ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY

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MINUTES OF THE 134TH MEETING OF THE ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY BOARD OF DIRECTORS LITTLE ROCK, AR SEPTEMBER 19, 2008

CALL TO ORDER

The meeting was called to order by Mr. Paul Mastro, Vice 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. Joel Harrison, Dr. Beverly Lyn-Cook, Mr. Heartsill Ragon, Dr. Stephen Seidman and Mr. George Williams.

Staff members present: Ms. Melissa Adams, Dr. John Ahlen, Ms. Cathy Bailey, Ms. Tovia Chan, Mr. Alex Cone, Mr. Dan Curtis, Ms. Becky Hart, Ms. Neysa Henson, Ms. Stephanie Johnson, Dr. Gail McClure, Mr. Chuck Myers, Mr. Aaron Sites, Mr. Chris Snider, and Dr. Steve Stanley.

INVESTMENT COMMITTEE

Mr. Heartsill Ragon presented the Investment Committee report.

Mr. Ragon reported that the transfer of the Authority's investment funds to the state treasury has been completed.

Seed Capital Investment Quarterly Report

The Seed Capital Quarterly Report was presented. Mr. Ragon, on behalf of the Investment Committee, presented the Seed Capital Investment Quarterly Report for approval. The Board gave its unanimous approval.

Technology Transfer Assistance Grant (TTAG) Activity Report

The TTAG Activity report for April 1, 2008 through June 30, 2008 was presented for approval.

Mr. Ragon, on behalf of the Investment Committee, presented the TTAG Activity Report for approval. The Board gave its unanimous approval.

Draft Resolution 09-01

Draft Resolution 09-01 certifies that In House Research by a Targeted Business Tax Credits are lawfully available for the following AEDC project:

> AEDC Project # 9783 "Tax Credit for In House Research by a Targeted Business," submitted for tax year 2007 by Space Photonics, Inc. in the amount of $1,123,511.00 in expenses eligible for $370,758.63 in tax credits.

Mr. Ragon, on behalf of the Investment Committee, made a motion for the approval of Draft Resolution 09-01. Dr. Geren abstained from voting. The motion passed.

Draft Resolution 09-02

Draft Resolution 09-02 would provide Seed Capital Investment funding in an amount not to exceed $100,000 for Balm Innovations, LLC of Little Rock.

Balm Innovations, LLC is a provider of natural personal care products derived from a topical cream developed by Dr. Bill Gurley, the Director of the University of Arkansas for Medical Sciences' Clinical Pharmacokinetics Research.

Balm Innovations, LLC is seeking $100,000 from the Authority for working capital to support operations, purchase inventory for expanded distribution and for product testing and clinical studies for the company's new products being launched in 2008.

Mr. Ragon reminded the Board that Ms. Lydia Carson, the President and CEO of Balm Innovations is a former employee of the Authority, which the committee took very seriously when reviewing the application. The company's initial proposal showed the investment would be used to partially fund salaries; the committee felt that it was inappropriate to use the funds for salaries. The committee also asked the company to provide confirmation of their presence in stores. The company agreed not to use the investment to fund salaries and provided the additional information requested by the committee.

Dr. Compadre stated that this product is one of the prides of UAMS. He stated that he had followed the development of the company for a long time and it is very strong. Dr. Stanley stated that he saw Dr. Gurley at an SBIR writing course and Dr. Gurley indicated that the company is exploring federal grant opportunities for other product development.

Mr. Ragon, on behalf of the Investment Committee, made a motion for the approval of Draft Resolution 09-02. Dr. Compadre abstained from voting. The motion passed.

Draft Resolution 09-03

Draft Resolution 09-03 is a request from UAMS Bioventures for certification as a qualified technology incubator. Act 857 of 2003 allows for preferential tax treatment with regard to capital gains from venture capital investment in qualified technology

incubator clients. An incubator must be certified annually by the Authority in order to qualify for this preferential treatment.

Mr. Ragon, on behalf of the Investment Committee, made a motion for the approval of Draft Resolution 09-03. The Board gave its unanimous approval.

Draft Resolution 09-04

Draft Resolution 09-04 is a request from the UAF Genesis Technology Incubator for certification as a qualified technology incubator.

Mr. Ragon, on behalf of the Investment Committee, made a motion for the approval of Draft Resolution 09-04. Dr. Geren abstained from voting. The motion passed.

Resolution 08-26 (Amended)

Mr. Ragon presented Amended Resolution 08-26 to the Board for consideration. The amendment is for the certification amount 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 $188,481.35 in expenses eligible for **$68,248.16** (amended from $64,138.22) in tax credits.

Mr. Ragon, on behalf of the Investment Committee, made a motion for the approval of Amended Resolution 08-26. Dr. Geren abstained. The motion passed.

Resolution 08-31 (Amended)

Mr. Ragon presented Amended Resolution 08-31 to the Board for consideration. The amendment is for the certification amount for R&D Tax Credits for the following AEDC project:

> AEDC Project# 10836 "Tax Credit for In House Research by a Targeted Business," submitted for tax year 2007 by Lynguent, Inc. in the amount of **$295,573.00** (amended from $306,677.00) in expenses eligible for **$97,539.09** (amended from $101,203.41) in tax credits.

Mr. Ragon, on behalf of the Investment Committee, made a motion for the approval of Amended Resolution 08-26. Dr. Geren abstained. The motion passed.

Technology Development Program Guidelines (Revised)

Mr. Ragon presented for consideration revised guidelines for the Technology Development program. Act 1232 of the 85th General Assembly increased the maximum amount of an individual Technology Development Program investment from $50,000 to $100,000. The guidelines were revised to reflect this change.

Mr. Ragon, on behalf of the Investment Committee, made a motion for the approval of the revised guidelines for the Technology Development Program. The motion passed.

APPROVAL OF MINUTES

Mr. Mastro presented for approval the minutes from the May 16, 2008 Board meeting. Mr. Ragon made a motion for the approval of the minutes as presented. Dr. Lyn-Cook seconded the motion. The Board gave its unanimous approval.

PRESIDENT'S REPORT

Introduction of New Board Member

Dr. Ahlen introduced new Board member, Mr. Joel Harrison from Searcy. Mr. Harrison is with Washington Group International.

Board Resignations

Dr. Ahlen reported that Board members Dr. White and Mr. Hooks had resigned.

Introduction of New Staff Members

Dr. Ahlen introduced new members of the Authority staff: Cathy Bailey, Fiscal Officer; Alex Cone, Management Project Analyst; Becky Hart, Education Outreach Coordinator; Aaron Sites, intern.

Operating Report

Dr. Ahlen presented the Operating Report for review. Dr. Ahlen stated that when all the investments, including the Accelerate Arkansas projects, are added for 2007 it was the largest year of investments for the agency and the largest since 2001.
The Authority staff is compiling a summary of its 25 year history. It is high level summary information (number of projects, counties served). This summary will show that the Authority has touched all 75 counties through its various programs. The Authority's managed budget and portfolio total $18 million, which makes it competitive with counterparts in other states.

Annual Report

Dr. Ahlen presented the draft FY08 Annual Report for release.

Dr. Geren moved that the FY08 Annual Report be released. Dr. Seidman seconded the motion; the Board gave its unanimous approval.

INDUSTRY COMMITTEE REPORT

Mr. Paul Mastro presented the Industry Committee Report.

NIST MEP has signed the AMS Cooperative Agreement. AMS will be at full funding until September 30, 2008. NIST MEP will operate under a continuing resolution at a reduced level until after the presidential election.

The FY09 state budget for AMS has been approved.

Seven FY09 partnership agreements between AMS and its partners have been signed.

AMS' NIST MEP Minimally Acceptable Impact Measures (MAIM) score for the most recent quarter was 100%.

An AMS stakeholder strategic retreat was held in June to help AMS staff develop its new three year strategic plan.

The Manufacturing Matters conference was held September 17 and 18. The two day conference focused on energy and green issues. There has been positive feedback from attendees.

Stone Ward Contract

Mr. Mastro presented a proposed agreement between AMS and Stone Ward. The Authority proposes to enter into a contract with Stone Ward to provide marketing and communications assistance to AMS. The contract totals $20,000 and will be effective from October 2008 through June 2009.

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

RESEARCH COMMITTEE REPORT

Dr. Collis Geren presented the Research Committee Report.

Dr. Geren reported that the P3 Center hosted a training workshop in August; it was a successful training event. There was also a Wireless Nanosensor Center Symposium.

Dr. Geren asked Dr. Gail McClure to update the Board on several items.

The Arkansas EPSCoR Annual Conference is scheduled for October 5-7 in Little Rock. The meeting will be held in conjunction with the Arkansas Association of Public Universities and the Arkansas Biosciences Institute. On the last day of the meeting there will be a mini-presentation forum for researchers who want to develop multi-institutional concept papers for the next NSF EPSCoR RII state proposal.

Minigrant/Stuart Grant

Dr. McClure reported that 584 minigrant applications and 450 STUART grant applications were received for this school year.

Technology Task Force

Board members viewed a video developed by the Technology Task Force entitled, "21st Century Classroom".

Dr. McClure reported that she, Dr. Ahlen and Susan Norton made a presentation to the Joint Committee on Advanced Communications and Information Technology. The report was made to comply with Act 2266.

Draft Resolution 09-05

Draft Resolution 09-05 would provide funds for the following project:

> SBIR EPSCoR Project (Project No. 09-EPSCoR-0005) in support of providing researchers with entrepreneurial training opportunities, in an amount not to exceed $35,500.

The funds will be used to support training opportunities in conjunction with the Arkansas Small Business Development Center.

Dr. Geren, on behalf of the Research Committee, made a motion for the approval of Draft Resolution 09-05. The Board gave its unanimous approval.

Draft Resolution 09-06

Draft Resolution 09-06 would provide funds for a supplemental grant in the NSF EPSCoR Seed Grant Program for the following project:

> Proposal No. 09-EPSCoR-0006 Grant to Dr. Keith Hudson in the amount not to exceed $73,354 for the proposal, "Metabolomic and Genomics Empowered Platform for Phytochemical and Gene Network Discovery in Medicago Truncatula", submitted by Drs. Hong Li Wang and Stephen Grace.

Dr. Geren, on behalf of the Research Committee, made a motion for the approval of Draft Resolution 09-06. The Board gave its unanimous approval.

Draft Resolution 09-07

Draft Resolution 09-07 would provide funding for the following contract:

> Stone Ward EPSCoR Project (Project No. 09-EPSCoR-0004) in support of increasing the visibility and recognition of EPSCoR and STEM success stories, in an amount not to exceed $24,500.

Dr. Geren, on behalf of the Research Committee, made a motion for the approval of Draft Resolution 09-07. The Board gave its unanimous approval.

NEW BUSINESS

Draft Resolution 09-08

Draft Resolution would provide Arkansas Research Matching funds for the following project:

> Proposal No. 09-ARMF-01, "Louis Stokes Alliances for Minority Participation (LSAMP) Program," by Dr. Mary E. Benjamin of the University of Arkansas at Pine Bluff in an amount not to exceed $70,000. This project is funded federally by a five-year National Science Foundation grant in the amount of $3,500,000.00.

Dr. Geren stated that the Louis Stokes program is important for the state; it will work to increase the number of minority groups graduating with STEM related baccalaureate degrees. Several campuses, including Arkansas State University, the University of Arkansas and Philander Smith College are a part of the proposal. Dr. Ahlen wrote a strong letter of support for the proposal.

Dr. Compadre asked that a summary of the proposal be provided to the Board.
There being no further discussion, Mr. Ragon made a motion for the approval of Draft Resolution 09-08. Dr. Lyn-Cook seconded the motion. Dr. Geren abstained. The motion passed.

Project 08-EPS-Video01

Dr. Geren stated that in January, 2008 the Board awarded funds to the EAST Initiative (project 08-EPS-Video01/Resolution 08-12) for a video production for "Research Day at the Capitol". The first product submitted was not what the staff had hoped. There are residual funds totaling $3,000 from this award. The staff would like to redirect the funds to the Authority and request proposals from universities to complete the video.

Dr. Geren moved that the remaining $3,000 from the EAST Initiative award be redirected to the Authority and the funds be awarded to the university chosen from a request for proposals. Dr. Seidman seconded the motion; the Board gave its unanimous approval.

Nominating Committee Report

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

Dr. Seidman moved acceptance of the nominations as presented. Dr. Geren seconded the motion; the Board gave its unanimous approval.

Next Meeting Date

Mr. Mastro reminded members that the next Board meeting is scheduled for November 21, 2008.

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 21st day of November, 2008.

Heartsill Ragon, III
Secretary
Board of Directors