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**MINUTES OF THE 157<sup>TH</sup> MEETING OF THE  
ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY  
BOARD OF DIRECTORS  
SEPTEMBER 21, 2012  
LITTLE ROCK, AR**

**CALL TO ORDER**

The meeting was called to order by Dr. Beverly Dawkins Lyn-Cook, Chairman of the Board, in the Bessie Moore Board Room, located at 900 W. Capitol Avenue in Little Rock, Arkansas.

A quorum of Board members was present and included: Mr. Gary Campbell, Dr. Cesar Compadre, Dr. Carl Frederickson, Dr. Collis Geren, Mr. Paul Mastro, Mr. Michael Nauman, Mr. Hearstill Ragon, Mr. Rod Sweetman and Mr. George Williams.

Staff members present: Ms. Melissa Adams, Ms. Shirley Vanderslice, Mr. James Downs, Dr. Blake Perry, Ms. Cathleen Bailey, Dr. John Ahlen, Dr. Steve Stanley, Mr. Andy Hendricks, Ms. Stephanie Johnson, Ms. Tovia Chan, Dr. Gail McClure, Mr. Chris Snider.

**APPROVAL OF MINUTES**

Dr. Lyn-Cook presented for approval the minutes for the May 18, 2012 Board meeting. Dr. Frederickson made a motion for the approval of the minutes. Dr. Geren seconded the motion; the Board gave its unanimous approval.

**PRESIDENT'S REPORT**

Dr. Blake Perry introduced Ms. Shirley Vanderslice, the Authority's new Executive Secretary.

**Operating Report**

Dr. Perry presented the FY2012 Operating Report, the final report for the FY2012 fiscal year. Dr. Geren moved acceptance of the report as presented. Dr. Frederickson seconded the motion; the Board gave its unanimous approval.

## **FY2012 Investment Summary**

Dr. Perry presented the FY2012 Investment Summary, the final summary for the FY2012 Fiscal Year. Dr. Compadre moved acceptance of the Investment Summary. Mr. Nauman seconded the motion; the Board gave its unanimous approval.

### **Agency Budget**

Dr. Perry presented the Authority's proposed Biennial Budget for fiscal years 2014-2015. Dr. Perry stated that the agency's budget hearing was scheduled for late October. Mr. Campbell moved acceptance of the biennial budget.

### **INDUSTRY COMMITTEE REPORT**

Mr. Paul Mastro presented the Industry Committee Report.

The Pennsylvania MEP Center recently conducted an assessment of AMS and gave a series of recommendations to the staff for GAP Analysis. The staff will be reviewing those recommendations.

### **Budget Allocations**

At the May meeting, Board members approved funding in an amount not to exceed \$1,467,752 for field staff and AMS Director activities including \$15,000 in subaward sponsorships for partner activities. Mr. Mastro referred to a memo provided to the Board in their prepacket that outlined the final allocation for the funding.

Field office contract at the GENESIS Technology Incubator, University of Arkansas, Fayetteville, in an amount not to exceed \$12,499;

One AMS Director's position, one Market Manager position and seven field staff positions in an amount not to exceed \$1,190,229 at the University of Arkansas at Little Rock;

One field staff position at the Delta Center for Economic Development, Arkansas State University in an amount not to exceed \$136,553;

Field office contract at Southern Arkansas University Tech, in an amount not to exceed \$6,400;

One field staff position at Winrock International, in an amount not to exceed \$122,071;

Sponsorship of the Arkansas Institute for Performance Excellence program at the Arkansas Institute for Performance Excellence in an amount not to exceed \$5,000;

Sponsorship of a manufacturing conference conducted by the Arkansas Economic Development Commission in an amount not to exceed \$5,000; and

Sponsorship of a manufacturing conference conducted by the University of Arkansas at Little Rock in an amount not to exceed \$5,000.

#### **Draft Resolution 13-01**

Draft Resolution 13-01 would provide funding in the amount of \$185,000 for the Energy Efficiency Arkansas Grant from the Arkansas Economic Development Commission.

Draft Resolution 13-01 was moved and seconded by the committee. The Board gave its unanimous approval.

#### **RESEARCH AND COMMERCIALIZATION COMMITTEE REPORT**

Mr. Campbell presented the Research and Commercialization Committee Report.

#### **TTAG Quarterly Report**

Mr. Campbell presented the TTAG Activity Report. The report was moved and seconded by the committee. The Board gave its unanimous approval.

#### **Seed Capital Quarterly Report**

Mr. Campbell presented the Seed Capital Quarterly Report. The report was moved and seconded by the committee. The Board gave its unanimous approval.

#### **Draft Resolution 13-02**

Draft Resolution 13-02 would provide Technology Development Program funding for the following project:

Application No. 12-TDP-07, "Acceleration of Research to Market for a Novel Orally-Effective Bacillus-Vectored Vaccine Platform for Preventing Avian Influenza" by Arkansas BioSciences International, LLC, in an amount not to exceed \$28,665.00.

Funding from the Authority will be used for working capital needed to accelerate vaccine candidate selection, evaluation and optimized administration prior to the start of clinical trials. Dr. Stanley reported that the company first received a Basic Research grant from the Authority and has received federal funds, but those funds cannot be used for commercialization.

Draft Resolution 13-02 was moved and seconded by the committee. The Board gave its unanimous approval.

#### **Draft Resolution 13-03**

Draft Resolution 13-03 would provide Seed Capital Investment funding for NanoWatt Design, LLC in an amount not to exceed \$35,000. The funds will be used for working capital.

Draft Resolution 13-03 was moved and seconded by the committee. The Board gave its unanimous approval.

#### **Draft Resolution 13-04**

Draft Resolution 13-04 would provide Seed Capital Investment funding for Transparent Visibility, Inc. in an amount not to exceed \$100,000.

Mr. Campbell reported that the committee had discussions with the company about meeting certain milestones after receiving their first round of funding. The committee had been tracking their progress and felt the company had not met the milestones that would warrant a second round of funding at the present time. For that reason, the committee felt that the request for funding should be tabled.

Mr. Campbell moved that Draft Resolution 13-04 be tabled. Dr. Geren seconded the motion; the Board gave its unanimous approval.

#### **Draft Resolution 13-05**

Draft Resolution 13-05 would provide Seed Capital Investment funding for Cardiowise, LLC in an amount not to exceed \$100,000.

The funding will be used for working capital needed to commercialize a novel cardiac imaging and analysis technique developed at Washington University of St. Louis. Dr. Stanley indicated that milestones would be in place before funding was released to the company.

Draft Resolution 13-05 was moved and seconded by the committee. The Board gave its unanimous approval.

#### **Draft Resolution 13-06**

Draft Resolution 13-06 would provide Seed Capital Investment funding for Black Oak Partners, LLC in an amount not to exceed \$100,000. The funding would be used for working capital.

Black Oak Partners' software, products and capabilities do four things; 1) analyzes and combines customer information and customer activity to more accurately define "best" customers, 2) combines consumer time series credit data to better understand credit risk, 3) combines consumer data and loan data to improve risk analysis for loans, mortgages and mortgage securities held by banks, insurance companies or asset managers, 4) combines updated data on assets with original data to understand changes in value over time.

Board members asked what kinds of agreements the company had in place since the services they offer are similar to Acxiom. Dr. Stanley indicated that there did not appear to be any Intellectual Property problems in regards to Acxiom. Board members also indicated they wanted

something included in the agreement that the jobs added would not be offshore. Dr. Stanley stated that the working capital provided by the Authority would be for jobs located in Arkansas.

Draft Resolution 13-06 was moved and seconded by the committee. The Board gave its unanimous approval.

#### **Draft Resolution 13-07**

Draft Resolution 13-07 certifies one "In House Research by a Targeted Business" Tax Credit for the following project:

"Tax Credit for In House Research by a Targeted Business," [ACA 15-4-2708(c)] submitted for tax year 2011 by Ocean Nanotech, LLC in the amount of \$494,485.91 in expenses eligible for \$163,180.35 in tax credits (AEDC Project No. 54171);

Draft Resolution 13-07 was moved and seconded by the committee. The Board gave its unanimous approval.

#### **SPONSORED PROJECTS COMMITTEE REPORT**

Dr. Collis Geren presented the Sponsored Projects Committee report.

Dr. McClure reported that ASSET II held its annual meeting in Springdale in September. It was a very successful meeting with over 250 in attendance. The ASSET External Advisory Board also attended the meeting and was pleased with the program's progress.

#### **Draft Resolution 13-08**

Draft Resolution 13-08 would provide funding for the following proposal:

13-EPS2-0008 "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 \$73,099. This award is effective September 21, 2012 through September 20, 2013.

Draft Resolution 13-08 was moved and seconded by the committee. The Board gave its unanimous approval.

#### **Draft Resolution 13-09**

Draft Resolution 13-09 would provide funding for seven sub-recipient agreements with the following institutions:

University of Arkansas, Fayetteville (Project No. 13-EPS2-0001) in support of personnel salaries/benefits, equipment, direct and indirect cost for the P3 Project, GREEN Project and the VICTER Project, in the amount of \$1,915,670;

University of Arkansas at Little Rock (Project No. 13-EPS2-0002) in support of personnel salaries/benefits, equipment, direct and indirect cost for the P3 Project, GREEN Project and the VICTER Project, in the amount of \$1,044,767;

Arkansas State University (Project No. 13-EPS2-0003) in support of personnel salaries/benefits, equipment, direct and indirect cost for the P3 Project and the VICTER Project, in the amount of \$652,139;

University of Arkansas at Pine Bluff (Project No. 13-EPS2-0004) in support of personnel salaries/benefits, equipment, direct and indirect cost for the P3 Project, GREEN project and the VICTER Project, in the amount of \$231,808;

University of Central Arkansas (Project No. 13-EPS2-0005) in support of personnel salaries/benefits, equipment, direct and indirect cost for the P3 Project, in the amount of \$84,520;

University of Arkansas at Fort Smith (Project No. 13-EPS2-0006) in support of personnel salaries/benefits, equipment, direct and indirect cost for the GREEN Project, in the amount of \$15,650; and

Philander Smith College (Project No. 13-EPS2-0007) in support of personnel salaries/benefits, equipment, direct and indirect cost for the GREEN Project, in the amount of \$55,446.

Draft Resolution 13-09 was moved and seconded by the committee. The Board gave its unanimous approval.

### **New Business**

Dr. Perry informed the Board of a correction to a statement made in another meeting concerning funds awarded to the Discovery Network. Dr. Perry stated in that meeting that the funds for the award came from monies released by the Governor's Office, which was incorrect. The funds were released by the legislature.

### **STEM Position**

Dr. Ahlen reviewed a proposed STEM position that will be housed at the Authority. The Authority sits on the Governor's Workforce Cabinet. One of the projects of the cabinet is STEM Works; this position is being established to help support the activities of STEM Works for the next two years. Funding for the position comes from the interest and fund balances from several Winthrop Rockefeller grants.

Board members asked about a plan for future funding for the position. Dr. Ahlen stated that one of the duties for this position involves fundraising so the hope would be that the position would become self funded.

There being no further questions, Dr. Geren moved approval of the STEM Position as presented. Dr. Frederickson seconded the motion; the Board gave its unanimous approval.

### **Arkansas Research Alliance**

Dr. Ahlen presented to the Board for consideration a funding request from the Arkansas Research Alliance.

The FDA commissioner signed an agreement with Governor Beebe to work on several projects in the state. The first project involves nanotoxicology. The proposal for this was written for a dozen projects with an approval from FDA for \$289,000 in funding, with the state agreeing to put up \$1,000,000. The Authority has an appropriation in General Improvement. The Governor's Office has asked that the proposal be brought to the Board for consideration. The staff has been working with the Arkansas Research Alliance and Roger Buchanan on the budget. The FDA approved money for science only, not project management; the Arkansas Research Alliance would provide the project management, using \$105,000 of the funding.

Dr. Ahlen stated that the Board was being asked to approve the proposal as if it is completely vetted so the Governor could release the funds. When the funds are released, the staff would bring to the Board a funding resolution. If funds are received before everything is put together, the Authority would like to have the option of expending half of the funds to help get the project started.

Board members expressed hesitation about approving the release of funds when the project had not gone through a committee review. Dr. Ahlen stated that if the Authority does not request the funds during this fiscal period, the funds might not be there later.

Discussion followed concerning how the Board could request the release of funds, while ensuring that the proposal would be properly reviewed by a committee.

After further discussion, a motion was made by Mr. Ragon that the Board approve the staff requesting release of the funds from the Governor's Office, with the following caveats: the Research & Commercialization Committee would review the completed proposal and funding request, after that a funding resolution would be drafted and submitted to the Board for approval via electronic mail or conference call. Mr. Campbell seconded the motion. Dr. Lyn-Cook abstained, the motion passed.

### **FY2012 Annual Report**

Mr. Nauman moved that the Authority's FY2012 be released. Mr. Campbell seconded the motion; the Board gave its unanimous approval.

### **Nominating Committee Report**

Dr. Lyn-Cook presented for consideration the proposed slate of officers for the upcoming year: Dr. Glen Jones, Chairman; Dr. Cesar Compadre, Vice Chairman; Mr. Michael Nauman, Secretary.

Mr. Campbell moved approval of the recommendation. Dr. Geren seconded the motion; the Board gave its unanimous approval.

**Next Meeting Date**

Dr. Lyn- Cook reminded members that the next Board meeting was scheduled for November 16, 2012.

**Executive Session**

There being no further business, the Board went into Executive Session. After the Executive Session was concluded, Dr. Lyn-Cook made the following report.

The Board went into Executive Session to discuss two personnel issues.

First, Dr. Ahlen announced to the Board that he intends to retire on January 1, 2013.

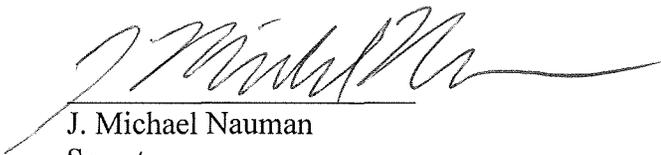
Second, Dr. Ahlen made the Board aware of a personnel issue concerning emails about the Authority staff. Dr. Ahlen stated that he met with the staff and also consulted with the Arkansas State Police's Criminal Investigation Unit about the situation.

Because Dr. Ahlen was named in one of the emails, the Board decided to form a committee to investigate this issue; Mr. Ragon, Mr. Campbell and Dr. Lyn-Cook were named to the committee. The committee will work with the Attorney General's office in their investigation.

**ADJOURNMENT**

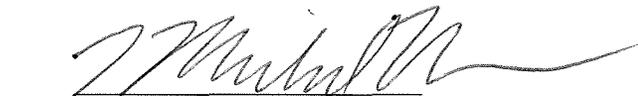
There being no further business to conduct, the meeting was adjourned.

Respectfully submitted,



J. Michael Nauman  
Secretary  
Board of Directors

**Approved** by the Board of Directors  
on this 16<sup>th</sup> day of November, 2012.



J. Michael Nauman  
Secretary  
Board of Directors