



ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY

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

**MINUTES OF THE 67TH MEETING OF THE
ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY
BOARD OF DIRECTORS
LYON COLLEGE
BATESVILLE, ARKANSAS
MAY 19, 1995**

The Board of Directors of the Arkansas Science & Technology Authority met on Friday, May 19, 1995 on the campus of Lyon College in Batesville. The morning session consisted of a tour of the Smith Science Building. Lunch was attended by several members of the Lyon College faculty and staff. Following lunch, the business portion of the meeting was held.

CALL TO ORDER

The meeting was called to order at 1:27 p.m. by Dr. Donald Pederson, Chairman of the Board, in the Alphin Room of the Alphin Building.

Board members present included: Dr. Roberta Bustin, Dr. Charles Hathaway, Dr. Phillip Rayford, Dr. John Spraggins (for Dr. Diane Gilleland).

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

Visitors included: Kelly Hunt from the Governor's Office.

APPROVAL OF MINUTES

Dr. Pederson presented the minutes from the March 17, 1995 meeting for approval. Dr. Hathaway made a motion for the approval of the minutes. Mr. Troutt seconded the motion; the Board gave its unanimous approval.

PRESIDENT'S REPORT

Dr. Ahlen reported that the FY94 Annual Report had been completed. A copy of the report was provided to each Board member and Ms. Hunt.

INVESTMENT COMMITTEE

Mr. Troutt presented the FY95 General Fund Expenditure Report for the quarter ending March 31, 1995. Mr. Troutt made a motion for the approval of the report. Dr. Hathaway seconded the motion; the Board gave its unanimous approval.

Mr. Troutt presented the Investment Fund Report for the quarter ending March 31, 1995. Mr. Troutt made a motion for the approval of the Investment Fund Report. Dr. Hathaway seconded the motion; the Board gave its unanimous approval.

DRAFT RESOLUTION 95-41

Draft Resolution 95-41 provides for the formal acceptance of Technology Transfer Assistance Grant (TTAG) Projects funded since March 17, 1995. Mr. Troutt reported that there have been four projects; two from UAF/ACTT and two from Westark.

Mr. Troutt made a motion for the approval of Draft Resolution 95-41. Dr. Hathaway seconded the motion. Dr. Pederson stated that UAF was the institution of his affiliation. The Board gave its unanimous approval.

DRAFT RESOLUTION 95-42

Draft Resolution 95-42 will provide monies in an amount not to exceed \$27,500 for funding recommended projects under the Technology Transfer Assistance Grant (TTAG) Program during the first quarter of state FY96.

Mr. Troutt made a motion for the approval of Draft Resolution 95-42. Dr. Hathaway seconded the motion; the Board gave its unanimous approval.

Mr. Troutt asked Jim Benham to report on investments that had been approved by the Board, but would not be funded. Certain conditions were outlined, due diligence was completed and it was not possible to close them.

Mr. Benham stated that three projects would not be funded because conditions set by Board resolutions could not be met. The projects include:

- Resolution 95-22 - Vector, Inc. A condition of the deal was that one of the principal owners would sign a personal guaranty. That principal has decided not to do that. Because Vector did not meet the conditions set, no

further action will be taken and the resolution was allowed to expire on May 17.

- Resolution 95-19 - Metwool, Inc. A condition of this investment was that Metwool would receive funds from Washington State, which would allow Metwool to open a facility there. No action has been taken on the part of Metwool to meet the conditions. No further action has been taken and the resolution will be allowed to expire on May 20.
- Resolution 95-30 - Twenty-First Century Engineering, Inc. The staff was unable to reach an agreement with Twenty-First Century Engineering and with the University of Arkansas, Fayetteville, who owns the intellectual property and has an exclusive license agreement with Twenty-First Century Engineering. No further action will be taken and the resolution will be allowed to expire on June 15.

Mr. Troutt stated that the Investment Committee has discussed these investments at length and the committee was unanimous that this was the proper action to take. The resolutions should expire if the principals cannot meet the Board's conditions, and that while the Authority wants to help emerging technology-based companies, the Authority is not a source of free money.

GENESIS

Dr. Pederson asked Dr. Ahlen to report to the Board about the GENESIS Incubator in Fayetteville.

Dr. Ahlen reported that when the staff put together the agency's budget request, there was a line included, which is now under general improvement, labeled "network enhancements". That line is calculated on annual expenditures of about \$559,000 each year of the biennium, and includes projects that exist today funded in part by either ASTA or another state agency. Among those projects is the GENESIS Incubator.

GENESIS has received a \$2 million grant from the Small Business Administration to construct a new building. The money that ASTA has awarded to GENESIS in the past has been expended by the incubator. Also, at the close of this fiscal year, a total of \$700,000 will be returned to the state treasury that had been appropriated for the incubator program. The business incubator program will be closed at the end of FY95 and will have no monies associated with it.

When the staff was building the budget for the next biennium, they looked at a number of centers that operate successfully as partners of the Manufacturing Extension

Network. The network is a project that Governor Tucker is funding for the first time in the 1995-97 biennium. A coordinating council was created that has been meeting for two years. A number of the activities that relate to manufacturing extension are funded by other agencies.

The \$100,000 listed for GENESIS has been budgeted as contingency funding to be used for critical needs of the Manufacturing Extension Network to fund Centers that are part of the critical mass of Arkansas' manufacturing extension efforts. That money is in general improvement, which means that the critical need and a release by the Governor is required to bring this to the Board.

At this time, GENESIS is in need of operating funds, but the Governor has not released any money for the incubator. It would be difficult for the Governor to do so in this fiscal year because the recommendations have been to let the incubator program expire.

Dr. Ahlen stated that at the Board's September meeting, the staff may bring a resolution to the Board that would address funding for GENESIS out of the next biennium. The program manager was told that he would have to submit a proposal to ASTA, following the guidelines for the Centers for Applied Technology Program.

At its last meeting, the investment committee instructed the staff to do two things. One was to proceed deliberately and do not try to come to this Board meeting with a contingency resolution for funding GENESIS before knowing exactly what the situation is. The second thing was to go back to the manager and get very specific deliverables that the Center will provide in return for state support for the Center's operations. Dr. Ahlen stated that the staff is at this point.

ASTA has received a couple of versions of a proposal. The first one was incomplete and was returned to the manager. Another one was submitted that was technically complete but does not specify the level of deliverables ASTA would like to see. That proposal has been returned, and the manager has been asked to resubmit the proposal.

Dr. Ahlen stated the staff is waiting for the proposal to be resubmitted and may bring a resolution based on that proposal to the Board in September.

Mr. Troutt stated his concern was that it would be perceived that ASTA is reopening the incubator program, for which there is no money. This project should be able to stand on its own. If they submit a proposal with scientific or technological value and would stand on its own, then ASTA

could possibly fund it. Mr. Troutt stated that it should not appear the incubator program is being reopened.

RESEARCH COMMITTEE

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

Draft Resolution 95-34 provides for the funding of one basic research grant:

PROPOSAL NO. 96-B-18, "Study of Alkali Halide Phosphors as Imaging Plates in X-Ray Digital Radiography," by Dr. Pradip Bandyopadhyay of Hendrix College, in the amount not to exceed \$33,994.87.

Dr. Rayford made a motion for the approval of Draft Resolution 95-34. Mr. Troutt seconded the motion; the Board gave its unanimous approval.

Draft Resolution 95-35 provides for the funding of one basic research grant:

PROPOSAL NO. 96-B-15, "Development of Tin Sulfide Thin-Film Photoconductors," by Dr. J. Bruce Johnson of Arkansas State University, in the amount not to exceed \$30,244.

Dr. Rayford made a motion for the approval of Draft Resolution 95-35. Dr. Hathaway seconded the motion; the Board gave its unanimous approval.

Draft Resolution 95-36 provides for the funding of one basic research grant:

PROPOSAL NO. 96-B-16, "Amino Acid Sequencing of Proteins and Peptides by Mass Spectrometry," by Dr. Ali U. Shaikh of the University of Arkansas at Little Rock, in the amount not to exceed \$37,700.

Dr. Rayford made a motion for the approval of Draft Resolution 95-36. Mr. Troutt seconded the motion. Dr. Hathaway stated that UALR was the institution of his affiliation. The Board gave its unanimous approval.

Draft Resolution 95-37 provides for the funding of three basic research grants:

PROPOSAL NO. 96-B-01, "Somatostatin's Inhibition of the Proliferation of Brain Tumor Cells by Manipulation of Insulin-like Growth Factor or Insulin-like Growth Factor Binding Proteins," by Dr. Ali F. Krisht of the University of Arkansas

for Medical Sciences, in the amount not to exceed \$34,300.

PROPOSAL NO. 96-B-05, "NMR Methods to Monitor Intracellular Blood Lithium Levels--Studies in an Animal Model," by Dr. S. Ramaprasad of the University of Arkansas for Medical Sciences, in the amount not to exceed \$42,192.

PROPOSAL NO. 96-B-09, "Channel Catfish Virus Gene Regulation," by Dr. Wayne L. Gray of the University of Arkansas for Medical Sciences, in the amount not to exceed \$34,200.

Dr. Rayford made a motion for the approval of Draft Resolution 95-37 and stated that UAMS was the institution of his affiliation. Mr. Troutt seconded the motion; the Board gave its unanimous approval.

Draft Resolution 95-38 provides for the funding of three basic research grants:

PROPOSAL NO. 96-B-07, "Rapid Endpoint Measurement of the Previous Thermal Treatment of Cooked Poultry Meat," by Dr. Bradley P. Marks of the University of Arkansas, Fayetteville, in the amount not to exceed \$39,982.

PROPOSAL NO. 96-B-13, "Effects of Oxytocin on LH Release from the Bovine Anterior Pituitary," by Dr. David L. Kreider of the University of Arkansas, Fayetteville, in the amount not to exceed \$30,718.

PROPOSAL NO. 96-B-17, "Autoimmune Vitiligo in Smyth Line Chickens: In-Vitro Characterization of Melanocyte-Immune Interactions," by Dr. Gisela F. Erf of the University of Arkansas, Fayetteville, in the amount not to exceed \$38,640.

Dr. Rayford made a motion for the approval of Draft Resolution 95-38. Dr. Hathaway seconded the motion. Dr. Pederson stated that UAF was the institution of his affiliation. The Board gave its unanimous approval.

Draft Resolution 95-39 provides for the funding of three basic research grants:

PROPOSAL NO. 96-B-04, "Characterization of a Cytochrome b/c1 (b6f) Complex from Bacillus Alcalophilus, a Gram-positive Bacterium," by Dr. D.M. Ivey of the University of Arkansas, Fayetteville, in the amount not to exceed \$30,320.

PROPOSAL NO. 96-B-11, "Pulsed Laser Deposition of Layered Magnetic Materials," by Dr. Mark E. Filipkowski of the University of Arkansas, Fayetteville, in the amount not to exceed \$69,565.

PROPOSAL NO. 96-B-12, "Generalized Model of Compression Loads in Screw Compressor Mechanisms," by Dr. Glynn P. Adams of the University of Arkansas, Fayetteville, in the amount not to exceed \$22,479.

Dr. Rayford made a motion for the approval of Draft Resolution 95-39. Dr. Hathaway seconded the motion. Dr. Pederson stated that UAF was the institution of his affiliation. The Board gave its unanimous approval.

Draft Resolution 95-40 provides for the funding of one research grant:

PROPOSAL NO. 95-SBP-01, "Atomic Spectroscopy with Quantum States of Light and Novel Effects Due to Quantum Coherence in Multi-Level Media," by Dr. Min Xiao of the University of Arkansas, Fayetteville, in the amount not to exceed \$27,700.

Dr. Rayford made a motion for the approval of Draft Resolution 95-40. Dr. Hathaway seconded the motion. Dr. Pederson stated that UAF was the institution of his affiliation. The Board gave its unanimous approval.

Dr. Pederson pointed out that this is one of two presidential investigators that NSF has awarded a five year grant, a grant that goes to young scientists.

Dr. Rayford asked Dr. Joe Gentry to provide information on the total amount of research funding for the year. Dr. Gentry stated that for FY95, a total of \$863,127 was funded in the research programs. FY95 was the best year for research at ASTA.

NEW BUSINESS

Dr. Pederson thanked Dr. Bustin for hosting the Board meeting at Lyon College.

NOMINATING COMMITTEE

Dr. Pederson appointed the following Board members to the nominating committee: Dr. James Hendren, Mr. John Troutt, Mr. Jerry Webster. The committee will present their recommendations for next year's slate of officers at the September 15 Board meeting.

Dr. Ahlen reminded the Board that the September meeting is considered the annual meeting. Dr. Ahlen stated that the Board will be involved in the planning process of the agency, which includes budget decisions and organization planning about how the Board will change when three new members are added from manufacturing.

Dr. Hathaway invited the Board to meet on the campus of UALR.

BIOPLEX

Mr. Benham stated that the Authority had funds totaling \$2,500 that was left from the now closed National Biotechnology Cooperative project. The Jefferson County Industrial Foundation requested that those funds be transferred to them, to be used for the Bioplex project at NCTR. The Authority has transferred those funds to the Jefferson County Industrial Foundation.

Mr. Benham stated that \$8,400 was being held at Winrock International. The money was raised by Jim Benham as a challenge grant for networking projects, which was supported by the Southern Technology Council. The project was completed, but all the funds were not exhausted.

Mr. Benham stated that the Authority would like to close the account at Winrock International and use the remaining funds for another purpose. Mr. Benham stated that the staff had been thinking of ways the money could be used, including donating it to the Ventures in Education program, donating it to the Friends of Arkansas School for Mathematics and Sciences (a non-profit foundation), or establishing a scholarship at ASMS.

Dr. Pederson suggested looking for something that could not be done other ways.

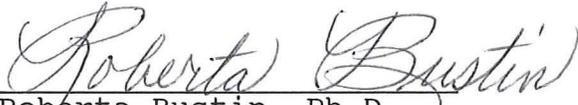
After further discussion, Mr. Troutt made a motion to close the account at Winrock International this fiscal year, transfer the funds to the Friends of ASMS and hold it there until the Board decides how to use the money. Dr. Rayford seconded the motion; the Board gave its unanimous approval. Dr. Hathaway pledged \$250 to the fund and challenged other Board members to do the same.

Before adjourning, Dr. Pederson thanked Kelly Hunt from the Governor's Office for attending the Board meeting.

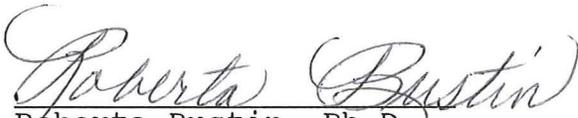
ADJOURNMENT

With no further business to conduct, the meeting was adjourned at 2:17 p.m.

Respectfully submitted,


Roberta Bustin, Ph.D.
Secretary
Board of Directors

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


Roberta Bustin, Ph.D.
Secretary
Board of Directors