, Inc., which had a Seed Capital Investment approved at the January Board meeting. Mr. Webster stated that the terms of the deal are being revised and the staff needed more time to negotiate.

Mr. Webster made a motion for the approval of a 90-day extension for Vector so that new terms can be negotiated. Mr. Murphy seconded the motion; the Board gave its unanimous approval.

RESEARCH COMMITTEE

Dr. Rayford stated that the Research Committee met and recommended to the Board the following resolution.

Draft Resolution 95-28 provides for the funding of one applied research grant:

PROPOSAL NO. 96-A-01, "Molecular Mapping of Genes Affecting Pulmonary Hypertension Syndrome (Ascites) in the Chicken," by Dr. Douglas D. Rhoads of the University of Arkansas, Fayetteville, in an amount not to exceed \$15,200.00. This project is cosponsored by Hubbard Farms in the amount of \$15,000.00.

Dr. Rayford made a motion for the approval of Draft Resolution 95-28. Dr. Hendren seconded the motion. Dr. Pederson stated that UAF is the institution of his affiliation. The Board gave its unanimous approval.

OLD BUSINESS

DRAFT RESOLUTION 95-33

Dr. Pederson presented to the Board Draft Resolution 95-33, providing for the commendation of Mr. Danny Ford for his work while serving as a member of the Board of Directors.

Mr. Webster made a motion for the approval of Draft Resolution 95-33. Dr. Rayford seconded the motion; the Board gave its unanimous approval.

TELECOMMUNICATIONS

Dr. Ahlen stated that at its last meeting, there was a motion made to prepare a resolution supporting the Governor's Telecommunications Project. Dr. Ahlen stated that given there had been a number of telecommunication bills added to the legislative agenda in addition to the original one that was discussed at the last meeting, he has deferred drafting the resolution until the complete picture can be seen. Dr. Ahlen stated he felt it would still be helpful for the Board to draft this type of resolution at a later date.

SUPPORT LETTER FOR MHRC

Dr. Ahlen stated that the support letter for the Material Handling Research Center had been prepared, as requested by the Board, and sent to the Governor's Office. The letter was signed by Mr. Troutt on behalf of the Board.

BOARD POLICY MANUAL

A status report on the Board Policy Manual was given by Mr. Myers.

Mr. Myers stated that there were issues that needed to be addressed before the manual would be ready for final approval.

Mr. Myers stated that the new policy manual consists of the bylaws of the agency, legislation, and resolutions that direct the Board. There are additional items, like rules and guidelines, that the staff is considering for an addendum to the manual. Since the Board has approved all

program rules, they are Board policy and might need to be included in a policy manual.

Mr. Myers stated that the next step is to decide how to adopt the changes to the manual. In approving the manual, the Board has to be sure that it does not change the parts of the manual that are legislatively mandated. The staff is looking at options on how to make changes while ensuring that legislation is not changed. Another concern is how to indicate the sources of the various sections of the manual.

Mr. Myers stated that another issue is; if there are any changes in the program rules and guidelines, should a policy resolution be used to make those changes or should another administrative procedure be used to do this?

Mr. Myers stated that the staff should have options to present to the Board at the next meeting.

Dr. Ahlen stated that in preparing this policy manual, issues have arisen that concern committees of the Board. One issue is how to incorporate the Manufacturing Resource Advisory Committee (MRAC) and the EPSCoR Committee into the manual. Dr. Ahlen stated that in conversations with the MRAC, which the staff has been working with at the request of the Governor since 1993, it has presented issues about incorporating this committee into the Authority. This also raises the question of how these committees are appointed. Dr. Ahlen stated that the staff would like the Board to act on the constitution of the Manufacturing Resource Advisory Committee. The issue is caught between the old bylaws and the new policy manual in terms of how to establish the committee (e.g. by resolution or by addition to the manual).

Dr. Ahlen explained that the MRAC, like EPSCoR Advisory Committee, works with the Board. There are also the standing committees of the Board, which are comprised solely of Board members. Dr. Ahlen stated that the staff has discussed the possibility of creating a new standing committee, in addition to the research and investment committee, that would deal with the technology side of the agency.

After further discussion, Dr. Hathaway made a motion to incorporate the Manufacturing Resource Advisory Committee and the associated policy recommendations into the Authority's policy manual. Mr. Webster seconded the motion. The Board gave its unanimous approval.

Dr. Hendren asked if the Authority had the ability to define the term "manufacturer." Dr. Ahlen stated that the standard definition used comes from AIDC. But, he believed the term defined in ASTA's statute isn't that restricted.

After further discussion, Dr. Hendren made a motion that the staff explore expanding the definition of "manufacturer." Dr. Hathaway seconded the motion. The Board gave its unanimous approval.

NEW BUSINESS

EPSCoR COMMITTEE

Dr. Pederson presented to the Board a letter from Collis Geren, Chairman of the EPSCoR Committee, recommending two members for the EPSCoR Committee. The two recommended are Dr. William Willingham and Dr. Carl Cerniglia.

Dr. Hathaway made a motion for the acceptance of the two members of the EPSCoR Committee. Dr. Rayford seconded the motion; the Board gave its unanimous approval.

Dr. Pederson asked what the proper procedure was for appointing members of committees like MRAC and EPSCoR. Are the procedures the same?

Dr. Ahlen stated that the Chairman of the Board is the appointing authority for standing committees. The Board needs to be involved in the appointing decisions regardless of the appointing authority.

Dr. Pederson asked the Board to give the staff some advice or guidance on the selection of members to the advisory committees of the Board.

Dr. Hendren made a motion that the members of the advisory committees of the Board be nominated to the full Board and also approved by the Board. Dr. Hathaway seconded the motion; the Board gave its unanimous approval.

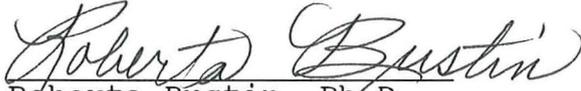
Dr. Pederson discussed a memo from Dr. Danny Lattin, Vice President EPSCoR, that presented suggested changes to the policy manual concerning EPSCoR.

Dr. Hendren made a motion to accept the suggested changes in the EPSCoR section. Dr. Hathaway seconded the motion; the Board gave its unanimous approval.

ADJOURNMENT

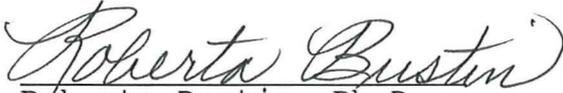
There being no further business to conduct, the meeting was adjourned at 2:30 p.m.

Respectfully Submitted,



Roberta Bustin, Ph.D.
Secretary
Board of Directors

APPROVED by the Board of Directors
on this 19th day of May, 1995.



Roberta Bustin, Ph.D.
Secretary
Board of Directors