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**MINUTES OF THE 137TH MEETING OF THE
ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY
BOARD OF DIRECTORS
LITTLE ROCK, AR
MARCH 20, 2009**

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: Mr. Gary Campbell, Dr. Cesar Compadre, Dr. Collis Geren, Mr. Joel Harrison, Mr. Wayne Hartsfield (via phone), Dr. Glen Jones (via phone), Dr. Beverly Lyn-Cook, Mr. Paul Mastro, Dr. Jim Purcell, Mr. Heartsill Ragon and Mr. George Williams (via phone).

Staff members present: Ms. Melissa Adams, Dr. John Ahlen, Dr. Gail McClure, Ms. Becky Hart, Ms. Neysa Henson, Mr. Chris Snider, Dr. Blake Perry, Dr. Steve Stanley, Ms. Cathy Bailey, Ms. Stephanie Johnson, Mr. Dan Curtis.

INTRODUCTION OF NEW BOARD MEMBER

Mr. Mastro introduced new Board member, Mr. Gary Campbell. Mr. Campbell, who resides in Fort Smith, replaces Dr. Gary Phillips. Mr. Mastro appointed Mr. Campbell to the Investment Committee.

APPROVAL OF MINUTES

Mr. Mastro presented for approval the minutes from the January 16, 2009 Board meeting. Mr. Harrison 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

Dr. Ahlen reported that the proposed co-location of the Authority, ADFa and AEDC is moving forward. Staff from each agency met with the building owners of 900 W. Capitol, the new location, to review and discuss the finalized floor plans. Based on what

was presented, all agencies will be pleased with the new building. The tentative move in date for the Authority will be January-February, 2010.

Dr. Ahlen stated that at the January meeting, he indicated to the Board that a funding resolution involving the MEP Innovation Marketplace would be presented to the Board in March. The details are still being worked out; progress is being made and the staff anticipates that a funding resolution will be ready for the Board's consideration at the May meeting.

Dr. Ahlen reviewed the Operating Report. Dr. Ahlen pointed out that during the previous quarter, the Authority assisted over 200 companies. The majority of that assistance came through the agency's Technology Transfer Assistance Grant program. Because of the accelerate rate that agency has been helping companies through TTAG, the TTAG funds have been exhausted for the year.

Mr. Ragon made a motion for the acceptance of the Operating Report as presented. Dr. Purcell seconded the motion; the Board gave its unanimous approval.

INDUSTRY COMMITTEE REPORT

Mr. Mastro presented the Industry Committee report.

The FY09 budget bill for the MEP program has been approved at \$110,000,000. This will mean an additional \$50,000 for the AMS budget.

The FY10 budget request for MEP totals \$138,000,000.

AMS client revenue stands at \$170,000 for fiscal year 2009. AMS anticipates that it will not reach its revenue goal of \$540,000 due to the current economic climate.

AMS has chosen a candidate for the marketing manager position. Pending approval from Dr. Ahlen, an offer should be made within the next week.

The Training Within Industry (TWI) rollout took place in Camden, Little Rock and Searcy. There are 20 possible clients that expressed interest and AMS staff will be working with them.

The USA National Innovation Marketplace will go live April 20. Eureka is planning a huge national campaign to roll out the service. Arkansas will be featured as one of the five states participating in ads that will be run in the Wall Street Journal and other national papers.

INVESTMENT COMMITTEE REPORT

Mr. Heartsill Ragon presented the Investment Committee Report.

Technology Transfer Assistance Grant Activity Report

Mr. Ragon presented the Technology Transfer Assistance Grant (TTAG) Activity Report for the quarter ending December 31, 2008 and asked Dr. Stanley to review the report. During this period, there were a total of 17 TTAG projects funded and 5 SBIR Phase Zero projects funded. Dr. Stanley stated that all Authority TTAG funds had been awarded for the year and the AMS portion of TTAG funding would be exhausted before the end of the fiscal year.

There being no further discussion, Dr. Lyn-Cook made a motion for the acceptance of the TTAG Activity Report as presented. Dr. Purcell seconded the motion; the Board gave its unanimous approval.

Seed Capital Investment Program (SCIP) Quarterly Report

Mr. Ragon presented the Seed Capital Investment Program (SCIP) Quarterly Report and Dr. Stanley reviewed the report. Since December, two awards have been made from the SCIP fund.

There being no further discussion, Mr. Ragon made a motion for the acceptance of the SCIP Quarterly Report as presented. Dr. Lyn-Cook seconded the motion; the Board gave its unanimous approval.

Draft Resolution 09-20

Draft Resolution 09-20 would provide Seed Capital Investment funds into MeritBuilder.com in an amount not to exceed \$100,000.

MeritBuilder is a web based program that allows accolades, thank-yous and kudos to be sent, received, collected and displayed in association with a specific individual. The goal is to allow an individual or company to create a list that will serve as an addition to a person's resume and work history.

Mr. Ragon stated that the committee was impressed that the company had a website already up and running. He went on the website and created an account to test the site.

The company has requested \$100,000 from the Authority. Mr. Ragon stated that the committee put a condition on the award that before the full funding would be released; the company would need to convert three of its five current clients to final contracts.

Mr. Williams stated that he visited the website and it was impressive.

There being no further discussion, Dr. Geren made a motion for the approval of Draft Resolution 09-20. Dr. Lyn-Cook seconded the motion; the Board gave its unanimous approval.

Draft Resolution 09-21

Draft Resolution 09-21 would provide Seed Capital Investment funds into Immigreat Now, LLC in an amount not to exceed \$50,000.

Immigreat Now, LLC plans to create an online software product to assist foreign nationals to complete and submit US Immigration visa application forms. The applicant would answer a series of questions that would guide the software in selecting the proper forms and supply the needed information to insert into the forms.

Mr. Ragon stated that conceptually the committee liked the idea, but felt the company's website presence was not strong enough. The company asked for \$100,000 in funding, but the committee felt that the company was a little immature and suggested a funding amount of \$50,000 with conditions attached. One condition was that the company would get an opinion from outside legal counsel that specializes in immigration law.

Some Board members expressed concern that there appeared to be a lack of planning on the company's part. Mr. Williams stated that a Google search shows companies that offer the same service; one company even has a patent on the process. Board members expressed concern that the deal may be too risky.

After further discussion, Dr. Geren made a motion to table the resolution until the staff could secure an external review from an attorney with expertise in immigration law. Dr. Lyn-Cook seconded the motion; the Board gave its unanimous approval.

Draft Resolution 09-22

Draft Resolution 09-22 certifies In House Research by a Targeted Business Tax Credits for the following AEDC projects:

“Tax Credit for In House Research by a Targeted Business,” submitted for tax year 2008 by BioDetection Instruments, L.L.C. in the amount of \$320,053.89 in expenses eligible for \$105,617.78 in tax credits (AEDC Project No. 10300);

“Tax Credit for In House Research by a Targeted Business,” submitted for tax year 2008 by Vegrandis, L.L.C. in the amount of \$260,946.69 in expenses eligible for \$86,112.41 in tax credits (AEDC Project No. 10302);

“Tax Credit for In House Research by a Targeted Business,” submitted for tax year 2008 by NanoMech, L.L.C. in the amount of \$517,770.38 in

expenses eligible for \$170,864.22 in tax credits (AEDC Project No. 10322);

“Tax Credit for In House Research by a Targeted Business,” submitted for tax year 2008 by SFC Fluidics, L.L.C. in the amount of \$342,845.75 in expenses eligible for \$113,139.10 in tax credits (AEDC Project No. 10304);

“Tax Credit for In House Research by a Targeted Business,” submitted for tax year 2008 NN-Labs, L.L.C. in the amount of \$894,216.95 in expenses eligible for \$295,091.59 in tax credits (AEDC Project No. 10101);

“Tax Credit for In House Research by a Targeted Business,” submitted for tax year 2008 by Arkansas Power Electronics International, Inc. in the amount of \$1,176,166.92 in expenses eligible for \$388,135.08 in tax credits (AEDC Project No. 10323);

“Tax Credit for In House Research by a Targeted Business,” submitted for tax year 2008 by Insight Ecosystems, L.L.C. in the amount of \$176,461.00 in expenses eligible for \$58,232.13 in tax credits (AEDC Project No. 10324);

“Tax Credit for In House Research by a Targeted Business,” submitted for tax year 2008 by Mesolight, L.L.C. in the amount of \$182,609.46 in expenses eligible for \$60,261.12 in tax credits (AEDC Project No. 11125);

“Tax Credit for In House Research by a Targeted Business,” submitted for tax year 2008 by Eureka Aero, L.L.C. in the amount of \$264,958.85 in expenses eligible for \$87,436.42 in tax credits (AEDC Project No. 11119);

“Tax Credit for In House Research by a Targeted Business,” submitted for tax year 2008 by axept, L.L.C. in the amount of \$218,162.00 in expenses eligible for \$71,993.46 in tax credits (AEDC Project No. 11115); and

“Tax Credit for In House Research by a Targeted Business,” submitted for tax year 2008 by BlueInGreen, L.L.C. in the amount of \$158,335.95 in expenses eligible for \$52,250.86 in tax credits (AEDC Project No. 10545).

Mr. Ragon made a motion for the approval of Draft Resolution 09-22. Mr. Campbell seconded the motion. Dr. Geren and Mr. Ragon abstained. The motion passed.

Royalty Agreement for Accupal

Mr. Ragon reported that the royalty agreement for Accupal has not been signed yet and the deadline to complete this process will soon be reached. For this reason, the

committee was requesting that the Board grant a 30 day extension so that the staff and Accupal can finalize the agreement.

Mr. Ragon moved to grant a 30 day extension to complete the royalty agreement for Accupal. Dr. Lyn-Cook seconded the motion. The Board gave its unanimous approval.

Vision Technologies

Mr. Ragon reported that he and staff met with representatives from Vision Technologies; the company requested a renegotiation of their payback agreement. The committee declined the request.

Best Practices

Mr. Ragon reported that the Committee continues to work on a Best Practices Guide and things are progressing.

RESEARCH COMMITTEE REPORT

Dr. Collis Geren presented the Research Committee report.

Draft Resolution 09-23

Draft Resolution 09-23 would provide funding for the NSF EPSCoR Round Two Seed Grant applications.

Two pilot seed grant applications were evaluated in accordance with National Science Foundation Project Number EPS-0701890 for the RII: Arkansas ASSET Initiative:

- (1) "Microalgae as a Platform for Production of Plant Secondary Metabolite Caffeic Acid and for Analysis of its Photoprotective Activity," submitted by Qingfang He (UALR); Stephen Grace (UALR) in an amount not to exceed \$25,000; and
- (2) "Establishment of Root Culture for "Botanical Insulin Production," submitted by Ganapathy Sivakumar (ASU); Jackson Lay (UAF); Fabricio Medina-Bolivar (ASU) in an amount not to exceed \$25,000.

The total for the twelve-month awards for the two pilot seed grant applications to the respective campuses conducting the research are:

Award No. 09-EPSCoR-0085 to Dr. Keith Hudson in an amount not to exceed \$25,000 for UALR researchers participating in the approved Pilot Seed Grant proposal;

Award No. 09-EPSCoR-0086 to Dr. Michael Dockter in an amount not to exceed \$22,500 for ASU researchers participating in the approved Pilot Seed Grant proposal; and

Award No. 09-EPSCoR-0087 to Dr. John Hehr in an amount not to exceed \$2,500 for the UAF researcher participating in the approved Pilot Seed Grant proposal.

Draft Resolution 09-23 would approve awards to the following campus administrators for the identified individual researchers of the two pilot seed grant proposals in an amount not to exceed \$31,000. These awards are effective March 20, 2009 and are as follows:

Award No. 09-EPSCoR-0085 to Dr. Keith Hudson in an amount not to exceed \$15,500 for UALR researchers participating in the approved Pilot Seed Grant proposal;

Award No. 09-EPSCoR-0086 to Dr. Michael Dockter in an amount not to exceed \$13,950 for ASU researchers participating in the approved Pilot Seed Grant proposal; and

Award No. 09-EPSCoR-0087 to Dr. John Hehr in the amount not to exceed \$1,550 for the UAF researcher participating in the approved Pilot Seed Grant proposal.

Dr. Geren, on behalf of the Research Committee, moved approval of Draft Resolution 09-23. The motion passed.

Draft Resolution 09-24

Draft Resolution 09-24 would provide funding for the following STEM Empowerment proposals:

09WRFSTEM02, "Algebra and Science Connections Through Technology," submitted by Tim Brister, Harding University Center for Math and Science Education, in an amount not to exceed \$12,000;

09WRFSTEM03, "STEM Leadership Academy," submitted by Mary Smith, Audubon Arkansas, in an amount not to exceed \$11,500;

09WRFSTEM04, "Applications of Biotechnologies in the Classroom," submitted by Patrycja Krakowiak, ASMSA, in an amount not to exceed \$12,000;

09WRFSTEM05, "Leading into the 21st Century," submitted by Terri Frost, DeQueen Mena Educational Cooperative, in an amount not to exceed \$12,000;

09WRFSTEM06, "Nanotechnology in Grades 7-12 Classrooms (Nano)," submitted by Cynthia Miller, ASU Delta Institute for Math & Science Education, in an amount not to exceed \$12,000;

09WRFSTEM07, "Sparking Interest in High School Physics Laboratories," submitted by Alois J Adams, UALR, in an amount not to exceed \$11,500;

09WRFSTEM08, "Science and Technology Engaging Middle School Students (STEMSS)," submitted by Leon Brown, Crowley's Ridge Education Service Cooperative, in an amount not to exceed \$12,000;

09WRFSTEM09, "Technology for Inquiry-Based Learning II," submitted by Nona Talley, Southwest Arkansas Education Cooperative, in an amount not to exceed \$12,000;

09WRFSTEM10, "Harrisburg Tree Inventory," submitted by Toni Hall, Harrisburg High, Harrisburg School District in an amount not to exceed \$1,494.15;

09WRFSTEM11, "Solar Cells & Digital Balances," submitted by Ann Johnson, Washington Jr. High, Bentonville School District in an amount not to exceed \$1,425;

09WRFSTEM12, "Multimedia in Science," submitted by Candace Pahas, East Junior High, West Memphis School District in an amount not to exceed \$1,499.87;

09WRFSTEM13, "Weather or Not?," submitted by Cindy Cardwell, Washington Junior High School, Bentonville Public Schools in an amount not to exceed \$1,478.64;

09WRFSTEM14, "Soil Scientists," submitted by Cynthia Cardwell, Washington Junior High School, Bentonville Public Schools in an amount not to exceed \$1,467.48;

09WRFSTEM15, "Mechanical to Electrical Energy," submitted by Dan Eddy, Washington Junior High, Bentonville School District in an amount not to exceed \$1,445.95;

09WRFSTEM16, "CASTLE Electricity Project," submitted by David Rauls, Horatio High School, Horatio School District in an amount not to exceed \$1,470;

09WRFSTEM17, "Go-Cart Power," submitted by Deborah Carder, Lakeside High School, Lakeside School District in an amount not to exceed \$1,500;

09WRFSTEM18, "Probing for Data," submitted by Donna Reynolds, Benton Junior High School, Benton Public Schools in an amount not to exceed \$1,500;

09WRFSTEM19, "Digital Collections," submitted by Donna Riggs, Bauxite High School, Bauxite School District in an amount not to exceed \$1,490;

09WRFSTEM20, "Discovering Distance and Area with GPS," submitted by Doug Wilson and Leah Beckwith, Bismarck High School, Bismarck School District in an amount not to exceed \$1,445;

09WRFSTEM21, "Probing Science for 6-8," submitted by Heather Dunn, Sheridan Middle School, Sheridan School District in an amount not to exceed \$1,500;

09WRFSTEM22, "Let's Go Digital," submitted by Kathy Gann, Nevada High School, Nevada Public Schools in an amount not to exceed \$1,422.68;

09WRFSTEM23, "From Algae to Biodiesel," submitted by Lisa Butler, Fouke High School, Fouke School District in an amount not to exceed \$1,500;

09WRFSTEM24, "Weather Stations in England," submitted by Melinda Oylar, England Elementary School, England School District in an amount not to exceed \$1,500;

09WRFSTEM25, "Picture the Pattern of Inheritance," submitted by Melinda Williams, Alma Middle School, Alma School District in an amount not to exceed \$1,500;

09WRFSTEM26, "Hands-On Physical Science," submitted by Melissa Moore, Cross County High School, Cross County School District #7 in an amount not to exceed \$1,252;

09WRFSTEM27, "1000x Biology," submitted by Nancy Medlock, Black Rock School, Lawrence County School District in an amount not to exceed \$1,492.47;

09WRFSTEM28, "Force & Motion at REAP,, submitted by Natalie Olivieri, REAP Academy, Rogers Public Schools in an amount not to exceed \$1,130.85;

09WRFSTEM29, "Geocaching for Math", submitted by Nicole Shaffer, Lavaca Middle School, Lavaca Public Schools in an amount not to exceed \$1,435;

09WRFSTEM30, "Dissections for All to See," submitted by Paddy Bell, DeQueen Middle School, DeQueen Public Schools in an amount not to exceed \$1,391.10;

09WRFSTEM31, "Probes for Physics," submitted by Patrick Foley, Central High School, Little Rock School District in an amount not to exceed \$1,500;

09WRFSTEM32, "Graphing Real World Situations," submitted by Patti Canady, Washington Junior High, Bentonville Public Schools in an amount not to exceed \$1,422;

09WRFSTEM33, "Hands-On Geometry," submitted by Sheryl Cox, Kirksey Middle School, Rogers School District in an amount not to exceed \$1,444;

09WRFSTEM34, "Live Weather Cast," submitted by Tonaya Allbaugh, Coleman Junior High, Van Buren School District in an amount not to exceed \$1,314.47; and

09WRFSTEM35, "Audubon STEM Academy," submitted by Mary Smith, Audubon Arkansas, in an amount not to exceed \$10,000.

Dr. Geren, on behalf of the Research Committee, moved approval of Draft Resolution 09-24. Dr. Geren abstained from voting. The motion passed.

EPSCoR Charter

Dr. Geren presented the revised EPSCoR charter for review.

Dr. Geren, on behalf of the Research Committee, moved approval of the revised EPSCoR charter. The Board gave its unanimous approval.

NEW BUSINESS

Draft Resolution 09-25

Draft Resolution 09-25 would provide funding for the following Basic Research project:

Proposal No. 09-B-01, "Universal Spore-Based Avian Influenza Vaccine," by Dr. Billy Hargis of the University of Arkansas, Fayetteville, in the amount not to exceed \$275,000.

The goal of the project is to develop and optimize a *Bacillus* vaccine vector that can be used effectively to protect against avian influenza (AI). Current influenza vaccines aim to induce antibodies against surface glycoproteins. However, these glycoproteins are highly susceptible to recombination and mutations rendering current vaccines ineffective. Therefore, it is critical to develop a new vaccine that can provide cross protection against many different strains, be shelf stable and cost effective, and easy to administer.

Dr. Lyn-Cook stated that the science outlined in this proposal is doable and could have a great impact for Arkansas.

Dr. Ahlen reported that this proposal came to light through the Arkansas Economic Development Commission. A group, led by former Governor Jim Guy Tucker, made a compelling argument for this research to Governor Beebe. There is no specific appropriation for this project. However, Accelerate Arkansas, during the last legislative session, had legislation approved that gave the Authority the ability to spend funds for basic research.

Dr. Ahlen stated that a proposal had been submitted, which was handled by Dr. Perry. The proposal was reviewed by the Research Committee, who voted to present it to the full Board for funding consideration.

Dr. Lyn-Cook, on behalf of the Research Committee, moved approval of Draft Resolution 09-25. Dr. Geren abstained. The motion passed.

Next Meeting Date

Mr. Mastro reminded members that the next Board meeting will be May 15, 2009.

ADJOURNMENT

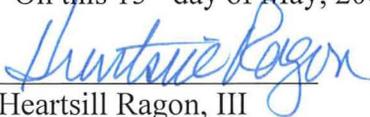
There being no further business to conduct, the meeting was adjourned.

Respectfully submitted,



Heartsill Ragon, III
Secretary
Board of Directors

APPROVED by the Board of Directors
On this 15th day of May, 2009



Heartsill Ragon, III
Secretary
Board of Directors