

# FCR 14

Office of the President  
June 8, 2010

Members, Board of Trustees:

## APPROVAL OF INVESTMENT IN COLDSTREAM LABORATORIES, INC.

Recommendation: that the Board of Trustees authorize the President to approve up to \$6 million to the University of Kentucky Research Foundation to be used for investment in Coldstream Laboratories, Inc. (“CLI”) to fund prior year losses and for financial support of ongoing operations.

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”). As previously reported to the Board, CLI was formed to expand and commercialize pharmaceutical manufacturing, research, and development in Coldstream facilities.

CLI continues to pursue its role in pharmaceutical manufacturing at Coldstream and assist economic development efforts in Kentucky by transferring appropriate technology and programs to the public sector. 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 is building a client base but has not yet become self-sufficient. Although CLI had hoped to have a positive cash flow by the First Quarter of 2010, the economic recession has slowed CLI’s progress. Consequently, CLI requires continued financial support.

With approval of this action, the total transfer authorized will be \$19,850,000 with total capital contributions of \$21,318,088, including the forgiveness of \$1,468,088 in University of Kentucky equipment lease agreements. The investment will be funded by UK HealthCare.

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