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**MINUTES OF THE 124TH MEETING OF THE
ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY
BOARD OF DIRECTORS
SEPTEMBER 15, 2006
LITTLE ROCK, AR**

CALL TO ORDER

The meeting was called to order 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, Mr. Paul Mastro, Dr. Gary Phillips, Dr. Stephen Seidman, and Dr. John White.

Staff members present: Ms. Melissa Adams, Dr. John Ahlen, Ms. Lydia Carson, Dr. Gail McClure, Mr. Chuck Myers, Mr. Chris Snider, Dr. Steve Stanley, Mr. JJ Watkins and Ms. Sharon Whitlock.

APPROVAL OF MINUTES

Dr. Rutger presented for approval the minutes of the May 19, 2006 Board meeting. Dr. White made a motion for the approval of the minutes. Dr. Phillips seconded the motion; the Board gave its unanimous approval.

PRESIDENT'S REPORT

Dr. Ahlen introduced Sharon Whitlock, the Authority's new STEM Program Manager.

Dr. Ahlen reviewed the operating report. Dr. Ahlen pointed out some changes to the operating report.

The TTAG and SCIP reports have been removed from the operating report and will be presented by the investment committee. This makes the process more streamlined.

Dr. Ahlen reviewed the FY2007 budget.

There being no further discussion, Dr. White moved to accept the Operating Report as presented. Mr. Hutton seconded the motion; the Board gave its unanimous approval.

Annual Report

Dr. Ahlen presented the Authority's FY2006 Annual Report. Dr. Ahlen stated that if the Board had no changes, the Annual Report would be posted on the Authority's website.

Dr. White made a motion to release the Authority's FY2006 Annual Report. Mr. Knetzer seconded the motion; the Board gave its unanimous approval.

Board Policy Manual

Dr. Ahlen presented the Board Policy Manual, which is reviewed by the Board every September. Dr. Ahlen pointed out that there were no major revisions to the policy manual this year.

Dr. White made a motion to approve the Board Policy Manual. Mr. Hall seconded the motion; the Board gave its unanimous approval.

INDUSTRY COMMITTEE REPORT

Mr. Hall presented the Industry Committee Report.

Two members have been added to the AMS Advisory Council: Ms. Jennifer Fairchild and Dr. Satya Garg.

The House of Representatives has passed the appropriations bill for FY07 with a budget for MEP of \$92 million.

Congressman John Boozman toured the Dayspring Card plant in Siloam Springs. Dayspring has used the services of AMS. During the visit, Congressman Boozman expressed his support for AMS.

AMS received its Impact Performance Measures for the most recent quarter. AMS scored 100%. Of the 59 total MEP Centers, AMS is ranked first in cost per job created or retained, third in cost per impacted client, fifth in bottom line impact ratio and tenth in investment leverage ratio.

AMS will be hosting two upcoming conferences. First, Manufacturing Matters 2006 is scheduled for September 19 in Little Rock. Second, Growing Your International Business: Successful Export Strategies for Manufacturing CEO's is scheduled for September 26th in Hot Springs.

Mr. Hall asked for an update on the conflict of interest issue that was brought up during the Board meeting in May. Dr. Ahlen stated that he would be discussing a possible solution under new business.

INVESTMENT COMMITTEE REPORT

Mr. Patrick Hutton presented the Investment Committee Report.

The committee met on August 28th to review reports submitted by the staff.

The committee reviewed the TTAGS funded since the last meeting on May 19, 2006. There were a total of 21 projects funded.

Mr. Hutton made a motion, on behalf of the Investment Committee, to accept the TTAG Report as presented. The Board gave its unanimous approval.

Mr. Hutton reviewed the Seed Capital Investment Program Fund for the quarter ending June 30, 2006.

Mr. Hutton made a motion, on behalf of the Investment Committee, to accept the SCIP Fund Report as presented. The Board gave its unanimous approval.

RESEARCH COMMITTEE REPORT

Dr. Collis Geren presented the Research Committee Report.

Dr. Geren stated that the NSF EPSCoR application and proposal would be submitted on October 6, 2006. Dr. Geren complimented Dr. McClure on the excellent job she has done on preparing the proposal.

DoD EPSCoR and DOE EPSCoR had a call for proposals. The committee received five proposals for DOE and selected one from the University of Arkansas, Fayetteville.

The state received 10 pre-proposals for the DoD funding. The state can submit five, but will be lucky to receive funding for one. The EPSCoR Committee will meet on September 18 to review the pre-proposals.

Draft Resolution 07-01

The Research committee reviewed four STEM Teacher Empowerment Grant applications. The STEM Empowerment Grant provides up to \$7,000 for fellowships to be awarded to school teachers in need of individualized training, supplies and curriculum enhancement assistance.

Draft Resolution 07-01 provides funding for two proposals:

07-WRF-ProDev01, "Promoting Excellence in Physical Science Instruction," submitted by Betty Ramsey of South Arkansas Mathematics and Science Center, Henderson State University, in an amount not to exceed \$7,000.

07-WRF-ProDev04, "Data: Improving Grade 4-8 Science (DIGS)," submitted by Cynthia Miller of Delta Institute of Math & Science Education, Arkansas State University in the amount not to exceed \$7,000.

Dr. Geren made a motion, on behalf of the Research Committee, to approve Draft Resolution 07-01. The Board gave its unanimous approval.

NEW BUSINESS

Change to Enabling Legislation (Conflict of Interest)

Dr. Ahlen updated the Board on the issue of possible conflicts of interest for Board members whose companies pay for services offered by Arkansas Manufacturing Solutions.

Dr. Ahlen stated that the Authority would propose that the language in its enabling legislation be revised to deal with this issue. Dr. Ahlen stated that there was no specific language dealing with this topic because when it was written, AMS had not been created.

The proposed language would read as follows:

It shall not be a violation of this section for the Authority to permit a manufacturer or other for profit entity with which a board member is affiliated to pay to the Authority fees for services and receive in return for such fees services that are generally available to other manufacturers or other for profit entities, as a class, and would otherwise be available to the manufacturer or other for profit entity with which the board member is affiliated.

Dr. White moved approval of the draft language. Dr. Phillips seconded the motion; the Board gave its unanimous approval.

Change to Enabling Legislation (Immunity)

Dr. Ahlen reviewed with Board members a revision to the Authority's enabling legislation dealing with sovereign immunity. The Authority and its programs, including Arkansas Manufacturing Solutions, are entitled to sovereign immunity. The staff proposed adding one item that clarifies the issue of immunity. The proposed item reads as follows:

The authority, its board, its employees, and its designees shall be immune from civil liability for performing their duties under this chapter.

Dr. Phillips moved approval of the draft language. Mr. Mastro seconded the motion; the Board gave its unanimous approval.

EPSCoR Match Request

Dr. Ahlen reported that in May, the Board adopted the Authority's budget request for the upcoming biennium. Included in that budget request was \$1 million matching funds for the \$3 million potential award from NSF EPSCoR.

The final proposal will be submitted to NSF on October 6. In putting together the final proposal, an issue has arisen concerning the purchase of equipment. Expensive equipment will be needed to meet the milestones for the first year. The proposed budget is not large enough to purchase the equipment and hire the scientists to do the research simultaneously. A request has been made to the Authority to increase its match request from \$1 million to \$1.5 million each year of the biennium and for third year of the project, which will fall in the following biennium.

Dr. Ahlen stated that he told the participating campuses that he would bring this request to the Board if the campuses agreed to help communicate this need to policymakers. The campuses agreed. The Authority staff recommended that the Board consider the request.

Dr. Geren stated that the funds would be used to purchase equipment for the nanosciences project. The request for equipment totals \$3,380,700.

Dr. Phillips made a motion to approve the request to increase the Authority's budget for the match for NSF EPSCoR from \$1 million to \$1.5 million per year. Mr. Hutton seconded the motion. Dr. White and Dr. Geren abstained. The motion carried.

Nominating Committee

Dr. White presented for consideration the slate of officers for the upcoming year: Ms. Sue McGowan, Chair; Dr. Gary Phillips, Vice Chair; Mr. Paul Mastro, Secretary.

Dr. Floyd made a motion to accept the nominations. Mr. Hutton seconded the motion; the Board gave its unanimous approval.

Next Meeting Date

The next Board meeting is scheduled for November 17, 2006.

ADJOURNMENT

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

Respectfully submitted,



Paul Mastro
Secretary
Board of Directors

APPROVED by the Board of Directors
on this 17th day of November, 2006.



Paul Mastro
Secretary
Board of Directors