

FCR 5

Office of the President
February 25, 2003

Members, Board of Trustees:

ESTABLISHMENT OF PIN OAK SCHOLARSHIP
QUASI-ENDOWMENT FUND

Recommendation: that the Board of Trustees approve the establishment of the Pin Oak Scholarship Quasi-Endowment to provide support for the University's general scholarship fund.

Background: At the June 11, 2002 meeting, the Board authorized the Senior Vice President for Administration to sell 35.58 acres of land in Woodford County, donated to the University in 1991 by Allen Paulson. The 35.58 acres were part of the farm known as Pin Oak. The remaining tract of 1,441.91 acres on the Pin Oak farm was purchased by the State on behalf of the University of Kentucky College of Agriculture for \$11,500,000 and is being used as an Agricultural Experimental Station.

A sale of the 35.58 acres was conducted by sealed bid, and the University sold the property for \$2,108,650, significantly greater than a recent appraisal amount of \$1,443,500.

The Senior Vice President for Administration recommends that the net proceeds be used to establish a quasi-endowment fund that will be used to support merit and need-based scholarships for undergraduate students. Fund raising for scholarships is a high priority of the University and establishing this quasi endowment will allow the University to achieve a long-term benefit with these funds. The initial principal will generate annual spending distributions of approximately \$100,000.

Action Taken: Approved Disapproved Other _____