



ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY

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

**MINUTES OF THE 78TH MEETING OF THE
ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY
BOARD OF DIRECTORS
ARKANSAS STATE CHAMBER OF COMMERCE
LITTLE ROCK, AR
SEPTEMBER 19TH, 1997**

CALL TO ORDER

The meeting was called to order at 1:35 p.m. by Mr. Michael Murphy, Chairman of the Board, in the Bob Lamb Conference Center at the Arkansas State Chamber of Commerce in Little Rock.

A quorum of Board members was present and included: Mr. William Dempsey, Dr. Charles Hathaway, Mr. Sam Hummelstein, Mr. Dennis Littleton, Mr. Stephen Nipper, Dr. Don Pederson, Mr. Anthony Rampley, Mr. Jerry Stokes, and Ms. Donna Young.

Staff members present included: Ms. Melissa Adams, Dr. John Ahlen, Mr. Bob Alvey, Mr. Al Grijalva, Mr. Bill Kraus, Ms. Kelly Lyon, Mr. Les Lane, Dr. Herb Monoson, and Mr. Chuck Myers.

Visitors included: Brett Cornwell from Mid-Continent Technology Transfer Center; Mr. Steve Jones from NASA Marshall Space Flight Center; and Ms. Alice Rumph Smith from UAMS.

APPROVAL OF MINUTES

Mr. Murphy presented for approval the minutes from the May 16, 1997 Board meeting. Two corrections to the minutes were noted: Under the approvals for Resolutions 97-27 and 97-28, it should have stated that Dr. Pederson, Dr. Augustine and Dr. Hathaway were affiliated with the institutions that were approved for funding.

There being no further discussion or corrections, Mr. Littleton made a motion to approve the minutes as amended. Mr. Nipper seconded the motion; the Board gave its unanimous approval.

PRESIDENT'S REPORT

Dr. Ahlen introduced Bill Kraus, who is the interim director of the Arkansas Manufacturing Extension Network. Bill Kraus replaced Julie Welch, who resigned to accept a position in the private sector.

Dr. Ahlen reviewed the General Improvement funds released for this biennium. He stated that to date, none of the funds released have been expended.

Dr. Ahlen reported that the Authority's audit report had been presented and accepted by the Legislative Audit Committee. The Authority had no audit exceptions.

INVESTMENT COMMITTEE REPORT

Ms. Young presented for review the FY97 General Fund Expenditure Report for the quarter ending June 30, 1997. Ms. Young made a motion for the approval of the FY97 General Fund Expenditure Report. Dr. Hathaway seconded the motion; the Board gave its unanimous approval.

Ms. Young presented for review the FY97 Investment Fund Report for the quarter ending June 30, 1997. Ms. Young made a motion for the approval of the FY97 Investment Fund Report. Mr. Littleton seconded the motion; the Board gave its unanimous approval.

Draft Resolution 98-01 provides for the formal acceptance of Technology Transfer Assistance Grant (TTAG) projects funded since May 16, 1997. There were a total of 28 projects funded.

Ms. Young made a motion for the approval of Draft Resolution 98-01. Mr. Littleton seconded the motion. Dr. Pederson and Dr. Hathaway stated that a number of the funded projects were from UAF and UALR, the institutions of their affiliation. The Board gave its unanimous approval.

Draft Resolution 98-02 will provide monies for funding recommended projects under the Technology Transfer Assistance Grant (TTAG) Program during the second quarter of state fiscal year 1998. Ms. Young stated that the committee asked that the amount be increased from \$35,000 to \$38,110. This increase reflects a carryover of those funds not expended in the last quarter.

Ms. Young made a motion for the approval of Draft Resolution 98-02 as amended. Mr. Littleton seconded the motion; the Board gave its unanimous approval.

REPORT ON INVESTMENT OPTIONS

Ms. Young reported that the staff and Investment Committee had done extensive research on the investment options for the Authority's investment fund.

After researching all the options, it was determined that there were only two avenues for the Authority: CD's and banks.

The committee discussed staggering the CD's so that the Authority could get a higher yield. It was also suggested that the staff extend its list of banks in order to shop for the highest rate possible on CD's.

RESEARCH COMMITTEE REPORT

EPSCoR NOMINATIONS

Dr. Pederson presented for consideration the nominations for the EPSCoR Committee. Dr. Ahlen stated that the Governor's Office had reviewed the list of nominees. The following people were nominated to serve: Dr. Herb Monoson, Dr. David Chittenden, Dr. Burt Holmes, Dr. Dick Hanson, Dr. Terry Siebenmorgen, Dr. William Brown, Dr. James Hendren, Dr. David Straub, Dr. Paul Hamilton, Dr. Dan Casciano, and Dr. Dave Gaylor. The following were nominated for reappointment to the committee: Dr. John W. Ahlen, Dr. Collis Geren, Dr. Timothy J. O'Brien, Dr. Don Pederson, Dr. William Willingham, and Dr. Charles G. Winter.

Dr. Hathaway moved that the nominations be approved. Ms. Young seconded the motion. Nine members voted yes, 1 member (Don Pederson) abstained. The motion passed.

ASMS STIPEND

Dr. Pederson stated that the Board had approved a \$200 stipend for those researchers who wanted to make presentations to students at the Arkansas School for Mathematics and Sciences (ASMS) on their approved research projects. This has not been utilized by researchers. For this reason, the committee recommended that the stipend be removed.

Dr. Pederson moved that the Board approve the modification of the research program rules to eliminate the requirement of a \$200 stipend for those researchers who chose to visit ASMS. Dr. Hathaway seconded the motion; the Board gave its unanimous approval.

RESEARCH GUIDELINES

Dr. Pederson presented for approval the draft Basic and Applied Research Program guidelines.

The Board reviewed the changes made in the Basic Research guidelines. There being no discussion, Dr. Pederson moved that the Basic Research Guidelines be approved, with any additional editorial changes needed being made by the Authority staff. Mr. Littleton seconded the motion; the Board gave its unanimous approval.

The Board reviewed the changes made in the Applied Research Guidelines. Dr. Pederson made a motion that the guidelines be approved with one change concerning in-direct costs. Dr. Hathaway seconded the motion. Before voting, Dr. Pederson explained the reason for the change.

Dr. Pederson stated that at its August 26th meeting, the research committee reviewed the proposed changes to the guidelines, but did not spend a great deal of time on it because they had to review grant proposals.

Dr. Pederson moved that the applied research guidelines be amended, keeping the allowance of in-direct costs in the guidelines. Dr. Pederson stated that the reason for this change was due to the fact that under the previous rules, in-direct costs for applied grants were approved. At the last Research Committee meeting, the committee recommended that an applied proposal be approved, eliminating in-direct costs. The budget for the project was reduced by the committee. Dr. Pederson stated that this was brought to his attention by people on his campus. After learning this, the research committee was polled and agreed to put the in-direct costs back in the proposal.

Dr. Pederson explained further that allowing the in-direct costs has to do with the infrastructure. In-direct costs are those costs to an institution that are not directly lined out in the proposal.

One of the problems a state like Arkansas has is building its infrastructure. The infrastructure includes things like the quality of the library, the quality of the labs, etc. When an institution doesn't get in-direct costs, it has great difficulty building the infrastructure.

The prospective of the university is that there is no way to leverage from one level of research activity to the next if you have no money to invest in the next level. The prospective of ASTA is it isn't a direct cost, the research will probably be done anyway, so why should ASTA pay for it. The prospective of industry would be that the industrial

support as a 50-50 match should be supported additionally by the state or the university as a partnership and therefore perhaps the university should contribute.

Dr. Pederson stated that these are three legitimate views.

Dr. Ahlen stated that the motion and the amendment to the motion makes the practice that ASTA will follow the same as has been followed in the past. ASTA's practice has been to request to fund up to 50% of the indirect cost rate of the performing institution and this motion will keep it the same. Dr. Ahlen stated that a change had been made to applied guidelines inadvertently, making them exactly the same as the basic research.

There being no further discussion, the Board voted unanimously to approve the guidelines as amended.

RESOLUTION 98-03

Draft Resolution 98-03 provides for the funding of one applied research proposal:

PROPOSAL 98-A-01; "Manufacturer-University Interactions for Product Development and/or Enhancement," by Dr. Juan Carlos Balda, Dr. William P. Waite, and Dr. Terry W. Martin of the University of Arkansas, Fayetteville, in the amount not to exceed \$26,599.00. This project is cosponsored by Baldor Motors and Drives in the amount of \$26,599.00.

Dr. Pederson made a motion for the approval of Draft Resolution 98-03. Dr. Hathaway seconded the motion. Dr. Pederson stated that UAF was the institution of his affiliation. The Board gave its unanimous approval.

DRAFT RESOLUTION 98-04

Draft Resolution 98-04 provides for the funding of three basic research proposals:

PROPOSAL NO. 98-B-13, "A Phylogenetic Analysis of the Evolution of Plant Defense," by Dr. Cynthia L. Sagers of the University of Arkansas, Fayetteville, in the amount not to exceed \$28,965.00.

PROPOSAL NO. 98-B-16, "A Novel and Efficient Approach to Castanospermine and Related Indolizidine Alkaloids," by Dr. Matthias C. McIntosh of the University of Arkansas, Fayetteville, in the amount not to exceed \$38,735.00

PROPOSAL NO. 98-B-17, "X-Ray Absorption Compensation and Laser 3-D Imaging for Bone Detection in Meat Fillets," by Dr. Yang Tao of the University of Arkansas, Fayetteville, in the amount not to exceed \$37,005.00.

Dr. Pederson made a motion for the approval of Draft Resolution 98-04. Mr. Littleton seconded the motion. Dr. Pederson stated that UAF was the institution of his affiliation. The Board gave its unanimous approval.

DRAFT RESOLUTION 98-05

Draft Resolution 98-05 provides for the funding of one basic research proposal:

PROPOSAL NO. 98-B-20, "Mechanism of Coronavirus RNA Transcription," by Dr. Xuming Zhang of the University of Arkansas for Medical Sciences, in the amount not to exceed \$37,000.00.

Dr. Pederson made a motion for the approval of Draft Resolution 98-05. Dr. Hathaway seconded the motion; the Board gave its unanimous approval.

INDUSTRY COMMITTEE REPORT

Chuck Myers reported that the year one Cooperative Agreement between NIST for the Manufacturing Extension Network ended July 31, 1997. The Board will receive an updated report at the November Board meeting.

The Network's Year Two Cooperative Agreement was approved by NIST and began August 1, 1997. The total amount approved for year two was \$1,403,465.

Mr. Myers also reported that in a recent customer satisfaction survey conducted by a Network partner showed that 97% of those customers that received assistance from the Network were satisfied and would refer the Network's services to other companies.

OLD BUSINESS

Dr. Ahlen reported that the Authority had submitted to Legislative Council annual reports for the EPSCoR Committee and the Manufacturing Resource Advisory Committee. Dr. Ahlen stated that this is a new requirement passed by the legislature during the last session.

NEW BUSINESS**NOMINATING COMMITTEE**

Dr. Pederson stated that the Nominating Committee offered for consideration the following slate of officers for the upcoming year: Mr. Michael Murphy, Chairman; Dr. Charles Hathaway, Vice Chairman; and Dr. Merlin Augustine, Secretary.

Dr. Pederson made a motion for the approval of the slate of officers for the upcoming year. Mr. Nipper seconded the motion; the Board gave its unanimous approval.

PRESENTATION BY NASA

Mr. Murphy recognized Steve Jones with the NASA Marshall Space Flight Center and Brett Cornwell with the Mid-Continent Technology Transfer Center. Mr. Jones and Mr. Cornwell gave a brief presentation on their partnership with the Authority and the services they offer.

After their presentations, the Board asked that additional information about their organizations be sent to them.

OTHER ANNOUNCEMENTS

Mr. Murphy announced that Board member Catherine Janosky gave birth to a daughter on August 26, 1997. Mother and daughter are doing fine.

The next Board of Directors meeting is scheduled for November 21, 1997. The meeting is tentatively scheduled to be held in the fourth floor conference room at the Authority.

ADJOURNMENT

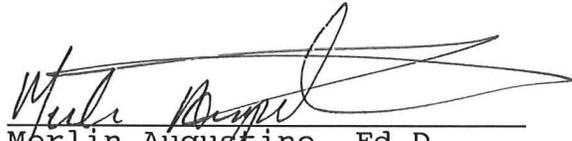
There being no further business to conduct, the meeting was adjourned at 2:30 p.m.

Respectfully submitted,



Merlin Augustine, Ed.D.
Secretary
Board of Directors

Approved by the Board of Directors
on this 21st day of November, 1997.



Merlin Augustine, Ed.D.
Secretary
Board of Directors