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No

RWH 3/12/08

P.L. 2006, CHAPTER 95, *approved August 22, 2006*  
Assembly Committee Substitute (*First Reprint*) for  
Assembly, Nos. 2900 and 2818

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

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. Section 4 of P.L.1970, c.102 (C.18A:64G-4) is amended to  
9 read as follows:

10 4. a. The government, control, conduct, management and  
11 administration of the university shall be vested in the board of  
12 trustees of the university. The membership of the board of trustees  
13 shall consist of the Commissioner of Health and Senior Services,  
14 who shall serve ex officio, without vote, and **[11]** <sup>1</sup>**[23]** <sup>1</sup>19<sup>1</sup> voting  
15 members **[**, each of whom shall be**]** appointed by the Governor **[**,  
16 with the advice and consent of the Senate,**]** as follows: two  
17 members shall be appointed by the Governor upon recommendation  
18 of the Senate President; two members shall be appointed by the  
19 Governor upon recommendation of the Speaker of the General  
20 Assembly; and <sup>1</sup>**[19]** <sup>1</sup>15<sup>1</sup> members shall be appointed by the  
21 Governor with the advice and consent of the Senate. A voting  
22 member shall serve for a term of five years and shall serve until his  
23 successor is appointed and has qualified. The voting members of  
24 the board shall be residents of the State, except that the Governor  
25 may appoint up to three members who are not residents of the State  
26 to serve as voting members of the board. The voting members shall  
27 represent the gender, racial, and ethnic diversity of the State. The  
28 voting members shall include at least two members from the seven  
29 northern counties, two members from the seven central counties,  
30 and two members from the seven southern counties. No trustee  
31 shall be appointed who is an employee or <sup>1</sup>paid<sup>1</sup> official of any  
32 hospital affiliated with the university. <sup>1</sup>**[At least one of the 23**  
33 voting members shall be a faculty member of the university who  
34 has been recommended by the deans of the university.]<sup>1</sup> Any  
35 vacancies in the voting membership of the board occurring other  
36 than by expiration of term shall be filled in the same manner as the  
37 original appointment but for the unexpired term only. Each voting  
38 member of the board of trustees before entering upon his duties  
39 shall take and subscribe an oath to perform the duties of his office  
40 faithfully, impartially and justly to the best of his ability. A record

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup> Senate floor amendments adopted June 19, 2006.

1 of such oath shall be filed in the office of the Secretary of State.  
2 Each voting member of the board may be removed from office by  
3 the Governor, for cause, after a public hearing.

4 In the case of the initial terms of the additional members of the  
5 board appointed pursuant to P.L. , c. (pending before the  
6 Legislature as this bill), ~~four~~ three<sup>1</sup> members shall serve for a  
7 term of five years, ~~four~~ three<sup>1</sup> members shall serve for a term of  
8 four years, and ~~four~~ two<sup>1</sup> members shall serve for a term of three  
9 years.

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

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

16 d. The board shall have the power to appoint and regulate the  
17 duties, functions, powers and procedures of committees, standing or  
18 special, from its members and such advisory committees or bodies,  
19 as it may deem necessary or conducive to the efficient management  
20 and operation of the university, consistent with this act and other  
21 applicable statutes. The board shall include representatives from  
22 the faculty, the appropriate bargaining unit, and the student body on  
23 relevant advisory committees or bodies.<sup>1</sup>

24 (cf: P.L.1994, c.48, s.168)

25

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

28 6. The board of trustees of the university shall have the general  
29 supervision over and be vested with the conduct of the university,  
30 including its health care facilities regardless of the source of  
31 funding, except as otherwise provided in section 3 of P.L. , c.  
32 (pending before the Legislature as this bill). It shall have the power  
33 and duty to:

34 (a) Adopt and use a corporate seal;

35 (b) Determine the educational curriculum and program of the  
36 university;

37 (c) Determine policies for the organization, administration, and  
38 development of the university;

39 (d) Study the educational and financial needs of the university,  
40 annually acquaint the Governor and Legislature with the condition  
41 of the university, and prepare and submit an annual request for  
42 appropriation to the Division of Budget and Accounting in the  
43 Department of the Treasury in accordance with law;

44 (e) Disburse all moneys appropriated to the university by the  
45 Legislature and all moneys received from tuition, fees, auxiliary  
46 services and other sources;

1 (f) Direct and control expenditures and transfers of funds  
2 appropriated to the university in accordance with the provisions of  
3 the State budget and appropriation acts of the Legislature, and, as to  
4 funds received from other sources, direct and control expenditures  
5 and transfers in accordance with the terms of any applicable trusts,  
6 gifts, bequests, or other special provisions, reporting changes and  
7 additions thereto and transfers thereof to the Director of the  
8 Division of Budget and Accounting in the Department of the  
9 Treasury. All accounts of the university shall be subject to audit by  
10 the State at any time;

11 (g) In accordance with the provisions of the State budget and  
12 appropriation acts of the Legislature, appoint and fix the  
13 compensation and term of office of a president of the university  
14 who shall be the executive officer of the university, and appoint and  
15 fix the compensation and term of office of a vice-president of the  
16 university;

17 (h) In accordance with the provisions of the State budget and  
18 appropriation acts of the Legislature, appoint, upon nomination of  
19 the president, such deans and other members of the academic,  
20 administrative and teaching staffs as shall be required and fix their  
21 compensation and terms of employment;

22 (i) In accordance with the provisions of the State budget and  
23 appropriation acts of the Legislature, appoint, remove, promote and  
24 transfer such other officers, agents, or employees as may be  
25 required to carry out the provisions of this act and assign their  
26 duties, determine their salaries, and prescribe qualifications for all  
27 positions and in accordance with the salary schedules of the Civil  
28 Service Commission wherever possible;

29 (j) Fix and determine tuition rates, and other fees to be paid by  
30 students;

31 (k) Grant diplomas, certificates or degrees;

32 (l) Enter into contracts and agreements with the State or any of  
33 its political subdivisions or with the United States, or with any  
34 public body, department or other agency of the State or the United  
35 States or with any individual, firm or corporation which are deemed  
36 necessary or advisable by the board for carrying out the provisions  
37 of this act. A contract or agreement pursuant to this subsection may  
38 require a municipality to undertake obligations and duties to be  
39 performed subsequent to the expiration of the term of office of the  
40 elected governing body of such municipality which initially entered  
41 into or approved said contract or agreement, and the obligations and  
42 duties so incurred by such municipality shall be binding and of full  
43 force and effect, notwithstanding that the term of office of the  
44 elected governing body of such municipality which initially entered  
45 into or approved said contract or agreement, shall have expired;

46 (m) Accept from any government or governmental department,  
47 agency or other public or private body or from any other source

1 grants or contributions of money or property which the board may  
2 use for or in aid of any of its purposes;

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

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

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

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

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

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

12 Investment in not for profit corporations or for profit  
13 corporations organized and operated pursuant to the provisions of  
14 subsection (v) of this section may utilize income realized from the  
15 sale or licensing of intellectual property as well as the reinvestment  
16 of earnings on intellectual property. Investment in not for profit  
17 corporations may also utilize income from the operation of faculty  
18 practice plans of the university and income from overhead grant  
19 fund recovery as permitted by federal law as well as other  
20 university funds except those specified in paragraph 5 of subsection  
21 (v) of this section.

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

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

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

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

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

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

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

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

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

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

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

33 (5) Funds directly appropriated to the university from the State  
34 or derived from the university's academic programs or derived from  
35 payment for coverage provided by the self insurance fund for claims  
36 accruing prior to the effective date of this act shall not be utilized  
37 by the profit or not for profit corporations organized and operated  
38 pursuant to this subsection in the development, manufacture or  
39 marketing of products, technology or scientific information;

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

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

46 (8) Income realized by the university as a result of participation  
47 in the development, manufacture or marketing of products,



1 technology, or scientific information may be invested or reinvested  
2 pursuant to paragraph (5) of subsection (n) of section 6 of P.L.1970,  
3 c.102 (C.18A:64G-6) or any other provision of this act or State or  
4 federal law or retained by the board for use in furtherance of any of  
5 the purposes of this act or of other applicable statutes;

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

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

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

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

1       (y) Adopt a code of ethics that complies with the requirements  
2 of all statutes applicable to the institution, including, but not limited  
3 to the “Higher Education Restructuring Act of 1994,” P.L.1994,  
4 c.48 (C.18A:3B-1 et al.), the “New Jersey Conflicts of Interest  
5 Law,” P.L.1971, c.182 (C.52:13D-12 et seq.), regulations of the  
6 State Ethics Commission, and any applicable executive orders; and

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

10 (cf: P.L.1999, c.46, s.43)

11  
12       3. (New section) a. The management, supervision and  
13 administration of University Hospital shall be vested in a nine-  
14 member board of directors of University Hospital. The board shall  
15 be comprised of four members of the board of trustees of the  
16 University of Medicine and Dentistry of New Jersey who shall  
17 serve ex officio and be appointed by the chairman of the board and  
18 five members who shall be appointed by the Governor, with the  
19 advice and consent of the Senate, for a five-year term <sup>1</sup>; except that  
20 in the case of the initial gubernatorial appointments to the board of  
21 directors, two shall serve for a term of two years, one for a term of  
22 three years, one for a term of four years, and one for a term of five  
23 years<sup>1</sup>. A member of the board of directors shall serve until his  
24 successor is appointed and has qualified. Any vacancies in the  
25 membership occurring other than by expiration of term shall be  
26 filled in the same manner as the original appointment but for the  
27 unexpired term only. Each member of the board of directors before  
28 entering upon his duties shall take and subscribe an oath to perform  
29 the duties of his office faithfully, impartially, and justly to the best  
30 of his ability. A record of the oath shall be filed in the office of the  
31 Secretary of State. Each member of the board may be removed  
32 from office by the Governor, for cause, after a public hearing.

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

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

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

44  
45       4. (New section) The university shall maintain an Internet  
46 website for the board of trustees. The purpose of the website shall  
47 be to provide increased public access to board operations and

1 activities. The following information shall be posted on the board's  
2 website:

3 a. the board's rules, regulations, resolutions, and official policy  
4 statements;

5 b. notice, posted at least five business days prior to a meeting of  
6 the board or any of its committees, setting forth the time, date,  
7 location, and agenda of the meeting;

8 c. the minutes of each meeting of the board and its committees;  
9 and

10 d. information on any contract entered into by the board that was  
11 not competitively bid and the statutory authority for the contracting  
12 process.

13 The website shall be updated on a regular basis.

14

15 5. This act shall take effect immediately.

16

17

18

19

20 \_\_\_\_\_  
21 Increases voting members on UMDNJ board of trustees from 11  
22 to 19; provides for additional board powers; and establishes board  
of directors for University Hospital.

# ASSEMBLY, No. 2900

## STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED MARCH 9, 2006

**Sponsored by:**

**Assemblyman WILFREDO CARABALLO**  
**District 29 (Essex and Union)**

**Co-Sponsored by:**

**Assemblyman Diegnan**

**SYNOPSIS**

Increases voting members on UMDNJ board of trustees from 11 to 23; includes UMDNJ faculty member and legislative appointments on board; provides for additional board powers; and establishes board of directors for University Hospital.

**CURRENT VERSION OF TEXT**

As introduced.



A2900 CARABALLO

2

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2 Medicine and Dentistry of New Jersey and amending and  
3 supplementing P.L.1970, c.102.

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44 In the case of the initial terms of the additional members of the  
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Matter underlined thus is new matter.

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16 (cf: P.L.1994, c.48, s.168)

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44 gifts, bequests, or other special provisions, reporting changes and  
45 additions thereto and transfers thereof to the Director of the  
46 Division of Budget and Accounting in the Department of the  
47 Treasury. All accounts of the university shall be subject to audit by  
48 the State at any time;

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1 (g) In accordance with the provisions of the State budget and  
2 appropriation acts of the Legislature, appoint and fix the  
3 compensation and term of office of a president of the university  
4 who shall be the executive officer of the university, and appoint and  
5 fix the compensation and term of office of a vice-president of the  
6 university;

7 (h) In accordance with the provisions of the State budget and  
8 appropriation acts of the Legislature, appoint, upon nomination of  
9 the president, such deans and other members of the academic,  
10 administrative and teaching staffs as shall be required and fix their  
11 compensation and terms of employment;

12 (i) In accordance with the provisions of the State budget and  
13 appropriation acts of the Legislature, appoint, remove, promote and  
14 transfer such other officers, agents, or employees as may be  
15 required to carry out the provisions of this act and assign their  
16 duties, determine their salaries, and prescribe qualifications for all  
17 positions and in accordance with the salary schedules of the Civil  
18 Service Commission wherever possible;

19 (j) Fix and determine tuition rates, and other fees to be paid by  
20 students;

21 (k) Grant diplomas, certificates or degrees;

22 (l) Enter into contracts and agreements with the State or any of  
23 its political subdivisions or with the United States, or with any  
24 public body, department or other agency of the State or the United  
25 States or with any individual, firm or corporation which are deemed  
26 necessary or advisable by the board for carrying out the provisions  
27 of this act. A contract or agreement pursuant to this subsection may  
28 require a municipality to undertake obligations and duties to be  
29 performed subsequent to the expiration of the term of office of the  
30 elected governing body of such municipality which initially entered  
31 into or approved said contract or agreement, and the obligations and  
32 duties so incurred by such municipality shall be binding and of full  
33 force and effect, notwithstanding that the term of office of the  
34 elected governing body of such municipality which initially entered  
35 into or approved said contract or agreement, shall have expired;

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

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

44 (2) Adopt standing operating rules and procedures for the  
45 purchase of all equipment, materials, supplies and services;  
46 however, no contract on behalf of the university shall be entered  
47 into for the purchase of services, materials, equipment and supplies,  
48 for doing of any work, or for the hiring of equipment or vehicles,

1 where the sum to be expended exceeds \$12,500.00 or the amount  
2 determined by the Governor as provided herein, unless the  
3 university shall first publicly advertise for bids and shall award the  
4 contract to that responsible bidder whose bid, conforming to the  
5 invitation for bids, will be most advantageous to the university,  
6 price and other factors considered. Such advertising shall not be  
7 required in those exceptions created by the board of trustees of the  
8 university, which shall be in substance those exceptions contained  
9 in sections 4 and 5 of P.L.1954, c.48 (C.52:34-9 and 10) or for the  
10 supplying of any product or the rendering of any service by a public  
11 utility subject to the jurisdiction of the Board of Public Utilities of  
12 this State and tariffs and schedules of the charges, made, charged,  
13 or exacted by the public utility for any such products to be supplied  
14 or services to be rendered are filed with the said board.  
15 Commencing January 1, 1985 and every two years thereafter, the  
16 Governor, in consultation with the Department of the Treasury,  
17 shall adjust the threshold amount set forth in this paragraph in direct  
18 proportion to the rise or fall of the consumer price index for all  
19 urban consumers in the New York City and the Philadelphia areas  
20 as reported by the United States Department of Labor. The  
21 Governor shall notify the university of the adjustment. The  
22 adjustment shall become effective on July 1 of the year in which it  
23 is reported.

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

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

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

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



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1 Investment in not for profit corporations or for profit  
2 corporations organized and operated pursuant to the provisions of  
3 subsection (v) of this section may utilize income realized from the  
4 sale or licensing of intellectual property as well as the reinvestment  
5 of earnings on intellectual property. Investment in not for profit  
6 corporations may also utilize income from the operation of faculty  
7 practice plans of the university and income from overhead grant  
8 fund recovery as permitted by federal law as well as other  
9 university funds except those specified in paragraph 5 of subsection  
10 (v) of this section.

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

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

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

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

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

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

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

41 (v) (1) Participate as the general partner or as a limited partner,  
42 either directly or through a subsidiary corporation created by the  
43 university, in limited partnerships, general partnerships, or joint  
44 ventures engaged in the development, manufacture, or marketing of  
45 products, technology, scientific information or health care services  
46 and create or form for profit or not for profit corporations to engage  
47 in such activities; provided that any such participation shall be  
48 consistent with the mission of the university and the board shall

1 have determined that such participation is prudent. Nothing herein  
2 shall be construed to authorize any change in the legal status of  
3 University Hospital;

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

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

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

21 (5) Funds directly appropriated to the university from the State  
22 or derived from the university's academic programs or derived from  
23 payment for coverage provided by the self insurance fund for claims  
24 accruing prior to the effective date of this act shall not be utilized  
25 by the profit or not for profit corporations organized and operated  
26 pursuant to this subsection in the development, manufacture or  
27 marketing of products, technology or scientific information;

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

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

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

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

45 (w) (1) Procure and enter into contracts for any type of  
46 insurance and indemnify against loss or damage to property from  
47 any cause, including loss of use and occupancy, against death or  
48 injury of any person, against employees' liability, against any act of

1 any member, officer, employee or servant of the university, whether  
2 part-time, full-time, compensated or non-compensated in the  
3 performance of the duties of his office or employment or any other  
4 insurable risk. In addition, the university shall carry its own  
5 liability insurance or maintain an actuarially sound program of self  
6 insurance. Any joint venture, subsidiary corporation, or partnership  
7 or such other jural entity entered into or owned wholly or in part by  
8 the university shall carry insurance or maintain reserves in such  
9 amounts as are determined by an actuary to be sufficient to meet its  
10 actual or accrued claims;

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

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

34 (y) Adopt a code of ethics that complies with the requirements  
35 of all statutes applicable to the institution, including, but not limited  
36 to the "Higher Education Restructuring Act of 1994," P.L.1994,  
37 c.48 (C.18A:3B-1 et al.), the "New Jersey Conflicts of Interest  
38 Law," P.L.1971, c.182 (C.52:13D-12 et seq.), regulations of the  
39 State Ethics Commission, and any applicable executive orders; and

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

43 (cf: P.L.1999, c.46, s.43)

44

45 3. (New section) a. The management, supervision and  
46 administration of University Hospital shall be vested in a nine-  
47 member board of directors of University Hospital. The board shall  
48 be comprised of four members of the board of trustees of the

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1 University of Medicine and Dentistry of New Jersey who shall  
2 serve ex officio and be appointed by the chairman of the board and  
3 five members who shall be appointed by the Governor, with the  
4 advice and consent of the Senate, for a five-year term. A member  
5 of the board of directors shall serve until his successor is appointed  
6 and has qualified. Any vacancies in the membership occurring  
7 other than by expiration of term shall be filled in the same manner  
8 as the original appointment but for the unexpired term only. Each  
9 member of the board of directors before entering upon his duties  
10 shall take and subscribe an oath to perform the duties of his office  
11 faithfully, impartially, and justly to the best of his ability. A record  
12 of the oath shall be filed in the office of the Secretary of the State.  
13 Each member of the board may be removed from office by the  
14 Governor, for cause, after a public hearing.

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

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

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

26

27 4. (New section) The university shall maintain an Internet  
28 website for the board of trustees. The purpose of the website shall  
29 be to provide increased public access to board operations and  
30 activities. The following information shall be posted on the board's  
31 website:

32 a. the board's rules, regulations, resolutions, and official policy  
33 statements;

34 b. notice, posted at least five business days prior to a meeting of  
35 the board or any of its committees, setting forth the time, date,  
36 location, and agenda of the meeting;

37 c. the minutes of each meeting of the board and its committees;  
38 and

39 d. information on any contract entered into by the board that was  
40 not competitively bid and the statutory authority for the contracting  
41 process.

42 The website shall be updated on a regular basis.

43

44 5. This act shall take effect immediately.

STATEMENT

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This bill makes a number of changes to the statutes concerning the University of Medicine and Dentistry of New Jersey. The bill increases the number of voting members on the board of trustees of the university from 11 to 23 and provides that the members must be residents of the State, except that the Governor may appoint up to three members who are not State residents to serve as voting members. The bill provides that the members must represent the State's gender, racial, and ethnic diversity. In addition, two members must be from the seven northern counties in the State, two members from the seven central counties, and two members from the seven southern counties. The bill also provides that of the 23 voting members on the board, two of the members will be appointed by the Governor upon the recommendation of the President of the Senate and two upon the recommendation of the Speaker of the General Assembly. No member of the board may be an employee or official of any hospital affiliated with the university and at least one of the 23 voting members must be a faculty member of the university who has been recommended by the deans of the university.

The bill also specifically directs the board of trustees to do the following:

- (1) appoint and fix the compensation and term of office of a vice-president of the university;
- (2) adopt a code of ethics that complies with the requirements of all applicable statutes, regulations of the State Ethics Commission, and any applicable executive orders; and
- (3) establish a procedure for the confidential, anonymous submission of employee concerns regarding alleged wrongdoing at the university and its health care facilities.

The bill establishes a board of directors of University Hospital and vests the management, supervision and administration of the hospital with that board. The board of directors will be comprised of four members of the board of trustees of the University of Medicine and Dentistry of New Jersey who will serve ex officio and be appointed by the chairman of the board and five members who will be appointed by the Governor, with the advice and consent of the Senate, for a five-year term.

Finally, the bill requires the university to maintain an Internet website to provide increased public access to board operations and activities. The bill specifies certain information which must be maintained on the website such as board rules, regulations, policies, notice of meetings, board minutes, and contract information.

# ASSEMBLY, No. 2818

## STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED MARCH 9, 2006

**Sponsored by:**

**Assemblyman NEIL M. COHEN  
District 20 (Union)**

**Co-Sponsored by:**

**Assemblyman Vas**

**SYNOPSIS**

Increases the number of voting members on UMDNJ board of trustees from 11 to 19, adds two additional nonvoting members, authorizes trustee establishment of hospital board of directors, and requires establishment of certain trustee committees.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 3/14/2006)**

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

3

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

6

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

9 4. a. The government, control, conduct, management and  
10 administration of the university shall be vested in the board of  
11 trustees of the university. The membership of the board of trustees  
12 shall consist of the Commissioner of Health, who shall serve ex  
13 officio, without vote, and **[11]** 19 voting members, each of whom  
14 shall be appointed by the Governor, with the advice and consent of  
15 the Senate, for a term of **[five]** three years and shall serve until his  
16 successor is appointed and has qualified. The voting members of  
17 the board shall be residents of the State, and to the extent  
18 practicable, represent the various regions of the State, except that  
19 the Governor may appoint up to three members who are not  
20 residents of the State to serve as voting members of the board. No  
21 member shall be appointed who is an employee or official of any  
22 hospital affiliated with the university. Of the voting members of the  
23 board, at least one shall be a licensed osteopathic physician, one  
24 shall be a licensed dentist, one shall be a licensed nurse, one shall  
25 be a licensed attorney, one shall have financial management  
26 expertise, one shall have corporate business experience, and one  
27 shall have expertise in the area of higher education. Any vacancies  
28 in the voting membership of the board occurring other than by  
29 expiration of term shall be filled in the same manner as the original  
30 appointment but for the unexpired term only. Each voting member  
31 of the board of trustees before entering upon his duties shall take  
32 and subscribe an oath to perform the duties of his office faithfully,  
33 impartially and justly to the best of his ability. A record of such  
34 oath shall be filed in the office of the Secretary of State. Each  
35 voting member of the board may be removed from office by the  
36 Governor, for cause, after a public hearing.

37 In addition to the Commissioner of Health and Senior Services  
38 and the 19 voting members of the board, the Governor shall appoint  
39 two nonvoting members for a term of one year as follows: a faculty  
40 member of the university; and, upon the recommendation of the  
41 deans of the medical schools, a student enrolled full-time as a  
42 medical student in the university.

43 Members of the board as of the effective date of P.L. \_\_\_\_\_, c.  
44 (pending before the Legislature as this bill) shall continue in office  
45 until the expiration of their respective terms and the qualification in

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 office of their successors; and in the case of the initial appointment  
2 of new members made to the board pursuant to that act, three  
3 members shall serve for a term of three years, three members shall  
4 serve for a term of two years, and two members shall serve for a  
5 term of one year.

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

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

12 d. The board shall have the power to appoint and regulate the  
13 duties, functions, powers and procedures of committees, standing or  
14 special, from its members and such advisory committees or bodies,  
15 as it may deem necessary or conducive to the efficient management  
16 and operation of the university, consistent with this act and other  
17 applicable statutes.

18 The committees established by the board shall include, but need  
19 not be limited to, the following: executive, personnel, finance and  
20 audit, long-range planning, and education. Each of these  
21 committees shall be composed of a minimum of three members.

22 (cf: P.L.1994, c.48, s.168)

23  
24 2. Section 6 of P.L.1970, c.102 (C.18A:64G-6) is amended to  
25 read as follows:

26 6. The board of trustees of the university shall have the general  
27 supervision over and be vested with the conduct of the university,  
28 including its health care facilities regardless of the source of  
29 funding. It shall have the power and duty to:

30 (a) Adopt and use a corporate seal;

31 (b) Determine the educational curriculum and program of the  
32 university;

33 (c) Determine policies for the organization, administration, and  
34 development of the university;

35 (d) Study the educational and financial needs of the university,  
36 annually acquaint the Governor and Legislature with the condition  
37 of the university, and prepare and submit an annual request for  
38 appropriation to the Division of Budget and Accounting in the  
39 Department of the Treasury in accordance with law;

40 (e) Disburse all moneys appropriated to the university by the  
41 Legislature and all moneys received from tuition, fees, auxiliary  
42 services and other sources;

43 (f) Direct and control expenditures and transfers of funds  
44 appropriated to the university in accordance with the provisions of  
45 the State budget and appropriation acts of the Legislature, and, as to  
46 funds received from other sources, direct and control expenditures  
47 and transfers in accordance with the terms of any applicable trusts,  
48 gifts, bequests, or other special provisions, reporting changes and



1 additions thereto and transfers thereof to the Director of the  
2 Division of Budget and Accounting in the Department of the  
3 Treasury. All accounts of the university shall be subject to audit by  
4 the State at any time;

5 (g) In accordance with the provisions of the State budget and  
6 appropriation acts of the Legislature, appoint and fix the  
7 compensation and term of office of a president of the university  
8 who shall be the executive officer of the university, and appoint and  
9 fix the compensation and term of office of a vice-president of the  
10 university;

11 (h) In accordance with the provisions of the State budget and  
12 appropriation acts of the Legislature, appoint, upon nomination of  
13 the president, such deans and other members of the academic,  
14 administrative and teaching staffs as shall be required and fix their  
15 compensation and terms of employment;

16 (i) In accordance with the provisions of the State budget and  
17 appropriation acts of the Legislature, appoint, remove, promote and  
18 transfer such other officers, agents, or employees as may be  
19 required to carry out the provisions of this act and assign their  
20 duties, determine their salaries, and prescribe qualifications for all  
21 positions and in accordance with the salary schedules of the Civil  
22 Service Commission wherever possible;

23 (j) **[Fix]** Set the admissions policies for the schools of the  
24 university and fix and determine tuition rates, and other fees to be  
25 paid by students;

26 (k) Grant diplomas, certificates or degrees;

27 (l) Enter into contracts and agreements with the State or any of  
28 its political subdivisions or with the United States, or with any  
29 public body, department or other agency of the State or the United  
30 States or with any individual, firm or corporation which are deemed  
31 necessary or advisable by the board for carrying out the provisions  
32 of this act. A contract or agreement pursuant to this subsection may  
33 require a municipality to undertake obligations and duties to be  
34 performed subsequent to the expiration of the term of office of the  
35 elected governing body of such municipality which initially entered  
36 into or approved said contract or agreement, and the obligations and  
37 duties so incurred by such municipality shall be binding and of full  
38 force and effect, notwithstanding that the term of office of the  
39 elected governing body of such municipality which initially entered  
40 into or approved said contract or agreement, shall have expired;

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

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

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

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

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

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

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

5 Investment in not for profit corporations or for profit  
6 corporations organized and operated pursuant to the provisions of  
7 subsection (v) of this section may utilize income realized from the  
8 sale or licensing of intellectual property as well as the reinvestment  
9 of earnings on intellectual property. Investment in not for profit  
10 corporations may also utilize income from the operation of faculty  
11 practice plans of the university and income from overhead grant  
12 fund recovery as permitted by federal law as well as other  
13 university funds except those specified in paragraph 5 of subsection  
14 (v) of this section.

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

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

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

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

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

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

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

45 (v) (1) Participate as the general partner or as a limited partner,  
46 either directly or through a subsidiary corporation created by the  
47 university, in limited partnerships, general partnerships, or joint  
48 ventures engaged in the development, manufacture, or marketing of

1 products, technology, scientific information or health care services  
2 and create or form for profit or not for profit corporations to engage  
3 in such activities; provided that any such participation shall be  
4 consistent with the mission of the university and the board shall  
5 have determined that such participation is prudent. Nothing herein  
6 shall be construed to authorize any change in the legal status of  
7 University Hospital;

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

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

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

25 (5) Funds directly appropriated to the university from the State  
26 or derived from the university's academic programs or derived from  
27 payment for coverage provided by the self insurance fund for claims  
28 accruing prior to the effective date of this act shall not be utilized  
29 by the profit or not for profit corporations organized and operated  
30 pursuant to this subsection in the development, manufacture or  
31 marketing of products, technology or scientific information;

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

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

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

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

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

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

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

38 (y) Adopt a code of ethics that complies with the requirements  
39 of all statutes applicable to the institution, including, but not limited  
40 to the "Higher Education Restructuring Act of 1994," P.L.1994,  
41 c.48 (C.18A:3B-1 et al.), the "New Jersey Conflicts of Interest  
42 Law," P.L.1971, c.182 (C.52:13D-12 et seq.), regulations of the  
43 Executive Commission on Ethical Standards, and any applicable  
44 executive orders;

45 (z) Establish a procedure for the confidential, anonymous  
46 submission of employee concerns regarding accounting, auditing, or  
47 other issues associated with the financial operations of the  
48 university and its health care facilities; and



1 and education. Each of these committees will be composed of a  
2 minimum of three members.

3 The bill also specifically directs the board of trustees to do the  
4 following;

5 (1) appoint a vice president of the university;

6 (2) set admissions polices for the schools of the university;

7 (3) adopt a code of ethics that complies with the requirements of  
8 all applicable statutes, regulations of the Executive Commission on  
9 Ethical Standards, and any applicable executive orders; and

10 (4) establish a procedure for the confidential, anonymous  
11 submission of employee concerns regarding accounting, auditing, or  
12 other issues associated with the financial operations of the  
13 university and its health care facilities.

14 The bill authorizes the board of trustees to establish a board of  
15 directors of University Hospital and to delegate to that board s such  
16 managerial and supervisory authority as the board of trustees deems  
17 appropriate. The board of trustees is also authorized to provide for  
18 the appointment, terms, and qualifications of the members of the  
19 board of directors.

20 Finally, the bill requires the university to maintain an Internet  
21 website to provide increased public access to board operations and  
22 activities. The bill specifies certain information which must be  
23 maintained on the website such as board rules, regulations, policies,  
24 notice of meetings, board minutes, and contract information.

# ASSEMBLY HEALTH AND SENIOR SERVICES COMMITTEE

## STATEMENT TO

### ASSEMBLY COMMITTEE SUBSTITUTE FOR ASSEMBLY, Nos. 2900 and 2818

# STATE OF NEW JERSEY

DATED: MARCH 13, 2006

The Assembly Health and Senior Services Committee reports favorably an Assembly Committee Substitute for Assembly Bill Nos. 2900 and 2818.

This committee substitute makes a number of changes to the statutes concerning the University of Medicine and Dentistry of New Jersey (UMDNJ).

The substitute provides specifically as follows:

- The number of voting members on the UMDNJ board of trustees is increased from 11 to 23.
- The voting members must be State residents, except that the Governor may appoint up to three members who are not State residents to serve as voting members.
- The voting members are to represent the gender, racial, and ethnic diversity of the State.
- Two voting members each are to be from the seven northern counties, the seven central counties, and the seven southern counties of the State, respectively.
- Of the 23 voting members on the board, two are to be appointed by the Governor upon the recommendation of the President of the Senate and two upon the recommendation of the Speaker of the General Assembly.
- No member of the board may be an employee or official of a hospital affiliated with UMDNJ.
- At least one of the 23 voting members must be a UMDNJ faculty member who has been recommended by the deans of UMDNJ.
- The substitute also specifically directs the board of trustees to:
  - appoint and fix the compensation and term of office of a vice-president of UMDNJ;
  - adopt a code of ethics that complies with the requirements of all applicable statutes, regulations of the State Ethics Commission, and any applicable executive orders; and
  - establish a procedure for the confidential, anonymous submission of employee concerns regarding alleged wrongdoing at UMDNJ or its health care facilities.



- The substitute establishes a board of directors of University Hospital and vests the management, supervision and administration of the hospital with that board. The board of directors is to be comprised of four members of the UMDNJ board of trustees who will serve ex officio and be appointed by the chairman of the board and five members to be appointed by the Governor, with the advice and consent of the Senate, for a five-year term.
- Finally, the substitute directs UMDNJ to maintain an Internet website to provide increased public access to board operations and activities, and requires that the following information be maintained on the website:
  - the rules, regulations, resolutions, and official policy statements of the board;
  - 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;
  - the minutes of each meeting of the board and its committees; and
  - information on any contract entered into by the board that was not competitively bid and the statutory authority for the contracting process.

The substitute is identical to Senate Bill No. 1221 (1R) (Rice/Turner), which is currently pending before the Senate.

STATEMENT TO  
  
ASSEMBLY COMMITTEE SUBSTITUTE FOR  
**ASSEMBLY, No. 2900**

with Senate Floor Amendments  
(Proposed By Senator RICE)

ADOPTED: JUNE 19, 2006

These floor amendments: expand the membership of the board of trustees of the University of Medicine and Dentistry of New Jersey to 19 rather than 23; delete the requirement that the board include a faculty member; require the board to include representatives from the faculty, the appropriate bargaining unit, and the student body on relevant advisory committees; provide that it is only those officials of a hospital affiliated with the university who are paid, who will not be permitted to be appointed to the board; and provide for a staggered term for the initial gubernatorial appointments to the board of directors of University Hospital.

**SENATE, No. 1221**

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**STATE OF NEW JERSEY**

**212th LEGISLATURE**

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INTRODUCED JANUARY 30, 2006

**Sponsored by:**

**Senator RONALD L. RICE**

**District 28 (Essex)**

**Senator SHIRLEY K. TURNER**

**District 15 (Mercer)**

**Co-Sponsored by:**

**Senators Gill and Weinberg**

**SYNOPSIS**

Increases voting membership of board of trustees of UMDNJ from 11 to 16, requires members to be State residents, and prohibits employee or official of hospital affiliated with UMDNJ from serving on the board.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 3/3/2006)**

S1221 RICE, TURNER

2

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

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. Section 4 of P.L.1970, c.102 (C.18A:64G-4) is amended to  
9 read as follows:

10 4. a. The government, control, conduct, management and  
11 administration of the university shall be vested in the board of  
12 trustees of the university. The membership of the board of trustees  
13 shall consist of the Commissioner of Health and Senior Services,  
14 who shall serve ex officio, without vote, and [11] 16 voting  
15 members, each of whom shall be appointed by the Governor, with  
16 the advice and consent of the Senate, for a term of five years and  
17 shall serve until his successor is appointed and has qualified. The  
18 voting members of the board shall be residents of the State, except  
19 that the Governor may appoint up to three members who are not  
20 residents of the State to serve as voting members of the board. No  
21 trustee shall be appointed who is an employee or official of any  
22 hospital affiliated with the university. Any vacancies in the voting  
23 membership of the board occurring other than by expiration of term  
24 shall be filled in the same manner as the original appointment but  
25 for the unexpired term only. Each voting member of the board of  
26 trustees before entering upon his duties shall take and subscribe an  
27 oath to perform the duties of his office faithfully, impartially and  
28 justly to the best of his ability. A record of such oath shall be filed  
29 in the office of the Secretary of State. Each voting member of the  
30 board may be removed from office by the Governor, for cause, after  
31 a public hearing.

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

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

38 d. The board shall have the power to appoint and regulate the  
39 duties, functions, powers and procedures of committees, standing or  
40 special, from its members and such advisory committees or bodies,  
41 as it may deem necessary or conducive to the efficient management  
42 and operation of the university, consistent with this act and other  
43 applicable statutes.

44 (cf: P.L.1994, c.48, s.168)

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

1       2. This act shall take effect immediately.

2

3

4

STATEMENT

5

6       This bill increases the voting members of the board of trustees of  
7 the University of Medicine and Dentistry of New Jersey (UMDNJ)  
8 to 16. Currently the board of trustees consists of the Commissioner  
9 of Health and Senior Services who serves ex officio without vote,  
10 and 11 voting members who are appointed by the Governor. The  
11 bill also stipulates that the voting members of the board must be  
12 residents of the State, but authorizes the Governor to appoint up to  
13 three members who are not State residents.

14       The bill also prohibits the Governor from appointing to the  
15 UMDNJ board of trustees an employee or official of any hospital  
16 affiliated with the university.

# SENATE EDUCATION COMMITTEE

## STATEMENT TO

### **SENATE, No. 1221**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: MARCH 2, 2006

The Senate Education Committee reports favorably Senate Bill No. 1221 with committee amendments.

As amended, this bill makes a number of changes to the statutes concerning the University of Medicine and Dentistry of New Jersey. The bill increases the number of voting members on the board of trustees of the university from 11 to 23 and provides that the members must be residents of the State, except that the Governor may appoint up to three members who are not State residents to serve as voting members. The bill provides that the members must represent the State's gender, racial, and ethnic diversity. In addition, two members must be from the seven northern counties in the State, two members from the seven central counties, and two members from the seven southern counties. The bill also provides that of the 23 voting members on the board, two of the members will be appointed by the Governor upon the recommendation of the President of the Senate and two upon the recommendation of the Speaker of the General Assembly. No member of the board may be an employee or official of any hospital affiliated with the university and at least one of the 23 voting members must be a faculty member of the university who has been recommended by the deans of the university.

The bill also specifically directs the board of trustees to do the following:

- (1) appoint and fix the compensation and term of office of a vice-president of the university;
- (2) adopt a code of ethics that complies with the requirements of all applicable statutes, regulations of the State Ethics Commission, and any applicable executive orders; and
- (3) establish a procedure for the confidential, anonymous submission of employee concerns regarding alleged wrongdoing at the university and its health care facilities.

The bill establishes a board of directors of University Hospital and vests the management, supervision and administration of the hospital with that board. The board of directors will be comprised of four members of the board of trustees of the University of Medicine and

Dentistry of New Jersey who will serve ex officio and be appointed by the chairman of the board and five members who will be appointed by the Governor, with the advice and consent of the Senate, for a five-year term.

Finally, the bill requires the university to maintain an Internet website to provide increased public access to board operations and activities. The bill specifies certain information which must be maintained on the website such as board rules, regulations, policies, notice of meetings, board minutes, and contract information.

The committee amended the bill to:

- increase the membership on the board to 23 voting members;
- provide for two appointments upon the recommendation of the President of the Senate and two upon the recommendation of the Speaker of the General Assembly;
- provide that the membership on the board must represent the gender, racial and ethnic diversity of the State;
- provide for geographic diversity on the board by requiring that at least two members are appointed from the seven northern counties, two from the seven central counties, and two from the seven southern counties;
- provide for additional duties for the board including appointing a vice-president, adopting a code of ethics in compliance with all statutes, regulations, and executive orders, and establishing a procedure for the confidential submission of employee concerns regarding alleged wrongdoing at the university and its health care facilities;
- establish a nine-member board of directors of University Hospital which is vested with the management, supervision and administration of the hospital; and
- require UMDNJ to establish an Internet website to provide increased public access to board of trustee operations.

STATEMENT TO  
[First Reprint]  
**SENATE, No. 1221**

with Senate Floor Amendments  
(Proposed By Senator RICE)

ADOPTED: MARCH 13, 2006

These amendments provide that at least one of the 23 voting members on the board of trustees of the University of Medicine and Dentistry of New Jersey must represent organized labor.



STATEMENT TO  
[Second Reprint]  
**SENATE, No. 1221**

with Senate Floor Amendments  
(Proposed By Senator RICE)

ADOPTED: JUNE 19, 2006

These floor amendments: expand the membership of the board of trustees of the University of Medicine and Dentistry of New Jersey to 19 rather than 23; delete the requirement that the board include a faculty member and a representative of organized labor; require the board to include representatives from the faculty, the appropriate bargaining unit, and the student body on relevant advisory committees; provide that it is only those officials of a hospital affiliated with the university who are paid, who will not permitted to be appointed to the board; and provide for a staggered term for the initial gubernatorial appointments to the board of directors of University Hospital.