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Office of the President
February 9, 2007

Members, Executive Committee of the Board of Trustees:

AUTHORITY TO NEGOTIATE TRANSACTION

Recommendation: that the Executive Committee of the Board of Trustees recommend to the Board of Trustees that it authorize the executive management of the University, in its sound discretion, to negotiate the terms and conditions of the Transaction first identified in the closed meeting of the University Hospital Committee on February 9, 2007, and subsequently identified to the Executive Committee in its closed session, subject to final approval of the same by said Board of Trustees and requisite regulatory approvals. Frank A. Butler, Executive Vice President for Finance and Administration, Sergio Melgar, Vice President for Health Affairs and Chief Financial Officer for UK Healthcare, and each of them are to be authorized to negotiate the terms of the Transaction, execute the appropriate legal documents in connection with the negotiations and to take such further action as may be necessary or appropriate to finalize the terms for the Transaction to be presented to the Board of Trustees for approval.

Background: A real estate opportunity has been presented to the University (the "Transaction"). Executive Management needs the authority to negotiate terms of the Transaction in confidence until definitive terms are reached. The documents setting forth the definitive terms of the Transaction will be presented to the full Board of Trustees for final approval.

University management has determined that the Transaction is in the best interests of the University.

Action taken: Approved Disapproved Other _____