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**MINUTES OF THE 129TH MEETING OF THE
ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY
BOARD OF DIRECTORS
UNIVERSITY OF ARKANSAS SYSTEM OFFICE
SEPTEMBER 21, 2007
LITTLE ROCK, AR**

CALL TO ORDER

The meeting was called to order by Ms. Sue McGowan, Chair of the Board, in the conference room of the University of Arkansas System office in Little Rock.

A quorum of Board members was present and included: Dr. Cesar Compadre, Dr. Collis Geren, Mr. Robert Hall, Mr. Wayne Hartsfield, Dr. Beverly Lyn-Cook, Mr. Paul Mastro, Ms. Cynthia Moten (for Dr. Steve Floyd), Dr. Stephen Seidman, Dr. John White 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 MEMBERS

Ms. McGowan introduced four new Board members. Dr. Cesar Compadre, Mr. Wayne Hartsfield, Dr. Beverly Lyn-Cook and Mr. George Williams.

Ms. McGowan made committee assignments for the new members. Industry Committee: Mr. Williams; Investment Committee: Mr. Hartsfield; Research Committee: Dr. Lyn-Cook, Dr. Compadre.

APPROVAL OF MINUTES

Ms. McGowan presented for approval the minutes from the May 18, 2007 Board meeting. Dr. Seidman made a motion for the approval of the minutes. Mr. Mastro seconded the motion; the Board gave its unanimous approval.

PRESIDENT'S REPORT

Dr. Ahlen reviewed the agency's operating report for the last quarter for Fiscal Year 2007. Mr. Mastro made a motion for the acceptance of the operating report. Dr. Geren seconded the motion; the Board gave its unanimous approval.

Dr. Ahlen reported on a meeting between members of Accelerate Arkansas and the Governor about the General Improvement funding that could be released. \$25 million of the \$30 million Accelerate Arkansas package would flow through the Authority. This includes money for research, centers for applied technology, ARMF and the seed capital investment program. The results of the meeting were favorable; the Governor asked for a prioritized list of funds to be released.

Board Operating Guide

Dr. Ahlen presented the Board Operating Guide for review and approval. The revisions made to the Operating Guide include the goals, the conflict of interest legislation and other minor revisions.

Dr. Seidman made a motion for the approval of the revised Board Operating Guide. Dr. Lyn-Cook seconded the motion; the Board gave its unanimous approval.

Board Policy Manual

Dr. Ahlen presented the Board Policy Manual for review and approval. Revisions to the manual included the Cash Fund Investment Policy; the seed capital investment funds will not be invested in the State Treasury Money Management Trust Fund.

Dr. White made a motion for the approval of the revised Board Policy Manual. Dr. Geren seconded the motion; the Board gave its unanimous approval.

Annual Report

Dr. Ahlen presented the draft FY07 Annual Report for approval. Dr. Ahlen stated that there were some additional revisions that needed to be made before the Annual Report was ready for release.

Dr. Geren moved that the FY07 Annual Report be released, after the necessary revisions are made. Dr. White seconded the motion; the Board gave its unanimous approval.

INVESTMENT COMMITTEE REPORT

Dr. Steve Stanley presented the Investment Committee Report.

SCIP Quarterly Report

The Seed Capital Investment Program quarterly report was presented. Mr. Mastro made a motion to accept the report as presented. Dr. Geren seconded the motion; the Board gave its unanimous approval.

TTAG Activity Report

The TTAG Activity Report was presented. Mr. Hartsfield made a motion to accept the report as presented. Dr. White seconded the motion; the Board gave its unanimous approval.

Draft Resolution 08-01

Draft Resolution 08-01 would provide seed capital investment funding for NanoMech/Duralor in the amount of \$500,000. The company is a spinoff of Nanomech; they produce and sell high performance coatings and coating processes for cutting tools and machine wear parts.

Mr. Mastro made a motion for the approval of Draft Resolution 08-01. Mr. Hartsfield seconded the motion. Dr. White and Dr. Geren recused themselves. The motion passed.

Draft Resolution 08-02

Draft Resolution 08-02 would provide seed capital investment funding for Infinite Enzymes in the amount of \$97,551. The company produces enzymes for applications in industry. The technology utilizes the transgenic maize production system for producing large quantities of desirable enzymes in the embryo, or germ of the corn seed.

Mr. Hartsfield made a motion for the approval of Draft Resolution 08-02. Mr. Mastro seconded the motion; the Board gave its unanimous approval.

Draft Resolution 08-03

Draft Resolution 08-03 would provide technology development funding for the following application:

Application No. 08-TDP-01, "AccuPoint Commercialization" by InvoTek, Inc., in an amount not to exceed \$50,000.

InvoTek has developed the Accupoint head tracking system, which is an assisted device developed for quadriplegics. It uses three-dimensional image tracking to monitor the direction that a person is pointing their head, and locates the computer cursor. If

awarded, the company will use the technology development funds to commercialize the product.

Dr. Geren made a motion for the approval of Draft Resolution 08-03. Dr. Lyn-Cook seconded the motion; the Board gave its unanimous approval.

Proposed Changes to Authority Program Rules

Dr. Stanley reviewed the changes made to the Research & Development Tax Credit Program Rules and the Technology Development Program Rules. The changes come as a result of Act 1607 of the 86th General Assembly and Act 1232 of the 85th General Assembly. Making the necessary changes to the rules is the first step in the administrative rules process.

Research & Development Tax Credit Program Rules: Act 1607 of the 86th General Assembly increases the percentage of net tax liability that can be offset by the Research & Development Tax Credit from 50% to 100%.

Technology Development Program Rules: Act 1232 of the 85th General Assembly increased the maximum amount of an individual Technology Development Program investment from \$50,000 to \$100,000.

Dr. Geren made a motion to accept the changes to the two program rules. Dr. Seidman seconded the motion; the Board gave its unanimous approval.

INDUSTRY COMMITTEE REPORT

Mr. Robert Hall presented the Industry Committee Report.

The House passed the MEP appropriations bill with a FY08 budget of \$108.8 million; the Senate appropriations committee passed the bill at \$110 million, but the full Senate has not voted on the bill yet.

The AMS FY08 budget of \$941,110 has been approved by NIST.

On August 10th, Congressman Marion Berry toured the facilities of Farr APC in Jonesboro along with members of the AMS staff. The event was covered by the Jonesboro Sun with an article titled, "Jonesboro company credits turnaround to AMS".

Act 988 of 2007 was approved clarifying that it is not a conflict of interest for companies with which Board members are affiliated to receive and pay for the services of AMS. The staff will draft a form letter for Board members to use when they need to report they are using AMS services.

The Attorney General's office is still working on the delinquent debt cases involving companies HMC and SFI.

Act 143 requires that any administrative rules promulgated by an agency must be reviewed to determine the effect on small business. It has been proposed that the Industry Committee conduct these reviews in the future.

Mr. Hall invited Board members to the Manufacturing Matters 2007, scheduled for September 27th at the Doubletree Hotel in Little Rock.

AMS Project Debt Write-Off

Mr. Hall presented a proposed project debt write-off for Bancroft Industries. The AMS staff has deemed the balance of the debt, totaling \$7,800, to be uncollectible.

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

Stone Ward Contract

Arkansas Manufacturing Solutions proposes to engage in a professional services agreement with Stone Ward to provide marketing and communications assistance to AMS. The contract, totaling \$19,800, will run from October 2007 through June 2008.

Mr. Hall, on behalf of the Industry Committee, made a motion for the approval of the professional services contract with Stone Ward. The Board gave its unanimous approval.

RESEARCH COMMITTEE REPORT

Dr. Collis Geren presented to the Research Committee Report.

Research and Development Plan

Dr. Geren, on behalf of the Research Committee, made a motion to approve the 2008 State R&D Plan. The Board gave its unanimous approval.

STEM Advisory Committee Nominations

Ms. Deborah Coffman, Associate Director/Professional Development, Arkansas Department of Education and Mr. Al Hampton have been nominated to serve on the STEM Advisory Committee.

Dr. Geren, on behalf of the Research Committee, made a motion to approve the addition of Ms. Coffman and Mr. Hampton to the STEM Advisory Committee. The Board gave its unanimous approval.

Evaluation Contract (Model of Growth & SMART Projects)

The Winthrop Rockefeller Foundation awarded to the Authority two grants, the Models for Growth and SMART Projects. An external evaluation and advisory support is a component of both grants. The Authority proposes to enter into a contract with Dr. Cecil

McDermott to complete the evaluation process. Dr. McDermott has provided evaluations for earlier phases of the projects and is very familiar with all aspects of the projects. The proposed two year contract totals \$39,248.50. The goals and objectives have been outlined in the contract.

Dr. Geren, on behalf of the Research Committee, made a motion for the approval of the contract between the Authority and Dr. Cecil McDermott. The Board gave its unanimous approval.

Smart Project Internship Award

The Authority established an intern position in 2005 through funds from a Winthrop Rockefeller Foundation grant under the SMART Project. A change of scope in the budget was approved that allowed long-term funding for an intern to work on projects, including STEM activities. The intern position has been approved through 2009.

The Authority proposes to award funds to the University of Central Arkansas to support one graduate student to work with the Authority in the implementation of STEM activities. The amount of the award totals \$17,821 for the academic year of 2007-2008 and for the summer of 2008.

Dr. Geren, on behalf of the Research Committee, made a motion to approve the award to the University of Central Arkansas. Dr. Seidman recused himself. The motion passed.

Rising Above the Gathering Storm

Dr. McClure was recognized to give a report on the "Rising Above the Gathering Storm" conference held on September 5.

There was a good turnout for the conference; approximately 400 in attendance for the day. There were breakout sessions and each group provided responses to several questions posed to the group. The responses will be compiled, along with the recommendations offered by each group. All of the feedback from the day was positive.

OLD BUSINESS

Draft Resolution 08-04 would provide funding for projects at three universities in the support of the NSF EPSCoR award. The projects are at the following universities:

University of Arkansas, Fayetteville (Project No. EPS-07UAF-01) in support of personnel salaries/benefits, equipment, direct and indirect cost

for the Wireless Nanosensor Project and the Project of the Plant-based BioProduction, in the amount of \$1,758,140;

University of Arkansas at Little Rock (Project No. EPS-07UALR-01) in support of personnel salaries/benefits, equipment, direct and indirect cost for the Wireless Nanosensor Project and the Project of the Plant-based BioProduction, in the amount of \$1,224,636; and

Arkansas State University (Project No. EPS-07ASU-01) in support of personnel salaries/benefits, equipment, direct and indirect cost for the Wireless Nanosensor Project and the Project of the Plant-based BioProduction, in the amount of \$749,907.

Dr. Geren made a motion for the approval of Draft Resolution 08-04. Mr. Hall seconded the motion; the Board gave its unanimous approval.

NEW BUSINESS

Nominating Committee

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

Dr. White, on behalf of the nominating committee, moved acceptance of the nominations as presented. The Board gave its unanimous approval.

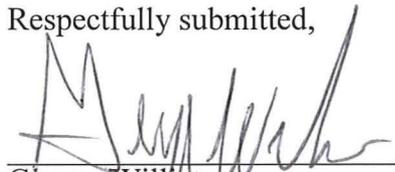
Next Meeting Date

Ms. McGowan reminded Board members that the next meeting was scheduled for November 16, 2007.

ADJOURNMENT

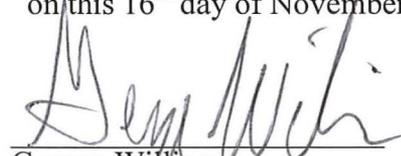
There being no further business to conduct, the meeting was adjourned.

Respectfully submitted,



George Williams
Secretary
Board of Directors

Approved by the Board of Directors
on this 16th day of November, 2007



George Williams
Secretary
Board of Directors