

**Summary of the 15th meeting
STCU Governing Board
December 12, 2002
Kyiv, Ukraine**

Board Members: Canada: Donald Banks (Acting Board Member); EU: H.E. Ambassador Norbert Jousten (Acting Board Member for the European Union), H.E. Ambassador Panayotis Goumas (Board Member for the EU Presidency); Ukraine: Yaroslav Yatskiv (Board Member); USA: Stephen C. Engelken (Acting Board Member and Chairman).

Party Representatives: Canada: Kate Stefanuk; EU: Didier Gambier; USA: Andrew Hood.

Observers: H.E. Ambassador Talyat Aliev, **Azerbaijan**; [H.E. Ambassador Shamansoor Shakhaliyov](#), **Uzbekistan**; H.E. Ambassador Hrygol Katamatze, **Georgia**

Honorable Guests Attending: H.E. Ambassador Åke Peterson, **Sweden**; H.E. Ambassador Carlos Pascual, **USA**; Borys Paton, President of the National Academy of Sciences, **Ukraine**; H.E. Ambassador Alexei Andrievsky, **Moldova**; Advisor Salakhitdin Salikhov, **Uzbekistan**.

STCU Secretariat: Yves Carmel (ED); Borys Atamanenko (SDED); Arthur DuCharme (DED); Esa Manninen (DED); Curtis Bjelajac (CFO); Marianna Carbe' (CAO).

- Mr. Engelken made opening remarks and welcomed everyone to start the proceedings.
- H.E. Ambassador Talyat Aliev expressed his country's interest in joining the STCU Agreement.
- Regarding the minutes of the 14th Governing Board Meeting the Board noted that Mr. John Boright, USA, and not Mr. Rick Ward, Canada, chaired the 14th Governing Board Meeting on June 6, 2002. Approved corrected minutes of the 14th Governing Board Meeting.

Report from the Secretariat:

- Mr. Carmel reported on the situation surrounding the STCU building and the talks with the MFA, highlighting that the Ukrainian side must be given time to resolve the issue. He informed the Board that Mr. Hnatyshyn of the MFA promised to send an official letter expressing the MFA's explicit commitment to promptly pay lease expenses for the new facility. Mr. Carmel requested the Board to provide instructions regarding the Force Majeure conditions. He suggested that the Force Majeure may be partially lifted when the STCU has access to the new facility, and lifted fully once the STCU becomes fully operational. Comments were made as to how long it might take to install equipment and telecommunications in the new facility. The Board agreed that upon a specific recommendation from the ED, the Force Majeure could be lifted.
- Mr. Carmel presented a report in which he discussed the possibility of a lawsuit with former STCU landlords, "Gals-k" LLC. The Board members were invited to review the legal opinions outlining the issue of the STCU's responsibility with regards to the lease contract with "Gals-K" LLC.
- In his Information Technology report Mr. Bjelajac illustrated the efforts made by the IT group in moving and assembling network and desktop systems at the temporary facility as well as in selecting a contractor to perform telecommunications and network cabling at the

new facility. Mr. Bjelajac noted the successful conclusion of several IT activities including the completion of the Full Form Application Software and listed several long term goals such as the development of a new STCU website and identification of future STCU financial software packages. Approved as presented.

- Mr. Manninen provided an update on Sustainability Group activities. He presented 8 new partners and pointed out that 11 partner project contracts were signed since the 14th Governing Board Meeting. While speaking about New Initiatives for 2003 Mr. Manninen highlighted the importance of the Workshop on Biological and Chemical Weapon Technology Conversion to be held in Uzbekistan in the fall of 2003. Approved as presented.
- Mr. Atamanenko presented a detailed report on the accession process of Azerbaijan, Moldova and Tajikistan. He pointed out that Azerbaijan has formally concluded the process to join the STCU and that three joint Ukrainian-Azerbaijani projects already received government concurrence and were ready for consideration by the funding parties. Mr. Atamanenko spoke in detail about the controversy around the issue of Moldova and Tajikistan submitting simultaneous requests to join both the ISTC and the STCU foundation Agreements. Mr. Engelken commented that the US side does not have strong views as to which center Moldova and Tajikistan join. Mr. Atamanenko mentioned that H.E. Ambassador of Moldova Alexei Andrievsky would join the meeting shortly to clarify the issue on behalf of the Government of Moldova.
- Mr. DuCharme reported on the success of the Health & Environment International Workshop organized by the STCU. In the course of the workshop, 146 experts and guests from 10 countries discussed critical health problems associated with air, water and soil pollution and waste treatment. Mr. DuCharme particularly noted the commitment of STCU staff in making the Workshop a success while experiencing difficulties associated with the Force Majeure and interruption of telecommunications at the STCU building. No questions were raised.
- Ms. Carbe spoke about procurement regulations for partner projects, describing alternative procurement guidelines according to which the Partner may request the STCU to procure equipment from a sole source and instruct the STCU in the procurement actions for a specific partner project. Approved as presented.
- Mr. DuCharme presented an update on the Mine Destruction Program. He mentioned that a four member European delegation visiting the STCU had suggested that the Center work with their technical expert, Dr. Peter Krejsa, to develop a proposal for the Ukrainian team to perform the needed experiments. Mr. DuCharme also mentioned that the Paton Institute, with its special explosive chamber, would be central to the project which would last approximately 6 months. Various problems in the planning stages, which had already been resolved, were also highlighted.
- Mr. Paton of the National Academy of Sciences joined the meeting and articulated his satisfaction with the working relationship the NASU has with the STCU. Mr. Paton also expressed his hope that future co-operation between the NASU and the STCU will continue to be mutually beneficial and interesting. Mr. Engelken extended warm regards to Mr. Paton on behalf of the Board.

- The EC agrees to pledge ~~€~~400,000 for the financing of the APM project. This commitment is conditional to the EC approving a detailed work plan for the project.
- Mr. Bjelajac presented the 2002 Expenditure Status for the AOB and SB. The Board approved greater than 10% overspend of the 2002 AOB line items as follows: Local Travel, Representation, Bank Fees – Onshore, and Legal Services. Approved utilization of remaining funds of 2002 AOB for 2002 and 2003 costs associated with moving into and renovating the new STCU facility. Mr. Bjelajac noted that contributions from the Ukrainian Government in 2002 have been more significant than before.
- In his address to the Board H.E. Ambassador of Moldova Alexei Andrievsky mentioned that the government of Moldova confirmed the accession of Moldova to the STCU Agreement on October 15, 2002. He urged the Board to regard the letter from the Ministry of Foreign Affairs of Moldova as an official application for accession of Moldova to the STCU Agreement and expressed his hope in the speedy completion of all the necessary accession procedures. Mr. Engelken asked Ambassador Andrievsky to clarify Moldova's position regarding earlier attempts to join the ISTC. Ambassador Andrievsky re-confirmed Moldova's intention to join the STCU Agreement. Mr. Yatskiv noted that working relationships between Moldovan and Ukrainian institutes would benefit if Moldova joins the STCU Agreement. Mr. Engelken welcomed Moldova's application to join the STCU on behalf of the USA, but requested the government of Moldova to officially withdraw its application to join the ISTC. Ambassador Goumas stated that the EU would respond shortly to Moldova's request to join the STCU. Mr. Banks welcomed Moldova's application to join the STCU on behalf of Canada, but agreed that the official process of accession should begin after Moldova withdraws its application to join the ISTC. Ambassador Andrievsky requested the Board to provide a written approval of Moldova's request to join the STCU. Mr. Engelken noted that it would not be the correct procedure and that other steps need to be taken before the Board can make such a decision.
- Mr. Bjelajac proposed to postpone the discussion of the summary of Technical and Financial Audits until the AC Meeting in March 2003 and assured the Board that official audit results would be circulated to the parties as soon as they are published. Approved.
- Mr. Carmel proposed to forego the discussion of the 2003 Annual Report, since the meeting was running late. Approved. Mr. Carmel presented the STCU Annual Program Plan for 2003. He outlined the Center's mission, goals and plans for 2003 and listed achievable objectives for the STCU as a whole and for each department in particular. Mr. Carmel stated that the STCU budget required an increase in order to expand the Center's resources, to standardize field offices, to provide Internet access for scientists, and to better utilize information technology capabilities. The ED also focused on promoting the Center's expansion internationally, and presented the Sustainability Group reorganization plan in order to make a better appeal to commercial and governmental partners.
- Mr. Bjelajac presented the 2003 AOB and SB. He noted that non-recurring costs have increased in order to facilitate the upgrade to IT equipment and software. The CFO requested the Board to approve the hiring of 7 new staff members. Mr. Bjelajac called for the approval of the increased 2003 AOB. Ambassador Jousten asked about the significant increase in the Other Professional Costs budget line. Mr. Carmel explained that it would be utilized to conduct an extensive statistical survey on FSW scientists and institutions in Ukraine, Georgia, and Uzbekistan. Mr. Bjelajac continued with the discussion of the 2003

Shared SB and asked for the approval of increases to SB Activities 04.01, 05.01, 06.01, and 09.01. Approved as presented.

- The Board expressed appreciation and admiration for the staff of the Center for working under trying circumstances. Mr. Carmel thanked all collaborators and especially the Embassies for their continuing support in resolving the issue with the STCU facility.
- Date and location of the next Board Meeting: Samarkand, Uzbekistan, June 6, 2003.
- The Joint Statement is signed.
- The 15th Board Record of Decisions is signed:
 - Approved the Government of Azerbaijan as a beneficiary Party to the STCU Agreement.
 - Received the expression of interest of the Government of Moldova to accede to the STCU Agreement, and encouraged the STCU Secretariat to work with the Government of Moldova to complete the appropriate procedures.
 - Approved greater than 10% overspend of 2002 Administrative Operating Budget line items as follows: Local Travel, Representation, Band Fees – Onshore, and Legal Services.
 - Approved utilization of the remaining funds (estimated to be \$127K) of the STCU 2002 Administrative Operating Budget for 2002 and 2003 costs associated with moving into and renovating the new STCU facility located at 21 Kamenariv Street.
 - 2003 Administrative Operating Budget (AOB) approved as presented (**Total \$1,595,532**); sharing ratios for the 2003 AOB will be USA – 67.98%, EU – 23.96%, and Canada – 8.26%.
 - Approved Supplemental Budget (SB) revisions reflecting an increase of **\$50,000** to Activity 04.01, an increase of **\$40,000** to Activity 05.01, an increase of **\$70,000** to Activity 06.01, an increase of **\$34,000** to Activity 09.01, using the sharing ratios identified, as well as **\$643,000** assigned to Activities by the USA, ~~€253,906~~ assigned to Activities by the EU, and **\$457,322** assigned to Activities by Partners.
 - Approved 21 regular projects (including continuations) for a total of **\$1,609,629 + €1,339,322** plus 14 NASA/NASU projects totaling **\$710,000 [Total \$2,319,629 + €1,339,322]**.
 - Approved the STCU Science Program on Antipersonnel land mines destruction technologies, to which the EU pledges **€400,000**.
 - Noted the introduction of eight new Partners to the STCU since the June 2002 STCU Board of Governors Meeting, including: **TRL Microwave Technology, Inc., Delta, British Columbia (Canada); Phillips Service Industries Inc., Livonia, Michigan, (USA); Manufacture Francaise des Pneumatiques Michelin, Clermont-Ferrand, France (EU); Max Systems Inc., Winnipeg, Manitoba (Canada); Ralemik Ltd., Seinajoki, Finland (EU); Selor EEIG, Amsterdam, Netherlands (EU); VIARA Research Inc., Ohio (USA); AMPAC Inc., Patuxent River, Maryland (USA).**
 - Confirmed 11 new Partner Projects activities approved since the June 2002 STCU Board of Governors Meeting for a total of **\$5,021,138 + €95,467**, including **P-102 – Max-Planck Institute of Plasmaphysics, (EU); P-103 – Arizona State University, Department of Electrical Engineering, (USA); P-104 – VIARA Research, Inc., (USA); P-106 – K+S Services, (USA); P-107 – DOE/IPP Program, (USA); P-108 – Cametoid Limited, (Canada); P-109 – Manufacture Francaise des Pneumatiques**

Michelin, (EU); P-115 & P-117 – Department of Agriculture/Agriculture Research Service, (USA); P-118 General Electric Corporate Research & Development, (USA); P-130 – Selor EEIG, (EU); also confirmed 2 Partner Project contract extensions with the U.S. National Cancer Institute (P-003d), USA, Texas Tech University (P-093a), USA for a total of \$109,480.

- The Project Funding Sheets are signed.
- The press statement is approved.