



423 Main Street, Suite 200
Little Rock, Arkansas 72201

www.asta.ar.gov

Phone: 501.683.4400
Fax: 501.683.4420

**MINUTES OF THE 135TH MEETING OF THE
ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY
BOARD OF DIRECTORS
LITTLE ROCK, AR
NOVEMBER 21, 2008**

CALL TO ORDER

The meeting was called to order by Mr. Paul Mastro, Chairman 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. Robert Hall (via phone), Mr. Joel Harrison, Mr. Wayne Hartsfield, Dr. Glen Jones, Dr. Gary Phillips, Mr. Heartsill Ragon and Dr. Stephen Seidman.

Guests: Mr. Gene Eagle, Arkansas Development Finance Authority; Mr. Andrew Parker, Governor's Office.

APPROVAL OF MINUTES

Mr. Mastro presented for approval the minutes from the September 19, 2008 Board meeting. Dr. Geren made a motion for the approval of the minutes as presented. Dr. Floyd seconded the motion; the Board gave its unanimous approval.

PRESIDENT'S REPORT

Introductions

Dr. Ahlen introduced new Board member, Dr. Glen Jones, from Jonesboro. Dr. Jones is with Arkansas State University; he replaces Dr. John White on the Board.

Dr. Ahlen introduced new members of the Authority staff: Dr. Blake Perry, Vice President Research; Ms. Kim Rush, Research Program Manager.

Dr. Ahlen introduced Mr. Andrew Parker, the Authority's new liaison in the Governor's Office.

Legislative Budget Hearing

Dr. Ahlen reported that the Authority had its Legislative Budget Hearing. Both the executive and legislative recommendation was for flat funding, which means no change from the last biennium.

Dr. Ahlen provided Board members with a handout that showed R&D Expenditures and Projections from FY84 through FY2014; the Authority's formal linkages with other organizations, a link to the 2008 Arkansas Cyberinfrastructure Strategic Plan and the final report of the Task Force for the 21st Century Economy.

Dr. Ahlen reported that the Authority continues to work with Jerry Adams and the Arkansas Research Alliance. Mr. Adams has filled nine of the ten positions on the Alliance Board.

The Task Force for the 21st Century Economy has recommended to the Governor and the legislature that the state's economic development agencies (Authority, ADFA, AEDC) be given the authority to take an equity positioning in firms. The task force also recommended that the three agencies co-locate. The three agencies are currently working with the Arkansas Building Authority on the co-location.

Operating Report

Dr. Ahlen reviewed the Operating Report. Dr. Ahlen pointed out that the agency, including its budget and portfolios, manages a total of \$15 million in funds.

There being no questions, Dr. Phillips made a motion to accept the Operating Report as presented. Dr. Seidman seconded the motion; the Board gave its unanimous approval.

INDUSTRY COMMITTEE REPORT

Mr. Robert Hall presented the Industry Committee Report.

The Industry Committee reviewed the funding prospects for the year. Dan Curtis reported that AMS will be approximately \$141,000 short in funding for the first quarter. There are enough funds in the reserves that the shortfall should not have a negative impact.

AMS is scheduled for its annual review with NIST on December 10. This will be a joint review with the Minnesota MEP. The joint review is being conducted in order to give the two centers the opportunity to share best practices.

AMS plans to hire a marketing manager. This position will be responsible for AMS' marketing plans and communication services. The job description was reviewed by the Industry Committee.

The AMS Advisory Committee has lost one member, Dr. Derek Crews. The staff is in the process of trying to fill the vacancy. The committee and staff hopes to find the replacement at a community college, which would be important in AMS' continuing effort to build positive relationships with the state's community colleges.

The committee discussed the annual Manufacturing Matters conference, which was held in September. It was suggested that the focus of the conference should be shifted; it was also suggested to hold the conference every two years rather than every year. The staff will continue to work on the ideas and suggestions discussed by the committee.

INVESTMENT COMMITTEE REPORT

Dr. Gary Phillips presented the Investment Committee Report.

Seed Capital Quarterly Report

The Seed Capital Quarterly Report was presented. Dr. Phillips, on behalf of the Investment Committee, moved approval of the Seed Capital Investment Quarterly Report. The Board gave its unanimous approval.

TTAG Activity Report

The TTAG Activity Report was presented. Dr. Phillips, on behalf of the Investment Committee, moved approval of the TTAG Activity Report. The Board gave its unanimous approval.

Draft Resolution 09-09

Draft Resolution 09-09 would provide Seed Capital Investment funding in an amount not to exceed \$100,000 for Bentonville International Group, Inc. The funds requested would be used for working capital to support operations, sales and marketing, for project funding and product development.

Bentonville International Group, Inc. provides end-to-end RFID solutions. The company currently has 4 to 5 employees and expects to increase that number to 12 to 14.

The company will earn revenue using a number of different sales strategies. Many sales will be packaged around the BigViz solution suite. The company will also act as a value-added reseller of hardware and software products from its strategic partners.

Dr. Stanley indicated that the company has also approached the Fund for Arkansas' Future for additional funding. One of the conditions added to the possible investment from the Authority was the company receiving funds from the Fund for Arkansas' Future.

Dr. Phillips, on behalf of the Investment Committee, moved approval of Draft Resolution 09-09. The Board gave its unanimous approval.

Draft Resolution 09-10

Draft Resolution 09-10 would provide Seed Capital Investment funding in an amount not to exceed \$150,000 for MSTP, LLC. The funds requested would be used for working capital to support operations, sales and marketing, to purchase inventory for expanded distribution.

MSTP, LLC is a medical technology company formed in December 2007. The company's first product is Accupal, a device developed to mitigate pain during palatal injections. The product was developed by Dr. Michael Zweifler.

Dr. Stanley told the Board that the product is already on the market. It has received positive reviews; of the 300 kits that have been purchased, only three have been returned.

Mr. Ragon indicated that the committee wanted additional conditions placed on the investment, including a personal guarantee. Dr. Zweifler has agreed to provide a personal guarantee on the investment.

Dr. Phillips, on behalf of the Investment Committee, moved approval of Draft Resolution 09-10. The Board gave its unanimous approval.

Draft Resolution 09-14

Draft Resolution 09-14 would provide funds to the Risk Capital Matching Fund for the following project:

Project No. 09-RCMF-01 to the Arkansas Development Finance Authority for the Venture Capital Investment Trust in an amount not to exceed \$3,000,000.

The trustees of the Venture Capital Investment Trust (which consists of the president of the Authority, the president of the Arkansas Development Finance Authority and the director of the Arkansas Department of Finance and Administration) met with Accelerate Arkansas to develop a plan to request funds from the Governor's Office. The Governor released \$3,000,000 in October. The Authority will act as the conduit for the money. The Board would only see the money if the company applied for funds from the Authority and the investment trust is a co-funder.

Gene Eagle from the Arkansas Development Finance Authority was recognized to provide further explanation. Mr. Eagle stated that 25% of the funding will be used for validation of potential projects and 75% will be used for matching angel or community based investments.

Dr. Ahlen stated that this investment is a good thing for the state. It is on track with Venture Capital Act of 2001.

Dr. Seidman made a motion for the approval of Draft Resolution 09-14. Dr. Compadre seconded the motion; the Board gave its unanimous approval.

Resolution 08-26 (Amended)

Dr. Phillips presented Amended Resolution 08-26 to the Board for consideration. The amendment is for the expenses for R&D Tax Credits for the following AEDC project:

AEDC Project# 10541, "Tax Credit for In House Research by a Targeted Business," submitted for tax year 2007 by InvoTek, Inc. in the amount of **\$206,812.61** (amended from \$188,481.35) in expenses eligible for \$68,248.16 in tax credits.

Dr. Phillips, on behalf of the Investment Committee, moved approval of amended Resolution 08-26. The Board gave its unanimous approval.

RESEARCH COMMITTEE REPORT

Dr. Collis Geren presented the Research Committee report.

Dr. Geren reported that the Arkansas EPSCoR 2008 Annual Conference was held October 5-7 and was very successful.

Call for White Papers

The call for white papers for Track 1 EPSCoR was announced at the annual meeting. Papers are due to the Authority on December 1. The submissions will be reviewed by the EPSCoR Committee on December 8.

EPSCoR Reverse Site Visit

Dr. McClure was recognized to report on the EPSCoR Reverse Site Visit that took place on September 10th. Dr. McClure stated that she, Dr. John Hehr from UAF, Dr. Carole Cramer from ASU and Dr. Vijay Varadan from UAF were present for the site visit. Information on the research and outreach activities was presented. The group received a positive response from the NSF panel. A report was sent to the staff and responses to that report were completed and submitted to NSF in October.

EPSCoR RII Track 2 Proposal

Arkansas EPSCoR has decided to partner with the West Virginia EPSCoR for the EPSCoR RII Track 2 grant. This new program will potentially provide \$6 million over three years to a consortia of EPSCoR states to support innovation-enabling

cyberinfrastructure of regional, thematic or technological importance. Amy Apon with the University of Arkansas, Fayetteville is the lead principal investigator on the proposal.

Draft Resolution 09-11

Draft Resolution 09-11 would provide funding for the following:

09-STEM Teacher Empowerment-01 “The Position of the Educational Outreach Coordinator and Professional Development Supervisor”, submitted by University of Arkansas at Little Rock, in the amount not to exceed \$76,267

Dr. Geren, on behalf of the Research Committee, moved approval of Draft Resolution 09-11. The Board gave its unanimous approval.

Draft Resolution 09-12

Draft Resolution 09-12 would provide funding for the following:

09-EPSCoR-0064 Communication Intern, “NSF EPSCoR Communication Internship Award”, submitted by University of Central Arkansas, in the amount not to exceed \$18,300.

Dr. Geren, on behalf of the Research Committee, moved approval of Draft Resolution 09-12. Dr. Seidman abstained from voting. The motion passed.

Draft Resolution 09-13

Draft Resolution would provide matching funds in an amount not to exceed \$222,653 for the following projects:

Proposal 09-ARMF-01, “The Arkansas Space Grant Consortium (ASGS),” by Dr. M. Keith Hudson, of University of Arkansas at Little Rock, in the amount not to exceed \$200,000. This project is funded federally by a National Aeronautics and Space Administration grant (Space Grant Program) in the amount of \$535,000.

Proposal 09-ARMF-02, “The NASA EPSCoR Research Infrastructure Development (RID),” by Dr. M. Keith Hudson, of University of Arkansas Little Rock, in the amount not to exceed \$22,653. This project is funded federally by a National Aeronautics and Space Administration grant (Space Grant Program) in the amount of \$125,000.

Dr. Geren, on behalf of the Research Committee, moved approval of Draft Resolution 09-13. The Board gave its unanimous approval.

STEM Advisory Committee Administrative Procedures

Dr. Geren presented the amended STEM Advisory Committee Administrative Procedures for review. The change concerned committee membership; it was changed to twelve.

Dr. Geren, on behalf of the Research Committee, moved approval of the amended STEM Advisory Committee Administrative Procedures. The Board gave its unanimous approval.

STEM Advisory Committee Nominations

Dr. Geren presented two nominations for the STEM Advisory Committee: Cecilia Patterson, Program Director with the Arkansas Community Foundation; Max Kolstad, AT&T Education Director and President of Arkansas Distance Learning Association.

Dr. Geren, on behalf of the Research Committee, moved approval of the committee nominations. The Board gave its unanimous approval.

EPSCoR Advisory Committee

Dr. Geren presented one nomination for the EPSCoR Advisory Committee: Dr. Michael Dockter, Associate Vice Chancellor for Research and Technology Transfer at Arkansas State University, has been nominated to replace Dr. Elizabeth Hood.

Dr. Geren, on behalf of the Research Committee, moved approval of the committee nomination. The Board gave its unanimous approval.

STEM Professional Development Proposals

Dr. McClure reported that four STEM professional development proposals were received in December. The STEM Advisory Committee reviewed the proposals and recommended funding one proposal without modification and two with modifications. Upon further review, the Research Committee moved to defer all three proposals to the February submission cycle.

NEW BUSINESS

Meeting Dates for 2009

Board members were provided with the 2009 meeting dates: January 16, March 20, May 15, September 18 and November 20.

Board Contact Information

Mr. Mastro reminded Board members to review their contact information and submit any necessary changes/corrections to Melissa Adams.

Committee Assignments

Mr. Mastro made committee assignments for 2009.

Executive Committee: Mr. Paul Mastro, Chairman; Mr. George Williams, Vice Chairman; Mr. Heartsill Ragon, Secretary; and Committee Chairs.

Research Committee: Dr. Collis Geren, Chair; Dr. Cesar Compadre; Mr. Glen Jones; Dr. Beverly Lyn-Cook; Dr. Stephen Seidman.

Investment Committee: Mr. Heartsill Ragon, Chair; Dr. Steve Floyd; Mr. Wayne Hartsfield; Dr. Gary Phillips.

Industry Committee: Mr. Robert Hall, Chair; Mr. Joel Harrison; Mr. George Williams; [Mr. Paul Mastro].

ADJOURNMENT

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

Respectfully submitted,



Heartsill Ragon, III
Secretary
Board of Directors

Approved by the Board of Directors
on this 16th day of January, 2009.



Heartsill Ragon, III
Secretary
Board of Directors