



**MINUTES OF THE 111TH MEETING OF THE
ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY
BOARD OF DIRECTORS
JANUARY 16, 2004
LITTLE ROCK, ARKANSAS**

CALL TO ORDER

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

A quorum was present and included: Dr. Merlin Augustine (via teleconference), Mr. David Eberdt, Dr. Steve Floyd, Mr. J. Wiley Harris, Mr. Gordon Knetzer, Mr. Bum Lee, Mr. Ron Roberts, Dr. Neil Rutger, Dr. Harry Ward, and Mr. Rickey Williams.

Staff members present: Dr. John Ahlen, Ms. Lydia Carson, Mr. Les Lane, Ms. Cathy Ma, Dr. Herb Monoson, Mr. Chuck Myers, Ms. Kim Reynolds, Mr. Scott Snider, and Mr. J.J. Watkins.

APPROVAL OF MINUTES

Mr. Harris presented for approval the minutes from the November 21, 2003 Board meeting.

Without objection, the Chairman approved the minutes as submitted

PRESIDENT'S REPORT

Dr. Ahlen welcomed Dr. Steve Floyd with the Arkansas Department of Higher Education.

Dr. Ahlen requested that the presentation of the staff metrics be deferred to old business.

Operating Report

Dr. Ahlen reviewed the Operating Report.

Dr. Ahlen reported that the Authority is on track for the fiscal year, particularly in general operations.

Dr. Ahlen presented the list of approved Technology Transfer Assistance Grants (TTAG). He stated that this list includes Phase 0 Small Business Innovation Research projects, technology transfer for existing businesses, and grants for manufacturers.

Dr. Ahlen presented the Seed Capital Investment Fund Quarterly Report. He stated that the Authority has a total of \$1,700,000 in the revolving fund for investments. He stated that this is equivalent to funding three projects at \$500,000 each.

Dr. Rutger asked what the chances were of getting money from the companies listed as a foreclosure or deferral. Mr. Lane responded that the Authority makes two types of investments. One is royalties, in which the Authority receives money from a company's sales. Mr. Lane stated that some of the companies are in the early stages, some are producing revenues, and some are having financial difficulties. Mr. Lane stated that the type of companies that the Authority invests seed capital are higher risk. Dr. Ahlen stated that all projects are carried on the Operating Report until the legislative auditor encourages the agency to write them off.

Mr. Williams asked if a personal guarantee was required for the companies. Mr. Lane stated that the loan is priced at the highest interest rate the state will allow and anyone with more than 5% interest must give a personal guarantee.

Dr. Ward requested a status report be included in the comments section.

Dr. Ward asked what the 90+ in the comments section meant. Mr. Lane replied that this meant the company was 90 days past due. Dr. Ward requested that this be clarified in the next report.

Mr. Knetzer requested that the report show which companies have paid their loans.

Dr. Ward asked what was included in the Total Investment Fund Cash Balance. Dr. Ahlen stated that it includes money that has been repaid from previous projects plus any earnings accrued through a money market or CD. Dr. Ward asked if the balance showed any current state appropriations. Dr. Ahlen stated that it is based on a one-time appropriation from 1985.

Mr. Knetzer asked how much of the funds invested in the foreclosed companies are collectible. Mr. Lane responded that the amount shown in the report is a historical cost. He stated that he would prepare a report for the next Board meeting that will show the collection rate for each investment.

Dr. Ahlen stated that the staff would make the suggested improvements to the report and present it to the Board at the next meeting.

Mr. Harris presented for approval the Operating Report. Mr. Roberts made a motion to accept the report. Mr. Knetzer seconded the motion. The Board gave it unanimous approval.

INVESTMENT COMMITTEE REPORT

Mr. Harris stated that a vote regarding the seed capital application for Ticketsage would be deferred until the next Board meeting.

Mr. Les Lane presented the Investment Committee Report.

Certification of Technology Incubators

Mr. Lane stated that Act 857, created in the last legislative session, authorizes the Board to certify incubators. Incubators are facilities affiliated with colleges and universities and provide an environment for companies to access laboratory space and ongoing research at the college or university. Certifying an incubator means that venture capital investments in incubator clients may be eligible for favored treatment of capital gains under specific conditions spelled out in Act 857.

Mr. Lane presented Draft Resolutions 04-03 and 04-04. Draft Resolution 04-03 would certify the University of Arkansas for Medical Sciences Arkansas Bioventures. Resolution 04-04 would certify the University of Arkansas' Genesis Technologies.

Mr. Roberts made a motion to approve Draft Resolutions 04-03 and 04-04. Mr. Knetzer seconded the motion. The Board gave its unanimous approval.

Arkansas Institutional Fund

Mr. Lane presented an update on the Arkansas Institutional Fund. Capital has been invested in one company and will soon be released to a second company.

INDUSTRY COMMITTEE REPORT

Mr. Ron Roberts presented the Industry Committee Report.

Mr. Roberts stated that Laine Communications presented its conclusions and recommendations for the Network Communications Project. The first recommendation was to change the name of the Arkansas Manufacturing Extension Network to Arkansas Manufacturing Solutions because the names "AMEN" or "the Network" do not have name recognition or credibility with clients.

Mr. Roberts made a motion to change the name of the Arkansas Manufacturing Extension Network to Arkansas Manufacturing Solutions. Dr. Rutger seconded the motion. The Board gave its unanimous approval.

RESEARCH COMMITTEE REPORT

The Research Committee Report was presented by Dr. Neil Rutger.

Dr. Rutger presented Draft Resolution 04-02, which gives the Board's approval for the establishment of a Center for Applied Technology. The "Center for Applied Technology in Information Technology" at the University of Arkansas at Little Rock will be established in partnership with Acxiom Corporation.

Mr. Roberts made a motion to approve Draft Resolution 04-02. Dr. Augustine seconded the motion. The Board gave its unanimous approval.

OLD BUSINESS

Board Goals

Dr. Ward stated that he met with Dr. Ahlen to discuss the Board's goals and objectives. He suggested each committee review the goals and objectives.

Staff Metrics

Dr. Ahlen presented the Interim Progress Report for July 1, 2003 through December 31, 2003.

NEW BUSINESS

Review of Attendance Policy

Mr. Harris made the Board aware of the attendance policy.

Expense Reimbursement Authorization

Dr. Ahlen stated that a motion is required for approval to pay the travel expenses of Board members. Dr. Augustine made the motion for approval. Dr. Rutger seconded the motion. The Board gave its unanimous approval.

Committee Assignments

Dr. Ahlen presented the committee assignments.

Research Committee:

Dr. Rutger, Chair

Dr. Augustine

Dr. Ward

Dr. White

Investment Committee:
Ms. McGowan, Chair
Mr. Davis
Mr. Eberdt
Ms. Moten
Mr. Williams

Industry Committee:
Mr. Roberts, Chair
Mr. Lee
Mr. Knetzer
Mr. May

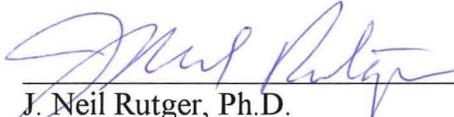
Location of Next Board Meeting

Dr. Ahlen stated that Ms. McGowan has invited the Board to meet in northeast Arkansas. The Board agreed the next meeting would be in the Authority's conference room.

ADJOURNMENT

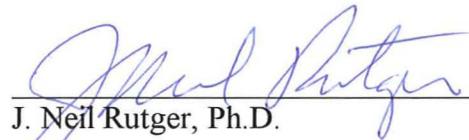
There being no further business to conduct, the meeting was adjourned.

Respectfully submitted,



J. Neil Rutger, Ph.D.
Secretary
Board of Directors

APPROVED by the Board of Directors
on this 19th day of March, 2004.



J. Neil Rutger, Ph.D.
Secretary
Board of Directors