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**MINUTES OF THE 117TH MEETING OF THE
ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY
BOARD OF DIRECTORS
MARCH 18, 2005
LITTLE ROCK, AR**

CALL TO ORDER

The meeting was called to order by Dr. John White, Chairman of the Board, in the second floor conference room of the Arkansas Science & Technology Authority.

A quorum of Board members was present and included: Dr. Steve Floyd, Mr. Robert Hall, Dr. Collis Geren, Mr. Johnny Hooks, Mr. Gordon Knetzer, Mr. Gary Phillips, Dr. Neil Rutger, Dr. Harry Ward and Mr. Ricky Williams.

Staff members present included: Ms. Melissa Adams, Dr. John Ahlen, Ms. Lydia Carson, Mr. Les Lane, Dr. Gail McClure, Ms. Danielle Morris, Mr. Scott Snider and Mr. JJ Watkins.

Visitors included: Mr. Robert Treviño, the Governor's Policy Advisor for Economic Development and Hispanic Affairs.

Dr. White introduced a new Board member, Dr. Collis Geren from the University of Arkansas, Fayetteville. Dr. Geren replaced Dr. Merlin Augustine.

MINUTES

Dr. White asked that the minutes from the January 21, 2005 Board meeting be tabled until some items in the minutes could be clarified.

PRESIDENT'S REPORT

Dr. Ahlen reviewed the Operating Report with the Board. Dr. Ahlen noted that the Seed Capital Fund portion of the Operating Plan, located on page 5 of the report, had been revised per the Board's request. The word "cash" was changed to "actual" in order to avoid any confusion.

Grant Award

Dr. McClure announced that the Authority was awarded a grant from the Winthrop Rockefeller Foundation. The grant, *Models for Growth: Using Minigrants to Improve Science Education and to Connect the Arkansas Community Foundation Affiliates to their Public Schools*, is for the transition and continuation of the Minigrant and STUART grant programs. The award total is \$913,200.00 over five years. The Authority will be working with the Arkansas Community Foundation to transition the program to them.

Dr. Ahlen stated that awards like those from the Winthrop Rockefeller Foundation are the first step in working with communities on knowledge-based job creation.

Mr. Hall asked if the grants were for public schools only. Dr. McClure said yes.

Dr. Ahlen then presented the Accelerate Arkansas pamphlet. The first page of this pamphlet contains House Bills 2462 and 2465. House Bill 2462 proposes to increase funding for the seed capital program and the research matching fund. House Bill 2465 would revise the qualifications for research and development tax credits. Dr. Ahlen stated that both bills were moving through the legislative process.

Dr. Ahlen updated the Board on several legislative items that involve the Authority.

Senate Bill 592 would establish the Distance Learning Coordinating Council. The Authority will have a seat on the council.

Language for the Arkansas Research Matching Fund has been changed so that the Board can choose projects based on its tie to the Authority's R&D plan.

Senate Bill 285 will create Centers of Excellence at Universities. The Authority has a seat on the committee that will review proposals.

Act 210 provides an appropriation of \$1 million from the general improvement fund for research infrastructure.

Dr. Ahlen reported that the legislature abolished the Performance Based Budgeting System, which meant that all state agencies had to amend their budget bills. In the process of amending the agency's budget, \$1.5 million initially earmarked for research was moved to the Technology Development line.

Dr. Ahlen stated that the level of discussion about research and knowledge-based issues was greater than expected during this session.

Committee Assignments

Dr. White made two committee assignments. Mr. Gary Phillips was appointed to the Investment Committee and Dr. Collis Geren was appointed to the Research Committee.

INVESTMENT COMMITTEE REPORT

Mr. Williams presented the Investment Committee report. Mr. Williams asked Mr. Lane to give an update on the CD bidding process, which was reported to the committee at their March 3 meeting. Mr. Lane reported that the staff had investigated moving to one year CDs, but had not been able to find competitive rates. Another option explored was going through the treasury. The committee asked the staff to continue to explore options and make a presentation at their May meeting.

Mr. Lane talked about the Consolidated Incentives Act. He stated that the Investment Committee is exploring potential investment opportunities with outside Venture Capital organizations.

The Return on Investment (ROI) numbers provided by Mr. Lane offered support for House Bill 2462.

INDUSTRY COMMITTEE REPORT

Mr. Hall presented the Industry Committee Report

Mr. Hall stated that AMS has submitted a renewal package to NIST MEP for \$470,555 in federal funding to support AMS operations. The Federal Administration's budget included MEP funding of \$47 million.

MEP funding for federal FY 06 is supported by both the U.S. House of Representatives and the Senate. The committee is seeking backing from the entire Arkansas Congressional delegation.

Mr. Hall also reported on the strategy retreat and updated the Board on AMS' delinquent accounts. AMS recently held a strategy retreat. Mr. Hall reported that it was a good experience and a lot of good information was exchanged. The results from the retreat will be reviewed at the committee's next meeting. The Attorney General's office has filed complaints against the two companies that have delinquent accounts with AMS. When the two complaints have been resolved, this will take care of all delinquent accounts.

Draft Resolution 05-05 was presented for consideration. Ms. Carson stated that the Authority's funding for Technology Transfer Grants (TTAG) may run out before the end of the fiscal year. AMS has continued to receive incremental federal funding, which could provide additional funds for TTAG projects, if needed. Draft Resolution 05-05 would provide funds totaling \$37,500 for TTAG projects.

Mr. Hall made a motion for the approval of Draft Resolution 05-05. Mr. Knetzer seconded the motion; the Board gave its unanimous approval.

RESEARCH COMMITTEE

Dr. Rutger presented the Research Committee Report.

Dr. Rutger stated that the Research Committee had not met since the last Board meeting in January.

Dr. Rutger congratulated Dr. McClure on the grant from the Winthrop Rockefeller Foundation.

Dr. Rutger invited the Board to *Research Day at the Capitol*, which was scheduled for March 23. Dr. Rutger stated that several universities and organizations would be participating.

NEW BUSINESS

Mr. Robert Treviño, the Governor's liaison, was introduced to the Board.

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 20th day of May, 2005.



Sue McGowan
Secretary
Board of Directors