

PR 1

Office of the President
March 23, 2007

Members, Board of Trustees:

AUTHORITY TO NEGOTIATE AND FINALIZE CERTAIN ASPECTS OF
TRANSACTION AND CONDUCT FURTHER NEGOTIATIONS

Recommendation: that the Board of Trustees (Board) authorize the Transaction first identified in the closed meeting of the University Hospital Committee and the Executive Committee on February 9, 2007, subsequently approved by the Board on February 10, 2007; and as further updated and within the parameters discussed with the Board in the closed meeting on March 23, 2007.

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 authorized to negotiate the further 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.

Background: A real estate opportunity previously was presented to the university (the "Transaction"). Substantial due diligence regarding the Transaction has been completed and is ongoing. Executive Management continues to need the authority to negotiate terms of the Transaction in confidence. All documents setting forth the definitive terms of the Transaction will be consistent with the authority given by the Board of Trustees and become public upon execution by all the parties.

University management has determined that the Transaction remains in the best interest of the university and in the public interest.

Action taken: Approved Disapproved Other _____