



ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY

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

**MINUTES OF THE 82nd MEETING OF THE
ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY
BOARD OF DIRECTORS
ARKANSAS CAPITAL CORPORATION
LITTLE ROCK, AR
MAY 15, 1998**

CALL TO ORDER

The meeting was called to order at 1:25 p.m. by Mr. Michael Murphy, Chairman of the Board, in the Board Room of the Arkansas Capital Corporation, 225 South Pulaski in Little Rock.

Board members present included: Dr. Merlin Augustine, Dr. Ed Crowe, Mr. William Dempsey, Dr. Charles Hathaway, Mr. Stephen Nipper (by phone), Dr. Harry Ward and Ms. Donna Young.

Staff members present included: Ms. Melissa Adams, Dr. John Ahlen, Ms. Sheryl Bollen, Mr. Jerry Buckingham, Mr. Michael Greer, Mr. Les Lane, Ms. Kelly Lyon, Dr. Herb Monoson, Mr. Chuck Myers Ms. Freta Rogers and Ms. Joyce Sadler.

RAY THORNTON

Mr. Murphy introduced Ray Thornton, Associate Justice of the Arkansas Supreme Court. Justice Thornton was involved in the creation of the Arkansas Science & Technology Authority. He gave the Board a brief review of the creation of the Authority.

INVESTMENT COMMITTEE REPORT

Ms. Young presented the FY98 General Fund Expenditure and Investment Fund Reports for quarter ending March 31, 1998.

Ms. Young made a motion for the approval of the financial reports. Dr. Ward seconded the motion; the Board gave its unanimous approval.

Draft Resolution 98-19 provides for the formal acceptance of Technology Transfer Assistance Grant (TTAG) projects funded since March 20, 1998. There were a total of four projects funded.

Ms. Young made a motion for the approval of Draft Resolution 98-19. Dr. Hathaway seconded the motion; the Board gave its unanimous approval.

Draft Resolution 98-20 will provide monies totaling \$35,000 for funding recommended projects under the Technology Transfer Assistance Grant (TTAG) Program during the first quarter of fiscal year 1999.

Ms. Young made a motion for the approval of Draft Resolution 98-20. Dr. Hathaway seconded the motion; the Board gave its unanimous approval.

Ms. Young presented Draft Resolution 98-21, a Technology Development project with Dr. Phillip Breen and Dr. Cesar Compadre from the University of Arkansas for Medical Sciences.

Application No. 98-TDP-01, "Cetylpyridinium Chloride as an Antimicrobial Treatment in Food Processing," submitted by the University of Arkansas for Medical Sciences, in an amount not to exceed \$50,000.

Les Lane reported that the project received a favorable review from the FDA.

Dr. Ward noted that the terms for this deal authorize the Authority to collect 5% royalties from the project. He asked if this was the usual level for the Authority to receive.

Staff explained that the Authority can seek royalty payments on investments. The amount of the royalty is negotiable.

There being no further discussion, Dr. Hathaway made a motion for the approval of Draft Resolution 98-21. Dr. Ward seconded the motion and stated that this project came from UAMS, the institution of his affiliation. The Board gave its unanimous approval.

Draft Resolution 98-22, a Technology Development project with Audio Access, Inc., "Multi-Channel Assistive Listening System" in the amount of \$29,200.

Dr. Hathaway made a motion for the approval of Draft Resolution 98-22. Dr. Ward seconded the motion; the Board gave its unanimous approval.

Charge-Off of Seed Capital Investment

Mr. Lane reviewed with the Board a request to charge-off the seed capital investment with The Cutting Edge, Inc. The company received a \$10,500 loan from the Authority in 1995.

Mr. Lane explained that because of several circumstances, including an unforeseen family medical emergency, the company was forced to cease operations. The Cutting Edge did make 21 payments towards the original loan balance of \$10,500.

Mr. Lane stated that the amount to be charged-off by the Authority totaled \$5,818.72.

There being no discussion, Dr. Ward made a motion to approve the charge-off of \$5,818.72 on the Seed Capital Investment in The Cutting Edge! Dr. Augustine seconded the motion; the Board gave its unanimous approval.

RESEARCH COMMITTEE REPORT

Draft Resolution 98-23 provides for the funding of three basic research proposals:

PROPOSAL NO. 98-B-39, "Singular Integrals on Non-Smooth Domains and Applications," by Dr. Loredana Lanzani of the University of Arkansas, Fayetteville, in the amount not to exceed \$17,383.00.

PROPOSAL NO. 98-B-42, "Construction of an Immunochemical Biosensor for Rapid and Sensitive Detection of Salmonella," by Dr. David Paul of the University of Arkansas, Fayetteville, in the amount not to exceed \$44,906.00.

PROPOSAL NO. 98-B-43, "Protein Targeting to the Chloroplast Thylakoid Membrane," by Dr. Ralph L. Henry of the University of Arkansas, Fayetteville, in the amount not to exceed \$44,099.00.

Dr. Hathaway made a motion for the approval of Draft Resolution 98-23. Dr. Ward seconded the motion. Dr. Augustine stated that the three projects came from UAF, the institution of his affiliation. The Board gave its unanimous approval.

Draft Resolution 98-24 provides for the funding of one basic research proposal:

PROPOSAL 98-B-45, "Metabolism of Proenkephalin A Products in the Canine Heart," by Dr. Jerry Lee Lovelace of Lyon College, in the amount not to exceed \$20,661.00.

Dr. Hathaway made a motion for the approval of Draft Resolution 98-24. Dr. Ward seconded the motion; the Board gave its unanimous approval.

Draft Resolution 98-25 would provide funding for an EPSCoR Cooperative Agreement;

"Arkansas EPSCoR Cooperative Agreement" by Dr. John G. Hehr of the University of Arkansas, Fayetteville and Dr. Barry D. Lindley of the University of Arkansas for Medical Sciences, in an amount not to exceed \$2,000,000.

This cooperative agreement with the National Science Foundation will continue to strengthen the upward trend in Arkansas' research competitiveness leveraged from EPSCoR support grants since 1979. It will continue work in four focus areas: Analytical Chemistry: Mass Spectrometry, Cellular and Molecular Biology, Computer and Computational Research, and Molecular Genetics. The two supporting areas that will be funded are the Biotechnology Transfer Center and Telecommunication and Information Technology.

Dr. Hathaway made a motion for the approval of Draft Resolution 98-25. Dr. Ward seconded the motion and stated that part of this project will be funded at UAMS, the institution of his affiliation. Dr. Augustine stated that part of the project will be funded at UAF, the institution of his affiliation. The Board gave its unanimous approval.

Draft Resolution 98-26 provides for the funding of one EPSCoR grant project:

"A Semiconductor Optical Interconnect Device Fabrication Facility Targeted Toward Enhanced Information Processing," by Dr. Min Xiao of the University of Arkansas, Fayetteville, in an amount up to unmatched funding of \$250,000 from available general revenue funds authorized by Act 50 of 1997.

Dr. Hathaway stated that the researcher in charge of this project was doing good work. He stated that this project was very worthy of funding.

There being no further discussion, Dr. Hathaway made a motion for the approval of Draft Resolution 98-26. Dr. Ward seconded the motion. Dr. Augustine stated that this project

cam from UAF, the institution of his affiliation. The Board gave its unanimous approval.

INDUSTRY COMMITTEE REPORT

Dr. Ahlen reviewed the membership list for the newly formed Client Advisory Committee. He explained that this was the expansion of the Industry Committee that the Board approved at the March, 1998 meeting. Dr. Ahlen asked that the Board confirm this list of committee members.

Dr. Hathaway stated that this list was supposed to be a reflection of Arkansas industry, but only one knowledge based industry was represented on the Board.

Dr. Ahlen stated that earlier in the week, he had a meeting with the Governor to discuss the Arkansas Manufacturing Extension Network. During the course of that meeting, Dr. Ahlen expressed a need for a knowledge-based representative on the Authority's Board, which now has a vacancy due to the resignation of Board member Jerry Stokes.

The Roll Over Review for the Network will be sometime between September and November.

Draft Resolution 98-27 would provide for the funding of three field engineers of the Arkansas Manufacturing Extension Network. This funding will go through July of this year, then the funding will be on an annual basis. The three field engineers are located at the University of Arkansas Fayetteville, the University of Arkansas at Little Rock and Arkansas State University in Jonesboro.

Dr. Ward made a motion for the approval of Draft Resolution 98-27. Mr. Dempsey seconded the motion. Dr. Augustine and Dr. Hathaway stated that UAF and UALR were the institutions of their affiliation. The Board gave it unanimous approval.

OLD BUSINESS

Dr. Ahlen presented Draft Resolution 98-28 for review. He stated that at the May, 1997 meeting, the Board directed the staff to request funds from the Governor's Office for the Logistics Institute in Fayetteville. The motion made was that if funds were released, the staff was to proceed with awarding them to the Logistics Institute.

During the Authority's audit, it was suggested that the Board approve a resolution for bookkeeping purposes to show that the money had been awarded. Dr. Ahlen stated that Draft Resolution 98-28 would take care of this matter.

There being no discussion, Dr. Hathaway made a motion for the approval of Draft Resolution 98-28. Dr. Augustine seconded the motion; the Board gave its unanimous approval.

1999 BUDGET REQUEST

Dr. Ahlen reviewed the Authority's budget request for the 1999-2001 Biennium.

The budget request for general operations is at about the same level as last biennium.

The budget also includes a \$500,000 request for EPSCoR. Ms. Young asked about funding for the ADVENTURES in Excellence program. She asked if the program would have funding to continue if the Authority didn't include it in the budget.

Dr. Ahlen explained that under program funds, the Authority asks, for example, an appropriation of \$900,000 for the research program. By asking for that amount, the Authority can utilize all funds up to the amount that would be released by DF&A. Asking for the appropriation doesn't mean that the full amount will be released.

After further discussion, Ms. Young made a motion that the Authority's biennial budget be approved, with the exception of the ADVENTURES, EPA/EPSCoR and NSF Material Handling. Dr. Ward seconded the motion; the Board gave its unanimous approval.

The discussion of the budget led to a presentation by Bill Dobbins, Director of the ADVENTURES In Excellence project.

ADVENTURES IN EXCELLENCE PRESENTATION

Bill Dobbins, Director of the ADVENTURES in Excellence Project, gave a presentation to the Board on the history of the project and its future direction.

After Mr. Dobbins' presentation, a discussion followed concerning possible funding for the program. Mr. Dobbins stated that the funds for this project would soon run out and there were no future funds in place to continue the program.

Dr. Hathaway stated that he would like to see a business plan outlining what would need to be done to keep this program going.

Dr. Ahlen gave some additional background on the program. The original Ventures in Education program came to Arkansas' attention through Dr. David Straub. A meeting was set up with the Arkansas Department of Education in hopes of finding a school district to use for the pilot project. The

Department declined to participate because they had too many projects already underway.

After that, the Governor's Office had a meeting with school superintendents. Six school districts participated in the initial project, which was funded by EPSCoR.

Dr. Hathaway stated that although this program did not come under the Authority's mission, it was a good project. He suggested that the Authority could stretch its mission. Get the model to the point that it would be cost-effective. Dr. Hathaway suggested that an ad-hoc committee be formed to look at this project to see if the Authority should house this project and provide it with proper funding.

After further discussion, Ms. Young made a motion that the Authority include \$300,000 in the biennial budget request for the ADventures in Excellence project. Mr. Dempsey seconded the motion; the Board gave its unanimous approval.

Mr. Murphy then appointed an ad-hoc committee to explore what the Authority could do for the ADventures in Excellence project. He appointed the following Board members: Charles Hathaway, Chair; Donna Young; and Merlin Augustine. Mr. Murphy asked that the committee provide the Board with a progress report at the September meeting.

Dr. Ward moved that the biennial budget also include \$500,000 and \$50,000 for EPA/NSF EPSCoR programs. Dr. Hathaway seconded the motion; the Board gave its unanimous approval.

NEXT MEETING DATE

Mr. Murphy reminded the Board that the next meeting would be September 18, 1998.

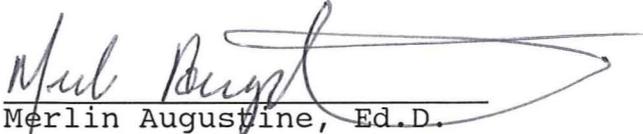
NOMINATING COMMITTEE

Mr. Murphy stated that he would be forming the nominating committee to elect new officers within the next couple of weeks.

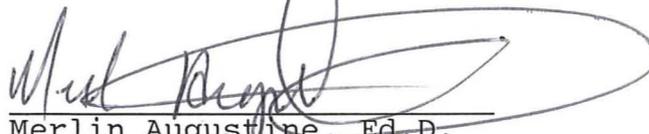
ADJOURNMENT

There being no further business to conduct, the meeting was adjourned.

Respectfully submitted,


Merlin Augustine, Ed.D.
Secretary
Board of Directors

Approved by the Board of Directors
on this 18 day of September, 1998


Merlin Augustine, Ed.D.
Secretary
Board of Directors