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**MINUTES OF THE 122<sup>ND</sup> MEETING OF THE  
ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY  
BOARD OF DIRECTORS  
MARCH 17, 2006  
LITTLE ROCK, AR**

**CALL TO ORDER**

The meeting was called to order at 1:36 p.m. by Dr. Neil Rutger, Chair 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, Dr. Collis Geren, Mr. Robert Hall, Mr. Paul Horney, Mr. Patrick Hutton, Mr. Gordon Knetzer and Dr. Gary Phillips.

Staff members present: Ms. Melissa Adams, Dr. John Ahlen, Dr. Gail McClure, Mr. JJ Watkins, Ms. Carol Baker, Dr. Steve Stanley, Mr. Scott Walters and Mr. Chris Snider.

**INTRODUCTIONS**

Dr. Ahlen introduced new Board member, Mr. Paul Horney. Mr. Horney is CEO of Innovation Industries in Russellville, AR. He replaced Bum Lee. Dr. Rutger appointed Mr. Horney to the Industry Committee.

Dr. Ahlen reported that the Governor's Office had appointed Mr. Paul Mastro to the Board. Mr. Mastro will replace Dr. Harry Ward, who had completed his term on the Board. The Governor's Office also appointed Dr. John White to a second term.

Dr. Ahlen introduced two new staff members: Dr. Steve Stanley, Vice President Commercialization; Mr. Scott Walters, Research Project Analyst.

## **APPROVAL OF MINUTES**

Dr. Rutger presented for approval the minutes from the January 20, 2006 Board meeting. Dr. Geren made a motion for the approval of the minutes. Mr. Knetzer seconded the motion; the Board gave its unanimous approval.

## **PRESIDENT'S REPORT**

Dr. Ahlen reviewed the Operating Report. Dr. Ahlen stated that the staff would be revising the operating report, a document that will be a model for everything the agency does. The new document will also help in preparing the agency's budget request.

Dr. Ahlen reviewed the quarterly budget report, metrics, TTAG and seed capital information. Dr. Ahlen stated that the way this information is presented to the Board will change.

In addition to approval of the Operating Report, Dr. Ahlen presented for consideration a motion to approve the budget for the Winthrop Rockefeller project, "STEM Teacher Empowerment." The approval would authorize the President of the Authority to carry out the project and expend project funds according to the approved budget as presented.

The five year project, totaling \$1,406,000, will be used to grant awards to math and science education centers for teacher development workshops, award grants to teachers for curriculum development, matching funds for the NASA Space Grant Consortium, grants for two robotics programs that will housed on university campuses, regional science fairs and grants to use with the EAST Initiative.

A portion of the money will be used to hire a new staff person who will help administer the project.

Dr. Ahlen stated that the project has been reviewed and approved by the proper legislative committee. The project's budget requires Board approval.

There being no further discussion, Dr. Geren made a motion for the approval of the budget for the project, "STEM Teacher Empowerment." Dr. Floyd seconded the motion; the Board gave its unanimous approval.

Dr. Geren made a motion for the acceptance of the Operating Report as presented. Dr. Floyd seconded the motion; the Board gave its unanimous approval.

## INDUSTRY COMMITTEE REPORT

Robert Hall presented the Industry Committee report.

Arkansas Manufacturing Solutions (AMS) has received full funding for Fiscal Year 06. The President's FY07 budget calls for a decrease in MEP funding.

AMS plans to invite legislators to tour manufacturing facilities around the state. The tours are scheduled for sometime between April 10-21 and May 29-June 2.

AMS has received the latest performance measures. AMS rankings were good: 3<sup>rd</sup> in cost per impacted client (95<sup>th</sup> percentile); 5<sup>th</sup> in cost per job created or retained (92<sup>nd</sup> percentile); 8<sup>th</sup> in bottom-line impact ratio (86<sup>th</sup> percentile); and 19<sup>th</sup> in investment leverage ratio (68<sup>th</sup> percentile).

AMS has been working with ADED to develop ways to help recruit manufacturers to Arkansas. One approach is to show companies what the state can offer compared to other states.

AMS has been working on ways to get the word out about the Technology Transfer Assistance Grant (TTAG) program. A mass mailing of a TTAG brochure was completed. Stone Ward is developing a press release.

Mr. Hall reported that the Industry Committee discussed raising the funding amount for TTAG from \$5,000 to \$10,000. Raising the funding amount could help attract larger projects and would be beneficial to companies because they would only have to apply to the program once.

Dr. Ahlen stated that when the program was developed, the intent was to transfer technology from federal labs to companies. At that time, the funding amount made sense. He stated that the funding is established through the rules and could be changed. Based on strategic planning, it is reasonable to revisit the rules and bring a recommendation back to the Board.

The NIST Panel Review of AMS was completed. AMS received a very positive review. The review panel recommended that AMS more explicitly document its vision and strategy and they suggested that there should be more project managers in the field.

AMS is planning a one day event that will focus on growth strategies for manufacturers. The event is being planned for the fall.

Mr. Hall stated that at an Accelerate Arkansas meeting earlier in the day, funding was discussed. Hall Manufacturing is working towards being a Lean enterprise. He suggested that it would be good for the state to be a Lean enterprise. Dr. Ahlen stated that the staff would discuss this idea.

## **INVESTMENT COMMITTEE REPORT**

Gary Phillips presented the Investment Committee Report.

JJ Watkins discussed return on investment on TTAG projects.

### **Draft Resolution 06-11**

Draft resolution 06-11 would provide a seed capital investment in KonaWare. The company is requesting \$500,000 in seed capital funds.

KonaWare provides a mobile software platform and applications for the Logistics and Supply Chain operations that enable manufacturers, distributors, retailers and third party logistics providers to achieve real-time, end-to-end visibility (shipment and asset tracking) and efficiency improvements across their extended supply chains.

KonaWare's target market includes motor freight companies, third party logistics firms and large enterprises.

Mr. Knetzer asked what new technology this company has that other companies don't. Mr. Watkins explained that some of the larger shipping companies (Fedex, UPS) have in-house research labs that develop and monitor tracking, but they don't share the technology with outside companies.

Dr. Ahlen stated that the Commerce Capital Development Corporation approved a request from KonaWare for tax credits. KonaWare shared that they were submitting a funding proposal to the Authority. For that reason, the CCDC included a stipulation in their approval that they would wait to see what the Authority would do with the funding proposal.

Mr. Watkins stated that the deal was contingent on KonaWare being able to raise \$1.5 million.

There being no further discussion, Dr. Phillips moved, on behalf of the Investment Committee, for approval of Draft Resolution 06-11. The Board gave its unanimous approval.

## **RESEARCH COMMITTEE REPORT**

Dr. Collis Geren presented the Research Committee report.

## **NSF/EPSCoR**

Dr. Geren reported that from 1990-2000, the state received \$40 million in EPSCoR funding from various agencies.

The EPSCoR Committee is in the process of reviewing proposals for submission to the National Science Foundation. There is a total of \$9 million available.

Three projects have been selected to go to the next stage: Nanobiotechnology at UAF, Plant Biotech at ASU and Sensors at UAF. These three campuses have been allowed to expand their white papers.

The EPSCoR Committee has hired the American Association for the Advancement of Science (AAAS) to review the proposals. The proposals have been sent to AAAS and the reviewers are planning a trip to Arkansas in April to visit the campuses.

## **STEM Grant Selection Process**

Dr. McClure stated that the Authority would be receiving multiple applications for STEM grants, which the Board will be approving. It has been suggested that a STEM Application Advisory Committee be established to review the proposals and determine which ones go to the full Board for consideration. Dr. McClure stated that the staff would be working to form this committee in the near future.

## **OLD BUSINESS**

### **Board Survey**

Dr. Ahlen discussed the survey that the Board participated in at the March meeting. The staff reviewed the Board responses and incorporated them into staff recommendations. Dr. Ahlen presented the staff recommendations and asked the Board to rank the recommendations. This information will be used to help formulate the agency's budget for the next biennium.

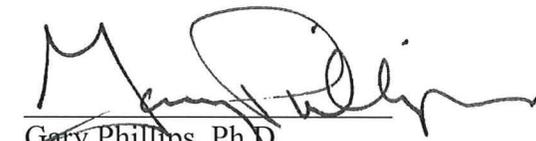
## **NEW BUSINESS**

Dr. Rutger reminded the Board that the next meeting is scheduled for May 19, 2006.

## **ADJOURNMENT**

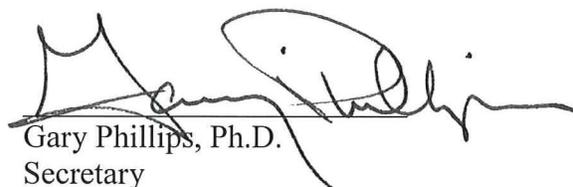
There being no further business to conduct, the meeting was adjourned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gary Phillips", written over a horizontal line.

Gary Phillips, Ph.D.  
Secretary  
Board of Directors

APPROVED by the Board of Directors  
on this 19<sup>th</sup> day of May, 2006.

A handwritten signature in black ink, appearing to read "Gary Phillips", written over a horizontal line.

Gary Phillips, Ph.D.  
Secretary  
Board of Directors