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**MINUTES OF THE 130TH MEETING OF THE
ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY
BOARD OF DIRECTORS
LITTLE ROCK, AR
NOVEMBER 16, 2007**

CALL TO ORDER

The meeting was called to order by Dr. Gary Phillips, Chair of the Board, in the Authority's conference room, located at 423 Main Street in Little Rock.

A quorum of Board members was present and included: Dr. Cesar Compadre, Dr. Steve Floyd, Dr. Collis Geren, Mr. Wayne Hartsfield, Mr. Johnny Hooks, Dr. Beverly Lyn-Cook, Mr. Paul Mastro, Ms. Sue McGowan, Dr. Gary Phillips, Mr. Heartsill Ragon, Dr. Stephen Seidman, and Mr. George Williams.

Staff members present: Ms. Melissa Adams, Dr. John Ahlen, Ms. Tovia Chan, Ms. Stephanie Johnson, Ms. Cathy Ma, Dr. Gail McClure, Mr. Chuck Myers, Mr. Chris Snider, Dr. Steve Stanley and Ms. Sharon Whitlock.

INTRODUCTION OF NEW BOARD MEMBER

Dr. Gary Phillips introduced new Board member, Mr. Heartsill Ragon. Dr. Phillips assigned Mr. Ragon to the Investment Committee.

APPROVAL OF MINUTES

Dr. Phillips presented for approval the minutes from the September 21, 2007 Board meeting. Dr. Geren made a motion for the approval of the minutes. Ms. McGowan seconded the motion; the Board gave its unanimous approval.

PRESIDENT'S REPORT

Operating Report

Dr. Ahlen reviewed the agency's operating report. He pointed out that through the first quarter of the fiscal year; \$67,000 of TTAG funds has been obligated. Dr. Seidman made

a motion for the acceptance of the operating report. Mr. Mastro seconded the motion; the Board gave its unanimous approval.

Status of Delinquent EarthCare Systems Investment

The Board received a status report on the delinquent investment with EarthCare Systems. The Authority made a \$100,000 Seed Capital Investment in EarthCare Systems in 1993. EarthCare provided a composting system that consisted of a specialized windrow tiller and a proprietary infusion mix that was used to speed up the composting process in landfills. The investment was structured as a royalty investment with terms of 5% of net sales of their product. To date, the company has made one payment of \$16,500 on June 24, 1996. Since that time, the company opened a number of similar companies, some of which use the EarthCare tiller and infusion mix to provide a service to landfill operators. The Authority felt it was entitled to royalties from this sale, per its initial agreement. The owners have argued that creating new companies and changing the business strategy means that the tiller is not sold and therefore the Authority is not entitled to receive royalty payments from the new companies.

The Authority has turned this case over to the Attorney General's office. Carolyn Boise Nitta from the Attorney General's Office was recognized to brief the Board on their options in pursuing this case, including pursuing a voluntary settlement or filing a lawsuit.

After lengthy discussion, it was decided that the Attorney General's Office should draft a letter to the company and try to work out a voluntary settlement.

After lengthy discussion, the Board decided to have the Attorney General's office draft a letter to the company concerning a voluntary settlement. A motion was made by Mr. Hooks and seconded by Dr. Seidman. The Board gave its unanimous approval.

INDUSTRY COMMITTEE REPORT

Mr. Paul Mastro presented the Industry Committee Report.

The federal budget situation has not changed since the last meeting.

Six candidates for the AMS Director position have been selected and will be interviewed.

The Manufacturing Matters Conference was in September and was well attended. The address by Governor Beebe was very positive.

The staff has developed and distributed a form letter for Board members to use to satisfy the disclosure requirements of Act 988 of 2007.

AMS Project Debt Write-Off

Mr. Mastro presented a proposed debt write-off for SFI Medical Inc. (\$2,200) and HMC, Inc. (\$2,200). The AMS staff has deemed the balance on both debts to be uncollectible.

Mr. Mastro, on behalf of the Industry Committee, made a motion for the approval of the debt write-off. The Board gave its unanimous approval.

INVESTMENT COMMITTEE REPORT

Ms. Sue McGowan presented to Investment Committee Report.

SCIP Quarterly Report

The Seed Capital Investment Program quarterly report was presented. Ms. McGowan, on behalf of the Investment Committee, made a motion to accept the report as presented. The Board gave its unanimous approval.

TTAG Activity Report

The TTAG Activity Report was presented. Ms. McGowan, on behalf of the Investment Committee, made a motion to accept the TTAG report as presented. The Board gave its unanimous approval.

Draft Resolution 08-05

Draft Resolution 08-05 would provide seed capital investment funding for Lynndale Systems, LLC in the amount of \$175,000. The company has developed a litter burning furnace, which uses poultry litter as a renewable biomass furnace fuel.

If approved, the company will use the funds for working capital and inventory purchases. During discussion of the project, it was suggested that if approved the staff request a budget from the company before any funds are released. Dr. Ahlen indicated that the staff could put any milestones in the funding agreement that the Board would like included.

Ms. McGowan, on behalf of the Investment Committee, made a motion for the approval of Draft Resolution 08-05. Dr. Geren abstained. The motion passed.

RESEARCH COMMITTEE REPORT

Dr. Geren presented the Research Committee Report.

Draft Resolution 08-06

Draft Resolution 08-06 would provide Arkansas Research Matching funds in an amount not to exceed \$292,653 for the following projects:

Proposal No. 08-ARMF-01, "The Arkansas Space Grant Consortium (ASGS)," by Dr. M. Keith Hudson, of the University of Arkansas at Little Rock in the amount not to exceed \$175,000. This project is funded federally by a National Aeronautics and Space Administration grant in the amount of \$410,000.

Proposal No. 08-ARMF-02, "The Arkansas NASA EPSCoR Research Infrastructure Development (RID)," by Dr. M. Keith Hudson, of the University of Arkansas at Little Rock in the amount not to exceed \$117,653. This project is funded federally by a National Aeronautics and Space Administration grant in the amount of \$125,000.

Dr. Geren, on behalf of the Research Committee, made a motion for the approval of Draft Resolution 08-06. Dr. Compadre and Dr. Seidman abstained. The motion passed.

NEW BUSINESS

Accelerate Arkansas Report

Board members were provided with a copy of the Accelerate Arkansas strategic plan. Dr. Ahlen stated that at a later date, the Executive Committee would be asked to meet to approve funding for the Arkansas Research Alliance when funds are released.

Connect Arkansas

Act 604 of 2007 provides for the creation and operation of the Connect Arkansas nonprofit organization to promote broadband education and deployment in Arkansas. The legislation states that the Authority may make grants from funds available for the purpose of establishing Connect Arkansas. To date, no funding has been made available to the Authority for this purpose.

Dr. Ahlen presented for the Board's review a request from Arkansas Capital Corporation (ACC), which has legislative authorization to establish Connect Arkansas and has financially supported the early steps that Connect Arkansas is taking. ACC has requested a "pre-award approval" so that it can proceed with the early steps associated with implementing Connect Arkansas and to recoup budgeted expenses if state dollars should become available through the Authority at a later date. Dr. Ahlen indicated that ACC understands that if state funds not be made available to the Authority for Connect Arkansas, ACC is responsible for the expenses incurred. The pre-award approval would be retroactive to July 1, 2007.

Dr. Compadre made a motion to approve the pre-award request from Arkansas Capital Corporation. Dr. Seidman seconded the motion; the Board gave its unanimous approval.

Committee Assignments

Dr. Phillips made committee assignments for 2008.

Executive Committee: Dr. Gary Phillips, Mr. Paul Mastro, Mr. George Williams and committee chairs.

Research Committee: Dr. Collis Geren, Chair; Dr. Cesar Compadre; Dr. Beverly Lyn-Cook; Dr. Stephen Seidman; Dr. John White.

Investment Committee: Mr. Johnny Hooks, Chair; Dr. Steve Floyd; Mr. Wayne Hartsfield; Ms. Sue McGowan; Mr. Heartsill Ragon.

Industry Committee: Mr. Robert Hall, Chair; Mr. Paul Mastro; Mr. George Williams.

2008 Meeting Dates

The meeting dates for 2008 are: January 18, March 21, May 16, September 19 and November 21.

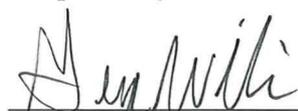
Board Contact Information

Dr. Ahlen asked Board members to review their contact information and submit any necessary corrections.

ADJOURNMENT

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

Respectfully submitted,



George Williams
Secretary
Board of Directors

Approved by the Board of Directors
on this 18th day of January, 2008.



George Williams
Secretary
Board of Directors