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**ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY**

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

**MINUTES OF THE 97<sup>TH</sup> MEETING OF THE  
ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY  
BOARD OF DIRECTORS  
LITTLE ROCK, AR  
MAY 18, 2001**

**CALL TO ORDER**

The meeting was called to order at 1:30 p.m. by Dr. Joel Anderson, Chairman of the Board, in the East Conference Room of the Central Arkansas Main Library, 100 Rock Street in Little Rock.

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

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

Visitors included: Mr. Richard Gipe from Art-Exchange.com.

**APPROVAL OF MINUTES**

Dr. Anderson presented the minutes from the March 16, 2001 Board meeting. Dr. Good made a motion for the approval of the minutes. Mr. Roberts seconded the motion; the Board gave its unanimous approval.

**INDUSTRY COMMITTEE REPORT**

Mr. May presented the Industry Committee report.

Mr. May reported that the Industry Committee met on May 8, 2001 to discuss the decision not to transition the Network to the AMA. The committee met briefly before the Board meeting with Kelly Boyd, technology liaison in the Governor's Office.

Mr. Boyd informed the committee that plans to move the Network to the Arkansas Manufacturer's Association (AMA) had been suspended indefinitely. NIST is not comfortable with the Network moving to the AMA. The Governor's Office would like to see the Network in a stand-alone, non-profit situation. For now, the Network will remain at the Authority.

The Operating Plan for the Network has been drafted and submitted to NIST. The committee has reviewed the plan. NIST is pleased with the plan.

Dr. Anderson thanked the Industry Committee for their diligence and hard work on this issue.

Dr. Ward stated that the Board should also express thanks to the Board Chairman and the Authority staff for their hard work in this effort.

Mr. May presented Draft Resolution 01-22 for approval. The resolution provides funding for six partnership agreements:

Four field staff positions at the Arkansas Center for Technology Transfer, University of Arkansas, Fayetteville, in an amount not to exceed \$436,530;

One Network Director's position and two field staff positions at the Institute for Economic Advancement, University of Arkansas at Little Rock, in an amount not to exceed \$319,890;

One field staff position at the Center for Economic Development/College of Engineering, Arkansas State University in an amount not to exceed \$112,520;

One field staff position at the Center for Competitive Manufacturing, Southern Arkansas University Tech, in an amount not to exceed \$112,920;

One field staff position at the Center for Economic Development, Henderson State University, in an amount not to exceed \$112,020; and

One field staff position at Winrock International, in an amount not to exceed \$116,120.

Mr. May noted that currently there are four staff positions at UAF. The industry committee is working with the staff to look at ways to better redistribute the field staff throughout the state.

Mr. May made a motion for the approval of Draft Resolution 01-22. Mr. Roberts seconded the motion; the Board gave its unanimous approval.

#### **INVESTMENT COMMITTEE REPORT**

Ms. McGowan presented the Investment Committee report.

Draft Resolution 01-18 would provide funding for Art-Exchange.com in the amount of \$400,000. Dr. Anderson introduced Richard Gipe from Art-Exchange, who made a brief presentation to the Board.

Mr. Gipe updated the Board on some issues that were discussed in the last Board meeting and at the subsequent Investment Committee meeting.

Currently, Art-Exchange has 50,000 listings. The site is averaging 1 to 1½ transactions per day. The company is currently working on a deal with Burger King. The deal would include 93 Burger King stores, five pieces of art per store. Art-Exchange has also been in negotiations with Motorola, Wendy's, Sam's Clubs.

Board members asked if the call center would still be located in Austin, TX, which was the original plan. Mr. Gipe stated that the call center would be moved to Hot Springs.

The average wholesale price for art on the website is \$2,000. Art-Exchange gets 10% of the wholesale price.

Board members asked how a website could adequately display a piece of art. Mr. Gipe indicated that satisfaction was guaranteed. Authentication of an art piece is an ala cart service. A buyer can request that the art be authenticated, which Art-Exchange will then provide. If a customer is not satisfied with their purchase, it can be returned.

Dr. Ward stated that in looking at the market analysis for the company, it stated that its competitors use an auction format. How would Art-Exchange move ahead of this format? The answer was that the intellectual property is the listing. Many art pieces are unique works. Art-Exchange views Sotheby's and Christies' as partners. The company does not ask for an exclusive from an artist.

There being no further discussion, Ms. McGowan made a motion for the approval of Draft Resolution 01-18. Dr. Good seconded the motion. There were 10 yes votes, one no vote. The motion carried.

Draft Resolution 01-19 would provide seed capital monies in the amount of \$150,000 for Beta-Rubicon, Inc. Beta-Rubicon, Inc. provides technology assessment and technology due diligence services to governmental agencies, universities, companies wanting to acquire technology and investors looking for third party assessment of technology companies.

Les Lane explained that the Authority's investment would be used to open a satellite office in Austin, TX. All sales calls into Austin would be referred to the main office in Fayetteville, AR. Three target satellite cities have been identified: Boulder, CO; Atlanta, GA; and Austin, TX.

Board members expressed concern that the target cities identified already have a high concentration of consultants. They also expressed concern that the opportunity for significant growth in the number of jobs in Arkansas was not present.

There being no further discussion, Ms. McGowan made a motion for the approval of Draft Resolution 01-19. Dr. Good seconded the motion. There were zero votes yes, 11 votes no. The motion was defeated.

## RESEARCH COMMITTEE REPORT

Dr. Harry Ward presented the research committee report.

Draft Resolution 01-20 would provide funds for one applied research project.

01-A-08, "Development of Common-Mode Chokes and Transformers," submitted by Dr. Juan C. Balda and Dr. William P. Waite of the University of Arkansas, in the amount not to exceed of \$25,000. This project is co-sponsored by Baldor Motors & Drives in the amount of \$25,000.

Dr. Ward made a motion for the approval of Draft Resolution 01-20. Mr. Roberts seconded the motion; the Board gave its unanimous approval.

Draft Resolution 01-21 would provide funds for nine basic research projects.

PROPOSAL NO. 01-B-23, "HPV-Specific T Cell Responses in Head and Neck Cancer Patients," by Dr. Ehab Hanna and Dr. Martin J. Cannon of the University of Arkansas for Medical Sciences, in the amount not to exceed \$61,401.

PROPOSAL NO. 01-B-32, "Host Resistance Against *Aphis gossypii* (Cotton-Melon Aphid): A Source for Engineered Aphid Resistance in Cotton," by Dr. Gary A. Thompson of the University of Arkansas at Little Rock, in the amount not to exceed \$54,220.

PROPOSAL NO. 01-B-33, "Neural mechanisms of navigation," by Dr. James A. Murray of the University of Central Arkansas, in the amount not to exceed \$28,305.

PROPOSAL NO. 01-B-37, "CRITICAL POINTS OF THE LEGENDRIAN ENERGY," by Dr. Luca Capogna of the University of Arkansas, in the amount not to exceed \$20,071.

PROPOSAL NO. 01-B-20, "Monte Carlo study of Relativistic Nuclear Reactions," by Dr. Bin Zhang of Arkansas State University, in the amount not to exceed \$ 32,017.

PROPOSAL NO. 01-B-27, "A Photoneuroendocrine Circuit Regulating Reproductive Development and Function," by Dr. Wayne J. Kuenzel of the University of Arkansas, in the amount not to exceed \$ 51,052.

PROPOSAL NO. 01-B-29, "Molecular and genomic identification of transfer cell specific genes," by Dr. HongLi Wang of the University of Arkansas at Little Rock, in the amount not to exceed \$ 62,684.

PROPOSAL NO. 01-B-18, "Subsurface Sensing of Objects Buried in Randomly Rough Multilayered Soil Using Electromagnetic Wave Scattering," by Dr. Madga O. El-Shenawee of the University of Arkansas, in the amount not to exceed \$42,917.

PROPOSAL NO. 01-B-31, "An Investigation Into the Contributions from the Passive and Active Mechanisms of Postural Stabilization in the Human Body," by Dr. Kamran Iqbal of the University of Arkansas at Little Rock, in the amount not to exceed \$40,962.

Dr. Ward made a motion for the approval of Draft Resolution 01-21. Mr. May seconded the motion. Dr. Good abstained because of institution affiliation. Dr. Anderson, Dr. Hathaway and Mr. Roberts stated that some of the projects were from UALR, the institution of their affiliation. There were 10 votes yes, 1 abstention; the motion carried.

Dr. Ward presented the list of nominees for the 2002 EPSCoR Advisory Committee. Dr. Hathaway made a motion for the acceptance of the nominees. Mr. Roberts seconded the motion; the Board gave its unanimous approval.

#### **PRESIDENT'S REPORT**

Dr. Ahlen reviewed the president's report with the Board. Mr. Roberts asked if the staff could provide a detailed flow of funds for the Seed Capital Investment Fund. Dr. Ahlen stated that the staff would provide that information.

Dr. Ahlen presented Draft Resolution 01-23 for approval. The resolution would provide funds for projects under the Technology Transfer Assistance Grant program. The amount of funding would be \$182,303 for the TTAG program and \$200,000 for the Network TTAG program.

Mr. Roberts made a motion for the approval of Draft Resolution 01-23. Dr. Hathaway seconded the motion; the Board gave its unanimous approval.

Dr. Ahlen reviewed the legislative session. He also reviewed the budget for the upcoming biennium. He pointed out that there were no funds allocated for the research program. There was an act passed for the Arkansas Research Matching Fund (ARMF), authorizing funds totaling \$20 million, but very little of that was included in the budget.

Dr. Good expressed concern about the proposals that are currently in the ARMF queue, but have not been funded. Dr. Good asked if there was any flexibility in the queue. Could proposals be moved around in the queue? Dr. Ahlen stated that the queue was automatic, that there was not a lot of flexibility in the ARMF legislation.

After further discussion, Dr. Anderson directed the Research Committee to meet and examine the implications of lack of ARMF funds. It was suggested that the staff ask the Attorney General if the current ARMF list expires with the biennium.

As for the lack of research funds, Dr. Ahlen stated that he was told that the Authority should "not say no" to applied projects that have good potential. Funds may be available on a case-by-case basis.

Dr. Ahlen stated that the annual report was being compiled and the staff would be posting it on the agency's web page. Dr. Ahlen asked if the Board had any objections to the staff posting the report before the September Board meeting, which is the normally when the release of the report would be approved. The Board had not objections.

#### **NEW BUSINESS**

Dr. Anderson appointed the nominating committee, which will nominate the new slate of officers in September. Dr. Anderson appointed Dr. Merlin Augustine and Dr. Charles Hathaway.

Dr. Anderson reminded Board members that the next meeting was scheduled for September 21, 2001.

#### **ADJOURNMENT**

There being no further business to conduct, the meeting was adjourned at 3:21 p.m.

Respectfully submitted,



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Melinda Saunders  
Secretary  
Board of Directors

Approved by the Board of Directors  
on this 21<sup>st</sup> day of September, 2001



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Melinda Saunders  
Secretary  
Board of Directors