

CHAPTER 95

AN ACT concerning the board of trustees of the University of Medicine and Dentistry of New Jersey and amending and supplementing P.L.1970, c.102.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. Section 4 of P.L.1970, c.102 (C.18A:64G-4) is amended to read as follows:

C.18A:64G-4 Board of trustees; membership; appointment; terms, vacancies, oath, removal, meetings, officers, committees.

4. a. The government, control, conduct, management and administration of the university shall be vested in the board of trustees of the university. The membership of the board of trustees shall consist of the Commissioner of Health and Senior Services, who shall serve ex officio, without vote, and 19 voting members appointed by the Governor as follows: two members shall be appointed by the Governor upon recommendation of the Senate President; two members shall be appointed by the Governor upon recommendation of the Speaker of the General Assembly; and 15 members shall be appointed by the Governor with the advice and consent of the Senate. A voting member shall serve for a term of five years and shall serve until his successor is appointed and has qualified. The voting members of the board shall be residents of the State, except that the Governor may appoint up to three members who are not residents of the State to serve as voting members of the board. The voting members shall represent the gender, racial, and ethnic diversity of the State. The voting members shall include at least two members from the seven northern counties, two members from the seven central counties, and two members from the seven southern counties. No trustee shall be appointed who is an employee or paid official of any hospital affiliated with the university. Any vacancies in the voting membership of the board occurring other than by expiration of term shall be filled in the same manner as the original appointment but for the unexpired term only. Each voting member of the board of trustees before entering upon his duties shall take and subscribe an oath to perform the duties of his office faithfully, impartially and justly to the best of his ability. A record of such oath shall be filed in the office of the Secretary of State. Each voting member of the board may be removed from office by the Governor, for cause, after a public hearing.

In the case of the initial terms of the additional members of the board appointed pursuant to P.L.2006, c.95, three members shall serve for a term of five years, three members shall serve for a term of four years, and two members shall serve for a term of three years.

b. The members of the board of trustees shall meet at the call of the Governor for purposes of organizing. The board shall thereafter meet at such times and places as it shall designate.

c. The Governor shall designate one of the voting members as chairman of the board. The board shall select such other officers from among its members as shall be deemed necessary.

d. The board shall have the power to appoint and regulate the duties, functions, powers and procedures of committees, standing or special, from its members and such advisory committees or bodies, as it may deem necessary or conducive to the efficient management and operation of the university, consistent with this act and other applicable statutes. The board shall include representatives from the faculty, the appropriate bargaining unit, and the student body on relevant advisory committees or bodies.

2. Section 6 of P.L.1970, c.102 (C.18A:64G-6) is amended to read as follows:

C.18A:64G-6 Powers and duties of board.

6. The board of trustees of the university shall have the general supervision over and be vested with the conduct of the university, including its health care facilities regardless of the source of funding, except as otherwise provided in section 3 of P.L.2006, c.95 (C.18A:64G-6.1). It shall have the power and duty to:

- (a) Adopt and use a corporate seal;
- (b) Determine the educational curriculum and program of the university;
- (c) Determine policies for the organization, administration, and development of the university;
- (d) Study the educational and financial needs of the university, annually acquaint the Governor and Legislature with the condition of the university, and prepare and submit an annual request for appropriation to the Division of Budget and Accounting in the Department of the Treasury in accordance with law;
- (e) Disburse all moneys appropriated to the university by the Legislature and all moneys received from tuition, fees, auxiliary services and other sources;
- (f) Direct and control expenditures and transfers of funds appropriated to the university in accordance with the provisions of the State budget and appropriation acts of the Legislature, and, as to funds received from other sources, direct and control expenditures and transfers in accordance with the terms of any applicable trusts, gifts, bequests, or other special provisions, reporting changes and additions thereto and transfers thereof to the Director of the Division of Budget and Accounting in the Department of the Treasury. All accounts of the university shall be subject to audit by the State at any time;
- (g) In accordance with the provisions of the State budget and appropriation acts of the Legislature, appoint and fix the compensation and term of office of a president of the university who shall be the executive officer of the university, and appoint and fix the compensation and term of office of a vice-president of the university;
- (h) In accordance with the provisions of the State budget and appropriation acts of the Legislature, appoint, upon nomination of the president, such deans and other members of the academic, administrative and teaching staffs as shall be required and fix their compensation and terms of employment;
- (i) In accordance with the provisions of the State budget and appropriation acts of the Legislature, appoint, remove, promote and transfer such other officers, agents, or employees as may be required to carry out the provisions of this act and assign their duties, determine their salaries, and prescribe qualifications for all positions and in accordance with the salary schedules of the Civil Service Commission wherever possible;
- (j) Fix and determine tuition rates, and other fees to be paid by students;
- (k) Grant diplomas, certificates or degrees;
- (l) Enter into contracts and agreements with the State or any of its political subdivisions or with the United States, or with any public body, department or other agency of the State or the United States or with any individual, firm or corporation which are deemed necessary or advisable by the board for carrying out the provisions of this act. A contract or agreement pursuant to this subsection may require a municipality to undertake obligations and duties to be performed subsequent to the expiration of the term of office of the elected governing body of such municipality which initially entered into or approved said contract or agreement, and the obligations and duties so incurred by such municipality shall be binding and of full force and effect, notwithstanding that the term of office of the elected governing body of such municipality which initially entered into or approved said contract or agreement, shall have expired;

(m) Accept from any government or governmental department, agency or other public or private body or from any other source grants or contributions of money or property which the board may use for or in aid of any of its purposes;

(n) (1) Acquire (by gift, purchase, condemnation or otherwise), own, lease, dispose of, use and operate property, whether real, personal or mixed, or any interest therein, which is necessary or desirable for university purposes;

(2) Adopt standing operating rules and procedures for the purchase of all equipment, materials, supplies and services; however, no contract on behalf of the university shall be entered into for the purchase of services, materials, equipment and supplies, for doing of any work, or for the hiring of equipment or vehicles, where the sum to be expended exceeds \$12,500.00 or the amount determined by the Governor as provided herein, unless the university shall first publicly advertise for bids and shall award the contract to that responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the university, price and other factors considered. Such advertising shall not be required in those exceptions created by the board of trustees of the university, which shall be in substance those exceptions contained in sections 4 and 5 of P.L.1954, c.48 (C.52:34-9 and 10) or for the supplying of any product or the rendering of any service by a public utility subject to the jurisdiction of the Board of Public Utilities of this State and tariffs and schedules of the charges, made, charged, or exacted by the public utility for any such products to be supplied or services to be rendered are filed with the said board. Commencing January 1, 1985 and every two years thereafter, the Governor, in consultation with the Department of the Treasury, shall adjust the threshold amount set forth in this paragraph in direct proportion to the rise or fall of the consumer price index for all urban consumers in the New York City and the Philadelphia areas as reported by the United States Department of Labor. The Governor shall notify the university of the adjustment. The adjustment shall become effective on July 1 of the year in which it is reported.

This subsection shall not prevent the university from having any work done by its own employees, nor shall it apply to repairs, or to the furnishing of materials, supplies or labor, or the hiring of equipment or vehicles, when the safety or protection of its or other public property or the public convenience requires or the exigency of the university's service will not admit of such advertisement. In such case, the university shall, by resolution passed by the affirmative vote of its board of trustees, declare the exigency or emergency to exist, and set forth in the resolution the nature and approximate amount to be expended; shall maintain appropriate records as to the reason for such awards; and shall report regularly to its board of trustees on all such purchases, the amounts and the reasons therefor;

(3) Employ architects to plan buildings; secure bids for the construction of buildings and for the equipment thereof; make contracts for the construction of buildings and for equipment; and supervise the construction of buildings;

(4) Manage and maintain, and provide for the payment of all charges on and expenses in respect of, all properties utilized by the university; and

(5) Invest certain moneys in such obligations, securities and other investments as the board shall deem prudent, consistent with the purposes and provisions of this act and in accordance with State and federal law, as follows:

Investment in not-for-profit corporations or for-profit corporations organized and operated pursuant to the provisions of subsection (v) of this section may utilize income realized from the sale or licensing of intellectual property as well as the reinvestment of earnings on intellectual property. Investment in not-for-profit corporations may also utilize income from the operation of faculty practice plans of the university and income from overhead grant fund

recovery as permitted by federal law as well as other university funds except those specified in paragraph 5 of subsection (v) of this section;

(o) Borrow money and to secure the same by a mortgage on its property or any part thereof, and to enter into any credit agreement for the needs of the university, as deemed requisite by the board, in such amounts and for such time and upon such terms as may be determined by the board, provided that no such borrowing shall be deemed or construed to create or constitute a debt, liability, or a loan or pledge of the credit or be payable out of property or funds, other than moneys appropriated for that purpose, of the State;

(p) Exercise the right of eminent domain, pursuant to the provisions of the "Eminent Domain Act of 1971," P.L.1971, c.361 (C.20:3-1 et seq.), to acquire any property or interest therein;

(q) Adopt bylaws and make and promulgate such rules, regulations and orders, not inconsistent with the provisions of this act as are necessary and proper for the administration and operation of the university and to implement the provisions of this act;

(r) Authorize any new program, educational department or school not inconsistent with the programmatic mission of the institution or approved by the Commission on Higher Education which will require, at the time of establishment or thereafter, an additional expenditure of money, if provision is made therefor by law;

(s) Function as a public employer under the "New Jersey Employer-Employee Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.) and conduct all labor negotiations, and with the participation of the Governor's Office of Employee Relations act as the chief spokesperson with respect to all matters under negotiation;

(t) Sue and be sued in its own name;

(u) Retain independent counsel including representation by the Attorney General in accordance with subsection h. of section 6 of P.L.1994, c.48 (C.18A:3B-6);

(v) (1) Participate as the general partner or as a limited partner, either directly or through a subsidiary corporation created by the university, in limited partnerships, general partnerships, or joint ventures engaged in the development, manufacture, or marketing of products, technology, scientific information or health care services and create or form for-profit or not-for-profit corporations to engage in such activities; provided that any such participation shall be consistent with the mission of the university and the board shall have determined that such participation is prudent. Nothing herein shall be construed to authorize any change in the legal status of University Hospital;

(2) The decision to participate in any activity described in paragraph (1) of subsection (v) of section 6 of P.L.1970, c.102 (C.18A:64G-6), including the creation or formation of for-profit or not-for-profit corporations, shall be articulated in the minutes of the Board of Trustees meeting in which the action was approved. A true copy of the minutes shall be delivered to the Governor. No such action shall have effect until 30 days, Saturdays, Sundays and public holidays excepted, after the copy of the minutes shall have been delivered to the Governor. If, within the 30-day period, the Governor returns the minutes of the meeting with a veto of the action taken by the board, the action taken by the board shall be null and void and of no effect;

(3) The provisions of P.L.1971, c.182 (C.52:13D-12 et seq.) shall continue to apply to the university, its employees and officers;

(4) Nothing herein shall be deemed or construed to create or constitute a debt, liability, or a loan or pledge of the credit or be payable out of property or funds of the State;

(5) Funds directly appropriated to the university from the State or derived from the university's academic programs or derived from payment for coverage provided by the self

insurance fund for claims accruing prior to the effective date of this act shall not be utilized by the for-profit or not-for-profit corporations organized and operated pursuant to this subsection in the development, manufacture or marketing of products, technology or scientific information;

(6) Employees of any joint venture, subsidiary corporation, partnership or other jural entity entered into or owned wholly or in part by the university shall not be deemed public employees;

(7) A joint venture, subsidiary corporation, partnership or other jural entity entered into or owned wholly or in part by the university shall not be deemed an instrumentality of the State of New Jersey;

(8) Income realized by the university as a result of participation in the development, manufacture or marketing of products, technology, or scientific information may be invested or reinvested pursuant to paragraph (5) of subsection (n) of section 6 of P.L.1970, c.102 (C.18A:64G-6) or any other provision of this act or State or federal law or retained by the board for use in furtherance of any of the purposes of this act or of other applicable statutes;

(9) The board shall annually report to the State Treasurer on the operation of all joint ventures, subsidiary corporations, partnerships or such other jural entities entered into or owned wholly or in part by the university;

(w) (1) Procure and enter into contracts for any type of insurance and indemnify against loss or damage to property from any cause, including loss of use and occupancy, against death or injury of any person, against employees' liability, against any act of any member, officer, employee or servant of the university, whether part-time, full-time, compensated or non-compensated in the performance of the duties of his office or employment or any other insurable risk. In addition, the university shall carry its own liability insurance or maintain an actuarially sound program of self insurance. Any joint venture, subsidiary corporation, or partnership or such other jural entity entered into or owned wholly or in part by the university shall carry insurance or maintain reserves in such amounts as are determined by an actuary to be sufficient to meet its actual or accrued claims;

(2) Moneys in the fund known as the Self-Insurance Trust Fund administered by the State Treasurer shall continue to be available to the university solely to indemnify and defend claims against the university and its employees, officers and servants but only to the extent that the University has elected on behalf of itself and its employees to obtain representation from the Attorney General pursuant to subsection h. of section 6 of P.L.1994, c.48 (C.18A:3B-6) and such entity or individuals would have been entitled to defense and indemnification pursuant to the "New Jersey Tort Claims Act," N.J.S.59:1-1 et seq., as a State entity or State employee but for the provision of subsection (t) of section 6 of P.L.1970, c.102 (C.18A:64G-6). Any expenditure of such funds shall be made only in accordance with the provisions of the "New Jersey Tort Claims Act," N.J.S.59:1-1 et seq., including but not limited to the provisions of chapters 10, 10A and 11 of Title 59 of the New Jersey Statutes. Nothing herein shall be construed to authorize the use of the Self-Insurance Trust Fund to indemnify or insure in any way, directly or indirectly the activities of any joint venture, partnership or corporation entered into or created by the university pursuant to paragraphs (1) and (2) of subsection (v) of section 6 of P.L.1970, c.102 (C.18A:64G-6);

(x) Create auxiliary organizations subject to the provisions of P.L.1982, c.16 (C.18A:64-26 et seq.);

(y) Adopt a code of ethics that complies with the requirements of all statutes applicable to the institution, including, but not limited to the "Higher Education Restructuring Act of 1994," P.L.1994, c.48 (C.18A:3B-1 et al.), the "New Jersey Conflicts of Interest Law,"

P.L.1971, c.182 (C.52:13D-12 et seq.), regulations of the State Ethics Commission, and any applicable executive orders; and

(z) Establish a procedure for the confidential, anonymous submission of employee concerns regarding alleged wrongdoing at the university or its health care facilities.

C.18A:64G-6.1 Board of directors of University Hospital; appointment; organization; powers.

3. a. The management, supervision and administration of University Hospital shall be vested in a nine-member board of directors of University Hospital. The board shall be comprised of four members of the board of trustees of the University of Medicine and Dentistry of New Jersey who shall serve ex officio and be appointed by the chairman of the board and five members who shall be appointed by the Governor, with the advice and consent of the Senate, for a five-year term; except that in the case of the initial gubernatorial appointments to the board of directors, two shall serve for a term of two years, one for a term of three years, one for a term of four years, and one for a term of five years. A member of the board of directors shall serve until his successor is appointed and has qualified. Any vacancies in the membership occurring other than by expiration of term shall be filled in the same manner as the original appointment but for the unexpired term only. Each member of the board of directors before entering upon his duties shall take and subscribe an oath to perform the duties of his office faithfully, impartially, and justly to the best of his ability. A record of the oath shall be filed in the office of the Secretary of State. Each member of the board may be removed from office by the Governor, for cause, after a public hearing.

b. The members of the board of directors shall meet at the call of the Governor for purposes of organizing. The board shall thereafter meet at such times and places as it shall designate.

c. The Governor shall designate one of the members as chairman of the board of directors. The board shall select the other officers from among its members as shall be deemed necessary.

d. The board of directors shall have the power to appoint and regulate the duties and procedures of committees, standing or special, from its members and such advisory committees or bodies, as it may deem necessary or conducive to the efficient management and operation of the hospital.

C.18A:64G-6.2 Maintenance of Internet website for board of trustees; public access, postings.

4. The university shall maintain an Internet website for the board of trustees. The purpose of the website shall be to provide increased public access to board operations and activities. The following information shall be posted on the board's website:

- a. the board's rules, regulations, resolutions, and official policy statements;
- b. notice, posted at least five business days prior to a meeting of the board or any of its committees, setting forth the time, date, location, and agenda of the meeting;
- c. the minutes of each meeting of the board and its committees; and
- d. information on any contract entered into by the board that was not competitively bid and the statutory authority for the contracting process.

The website shall be updated on a regular basis.

5. This act shall take effect immediately.

Approved August 22, 2006.