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Office of the President
September 11, 2007

Members, Board of Trustees:

PROPOSED REVISION TO GOVERNING REGULATION: UNIVERSITY
HOSPITAL COMMITTEE

Recommendation: that the Board of Trustees receive the attached revision of Governing Regulation (GR) II.A.6(i) relating to the University Hospital Committee for preliminary consideration. The proposed revision expands the scope of the committee's oversight to allow for governance of more than one hospital and oversight of all clinical operations of the university.

Background: The Board of Trustee established the University Hospital Committee as a standing committee on June 14, 2005. The university now operates more than one hospital, UK Chandler Hospital and UK HealthCare Good Samaritan Hospital. In order to assure continuity in operations, the scope of the committee's oversight should be expanded to allow for additional hospitals and other aspects of the university's health care delivery system. The Operating Rules of the Committee have been revised to accommodate governance for more than one hospital and oversight of all clinical operations of the university. The name of the committee should be changed to the "University Health Care Committee" to reflect its expanded scope.

A revised copy of GR II.A.6(i) is attached. Proposed additions are underlined; proposed deletions are lined through.

Action taken: Approved Disapproved Other _____

PART II

GOVERNANCE OF THE UNIVERSITY OF KENTUCKY

The governance of the University of Kentucky is vested by law in the Board of Trustees (KRS 164.131). Within the limits set by the State Constitution and the federal and state laws,* the Board of Trustees is the final authority in all matters affecting the institution and exercises jurisdiction over the institution's financial, educational, and other policies and its relation with the state and federal governments.

These *Governing Regulations* describe the composition, powers, and duties of the Board of Trustees of the University of Kentucky, as defined by Kentucky Revised Statutes, and establish policies and procedures for the performance of its functions. In these *Governing Regulations*, the Board of Trustees delegates certain responsibilities to the President, the University Senate, the Staff Senate, the Student Government Association, the Graduate Faculty, and the faculties of educational units in order to provide for the responsible and efficient administration of the University and the accomplishment of its goals.

As the chief administrative officer of the University, the President is authorized by the Board of Trustees to promulgate the *Administrative Regulations* including the *Human Resources Policy and Procedures Administrative Regulation*, to provide interpretation and implementation of these *Governing Regulations*, and of the *Minutes of the Board of Trustees*, and to delineate policies within the sphere of delegated responsibility. Chief administrative officers are authorized to establish unit policies and procedures attendant to their delegated administrative responsibilities.

At an institution-wide level, the University Senate, as a primary educational policy-forming agency of the University, establishes the broad academic policies of the University. Within the limits set by the Board of Trustees and the University Senate, the Graduate Faculty is delegated jurisdiction over programs leading to graduate degrees and has the responsibility to safeguard, promote and assist in the development of research in all fields. Within the limits set by the institution-wide policies of the Board of Trustees, the University Senate, and the Graduate Faculty, the respective faculties exercise the governance role of policy-making responsibility for the instructional, research and service programs of their educational units. The University Senate, the Graduate Faculty, and the faculties of educational units are authorized to issue rules concerning the policy and procedure-making responsibilities that are attendant to their delegated educational policy-making role.

Where appropriate, the rules and regulations appearing in the *Administrative Regulations*, *Human Resources Policy and Procedures Administrative Regulations* and *University Senate Rules* should refer to the source or sources in these *Governing Regulations* or *Minutes of the Board of Trustees*.

* The Council on Postsecondary Education in Kentucky (KRS 164.020) has powers and duties that relate to the governance of the University of Kentucky. These powers and duties are listed in the Appendix to these regulations.

A. Board of Trustees

1. Definition

The Board of Trustees is a body corporate, under the name of Board of Trustees of the University of Kentucky, with the usual corporate powers, and possesses all the immunities, rights, privileges, and franchises usually attaching to the governing bodies of educational institutions. It may receive, hold, and administer, on behalf of the University, subject to the conditions attached, all revenues accruing from endowments, appropriations, allotments, grants or bequests, and all types of property. (KRS 164.160)

2. Membership

The Board of Trustees of the University of Kentucky consists of sixteen members appointed by the Governor, two (2) University faculty members who shall have the right to vote on all matters except that of faculty compensation, one (1) University staff employee, and one (1) University student.

(a) Appointed Members

The Governor shall make the appointments so as to reflect proportional representation on the Board of the two leading political parties of the Commonwealth based on the state's voter registration and to reflect no less than proportional representation of the minority racial composition of the Commonwealth. Appointments to fill vacancies shall be made for any unexpired terms in the same manner as provided for the original appointments. (KRS 164.131)

The terms of the appointed members shall be for six (6) years and until their successors are appointed and qualified. Three (3) of the appointments shall be graduates of the University and may include one (1) graduate of the institution who may reside outside the Commonwealth; three (3) shall be representative of agricultural interests; and ten (10) shall be other distinguished citizens representative of the learned professions. Each graduate member is appointed by the Governor from a list of three (3) names submitted by the alumni of the University according to a method prescribed by the Board of Trustees, upon recommendation of the UK Alumni Association, pursuant to KRS 164.131(2)(a); KRS 164.140. The prescribed methods are published in the *Minutes of the Meetings of the Board of Trustees* (May 6, 2003).

(b) Elected Members

The number of faculty members, staff employees, and student members elected to the Board of Trustees shall not exceed four (4). (KRS 164.131)

(i) The two (2) faculty members representing the University shall be members of the faculty of the rank of assistant professor or above, elected by secret ballot by faculty members of the rank of assistant professor or above.

In accordance with KRS 164.131(3), faculty members eligible to vote and eligible to serve as elected members of the Board of Trustees shall be those regular, full-time employees conferred with a faculty title and a rank at the level of assistant professor (or its equivalent, librarian III) or above, whose primary assignments, i.e., more than fifty percent (50%), are in instruction, research, and/or public services, as defined in *Human Resources Policy and Procedure Administrative Regulation Number 4.0: Employee Status*.

The faculty members shall serve for terms of three (3) years and until their successors are elected and qualified. They are eligible for re-election but are ineligible to continue to serve as members of the Board of Trustees if they cease to be members of the faculty. Elections to fill vacancies for any unexpired terms shall be held in the same manner as for the original elections.

The authority to develop procedures for the election of faculty members to serve as members of the Board of Trustees, in accordance with the provisions of KRS 164.131(3), is hereby delegated to the University Senate.

(ii) The staff employee representing the University shall be a regular, full-time staff employee as defined in the *Human Resources Policy and Procedure Administrative Regulation Number 4.0: Employee Status*, excluding the President, Provost, executive vice presidents, vice presidents, and academic deans. The staff trustee shall represent all University staff employees.

The staff member shall serve a term of three (3) years and until a successor is elected and qualified. The staff member shall be eligible for reelection, but is ineligible to continue to serve as a member of the Board of Trustees if the staff employee ceases to be an employee of the University. Elections to fill vacancies shall be for any unexpired term and shall be held in the same manner as provided for the original election.

The staff trustee shall be elected by secret ballot by the regular, full-time staff employees, including the President, Provost, executive vice presidents, vice presidents and academic deans.

The authority to develop procedures for the election of a staff employee to serve as a member of the Board of Trustees, in accordance with the provisions of KRS 164.131(4) is hereby delegated to the Staff Senate.

(iii) The student member shall be the President of the Student Government Association during the appropriate academic year and may be an out-of-state resident. If the student member does not maintain the position as President or status as a full-time student at any time during that academic year, a special election shall be held to select a full-time student. The authority to develop procedures for the election of a student of the University to serve as a member of the Board of Trustees, in accordance with the provisions of KRS 164.131(5), is hereby delegated to the Student Government Association.

(c) Non-voting members

Pursuant to KRS 164.170 and 164.131(1)(e), the Board of Trustees may from time to time designate persons as nonvoting honorary members of the Board of Trustees, with responsibilities and privileges as it may deem appropriate, except for the power to vote.

3. Meetings

The Board of Trustees shall meet at least quarterly. Special meetings may be called by the Chair or by any three (3) members upon giving ten (10) days' written notice to each member of the Board of Trustees. The business to be transacted at special meetings shall be specified in the notice of the meeting. All meetings are to be held on the campus of the University unless otherwise specified by a majority vote of the Board of Trustees. A majority of the voting members of the Board of Trustees constitutes a quorum. (KRS 164.170)

The Board of Trustees may adjourn any regular or called meeting to any date that it may set for such adjournment. Any meeting of the Board of Trustees, if a quorum is not present, may be adjourned by the members attending to a time when a quorum shall be present.

The meetings of the Board of Trustees shall be open to the public. The Board of Trustees is required to arrange for a stenographic transcript of each of its meetings to be prepared and filed, to send an agenda for each of the meetings to each member of the Board of Trustees, and to make a copy of the agenda available to the press. (KRS 164.170) The Board of Trustees and its committees shall operate in compliance with the provisions of the Open Meetings Law. (KRS 61.800-KRS 61.850)

All necessary expenses incurred by the Trustees in traveling to and from and while attending meetings of the Board of Trustees are designated to be paid out of the funds of the University. (KRS 164.170)

4. Conflicts of Interests of Board Membership

No employee of the University shall be directly or indirectly interested in any contract with the University for the sale of property, materials, supplies, equipment, or services, with the exception of compensation to the two (2) faculty members and the one (1) staff employee who are members of the Board of Trustees. (KRS 164.131)

No member of a board of trustees shall have an interest in any contract with a state university unless such contract shall have been subjected to competitive bidding in compliance with KRS Chapter 45A, unless such trustee shall have been the lowest bidder and unless such trustee shall have first notified in writing the remaining members of the board, and to the newspaper having the largest circulation in the county in which the state university is located, of his intention to bid on such contract. (KRS 45A.340(7))

No member of the Board of Trustees may be held to be a public officer by reason of membership on the Board except as provided in KRS 45A.335 for the purpose of KRS 45A.340. (KRS 164.150)

5. Officers

The Chair, Vice Chair, Secretary, and Assistant Secretary of the Board of Trustees shall be elected annually at the first fall meeting of the Board of Trustees. (KRS 164.180) The Chair of the Board of Trustees shall be limited to no more than four (4) consecutive terms as Chair. In the absence of the Chair, the Vice Chair presides at meetings of the Board of Trustees and of the Executive Committee.

The Secretary keeps the minutes of all meetings, issues notices of meetings, and provides for the publication and distribution of the minutes in accordance with instructions from the Board of Trustees. The Secretary is responsible for the maintenance of an official revised copy of these *Governing Regulations* and for the publication of revisions. The Assistant Secretary is empowered to perform the duties of the Secretary when the Secretary is not present. The Assistant Secretary need not be a member of the Board of Trustees.

6. Standing and Special Committees

The purpose of standing and special committees is to assist the Board of Trustees in its oversight role by gathering information, discussing, and providing advice on policy proposals prior to their coming before the entire Board of Trustees. Membership of standing committees shall include at least five (5) members of the Board of Trustees including the committee chair.

(a) Executive Committee

The Board of Trustees annually elects an Executive Committee of five (5) members that has the powers that the Board of Trustees delegates to it as prescribed in KRS 164.190. This election shall be held at the first fall meeting of the Board of Trustees. Vacancies may be filled at any meeting of the Board of Trustees. The Chair of the Board of Trustees shall be one (1) of the five (5) members and shall also serve as Chair of the Executive Committee. In general, the Executive Committee exercises oversight of the financial and business interests of the University and possesses the same powers as the Board of Trustees during the periods between meetings of the full Board of Trustees.

Meetings may be held as necessary at the call of the Chair. The Secretary of the Board of Trustees is the *ex officio* Secretary of the Executive Committee. The President shall attend all meetings.

The Executive Committee is required to submit to the Board of Trustees at each meeting, for the latter's consideration and approval, a complete record of the proceedings of the Executive Committee. The authority of the Board of Trustees to amend the action of the Executive Committee does not extend to the rejection of any valid or authenticated expenditure of money

by the Executive Committee (KRS 164.190). The Executive Committee shall serve as a hearing panel in the event of a faculty member, staff employee, or student appeal coming to the Board of Trustees. The Executive Committee shall also serve as a hearing committee in the event of a community member or group desiring to address the Board of Trustees. (AR II-1.0-4)

The Executive Committee shall serve as the performance review committee for the President, setting and reviewing goals each fiscal year. The Executive Committee shall involve the entire Board of Trustees in this evaluation and shall also solicit input from the executive committees or executive councils of the University Senate, Staff Senate, and Student Government Association.

(b) Academic Affairs Committee

(i) The Academic Affairs Committee reviews recommendations on policy matters pertaining to the academic mission of the University in instruction, research, and public service as well as to policy matters concerning academic freedom, tenure, and shared governance.

(ii) The Committee reviews academic program proposals from the President to ensure that a) the academic programs are consistent with the University's mission; b) resources are available to achieve academic priorities as set forth in the strategic plan; c) academic programs are appropriate for its student needs; and d) the University has a system in place for assessing the effectiveness of its academic programs.

(iii) The Committee reviews new program proposals and changes in the academic units or in the academic organization to ensure these proposals or changes will effectively carry out the academic mission.

(iv) The Committee reviews the list of candidates for academic degrees approved by the faculty of the University through the University Senate for submission to the Board of Trustees.

(v) The Committee provides needed information to the Board of Trustees.

(c) Student Affairs Committee

This committee reviews recommendations regarding revisions of the *Code of Student Conduct*. The Committee reviews recommendations concerning the general welfare of students and the adoption of rules, procedures, rights, and responsibilities governing non-academic relationships between the University and its students.

(d) Human Resources Committee

This committee reviews recommendations to the Board of Trustees regarding policies pertaining to employee benefits, rights and privileges requiring Board of Trustees approval.

(e) University Relations Committee

This committee reviews recommendations relating to the economic, social, and public policy environments within which the University operates that directly affect the University. The Committee reviews policies or policy proposals regarding marketing and development as well as public, governmental, and alumni relations.

(f) Investment Committee

Under delegation from the Board of Trustees, and consistent with KRS 164A.550 through 164A.630, the Investment Committee is responsible for review and oversight of the endowment investment programs of the University and its affiliated corporations. These responsibilities include: formulating and reviewing investment policies; appointing, monitoring and evaluating investment managers and consultants; and reviewing and approving plans for the general management of the endowment funds of the University.

The Investment Committee Chair reports to the Board of Trustees after each meeting of the committee on the performance results of endowment investments. Policies of the committee are implemented by the Office of the Treasurer in carrying out the day-to-day operations of the University's endowment funds.

(g) Finance Committee and Audit Subcommittee

This committee ensures the financial stability and long-term economic health of the University by monitoring the financial operations of the University and its affiliated corporations and making appropriate recommendations to the Board of Trustees to ensure achievement of the University's mission. Consistent with KRS 164A.550 through 164A.630, the committee maintains oversight responsibility for the financial management of the University in the areas of accounting, auditing, payroll, purchasing, capital construction, real property, and affiliated corporations. The Committee shall oversee the budgets of the University by reviewing and recommending to the Board of Trustees on the annual operating budgets. The Committee shall ensure that accurate and complete financial records are maintained by reviewing and recommending to the Board of Trustees on annual financial reports and related recommendations from the Audit Subcommittee, interim financial reports, long-term debt obligation gifts to the University, capital projects of \$600,000 or more, leases over \$200,000 per year, disposition of property, sale of assets, and financial transactions not provided for in the annual operating budget.

The Audit Subcommittee recommends to the Finance Committee on the appointment of the external auditors, receives and reviews the annual reports from the external auditors, and makes recommendations to the Finance Committee concerning these reports.

(h) Nominating Committee

This committee nominates officers of the Board of Trustees and members of the Executive Committee. The Committee reviews and recommends the appointment of trustees to the boards and committees of the University and its affiliated entities.

(i) University Health Care Hospital Committee

This Committee shall serve as a governing body to operate the University Hospitals in accordance with the standards established by the Joint Commission, formerly 'Joint Commission on Accreditation of Healthcare Organizations', on Accreditation of Health Care Organizations (JCAHO) and to oversee the University's clinical enterprise. This responsibility includes management oversight for the development of policies, rules, and regulations for the governance of the University Hospitals and clinical enterprise. Policies of the Committee are implemented by the Executive Vice President for Health Affairs in carrying out the day-to-day operations of the University Hospitals and clinical enterprise.

The membership of the Committee shall include five members from the Board of Trustees. Each member shall be appointed by the Chair of the Board of Trustees acting upon recommendation of the President of the University. The initial Board of Trustee member appointments to the University Health Care Hospital Committee shall be for staggered terms in the following manner: two members for three years, two members for four years and one member for five years. Any Board member appointed thereafter shall serve for three years and may be reappointed for an additional three years. Any vacancy occurring before the expiration of the term of the appointment shall be filled for the unexpired term. A quorum of the Committee members must be present in order to conduct business.

The University Health Care Hospital Committee may create sub-committees and shall create committee rules to guide their governance consistent with the Joint Commission—on Accreditation of Health Care Organizations (JCAHO).

(j) Special Committees

Special committees may be established and appointed at any time by the Chair of the Board of Trustees and with such charge as the Board of Trustees Chair may determine. Special committees shall carry out their duties as specified and report to the Board of Trustees. Such committees shall function until discharged. Membership shall include trustees and may also include persons who are not Board of Trustees members.

7. Powers and Responsibilities

The powers and responsibilities of the Board of Trustees include the following:

(a) Establish proper regulations for the governance of the University and the physical training, military or otherwise, of the students. The Board may authorize the suspension and dismissal of students for neglect or violation of the regulations or for other conduct prejudicial to the character and welfare of the University. (KRS 164.200)

(b) Determine the colleges, schools, divisions, departments, bureaus, and offices which shall comprise the University within the scope of the Acts of Congress approved July 2, 1862, and Acts supplementary thereto, and the relation which each division shall sustain to each other division and to the whole. It may devise, allot, and arrange the distribution of divisions with the designation appropriate for each, and devise the means required for their effective instruction, administration, and governance. (KRS 164.210)

(c) Appoint a President, professors, assistants, tutors and other personnel and determine the compensation, duties, and official relations of each and in making such appointments no preference may be shown to any religious denomination.[†] The Board is required to provide compensation for all positions created and filled by the Board of Trustees. The Board may provide for employee retirement benefits and such other employee benefits as are related to the respective employments and services furnished. Retirement plans may include, but without limitation, the retirement ages, the benefits of employees including group insurance, annuities, establishment of a trust fund or funds, and, the amounts to be paid or contributed by employees and the amounts to be paid or contributed by the University of Kentucky, and other appropriate terms and provisions with respect thereto. (KRS 164.220)

(d) Suspend or remove any of the officers, teachers, professors, or agents that it is authorized to appoint, except that no President, professor, or teacher may be removed except for incompetence, neglect of or refusal to perform duties, or for immoral conduct, and then only after ten (10) days' notice in writing stating the nature of the charges preferred, and after the individual has been given an opportunity to make defense before the Board of Trustees by counsel or otherwise and to introduce testimony which shall be heard and determined by the Board of Trustees. (KRS 164.230)

(e) Grant degrees to graduates of the University, prescribe conditions for the award of honorary degrees, and confer such honorary degrees, upon the recommendation of the faculty of the University, as it deems proper. (KRS 164.240)

(f) Make a full report to the General Assembly, within the first month of each even-numbered year regular session, of the condition and operation of the University since the date of the previous report, with such recommendations concerning the University as are deemed necessary. (KRS 164.250)

(g) Acquire additional lands or other property or material for the purpose of expanding its plant and extending its usefulness. When unable to contract with the owner of land or other property or material necessary for the purposes of the University, it may acquire the same by condemnation proceedings in the manner provided in KRS 416.010 to 416.080. (KRS 164.260)

* See Parts I.D.2.(c)(1) and X.A.

(h) Dispose of real estate held by the Commonwealth for the use or benefit of the University or the Kentucky Agricultural Experiment Station as authorized in KRS 164.270 and KRS 45.360.

8. Order of Business

The order of business at meetings of the Board of Trustees normally is as follows:

- Call to Order
- Roll Call
- Reading and Approval of Minutes with Necessary Modifications
- Report of the President
- Consideration of President's Recommendations for Action
- Consideration of President's Discussion Items
- Reports of Committees
- Other Business
- Adjournment

The most recent version of *Robert's Rules of Order* shall be observed in conducting the business of the Board of Trustees except as these may be modified by regulations adopted by the Board of Trustees.