

PR 3

Office of the President
June 17, 2008

Members, Board of Trustees:

PROPOSED AMENDMENT TO GOVERNING REGULATIONS:
INVESTMENT COMMITTEE

Recommendation: that the attached revision of Governing Regulation, Part II, relating to the Investment Committee, which was received for preliminary consideration as PR 6 by the Board of Trustees on April 22, 2008, be approved. The proposed revision relates to a recommendation to allow for the appointment of Community Advisory Members to the Investment Committee.

Background: The Investment Committee of the Board of Trustees is responsible for oversight of the endowment investment programs of the University and its affiliated corporations. This includes formulating and reviewing investment policies, and appointing, monitoring and evaluating investment managers and consultants. Having the option of appointing non-voting community advisory members would provide the Investment Committee with the opportunity to gain specialized expertise and advice. Additionally, the management of the University's endowment portfolio is a long-term responsibility and the opportunity to have non-voting community advisory members on the Investment Committee can provide for stability and continuity in fulfilling this important duty.

University of Kentucky Governing Regulations, Part II, relates to the governance of the University, and in particular, the composition, officers, and committees of the Board of Trustees. The attached revision defines the voting membership of the Investment Committee, comprised of members of the Board of Trustees as selected by the Chair of the Board, and provides for the appointment of non-voting community advisory members to the Investment Committee.

A revised copy of GR II, A (6) (f) is attached. Proposed additions are underlined.

Action taken: Approved Disapproved Other _____

(f) Investment Committee

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

The membership of the Committee shall include five members from the Board of Trustees. Each member shall be appointed by the Chair of the Board of Trustees. A quorum of the Committee members must be present in order to conduct business.

In addition to the voting members, the Investment Committee may, from time to time, have the Chair of the Board of Trustees appoint, upon recommendation of the University President, Community Advisory Members to assist it in its functions by providing specialized advice and support. Said Community Advisory Members shall be selected on the basis of their expertise in such areas as investment management and finance. The appointments of Community Advisory members to the Investment Committee shall be for three years and may be reappointed for an unlimited number of three year terms. The maximum number of Community Advisory members authorized at any one time shall be three (3).

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