

Old Business  
RESOLUTION #3

Approval for the President of the University of Kentucky Research Foundation and designees to consider and sign contracts in which the Executive Director has a conflict of interest  
May 13, 2021

University of Kentucky Research Foundation  
EXECUTIVE COMMITTEE RESOLUTION #3:

**Approval for the President of the University of Kentucky Research Foundation and designees to consider and sign contracts in which the Executive Director has a conflict of interest**

Effective December 11, 2020

That the Corporation's President and his/her/their designee(s)—any such designee not to report to or up to the Executive Director in any capacity—may consider, and if appropriate for the Corporation, sign, contracts that would otherwise be permissible for the Executive Director to sign in the absence of the Executive Director or her/his/their spouse or a dependent child having a Significant Financial Interest involved in the applicable contracting and thereby having a conflict of interest; and

That "Significant Financial Interest" for the purposes of this resolution means a situation in which the Executive Director or her/his/their spouse or a dependent child ("Conflicted Individual") has any of the following involved in the applicable contract or a party (other than the Corporation or the University of Kentucky) to the contract:

- (a) Equity and ownership interests worth more than \$10,000 in the aggregate in any publicly traded, for-profit organization. Excluded are equity interests held in publicly traded mutual funds or retirement programs the investment of which is not under control of the Conflicted Individual;
- (b) Any equity interest of any amount in any for-profit organization that is not publicly traded;
- (c) Service as a member of the board of directors or other governing board of a for-profit organization, including a trustee or scientific advisory board member, service as an officer of the organization (whether paid or unpaid) or service as an employee; or
- (d) Payments, including royalty payments, resulting from technology transfer, licensing or any outside business activities that, for each arrangement, exceed \$10,000 in the aggregate per year. Clinical care income and tuition income are excluded.

**BACKGROUND:**

The current Bylaws of UKRF fail to address situations in which the Executive Director could have a significant financial conflict of interest regarding the consideration of and signature to UKRF contracts which are presented to the Executive Director or her/his/their designees or those that report to or up to the Executive Director.

For example, a conflict of interest could exist if the Executive Director or her/his/their spouse or dependent children may have a financial interest in an entity that licenses assets (e.g., patents,

technology, etc.) from UKRF. It could be equally problematic for the Executive Director to designate someone under their authority to consider or sign such a contract.

Without a resolution allowing for an alternative signer in such a situation, the UKRF Bylaws do not allow another UKRF officer to sign contracts.

Therefore, it is recommended that the Board confirm that the President of UKRF and his/her/their designee(s) (any such designee not to report to or up to the Executive Director in any capacity) has the authority to consider, and if appropriate for UKRF, sign, contracts in which the Executive Director has a significant financial conflict of interest.

The proposed resolution includes a definition of "Significant Financial Interest" to aid in determining when the Executive Director has conflict of interest concerning an applicable contract which would trigger the allowance for the President and designees to take on the consideration of, and signature to, the contract. That definition is taken from University of Kentucky Administrative Regulation 7:9, "Institutional Conflicts of Interest Involving Research", effective October 1, 2009 (see [AR 7-9](#)), which outlines, among other things, that a conflict of interest review is required when University institutional officers or their spouse or dependent children have a significant financial interest involved in situations where the University official is otherwise acting within their authority on behalf of the University.

ACTION TAKEN:

APPROVED

DISAPPROVED