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**SPECIAL MEETING OF THE
ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY
BOARD OF DIRECTORS
LITTLE ROCK, ARKANSAS
AUGUST 19, 2005**

The Arkansas Science & Technology Authority Board of Directors met via teleconference on Friday, August 19, 2005.

CALL TO ORDER

The meeting was called to order by Dr. Neil Rutger, Vice Chairman of the Board.

A quorum of Board members participated in the conference call: Mr. David Eberdt, Dr. Steve Floyd, Dr. Collis Geren, Mr. Robert Hall, Mr. Johnny Hooks, Mr. Gordon Knetzer, Mr. Buzz May, Ms. Sue McGowan and Mr. Gary Phillips.

Staff members present: Dr. John Ahlen, Ms. Melissa Adams, Dr. Gail McClure, Ms. Carol Baker and Mr. JJ Watkins.

INVESTMENT COMMITTEE REPORT

Ms. Sue McGowan presented the Investment Committee Report.

Draft Resolution 06-01 would provide funding from the Seed Capital Investment Program to ContourMed, Inc.

ContourMed is a company that the Authority has worked with since 1997. The company currently has two loans with the Authority totaling \$474,187.23 and has submitted a request for additional funds totaling \$25,812.77. The funds would be used to provide working capital for ContourMed to bridge their short term financing needs and build up their sales force. If the funding request is approved, ContourMed has requested that their existing separate notes be restructured into one with an interest rate of 6.78%

The additional investment would also allow ContourMed additional time to locate new investors to purchase the shares currently owned by Delta Capital. Mr. Watkins stated that Delta Capital, a private investment group, is getting out of the deal because their

policy is to cycle in and out of deals. Delta has decided it is time to get out their deal with ContourMed.

Board members asked what has been the company's sales history. Mr. Watkins stated that in 2003 ContourMed had sales totaling \$400,000 and in 2004 sales totaled \$800,000. Mr. Watkins also reported that ContourMed has made all payments on their current loan.

After further discussion, Ms. McGowan made a motion to approve Draft Resolution 06-01. Mr. Knetzer seconded the motion; the Board gave its unanimous approval.

RESEARCH COMMITTEE REPORT

Dr. Rutger presented the Research Committee Report.

The Research Committee met on August 2 to discuss a contract for external evaluation of the Winthrop Rockefeller Grant. Dr. McClure gave an overview of the request.

The Authority received a grant, totaling \$913,200, from the Winthrop Rockefeller Foundation entitled, "Models of Growth: Using Minigrants to Improve Science Education and to Connect the Arkansas Community Foundation Affiliates to their Public Schools." An external evaluator is needed to evaluate both the effectiveness of the program and performance of the Authority, the Arkansas Community Foundation affiliates and Math/Science Resource Centers.

Dr. McClure stated that the Authority proposes hiring Dr. Cecil McDermott to serve as the external evaluator for the grant. Dr. McDermott served as external evaluator on the original Science Mini-grant project awarded to the Authority. He is uniquely qualified to perform this task based on his knowledge of the administration of the first grant and past observations of classrooms. Dr. McClure stated that a specific set of performance standards with a required timeline has been developed and will be utilized by Dr. McDermott.

Dr. McDermott would have two year contract totaling \$20,755.90 (\$10,377.95 per year).

Mr. May made a motion for the approval of a two year contract with Dr. Cecil McDermott, totaling \$20,755.90. Dr. Floyd seconded the motion; the Board gave its unanimous approval.

NEW BUSINESS

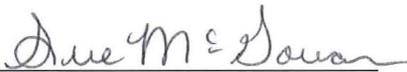
Dr. Rutger stated that there was a request that the September 16, 2005 be moved because of scheduling conflicts. Dr. Ahlen stated that with the Board's approval, the staff would poll members to find a new date, probably sometime in October.

Dr. Floyd made a motion to postpone the September 16, 2005 Board meeting until a later date, which will be determined after polling all members. Mr. May seconded the motion; the Board gave its unanimous approval.

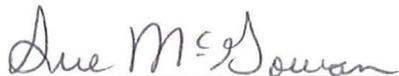
ADJOURNMENT

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

Respectfully submitted,


Sue McGowan
Secretary
Board of Directors

APPROVED by the Board of Directors
on this 14th day of October, 2005.


Sue McGowan
Secretary
Board of Directors