

# FCR 2

Office of the President  
September 11, 2007

Members, Board of Trustees:

## APPROVAL OF LEASE AND RELATED TRANSACTIONS

Recommendation: that the Board of Trustees authorize and affirm the executive vice president for finance and administration's negotiation and execution of a lease between the University of Kentucky (College of Pharmacy) and Coldstream Laboratories, Inc., for space located at 1575 McGrathiana Parkway, Lexington, Kentucky, effective approximately May 1, 2007 through April 30, 2017, with an option for one (1) ten-year renewal for the use of the 21,249 square foot building located on Coldstream Lot number 26 at an annual rate of \$509,340.00; that the Board of Trustees authorize and/or affirm the executive vice president for finance and administration's negotiation and execution of leases for all equipment formerly used by the Center for Pharmaceutical Sciences and Technology with rental rates based upon current fair market value; and that the Board of Trustees authorize and/or affirm a transfer of up to \$6,500,000 to the University of Kentucky Research Foundation, to be used as paid-in capital in Coldstream Laboratories, Inc. (CLI). CLI will be authorized to use the capital for start-up and operational expenses necessary to pursue its role in pharmaceutical manufacturing at Coldstream.

Background: The university, with state assistance, agreed to construct a new facility at Coldstream for a substantial expansion of the College of Pharmacy's Center for Pharmaceutical Science and Technology (CPST). The university budgeted appropriate funding for the substantial expenses associated with opening this facility, equipping it, and staffing, acknowledging that it would require substantial support until such time as it becomes self-sustaining. Based upon advice of counsel and with the concurrence of the College of Pharmacy, the university determined that this expansion of the former CPST could best be developed and run by a separate entity. As a result, CLI has been formed to expand and commercialize pharmaceutical manufacturing, research, and development in the Coldstream facilities. To take full advantage of the manufacturing capabilities and commercial potential of the new building on the Coldstream campus, CLI requires the financial support that the university anticipated providing this operation. Working with CLI also provides educational opportunities for the College of Pharmacy and unique educational opportunities for its students, as well as unique collaborative opportunities for research projects.

CLI will seek to develop and expand the pharmaceutical manufacturing program and make it commercially viable, while maintaining a relationship with the College of Pharmacy via

Educational Affiliation Agreements or other similar agreements that will enable the college to continue its goal of training students in this particular area of pharmacy. CLI will continue and expand upon the University of Kentucky's goal of transferring appropriate technology and programs to the public sector and at such time advancing the university's goal of assisting economic development efforts.

---

Action taken:     Approved     Disapproved     Other \_\_\_\_\_