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**MINUTES OF THE 107th MEETING OF THE
ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY
BOARD OF DIRECTORS
423 MAIN STREET, LITTLE ROCK, AR
May 16, 2003**

CALL TO ORDER

The meeting was called to order by Dr. Harry Ward, Chairman of the Board, at 1:30 p.m., in the Authority's conference room at 423 Main Street in Little Rock, Arkansas.

A quorum of Board members was present: Mr. Jonathan Davis, Mr. David Eberdt, Mr. J. Wylie Harris, Dr. Charles Hathaway, Ms. Sue McGowan, Ms. Cynthia Moten, Mr. Ron Roberts, Dr. Neil Rutger, Ms. Melinda Saunders, Dr. John White, and Mr. Rickey Williams.

Staff members present included: Dr. John Ahlen, Ms. Lydia Carson, Mr. Leslie Lane, Ms. Cathy Ma, Dr. Herbert Monoson, Mr. Chuck Myers, Mr. Brad Sims, Mr. James Watkins, Ms. Tiki Williams, and Ms. Rebecca Wright.

Visitors present: Carol Griffee, Arkansas Independent Journalist.

Dr. Ward introduced new Board member, Mr. David Eberdt. Mr. Eberdt replaced Dr. Mary Good.

APPROVAL OF MINUTES

Dr. Ward presented for approval the minutes from the March 21, 2003 Board meeting.

Dr. Neil Rutger requested that the minutes be corrected to show that he was present at the meeting.

Dr. Charles Hathaway made a motion for the approval of the minutes, with the correction. Mr. Ron Roberts seconded the motion. The motion passed unanimously.

PRESIDENT'S REPORT

Dr. John Ahlen introduced new staff member, Tiki Williams, MEP Accounting Supervisor. Ms. Williams replaced Alma Valley.

Dr. Ahlen stated that the Operating Plan had been revised since the pre-packet that was mailed to the Board. Dr. Ahlen stated that the method of reporting to the Board would be changed beginning in FY04 to reflect the Performance Budget and Accountability legislation. Discussion followed.

Dr. Ahlen gave a brief overview of Act 182, the Consolidated Incentive Act of 2003. The Department of Economic Development's (ADED) new incentive program includes a number of previously enacted recruiting incentives that have been consolidated under a single administrative authority. There are three new incentives for targeted businesses and for research and development centers. ADED will enter into financial incentive agreements with companies. The Authority staff will review the agreements, make site visits, and perform paper audits. The staff will report to the Board on a regular basis and, after the research expenditures have been made by the companies, the Authority's Board would be asked to issue Certificates of Tax Credit.

In addition, two additional Acts were reviewed. Act 857 revises certain definitions in the provisions concerning computing capital gains and losses. Act 860 provides amendments to the Arkansas Capital Development Corporation Act.

Dr. Ahlen gave a brief overview of Act 952, which appropriates \$4 million from the Alternative Fuels Fund to support the Alternative Fuels Commission. Dr. Ahlen stated that the Authority staff would review proposals submitted for Alternative Fuels Research grants and loans.

WINTHROP ROCKEFELLER FOUNDATION AWARDS

Dr. Herbert Monoson reported on the K12 Mini- and STUART grants. He stated that applications for FY04 were being accepted. Dr. Monoson reported that 12 applicants who received awards in the first round have applied again this year and 50 new applications have been received to date.

Dr. Ahlen added that the Winthrop Rockefeller Foundation would feature one of the schools awarded a mini-grant in its annual report.

Dr. Ahlen reported that the Authority had received another award from the Winthrop Rockefeller Foundation. The Authority was awarded \$443,750 to support a 31-month pilot project on entrepreneurship in Arkansas. Dr. Ahlen presented the project's budget for year one, totaling \$156,250. Discussion followed. Mr. Roberts made a motion to approve the year one budget for the project. Ms. Saunders seconded the motion. The motion passed unanimously.

INDUSTRY COMMITTEE REPORT

Mr. Ron Roberts presented the Industry Committee Report.

Mr. Roberts stated that the Network received a letter from NIST MEP on April 28, 2003, indicating that the Network is now certified to carry the 360vu Brand.

Mr. Roberts stated that Senator David Bisbee (Rogers) introduced an amendment to SB 575 changing the source of Network funds from General Improvement to General Revenue. Act 1291, signed by Governor Huckabee on April 15, 2003, includes an appropriation of \$750K for the Network through the State General Services Fund Account.

Mr. Roberts stated that the Network received an amendment to its NIST Cooperative Agreement on April 21, 2003, approving an additional \$356K in funding for the current period ending June 30, 2003. MEP has approved and the NIST Grants Office is now considering approval of new and amended partnership agreements that would allow the Network to draw down all available NIST funds prior to July 31, 2003.

Mr. Roberts stated that the Network's request for renewal of its Cooperative Agreement and a request for \$941K in funding for state FY04 was submitted to NIST on April 29, 2003.

DRAFT RESOLUTION 03-06

Draft Resolution 03-06 was presented to the Board for consideration. The resolution is for the approval of FY04 funding for activities of the Network field staff, Director and partners.

Three field staff positions at the GENESIS Technology Incubator, University of Arkansas, Fayetteville, in an amount not to exceed \$334,220;

One Network Director's position and two field staff positions in an amount not to exceed \$315,789, one graduate student in an amount not to exceed \$10,250, and sponsorship of the Arkansas Executive Summit in an amount not to exceed \$5,000 at the Institute for Economic Advancement, University of Arkansas at Little Rock;

One field staff position at the Delta Center for Economic Development, Arkansas State University in an amount not to exceed \$118,737;

One field staff position at Southern Arkansas University Tech, in an amount not to exceed \$118,650;

One field staff position at Winrock International in an amount not to exceed \$110,081;

Sponsorship of the Arkansas Quality Award program at the Arkansas Quality Award in an amount not to exceed \$5,000;

Sponsorship of a manufacturing conference conducted by the Arkansas Department of Economic Development in an amount not to exceed \$5,000.

Mr. Roberts made a motion to accept Draft Resolution 03-06. Dr. White seconded the motion. The motion passed unanimously.

INVESTMENT COMMITTEE

Ms. Sue McGowan presented the Investment Committee Report.

Ms. McGowan stated that the Committee received a brief update on the Seed Capital Quarterly Financials, which is on page six of the Operating Plan.

DRAFT RESOLUTION 03-07

Draft Resolution 03-07 was presented to the Board for consideration. The resolution provides for the authorization to grant funds, in an amount not to exceed \$164,000, for projects under the Technology Transfer Assistance Grant program. Ms. McGowan made a motion to accept Draft Resolution 03-07. Dr. White seconded the motion. The motion passed unanimously.

RESEARCH COMMITTEE

Dr. Rutger presented the FY04 EPSCoR Advisory Committee nominations. Dr. Rutger made a motion to accept the nominees. Dr. White seconded the motion. The motion passed unanimously.

AMENDED RESOLUTION 02-06

Dr. Rutger presented Amended Resolution 02-06 for consideration. Acxiom and UALR would like a no-cost extension for approved project 02-A-01, "ACXIOM Data Engineering Laboratory (ADEL) Second-Year Funding," with additional funding by both Acxiom Corporation and the University of Arkansas at Little Rock. This project was submitted by Dr. Yupo Chan, Dr. Charles Ford and Dr. Russel Bruhn of the University of Arkansas at Little Rock, and Dr. John Talburt of ACXIOM Corporation. This project is sponsored by ACXIOM Corporation in the amount of \$63,170. Funding would be increased to \$126,340. The no-cost extension would be extended until August 30, 2004. Dr. Rutger made a motion to accept Amended Resolution 02-06. Dr. Hathaway seconded the motion. The motion passed unanimously.

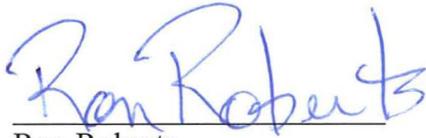
NEW BUSINESS

Dr. Ward appointed himself and Mr. D.W. May to the nominating committee. The committee will make their recommendations for Board officers at the September meeting. Dr. Hathaway made a motion to accept the nominating committee nominees. Dr. White seconded the motion. The motion passed unanimously.

ADJOURNMENT

There being no further business to conduct, the meeting was adjourned at 3:00 p.m.

Respectfully submitted,



Ron Roberts
Secretary
Board of Directors

APPROVED by the Board of Directors
on this 19th day of September, 2003



Ron Roberts
Secretary
Board of Directors