Policy Overview

Kentucky law entrusts the Board of Regents with ultimate authority and stewardship of the University’s mission and governance. The Board recognizes the importance of exercising its oversight of the institution in strategic areas while delegating management and operational decisions to the president and administration.

Accordingly, this policy identifies finance, transactional, and similar items that require approval by the Board of Regents, either because of their strategic significance or due to legal or other external requirements. These items typically should be provided to the Budget and Finance Committee for review before they are presented to the Board for approval.

Approvals for these items must be obtained in advance, unless expressly specified otherwise in this policy or by the Board. In certain cases, additional external approvals may be required by state law or other authorities.

This policy does not contain an exhaustive list of all items requiring Board approval, which also may be required for items relating to academic and student affairs, athletics, employment and personnel matters, policymaking, and development, as well as other finance and transactional items not listed below. Those approval requirements may be expressed in the Board’s Bylaws and resolutions, Board and other University policies, applicable laws, and other authorities and practices.

Items Requiring Board Approval

Board approval is required for the following finance, transactional, and similar items:

Budget and Fee Items

- **Annual Operating Budgets**: Each year, the Board must approve the University’s annual proposed operating budget, including at minimum total planned revenues and expenses and projected impact on reserves, along with other information required by the Board. Revisions during the budget year to planned revenues, expenses, and impact on reserves also shall be approved by the Board. To be approved, all budget items described in this section require an affirmative vote of the majority of all members of the Board. See KRS 164.340; Board Bylaws II.B.19.

- **Six-Year Capital Plans and Biennial Capital Budget Requests**: The University’s six-year capital plan, including modifications thereto, and the University’s biennial capital budget request submitted to the executive branch and legislature must be approved by the Board. See KRS 7A.010, et seq.; Board Bylaws II.B.18.
• **Tuition and Fees.** All tuition, mandatory fees, and non-mandatory fees must be approved by the Board. See Board Bylaws II.B.14; Fees & Service Charges Policy; Billing, Receipt Handling, and Deposits Policy.

• **Housing and Meal Plan Fees:** Housing and meal plan fees, rates, and charges must be approved by the Board, as required by the Fees & Service Charges Policy and the Billing, Receipt Handling, and Deposits Policy.

• **Parking Fees:** Parking fees must be approved by the Board, as required by the Fees & Service Charges Policy and the Billing, Receipt Handling, and Deposits Policy.

**Contracts and Similar Instruments**

The following contracts, agreements, memoranda of understanding, and other similar legal instruments (collectively referred to below as “contracts”) must be approved by the Board:

- Contracts involving the expenditure, transfer, or receipt by the University of $5,000,000 or more, in cash or other property, in any given contract year;

- Contracts involving the expenditure, transfer, or receipt by the University of $10,000,000 or more, in cash or other property, over the life of the contract;

- Contracts involving the outsourcing or concession of a significant institutional function (e.g., dining, arena management);

- Legal settlements involving the expenditure, transfer, or receipt by the University of $500,000 or more, in cash or other property; and

- Employment agreement for the president.

Contract amendments, modifications, and extensions that trigger one or more of the thresholds above also must be approved by the Board.

Contracts for construction, architecture and engineering services, and similar services in connection with capital projects do not require separate Board approval if the capital project was approved as required below.

**Capital Projects & Planning**

As used below, “capital project” refers to construction and renovation of improvements and information technology projects with a projected total cost of $1,000,000 or more. “Capital project” does not include maintenance.

- **Capital Project – Initiation:** Capital projects defined above may be initiated only after approval by the Board. In connection with this approval, the Board will be provided with a description of the project, including programming and uses, and information regarding project budget, source(s) of funding, estimated project schedule, building and/or space
namings (if available), and project siting, if applicable. Following this approval, the University may award contracts for design, pre-construction services, construction, equipment and materials purchases, and other related items. The University typically may not incur project-related costs until after the Board approves initiation of the project. If a previously Board-approved total budget is proposed to increase by 15% or more, then the new total budget must be presented for further approval.

- **Facility Namings:** Facility and other namings must be approved by the Board, as required by the [University Naming Policy](#).

- **Demolition:** Demolition of University-owned buildings must be approved by the Board.

- **Capital Equipment and Infrastructure:** Acquisition (e.g., purchase or lease), sale, transfer, or other disposition of capital equipment and infrastructure with a value of $200,000 or more must be approved by the Board.

- **Campus Master Plans:** The Board must approve the campus master plan and modifications thereto.

- **Hazard Mitigation Plans:** The Board must approve state-mandated hazard mitigation plans and modifications thereto.

- **Exemptions from State Building Standards:** Only when required by state law, exemptions or deviations from state building standards for particular projects must be approved by the Board (e.g., LEED certification). This approval may be granted in connection with other approvals related to that project. See 200 KAR 6:070.

**Real Estate**

- **Purchases and Sales:** The purchase and sale of real property by the University must be approved by the Board. See Board Bylaws II.B.17.

- **Leases:** The lease of real property by the University, either as lessor or lessee, must be approved by the Board where either the annual rent is $200,000 or greater or the term of the lease is three years or more, including extension options that would not require further University approval. This includes leases of all or a portion of an improvement and ground leases. However, the University’s leases of its single-family residential homes do not require Board approval.

- **Easements:** All easements to which the University is a party must be approved by the Board, except temporary easements do not require Board approval (e.g., temporary construction easements and temporary utility easements). See Board Bylaws II.B.17.
Debt

- **Bond Issuances**: Issuance of bonds, indentures, and similar instruments and related agreements and authorizing resolutions must be approved by the Board. Also, after debt maturity, the Board must approve release of remaining reserve-account funds back to the institution. *See KRS 164A.605; Board Bylaws II.B.15; Debt Policy*

Internal loans and debt write-offs must be regularly reported to the Budget and Finance Committee.

**External Audit Firm**

The Board must approve the selection of the University’s external audit firm. *See Board Bylaws III.D.2.*

**Exigencies**

Advance approval by the Board of an item described in this policy is not required where the item is necessary to address a bona fide threat to health, safety, or property, or other emergency or significant exigency. In such cases, the Board should be promptly informed of the item, and subsequent Board ratification of the item may be sought when appropriate.

**Delegation**

Approval of finance, transactional, and similar items that do not require Board approval under this policy, the Board’s Bylaws and resolutions, Board and other University policies, or other applicable laws or authorities are hereby delegated to the president, who may further delegate such authority to other appropriate University administrators.

**Policy Amendment**

This policy may be amended by majority vote of the Board of Regents.

Approved: June 12, 2024