



On January 5, 2011 the following recommendation was presented (via e-mail) to the UKRF Executive Committee for approval:

Office of the Secretary, University of Kentucky Research Foundation  
January 5, 2011  
Members UKRF Executive Committee

**Approval of Investment in Coldstream Laboratories, Inc.**

**Recommendation:**

That the Corporation be authorized to invest up to an additional \$5.5 million to be used for investment in Coldstream Laboratories, Inc. (CLI) to fund prior year losses and for financial support of ongoing activities.

**Background:**

CLI was formed to expand and commercialize pharmaceutical manufacturing, research and development in the Coldstream facilities formerly operated by the College of Pharmacy's Center for Pharmaceutical Science and Technology ("CPST"). One of the Corporation's stated purposes is to make research and inventions available to the public, which is consistent with the Corporation's goals. CLI is now in operation, and is building a client base, but has not yet become self-sufficient. CLI requires the continued financial support that the Corporation anticipated providing this operation. The Corporation desires to maintain adequate capitalization of CLI, so that it may achieve its goals. 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 seeks 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 the particular area of pharmacy. CLI will expand upon the University of Kentucky's goals of transferring appropriate technology and programs to the public sector at such time advancing the University's goal of assisting economic development efforts.

The University of Kentucky Board of Trustees approved the above additional investment at the December 7, 2010 University of Kentucky Board of Trustees meeting (FCR 4, attached).

Unanimous consent in writing was received from the Executive Committee.

Kumble R. Subbaswamy  
Secretary, Executive Committee

102 Kinkead Hall  
Lexington, Kentucky 40506-0057  
859 257-8288  
fax 859 257-9394  
[www.research.uky.edu](http://www.research.uky.edu)

# FCR 4

Office of the President  
December 7, 2010

Members, Board of Trustees

## APPROVAL OF INVESTMENT IN COLDSTREAM LABORATORIES, INC.

Recommendation: that the Board of Trustees authorize the President to approve the transfer of up to \$5.5 million to the University of Kentucky Research Foundation to be used for investment in Coldstream Laboratories, Inc. ("CLI") to fund operations, the development of new product lines, and working capital.

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 education 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. CLI hopes to have a positive cash flow by the Fourth Quarter of 2011. The economic recession has slowed CLI's progress, but it has made significant progress during the last six months to improve efficiency and has made strategic changes to personnel and production. CLI requires continued financial support in order to diversify products and improve operational efficiency.

With approval of this action, the total transfer authorized will be \$25,350,000 with total capital contributions of \$26,818,088, including the forgiveness of \$1,468,088 in University of Kentucky equipment lease agreements. The investment will be funded by UK Healthcare.

---

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