

ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY

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**MINUTES OF THE 95TH MEETING OF THE
ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY
BOARD OF DIRECTORS
LITTLE ROCK, ARKANSAS
JANUARY 19, 2001**

CALL TO ORDER

The meeting was called to order at 1:37 p.m. by Dr. Joel Anderson, Chairman of the Board, in the fourth floor conference room of the 100 Main Building in Little Rock.

A quorum of Board members was present and included: Dr. Mary Good, Mr. J. Wylie Harris, Dr. Charles Hathaway, Ms. Sue McGowan, Mr. Ron Roberts, Dr. Neil Rutger, and Dr. Harry Ward.

Staff members present included: Ms. Melissa Adams, Dr. John Ahlen, Mr. Bob Alvey, Mr. Kevin Carr, Ms. Namratha Hegde, Mr. Les Lane, Dr. Herb Monoson, Mr. Chuck Myers and Mr. Tony Robinson.

Dr. Anderson introduced new Board member, Dr. Neil Rutger. Dr. Rutger is Director of the Dale Bumpers National Rice Research Center in Stuttgart. Dr. Rutger replaces Bill Dempsey.

APPROVAL OF MINUTES

Dr. Anderson presented the minutes from the November 17, 2000 Board meeting. Dr. Good made a motion for the approval of the minutes. Mr. Roberts seconded the motion; the Board gave its unanimous approval.

PRESIDENT'S REPORT

Dr. Ahlen reported that the agency audit had been completed. It was a friendly appearance in front of the legislative committee. The only issue brought by the committee concerned MEP and the questions about a control ledger and accounts

receivable for the program. The explanations provided by the staff to the committee were satisfactory.

Dr. Ahlen reminded the Board that two members' terms expired this month, Mr. Harris and Dr. Augustine. Dr. Ahlen reminded members that they continue to serve on the Board until they are reappointed or the Governor appoints a new member to their slot. Dr. Ahlen stated that he had recommended to the Governor's Office that Mr. Harris and Dr. Augustine be reappointed.

Dr. Ahlen reviewed the President's Report with the Board, which included financial reports, final reports for basic research projects and TTAG projects funded. After review of the financials, the Board suggested that the column labeled "Actual Year to Date Through," be changed to "Actual Year Cumulative."

Dr. Ahlen stated that two bills affecting the Authority had been introduced in the legislature: the Authority's appropriation bill and a bill to remove legislators serving as an ex-officio on state boards and commissions.

RESEARCH COMMITTEE REPORT

Dr. Ward presented the Research Committee Report.

Draft Resolution 01-12 would provide funds for the following project.

PROPOSAL NO. 01-NSGC-01. Dr. Keith Hudson, Project Director, Arkansas Space Grant Consortium, University of Arkansas at Little rock, in the amount not to exceed \$93,750.00. This project is funded federally by the National Aeronautics and Space Administration in the amount of \$256,250.00.

Dr. Ward stated that this project was in its tenth year. The federal award from the National Aeronautics and Space Administration requires a match, which the Authority provides.

Dr. Ward made a motion for the approval of Draft Resolution 01-12. Dr. Hathaway seconded the motion. Dr. Hathaway, Dr. Anderson, Dr. Good and Mr. Roberts stated that UALR was the institution of their affiliation. The Board gave its unanimous approval.

Draft Resolution 01-13 would provide for the approval of three applied research projects.

PROPOSAL NO. 01-A-02, "The Acxiom Cluster Testbed" by Dr. Amy Apon of the University of Arkansas, in the amount not to exceed \$45,000. This project is cosponsored by Acxiom Corporation in the amount of \$45,000.

PROPOSAL NO. 01-A-04, "Script, Semi-Script, and Feature based HTML Document Filtering" by Drs. Ray R. Hashemi, Charles W. Ford and Yeong-Tae Song of the University of Arkansas at Little Rock, in the amount not to exceed \$67,950. This project is cosponsored by Acxiom Corporation in the amount of \$67,950.

PROPOSAL NO. 01-A-05, "Acxiom Data Engineering Laboratory (ADEL)" by Drs. Yupo Chan and Charles Wesley Ford, Jr. of the University of Arkansas at Little Rock. This project is cosponsored by Acxiom Corporation in the amount of \$45,000.

Dr. Ward stated that Acxiom, working with the Authority, had approached colleges and universities concerning a special solicitation dealing specifically with IT related projects. A total of four projects were submitted. The research committee voted to recommend three to the Board.

One proposal, "Acxiom Data Engineering Laboratory (ADEL)," will not receive funds from the Authority. Acxiom will contribute \$45,000 to this project. The lab will be utilized by the second project from UALR. Acxiom will qualify for an R&D tax credit for this project.

Dr. Ward made a motion for the approval of Draft Resolution 01-13. Dr. Hathaway seconded the motion. Dr. Good, Dr. Hathaway, Dr. Anderson and Mr. Roberts stated that UALR was the institution of their affiliation. The Board gave its unanimous approval.

Draft Resolution 01-16 provides approval for the funding of the EPSCoR Cooperative Agreement:

PROPOSAL NO. 01-EPSCoR-01, "Arkansas EPSCoR Cooperative Agreement," by Dr. John G. Hehr of the University of Arkansas, Fayetteville, in the amount not to exceed \$1,000,000.00. This project is funded federally by a National Science Foundation grant in the amount of \$1,000,000.

Dr. Ward made a motion for the approval of Draft Resolution 01-16. Mr. Roberts seconded the motion; the Board gave its unanimous approval.

Dr. Ward suggested that it would be helpful to the Board if the staff provided a summary sheet of the EPSCoR projects.

EPSCoR Guidelines

Dr. Ward presented a draft of the EPSCoR Committee's administrative procedures for review. Dr. Ward stated that the Research Committee had reviewed the document and was comfortable with it. Dr. Anderson suggested that one addition be made. In section three, under membership add the following sentence:

Membership: The AREAC shall be composed of not more than 24 members. The majority of the members shall be scientists and engineers from the scientific and engineering community in the state of Arkansas. Two members shall be selected from among the membership of the Authority's Board of Directors, **one of whom being the member serving as research committee chair**, and two members shall be selected from the private sector of the state of Arkansas.

There being no further discussion, Dr. Ward made a motion for the approval of the EPSCoR Administrative Procedures. Dr. Hathaway seconded the motion; the Board gave its unanimous approval.

Arkansas Research Matching Fund Guidelines

Dr. Ward presented a draft of the Arkansas Research Matching Fund guidelines for review.

The guidelines outline the criteria for matching federal awards that are submitted to the ARMF for consideration.

According to section 15-3-205 of the Arkansas Code Annotated, "Proposals for federal funds that **contain a specific state or federal match requirement**, for the purposes of this subchapter, shall not be matched at a rate of more than fifty percent (50%), except that any portion of the match over fifty percent (50%) may be borne by the college or university," and

Proposals for federal funds that **require a state match, but the amount required for match is not stated**, for the purpose of the Fund, shall not be matched at a rate of more than fifty percent (50%) with the total state match being shared equally between the Fund and the institution receiving the award.

Proposals for federal funds that **encourage a state match, but the amount is not stated**, (e.g., the Defense University Instrumentation Program or DURIP), for the purpose of the Fund, shall be considered for recommendation on a case by case basis by the Authority's Research Committee.

Dr. Ward stated that the Research Committee was concerned because the Authority is requesting match funds for projects that don't state if a match is required. This leaves the impression that any federal award can get a match from the Authority.

The Research Committee felt that the match request should be clearly stated when the award request is made. The committee on a case-by-base basis will consider those proposals that do not have a stated match requirement.

There being no further discussion, Dr. Ward made a motion for the approval of the ARMF Guidelines. Dr. Hathaway seconded the motion; the Board gave its unanimous approval.

ARMF Support Resolution

Dr. Good presented a draft support resolution for the Arkansas Research Matching Fund. The resolution was discussed at the November 17, 2000 Board meeting. The staff, with Dr. Good's assistance, drafted a support resolution, which will be sent to the Governor and members of the legislature.

After reviewing the resolution, two changes were made. Board members suggested adding the total amount of money awarded to universities for the biennium. Also deleting "its highest consideration" in the last sentence of the resolution.

There being no further discussion, Dr. Good made a motion for the approval of the ARMF support resolution. Dr. Ward seconded the motion; the Board gave its unanimous approval.

Dr. Ward presented two nominees for the EPSCoR Committee. Dr. Robert Heflich from the National Center for Toxicological Research (NCTR) and Dr. Greg Weidemann from the University of Arkansas, Fayetteville. Dr. Ward made a motion for the approval of the nominees. Dr. Hathaway seconded the motion; the Board gave its unanimous approval.

INVESTMENT COMMITTEE REPORT

Mr. Harris presented the Investment Committee Report.

Draft Resolution 01-14 would provide a seed capital investment for Integral Wave Technologies, Inc. Integral Wave Technologies was formally Arkansas Microelectronic Development Corporation (AMDC). The company's two key officers are Dr. David Nelms and Mr. Michael Yates.

Integral Wave Technologies, Inc. produces low cost thin film "passive" electronic components including capacitors, resistors and various hybrid devices as filters and terminators. Several companies are very interested in this technology.

The Investment Committee expressed concern about salaries during its review. The committee felt that the Authority's investment should not be used for salaries, that it should be used for product development. The committee asked that the staff go back to the company and revise this portion of the application. The two principals agreed not to use the Authority's award for salaries; it will be used for product development.

The proposed investment of \$500,000 from the Authority will be awarded in two installments of \$250,000. The Authority will take a royalty position with the company

(2.5% of product sales). Certain criteria must be met before the second installment is released.

There being no further discussion, Mr. Harris made a motion for the approval of Draft Resolution 01-14. Mr. Roberts seconded the motion; the Board gave its unanimous approval.

Seed Capital Investment Program Guidelines

Les Lane explained that at the November 2000 Board meeting, the investment committee was asked by the Board to explore ways that the Seed Capital Investment Program could be better utilized, specifically looking at the 3:1 match requirement. Currently, the guidelines state that a 3:1 match is needed when applying to the program. The enabling legislation concerning this issue is broad.

The investment committee would consider deals that don't have a 3:1 match. Some companies do not apply to the program because they think a 3:1 match is required.

Mr. Roberts stated that he would like to see the 3:1 match preference changed. He stated that as long as the 3:1 match is listed in the guidelines, a company will not apply to the program or the committee will lean more towards a company with that match. It is extremely challenging for small, start-up companies to get seed money, having a lower match requirement would bring more companies to the program. Mr. Roberts stated that this program could have a real impact in the state.

Mr. Roberts stated that the guidelines should indicate that a 1:1 match is the minimum requirement.

After further discussion, Dr. Anderson asked that the Investment Committee revisit this issue and asked Mr. Roberts to be involved. Dr. Anderson asked the Investment Committee to report back to the Board on their findings.

INDUSTRY COMMITTEE REPORT

Dr. Anderson asked Chuck Myers to present the Industry Committee Report.

According to the data, the Network is operating at or above the national average for projects. All the paperwork has been completed to begin the search for a new Network director. The staff continues to hold monthly meetings with the field engineers.

NEW BUSINESS

Dr. Anderson appointed Dr. Rutger to serve on the Research Committee. He appointed Sue McGowan to serve as chair of the Investment Committee.

Board members were reminded that the next Board meeting was scheduled for March 16, 2001.

Dr. Ahlen reminded members that their Statement of Financial Interest form was due to the Secretary of State by January 31, 2001.

Dr. Ahlen reviewed the Board attendance policy. Legislation states that if a Board member misses three consecutive meetings, the Authority must inform the Governor's Office. The Governor can then choose to remove the Board member or excuse the absences.

Dr. Ahlen reviewed the expense reimbursement for Board members. Legislation states that the Board must, at its first regularly scheduled meeting of each calendar year, vote to authorize expense reimbursement for Board members. The expense reimbursement shall not exceed the rate established for state employees. The current mileage rate is \$.29 per mile, plus meals and hotels when appropriate.

Dr. Hathaway made a motion that the expense reimbursement be authorized. Mr. Roberts seconded the motion; the Board gave its unanimous approval.

Dr. Anderson presented Draft Resolution 01-15, a commendation for Board member Joe Hudson, who resigned. Dr. Good made a motion for the approval of Draft Resolution 01-15. Mr. Roberts seconded the motion; the Board gave its unanimous approval.

ADJOURNMENT

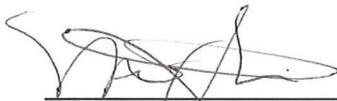
There being no further business to conduct, the meeting was adjourned.

Respectfully Submitted,



Melinda Saunders
Secretary
Board of Directors

Approved by the Board of Directors
On this 16th day of March, 2001



Melinda Saunders
Secretary
Board of Directors