



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

CAROL L. FOLT
Chancellor

103 SOUTH BUILDING
CAMPUS BOX 9100
CHAPEL HILL, NC 27599

T 919.962.1365
F 919.962.1647
carol.folt@unc.edu

TO: Members of the Board of Trustees
FROM: Carol L. Folt
RE: Mail Ballot
DATE: April 8, 2015

I write to request your approval by mail ballot of the following matter related to the Endowment Fund:

In 1915 Kemp P. Battle and his descendants provided funds to support a comparison of the 1915 Montgomery Ward catalogue to those published in 1965 and in 2015. He asked that a student write a thesis on the changes evidenced in the catalogues over the past fifty and one hundred years. Because there is no Montgomery Ward catalogue today, the Department of History proposes to host a series of faculty talks entitled The Kemp Plummer Battle Montgomery Ward Catalog Challenge using the 1915 and 1965 catalogues as a springboard for exploring the cultural, economic, and technological changes of the last one hundred years. The current market value of the fund is \$2,124.05. Regulations adopted by the Board of Governors require that the Trustees approve any transfer of Endowment principal or income to the useful possession of the institution. I recommend approval of the withdrawal. The Board of Trustees of the Endowment Fund approved this withdrawal by mail ballot on March 25, 2015.

Please mark and return the enclosed ballot indicating whether or not you approve of the above action. Thank you.

cc: Matthew Fajack
David Routh



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Mail Ballot

Board of Trustees

April 8, 2015

Attached for your review and approval is a memo concerning an Endowment Fund matter. This mail ballot will be approved as part of the Consent Agenda at the Full Board meeting on Thursday, May 28, 2015.

The undersigned votes as follows with respect to the recommendation proposed in Chancellor Folt's memorandum dated April 8, 2015.

Approve Disapprove

Withdrawal from Quasi-Endowment for the benefit
of the Department of History

☐☐

Signature_____

Printed Name_____

Date_____

Please fax to TJ Scott at (919) 962-1647 or email at tj_scott@unc.edu

This mail ballot was approved by majority vote on April 9, 2015 by the following trustees: Lowry Caudill, Alston Gardner, Sallie Shuping-Russell, Jeff Brown, Haywood Cochrane, Chuck Duckett, Kelly Hopkins, and Steve Lerner.



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of NORTH CAROLINA
at CHAPEL HILL

CAROL L. FOLT
Chancellor

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MEMORANDUM

TO: Members of the Board of Trustees
FROM: Carol L. Folt
RE: Mail Ballot
DATE: April 27, 2015

You have authorized my office to poll you by mail concerning personnel matters which require attention by the Board. Accordingly, we are transmitting to you herewith personnel actions as follows:

EPA Faculty Compensation & Tenure Actions	Attachment A
EPA Non-Faculty Compensation Actions	Attachment B

Please mark and return the enclosed mail ballot indicating whether or not you agree with the actions proposed. Thank you.

The University of North Carolina at Chapel Hill
EXECUTIVE SUMMARY
Board of Trustees
April 23, 2015

Attachment A

Appendix A

No.	College/Division	Name	Dept./School	Current Rank	New Rank	Tenure Request Reason	Effective Date	Salary
Personnel Actions								
New Appointments without Tenure								
1	Academic Affairs	Joseph Cabosky	Journalism/Mass Communications	N/A	Assistant Professor	N/A	7/1/2015	\$72,000.00
2	Academic Affairs	Michael Figueroa	Music	Lecturer	Assistant Professor	NA	7/1/2015	\$68,000.00
3	Academic Affairs	Allison Lazard	Journalism/Mass Communications	N/A	Assistant Professor	N/A	7/1/2015	\$74,000.00
4	Academic Affairs	Lucy Martin	Political Science	N/A	Assistant Professor	N/A	7/1/2015	\$80,000.00
5	Health Affairs	Emma Rossi	OB-GYN	N/A	Assistant Professor	N/A	6/1/2015	\$310,000.00
6	Academic Affairs	Margaret Sheridan	Psychology	N/A	Assistant Professor	N/A	7/1/2015	\$80,000.00
Addition of Joint Appointment without Tenure								
0								
Promotion to Full Professor								
1	Health Affairs	Melissa Miller	Pathology & Laboratory Medicine	Associate Professor	Professor	N/A	6/27/2015	\$143,330.00
2	Academic Affairs	Dana Remus	Law	Associate Professor	Professor	N/A	7/1/2015	\$154,000.00
3	Academic Affairs	Joyce Rudinsky	Communication Studies	Associate Professor	Professor	N/A	7/1/2015	\$87,145.00
4	Academic Affairs	Rachel Willis	American Studies	Associate Professor	Professor	N/A	7/1/2015	\$91,800.00
5	Academic Affairs	Yang Yang	Sociology	Associate Professor	Professor	N/A	7/1/2015	\$152,000.00
Reappointments to the same Rank								
1	Academic Affairs	Juan Alamo	Music	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$70,700.00
2	Academic Affairs	Uffe Bergeton	Asian Studies	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$68,000.00
3	Academic Affairs	Eric Brustad	Chemistry	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$76,000.00
4	Academic Affairs	Flora Cassen	History	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$77,900.00
5	Academic Affairs	Karl Castillo	Marine Sciences	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$73,500.00
6	Academic Affairs	Claudia Cervantes-Soon	School of Education	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$70,000.00
7	Academic Affairs	Christopher Clark	Political Science	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$95,400.00
8	Academic Affairs	Jillian Dempsey	Chemistry	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$79,000.00
9	Academic Affairs	Joaquin Drut	Physics & Astronomy	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$77,320.00
10	Academic Affairs	Christopher Middleton	Anthropology	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$72,300.00

The University of North Carolina at Chapel Hill
EXECUTIVE SUMMARY
Board of Trustees
April 23, 2015

Appendix A

No.	College/Division	Name	Dept./School	Current Rank	New Rank	Tenure Request Reason	Effective Date	Salary
11	Academic Affairs	Alexander Miller	Chemistry	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$79,000.00
12	Academic Affairs	Michael Morgan	History	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$74,000.00
13	Academic Affairs	Susan Page	Women's & Gender Studies	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$68,300.00
14	Academic Affairs	John Patrick	Dramatic Art	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$71,000.00
15	Academic Affairs	Toan Phan	Economics	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$112,550.00
16	Academic Affairs	Inga Pollman	Germanic & Slavic Languages & Literatures	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$67,280.00
17	Academic Affairs	Liana Richardson	Sociology	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$82,500.00
18	Academic Affairs	Kihyun(Kelly) Ryoo	School of Education	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$71,000.00
19	Academic Affairs	Neal Thomas	Communication Studies	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$67,500.00
20	Academic Affairs	Charles Warner, Jr.	English & Comparative Literature	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$68,633.00
21	Academic Affairs	Molly Worthen	History	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$74,000.00
Designation/Reappointments to Departmental Chair								
1	Health Affairs	Lorne Koroluk	Orthodontics	Associate Professor/Interim Department Chair	Department Chair	N/A	1/1/2015	\$180,000.00
Designation/Reappointments to Distinguished Professorship								
1	Health Affairs	David Peden	Pediatrics	Professor	Harry S. Andrews Distinguished Term Professor	N/A	4/24/2015	\$294,840.00
2	Health Affairs	Kirk Wilhelmsen	Neurology	Distinguished Professor	Carol Master Schiller Distinguished Professor in Neurology	N/A	7/1/2015	\$231,222.00
Actions Conferring Tenure								
Promotion Conferring Tenure								
1	Academic Affairs	Anna Agbe-Davies	Anthropology	Assistant Professor	Associate Professor	Promotion based on excellence in research	7/1/2015	\$80,500.00
2	Health Affairs	Joyce Besheer	Psychiatry	Assistant Professor	Associate Professor	Promotion based on excellence in research	4/24/2015	\$88,314.00
3	Health Affairs	Spencer Dorn	Medicine	Assistant Professor	Associate Professor	Promotion based on excellence in clinical scholarship	7/1/2015	\$178,318.00
4	Health Affairs	Jill Fisher	Social Medicine	Assistant Professor	Associate Professor	Promotion based on excellence in research	4/24/2015	\$95,000.00
5	Academic Affairs	Tamlin Pavelsky	Geological Sciences	Assistant Professor	Associate Professor	Promotion based on presence and contributions in research, teaching, and service	7/1/2015	\$76,244.00
6	Academic Affairs	Chad Stevens	Journalism/Mass Communications	Assistant Professor	Associate Professor	Promotion based on creative activity, teaching, and service	7/1/2015	\$83,611.00
New Appointments Conferring Tenure								
0								
Addition of Joint Appointment Conferring Tenure								

The University of North Carolina at Chapel Hill
EXECUTIVE SUMMARY
Board of Trustees
April 23, 2015

Appendix A

No.	College/Division	Name	Dept./School	Current Rank	New Rank	Tenure Request Reason	Effective Date	Salary
0								
Corrections								
0								

41 Dossiers
Correction(s)

The University of North Carolina at Chapel Hill
EXECUTIVE SUMMARY
Board of Trustees
July 14, 2014

Appendix B

No.	College/Division	Name	Department/School	Rank	Reason	Requested Increase Amount **	Percent of Increase **	June 30 Salary	Current Salary	New Salary	Effective Date
Compensation Actions						** Based on cumulative increase(s) to 6/30 salary					
1	Health Affairs	Robert Bashford	School of Medicine	Clinical Professor/Associate Dean	Increase due to additional duties as Administrator of the Kenan Primary Care Medical Scholars Prog	\$24,347	11.49%	\$186,933	\$221,280	\$236,280	5/1/2015
2	Academic Affairs	Michelle Berger	College of Arts and Sciences	Associate Professor	Increase based on retention, as Ms. Berger received an offer from Arizona State University	\$15,037	18.80%	\$79,963	\$79,963	\$95,000	7/1/2015
3	Academic Affairs	Juan Carillo	School of Education	Assistant Professor	Increase based on retention, counteroffer to an offer Dr. Carillo received from the University of Texas - Austin	\$10,625	16.50%	\$64,375	\$70,000	\$75,000	6/1/2015
4	Academic Affairs	Selena Childs	School of Social Work	Clinical Assistant Professor/Director	Increase due to additional duties as Program Coordinator for the Quality Improvement Center for Adoption and Guardianship Support and Preservation project	\$8,963	12.45%	\$72,000	\$74,300	\$80,963	7/1/2015
5	Academic Affairs	Trenette Clark	School of Social Work	Assistant Professor	Increase based on promotion to Associate Professor with Tenure	\$13,475	17.60%	\$76,568	\$80,396	\$90,043	7/1/2015
6	Academic Affairs	Marcie Ferris	College of Arts and Sciences	Associate Professor	Increase based on promotion to full Professor	\$8,000	10.06%	\$79,550	\$79,550	\$87,550	7/1/2015
7	Health Affairs	Nora Franceschini	School of Public Health	Research Associate Professor	Increase based on promotion from Research Assistant Professor to Research Associate Professor effective March 1, 2015	\$21,245	21.83%	\$97,341	\$103,208	\$118,586	5/1/2015
8	Academic Affairs	Diego Garcia	School of Business	Associate Professor	Increase based on retention, counteroffer to an offer Dr. Garcia received from the University of Colorado - Boulder	\$56,500	27.49%	\$205,500	\$230,000	\$262,000	7/1/2015
9	Academic Affairs	Joseph Glatthar	College of Arts and Sciences	Distinguished Professor	Increase due to stipend for additional duties as Acting Chair for Peace, War, and Defense	\$10,000	12.79%	\$78,200	\$78,200	\$88,200	7/1/2015
10	Health Affairs	Rachel Graham	School of Public Health	Research Associate	Increase due to new role as Research Assistant Professor	\$28,000	53.85%	\$52,000	\$56,640	\$80,000	5/1/2015
11	Health Affairs	Kevin Greene	School of Medicine	Clinical Assistant Professor	Increase based on retention, counteroffer to an offer Dr. Greene received from Highland Pathology Consultants	\$32,501	20.30%	\$160,119	\$161,620	\$192,620	5/1/2015
12	Academic Affairs	Ken Janken	College of Arts and Sciences	Professor/Director/Interim Director	Increase based on Dr. Janken being interim Director and has now been appointed as the Director, changing his stipend from temporary to long term, requiring BOG approval	\$0	0.00%	\$125,313	\$125,313	\$125,313	7/1/2015
13	Health Affairs	William Kim	School of Medicine	Associate Professor	Increase based on pre-emptive retention, as Dr. Kim is being actively recruited by the University of MI and Indiana University	\$55,000	28.95%	\$190,000	\$220,000	\$245,000	5/1/2015
14	Academic Affairs	Charles Kurzman	College of Arts and Sciences	Professor	Increase based on retention, counteroffer to an offer Professor Kurzman received from Stanford	\$82,990	71.85%	\$115,510	\$115,510	\$198,500	7/1/2015
15	Academic Affairs	T William Lester	College of Arts and Sciences	Assistant Professor	Increase based on retention, counteroffer to an offer Professor Lester received from the University of Pennsylvania	\$11,100	14.07%	\$78,900	\$78,900	\$90,000	7/1/2015
16	Health Affairs	William Marston	School of Medicine	Distinguished Professor/Division Chief	Increase based on pre-emptive retention, as Dr. Marston is a leader in Vascular Surgery and replacing him would be very difficult	\$45,000	13.64%	\$330,000	\$330,000	\$375,000	5/1/2015
17	Health Affairs	Lauren Metzger	School of Medicine	Social/Clinical Research Assistant	Increase based on new faculty role as Clinical Instructor (the department missed submitting this at the time it took place)	\$11,222	27.79%	\$40,378	\$41,378	\$51,600	11/1/2014
18	Academic Affairs	David Nicewicz	College of Arts and Sciences	Assistant Professor	Increase based on promotion to Associate Professor	\$16,381	19.61%	\$83,524	\$83,524	\$99,905	7/1/2015
19	Academic Affairs	Wanda Reives	School of Social Work	Clinical Associate Professor/Coordinator	Increase based on new appointment as Director and PI for the NC Child Welfare Education Collaborative	\$9,115	10.73%	\$84,965	\$85,965	\$94,080	7/1/2015
20	Health Affairs	Julea Steiner	School of Public Health	Health Programming & Communications Specialist	Increase based on new faculty role as Clinical Assistant Professor	\$23,500	35.07%	\$67,000	\$71,000	\$90,500	6/1/2015
21	Health Affairs	Harsha Thirumurthy	School of Public Health	Associate Professor	Increase based on pre-emptive retention, as Dr. Thirumurthy's contributions to the teaching program are highly regarded and it would be a true loss if he chose to leave UNC	\$43,054	35.31%	\$121,946	\$134,019	\$165,000	5/1/2015
22	Health Affairs	Raghuvver Vallabhaneni	School of Medicine	Assistant Professor	Increase based on pre-emptive retention, as the department has lost 2 of it's 5 Vascular Surgeons	\$80,000	32.65%	\$245,000	\$265,000	\$325,000	5/1/2015
23	Academic Affairs	Robin Visser	College of Arts and Sciences	Associate Professor	Increase based on additional duties as Acting Department Chair	\$17,702	24.41%	\$72,513	\$77,215	\$90,215	7/1/2015
24	Health Affairs	Jen Jen Yeh	School of Medicine	Associate Professor	Increase based on pre-emptive retention, as Dr. Yeh has made great contributions to the Department of Surgery and Cancer Center, and is poised to make an even greater impact in the future	\$57,520	23.82%	\$241,480	\$252,480	\$299,000	5/1/2015
25	Academic Affairs	Lisa Zerden	School of Social Work	Clinical Assistant Professor	Increase based on additional duties as Associate Dean	\$25,718	42.26%	\$60,850	\$62,897	\$86,568	7/1/2015
26											
27											
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32											

No.	College/Division	Name	Department/School	Rank	Reason	Total Monetary Value of Non-Salary Compensation	Duration of Non-Salary Compensation	Effective Date	End Date
Non-Salary Compensation Actions									
0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Compensation Actions

No.	College/Division	Name	Department/School	Rank/Title	Reason	Justification	Requested Increase \$\$	Requested Increase %	June 30 Salary	Current Salary	Proposed Salary	Effective Date
1	VC Finance & Administration	Hennessey, Patricia	Finance and Administration	Executive Director, Continuous Improvement and Business Intelligence	External Competitive Event	This is a promotion resulting from an open, competitive, external recruitment where there were 95 applicants, and 10 candidates were interviewed. In the current position (Associate Dean for Finance and Administration Technology), the duties include working with the Dean to develop the five-year strategic fiscal plan; developing and managing annual \$28M operating budget; leading and developing business, technology, and operational initiatives; and supervising a finance team of three and an IT team of five. In the new role (Executive Director Continuous Improvement and Business Intelligence), the duties will include developing strategies, reports, and plans to implement business intelligence tools; identifying business transformation opportunities and developing specific proposals to initiate process improvement projects; staffing and executing business transformation projects; providing functional oversight of finance portion of University's ConnectCarolina business system; and providing oversight and supervision of subordinate department heads. The requested salary results in a market index of 80% and creates no equity issues. The employee meets the education and experience requirements for this classification with a Bachelor's Degree in Accounting and 21 years of related experience.	30,000	25.00	120000.00	120,000	150,000	04/13/15
2	VC Finance & Administration	Perrin, Carly	Finance and Administration	Executive Director, Finance and Financial Shared Services	External Competitive Event	This is a promotion resulting from an open, competitive, external recruitment where there were 56 applicants, and 10 candidates were interviewed. In the current position (Director of Administration - Facilities Services), the duties include leading and directing business, financial management, and administrative units of the Facilities Services Division, including budgeting and accounting for operating funds totaling more than \$150M. In the new role (Executive Director of Finance and Financial Shared Services), the duties will include overseeing day-to-day finance, accounting, budget, and financial shared services operations of Finance & Administration; developing funding plans, budgets, policies, processes, and financial models; implementing the Division's first shared services financial operation; acting as principal liaison on financial matters; implementing Division-wide financial controls; and providing oversight and supervision of subordinate financial business units. The requested salary is commensurate with other similarly situated employees, results in a market index of 95%, and creates no equity issues. The employee meets the education and experience requirements for this classification with a Master's Degree in Public Administration and 16 years of related experience.	23,011	18.86	121989.00	121,989	145,000	04/13/15

The University of North Carolina at Chapel Hill - EXECUTIVE SUMMARY (EPA Non-Faculty)
Board of Trustees - April 2015 Mail Ballot

3	VC Finance & Administration	Reid, Allison	Finance and Administration	Executive Director, Communications and Marketing	External Competitive Event	This is a promotion resulting from an open, competitive, external recruitment where there were 84 applicants, and 7 candidates were interviewed. In the current position (Assistant Dean for Communications), the duties include managing public and media relations for the law school, editing Carolina Law magazine, managing a staff of freelance writers, developing electronic outreach strategy, and leading the rebranding and direct marketing effort for admissions. In the new role (Executive Director for Communications and Marketing), the duties will include directing and overseeing the division’s communications and marketing operations, implementing the Division's first shared services communications operation, serving as principal liaison between communications shared service organization and various entities, and leading and supervising a collaborative team of communication professionals. The requested salary is commensurate with other similarly situated employees, results in a market index of 72%, and creates no equity issues. The employee meets the education and experience requirements for this classification with a Master’s Degree in Mass Communication and 14 years of related experience.	29,100	35.97	80900.00	80,900	110,000	04/13/15
4	University Library	Dean, Jacqueline	University Library	Associate Librarian	Additional Duties	This is a salary adjustment related to a permanent increase in job duties or responsibilities. The current duties include processing materials in the Southern Historical Collection and General Manuscripts, setting the direction and selecting collections for processing, and training and directing the work assigned to graduate research and undergraduate student employees. The new additional duties will include identifying and implementing departmental priorities, supervising all EPA and SPA staff in the archival processing unit, negotiating work priorities for all special collections archival processing with curators, managing departmental budget and developing annual report for Wilson Library Technical Services, representing the department at	10,552	19.00	55548.00	61,100	66,100	04/01/15
8							0	#DIV/0!				
9							0	#DIV/0!				
10							0	#DIV/0!				

The University of North Carolina at Chapel Hill - EXECUTIVE SUMMARY (EPA Non-Faculty)
Board of Trustees - April 2015 Mail Ballot

No.	College/Division	Name	Department/School	Rank		Reason	Total Monetary Value of Non-Salary Compensation	Duration of Non-Salary Compensation	Effective Date	End Date	
Non-Salary Compensation Actions											
1	None										
2											

Information Items												
No.	College/Division	Name	Department/School	Rank/Title	Reason	Justification	Requested Increase \$\$	Requested Increase %	June 30 Salary	Current Salary	Proposed Salary	Effective Date
1	School of Medicine	Roougie, Marie	Cell Biology and Physiology	Senior Research Associate	External Competitive Event	Approved by UNC System President. This is a promotion resulting from an open, competitive, external recruitment where there were 11 applicants, and 3 candidates were interviewed. In the current position (Research Associate), the duties include ordering supplies, inventory management and organizing DNA library, hiring and training of undergraduate students for general lab duties, and maintaining equipment in the lab. In the new role (Sr. Research Associate), the duties will include participating in a major research project for the development of Rett syndrome therapeutics, performing independent experiments, preparing neuron cultures, performing anatomical studies to examine brains of mice, mouse colony maintenance, genotyping, and writing portions of grants. An increase was granted in July 2014 for additional duties. There are no comparable positions within the work unit. The requested salary results in a market index of 70%. The employee meets the education and experience requirements for this classification with a Master’s Degree in Pharmacology and 8 years of related experience.			45000.00	48000		



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Mail Ballot
Board of Trustees
April 27, 2015

Chancellor Carol Folt submits for your review and approval the EPA Faculty Personnel and EPA Non-Faculty Compensation Actions as recommended for April 2015. This mail ballot will be approved as part of the consent agenda at the Full Board meeting on Thursday, May 28, 2015.

The undersigned votes as follows with recommendation to these proposed actions as presented by the Chancellor.

	Approve	Disapprove
EPA Faculty Salary Increases and Tenure Promotions (Attachment A)	<input type="checkbox"/>	<input type="checkbox"/>
	Approve	Disapprove
EPA Non-Faculty Compensation Actions (Attachment B)	<input type="checkbox"/>	<input type="checkbox"/>

Signature_____

Printed Name_____

Date_____

Please fax to TJ Scott at (919) 962-1647 or email at tj_scott@unc.edu

This mail ballot was approved by majority vote on April 30, 2015 by the following trustees: Lowry Caudill, Alston Gardner, Jeff Brown, Haywood Cochrane, Chuck Duckett, Steve Lerner, and Dwight Stone



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

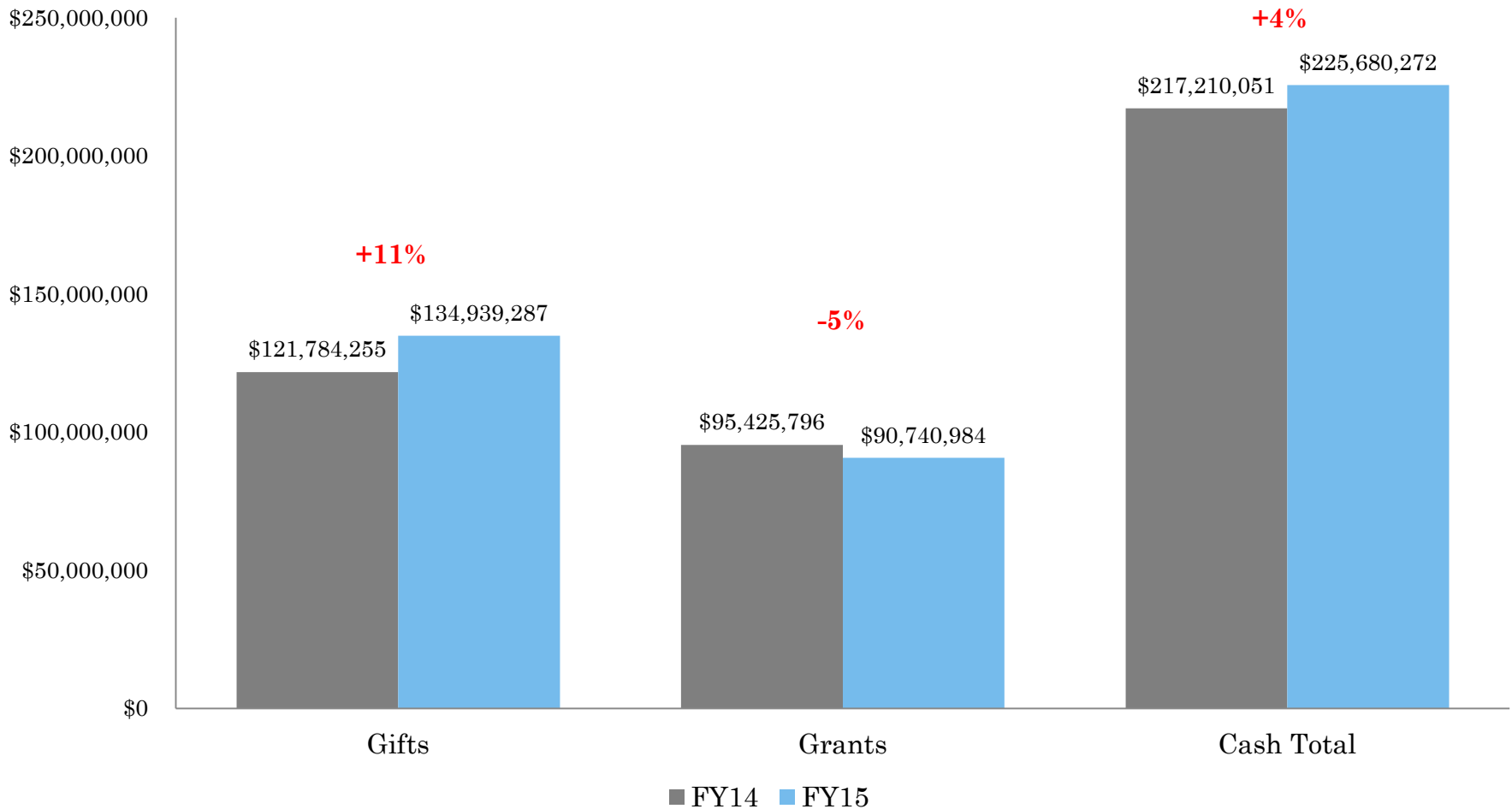
Development Update

May 2015

Meeting of the UNC-CH Board of
Trustees

David S. Routh
Vice Chancellor for Development

Cash Totals

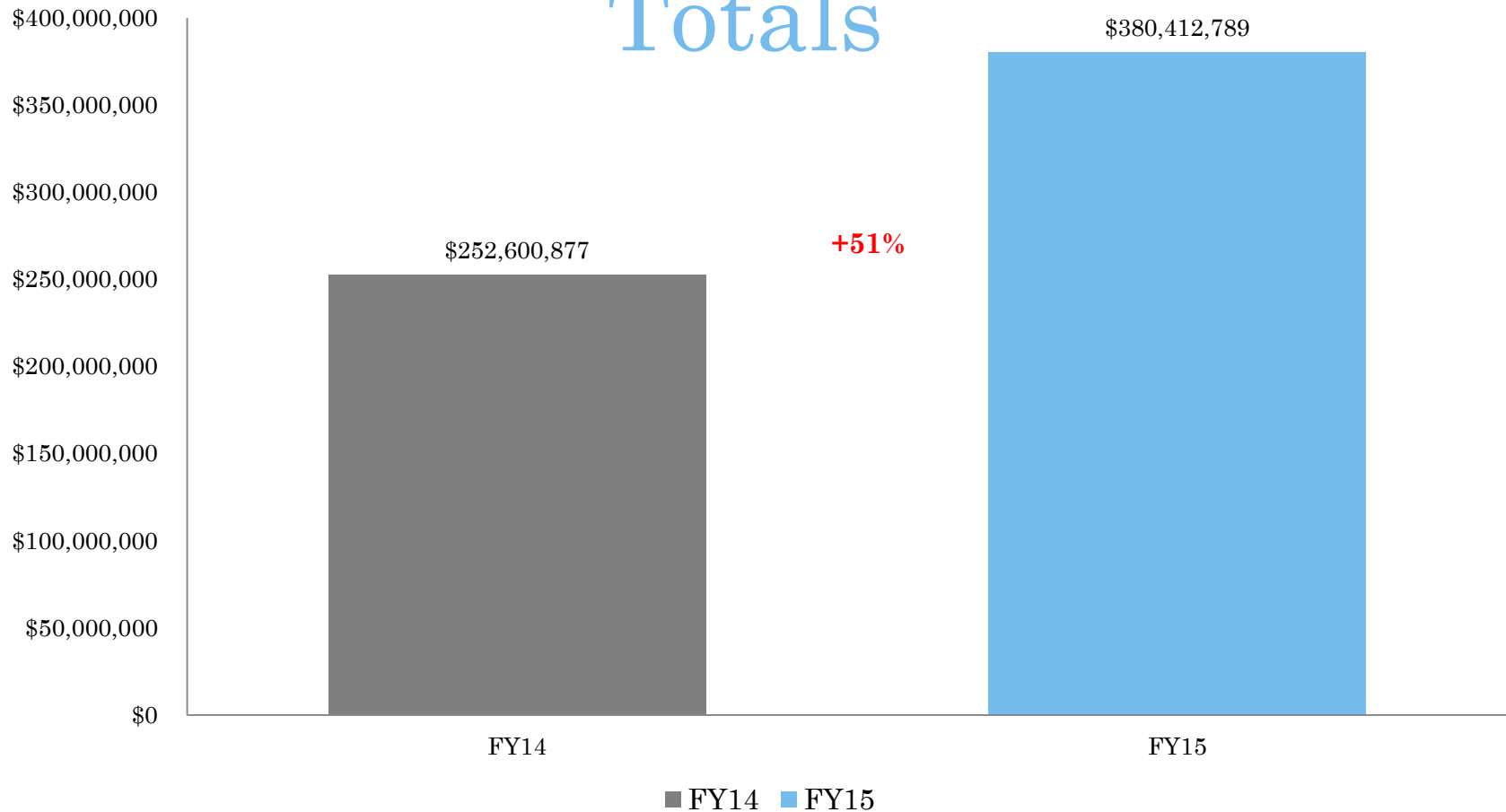


YTD Comparison as of May 19, 2015



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

New Cash and Commitments Totals

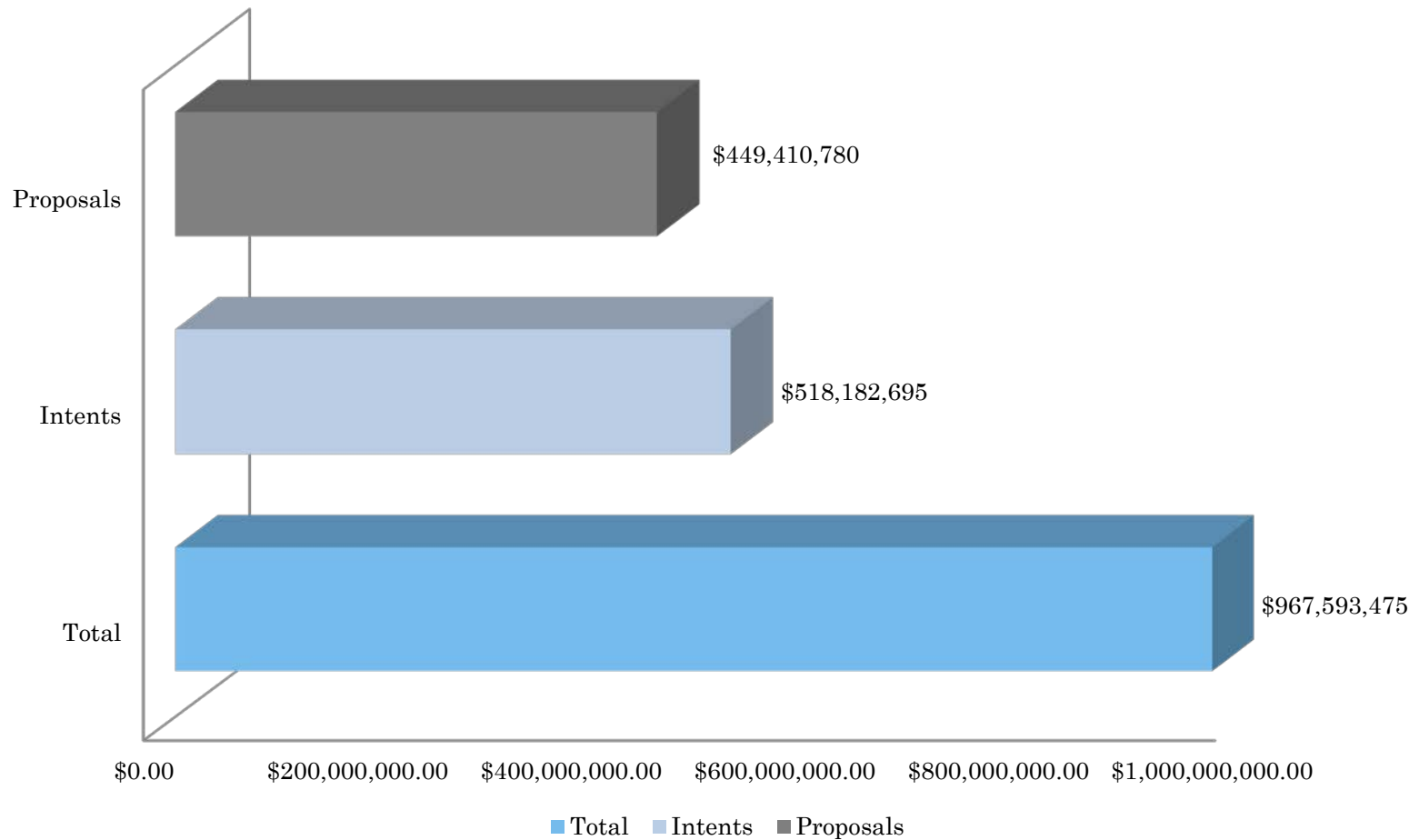


YTD Comparison as of May 19, 2015



THE UNIVERSITY
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The Pipeline



GSK and UNC-CH Partnership

- First public-private partnership of its kind aimed at curing HIV/AIDS
- GSK will initially invest \$20 million over five years (renewable)
- Creates HIV Cure Center on UNC campus for research and Qura Therapeutics to handle business and intellectual property
- Attracting interest from other funders



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

Invest in Carolina

giving.unc.edu

ATTACHMENT A

DESIGNER SELECTION - DAVIE HALL, GARDNER HALL AND LINEBERGER CANCER CENTER ELEVATOR REPAIRS

This project will repair the elevators in Davie Hall, Gardner Hall and Lineberger Cancer Center with new control systems. Other repairs will be made to address the current elevator code deficiencies.

The project budget is \$2,035,375 and will be funded by University funds.

This project was advertised on April 1, 2015. Eight proposals were received. Four firms were interviewed on May 5, 2015. Members of the Board of Trustees did not participate in the interviews.

The committee recommended the selection of the three firms in the following priority order:

- | | |
|-----------------------|-----------------|
| 1. John B. Hawkins | Chapel Hill, NC |
| 2. The Wooten Company | Raleigh, NC |
| 3. Moseley Architects | Morrisville, NC |

The firms were selected for their past performance on similar projects, strength of their consultant team and knowledge and experience with campus projects.

RECOMMENDED ACTION

A motion to approve the three firms in the following priority order:

- | | |
|-----------------------|-----------------|
| 1. John B. Hawkins | Chapel Hill, NC |
| 2. The Wooten Company | Raleigh, NC |
| 3. Moseley Architects | Morrisville, NC |



April 17, 2015

Tom Loter, AIA, LEED AP
Department of Facilities Planning & Design
103 Airport Drive
Campus Box # 1090
University of North Carolina at Chapel Hill
Chapel Hill, NC 27599-1090

RE: **Elevator Modernization
Davie Hall, Gardner Hall & Lineberger Cancer Center
The University of North Carolina at Chapel Hill**

Dear Mr. Loter,

Thank you for the information on the proposed elevator modernization at Davie Hall, Gardner Hall and Lineberger Cancer Center on the campus of the University of North Carolina at Chapel Hill. With Dewberry Engineers, Inc., a multi-disciplined consulting engineering firm in Raleigh, NC, I believe that we have in place a team with current and recent elevator design experience that is eminently qualified to meet this project's requirements. We would like very much to be considered to provide the architectural and engineering services for it.

Since this firm was formed in 1994, I have made elevator modernizations a major focus of our design work. Our experience in this specialized project type has been gained in association with a variety of different user-clients, including several campus' in the UNC System and numerous State agencies. Last spring, work was begun on a second bid package of elevator modernization which we designed at **Central Prison** in Raleigh, NC for the NC Department of Public Safety. This project, which began with a comprehensive Condition Assessment and Modernization Plan prepared in 2009, will include the complete equipment replacement of 8 of the 16 elevators in that facility. The modernization of the first 8 elevators was completed in the first bid package in 2012.

We have also designed several key elevator modernizations at **UNC – Chapel Hill**. In 2008, we completed work on the replacement of critical elevators at two buildings at the School of Medicine: the Morgue Elevator at the Brinkhous-Bullitt building – which serves the office of the NC State Medical Examiner, and the primary passenger elevator serving MacNider Hall. Other elevator projects we have completed at UNC:

- Frank Porter Graham Child Development Institute (2010)
- Beard Hall (2009)
- Mary Ellen Jones Building (2006)
- Hamilton Hall (2005)
- South Building (New elevator - 2002)
- Brinkhous Bullitt Building (1997)

This year, construction will begin on elevator modernizations at another elevator in MacNider Hall, and the two-car group at Brauer Hall at the UNC School of Dentistry. We are also pleased to have had the opportunity in recent months to work with Facilities Planning and the UNC Housing group on the plans for the elevator Modernization at Craige Residence Hall.

We have also begun or completed elevator projects at other university campus' including **East Carolina University** (5 Hi-Rise Residence Halls , Graham Building, Jenkins Cancer Center, Brody Building), **UNC-Greensboro** (Jackson Library; Eberhart Building, Mossman Building), **Duke University** (Allen Building, Bryan Center) and **Virginia Polytechnic Institute and State University** (Norris Hall).

Construction will be completed this Spring on the modernization of the six elevators (five traction and one hydraulic) at the **Kendall Complex** in Raleigh – the former old Rex Hospital – for the Employment Security Commission of the NC Department of Commerce. As in many of the elevator projects we have designed which involve multiple sites, we have specified that the work at the Kendall Complex be carefully phased to cause minimal disruption to the staff and the 24-7 operations of this critical State agency.

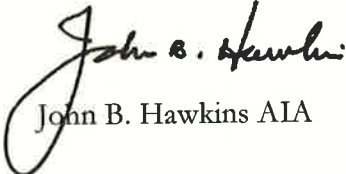
Dewberry Engineers, Inc. is a full-service consulting engineering firm located in Raleigh. With corporate headquarters in northern Virginia, the Raleigh office was opened in 1984 to serve the central North Carolina region. Since that time, they have performed the civil, structural, mechanical, electrical, plumbing, and telecommunications engineering design of a broad range of institutional / educational projects throughout central North Carolina. They have served as our engineering consultants on many of the elevator projects described above as they have on most of our major University projects in the last thirteen years.

Each of our companies has designed a number of state-owned projects which has resulted in regular contact with the NC State Construction office and, for elevator-related projects, the Department of Labor. We feel that this experience has given us the ability to respond to these agencies' requirements efficiently and to respect the job they do in protecting the interests of the citizens of North Carolina.

In all of our work, we strive to employ sustainable design and building practices. We have made responsiveness, compliance with project budgets and schedules, and sound design the main priorities of our professional service. Our office is conveniently located here in Chapel Hill at 312 West Franklin Street, a short walk from the UNC campus.

We include with this letter copies of our Standard Form 330 and some background information on our firms. Please do not hesitate to contact me if I can answer any questions you have or if you would like additional information. Thank you for your attention.

Sincerely,
JOHN B. HAWKINS • AIA • ARCHITECT



John B. Hawkins AIA

ATTACHMENT B

DESIGNER SELECTION – TAYLOR HALL FIRE SAFETY IMPROVEMENTS

This project will address the shaft penetrations and other fire safety issues in Taylor Hall.

The project budget is \$1,896,000 and will be funded by University funds.

This project was advertised on February 10, 2015. Six proposals were received. Three firms were interviewed on April 29, 2015. Members of the Board of Trustees did not participate in the interviews.

The committee recommended the selection of the three firms in the following priority order:

- | | |
|-------------------|-------------|
| 1. RND Architects | Durham, NC |
| 2. McKim & Creed | Raleigh, NC |
| 3. RDK Engineers | Durham, NC |

The firms were selected for their past performance on similar projects, strength of their consultant team and experience with campus projects.

RECOMMENDED ACTION

A motion to approve the three firms in the following priority order:

- | | |
|-------------------|-------------|
| 1. RND Architects | Durham, NC |
| 2. McKim & Creed | Raleigh, NC |
| 3. RDK Engineers | Durham, NC |



March 02, 2015

Ms. Amy Dean, PE
University of North Carolina at Chapel Hill
Facilities Planning & Design Department
Giles F. Horney Building
103 Airport Drive, Suite 202, CB #1090,
Chapel Hill, NC 27599-1090

Re: UNC-CH Taylor Hall Improvements to Meet Fire Safety Needs

Dear Ms. Dean:

We are pleased to submit our team's credentials for the UNC-CH Taylor Hall Improvements to Meet Fire Safety Needs project. We have assembled a team of professionals with a great depth of experience and expertise with elevator replacement projects.

RND Architects, who has 28 years of experience in renovating university facilities in North Carolina, will lead our design team. Approximately 85% of our work consists of renovation projects and we have completed several similar to your project at NCSU, ECU, Elon University, the Governor Morehead School for the Blind, City and County of Durham and other State owned facilities. Our team provides you with a comprehensive blend of local knowledge and skills for collaboration during the planning, design, and construction process. We understand the level of investigation and assessment it takes to successfully deliver this project on schedule and within budget. Additionally, we have in-depth knowledge of ADA code compliance, State Construction Office guidelines, and modernizing vertical transportation systems.

Please let me know if there is any additional information we can provide or questions that you may have. We appreciate the opportunity to submit our proposal and thank you for your consideration.

Sincerely,
RND Architects, PA

A handwritten signature in blue ink, appearing to read 'C. Nickelson', is written over a light blue circular stamp.

Charles J. Nickelson, AIA, LEED AP
Principal

PROPERTY ACQUISITION BY LEASE – PERFORMANCE SPACE – CAROLINA PERFORMING ARTS

This request is to acquire approximately 8,400 square feet of performance space from Cousins Properties/Northwood Ravin, Inc. at the new Carolina Square development located at 123 West Franklin St. in Chapel Hill. This space will be used by Carolina Performing Arts as a small venue theater, innovation lab and studio. The program will be known as The Core@Carolina Square. This space will allow Carolina Performing Arts to expand their performance offerings and facilitate collaboration among artists, faculty, students and town residents. The Core@Carolina Square helps fulfill the vision of Carolina Square as being a centerpiece for arts, entertainment, commerce and community in the heart of downtown Chapel Hill. The lease term will be 10 years at an initial annual rate of \$226,800, inclusive of utilities and janitorial costs, with a 2.5% annual escalation. Occupancy is expected spring 2017.

RECOMMENDED ACTION

A motion to recommend approval to acquire performance space by lease as described above.

ATTACHMENT D

PROPERTY ACQUISITION BY LEASE – OFFICE SPACE – FRANK PORTER GRAHAM CHILD DEVELOPMENT INSTITUTE

This request is to acquire approximately 23,532 square feet of office space from Sheryl Mar Company, LLC, located at 521 South Greensboro St. in Carrboro, for use by the Frank Porter Graham Child Development Institute (FPGCDI). The FPGCDI is currently located in leased space within this building, leased space in an adjacent building with a common Lessor, and in a University owned building. The lease terms for this lease will mirror the terms for the lease in the adjacent building. The initial annualized rent will be \$484,289 and will increase 2.5% annually. The lease term is for eight years, seven months and will terminate December 2023. Utility and janitorial costs will be paid by tenant at approximately \$60,000 annually.

RECOMMENDED ACTION

A motion to recommend approval to acquire office space by lease as described above.

ATTACHMENT E

FOR INFORMATION – THE PIT AREA SIDEWALK IMPROVEMENTS

This project will improve the walkways and other site amenities around the Pit area. This area has a number of issues related to aging pavement and landscape. Differential settling of the sidewalk over time has resulted in many potential tripping hazards and water ponding during rainfall events. Additionally, aging trees have caused pavement upheaval and are in decline. Pedestrian congestion is an ongoing problem related to the current configuration of site walls and landscape material. This project seeks to remedy these issues.

The project budget for Phase 1 is \$1.0M and will be funded by University funds.

The Chancellor's Buildings and Grounds Committee approved the Phase 1 project at its May 2015 meeting.

The design is presented to the Board of Trustees for information.

No formal action is requested at this time.

ATTACHMENT F

REPORT TO THE FINANCE
AND INFRASTRUCTURE
COMMITTEE
OF THE
BOARD OF TRUSTEES

Internal Audit Department

University of North Carolina
at Chapel Hill

May 27, 2015

UNC - CHAPEL HILL
INTERNAL AUDIT DEPARTMENT
SUMMARIES OF AUDIT ACTIVITIES AND PROJECTS COMPLETED AND IN PROCESS
JANUARY 1 TO MAY 3, 2015

University-wide Follow-up Review – this review determines the status of previous audit findings – if findings have been corrected; if satisfactory progress is being made to resolve an issue; if corrective action is incomplete due to unforeseen circumstances; or if findings issues that should have been corrected have not been resolved. Complete.

Overall, action taken to resolve previously reported issues has been satisfactory; approximately 95% of previously reported issues were resolved or management was making satisfactory progress to resolve the issues. However, management had not taken satisfactory action to resolved approximately 3% and accepted the risks of not fully resolving approximately 2% of the findings. None of these last two groups of findings create an unacceptable level of risk.

We have revised our audit follow-up process. Instead of doing less frequent follow-up reviews of the status of all uncorrected, prior audit findings, we will review the status of findings in individual reports or a group of reports. While this change makes it harder to present an overall picture of the status previously identified issues, it will allow more timely assessment and reporting.

Development Travel Follow-up – assesses corrective action taken to resolve governance and internal control issues related to travel costs for and use of corporate credit cards development officers. The draft report is with management.

The previously identified issues were fully resolved. However, we found a separate issue related to the University's policy for mobile communication devices (MCD). Development and University management is reviewing and considering revisions to the existing MCD policy.

Electrical Distribution Services – requested by management - a review of processes and transactions related a variety of fiscal areas and of management reports for monitoring these activities. The draft report is with management.

We found that additional management reports were needed so that the Energy Services central business office could better monitor activity in Energy Services divisions. We also identified questioned costs related to vehicle repair, unusual patterns of fuel purchases and use; a need for improved capture of information about fuel pumped by vehicle; frequent sharing of purchasing cards; and incomplete supporting documentation for some purchasing card charges.

Good management reports were available for eProcurement purchases in the past but were harder to obtain for purchasing card transactions and other purchases. This issue is a broader, university-wide one.

Management has proposed satisfactory corrective action with appropriate time frames for completion.

School of Law – a financial, compliance, and operational review of fiscal processes in the School. In process.

UNC - CHAPEL HILL
INTERNAL AUDIT DEPARTMENT
SUMMARIES OF AUDIT ACTIVITIES AND PROJECTS COMPLETED AND IN PROCESS
JANUARY 1 TO MAY 3, 2015

Women's Studies – a financial, compliance, and operational review of the department; requested by management. We found that supporting documents for travel were sometimes missing or incomplete. We referred these items to management for resolution and will be working with individual in the department to try to obtain additional documentation. We also found that some unallowable travel expenses needed to be reimbursed; management is working to recover those funds. Financial support for the department has been transferred to a unified business center in the College of Arts and Sciences. Fieldwork is complete.

Orthodontics – assistance to management with a review of processes and transactions related to acquisition of dental molds and implants for patient care and instructional purposes. Potential issues related to procurement and patient information.

Learn NC – limited review of activity in sponsored awards managed by the School of Education. The review will focus on allocability of costs and the nature of financial information provided to award principal investigators.

Center for Health Promotion and Disease Prevention – a financial, compliance, and operational review of fiscal processes in the Center particularly those related to retro-active salary changes and other grant management activities. We found issues related to grant management and are working with center management to identify ways to resolve these issues.

Large Equipment Repair Contract – review of procurement and management of a contract for repair services for large equipment. We found that procurement was handled correctly and that an appropriate process was used to allocate work between the two repair providers. The contract in question has expired and repair services are obtained through a central State of North Carolina contract.

Coal Sorbent Contract – review of procurement process related to purchase of limestone and similar materials used to reduce sulfur-dioxide emissions from the University's coal-fired boilers. Also, reviewing monitoring processes related to sorbent quality and performance.

North Carolina Institute of Medicine (NCIOM) – assistance to NCIOM with a review of charges to an Institute-owned corporate credit card.

Auxiliary Services Equipment – referral from the Office of the State Auditor – review of equipment acquisition and management related to Dining Services.

Lineberger Cancer Center Grants - referral from the Office of the State Auditor – review of cost management related for sponsored funds.

UNC - CHAPEL HILL
INTERNAL AUDIT DEPARTMENT
SUMMARIES OF AUDIT ACTIVITIES AND PROJECTS COMPLETED AND IN PROCESS
JANUARY 1 TO MAY 3, 2015

Environmental Sciences and Engineering – a financial, compliance, and operational review of activities related to time keeping, travel, and procurement.

2014 A-133 Federal Compliance Audit Follow-up – assesses the adequacy of action taken to resolved three findings from the A-133 (federal compliance) audit done by the Office of the State Auditor. This review is mandatory.

In order to maintain the University's status as Special Responsibility Constituent Institution, University management is required to resolved or made satisfactory progress toward resolving all State Auditor findings within 90 days of the release of a report.

On-going Advisory Projects and Committee Work

- PeopleSoft conversion
- HIPAA Security Liaisons;
- University-wide Committee on the Protection of Personal Data;
- Board of Trustees Enterprise Risk Management Task Force;
- CERTIF;
- IT Governance Committee;
- Policies and Procedures Audit Working Group;
- Integrity Working Group; and
- Other short-term projects done to assist management with identifying and managing risks.

Other Activities

- Review of structure the Internal audit Department and reclassification of two auditor positions from Journey to Advanced. This change provides a clearer career path and opportunities for advancement for audit staff and should improve recruiting opportunities when future vacancies occur.
- Hosted an *Establishing Risk Management and Controls for State Government* webinar for university employees. Also attended by internal audit staff from North Carolina Central University; auditors from other UNC schools and General Administration were invited but no one else could attend.
- Participated in creation of the *Best Practices Guidance for UNC System Internal Audit Offices: Information Technology Risk Assessment*, and
- Began expansion of data analytics using existing techniques and use of ACL software to develop more powerful analytics.

**UNC Internal Audit
Use of Audit Resources
Summary of Audit Hours Used - FY 2015 as of May, 3, 2015**

	<u>Budgeted</u>	<u>Pro-Rated Budget -1-</u>	<u>Hours Charged</u>	<u>Variance (Over)/Under</u>	
Total Hours Available	13,520				
<u>Less:</u> Unplanned Vacancies -2-	0	0	1,733	(1,733)	
<u>Less:</u> Training & Professional Development	(520)	433	502	(69)	
<u>Less:</u> Leave	(2,192)	1,827	2,350	(523)	-3-
<u>Less:</u> Other Administrative Time -4-	(1,533)	1,278	912	365	
Total for Leave & Administrative	(4,245)	3,538	5,497	(1,960)	
Hours Available for Projects	9,275				
Routine Audits	2,500	2,083	1,615	468	
Annual Projects	1,150	958	510	449	
Audit Related	1,450	1,208	1,177	32	
PeopleSoft Training	1,500	1,250	510	740	
Unplanned Projects	2,500	2,083	2,284	(200)	
Total Scheduled/Charged	9,100	7,583	6,094	1,489	
Under/<Over> Scheduled	175				

-1- = pro-rated for 10 months

-2- = anticipated filling one vacant position by January 1, 2015; had an unexpected departure January 2, 2015.
Delayed filling these position while reviewing department structure and evaluating positions upgrades.

-3- = primarily due to staff members being out a total of approximately eight weeks for unanticipated medical leave.

-4- = meetings, professional reading, and other office activities

UNC Internal Audit
2014/15 Audit Schedule as of May 3, 2015

Planned Audits

Complete

University-wide Follow Up
School of Dentistry

In Process

Development Travel Follow-up
School of Law

Scheduled

Human Resources
WUNC - FM
Grant Close-out Process - Departments
Friday Center

Annual Projects

Complete

2013 Office of the State Auditor A-133 Follow-up (added)

On-Going

Enterprise Resource Planning

In Process

2014 Office of the State Auditor A-133 Follow-up (added)

Scheduled

UNC FIT 2015

Audit Related

On Going

Continuous Auditing
Office Systems
BoT ERM Task Force
HIPAA Security Liaison
University Committee on the Protection of Personal Data
IT Governance Committee & Data Custodian Work
CERTIF (PCI Standards)
Audit Committee
Audit Planning
General Administration IT Best Practices
Audit Process Improvement
Multiple Short-term Advisory Projects

Special Projects & Management Requests

Complete

Neurology
Public Health - Environmental Sciences & Engineering

UNC Internal Audit
2014/15 Audit Schedule as of May 3, 2015

Multiple Other Special Reviews

In Process

Women's Studies
Orthodontics
Learn NC
Health Promotion and Disease Prevention
Large Equipment Repair Contract
Electrical Distribution Services
Coal Sorbent Contract
Auxiliary Equipment -1-
Lineberger Cancer Center Grants -1-
Environmental Sciences & Engineering #2
Multiple Other Special Reviews



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

Division of Finance and Administration

UNC-Chapel Hill Financial Update



Photo credit: Sam Kittner '85

Matthew M. Fajack
Vice Chancellor for Finance and Administration
May 27, 2015



Revenues by Fiscal Year

General Fund Revenue by Fiscal Year: Recent History and Forecast

	2011-2012 Actual	2012-2013 Actual	2013-2014 Actual	2014-2015 Budget	2014-2015 Revised	2015-2016 Budget	Percent Change	2016-2017 Budget	Percent Change
Tax Revenue									
Individual Income	10,272.1	10,953.1	10,272.4	10,885.4	10,471.0	10,859.3	3.7%	11,342.0	4.4%
Sales and Use	5,257.6	5,294.1	5,566.5	6,244.4	6,390.0	6,715.8	5.1%	7,046.1	4.9%
Corporate Income	1,132.8	1,191.7	1,356.9	1,095.2	1,204.0	1,134.5	-5.8%	1,085.7	-4.3%
Franchise	612.5	660.1	697.0	543.1	480.0	524.5	9.3%	533.6	1.7%
Insurance	460.4	521.5	440.9	508.7	463.0	478.3	3.3%	494.6	3.4%
Beverage	287.4	298.6	306.0	310.9	314.3	324.1	3.1%	336.8	3.9%
Estate	58.1	111.4	19.3	-	1.3	-	-100.0%	-	n.a
Licenses	48.5	46.1	50.0	48.6	51.8	53.8	3.9%	55.3	2.8%
Tobacco Products	270.9	255.4	255.5	248.7	244.6	241.9	-1.1%	239.3	-1.1%
Real Estate	-	-	45.3	44.5	51.5	53.5	3.9%	54.9	2.6%
White Goods	-	-	1.5	1.2	1.6	1.7	6.3%	1.7	0.0%
Scrap Tire	-	-	5.0	3.5	5.2	5.3	1.9%	5.3	0.0%
Mill Machinery	36.2	36.9	35.5	35.0	36.1	36.6	1.4%	37.6	2.7%
Solid Waste	-	-	2.1	2.3	2.2	2.3	4.5%	2.3	0.0%
Piped Natural Gas	25.9	30.4	30.4	-	-	-	n.a	-	n.a
Gift	0.2	0.8	0.5	-	-	-	n.a	-	n.a
Misc.	1.9	0.4	1.5	1.1	1.2	1.2	0.0%	1.2	0.0%
Total Tax Revenue	18,464.5	19,400.5	19,086.3	19,972.6	19,717.8	20,432.8	3.6%	21,236	3.9%
Nontax Revenue									
Investment Income	17.8	12.5	17.3	11.3	14.5	15.7	8.3%	15.9	1.3%
Judicial Fees	258.8	249.9	235.8	244.5	229.9	228.9	-0.4%	226.6	-1.0%
Disproportionate Share Receipts	115.0	115.0	110.0	109.0	109.0	139.0	27.5%	139.0	0.0%
Master Settlement Agreement	n.a	n.a	164.6	137.5	137.5	137.5	0.0%	137.5	0.0%
Miscellaneous	310.4	442.8	246.9	233.4	230.3	182.6	-20.7%	185.8	1.8%
Insurance Department	72.3	72.6	73.4	77.0	75.2	76.2	1.3%	77.2	1.3%
Total Nontax Revenue	774.3	892.8	848.0	812.7	796.4	779.9	-2.1%	782	0.3%
Transfer									
Highway Fund	217.1	27.6	-	-	-	-	n.a	-	n.a
Highway Trust Fund	76.7	220.3	218.1	215.9	215.9	215.9	0%	215.9	0%
Total Transfers	293.8	247.9	218.1	215.9	215.9	215.9	0%	216	0%
Total General Fund Revenue	19,532.6	20,541.2	20,152.4	21,001.2	20,730.1	21,428.6	3.4%	22,234.3	3.8%



FY 2014-15 Governor's Budget Highlights – UNC System

- Provide in-state tuition for military veterans
 - \$4.4 million appropriated to continue to offer in-state tuition to qualifying nonresident veterans
- Funding enrollment growth
 - “An additional \$30.9 million is placed in a statewide reserve for distribution to UNC for the 2016-2017 academic year.”
- Establish the University Innovation Commercialization Grant Program
 - Provide \$2.5 million in 2015-2016 and \$5.0 million in 201-2017
- Increase Scholarships for children with disabilities to \$6,103,100 and providing approximately 800 students with scholarships
- Cap taxpayer expenditures on advancement programs at \$1 million per campus



Revenue Outlook

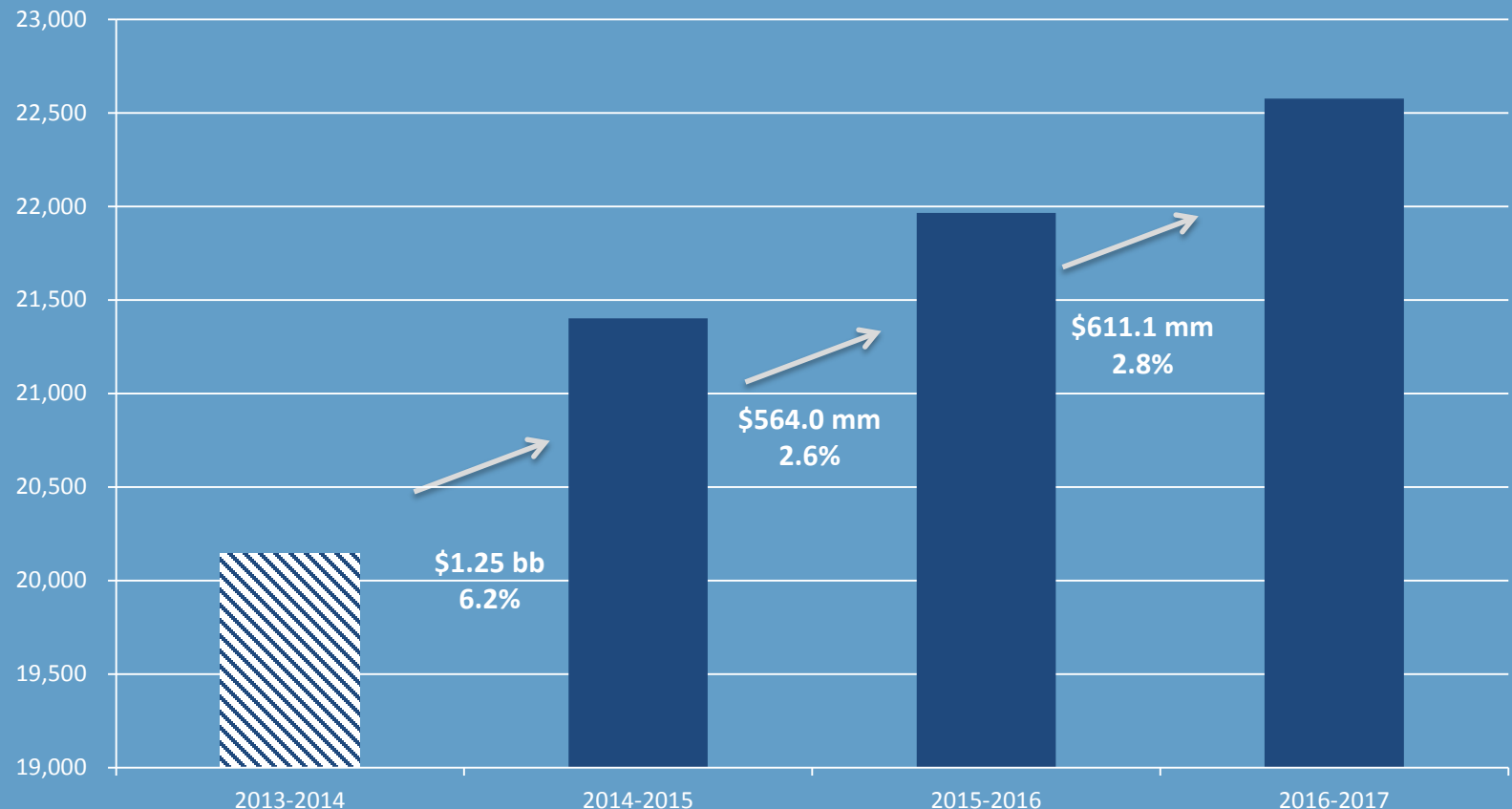
- Personal Income Tax collections in April were significantly improved over February estimates.
- There were a number of key drivers for this increase:
 - A cautious forecast in February meant greater upside risk
 - Growth in payments in April matched with other growth seen across North Carolina.
 - Significant decline in refunds (approx. 57%) due to tax law changes which allowed for more accurate withholding tables, thus reducing refund claims by taxpayers.



Consensus Forecast

General Revenue Fund (as of May 2015)

- Forecast expects FY2014-15 collections to be above the budgeted amount by \$400 million (up 2%) and for modest growth to occur during the next biennium.





UNC Operating Performance

Year-Over-Year Comparison

	CURRENT FY	PRIOR FY	CHANGE
REVENUES:			
TUITION AND FEES	\$464,214,918	\$432,891,310	7.2%
CONTRACTS & GRANTS	786,992,495	774,802,579	1.6%
STATE APPROPRIATIONS	334,622,095	318,129,415	5.2%
SALES OF SERVICES	648,544,155	677,692,568	-4.3%
CONTRIBUTIONS AND DONATIONS	100,348,751	104,339,876	-3.8%
INVESTMENT INCOME	2,673,846	5,253,842	-49.1%
TRANSFERS, NET	15,514,002	32,096,331	-51.7%
TOTAL REVENUES	2,352,910,262	2,345,205,921	0.3%
EXPENSES:			
EPA SALARIES	629,447,416	601,391,129	4.7%
SPA AND LEO SALARIES AND WAGES	224,806,789	224,011,009	0.4%
TEMPORARY SALARIES	26,267,532	25,770,666	1.9%
SUPPLEMENTS TO REGULAR WAGES	26,131,158	26,798,783	-2.5%
EMPLOYEE BENEFIT COSTS	226,363,308	221,840,613	2.0%
OTHER PERSONAL SERVICE PAYMENT	4,868,073	5,426,553	-10.3%
PERSONAL SERVICES	1,137,884,276	1,105,238,753	3.0%
PURCHASED SERVICES	346,490,456	328,166,117	5.6%
SUPPLIES	196,846,704	197,344,844	-0.3%
EQUIPMENT AND OTHER CAPITAL	31,628,889	23,883,483	32.4%
FINANCIAL AID AND SUBGRANTS	495,786,922	528,025,136	-6.1%
DEBT SERVICE, INDIRECT COSTS, OTHER	243,594,699	246,930,793	-1.4%
TOTAL EXPENSES	2,452,231,946	2,429,589,126	0.9%
NET INCREASE	(\$99,321,684)	(\$84,383,205)	17.7%



UNC Operating Performance

Key Variance Comments

- Tuition and Fees: Tuition rates for FY 14-15 for undergraduate residents remained stable. Tuition rates increased 11.7% for undergraduate non-residents (State legislated with offset to appropriations), 4.2% for graduate residents, and 1.4% for graduate non-residents.
- State Appropriations: Year-over-year difference driven by timing difference in draw down of allotments.
 - FY 13-14 Appropriations Budget: \$488,827,996
 - FY 14-15 Appropriations Budget: \$482,927,028
- Investment Income: Represents cash earnings distributions on operating funds.
 - Year-over-year money market rates of return dropped in half.
 - Does not include investment earnings on long-term investments (Distributions occur in June of every year).
- Transfer, Net: Year-over-year decrease driven by a decrease in State carry-forward from prior year.
- Equipment and Other Capital: Increases in IT equipment and library electronic subscriptions.

ATTACHMENT I

FOR INFORMATION – DEFERRED MAINTENANCE

This presentation is an overview of the current status of the campus deferred maintenance. The presentation will include a summary of the deferred maintenance backlog and a brief description of projects that will address some of the backlog.

The information is presented to the Board of Trustees for review and comment.

No formal action is requested at this time.



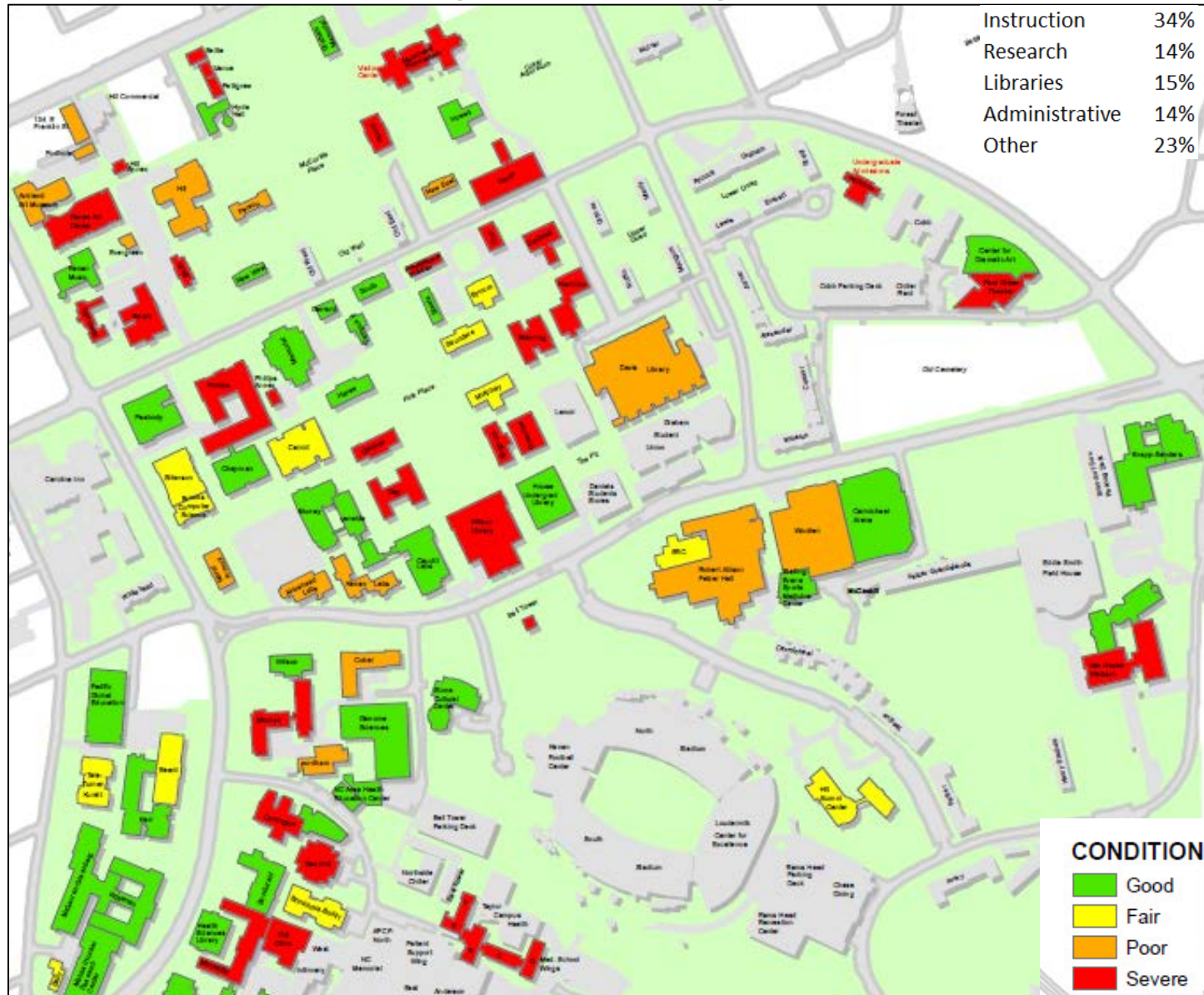
THE UNIVERSITY
of **NORTH CAROLINA**
at **CHAPEL HILL**

Presentation to the Board of Trustees

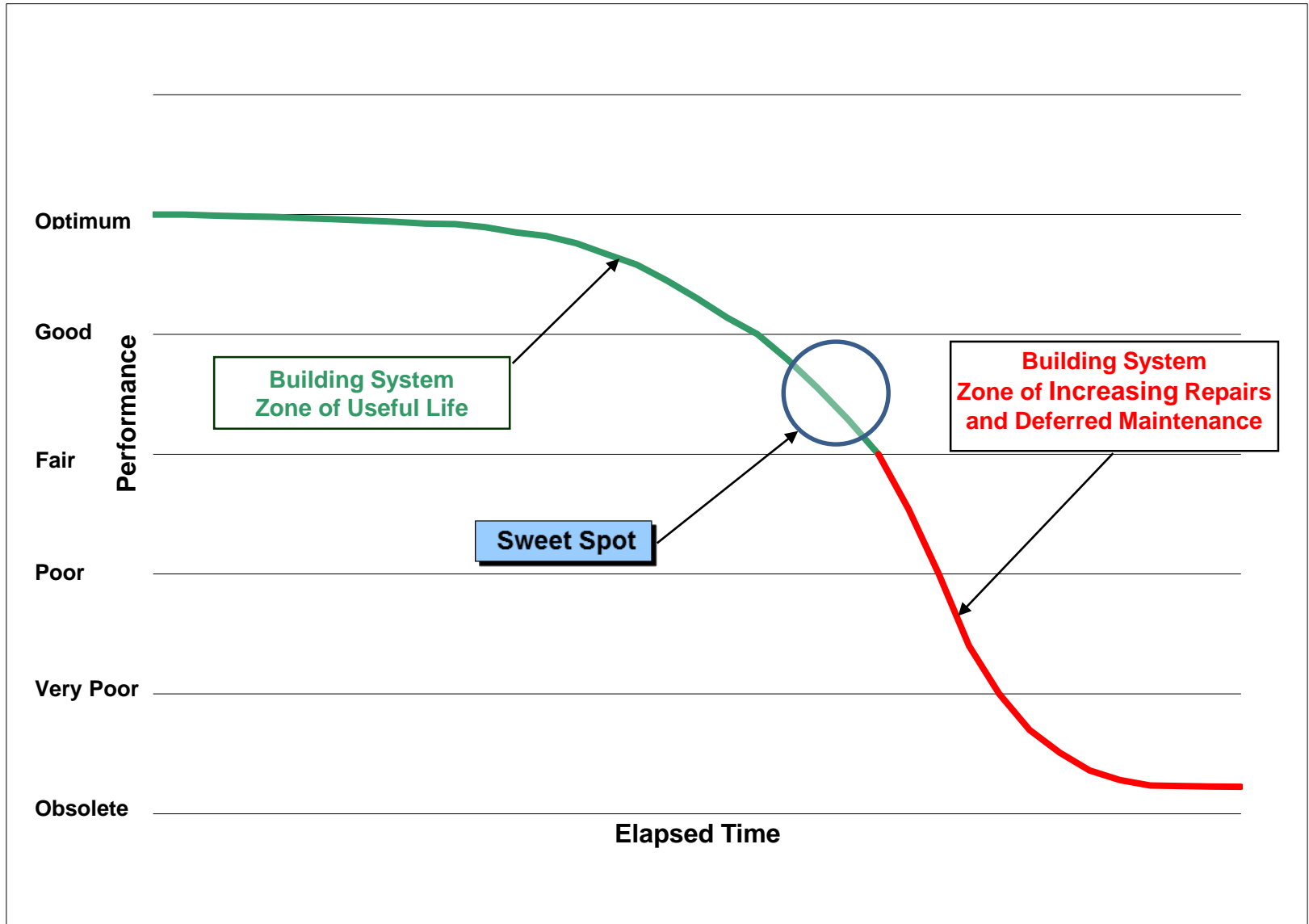
DEFERRED MAINTENANCE UPDATE

MAY 2015

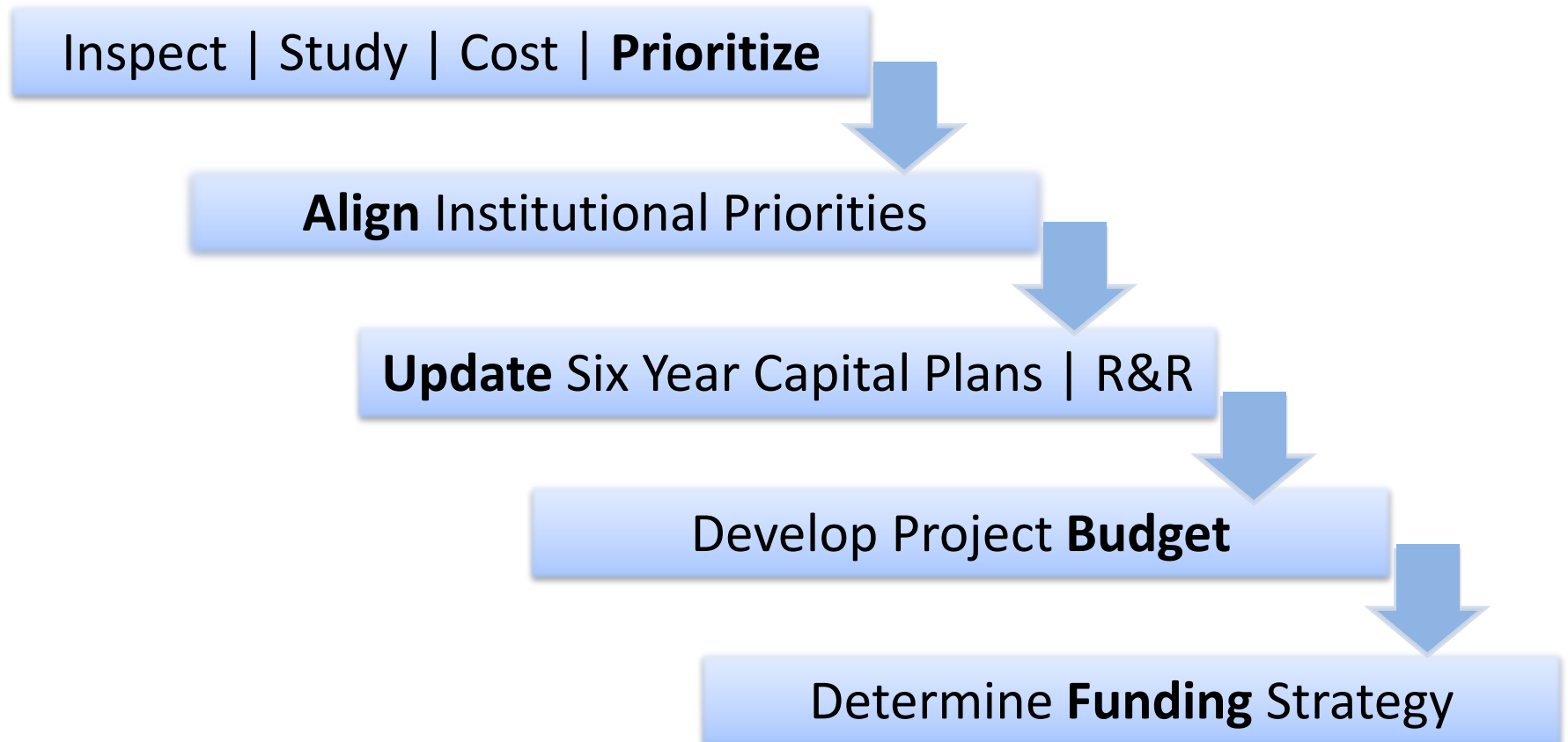
Central Campus Facility Condition



Life Cycle of Building Systems



Capital Planning and Deferred Maintenance Integration



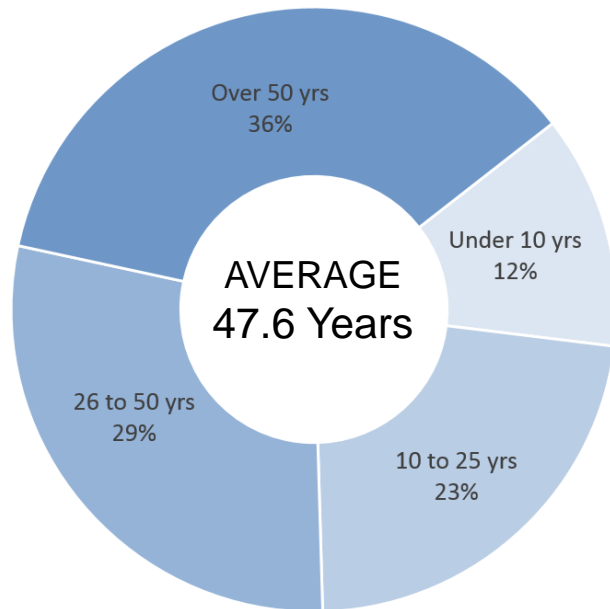
Six Year R&R Project List (\$169M)

Sample Project Listing

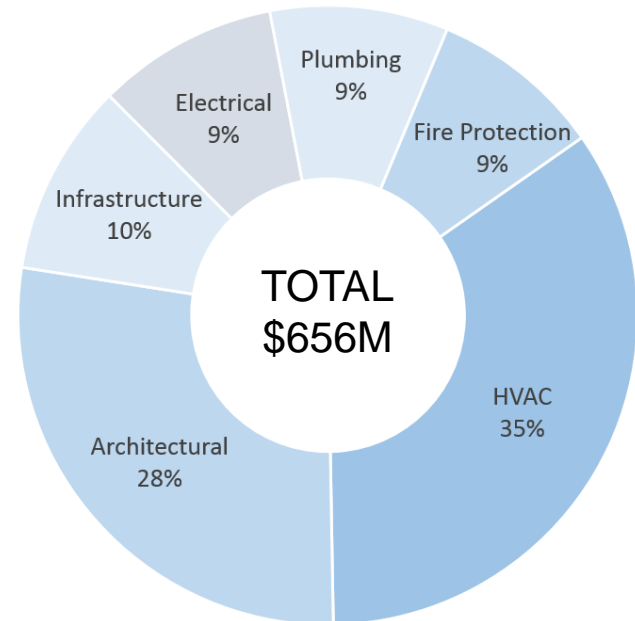
Project Category and Building Name	
Roof Replacement & Fall Protection - Wilson Library	\$ 500,500
Roof Replacement & Fall Protection - Davis Library	\$ 1,467,400
Roof Replacement & Fall Protection - Lineberger Cancer Center	\$ 715,000
Roof Replacement & Fall Protection - Sitterson Hall	\$ 227,700
Building Envelope Restoration - Carrington Hall	\$ 1,402,500
Building Envelope Restoration - Hamilton Hall	\$ 6,910,000
Replace Heating, Ventilating, and Air Conditioning System - Kenan Labs	\$ 6,346,000
Replace Heating, Ventilating, and Air Conditioning System - Morehead Chemistry Lab	\$ 5,924,000
Upgrade Heating, Ventilating, and Air Conditioning Controls - Davis Library	\$ 1,540,000
Modernization of Four Elevators - Wilson Library	\$ 1,760,000
Continuation of ADA Program - Campus-wide	\$ 3,960,000
Fire Sprinklers and Means of Egress Correction - Wilson Library	\$ 9,804,300
Life Safety / High Rise Code Upgrades - Kenan Laboratories	\$ 1,650,000
Install Fire Sprinklers - Carrington Hall	\$ 2,900,000
Window Replacement - Dey Hall	\$ 1,375,000
Window Replacement - Carrington Hall	\$ 1,980,000
Storm Water Improvements - Structural and Flooding Mitigation	\$ 14,000,000



Deferred Maintenance and Aging



Construction Age of Buildings



**Deferred Maintenance Backlog
Annual Inflation Cost of \$33M**



Classroom & Laboratory Examples



Phillips Hall – Interactive Classroom



Mechanical Examples (“Rust Never Sleeps”)



Genetic Medicine Building – Mechanical Equipment Room



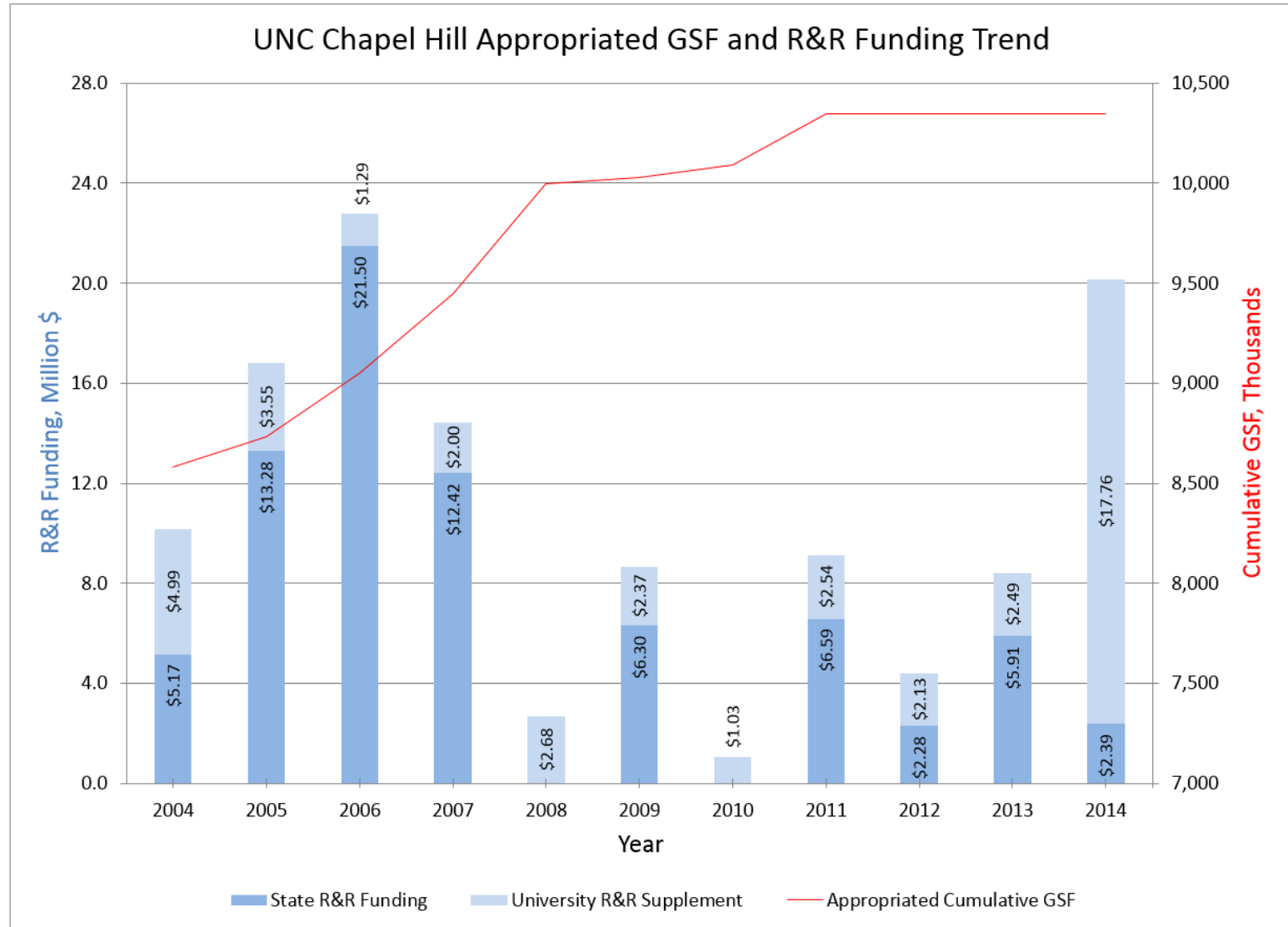
Building Envelope Examples



Marsico Hall – Energy Efficient Reflective Roof with Fall Protection



Repair and Renovation Funding History



University Capital Improvement FY-15 Funded Projects

Building Name	Project Cost (Millions)
Mary Ellen Jones	\$117.0
Howell Hall	12.3
Hill Hall	17.0
Davis Library Fire Sprinklers	7.0
N. Branch Storm-water Trunk-line	1.7
TOTAL	\$155.0



Mary Ellen Jones Capital Improvement Project



- Constructed in 1974
- 224,364 SF

- Comprehensive Renovation/ Modernization
- Project Budget \$117M



Howell Hall Capital Improvement Project



- Comprehensive Renovation/ Modernization
- Change of Function: Class/Office to Lab
- Project Budget \$12.3M

- Constructed in 1974
- 224,364 SF



Hill Hall Capital Improvement Project



Hill Hall – Existing Building

- Constructed in 1907&1930

- Interior Renovation/ Modernization
- Roof Replacement
- Project Budget \$17M



Hill Hall – Interior Rendering

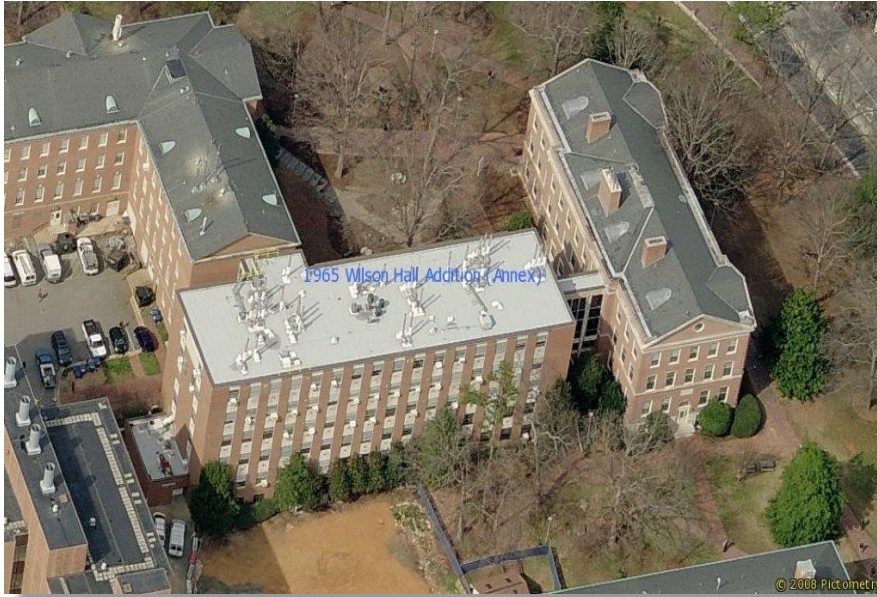


THE UNIVERSITY
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at CHAPEL HILL

Deferred Maintenance Update

May 2015

Future Capital Improvement Funding Consideration



Wilson Hall Annex

- Constructed 1965
- 61,000 SF
- Biology Research
- Required Investment \$31.4M

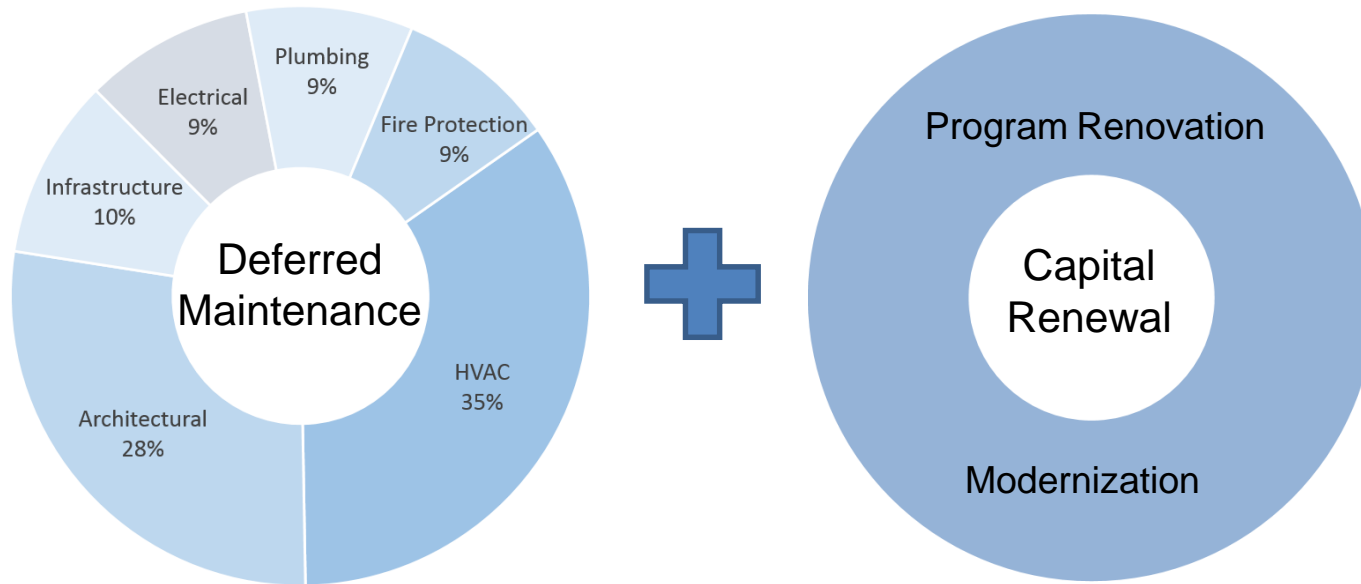


Davie Hall

- Constructed 1926 & 1967
- 80,509 SF
- Psychology Department
- Required Investment \$52.5-\$77.1M



Recommendations for Future Investment



Consistent Annual Investment in R&R: **\$15-\$20M**

Annual Capital Renewal Investment: **\$40-\$60M**



Paying for Deferred Maintenance

Possible Alternatives

- The State of North Carolina could issue bonds to cover deferred maintenance costs.
- The University's affiliated foundations could provide financial support .
- The University could issue debt to fund deferred maintenance.
- Alternative strategies:
 - Asset monetization.
 - "Century" Bonds.



External Support

- The State of North Carolina could issue bonds to cover deferred maintenance costs:
 - In 1999, a legislative-mandated study identified substantial deferred maintenance, infrastructure, and capacity needs for the UNC System and the Community College System.
 - In November 2000 the State of North Carolina authorized the issuance of \$3.1 billion in bonds to fund building renovation and construction for the UNC System and the Community College System.
 - UNC-Chapel Hill received \$515 million under this program. Approximately \$200 million was spent on projects that addressed deferred maintenance needs.
- The University's affiliated foundations could provide financial support, subject to the approval of the Boards of Directors of these entities, but support for deferred maintenance could impact support for other purposes. For FYE 2014, the combined unrestricted net assets of these entities totaled approximately \$190 million.
 - Support could be provided through a one-time allocation of a portion of these funds.
 - A recurring allocation of 5% of the unrestricted net asset could support approximately \$146 million in debt assuming a 5% interest rate and a 30-year term.



University Debt Sources

- The University currently has estimated debt capacity of approximately \$500 to \$600 million over the next five years at its AAA bond ratings.
 - The University currently has approximately \$300 million in planned projects to be funded with University-issued debt over this same period of time.
- Annual student fee of \$125 per student could support debt service on approximately \$50,000,000.



Monetizing University Assets

- UNC can work with a private company to provide certain services in exchange for an upfront payment.
 - The private entity would then collect revenue from the services they provide over the life of the concession.
 - The concession would last for a set amount of time, typically 30+ years.
 - Under this structure the University gives up some measure of control to the concessionaire, but retains oversight of the asset.
- Known as a Public Private Partnership (“P3”), the transaction works by the University grants a concession for a service.
- Assets that can be monetized by a P3 may include:
 - **Student Housing:** University of Kentucky, Syracuse University
 - **Parking Facilities:** Ohio State University (\$483 million)
 - **Dining Services:** Texas A&M University
 - **Redevelopment Projects:** Rutgers University, West Virginia University, University of Nebraska
 - **Cogen Plant:** Ohio State University has issued an RFP for a P3 transaction.
- With any P3 structure, the University will need to weigh the tradeoffs between asset control and credit support in pursuing a P3 strategy and also evaluate the potential credit impacts.



Higher Education Century Bonds

- A number of UNC's peer institutions have issued century bonds to fund long term projects
- Because of the long duration, century bonds have to be issued on a taxable basis, leading to somewhat higher interest rates
- However, because they are taxable bonds, there is increased flexibility in the use of funds
- If the University issues a 100 year bond, UNC could set aside approximately \$2.36 million to accumulate sufficient funding to cover the principal bullet (assumes \$500 million of principal with a reinvestment rate of 5.5% annually)

Issuer Name	Closing Date	Par Amount	Maturity	Ratings	Yield at Issuance	Spread to 30Yr UST at Issuance (bps)	Lead Manager
Yale University*	4/8/1996	\$ 125,000,000	4/15/2096	Aaa/AAA/AAA	7.38%	70	Lehman (now Barclays)
MIT*	11/1/1996	\$ 75,000,000	11/2/2096	Aaa/AAA/AAA	7.25%	60	MS
Boston University*	6/27/1997	\$ 100,000,000	7/15/2097	A1/A/-	7.63%	95	Lehman (now Barclays)
MIT	5/18/2011	\$ 750,000,000	7/1/2111	Aaa/AAA/AAA	5.62%	130	Barclays
USC	8/10/2011	\$ 300,000,000	10/1/2111	Aa1/AA/AA	5.25%	174	Goldman
Ohio State University	10/19/2011	\$ 500,000,000	6/1/2111	Aa1/AA/AA	4.85%	170	Barclays
Caltech	11/29/2011	\$ 350,000,000	11/1/2111	Aa1/AA+/AA+	4.74%	180	Goldman
University of California	2/21/2012	\$ 860,000,000	5/15/2111	Aa1/AA/AA+	4.86%	165	Goldman
Tufts University	3/22/2012	\$ 250,000,000	4/15/2112	Aa2/AA/-	5.02%	165	Barclays
University of Pennsylvania	3/29/2012	\$ 300,000,000	9/1/2112	Aa2/AA+/-	4.67%	140	Goldman
Bowdoin College*	6/26/2012	\$ 128,500,000	7/1/2112	Aa2/-/-	4.69%	200	Barclays
Hamilton College*	4/30/2013	\$ 103,000,000	7/1/2113	Aa2/-/-	4.75%	198	Barclays
MIT	4/8/2014	\$ 550,000,000	7/1/2114	Aaa/AAA/-	4.68%	108	Barclays
Ohio University	11/6/2014	\$ 250,000,000	12/1/2114	Aa3/A+/-	5.59%	250	Barclays
University of California	4/1/2015	\$ 500,000,000	5/15/2115	Aa2/ AA/ AA	4.77%	230	Barclays



Thank you.
Questions?



BIOGRAPHY

Bryant M. Moore, PhD

Director of Strategic Partnerships, Office of Commercialization & Economic
Development at the University of North Carolina at Chapel Hill

Bryant is an executive with over 30 years of broad leadership experience developing medical products. He has an extensive background in product development, technology evaluation and business development which spans the areas of clinical diagnostics, endoscopy and sports medicine, cardiology and ophthalmology. Most recently, he was Global Head, Refractive R&D for Abbott Medical Optics, a division of Abbott Laboratories. Prior to Abbott he held several key leadership roles in Medtronic's Cardiac Rhythm Disease Management business. He was Vice President, External Partnerships and Technology Assessment having accountability for developing strategic partnerships with early-stage start-ups, universities and other external research organizations to help the business grow the product pipeline. Prior to this role he held the positions of Vice President Biotechnology and Technology Scouting, Vice President Product Development and Technology and Vice President Applied Technology and Central Engineering.

Prior to Medtronic, he was Worldwide Vice President Research and Development for Smith & Nephew's endoscopy business. He was accountable for development of minimally invasive surgery products for the Arthroscopy/Sports Medicine marketplace.

Prior to Smith & Nephew, he worked for Johnson & Johnson where he held several leadership positions within their clinical diagnostics business. These positions were Vice President Assay R&D, Vice President Research & Development and Director of Technology and Hemostasis.

Prior to Johnson & Johnson, he worked as Manager of Hemostasis for Organon Teknika, a division of Dutch Multinational Akzo.

He began his career as a scientist working in clinical chemistry R&D for the DuPont Company in Wilmington, DE.

Bryant holds a BS degree in Chemistry from North Carolina A&T State University, Greensboro, NC and a PhD degree in Biochemistry from the University of North Carolina at Chapel Hill, Chapel Hill, NC.

**UNC-CHAPEL HILL DEPARTMENT OF ATHLETICS
PROPOSED REVISIONS TO INCENTIVE COMPENSATION PLAN
FOR NON-COACHING AND COACHING STAFF**

March 16, 2015

INTRODUCTION

On May 23, 2013, the Board of Trustees (BOT) approved an incentive compensation plan for non-coaching and coaching staff in the Department of Athletics. This plan was implemented on July 1, 2013, and is carried out in accordance with the University's Policy on Non-Salary and Deferred Compensation for EPA Employees. Its purpose is to recognize added duties for athletics post-season play and the attainment of certain team-level academic goals. The Director of Athletics is seeking to modify certain provisions of this plan so that there is more flexibility and that the awarded compensation can be more helpful in recruiting, incenting, and retaining key Athletics Department talent.

BACKGROUND

The existing Department of Athletics incentive compensation plan has two primary performance metrics on which incentive pay is based: academic achievement of student-athletes and competitive achievement for post season participation (e.g., national championship, Final 4, conference championship, top 25 national finish, bowl game, etc.). The academic achievement portion of the existing plan bases payments on fixed dollar amounts, and this portion of the plan are not proposed to change. The current post-season play portion of the plan is primarily based on awarding fixed dollar amounts (ranging from \$500 to \$3,000) per eligible event, with only a few exceptions for Associate and Assistant Coaches. The Director of Athletics desires to make this plan more flexible by changing the basis for incentive compensation for competitive post-season play up to 2 months of an employee's annual salary, depending on the specific competitive event and sport. **Attachment A** and **Attachment B** provide details on the proposed changes for all forms of incentive compensation possible under this plan.

As with the previously adopted plan, all of the authorized incentive compensation may, but is not required to be awarded by the Director of Athletics, subject to his/her management discretion and the availability of funds. In the event any Federal, State, or athletic governing body (e.g., NCAA, ACC) rule or regulation shall make the payment of any indicated incentive compensation impermissible or ineffectual or subject UNC-Chapel Hill to a penalty, assessment, or violation, the Athletic Director shall have the authority to substitute alternative incentive compensation that would allow for a substantially similar economic benefit to the employee, if permissible.

RECOMMENDED ACTION

Approval of proposed changes to the Department of Athletics Incentive Compensation Plan for Non-Coaching and Coaching Staff as outlined in **Attachment A** and **Attachment B**, to be effective on April 1, 2015.

UNC-Chapel Hill Department of Athletics

Attachment A ~ Schedule of Proposed Changes to EPA Non-Faculty Incentive Compensation for Non-Coaching Staff ~ Rev. 3/16/2015

(Compensation amounts are at the discretion of the Athletics Director up to the specified limits)

<u>PERFORMANCE METRIC</u>	<u>Football, Men's Basketball, and Women's Basketball</u>		<u>All Other Varsity Sports</u>	
<u>Academic Achievement</u>	<u>Current Plan</u>	<u>Proposed</u>	<u>Current Plan</u>	<u>Proposed</u>
Annual Team Academic Progress Rate (APR) equal to 975 per NCAA formula				
Assigned Primary Sport Administrator	n/a	n/a	\$2,000	Up to \$2,000
Assigned Secondary Sport Administrators	\$5,000	Up to \$5,000	n/a	n/a
<u>Competitive Achievement - Post-Season</u>				
Win Conference Championship (See Note 1)				
Executive Sr. Assoc. Athletic Director	\$3,000	Up to 1 Month Salary	\$1,000	Up to 1 Month Salary
Sr. Associate/Associate Athletic Directors	\$3,000	Up to 1 Month Salary	\$1,000	Up to 1 Month Salary
Assigned Primary Sport Administrator	n/a	Up to 1 Month Salary	\$1,000	Up to 1 Month Salary
Assigned Secondary Sport Administrator	\$3,000	Up to 1 Month Salary	n/a	Up to 1 Month Salary
NCAA Post Season Participation (See Note 2)				
Executive Sr. Assoc. Athletic Director	\$1,000	Up to 1 Month Salary	\$500	Up to 1 Month Salary
Sr. Associate/Associate Athletic Directors	\$1,000	Up to 1 Month Salary	\$500	Up to 1 Month Salary
Assigned Primary Sport Administrator	n/a	Up to 1 Month Salary	\$500	Up to 1 Month Salary
Assigned Secondary Sport Administrator	\$1,000	Up to 1 Month Salary	n/a	Up to 1 Month Salary
Directors of Sport Operations/High School Relations	\$1,000	Up to 1 Month Salary	\$500	Up to 1 Month Salary
Video Coordinator/New Media Director	\$1,000	Up to 1 Month Salary	\$500	Up to 1 Month Salary
Assigned Athletic Trainer(s)	\$1,000	Up to 1 Month Salary	\$500	Up to 1 Month Salary
Assigned Communications Director	\$1,000	Up to 1 Month Salary	\$500	Up to 1 Month Salary
Assigned Marketing Director	\$1,000	Up to 1 Month Salary	\$500	Up to 1 Month Salary
Assigned Ticket/Business Director	\$1,000	Up to 1 Month Salary	\$500	Up to 1 Month Salary
Assigned Event Management Director	\$1,000	Up to 1 Month Salary	\$500	Up to 1 Month Salary

NOTES

Note 1: Conference Tournament or Regular Season if no Tournament is sponsored by Conference

Note 2: Includes Football Bowl Game

All of the indicated incentive compensation may, but is NOT required to be awarded by the Director of Athletics subject to his/her management discretion and the availability of funds. In the event any Federal, State, or athletic governing body (e.g., NCAA, ACC) rule or regulation shall make the payment of any indicated incentive compensation impermissible or ineffectual or subject UNC-Chapel Hill to a penalty, assessment, or violation if aid, the Athletic Director shall have the authority to substitute alternative incentive compensation that would allow for a substantially similar economic benefit to the employee if permissible.

UNC-Chapel Hill Department of Athletics

Attachment B ~ Schedule of Proposed Changes to EPA Non-Faculty Incentive Compensation for Coaching Staff ~ Rev. 3/16/2015

(Compensation amounts are at the discretion of the Athletics Director up to the specified limits)

<u>PERFORMANCE METRIC</u>	<u>Head Coach (See Note 1)</u>		<u>Associate and Assistant Coaches</u>	
	<u>Current Plan</u>	<u>Proposed</u>	<u>Current Plan</u>	<u>Proposed</u>
<u>Academic Achievement</u>				
Annual Team Academic Progress Rate (APR) equal to 975 per NCAA formula	\$5,000	Up to \$5,000	\$2,500	Up to \$2,500
<u>Competitive Achievement - Post-Season</u>				
Win Conference Team Championship (Note 2)	n/a	Up to 2 Months Salary	n/a	Up to 2 Months Salary
NCAA Post Season Participation				
Men's Basketball	n/a	n/a	1 Month Salary	Up to 2 Months Salary
Women's Basketball	n/a	n/a	1 Month Salary	Up to 2 Months Salary
Men's Football	n/a	n/a	1 Month Salary	Up to 2 Months Salary
All Other Sports	\$2,000	Up to 2 Months Salary	\$1,000	Up to 2 Months Salary
Top 25 National Finish - Final NCAA Recognized Poll	\$2,000	Up to 2 Months Salary	\$1,000	Up to 2 Months Salary
Top 25 National Finish and Post Season Bowl (Football)	n/a	n/a	1 Month Salary	Up to 2 Months Salary
(See Note 3)				
NCAA Final Four	n/a	Up to 2 Months Salary	n/a	Up to 2 Months Salary
National Champion (See Note 4)	2 Months Salary	Up to 2 Months Salary	1 Month Salary	Up to 2 Months Salary

NOTES

Note 1: Excludes Head Coaches for Men's Basketball, Women's Basketball, Football, and Baseball

Note 2: Conference Tournament or Regular Season if no Tournament is sponsored by Conference

Note 3: Funded by Pope Endowment and subject to availability of endowment funds

Note 4: Team or Individual championship wins

All of the indicated incentive compensation may, but is NOT required to be awarded by the Director of Athletics subject to his/her management discretion and the availability of funds. In the event any Federal, State, or athletic governing body (e.g., NCAA, ACC) rule or regulation shall make the payment of any indicated incentive compensation impermissible or ineffectual or subject UNC-Chapel Hill to a penalty, assessment, or violation if aid, the Athletic Director shall have the authority to substitute alternative incentive compensation that would allow for a substantially similar economic benefit to the employee if permissible.



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

WILLIAM L. ROPER, MD, MPH
Stuart Bondurant Distinguished Professor
Dean and Vice Chancellor for Medical Affairs
CEO, UNC Health Care System

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4030 BONDURANT HALL
CAMPUS BOX 7000
CHAPEL HILL, NC 27599-7000

December 17, 2014

James W. Dean, Jr., PhD
Executive Vice Chancellor and Provost
University of North Carolina at Chapel Hill
104 South Building, CB# 3000
Chapel Hill, North Carolina 27599-3000

Dear Provost Dean:

Attached please find a proposed Faculty Early Retirement Incentive Plan (FERIP) for School of Medicine faculty for your review and consideration. This proposed policy was created as a mechanism by which the School of Medicine could respond to the latest budget cuts, while giving our faculty who are nearing retirement additional options.

Should you have any questions, please do not hesitate to contact me or Dr. Paul Godley, Executive Associate Dean for Faculty Affairs for the School.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Roper".

William L. Roper

WLR:cje

Enclosure

cc: Cam Enarson, Vice Dean for Finance & Administration
Paul A. Godley, Executive Associate Dean for Faculty Affairs

UNC SOM FACULTY EARLY RETIREMENT INCENTIVE PROGRAM (FERIP)

I. PREAMBLE

A. Principles, Purposes, and Goals

1. The purpose of the Faculty Early Retirement Incentive Program (FERIP), as described in this document, is to provide a financial early retirement incentive for certain tenured faculty that will facilitate the release of tenured faculty resources for budget reallocation or reduction in accordance with School of Medicine's (SOM's) goals. This program is not designed to be a faculty fringe benefit program; it is a management tool.
2. Flexibility in the faculty early retirement incentive plans and agreements is both desirable and necessary. This SOM faculty early retirement program, therefore, is a framework for management guidance rather than a prescription for specific action.

B. General Provisions and Framework

1. Early retirement incentive plans, policies and practices must comply with state law and regulations as specified by General Administration and the State of North Carolina.
2. Early retirement agreements, as used in the context of this document, apply only to tenured faculty (including both tenured instructional faculty and administrative or professional faculty who have tenure due to previous academic appointments).
3. The early retirement incentive program provides an incentive for immediate separation (or retirement) of faculty from full-time employment with the SOM. The FERIP will use the same criteria as the current phased retirement program (eligible to receive a retirement benefit and, (1) for members of TSERS, age 62 with at least five years of full-time service to UNC-Chapel Hill; (2) for members of ORP, age 59 ½ and at least five years of full-time service to UNC-Chapel Hill).
4. Early retirement agreements must be offered without bias to any eligible employee, be voluntary and mutually agreeable. A faculty member is not automatically entitled to benefits for which provision is made in this early retirement program and the SOM cannot require a tenured faculty member to accept early retirement.
5. Participation in the Faculty Early Retirement Incentive Program is not an entitlement or a right automatically available to all persons who meet the eligibility criteria. The SOM reserves the right to limit the total number of participants in the FERIP in order to preserve the viability of a department's basic programs and the integrity of its financial resources.
6. In the event a faculty member becomes permanently and totally disabled after a FERIP agreement is signed, but before its effective date, the SOM, nevertheless, will be responsible for providing payments for which provision is made in the agreement. In the

event a faculty member dies after a FERIP agreement is signed, but before its effective date, the SOM will not be responsible for any payments under the agreement and such agreement shall be considered null and void.

7. The School of Medicine has the authority to modify, amend or repeal this FERIP. Faculty who retire under an executed FERIP agreement, however, will continue to be subject to the terms of the program in effect at the time of retirement.

C. Implementation and Approval Process

1. The Dean of the School of Medicine, will determine during the spring semester of each academic year whether the program will be offered for the ensuing academic year. Provision will be made for the notification to the faculty of the availability or unavailability of the program.
2. No State funds will be used to fund FERIP agreements. Funds to support the program must be identified solely from existing SOM resources. The total annual costs for this program shall not exceed 2 percent of the SOM total budget for faculty salaries and associated benefits.
3. The dean (or his/her designee) of the SOM must approve and recommend each FERIP agreement.

II. COMPONENTS OF THE PLAN

A. Financial Incentive

1. If approved for participation in the FERIP, and in exchange for a faculty member's written agreement to retire or separate from full-time employment the faculty member will be entitled to participate in FERIP. The program will provide the faculty member with a payment equal to a proportion of their current salary that is in place immediately prior to entry into the FERIP.
2. The payment noted above would be calculated entirely on the "total annual salary," ([1] the academic base salary and [2] a variable component, which together comprise the total annual salary) not inclusive of any incentives or administrative supplements for the fiscal year immediately preceding the fiscal year in which the FERIP is implemented for that individual.
3. The payment will be 100% of the current full salary for faculty enrolling from April 1 to June 30, 2015, decreasing to 80% for enrollees from July 1 to August 31, 2015.

B. Eligibility Criteria

To be eligible to apply for participation in the FERIP program, a faculty member must meet normal retirement eligibility requirements on Teachers' and State Employees' Retirement System

(TSERS) or Optional Retirement Program (ORP) in order to participate in FERIP. The applicant must be tenured with an appointment of 75% FTE or greater, eligible to receive a retirement benefit and either age 62 with at least five years of full-time service to UNC-Chapel Hill for member of TSERS, or age 59 ½ with at least five years of full-time service to UNC-Chapel Hill for members of ORP.

Applicants must be eligible to enroll in the program during the open period (April 1 - August 31, 2015) and agree to resign by January 31, 2016.

Faculty participating in TSERS have a mandatory six month break in employment before they are eligible to return to work for a North Carolina state government agency, including work as an independent contractor or consultant.

Persons in the following circumstances are not eligible for participation in the FERIP:

1. Any person who has received notice of termination, notice of nonrenewal of contract, or notice of suspension during the previous twelve months.
2. Any person who is retiring under the disability provisions of the SOM's long-term disability program.

C. Selection Criteria

1. The purpose of this early retirement incentive plan is to supply the SOM with a management tool to provide incentives for the release of tenured faculty position-based resources for reallocation or reductions, in accordance with SOM needs.
2. Applications will be considered in the context of the criteria that are in the best interests of the SOM. They include, but are not limited to: cost and need for replacement faculty, years of service with the SOM, and the savings to be realized by the retirement or separation.

D. Administrative Structure

This program will be administered by the School of Medicine Office of Human Resources in conjunction with the University Office of Academic Personnel.

E. Program Cost and Limitations

No State funds will be set aside for FERIP agreement costs; funds to support agreement requirements must be identified within the existing SOM resources. The dollar cap per fiscal year is equal to 2 percent of the SOM's total budget for faculty salaries and associated benefits.

F. Application Period

An annual application period will be established by the SOM administration each year in which the program will be offered.

Enterprise Risk Management Task Force Report

to the UNC-Chapel Hill Board of Trustees

MAY 2015



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

In all well regulated governments it is the indispensable duty of every legislature to consult the happiness of a rising generation, and endeavor to fit them for an honorable discharge of the social duties of life by paying the strictest attention to their education and that, a University, supported by permanent funds and well endowed, would have the most direct tendency to answer the above purpose.

University Charter December 11, 1789

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Enterprise Risk Management Task Force

MEMBERS:

Sallie Shuping-Russell, Board of Trustees Secretary – Task Force Chair

Phillip Clay – Board of Trustees

Peter Grauer – Board of Trustees

Kelly Matthews Hopkins – Board of Trustees

Steven Lerner – Board of Trustees

Andrew Powell – Board of Trustees and Student Body President

James Dean Jr. – Executive Vice Chancellor and Provost

Winston Crisp – Vice Chancellor for Student Affairs

Barbara Entwisle – Vice Chancellor for Research and Kenan Professor

Matt Fajack – Vice Chancellor for Finance and Administration

Chris Kielt – Vice Chancellor for Information Technology and CIO

William Roper – Vice Chancellor for Medical Affairs, Dean of School of Medicine, and CEO for UNC Health Care

David Parker – Interim Vice Chancellor and General Counsel

Phyllis Petree – Director of Internal Audit

STAFF:

Laurie Burroughs, Business Manager, Vice Chancellor for Finance and Administration

SUBCOMMITTEE STAFFS:

Glenn George – Senior Vice President and General Counsel for UNC Health Care System

Meredith Weiss – Senior Associate Vice Chancellor for Finance and Administration

Elizabeth Josephs – Law Fellow, Office of the University Counsel

Report of the Enterprise Risk Management Task Force

MAY 2015

In fall 2013 Board of Trustees Chair Lowry Caudill appointed the Enterprise Risk Management (ERM) Task Force and charged it with “creating a sustainable approach [to risk] that is incorporated into University ongoing operations.” It was to “identify three to four key strategic opportunities we must seize; identify three to four operational areas with significant existing or potential risk and provide recommendations for mitigation or elimination of risk.” This study was also important to help transition the new chancellor, Carol L. Folt, into the University.

When Chancellor Folt took office in July 2013 the broad athletic and academic irregularities issues were more than three years old, touching many parts of the campus community. Those issues lingered and questions remained unanswered about whether the University had fully addressed all known concerns. The Task Force asked Chair Caudill if it could expand its charge. It wanted to address risks aimed less at helping transition the new chancellor and more toward identifying a framework within which all University administrators, faculty, staff and students could assess risks and opportunities available to the University for the long term. Chair Caudill agreed and the Task Force’s charge was changed:

“To create a sustainable approach that is incorporated into ongoing University operations. Identify key strategic opportunities we must seize. Identify key areas with significant existing or potential risks and provide recommendations for mitigation or elimination of such risks.”

This Report focuses on current and potential risks that could affect the University. Not all the risks cited here are present today, often because we are successfully mitigating them. The Task Force’s charge, however, was to consider all key risks we could face. It is within this framework – to assess risks as a means by which to safeguard the University’s academic integrity – that the Task Force has worked.

Executive Summary

The ERM Task Force was composed of leaders across key areas of the institution, including trustees, the provost, several vice chancellors, faculty, internal audit and student government. We worked over 18 months trying to create a sustainable approach to risks that could become part of ongoing University operations.

The months in which the Task Force worked were some of the most daunting and promising times in the University's history. During our process key events took place: the Wainstein Report, an NCAA investigation, an accrediting agency review, Carolina's climbing into the highest echelons of research institutions nationwide, Dr. Fred Eshelman's \$100 million gift to the School of Pharmacy, the trustees' approval of the Carolina Research Venture Fund, and our undertaking to better address "Race and Place" at Carolina within the modern American culture.

While this report addresses much detail regarding risks and opportunities across the institution, three "big picture" themes summarize the group's findings:

- 1. Across the organization there is a need for strategic planning.** In order to realize all the opportunities available to us, there needs to be a sufficient central oversight function to enable institution-wide, strategic ideas to develop.
- 2. It is now time to do a top-to-bottom and bottom-to-top organizational review.** This must include the entire institution so we can know if we are optimally structured to be the university of the future.
- 3. We need a comprehensive review of safety and compliance that could not be completed within the construct of this document.** Individual suggestions are discussed here, but there are likely larger themes that we are unable to address because of limited capabilities within our group and limited time.

Overall, the Task Force concluded that Carolina has sufficient controls in place for today's risks. It also thought that protections were either in place or were being prepared for most foreseeable risks. That said, we have tried to also discuss those risks that, regardless of what protections are in place, would have a tremendous impact if they did occur The Task Force also offers suggestions for opportunities to create the foundation for a modern Carolina.

The majority of the following report provides detail that led to the above conclusions. We have sought not only to identify risks but also to catalog what we are doing to mitigate those risks and what more might be needed. Tables which organize our assessment of risk probabilities and impact also appear for each section.

Overall, the Task Force concluded that Carolina has sufficient controls in place for today's risks. It also thought that protections were either in place or were being prepared for most foreseeable risks. That said, we have tried to also discuss those risks that, regardless of what protections are in place, would have a tremendous impact if they did occur. A detailed discussion of our findings appears following the next section.

The Task Force also offers suggestions for opportunities the University should seize in order to create the foundation for a modern Carolina. These are detailed at the end of the report. Broadly, they are to grow and diversify the research enterprise; continue our innovation initiative; initiate a large, dynamic capital campaign; evaluate potential global operations; and maintain leadership within the UNC System. These are attainable goals. We believe they can be a lodestar for guiding the University forward.

Approach and Process

The Task Force chose to approach its charge using two primary criteria: the type of risk and the immediacy of risk (i.e., time). Time risks were grouped by those that were:

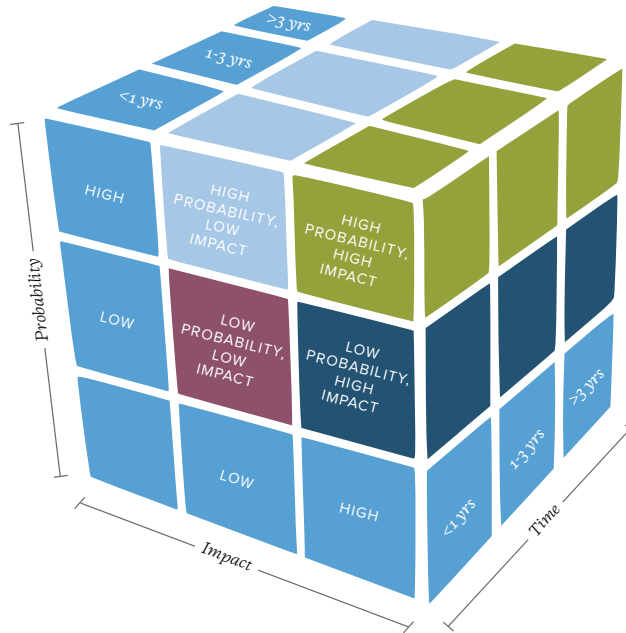
- **Immediate Risks:** Those that are ongoing or likely to occur within one year.
- **Near Term Risks:** Those that have a short time before they occur, often one to three years.
- **Moderate Term Risks:** Those that can be foreseen, but are not likely to occur before three years.

Initial categories under consideration were:

- | | |
|--------------------------------------|-----------------------------|
| • Athletics. | • International activities. |
| • Compliance. | • Operational. |
| • Donor interests. | • Research. |
| • Financial. | • Strategic. |
| • Deferred maintenance. | • Students. |
| • Hazard, safety or legal liability. | • Technology and privacy. |
| • Human capital. | |

These concerns were consolidated into six categories: strategic risks, safety risks, financial risks, regulatory and compliance risks, operational risks, and reputational risks. Within each of these categories further assessment addressed the *impact* of

CAROLINA RISK MATRIX



an occurrence and the relative *probability* of its happening. Measures of “high” or “low” were used to categorize both impact and probability. Because this report is being made at a given point in time, it is important to note that risks are constantly changing and that items which today have a low probability of occurrence could move to a higher probability – or higher impact – as time passes. It is therefore important that these risk assessments be reviewed periodically.

The Task Force studied each category of risk within three variables:

- Time of likely occurrence.
- Impact of likely occurrence.
- Probability of likely occurrence.

A schematic of this approach appears above while detailed matrices by time appear in Appendix A. The Task Force determined that a detailed assessment of risk at this level would be extremely complex and would require much more time to complete. The group therefore chose to focus this report primarily on risks that were *high impact and high probability*. The Task Force looked at both existing risks and also potential missed opportunities, which represented a separate kind of risk. We discussed an array of issues associated with the initial risk areas cited above.

The Task Force created three subcommittees to do a detailed study of each area: Strategic and Reputational Risks, Operating and Financial Risks, and Safety and Legal/Regulatory Risks. Members and staff for each subcommittee are listed in Appendix B. Because the compliance and safety areas are so heterogeneous and complex – given local, state and federal oversight – the subcommittee addressed these risks broadly. Deeper analysis of this area beyond that presented here will be necessary to more fully explicate those concerns.

Findings

Carolina faces tremendous opportunities today. Our high rankings in biomedical sciences, public health, and social and behavioral sciences are outstanding. In federal grant funding we rival our private and public peers. In the arts we attract the world's leading musicians, actors, writers and scholars to campus. Breakthrough discoveries are helping turn once fatal diseases into chronic illnesses or even cures. The University's health affairs schools serve populations around the globe, as well as communities throughout the United States. The Task Force stressed Carolina's need to maintain and to grow our strengths in these and other areas. In order to do so, the University must ensure we have the necessary faculty, students, administration, facilities, capabilities and reputation. The Task Force spent many months working to identify major risks at the University that could sidetrack our ability to capture these opportunities. The following section largely addresses these risks, whether we are sufficiently mitigating them and, if not, suggestions to address any concerns.

The interlocking nature of many risks became apparent as the Task Force continued its work. For example, reputational risks can affect the overall culture of the University. Addressing such cultural changes requires consideration of their impact on the overall strategic vision for Carolina. Likewise, financial risks can be created by operating inefficiencies as well as other sources. Financial limitations can also lead to deferred maintenance, which can pose possible exposure to regulatory and safety risks. Complying with the enormity of regulations the University faces presents many challenges across all risk categories. While this report studies risks as discrete categories, it is important to remember that many do interlock and, as such, can have significant impacts across the institution.

The following sections detail the findings of each subcommittee. Interestingly, a single concern became apparent across all areas: a question of trust. A large research university is so complex that questions of trust necessarily arise. During

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times when resources are scarce or values are challenged, there may be a greater reluctance to share resources or embrace the institution's traditions.

Over recent years, many externalities – particularly increased regulations, critical media coverage, the Great Recession and changes in state government – created tremendous pressures on Carolina that worked to challenge trust across the campus and amongst the University constituencies. The Subcommittee on Strategy and Reputation felt these externalities were sufficiently potent that they were affecting both internal and external constituents' belief in the integrity of Carolina. The Subcommittee on Finance and Operations asked whether a lack of trust might be connected to the rise in decentralization of operations across campus. The Subcommittee on Regulations and Safety was perhaps most affected by the environment of reduced trust because it has led to the development of a large regulatory system. The subcommittee expressed concern that we are at increased risk of losing the human component of our interactions, which trust inspires, if focus turns to enforcing rules rather than educating and learning from each other.

Culling out “the question of trust,” however, does not imply that a lack of trust permeates the institution. The Task Force wanted to identify this area separately because a damaged sense of trust potentially affects so many parts of our University community. It is imperative that communications be especially strong across campus and with all stakeholders so Carolina can build and maintain trust as a critical part of its culture.

1

Strategic and Reputational Risks

CHAPTER 1





Strategic and Reputational Risks

The Subcommittee on Strategic and Reputational Risks categorized significant institutional strategic and reputational risks into two overarching areas, reflecting Carolina's missions and aspirations:

- Attaining and maintaining excellence in our work, as reflected in both performance and quality.
- Attaining and maintaining a culture of integrity, honor and trust.

This section presents risks according to these two categories. The subcommittee believes both can and should be expectations and goals at every level of the work done at the University – from the classroom, to the lab, to athletic programs, to the maintenance of buildings and grounds, and to the services we provide throughout the state to the citizens of North Carolina.

Strategic planning is another significant need at Carolina. Although there are academic strategic plans, there is no central plan in place for the entire University that addresses the wider array of issues. This situation creates a significant risk to maintaining a culture of overall excellence across the institution. It also limits our ability to anticipate and therefore prepare for future challenges the University may face.

Excellence, Quality, Performance Risks

The subcommittee noted key areas where risks could jeopardize the University's ability to attain and maintain the highest standards and measures of excellence. These include:

- Personnel needs.
- Academic programs.
- Strategic planning.
- Governance.
- Athletics and academics.

Carolina's ability to recruit and retain accomplished professionals is our most critical need. Faculty, researchers, leaders, administrators, and other staff are the guardians of the excellent education and research we seek to provide on a daily basis. Yet, as a public institution, we have governance protocols and regulations that affect our ability to independently implement decisions regarding salaries, benefits, and other factors that go into hiring and retaining people. The University has outstanding faculty, researchers and staff; however, each year this becomes more difficult to maintain. This *uncertainty* of the availability of resources is itself a risk.

Another important risk is faculty renewal. We not only need to keep our excellent faculty, we also must bring in top, talented *new* faculty and graduate students. Unfortunately, recent financial budget cuts across the UNC System fell heavily on Carolina. Rather than cut programs, positions that became vacant were often eliminated rather than left open or filled. This left fewer slots, or entry points, for new people. Bringing in new talent is key for Carolina to stay on the leading edge of new ideas. It is important to retain existing faculty who have built significant research portfolios. It also is important to have resources to attract top graduate students and young faculty, as they are most likely to spark totally new ideas that



will build upon Carolina's progression in research, teaching, and public service. The University has recently made progress in retaining faculty by making additional funding available for faculty salaries. Giving pre-emptive pay raises has driven down the number of faculty willing to entertain external offers. We have also counter-offered aggressively, which has helped us to keep more of those who got offers.

Part of successfully attracting and keeping top professionals is maintaining a culture where excellence is expected. For this reason, creating and maintaining *expectations of accountability for high performance* are factors we should always keep front and center. Rigorous academic standards and requirements must not only exist but they must also be implemented, periodically reviewed and revised to remain current. A case in point is the policy correction required to ensure that all department chairs in the University are reviewed annually, a practice that was not in effect when the academic irregularities occurred in the former Department of African and Afro-American Studies.

Strategic planning is another significant need at Carolina. Although there are academic strategic plans, there is no central plan in place for the entire University that addresses the wider array of issues. This situation creates a significant risk to maintaining a culture of overall excellence across the institution. It also limits our ability to anticipate and therefore prepare for future challenges the University may face.

One area of particular concern to the subcommittee is governance. With the Legislature, Board of Governors, General Administration, Board of Trustees, administration and faculty, the University has multiple layers of governance. Proper levels of communication and oversight within and among these entities

are imperative. To get out of balance with one has implications for the others. For example, state budget cuts to the UNC System have impacted Carolina dramatically, causing significant consequences to the management of our financial operations, facilities, research and even academic areas.

The oversight role of the UNC Board of Governors (BOG) has been a topic of discussion in recent months. The review and decisions about centers and institutes across the UNC System focused attention on this issue. Although the System has regulatory authority to take such actions, it has traditionally delegated such oversight to chancellors and boards of trustees. The BOG's approach has prompted some faculty to worry that academic freedom could be compromised. This concern may challenge our ability to retain and attract faculty to the University.

Oversight *within* the campus must also be considered. The recent athletic and academic issues revealed a lack of past adequate oversight in and across several areas. The impact of those lapses – which Chancellor Folt and her senior leadership team continue to proactively address – has been significant. The adverse results, including multiple investigations, litigation, accreditation review, and critical media coverage, cost millions of dollars and required thousands of hours from trustees, administrators, and faculty.

Another area regarding governance is alignment of interests. Within a University academic freedom, unencumbered inquiry, and creation of wholly new concepts are required to advance knowledge and teach independent thinking by students. However, such values may not be in alignment with all constituencies and



stakeholders. Managing the expression of interests by different constituencies and how they view various issues is critical.

Oversight of athletics and the University's academic support program for student-athletes has presented numerous risks, as most recently articulated in the Wainstein report. These risks prompted the NCAA to reopen its previous investigation. The institution's strong reputation has been challenged. Further, these findings caused our accrediting agency, the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) to undertake a second review of the University's compliance with accreditation of principles, standards, and requirements.

POTENTIAL OUTCOMES OF THESE RISKS

The subcommittee reported that the risks above, regardless of the probability of outcome, pose primary challenges to Carolina's mission. Without mitigating measures, such risks could cause the University to fail to achieve and maintain standards of excellence. Possible outcomes include:

- Inability to provide a high-quality education to North Carolina students and other students from across the nation and around the world.
- Missed opportunities and less than optimal operational and funding decisions due to the absence of comprehensive strategic direction.
- Questions about compliance with accreditation standards by SACSCOC. In a worst-case scenario, non-compliance could threaten our degree-granting authority, our research program, certain student financial aid awards and other fundamental programs. Risks posed by SACSCOC scrutiny require highest attention.
- Loss of successfully balancing athletics and academics. NCAA investigations jeopardize the University's ability to compete for athletes who are the best talent in both the classroom and the sporting arena.
- Inability to sustain support for the UNC System's research universities – including Carolina in its historic role as a flagship campus – at a level necessary to continue attracting and retaining the best students, faculty and staff.
- Decline in reputation as a premier global academic and research university. This scenario is interrelated to attracting and retaining top faculty, administrators, staff and students, as well as our ability to continue to grow grant funding and other research support from external entities.
- Decline in legislative support and funding to maintain excellence.

MITIGATING MEASURES:

Carolina has put in place several mitigating measures to lessen and avoid potential negative outcomes from the Excellence/Quality/Performance risks. These include:

- Having an active and engaged governing body in the Board of Trustees.
- Developing fresh approaches to assess and monitor strategic issues – via newly formed working groups addressing ethics and integrity and policies and procedures – and a commitment to improve transparency via new websites and improved public records request fulfillment.
- Responding urgently and in great detail to the SACSCOC review. The Task Force believes Carolina's response to the SACSCOC request for information was appropriate and thorough.
- Ensuring all faculty chairs are reviewed every five years, regardless of whether their department offers graduate degrees.
- Limiting the number of independent studies courses a professor can oversee during a semester.
- Implementing course monitoring activities, such as making unannounced visits to classrooms to see if classes are meeting and use of analytical reports to identify unusual patterns of course enrollment, and course description or numbering.
- Strengthening monitoring of grant management and compliance such as time and effort reporting and cost transfers.
- Exploring new funding sources, such as enhanced corporate sponsorship for research.

Additional mitigators may need to be developed or strengthened in order to ensure that we control these critical risks to Carolina.

RECOMMENDED ADDITIONAL MITIGATION MEASURES:

The subcommittee made several recommendations to further reduce the probability or impact of risks to the University's strategic purposes or its reputation. These recommendations for consideration are:

- Targeted strategic planning to become a leader in innovation for education and research.
- Within all units, including academic departments, provide leadership development planning expectations for management roles.



- Develop and prioritize key components necessary for successful faculty and staff recruitment and retention, such as salaries, research support, a robust academic community, clear support of academic integrity, and an inclusive environment for faculty involvement in important University decisions.
- Enhance collaboration with other institutions in the UNC System to strengthen existing programs. Examples include enhancing existing collaborations with the N.C. State College of Engineering.
- Strengthen the role of the Faculty Athletics Committee to adequately inform the faculty and advise the Chancellor on issues regarding athletics.
- Explicit expectations of what campus leadership will expect to ensure high performance by reporting units and individuals.

Honor, Integrity, and Trust Risks

These risks are easier to articulate but perhaps the hardest to mitigate once events occur. Fairly or unfairly, Carolina has been affected by ongoing public attention focused on the academic irregularities and collateral effects. Key areas of risk cited by the subcommittee include:

- **Culture of Integrity:** Maintaining high expectations of integrity in every aspect of our environment.
- **Academic Freedom:** Appropriately responding to the outside stakeholders while protecting and defending the “marketplace of ideas” that defines the University.
- **Transparency:** Responding to public records requests in a timely fashion, as well as opening up the decision-making process when possible.

Risks regarding honor/integrity/trust are easily susceptible to perceptions and those must also be considered when mitigating such risks.

POTENTIAL OUTCOMES OF THESE RISKS

Possible outcomes may be real or perceived. For example, although it is not true, the perception that student-athletes are not subject to the same academic standards and requirements as other students has affected the University’s overall reputation, not just in athletics. The overwhelming majority of athletes remained diligent students during their academic careers. Nevertheless, the perceptions may harm the University’s reputation regardless of the facts.

Incidents that challenge our academic integrity pose the greatest risk of having a single incident metastasize to the entire institution. It is therefore critical that we identify problems and manage any such risks immediately. Potential activities that could create such risks include:

- Incidents or allegations of widespread cheating by our students.
- Research misconduct, including fabrication of data and falsification of results.
- Other academic misconduct.
- Misuse of University assets (such as theft/embezzlement, use of work time and University equipment for private gain or leisure activities).

While not an issue of academic integrity, the difficulty in providing timely responses to public records requests has posed challenges at a time the campus needs increased transparency. Recent efforts to reduce this backlog have helped offset criticisms. The University also made the process more transparent by launching a website that shows every request made and its status for processing. Continued attention to timely public records responses will be an ongoing challenge for the institution given the volume of requests now being submitted each year.

MITIGATION MEASURES

Issues regarding honor/integrity/trust are the most important to mitigate. We must have critical accountability standards and enforcement measures in place for student, staff and faculty performance. Not only that, but it is imperative that such standards and measurements be known by all involved, from the lowest level position to the most senior. *Often, accountability standards are breached simply because rules are not known or understood. Other times they are breached because the rules may be in place but they haven't been enforced consistently so people feel free to ignore them.* Accountability standards must have reasonable enforcement and these have to be applied consistently across campus if we are to avoid incidents, such as those listed above, from occurring.

When the subcommittee reviewed the University's current operations it found that we have many guidelines, policies, and procedures to address these issues but they are not always widely known and they can be hard to find when searching policy manuals. Educating all parties about our policies – and any changes to them – must be a priority. Further, we must make sure that employees and faculty who have been here many years are required to stay apprised of the latest policies and understand the reasons for changed operational requirements. Otherwise, these individuals may be unaware of newer standards and act as if older policies are still in effect.



Another mitigator is the University's externally-managed compliance hotline that employees and citizens can use to report concerns about financial, research, environment, health and safety, and HIPAA matters. However, many people do not know that the compliance line exists.

Likewise, while employees who have engaged in misconduct are disciplined appropriately, the nature of the incident and the outcome of any investigation are generally not widely known. There seem to be conflicting views on whether such proceedings and punishments are public records. Clarifying these rules needs to be a priority. Reinvigorating the Honor Code and Code of Conduct for students should be done as part of this process. In particular, attention must be given to emphasizing and enforcing expectations of integrity and honor, such as cheating or other unacceptable behavior.

Another means of mitigating these risks is to incorporate regular and explicit discussions of honor and integrity into messages from University leadership. This should occur in all kinds of conversation, including those to faculty, students and staff. Expectations of personal pride and accountability in the work we do, reinforced by appropriate measures and consequences, is the primary way to mitigate risks that challenge the honor and integrity of this great institution. Recent online discussions, forums and information sharing within the "Carolina Community" have been successful in helping to convey such messages. The coming together of the campus to mourn the tragic deaths of three young people, including a dental student, his wife and her sister, is another example. Additional activities which can facilitate character across campus should be encouraged.

The University's policies on academic misconduct should continue to be monitored and updated on a regular basis. These policies need to be appropriately communicated and consistently applied. Although academic misconduct will never be eliminated, these measures will help provide the tools to appropriately discipline individuals involved in cases that arise.

Another means of mitigating risks related to integrity is to have "rapid response" messaging when an issue emerges. Such messages should be balanced with thoughtful review and investigation of alleged problems. The Chancellor's hiring of an experienced communications and public affairs team has reduced this risk significantly. Carolina also initiated a website that shows all public records requests. This will be an ongoing issue and we must stay ahead of it in order to make sure the public hears our message.

High Impact/High Probability Risks Probability Timetable

Each subcommittee considered its high impact, high probability risks and grouped them according to the likely timetable of their occurrence. The following table presents these data for the Strategic and Reputational Risks Subcommittee. A similar table will be found following each subcommittee's findings.

Strategic/Reputations High Impact Risks Listed by Likely Timing of Occurrence

TIME	STRATEGIC RISKS	REPUTATIONAL RISKS
IMMEDIATE (<1 YEARS)	Maintaining a culture of integrity and trust	Managing and timely responding to negative events
	Loss of key faculty, researchers, clinicians, and administrators	Continued narrative regarding athletics and academics
	Recruitment of top personnel	"Academic freedom" vs. outside stakeholders
	Succession planning (e.g., administration, chairs, etc.)	
	Global university issues-adequate policies for int'l regulations, and similar concerns.	
	Potential decline in academic program	
NEAR TERM (1-3 YEARS)	Medicaid reform and loss of funding in patient services funding	
	Evaluation of student organizations	
	Liabilities associated with broad programs, especially study abroad	
MODERATE (>3 YEARS)	Need for planning – campus wide and departmental	
	University messaging	
	Inadequate disaster recovery planning and response	

2

Financial and Operational Risks

CHAPTER 2





Financial and Operational Risks

Financial and operational risks are often intertwined, augmenting the importance of keeping these risks at bay. The Subcommittee on Financial and Operational Risks found several vulnerabilities. This is not surprising given that central financial and operating units took the brunt of severe budget cuts in recent years as administrators and trustees fought to protect the academic enterprise. Ultimately, the academic units had to endure unwanted cuts as well, but not before the administrative units had been hit hard. While the plan to protect the academic enterprise at all costs was noble, it likely created vulnerabilities that could have major negative impacts on the institution if they are not appropriately mitigated. Some of these concerns have been addressed. Others remain outstanding and are discussed in the following section.

In addition to the effects of budget cuts, some vulnerability in our operations evolved because the University did not focus on “continuous process improvement.” There was not a culture that embraced critical evaluation of current activities as part of the normal course of business. This led to some antiquated systems and processes that were inefficient, ultimately failing to meet modern demands or to detect problems early.

The subcommittee reduced the financial and operational risks to the following key concerns:

- Lack of an updated financial planning process.
- Decentralized information technology (IT) that increases security risks.
- Lack of an IT-enabled business intelligence capability.
- Ineffective organizational structure.
- Inadequate and undercapitalized disaster recovery and business continuity preparedness.

Ultimately, the academic units had to endure unwanted cuts as well, but not before the administrative units had been hit hard. While the plan to protect the academic enterprise at all costs was noble, it likely created vulnerabilities that could have major negative impacts on the institution if they are not appropriately mitigated.

Risks from Lack of Financial Planning

While this section addresses risks that come from a lack of strategic *financial* planning, many of these concerns actually stem from the lack of a current *institutional* strategic plan. The latter issue is addressed briefly in the prior section. Carolina's lack of a financial strategic planning process is a major risk, with immediate impacts on our operations. To paraphrase an old adage, "if you don't know where you are going any road will take you there."

The Task Force considers lack of a strategic financial plan as a current, high-impact, high-probability risk. This is because state funds continue to fall as a percentage of overall revenues. Nationally, federal grant monies fluctuate and have been flat or declining, although Carolina has increased its federal grant support in recent years. This is very significant. We have a growing amount of corporate grant support but it is smaller than that of many peer institutions and not yet a significant part of our current budget. Alumni support is susceptible to variability in the capital markets as well as threats to our "brand" or reputation. Tuition cannot be a default source of funds when these others fall short. Planning for a variety of scenarios is key to the University's financial and operational health, which, in turn, is key to our being able to continue to perform at the highest levels of American research universities and to appropriately serve the people of North Carolina.

POTENTIAL OUTCOMES FROM THESE RISKS

Lack of a comprehensive strategy for responding to and preparing for unexpected significant fluctuations makes us susceptible to changes in major funding sources. When funding sources drop this will likely result in damage to Carolina's value and our ability to remain an exceptional, accessible, truly public institution. When funding sources increase, if we have not adequately considered appropriate uses of excess funds we could forego opportunities we would like to embrace.

In addition to these broad implications of not having a financial plan, the subcommittee cited other, more specific potential adverse outcomes:

- The University's allocation of resources could become misaligned with the institution's strategic objectives, resulting in non-optimal financial decisions, missed opportunities, recruitment challenges, and retention difficulties.
- Without current, prioritized strategic goals the University has limited planning capacity and therefore could have a lack of, or misplaced, intentional financial incentives.
- Carolina has an outdated budget model – one based on historical fund allocation strategies rather than anticipated future allocation needs.
- Excess decentralization could lead to financial inefficiency, duplication of effort, financial risk, and poor service to units of the institution and other stakeholder.
- Carolina does not have flexible endowment capabilities. In our financial planning efforts the University should assess the level of unrestricted endowment needed, as well as identify other funding sources and strategies that can support new revenue streams. These should be included in the next capital campaign.



MITIGATING MEASURES

In lieu of having a current strategic plan, the University has put in place several measures to help mitigate these risks. In other words, having identified certain risks we are putting tactical changes in place until a larger financial plan is developed. For example, a Budget Committee has been put in place that is composed of representatives from the offices of the Chancellor, Provost and Vice Chancellor for Finance and Administration. It reviews all significant funding requests and allocates resources. Further, requests over \$500,000 are reviewed and approved by the Chancellor. Any budget cuts are managed strategically to protect academic units and need-blind admissions. That said, all budget cuts are done with an eye toward ensuring that sufficient oversight capabilities remain intact. Cuts made during the past six years may not have focused sufficiently on protecting needed oversight operations.

The subcommittee also cited other tactical mitigation measures currently in place that offset potential adverse outcomes. These included:

- Investing in UNC's Development organization to raise additional funds through advancement efforts.
- Reallocating funds internally to support salaries and improve retention.
- Spending a portion of F&A (facilities and administrative) dollars to research-related deferred maintenance.
- Undertaking new continuous business process improvement practices to realize greater efficiencies and exploring outsourcing opportunities for non-core functions.
- Developing broader and deeper industry relationships.
- Exploring creating a shared service environment, new budget model and resource allocation strategy.
- Implementing new ways to maximize investment returns given our risk profile and liquidity requirements.
- Implementing a strategic investment committee to look at all cash and make sure financial decisions are tied to the Chancellor's major initiatives, and leadership is on the same page in terms of knowing and supporting the identified priorities.
- Exploring big ideas as a foundation for the University's strategic goals.
- Implementing an internal Finance Council with broad representation from campus academic and administrative units, to serve as an internal governance body for institutional finance-related issues.

RECOMMENDED ADDITIONAL ACTIONS

In addition to these activities already in process, the subcommittee recommends that a comprehensive financial planning effort be developed which will support the University's overall strategic plan to address the potential adverse outcomes noted earlier. Implementation of this plan should include an ongoing evaluation strategy to become the exemplar of strategic, efficient, effective, and intelligent University financial operations.

Risks from Decentralized Information Technology Services, Including IT Security and Lack of Business Intelligence

A research university benefits from access to leading technology. However, applications of technology vary among different parts of the institution. Knowledge and skill levels of those responsible for such technology are uneven. This introduces risk, such as system compromise, that can impact the entire campus and threaten the reliability of systems and technology infrastructure that are crucial to the operations of the University. Additionally, widespread decentralization is inefficient and may lead to duplication as well as wide variances in technology adoption around campus. Schools and units have their own IT systems and no central reporting authority exists. Only central systems and applications (email, network, enterprise applications, ERP, etc.) are overseen by the Vice Chancellor for Information Technology and Chief Information Officer.

POTENTIAL OUTCOMES OF THESE RISKS

The Subcommittee on Finance and Operations found this area to be one of the largest risks on campus. Significant adverse outcomes are possible because the decentralized organization of IT systems lacked necessary consistent oversight and controls. The risk of data exposure and subsequent breach is a high-impact risk. Indeed, several years ago the University had a major breach in its breast cancer database, requiring the medical center to contact thousands of women to inform them that their personal health data may have been compromised. This breach was costly both in terms of dollars and reputational impact.

While data exposure is an overarching concern, the subcommittee cited significant IT risks associated with highly decentralized IT. Each has the potential for high impact and, in our current situation, has a high probability of occurring. These include:

- An inability to develop and monitor key performance indicators and ad hoc focus areas.
- Difficulty tracking our progress against strategic planning goals.
- Lack of quality, timely, secure data which could lead to misinformed or poor decision making.
- Difficulty making data projections and proactive planning.
- Inefficiency.
- Lost opportunity to proactively seek out abnormalities so they can be addressed immediately.

MITIGATING MEASURES

The University has put in place processes to partially mitigate these risks. This has been a major priority of the CFO and CIO officers. With the implementation of PeopleSoft, the University will enjoy future benefits of integrated and secured data, the broadening institutional information use, improved compliance, and increased efficiency. The system will also serve as a key underpinning of our future ability to use data strategically.

A second related mitigation strategy has been the adoption of analytics as part of new institutional reporting and data analytics strategy. New initiatives to centralize technology infrastructure and security support under ITS offer additional promise – the most recent areas being Finance and Administration, School of Nursing, and University Development.

IT security has been enhanced by (1) issuing central IT security policies and procedures, (2) implementing a sensitive data remediation project to proactively locate, remove or securely store sensitive electronic information, (3) implementing an Information Security Liaison program to address community risk of decentralized IT asset management, and assist in managing server security, (4) implementing mandatory security training and accountability for all campus system administrators, (5) automating the application of operating system updates and security patches to campus computers, and (6) conducting continuous scans for malware on University network connected devices and increasing leverage of network-based safeguards like firewall appliances.

Finally, another important mitigation has been the creation of a new Executive Director for Continuous Improvement and Business Intelligence. This person will partner with campus business, academic and technology leaders to develop and implement business intelligence capabilities.

RECOMMENDED ADDITIONAL ACTIONS

Although IT security is improved, the University must further reduce risks by developing and testing a disaster recovery and business continuity preparedness plan. Such a plan should support the institution's overall strategic plan to address the current and potential adverse outcomes. Implementation of a plan will require one-time capital expenditures and, to a lesser extent, incremental annual financial support. These resources will accommodate the need for operational technology redundancies, as well as an ongoing evaluation process to ensure planning capabilities are able to meet the changing needs of all University activities that are facilitated by information technology.

Finally, it is suggested that Carolina engage someone to assist in translating pilot centralization exercises currently operating in the School of Nursing and the Division of Finance and Administration, as well as assist in defining appropriate organizational structures and service offerings differentiated by local and central providers. Such translation would allow us to replicate "win-win" financial and service models for ITS, campus units, and the University as a whole.

Risks Due to Ineffective Organizational Structure

The University is highly decentralized and the current organizational structure has evolved over time. In light of the changing higher education landscape, there is an opportunity to take advantage of centralizing common, appropriate University functions to improve efficiency and effectiveness. At the same time, the University must balance this effort with the need to continue to enable innovation in academic and research spaces where possible and appropriate. The opportunity to create an innovative contemporary higher education organization by changing the current organizational structure and improving business processes are large initiatives that require significant change management. Failure to examine improvements at this level, however, carries the potential risks described below.

POTENTIAL OUTCOMES OF THESE RISKS

An ineffective organizational structure may lead to duplication of effort, redundant services, overlapping contracts that result in unnecessary expenditures as well

as a dilution of best practices and potential business process irregularities. Potential adverse outcomes of our current organizational structure in finance and operations are:

- Inefficiency.
- Poor service.
- Lack of appropriate supervision, not following proper policies, procedures, or best practices.
- Non-optimal career paths for staff.

MITIGATING MEASURES

Over the past few years several changes have been put in place that mitigate these risks. In particular, the University's Division of Workforce Strategy, Equity and Engagement have helped guide several schools, departments and divisions to review and reorganize as needed to optimize their structures. The Division has also implemented a strategy to reduce the number of people doing complex Human Resource transactions and instead create a more selective team of professionals focused on broader, more modern operations.

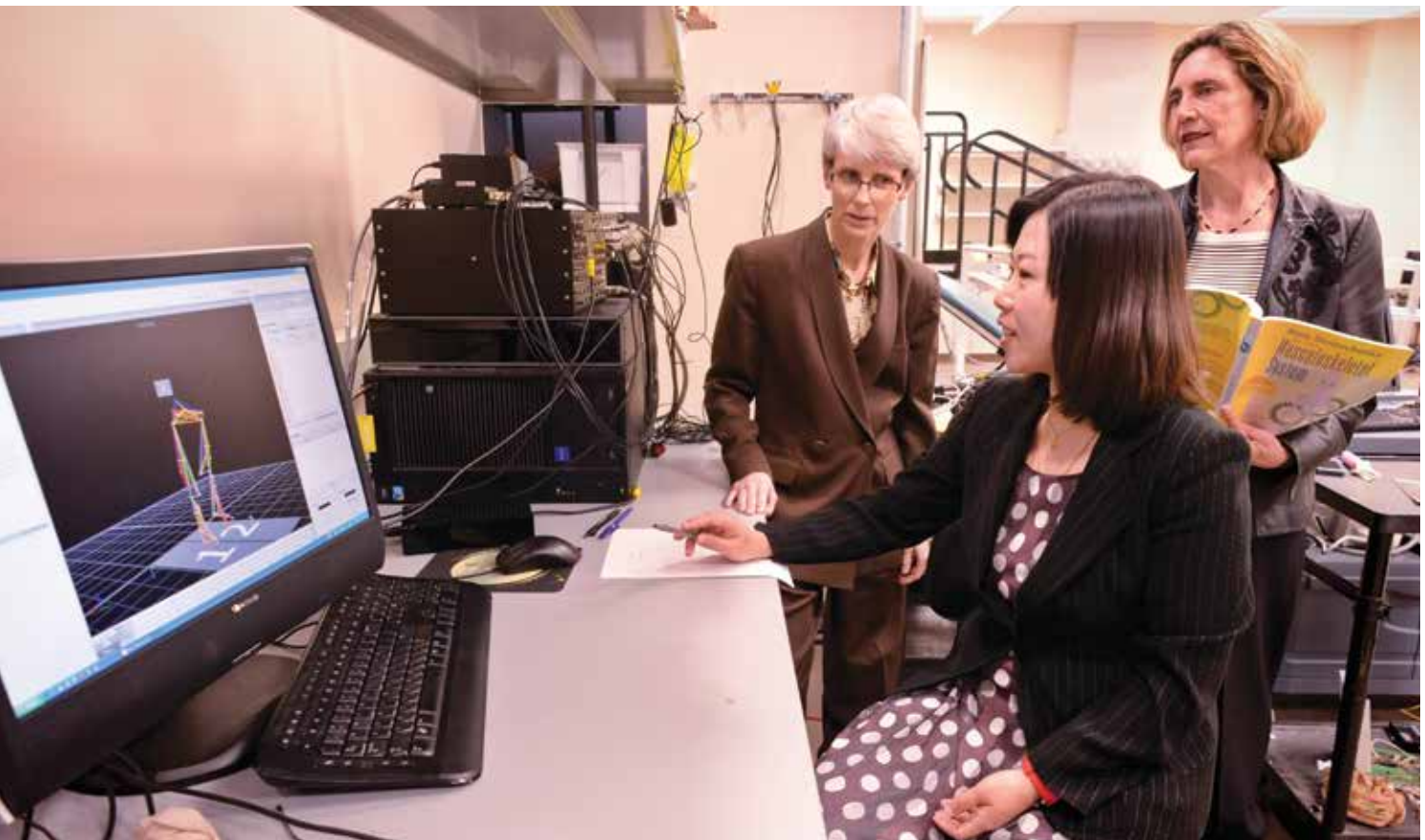
The Information Technology area has been strengthened with additional professional hires and increased centralization of the IT enterprise. This group is working with various schools, departments and divisions to leverage combined resources, to reduce overlaps and identify best-in-class applications for University-wide adoption. Several shared service centers have been created for several units in the institution and others are under study. Further, the School of Medicine is reorganizing its overall technology operations. The University is investigating the centralization of services as well as an expanded shared services environment, new budget model, and updated resource allocation strategy.

A third major area where reorganization has improved efficiency and reduced risks mentioned above is in Public Safety. Parking and Transportation was removed from Public Safety and shifted into Campus Enterprises. This separation better supports the vital role of safety across the University as separate and distinct from transportation and parking.

Additionally, the Division of Finance and Administration recently sought the assistance of the Huron Consulting Group to evaluate the current financial organization and recommend a new organizational structure as well as business process improvements based on peer benchmarks and industry best practices.

RECOMMENDED ADDITIONAL ACTIONS:

A potential “next step” the subcommittee recommended was to conduct a study to investigate how Carolina might optimally organize itself as a contemporary higher education organization. This would include evaluating benefits and drawbacks in implementing a different organizational structure, including the possibility of increasing shared services.



Disaster Recovery and Business Continuity Risks

The Finance and Operations Subcommittee questions whether there are sufficient disaster recovery and business continuity protections in place on campus. Current assessments point to a three-month delay in returning to normal functioning were the University to experience a significant data center loss. While the University has identified impacted areas and developed plans to reduce outage periods, the University must invest in continuity protections to ensure it can continue to conduct the business of the University were it to experience a significant disaster event.

This situation is particularly true for disaster recovery plans in schools or departments that rely on one or more internal systems. Some of these units do not have a disaster recovery plan and few, if any, have tested them. Campus units were required to create business continuity plans (BCP) during the global SARS outbreak in 2003 but most of those plans have not been updated. Departmental BCPs address how to respond in situations when staff cannot go to their usual work stations but does not address what to do if central systems are unavailable. When disaster recovery and business continuity plans are tested, there will need to be a way to fix any problems the test revealed. Fixing problems will likely require a large amount of resources.

POTENTIAL OUTCOMES OF THESE RISKS

These risks could lead to significant exposures, including:

- Data loss.
- Loss of access to key files and information.
- Financial loss.
- Delay in students' education.
- Disruption in faculty research.
- Problems retaining key faculty and top students.
- Potentially, in its extreme, interruption of the University's ability to conduct business.

MITIGATING MEASURES

These would all be major impacts on the University but several mitigating factors have been put in place. ITS has performed a business impact review and has developed a high-level systems and capital plan requirement to address campus technology vulnerabilities.

These activities need to be acted upon, putting in place redundancies that will enable the enterprise to continue to function in the event of a disaster to a central data center. Additionally, there will need to be a process to review, test and update plans on a regular cycle to ensure the changing activity of the University may be sustained in the event of a disaster.

It is important, however, to ensure that all schools, departments, research laboratories, and other units across campus have such plans in place. Finance and Administration is hiring an Assistant Vice Chancellor for Campus Safety and Risk Management to lead the University's efforts. This person will also develop mandatory disaster recovery and business continuity plans in partnership with campus units.

Additional Recommendations for Action

The subcommittee recommends creating an initiative that promotes the importance of all campus units having disaster recovery and business continuity plans, performing regular testing and updating of these plans, and developing ways to address risks and concerns identified during these tests.

Financial/Operational High Impact Risks Listed by Likely Timing of Occurrence

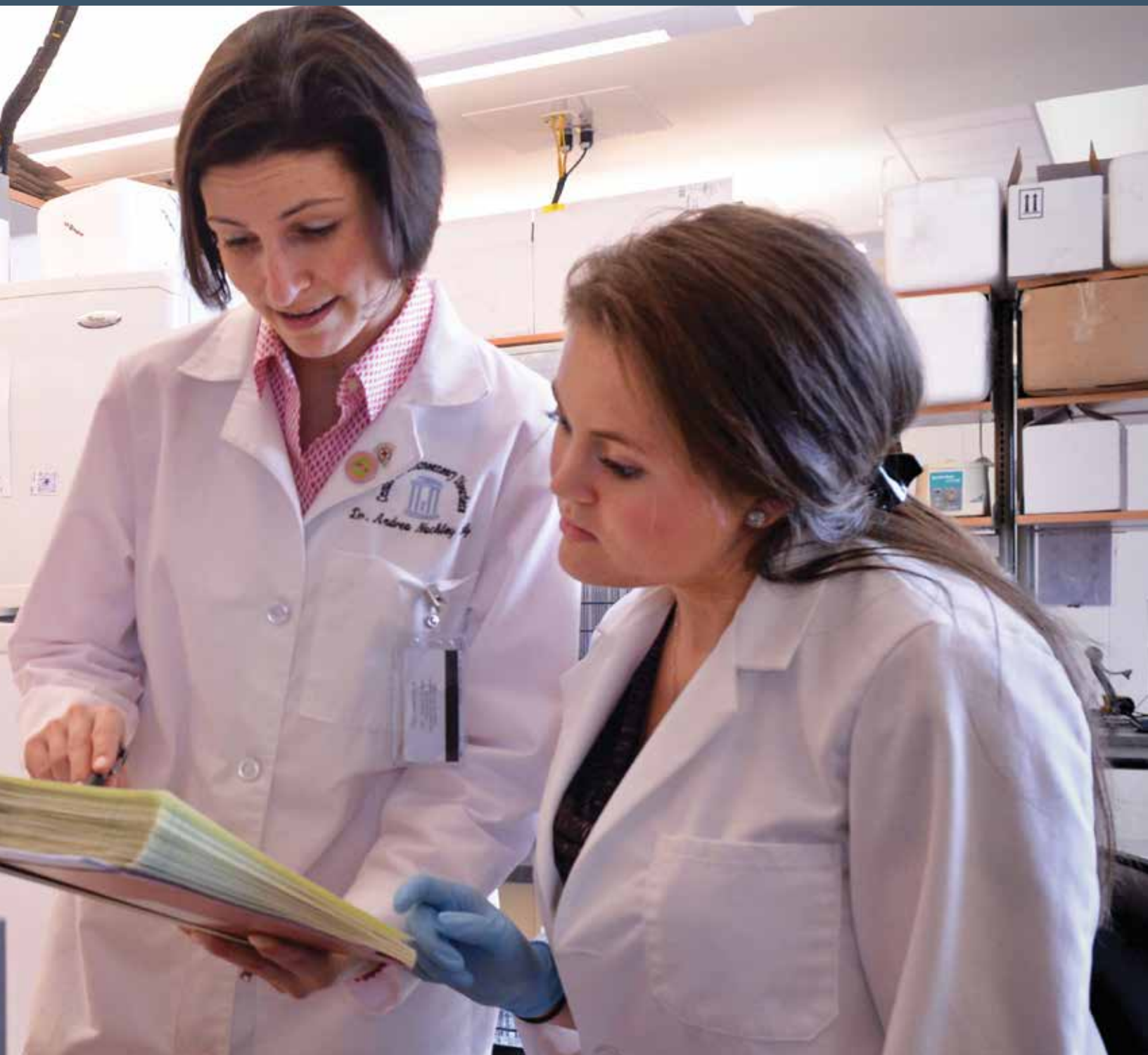
TIME	FINANCIAL RISKS	OPERATIONAL RISKS
IMMEDIATE (<1 YEARS)	Continuing state budget cuts	Data infrastructure (security, student records, privacy protection, power loss, data breaches, disaster recovery, IP)
	Federal funding uncertainties, especially with NIH, NSF, and other federal agencies and the downstream impact on funding for the University	Deferred maintenance
	Less than optimal level of corporate grants	Insufficient staff to maintain internal controls
	Increasing external scrutiny of centers and institutes and the associated potential decrease in funding	
	Reliability of business systems, processes, and reporting during stabilization of operations after implementation of ERP system	
	Potential for investment losses on operating funds under more aggressive asset allocations	
NEAR TERM (1-3 YEARS)	Medicaid reform and loss of in-patient services funding	IT infrastructure funding
		Malpractice risk, being self-insured
		EPIC implementation in School of Medicine and clinics
MODERATE (>3 YEARS)	Getting sufficient return from commercializing IP	Data security
		Insufficient separation of duties

3

Safety and Regulatory Risks

CHAPTER 3





Safety and Regulatory Risks

The Safety and Regulatory Subcommittee determined that successful completion of its assigned task would require more than a high-level review, given the abundance of federal, state, local and UNC System regulations with which the University must comply and the various safety challenges it confronts. These issues are so broad that the subcommittee could not sufficiently evaluate them within the constraints of the Task Force charge. For this reason the Task Force recommends further analysis of the risks and controls within these areas.

At this stage, the subcommittee decided to catalogue applicable regulations and identify the unit(s) responsible for compliance with each. A similar approach was taken with safety issues, recognizing that in many instances achievement of safety “compliance” requires shared responsibility across campus units and communities. In general the University has many controls in place to manage these risks. Yet, these risks are ones that probably have the greatest impact on the University if they are not controlled. To fully assess these risks, the University should start with the material reported here by the subcommittee, then dive deeper into the details to assess the present state of compliance and determine necessary mitigation needs.

A key element the subcommittee did determine was that managing identified risks required education and communication. The University will need to be nimble and smart about tailoring communications regarding regulatory and safety issues to the intended audience; modalities that work well with faculty and staff may be largely ineffective with students. To succeed, the approach must be individually tailored to its audience. For example, a website (“compliance.unc.edu”) that catalogues regulatory requirements and provides concise and accurate information about how to meet them would be an excellent resource for administrative faculty and staff. This may be less effective for students, however. It will be crucial that the University develop ways to deliver safety and regulatory information *where the students live and spend their time*.

The University will need to be nimble and smart about tailoring communications regarding regulatory and safety issues to the intended audience; modalities that work well with faculty and staff may be largely ineffective with students. To succeed, the approach must be individually tailored to its audience .

The subcommittee presented a broad assessment of our risk exposures. There are three broad categories covered by the subcommittee:

- Regulatory risks in our research enterprise.
- Regulatory risks in our non-research areas.
- Safety risks: both compliance driven and day-to-day safety of members of the University community.

The subcommittee identified a number of specific risks in each of these categories. The following lists represent only the risks identified as high-impact, i.e. with the highest probability of occurrence or the highest potential costs or harm.

High-Impact Regulatory Risks Associated Specifically with Research

- **Research on human subjects:** Research involving human subjects requires a careful examination of the benefits of what will be learned weighed against the risks to study participants. When the balance of risks and benefits is skewed toward the former, or when the risks are simply too great, the study should not be undertaken. UNC-Chapel Hill fully embraces the principles of the Belmont Report: beneficence; respect for persons; and justice. Accordingly, all research activities involving human subjects conducted at University facilities or by University personnel must comply with detailed federal regulations and guidance from the Office of Human Research Protections. These regulations govern the procedures of Institutional Review Boards, informed consent processes, and specific protections for various classes of human subjects such as minors, pregnant women, and prisoners. Research institutions must sign a Federal-wide Assurance (FWA) each year certifying their compliance with

these rules in order to obtain federal approval for research. In addition to harm or injury to human subjects, which is the primary focus of UNC-Chapel Hill's human research protection program, the consequences of non-compliance with federal regulations include suspension or withdrawal of the institution's FWA, withdrawal of federal funding for research, and reputational harm.

Mitigation Measures: The University ensures compliance with these regulations through the dedicated oversight of the University's Office of Human Research Ethics and Institution Review Boards (IRBs), required training of all University personnel involved in human subjects research, and special scrutiny of conflicts of interest as well as through review and accreditation by the Association for the Accreditation of Human Research Protection Programs (AAHRPP). UNC-Chapel Hill's most recent AAHRPP accreditation was in 2014.

- **Federal grant financial compliance:** Many of the research activities at the University are funded by federal agencies such as the National Institutes of Health, the U.S. Agency for International Development, the National Science Foundation, and the Centers for Disease Control and Prevention. The U.S. Office of Management and Budget establishes detailed "Cost Principles for Educational Institutions" that mandate the accounting practices required for federal grant funds. A major revision of these principles was introduced in December 2014 and is still in the process of implementation. Non-compliance with these principles could result in fines, a change in the willingness of other institutions to enter into contractual agreements with Carolina, reputational damage, withdrawal of federal funds for research and/or institutional liability under the Federal False Claims Act.

Mitigation Measures: In order to stay compliant with these principles, especially given recent changes in them, the University is updating its policies and internal guidelines in the areas of cost allocations to sponsored projects, cost transfers and award close-out. UNC-Chapel Hill developed training for research administrators which was shared with other universities in the UNC System as well as nationally. As part of this update, the University has upgraded its software programs that assist in financial compliance in the areas of salary costs and pre-audit review to determine more easily whether charges to awards are allowed and allocated properly. Continuous outreach and training on these matters are accomplished through an annual symposium and quarterly update meetings for research administrators as well as a broadly distributed newsletter. In addition to implementing enhanced training and campus communications on federal grant financial compliance, the Division of Finance and Administration has hired additional personnel to analyze data integrity in this area.

- **Research misconduct:** Federal regulations require the University to create policies and procedures for responding to allegations of research misconduct and to report its findings to the Office of Research Integrity. Research misconduct is defined in these regulations as fabrication, falsification, or plagiarism in proposing, performing, or reviewing research, or in reporting research results. Research misconduct could result in substantial reputational harm. Noncompliance can result in a letter of reprimand, an imposition of corrective actions, or debarment or suspension of the University from eligibility for any federal grant, contract, or cooperative agreement.

Mitigation Measures: The University reviewed and revised its policy in 2014. The revised policy, titled “Policy and Procedures on Responding to Allegations of Research Misconduct,” was updated to meet changes in federal standards and reflect the process the University uses to handle research misconduct allegations. The Research Integrity Officer, appointed by the Vice Chancellor for Research, participated in a national boot camp in 2014. Training in the responsible conduct of research is offered online and through a series of courses and seminars across the campus.

- **Laboratory Safety Regulations:** Unsafe laboratories can cause considerable harm to individuals, including death. UNC-Chapel Hill aims to reinforce a “culture of safety” involving the entire community – faculty, postdocs, students, and staff. Laboratory safety laws are part of this culture. They include regulations for the use and disposal of hazardous materials, regulations governing use and storage of select agents (e.g. SARS), regulations related to laboratory animal care and use, regulations governing clinical trials, and Occupational Safety and Health Administration standards. Non-compliance can result in unsafe labs, environmental pollution, contagion or animal release, employee or student injury, stiff financial penalties, and reputational harm.

Mitigation Measures: The University’s Department of Environmental Health and Safety (EHS) continues to develop and implement tools and processes to proactively assist the campus in maintaining a culture of safety, including specific procedures and practices in the areas of regulatory compliance for biological safety, chemical safety, radiation safety, controlled substances, export shipping controls, occupational safety, environmental permitting, fire/life safety, and emergency response. With the breadth and depth of University research always expanding, an integrated EHS management system has been implemented to ensure continuous improvement in laboratory safety compliance by incorporating the use of the PLAN- Do-Check- Act (PDCA) model. This process consists of ongoing monitoring,

reviews and revisions to procedures and policies. Further, monthly reporting metrics as well as the University Safety and Security Committee (USSC) structure support this process. A critical component of the management system is having staff perform compliance verification and using those data for planning. The majority of the EHS budget supports staffing individuals with a proper understanding and expertise in the applicable science, an essential element to the development of a management compliance system.

High-Impact Regulatory Risks Associated with Non-Research Areas

- **Clery Act:** The Clery Act requires educational institutions that participate in federal financial aid programs to disclose and report information about campus safety and crime. The law creates obligations to send timely warnings to students and employees of active criminal threats, to keep records of crime statistics, to maintain a public log of criminal reports, and to distribute an annual campus security report. Failure to comply can result in large fines to the University.

Mitigation Measures: The University has made major investments over the past two years on Clery Act compliance. The compliance efforts have been assisted by the University's purchase of a new student conduct software system (Maxient), which enables units across campus to share information and allows for better identification and categorization of Clery-reportable offenses. The University also developed an online Clery training module for campus security authorities. In addition, after receiving guidance from an outside firm specializing in Clery Act training and compliance, the University formed a University Clery Act Advisory Committee that discusses Clery compliance on a quarterly basis.

- **CERCLA:** The Comprehensive Environmental Response, Compensation, and Liability Act is a law regulating the release of hazardous substances into the environment and their clean-up. It contains provisions related to notifying the EPA of hazardous waste sites, and it gives the EPA the authority to require the parties responsible for the pollutants to cooperate in clean-up. CERCLA violations carry heavy fines and, in some cases, imprisonment.

Mitigation Measures: The Department of Environment, Health, and Safety is a team member on all construction projects and works proactively to identify any previous releases of hazardous substances. Although in the past the University has discovered waste sites on University property due

to historical University activities, for those sites, the University entered into voluntary remediation agreements with the North Carolina Department of Environment and Natural Resources and the Town of Chapel Hill to implement remedial action plans. In addition, the University operates a fully permitted, centralized Hazardous Materials Facility for the treatment, storage, and disposal of hazardous waste on campus allowing for greater oversight of campus disposal of materials subject to CERCLA regulation.

- **NCAA:** Division I members of the National Collegiate Athletic Association are subject to “Division I Legislation” regulating institutional responsibilities related to student-athletes. Penalties for non-compliance include competition penalties, financial penalties, scholarship reductions, head coach and recruiting restrictions, forfeiture or vacation of contests, and public reprimand.

Mitigation Measures: The Task Force believes we have fully cooperated with past and current NCAA investigations. Athletics works to self-report violations whenever they are discovered. *[Note: After this report was presented to the Board of Trustees in May 2015, the University received the NCAA’s Notice of Allegations as the next step in the investigation process.]*

- **SACSCOC:** The Southern Association of Colleges and Schools Commission on Colleges is the primary accrediting agency for the University. Non-compliance with its standards could result in recommended actions to correct noncompliance, monitoring of institutional activities, and/or loss of accreditation.

Mitigation Measures: Following the Wainstein Report, SACSCOC requested additional information from the University about compliance with various accreditation standards. The Task Force believes that the administration responded appropriately to the request for additional information. *[Note: After this report was presented to the Board of Trustees in May 2015, the University was notified that Carolina’s accreditation is being maintained and that a one-year period of probation will be imposed in order to demonstrate the effectiveness of the many reforms instituted in response to the academic irregularities that ended in 2011.]*

- **ADA/EEO:** The Americans with Disabilities Act and federal laws regulating Equal Employment Opportunity in areas such as race, color, religion, sex, national origin, age, and genetics protect qualified individuals from discrimination in hiring, promotion, discharge, pay, benefits, and other aspects of employment. Disability discrimination includes not making reasonable accommodation to the known physical or mental limitations of an otherwise qualified applicant or employee. The ADA also regulates the University's interactions with students with disabilities. Penalties for non-compliance include civil fines, imprisonment for willful misconduct, and reinstatement (or promotion, back pay, etc.) of the affected employees.

Mitigation measures: The recently expanded Equal Opportunity and Compliance Office facilitates the University's commitment to an inclusive campus community that is free from discrimination, harassment and retaliation. In 2014, the University amended its ADA Reasonable Accommodations in Employment Policy, and its Policy on Non-Discrimination was last updated in March 2015.

- **FERPA:** The Family Educational Rights and Privacy Act protects the privacy of student records at educational institutions. The University may not disclose student education records to third parties without consent except in a limited number of circumstances. Under FERPA, the term "education records" is defined broadly, and such records may be held or maintained by a number of people at the University. Educational institutions that fail to comply with FERPA may forfeit federal funding, and disclosure of data in violation of FERPA could result in reputational harm to the University.



Mitigation Measure: The University is appropriately protective of its students regarding FERPA.

- **Title IX:** Title IX of the Education Amendments of 1972 prohibits sex discrimination against students and employees of the University. Educational institutions receiving federal funds are required to have a Title IX Coordinator to monitor the school's compliance with Title IX and to oversee complaints of sex discrimination. Victims of discrimination under Title IX may individually file a claim in federal court for relief under the law. In addition, schools may be required to enter into voluntary compliance agreements that contain provisions for monetary damages for discrimination victims, and schools could forfeit federal funds for non-compliance.

Mitigation Measures: The University has increased staff that handles sexual assault complaints, including six full-time Title IX employees and additional support positions at the Carolina Women's Center. The University's full-time Title IX Coordinator oversees the University's prevention of and response to sexual harassment, and the University has created several new positions dedicated to the Title IX response (e.g., a hearing coordinator, a program coordinator, and investigators). The University recently amended its policy for reporting, investigating and adjudicating sexual harassment/sexual violence and incorporated into that policy feedback from a 20-plus member task force consisting of students, faculty, staff and community representatives. In 2014, the University implemented required training for all community members (faculty, staff, and students) on sexual harassment/sexual violence. In addition, the University retained the services of Gina Maisto Smith, a national expert on Title IX, to assist the University in these matters. The University also coordinates annual sexual assault prevention education for Greek chapters

and new members, in partnership with Student Wellness, Title IX/EOC, the Women's Center, and the Orange County Rape Crisis Center, via One Act for Greeks, Delta Advocates, Interactive Theater Carolina, and other coordinated speakers and events. We also continue to work with the Interfraternity Council to address safety and parties via social host policies—including party registration, enforcement, and adjudication of violations.

- **Public records:** The North Carolina Public Records Act requires that state agencies, such as the University, make available their records for public inspection subject to a number of exceptions. The act does not contain sanctions for non-compliance, but a requestor who prevails in a civil suit brought pursuant to the law is entitled to attorney fees except in a few rare circumstances.

Mitigation Measures: The University's experienced public records team responds as promptly as possible to requests for records while protecting the privacy rights of University students and employees and other information that is confidential under federal and state laws. This is a difficult balance. In upholding its commitment to transparency, the University recently launched a new website that allows anyone to access and view all of the requests made for University records; the website includes information such as when a request was received, the name of the individual who made the request, a description of the request, and details about the processing of the request.

- **Data Security and Identity Theft:** A number of laws such as the North Carolina Identity Theft Protection Act, the Gramm Leach Bliley Act, the Payment Card Industry Information Security Standard, and the North Carolina Human Resources Act contain provisions requiring the University to protect certain sensitive information against unauthorized disclosure. These laws mandate specific information security measures and require notification of breaches. Fines for breaches are high, notification can be costly, and reputational damage could shut down some institutional operations.

Mitigation Measures: The University has several requirements for faculty, staff and students that strengthen data security and identity theft prevention. Quarterly password changes, required training on policies, and a campus-wide project to identify and remediate sensitive electronic records on campus owned systems are all measures that in part mitigate institutional risk.

- **HIPAA:** The Health Insurance Portability and Accountability Act of 1996 protect the confidentiality of health information and sets national standards

for the security of electronic protected health information. Anyone with access to protected health information, such as faculty in the School of Medicine or researchers using health data, may be subject to the strict requirements of HIPAA. Monetary penalties for non-compliance can be imposed up to a maximum of \$1.5 million per year.

Mitigation Measures: The University requires mandatory HIPAA training for all employees with access to protected health information.

- **International Operations:** As a global partner in education, research, and service, the University conducts research and provides educational and service opportunities in many areas of the world. The regulatory risks in such operations consist of ensuring compliance with foreign laws, including, for example, tax obligations, customs requirements, and human subject protections. These operations can also pose a number of health and safety risks to faculty, staff, and students. Potential consequences of these risks include monetary fines, sickness, injury or death, personnel imprisonment in a foreign country, and students or personnel unable to leave regions of civil unrest or epidemic.

Mitigation Measures: To assess these risks, the University engaged the services of KPMG's International Development Assistance Services Division to conduct a review of the University's international operations. As a result of that assessment, the University's Chief International Officer has convened a Global Employment Planning Group consisting of representatives from Human Resources, Research, Finance, University Counsel, and International Study Scholar Services in order to create policies to facilitate international operations in a manner that complies with foreign tax and employment laws. Currently, that group is drafting a Policy and Guidelines on Allowances and Benefits for Expatriates that provides guidance for international assignments and consistency in the allowances offered by the University to expatriate employees on overseas assignments.

High-Impact Safety Risks

- **International Operations,** as detailed above.
- **Active shooter/violence:** The University's Department of Public Safety, in coordination with other campus units, has developed an extensive all-hazards emergency response plan that details the steps that the University will take in the event of an active shooter on campus or other emergency

situations affecting the campus community. The emergency response plan includes timely warnings and campus alerts, with the type and frequency of the alerts escalating for various emergency situations. With the assistance of an outside consultant, the University's key stakeholders, including executive and operational emergency response committees, have performed simulated emergency events with annual exercises to test the emergency response system. Public Safety also works closely with the Town of Chapel Hill, Orange County, and the State of North Carolina to ensure that emergency response is a coordinated effort.

- **Sexual Assault:** The University implemented required training for students, faculty, and staff regarding sexual assault/sexual violence, and the Equal Opportunity Office provides periodic programming and training on sexual assault for particular groups on campus, including bystander safety training within student groups for prevention of sexual assault. The Interfraternity Council now mandates that new fraternity members and the fraternity executive council have sensitivity training every two years.
- **General Safety and Conduct:** The University has continued its joint UNC-Chapel Hill Police Department Loud Party/Noise Complaint response program, with a University official and Chapel Hill Police Department officer visiting student rental properties that have been identified via complaints to provide a warning and tips to prevent future issues. This program has resulted in an 18 percent drop in noise complaints in the downtown residential neighborhoods over the last year. Additionally, the University coordinated the annual Good Neighbor Initiative, with a focus on prevention of local ordinance violations and home safety, as well as the monthly Tar Heel Citizen Times, an e-newsletter going to 6,000 off-campus residents. The newsletter has monthly features on local ordinances, safety and security tips, ways to get involved in the local community, and good neighbor resources.

Also, under the leadership of the Office of the Dean of Students, weekly case management meetings occur involving Department of Public Safety, Housing Residence Education (HRE), Student Wellness, and the members of the on-call Critical Incident Response Team. These meetings provide a forum to address health, behavior, or other safety issues involving students, as well as to identify at-risk students for intervention earlier than the occurrence of a major critical incident. This group is in the process of revising Carolina's emergency evaluation procedures to better reflect emerging best practices. As a part of that update, the University is devising a two-tier approach with establishment of a Care Team which will focused on timely intervention and ongoing case management and a Threat Assessment Team that is intended to address

significant, ongoing risks to the campus community. While these functions are already in existence under the EEAC model, the new structure will expand the subject matter expertise involved in the assessments and help Carolina be more nimble in identifying potential crises in advance.

- **Hazing:** The University expressly prohibits hazing and operates a hazing hotline through which students can submit an anonymous report of hazing by fraternities or sororities. The University is in the development process of creating the Interdisciplinary Violence Prevention Working Group/Task Force and the Interdisciplinary Hazing Prevention Working Group/Task Force. These two groups will coordinate closely with another working group focusing on alcohol. It is the synergy among the three working groups – alcohol, sexual assault/violence, and hazing prevention – that is unique and will create a level of coordinated efforts that will shift the current landscape and culture on campus.

In addition, the University provides annual hazing prevention education to all 57 fraternity and sorority chapters and new members via new member education workshops, speakers, and dissemination of documentation related to state law, campus policies, and council policies. The University is in the process of launching a pan-University hazing prevention coalition, and is sending six campus representatives, including three staff and three students from Greek life, Varsity Athletics, and Club Sports, to the National Hazing Prevention Institute.

- **Alcohol and Drug Safety:** University policies regulate both student consumption of alcohol on campus and serving alcohol at University-sponsored events. The University has convened a Pan-University Task Force that is examining high-risk drinking and substance abuse with a plan to develop recommendations based on a public health approach. Proposals will cover topics including education, prevention, enforcement, accountability, and recovery. Simultaneously, Carolina has enhanced alternative programming designed to deter dangerous drinking, including First Friday events in the residence hall communities and HeelFest on the last day of classes.

Grant funds from the Governor's Office and private gifts from University donors are being used to increase resources for students in recovery.

All incoming first-year students receive in-person education about alcohol during orientation and are required to complete an online AlcoholEdu education course. This program had a completion rate exceeding 95 percent

last year. Students who violate the campus alcohol policy either off-campus or in the residence halls may be assigned to BASICS (Brief Alcohol Screening for College Students), an education/intervention program with a high efficacy rate in altering the drinking habits of students who complete the program.

In addition the University also provides annual, comprehensive risk management education to all 57 fraternity and sorority chapters via the Ladder of Risk, a nationally recognized social host training program with a focus on the management of events with alcohol.

- **Facility Security:** Facility security, as used in this report, encompasses many different safety risks including security measures for access to buildings on campus, emergency security measures in the case of a natural disaster, construction safety, maintenance of older structures to prevent deterioration, security at large campus events (athletic games, graduation), laboratory security measures for use of hazardous materials, animals, or select agents, and security of facilities used abroad in international operations.

ADDITIONAL MITIGATION COMMENTS

Mitigation of the listed regulatory risks requires a University-wide effort. The prior section listed some of these protections for each category. In some cases, such as Title IX or Public Records, the University employs staff dedicated solely to compliance in these areas. For other risks, compliance is achieved through inter-departmental coordination and effort. Going forward, communication is essential to achieve compliance. Those on campus who perform regulated activities must be fully informed of their compliance obligations by those on campus who are knowledgeable and conversant in those obligations. Such communication can be achieved through new employee orientations, individualized trainings, websites, or campus-wide public information emails or sessions; however, this communication requires in the first place that those conducting the information sessions or building the websites understand the requirements of the laws.

The Department of Public Safety and the Department of Environment, Health and Safety work to mitigate many of the safety risks identified. They work closely with other campus departments and affiliates, such as Equal Opportunity and Compliance Office, Counseling and Psychological Services, Facilities Services, Student Affairs, contractors, and faculty members who run scientific laboratories, to coordinate the reduction of safety risks. Further safety mitigation measures were discussed in the prior section.

Additional Recommendations for Action

As noted above, the University should consider embarking upon or commissioning a comprehensive assessment of its current state of compliance in the areas identified above, due to the Task Force’s limited capabilities in evaluating all the mitigation measures. Given the complexity of the task, an external consultant may be required.

Regulatory & Safety High-Impact Risks Listed by Likely Timing of Occurrence

TIME	REGULATORY/ COMPLIANCE RISKS	SAFETY RISKS
IMMEDIATE (<1 YEARS)	All risks involving compliance with regulations are ongoing unless and until the laws change.	Active shooter/violence
		Sexual assault
		Alcohol and drug safety
		Facility security
		International operations
NEAR TERM (1-3 YEARS)	Current Specific Issues of Alleged Non-Compliance at the University: <ul style="list-style-type: none">• Remediation of non-compliance with payment card industry (PCI) regulations• Adequate close-out of sponsored projects and grants to comply with federal cost principles• NCAA investigation• SACSCOC review	
MODERATE (>3 YEARS)	Given staff and student turnover, campus-wide communication of regulatory rights and obligations must be reassessed at various intervals for maximum impact	

Opportunities to Seize

Today Carolina is at a tipping point. It is on a steep trajectory for outstanding success yet it also stands at a precipice where needed resources could be deprived and its potential choked off. In some ways our 221-year-old institution is like a startup enterprise. We have made significant advances in science, the arts, medicine, discovery and leadership. Yet the risks facing us are significant. Thus far this report has focused principally on those risks. Here, it is important to show the opportunities Carolina must realize if it is to stay true to its motto of *Lux, Libertas*.

One of the greatest purposes for a university, especially a public university, is preparing its students to be engaged citizens. Higher education does this by teaching what has happened in the past, then releasing its students' imaginations to seek and discover new ideas. This is why we teach. This is why we research esoteric subjects. This is why we seek to solve the world's most pressing problems.

In the coming years, through our strategic efforts to further develop and diversify our programs, funding for research is expected to increase. We must continue to have sufficient people, physical plant and financing to support our research enterprise. Particularly necessary are having leading scientists and laboratory space. Capacity for translational and applied science will also be important.

Carolina is a research engine ranked ninth in the nation among research universities. Each year, the University conducts close to \$1 billion in research activity, supporting all or part of the salary of nearly 10,000 UNC employees and adding tremendous value to the state's economy.

In the coming years more federal research dollars will go to a shrinking number of institutions. For Carolina to stay among this elite group we must continue to support investment in our research enterprise to maintain positive momentum.

In the coming years, through our strategic efforts to further develop and diversify our programs, funding for research is expected to increase. We must continue to have sufficient people, physical plant and financing to support our research enterprise. Particularly necessary are having leading scientists and laboratory space. Capacity for translational and applied science will also be important.

While Carolina has successfully competed for federal grant funds we have a lower percentage of corporate support than most of our peer institutions. The University has begun to invest in this area and the numbers are beginning to move up. Improving our competitive position with industry must be a major strategic thrust. The new position of Vice Chancellor for Commercialization and Economic Development should work with the Vice Chancellor for Research, as well as the Vice Chancellor for Development, to help meet this goal.

An additional opportunity where Carolina has a lead and must continue to focus is innovation. Begun as part of the cornerstone of Chancellor Holden Thorp's administration and continued under Chancellor Folt, innovation is now woven into curricula throughout campus, not merely the sciences. This is a unique strength. It binds the campus together in unexpected ways, such as using computers to make new music. As a liberal arts research university, Carolina must balance competing purposes, where one part of campus is creating new ideas while another part is critiquing them. That is the great paradox of learning. Creating new knowledge will be critical for meeting the needs of North Carolina and the world. Moving that knowledge into the marketplace is a challenge. The North Carolina Translational and Clinical Science (TraCS) Institute has been investing in this area. Recent creation of a new Office of Industry Contracting within the office of the Vice Chancellor for Research will be helpful. The Carolina Research Venture Fund provides financial resources toward meeting that challenge. Finding ways to support those young companies funded through CRVF so they can properly grow to full viability is an opportunity Carolina should also address looking forward.

Carolina's alumni, parents and friends are among the strongest supporters of any institution. It is time we call on that loyalty with a major fundraising campaign. The nation's capital markets are at their historic peaks. Unemployment has abated. The economy has stabilized to the point where people are again comfortable

making large philanthropic gifts. Carolina must exploit this opportunity now. The current Vice Chancellor for Development and his staff have taken the institution's fundraising operations to a new level. We are getting positioned to maximize our donor base. If we do not move now with all deliberate speed, however, externalities such as a falling stock market could chill all these efforts. This has to be a priority.

Carolina should explore the question of enhancing its global operations. Opportunities here will enable us to have greater impact around the world by providing direct access for our students and faculty. Some institutions, such as Duke University, have opened medical schools overseas. More institutions have foreign business schools. Indeed, Carolina planned to open a business school in Qatar in the early 2000s. Events of September 11, 2001, however, prevented those plans from going forward. Looking at this opportunity from a different angle, the University might consider opening a medical or physician assistant program in Latin America. Doing so would allow UNC or other North Carolina based healthcare workers to be further trained so they can better serve the state's growing Hispanic population.

A final opportunity for the University is reaffirming our leadership within the UNC System. We should leverage the knowledge and discoveries coming out

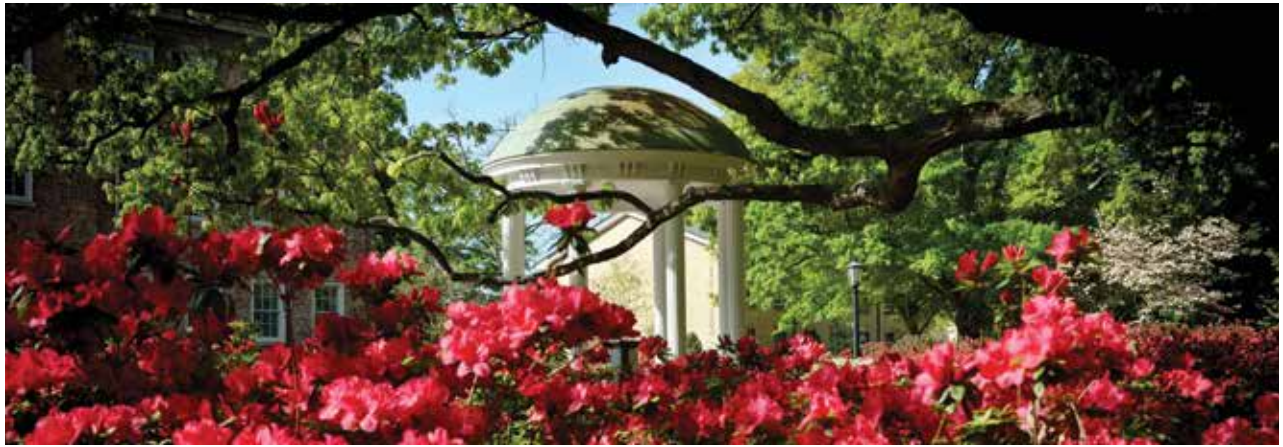


of Carolina to improve the lives of North Carolinians, who have supported us for over 220 years. This is not only for the near term, but also for the longer term. Educating our students to have only the technical tools will not be sufficient. We must always educate them to think critically, so they can solve future problems that we cannot now foresee. Even if reduced state resources continue, we should use Carolina's size, history, outstanding faculty, and students' initiative to help lead and partner with its sister institutions. We should find ways to continue to work with N.C. State and others to make technological discoveries. We should continue to consider having our medical faculty and students broaden their reach, as needed, across the state. For these efforts to succeed, however, we must have sufficient flexibility to retain faculty and protect Carolina's academic excellence. This will require a mutual understanding with the Legislature, Board of Governors and General Administration on what it takes to maintain excellent research, educate students, commercialize technology that creates new jobs, and train the next generation of leaders. We cannot lose ground with our academic peers. Working together, however, we can lead our state and nation through another 200 years.

A final opportunity for the University is reaffirming our leadership within the UNC System. We should leverage the knowledge and discoveries coming out of Carolina to improve the lives of North Carolinians, who have supported us for over 220 years.... We must always educate them to think critically, so they can solve future problems that we cannot now foresee.

Recommendations of the Task Force

- **Develop an institution-wide strategic plan as soon as possible.** This must include a top-to-bottom to bottom-to-top review of the organization so we can know where we are strong and where we are lacking. This review process must ensure that expectations are realistic. Higher education is changing radically. We must change too but to do so requires understanding where we are and where we want to go. Only then can we remain one of the great universities of the future.
- **Undertake a capital campaign as soon as possible.** Because Chancellor Thorp resigned after serving only five years, the University experienced a change in leadership sooner than anticipated. This prevented undertaking a capital campaign on the expected schedule so Carolina is several years behind. The longer we wait to begin a campaign, the more likely we will be to hit competing campaigns by other institutions. It is critical that Carolina grab the opportunity to launch a capital campaign as soon as possible.
- **Enhance communications throughout the institution.** Events of the past five years have left many in our community wondering whether Carolina has lost its way. Comments are heard about the standards set by Bill Friday or Dean Smith. Yet even those icons had their difficult periods. To realize the opportunities ahead of us, as well as avoid risks that stand in the way, it is imperative that we have good lines of communication among all levels of the organization. We must realize that Carolina cannot be run like a corporation, even though it is a nearly \$3 billion enterprise with over 11,000 employees. People must engage across departmental lines and throughout the organizational hierarchy. Communications must be buttressed amongst central units, especially for faculty, staff and students not located in central units. The particular approaches need to be tailored to the audience. Thought should be given about how key messages are communicated in



addition to what is being communicated. Indeed, communication is an area where duplication often is warranted. This is not an easy task. However, it is one of the most important tasks the University faces.

- **Establish performance goals that can be articulated and measured.** This falls across all aspects of the University. Further, have a regular schedule to revise these goals and metrics. Oversight of the timeliness of such reviews would be part of a compliance officer's function.
- **Focus the University faculty, researchers, staff and administration on "continuous improvement" rather than assessing progress only at certain points in time.** This should emphasize to people that they are part of a great institution that serves the public good every day; their part is important to the realization of its full aspirations. Part of this process will include rebalancing a sense of trust among all so that the culture at Carolina continues to be one of integrity and community.
- **Safety must continue to be an imperative.** We have already made significant changes in areas pertaining to behaviors. In particular, changes to our sexual assault policies and our student Honor Code have improved current processes. We have established a violence prevention task force, an interdisciplinary hazing prevention working group, and a gender violence services coordinator, among others. However, safety also applies to the laboratories where research is undertaken, to the clinics where medical students and faculty work, and to international sites where we undertake research and teaching. While this Task Force did not find problems in these areas, safety is such a "high impact, high probability" risk for the University – and an ongoing risk – that we must all remain dutifully vigilant.

- **Create a business case of the benefits and costs of centralization and shared services.** A more judicious use of centralization should be considered. It is important to balance centralization with the University's prioritization of innovation in teaching, learning, and research. In some areas this may be beneficial, while in others continued decentralization may be optimal. Evaluating all areas is important and should take priority within the University's administrative, research and academic units.
- **Develop a central repository of federal and state regulations.** There should be a person with clear responsibility for reviewing and updating this repository on a regular basis. We must make sure compliance.unc.edu covers all areas of the campus and that there are sufficient resources dedicated to keeping it current. Furthermore, we should improve central coordination of the intelligence received by various units across campus that monitors federal and state regulations.
- **Training is critical.** A review of Carolina's training is needed, viewing it from separate perspectives of students, faculty, and staff in departments, as well as staff in central units. A holistic view of training from the standpoint of the *trainee* has the potential to address gaps and duplications, especially when some persons being trained are new to Carolina while others have spent their careers here.
- **Establish a risk committee with members from multiple campus areas as part of the transition from the Task Force to ongoing enterprise risk management effort.**
- **Create the position of Chief Risk Manager whose principal goal is to coordinate risks across the institution.** Realizing that a research university will always face risks, having a single person to focus on coordinating those risks is imperative. This new position should report to a senior administrator. It should not be the Chancellor; to do so would risk not having sufficient oversight given the number of constituencies the Chancellor must serve. Nevertheless, this person should report to a Vice Chancellor or the Provost, perhaps with dotted line reporting to the Chancellor.



Conclusions

Today Carolina stands among the top global research universities while simultaneously committing itself to serve the people of North Carolina. This juxtaposition of commitment to global AND local excellence is something that makes Carolina unique. Over the past 221 years the University has served as a center for research, scholarship, and creativity. At few times in its history has Carolina been more involved in discovering new ways to solve problems and teaching its students to be engaged citizens of the world, regardless of where they call home.

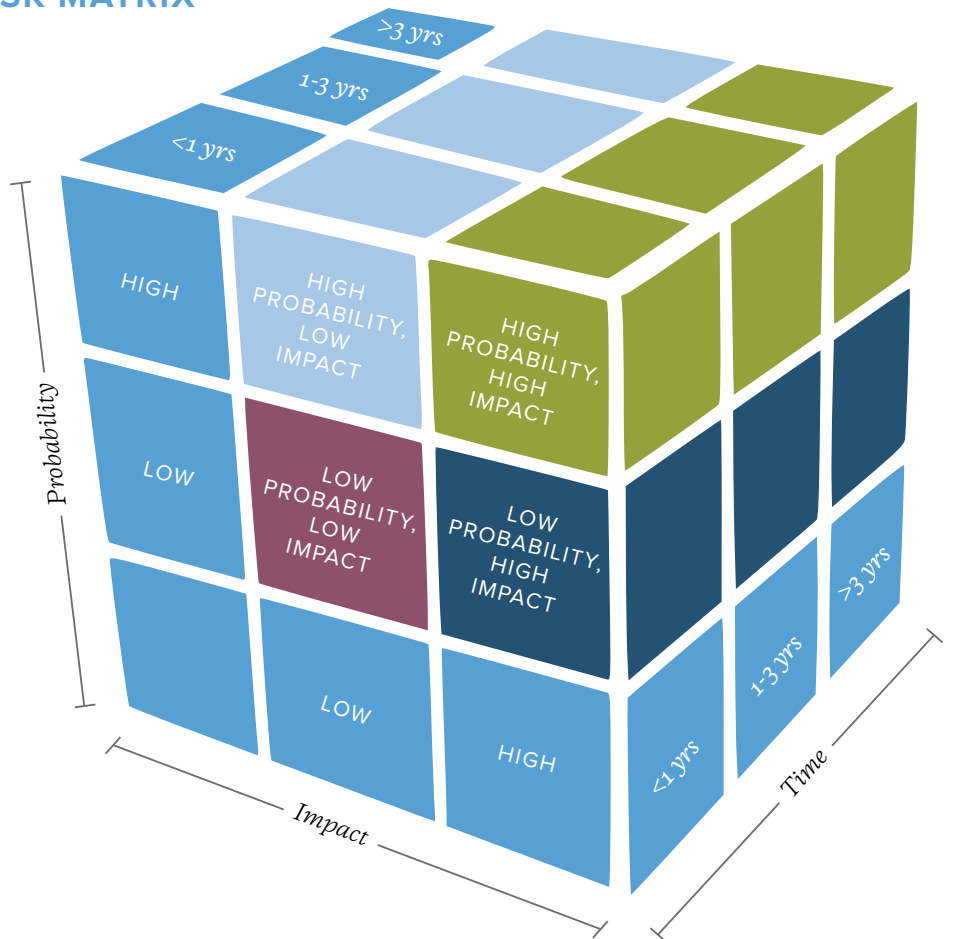
To continue its bold history for another two centuries the University must also look internally at its own aspirations and resources. That has been the purpose of this Task Force. The interlocking nature of opportunity and risk was clearly evident in the work we did. At the same time, we believe that most of the risks that were evident are either being mitigated or mitigation measures are within reach.

As stated earlier, an institutional strategic plan is the greatest need cited by the Task Force. This is not surprising given the extraordinary change that Carolina has faced in recent years – almost a complete change in its executive leadership, a major shift in the state’s political course, global economic and health crises, and rising costs that challenge the existing financial model.

Yet change does not occur without revealing opportunities. Such is the case here. The Task Force has sought to identify several opportunities currently within Carolina’s grasp. It is our hope that this report can serve as a roadmap to identify the risks apparent in our current environment so that we can realize those opportunities that lay before us.

Appendix A

CAROLINA RISK MATRIX



CATEGORIES OF RISK

Strategic - Events that affect the University's ability to achieve its goals and objectives, including competitive and market factors.

Operational Risks - Events that affect ongoing management processes and procedures as well as events that affect the electronic information flow and communications, including electronic commerce, storage, disaster recovery, interfaces, development cycle, etc.

Financial Risks - Events that affect profitability and efficiency, including loss of assets and technology risks.

Regulatory Risks - Events that effect compliance with laws and regulation, including safety and environmental issues, litigation, and conflicts of interest.

Reputational Risks - Events that affect the reputation and public perception of the University, including political issues and negative occurrences on campus.

Life and Safety Risks - Events that affect the health, safety and well being of students, faculty and staff, as well as the surrounding communities.

ONGOING RISKS AND <1 YEAR RISKS

	LOW IMPACT	HIGH IMPACT
HIGH PROBABILITY	No items	<p>Life and Safety</p> <ul style="list-style-type: none"> • Alcohol and drug abuse in student population • Sexual assaults • Safety of faculty/students outside U.S. <p>Regulatory</p> <ul style="list-style-type: none"> • Compliance w/behavior-related regulations for students – OCR and Clery Act • Staying current with changing federal and state regulations <p>Reputational</p> <ul style="list-style-type: none"> • Managing and responding to negative events • Continued narrative re athletics/academics • Academic freedom vs. outside stakeholders <p>Strategic</p> <ul style="list-style-type: none"> • Maintaining a culture of ethical behavior • Loss of key faculty, researchers, clinicians • Retention/recruitment of top personnel • Succession planning (administration, academic chairs, etc.) <p>Operational</p> <ul style="list-style-type: none"> • Data Infrastructure (security, privacy protection, power loss, breaches, disaster recovery, intellectual property) • Deferred maintenance <p>Financial</p> <ul style="list-style-type: none"> • State budget cuts & sustainability • Federal cuts to NIH, NSF, etc. • Lack of adequate corporate grants • Support for centers/institutes funding
LOW PROBABILITY	<p>Life and Safety</p> <ul style="list-style-type: none"> • Public safety & health emergency collaboration with community partners <p>Financial</p> <ul style="list-style-type: none"> • Investment/credit mkt performance 	<p>Strategic</p> <ul style="list-style-type: none"> • Decline in academic program • Lack of accountability of faculty for curriculum and course structure <p>Life & Safety</p> <ul style="list-style-type: none"> • Suicide risk and contagion • Lab safety <p>Operational</p> <ul style="list-style-type: none"> • Inadequate security of student records

1–3 YEAR RISKS

	LOW IMPACT	HIGH IMPACT
HIGH PROBABILITY	<p>Life and Safety</p> <ul style="list-style-type: none"> Liabilities related to fraternities and sororities <ul style="list-style-type: none"> New member education Protecting faculty and students outside U.S. <p>Strategic</p> <ul style="list-style-type: none"> Limited flexibility in HR area <p>Regulatory</p> <ul style="list-style-type: none"> Increasing federal and state regulations <p>Operational</p> <ul style="list-style-type: none"> Training and professional development Regularly update training on compliance, safety, data security issues Macro market conditions affecting healthcare (e.g., consolidations of doctor practices, hosp.) Data security/adequacy/infrastructure 	<p>Regulatory</p> <ul style="list-style-type: none"> Compliance – Title IX Non-compliance with payment card Industry (PCI) regulations Adequate close-out of sponsored projects and grants <p>Financial</p> <ul style="list-style-type: none"> Medicaid reform and loss of funds Macro conditions affection healthcare (demographic changes, value based care, etc.) Reliability of business systems and processes. IT infrastructure funding Federal funding uncertainties Fundraising – launch capital campaign <p>Strategic</p> <ul style="list-style-type: none"> Turnover in governing bodies (BOG, Legislature) Global university issues-adequate policies for int'l regulations etc. Governance balance between centralization and decentralization Reassessment of honor system Assessment of student organizations
LOW PROBABILITY	<p>Financial</p> <ul style="list-style-type: none"> Bad claims <p>Strategic</p> <ul style="list-style-type: none"> Student career development effectiveness <p>Operational</p> <ul style="list-style-type: none"> Adequate documentation 	<p>Strategic</p> <ul style="list-style-type: none"> Liabilities associated with broad programs <p>Operational</p> <ul style="list-style-type: none"> Malpractice risk – self insured EPIC implementation in School of Medicine, clinics <p>Financial</p> <ul style="list-style-type: none"> Reduced research funding from NIH, NSF, other grants Fundraising – annual fund dollars to support operations

>3 YEARS RISKS

	LOW IMPACT	HIGH IMPACT
HIGH PROBABILITY	No Items	Regulatory <ul style="list-style-type: none"> • Research compliance and support for research related administrative foundation Strategic <ul style="list-style-type: none"> • Planning – campus-wide & departmental • Communication of University messaging Operational <ul style="list-style-type: none"> • Separation of duties in departments • Data security Financial <ul style="list-style-type: none"> • State financial status • Federal grants and contracts • Returns from commercialization of IP • Capital campaign success
LOW PROBABILITY	Strategic <ul style="list-style-type: none"> • Planning for residential space • Planning for changing building functions (e.g., Odum Village) 	Strategic <ul style="list-style-type: none"> • Inadequate disaster recovery planning and response • Culture of ethical behavior – discovery of large-scale cheating, or similar occurrence Life and Safety <ul style="list-style-type: none"> • Externalities with town in managements of large events (e.g., Halloween, athletic events) Regulatory <ul style="list-style-type: none"> • Animal research • Human subjects research

Appendix B

Subcommittee Members and Staff

STRATEGIC RISKS AND REPUTATIONAL RISKS:

Phillip Clay – Board of Trustees

Winston Crisp – Vice Chancellor for Student Affairs

James Dean Jr. – Executive Vice Chancellor and Provost

Matt Fajack – Vice Chancellor for Finance and Administration

William Roper – Vice Chancellor for Medical Affairs, Dean of School of Medicine,
and CEO for UNC Health Care

Staff Member:

Glenn George – Senior Vice President and General Counsel for
UNC Health Care

OPERATING RISKS AND FINANCIAL RISKS:

Matt Fajack¹ – Vice Chancellor for Finance and Administration

Peter Grauer – Board of Trustees

Chris Kielt – Vice Chancellor for Information Technology and CIO

Steven Lerner – Board of Trustees

Phyllis Petree – Director of Internal Audit

Staff Member:

Meredith Weiss – Senior Associate Vice Chancellor for Finance and Administration

REGULATORY RISKS AND SAFETY RISKS:

Barbara Entwisle – Kenan Professor and Vice Chancellor for Research

Kelly Matthews Hopkins – Board of Trustees

David Parker – Interim Vice Chancellor and General Counsel

Andrew Powell – Student Body President and Board of Trustees

Felicia Washington² – Vice Chancellor, Workforce Strategy Equity and Engagement

Staff Member:

Elizabeth Josephs – Law Fellow, University Counsel's Office

¹ Matt Fajack served on two subcommittees when Kevin Seitz left UNC.

² Felicia Washington was not a Task Force member but served on the subcommittee in Winston Crisp's place as he was needed to serve on the Strategic and Reputation Subcommittee.



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

MEMORANDUM

TO: Board of Trustees

From: Carol L. Folt

RE: Board of Visitors: Class of 2019 Nominations

DATE: May 22, 2015

The following people have agreed to serve on the UNC Board of Visitors, with your final approval at the May meeting:

Name	City	State
1. Susan B. Anna	Chapel Hill	NC
2. Harris S. Barton	Palo Alto	CA
3. Richard Batchelder	Boston	MA
4. W. Robert Bizzell	Kinston	NC
5. Deniese Chaney	Efland	NC
6. Debashish Chatterjee	Freemont	CA
7. Katherine Dunlevie	Columbus	GA
8. Sallie H. Glover	Raleigh	NC
9. Michael H. Godwin	Greensboro	NC
10. Renee Grisham	North Garden	VA
11. John C. Hamilton	Atlanta	GA
12. Hada Haulsee	Winston-Salem	NC
13. Allan B. Heye	London	England
14. Joseph High	Chapel Hill	NC
15. Alfred L. Hobgood, IV	Raleigh	NC
16. Hans H. Huang	Raleigh	NC
17. Sandra L. Johnson	Raleigh	NC
18. Yewande Johnson	Washington	DC
19. Peter Keane	Charlotte	NC
20. James Kerr	Atlanta	GA
21. William W. Lawrence, Jr.	Raleigh	NC
22. Matthew B. Laycock	Los Angeles	CA
23. A.L. Lomax	Tryon	NC
24. Frances C. Mangan	Charlotte	NC
25. Andrew McMillan	Shepherdstown	WV
26. Ralph W. Meekins	Shelby	NC
27. J. Taylor Melvin, III	Scottsdale	AZ
28. Frank Moretz	Fairview	NC

29. Anne Neikirk	Atlanta	GA
30. Danny R. Newcomb	Winston-Salem	NC
31. Pamela Oliver	Clemons	NC
32. Paul G. Parker	New York	NY
33. Suzanne S. Plambeck	Princeton	NJ
34. Donna R. Rascoe	Apex	NC
35. Sarah D. Robinson	McLean	VA
36. Michael Rogers	Winston-Salem	NC
37. Reid S. Saleeby	Raleigh	NC
38. Louise F. Sloan	Wilmington	NC
39. Kristen Smith	Chapel Hill	NC
40. Ray S. Smith	Atlanta	GA
41. Clayton D. Somers	Chapel Hill	NC
42. Katina P. Strauch	Charleston	SC
43. John Walters	Falmouth	ME
44. Judy White	Greensboro	NC
45. Christopher C. Whitson	Nashville	TN

Pending your approval, N. Thompson Long of Fox Point, Wisconsin has agreed to serve as chair and Jennifer Halsey of Atherton, California has agreed to serve as vice chair.

The University of North Carolina at Chapel Hill
EXECUTIVE SUMMARY
Board of Trustees
May 28 , 2015

Attachment A

Appendix A

No.	College/Division	Name	Dept./School	Current Rank	New Rank	Tenure Request Reason	Effective Date	Salary
Personnel Actions								
New Appointments without Tenure								
1	Academic Affairs	Melanie Feinberg	School of Information & Library Science	N/A	Associate Professor	N/A	7/1/2015	\$90,000.00
2	Academic Affairs	Jane Fruehwirth	Economics	N/A	Assistant Professor	N/A	7/1/2015	\$141,000.00
3	Health Affairs	Gaorav Gupta	Radiation Oncology	Nominated Assistant Professor	Assistant Professor	N/A	6/1/2015	\$200,000.00
4	Academic Affairs	Candis Smith	Public Policy	N/A	Assistant Professor	N/A	7/1/2015	\$87,000.00
5	Academic Affairs	William Sturkey	History	N/A	Assistant Professor	N/A	7/1/2015	\$78,000.00
6	Academic Affairs	Hérica Valladares	Classics	N/A	Assistant Professor	N/A	7/1/2015	\$73,000.00
Addition of Joint Appointment without Tenure								
0								
Promotion to Full Professor								
1	Academic Affairs	Kathleen DuVal	History	Associate Professor	Professor	N/A	7/1/2015	\$88,275.00
2	Health Affairs	Jennifer Webster-Cyriaque	Dental Ecology/Microbiology & Immunology	Associate Professor	Professor	N/A	7/1/2015	\$153,861.00
Reappointments to the same Rank								
1	Academic Affairs	Spencer Barnes	Journalism & Mass Communication	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$78,000.00
2	Health Affairs	James Coghill, Jr	Medicine	Assistant Professor	Assistant Professor	N/A	6/1/2016	\$175,000.00
3	Academic Affairs	Victoria Ekstrand	Journalism & Mass Communication	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$73,840.00
4	Academic Affairs	Adam Lovelady	Government	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$96,185.00
5	Health Affairs	Yen-Yu Shih	Neurology	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$97,778.00
6	Academic Affairs	Robert Smith	Law	Assistant Professor	Assistant Professor	N/A	7/1/2016	\$125,000.00
7	Health Affairs	Brian Vickery	Pediatrics	Assistant Professor	Assistant Professor	N/A	8/24/2016	\$153,000.00
8	Health Affairs	Gang (Greg) Wang	Biochemistry & Biophysics	Assistant Professor	Assistant Professor	N/A	5/1/2016	\$115,000.00
9	Health Affairs	Qi Zhang	Biochemistry & Biophysics	Assistant Professor	Assistant Professor	N/A	6/1/2016	\$100,000.00
Designation/Reappointments to Departmental Chair								
1	Health Affairs	Carolyn Halpern	Maternal and Child Health	Professor	Department Chair	N/A	6/1/2015	\$200,000.00
Designation/Reappointments to Distinguished Professorship								
1	Academic Affairs	Charles Evans	Physics & Astronomy	Professor	Agnew H. Bahnson Professorship in Physics (The Bahnson Chair)	N/A	7/1/2015	\$113,655.00
2	Academic Affairs	Charles Kurzman	Sociology	Professor	Distinguished Endowed Professor	N/A	7/1/2015	\$112,010.00
3	Health Affairs	Richard Murrow	Neurology	Clinical Professor	Joseph & Hannah Baggett Distinguished Professor in Neurology	N/A	6/1/2015	\$153,994.00
4	Academic Affairs	Rachel Noble	Institute of Marine Sciences -RENCI	Professor	Mary & Watts Hill, Jr. Distinguished Professorship II endowed chair	N/A	7/1/2015	\$112,000.00
5	Health Affairs	Alison Stuebe	OB-BYN & Maternal and Child Health	Associate Professor	Distinguished Scholar of Infant & Young Child Feeding	N/A	6/1/2015	\$290,000.00
Actions Conferring Tenure								
Promotion Conferring Tenure								
1	Health Affairs	Jonathan Berg	Genetics & Medicine	Assistant Professor	Associate Professor	Promotion based on excellence in clinical scholarship	7/1/2015	\$176,088.00
2	Health Affairs	Terrence Furey	Genetics & Biology	Assistant Professor	Associate Professor	Promotion based on excellence in research	7/1/2015	\$137,917.00
3	Academic Affairs	Pamela Jagger	Public Policy	Assistant Professor	Associate Professor	Promotion based on research, teaching, and professional and University service	7/1/2015	\$84,485.00
4	Health Affairs	Tung Nguyen	Orthodontics	Assistant Professor	Associate Professor	Promotion based on performance in teaching, research, patient care and service missions	7/1/2015	\$166,160.00
5	Health Affairs	Brian Pence	Epidemiology	Assistant Professor	Associate Professor	Promotion based on excellence in research	6/1/2015	\$129,750.00

The University of North Carolina at Chapel Hill
EXECUTIVE SUMMARY
Board of Trustees
May 28 , 2015

Appendix A

No.	College/Division	Name	Dept./School	Current Rank	New Rank	Tenure Request Reason	Effective Date	Salary
6	Health Affairs	Jason Surratt	Environmental Sciences & Engineering	Assistant Professor	Associate Professor	Promotion based on excellence in research, high quality teaching, and service	7/1/2015	\$92,300.00
7	Health Affairs	Teresa Tarrant	Medicine & Microbiology/Immunology	Assistant Professor	Associate Professor	Promotion based on excellence in clinical scholarship	9/1/2015	\$165,653.00
New Appointments Conferring Tenure								
1	Health Affairs	Jeffrey Aubé	Chemical Biology & Medicinal Chemistry	N/A	Distinguished Professor	Appointment to tenure based on research activity, teaching, administrative contributions, international standing in the scientific community, and leadership skills	7/8/2015	\$292,000.00
2	Academic Affairs	Claude Clegg	African, African American & Diaspora Studies/History	N/A	Distinguished Professor	Appointment to tenure based on strong support of his candidacy by faculty members, his outstanding scholarship, teaching and service, and very strong outside letters	7/1/2015	\$190,000.00
3	Academic Affairs	Mary Rose Papandrea	Law	N/A	Professor	Appointment to tenure based on teaching record, scholarly excellence, and service	7/1/2015	\$175,000.00
4	Health Affairs	Barbara Turpin	Environmental Sciences & Engineering	N/A	Full Professor	Appointment to tenure based on research and scholarly productivity, excellence in teaching and mentoring and positive letters from reviewers	7/1/2015	\$160,000.00
Addition of Joint Appointment Conferring Tenure								
0								
Corrections								
1	Academic Affairs	Anna Agbe-Davies	Anthropology	Assistant Professor	Associate Professor	Promotion based on excellence in research	7/1/2015	\$75,500.00*
2	Academic Affairs	Inga Pollmann*	Germanic & Slavic Languages & Literatures	Assistant Professor	Assistant Professor	N/A	7/1/2016	

The University of North Carolina at Chapel Hill

EXECUTIVE SUMMARY

Board of Trustees

July 14, 2014

Appendix B

No.	College/Division	Name	Department/School	Rank	Reason	Requested Increase Amount **	Percent of Increase **	June 30 Salary	Current Salary	New Salary	Effective Date
Compensation Actions						** Based on cumulative increase(s) to 6/30 salary					
1	Academic Affairs	Emily Burrill	College of Arts & Sciences	Associate Professor	Increase due to pre-emptive retention, as Dr. Burrill has had inquiries from the University of Kansas	\$19,000	27.68%	\$68,639	\$68,639	\$87,639	7/1/2015
2	Academic Affairs	Jean Dennison	College of Arts & Sciences	Assistant Professor	Increase due to promotion to Associate Professor, based on retention, as Dr. Dennison has received an offer from the University of Washington	\$16,000	21.19%	\$75,500	\$75,500	\$91,500	7/1/2015
3	Academic Affairs	Jonathan Duncan	Vice Chancellor for Research	Post Doc Research Associate	Increase due to new faculty role as Research Assistant Professor	\$20,000	44.44%	\$45,000	\$45,000	\$65,000	7/1/2015
4	Health Affairs	Jessie Edwards	School of Public Health	Post Doc Research Associate	Increase due to new faculty role as Research Assistant Professor	\$38,000	84.44%	\$45,000	\$45,000	\$83,000	5/1/2015
5	Health Affairs	Camille Ehre	School of Medicine	Research Associate	Increase due to new faculty role as Research Assistant Professor (this increase was inadvertently overlooked in submitting to the approval process by the department)	\$17,750	32.42%	\$54,750	\$60,170	\$72,500	1/20/2015
6	Health Affairs	Keturah Faurot	School of Medicine	Post Doc Fellow	Increase due to new faculty role as Research Assistant Professor	\$23,000	54.76%	\$42,000	\$42,000	\$65,000	6/1/2015
7	Academic Affairs	Michael Figueroa	College of Arts & Sciences	Lecturer	Increase due to promotion to Assistant Professor	\$23,000	51.11%	\$45,000	\$45,000	\$68,000	7/1/2015
8	Health Affairs	Robert Hughes	School of Pharmacy	Post Doc Research Associate	Increase due to new faculty role as Research Assistant Professor	\$7,500	16.67%	\$45,000	\$45,000	\$52,500	2/9/2015
9	Health Affairs	Michael Jay	School of Pharmacy	Professor	Increase due to additional duties as Executive Vice Dean and Chair of the Division of MOPH	\$40,000	17.19%	\$232,709	\$232,709	\$272,709	8/1/2015
10	Health Affairs	Joanne Jordan	School of Medicine	Distinguished Professor, Division Chief, Director, Adjunct Professor	Increase due to additional duties as Executive Associate Dean for Faculty Affairs and Leadership Development	\$40,000	13.49%	\$296,409	\$296,409	\$336,409	8/1/2015
11	Academic Affairs	Jordan Kern	Vice Chancellor for Research	Post Doc Research Associate	Increase due to new faculty role as Research Assistant Professor	\$20,000	44.44%	\$45,000	\$45,000	\$65,000	7/1/2015
12	Health Affairs	Gang Li	School of Medicine	Post Doc Research Associate	Increase due to new faculty role as Research Instructor	\$6,869	14.27%	\$48,131	\$48,131	\$55,000	5/1/2015
13	Academic Affairs	Charles Merritt	College of Arts & Sciences	Professor of the Practice	Increase due to additional duties as Executive Director of the Minor in Entrepreneurship	\$40,000	40.00%	\$100,000	\$100,000	\$140,000	7/1/2015
14	Academic Affairs	Patricia Parker	College of Arts & Sciences	Associate Professor/ Director	Increase due to additional duties as Chair of Communication Studies	\$18,359	19.68%	\$93,282	\$93,282	\$111,641	7/1/2015
15	Health Affairs	Inna Tchivileva	School of Dentistry	Research Assistant Professor	Increase due to diligent research fund seeking that resulted in her single-handedly obtaining a 3.5 million dollar grant for the University	\$19,625	27.50%	\$71,375	\$78,442	\$91,000	6/1/2015
16	Academic Affairs	Isaac Unah	College of Arts & Sciences	Associate Professor	Increase due to additional duties as Acting Dept Chair	\$20,900	22.06%	\$94,723	\$97,623	\$115,623	7/1/2015
17	Health Affairs	Carmina Valle	School of Public Health	Post Doc	Increase due to new faculty role as Research Assistant Professor	\$45,736	103.33%	\$44,264	\$44,264	\$90,000	5/1/2015
18	Academic Affairs	Patty Van Cappellen	College of Arts & Sciences	Post Doc Research Associate	Increase due to new faculty role as Research Assistant Professor	\$24,568	54.08%	\$45,432	\$45,432	\$70,000	5/1/2015
19	Health Affairs	Li Wang	School of Medicine	Post Doc Research Associate	Increase due to new faculty role as Research Instructor	\$9,640	21.25%	\$45,360	\$45,360	\$55,000	5/1/2015
20	Academic Affairs	Lisa Zerden	School of Social Work	Clinical Assistant Professor	Clinical Associate Professor/Associate Dean	\$28,684	45.60%	\$62,897	\$62,897	\$91,581	7/1/2015
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No.	College/Division	Name	Department/School	Rank	Reason	Total Monetary Value of Non-Salary Compensation	Duration of Non-Salary Compensation	Effective Date	End Date
Non-Salary Compensation Actions									
0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Compensation Actions

No	Last Name	First Name	College/Division	Department/School	Rank/Title	Justification	June 30 Salary	Proposed Salary	Requested Increase \$\$	Requested Increase %	Effective Date
1	Bardeen	Angela	University Library	University Library	Social Sciences Librarian	Equity - This recommended increase is for equity with other employees at the same classification performing similar work. A \$2,850 increase was granted in December 2014 for the Annual Raise Process. The requested salary is commensurate with other similarly situated employees and creates no equity issues.	\$ 53,000	\$ 60,000	\$ 7,000	13.21	5/1/2015
2	Brewer	Gunter	Athletics	Athletics-Football Office	Assistant Coach (Co-Offensive Coordinator)-Football	Labor Market Adjustment - This request is based on market data for comparable positions/programs as reflected in the Winthrop Intelligence Athletic Directors (WinAD) salary survey. A \$1,000 increase was granted in July 2014 for the Legislative Salary Increase.	\$ 258,400	\$ 300,000	\$ 41,600	16.10	5/1/2015
3	Church	Brooke	University Development	University Development	Senior Associate Director	Increase in job duties or responsibilities; includes reclassification of branch/role - This promotion results from the position being reallocated to a higher-level classification. In the current position (Director), the duties include implementing a program of identification, cultivation, solicitation, and stewardship of corporate and foundation major gifts of \$25,000 and above. In the higher level classification Director role, the duties will include leading a team of Corporate and Foundation Relations development officers; guiding the development and implementation of an overall strategy for rapidly increasing the number and amount of corporate and foundation awards; and overseeing and mentoring Corporate and Foundation Relations development officers. A \$5,000 increase was granted in December 2014 for the Annual Raise Process. There are no comparable positions within the work unit. The requested salary results in a market index of 93%.	\$ 112,200	\$ 135,000	\$ 22,800	20.32	5/1/2015
4	Cullom	Patrick	University Library	University Library	Visual Materials Archivist	Equity - This recommended increase is for equity with other employees at the same classification performing similar work. A \$1,750 increase was granted in December 2014 for the Annual Raise Process. The requested salary is commensurate with other similarly situated employees and creates no equity issues.	\$ 48,101	\$ 54,000	\$ 5,899	12.26	5/1/2015
5	Freeman	Ashalla	SOM	Graduate Education	Director of Diversity Affairs	Increase in job duties or responsibilities; includes reclassification of branch/role - This increase results from the position being reallocated to a higher-level classification. In the current position (Assistant Director), the duties include developing and implementing innovative training programs that enhance diversity. In the new role (Director of Diversity Affairs), the duties will include enhancing diversity and underrepresented (UR) student success, and developing and implementing innovative services and training programs that augment UR student recruitment and retention. A \$3,000 increase was granted in December 2014 for the Annual Raise Process. There are no comparable positions within the work unit. The requested salary results in a market index of 100%.	\$ 55,120	\$ 74,300	\$ 19,180	34.80	5/1/2015

The University of North Carolina at Chapel Hill - EXECUTIVE SUMMARY (EPA Non-Faculty)

Board of Trustees - May 2015

6	Haefele	Chad	University Library	University Library	Reference Librarian for Emerging Technologies	Equity - This recommended increase is for equity with other employees at the same classification performing similar work. A \$2,250 increase was granted in December 2014 for the Annual Raise Process. The requested salary is commensurate with other similarly situated employees and creates no equity issues.	\$ 48,410	\$ 55,000	\$ 6,590	13.61	5/1/2015
7	Hall	Joshua	SOM	Graduate Education	Director of Pre-Graduate Training and Science Outreach	Increase in job duties or responsibilities; includes reclassification of branch/role - This increase results from the position being reallocated to a higher-level classification. In the current position (Assistant Director), the duties include coordinating all activities associated with a new National Institute of Health-funded Post-baccalaureate Research Education Program (PREP); assisting with Biological and Biomedical Sciences Program (BBSP) minority recruitment and retention; and representing the office in University science outreach programs that require biomedical science volunteers and curriculum development. In the new role (Director of Pre-Graduate Training and Science Outreach), the duties will include mentoring students; writing and evaluating grants; building relationships among similar diversity initiatives at other universities; minority recruitment for UNC programs and BBSP; serving as the lead for science outreach initiatives; fundraising and leading innovation of new outreach offerings; organizing and overseeing training opportunities for graduate students; and analyzing BBSP admissions data and graduate student progress data. A \$3,000 increase was granted in December 2014 for the Annual Raise Process. There are no comparable positions within the work unit. The requested salary results in a market index of 100%.	\$ 55,120	\$ 74,300	\$ 19,180	34.80	5/1/2015
8	Halsey	James Jason	Arts and Sciences/Academic Affairs	Exercise and Sport Science	Associate Director of Programs	Increase in job duties or responsibilities; includes reclassification of branch/role - This increase results from the position being reallocated to a higher-level classification. In the current position (Student Services Specialist - Journey), the duties include administering comprehensive programs of 50 active sport clubs and 1,500+ participants; supervising training programs; advising and mentoring student leaders; developing, implementing, revising, and evaluating risk management; supervising staff; and managing finances. In the new role (Associate Director of Programs), the duties will include directing, planning, organizing, supervising, and evaluating program areas within Campus Recreation; directing and managing experiential education and recreation programs; directing, overseeing, and providing strategic oversight to all program areas; overseeing development, review, and approval of program area budgets; establishing and implementing policies and procedures for program areas; and supervising staff. There are no comparable positions within the work unit. The requested salary results in a market index of 96%.	\$ 46,753	\$ 60,000	\$ 13,247	28.33	5/1/2015

The University of North Carolina at Chapel Hill - EXECUTIVE SUMMARY (EPA Non-Faculty)

Board of Trustees - May 2015

9	Hammel	Kacey	Graduate School	Graduate School	Co-Director, Diversity & Student Success Program	Increase in job duties or responsibilities; includes reclassification of branch/role - This increase results from the position being reallocated to a higher-level classification. In the current position (Business and Technology Applications Technician - Journey), the duties include managing two projects; following and implementing the guidelines of the grant; planning and facilitating seminars and summer research opportunities; recruiting students into Research Assistant positions; and managing day-to-day program administrative functions. In the new role (Co-Director, Diversity & Student Success Program), the duties will include interpreting data to shape the Diversity and Student Success (DSS) program to focus on enhanced retention and degree completion; developing discrete individual initiatives targeting the needs of specific diverse student populations; working with undergraduate students as another means of recruiting qualified diverse graduate students; developing, directing, and evaluating the DSS outcomes through surveys, as well as pre- and post- skills assessments; and data collection, evaluation, analysis, and reporting on all the DSS initiatives to communicate the program outcomes. The requested salary is commensurate with other similarly situated employees and creates no equity issues.	\$ 53,345	\$ 68,000	\$ 14,655	27.47	5/1/2015
10	Harrell	Jessica	SOM	Graduate Education	Director of Academic and Career Excellence	Increase in job duties or responsibilities; includes reclassification of branch/role - This increase results from the position being reallocated to a higher-level classification. In the current position (Other/Academic Coordinator), the duties include providing academic support to all Biological and Biomedical Sciences Program (BBSP) students; assisting students in preparing for comprehensive exams and developing critical thinking skills; and directing the Academic and Career Excellence (ACE) program. In the new role (Director of Academic and Career Excellence), the duties will include directing the ACE program; providing academic support for coursework to Post-baccalaureate Research Education Program (PREP) and Initiative for Maximizing Student Diversity (IMSD) students; monitoring the academic progress of all BBSP students and implementing strategies for their success; directing the Summer of Learning and Research (SOLAR) program; and developing and implementing professional development workshops. A \$3,500 increase was granted in February 2015 for temporary additional job duties. There are no comparable positions within the work unit. The requested salary results in a market index of 100%.	\$ 54,079	\$ 54,079	\$ -	0.00	5/1/2015

The University of North Carolina at Chapel Hill - EXECUTIVE SUMMARY (EPA Non-Faculty)

Board of Trustees - May 2015

11	Kapilovic	Christopher	Athletics	Athletics-Football Office	Assistant Coach (Co-Offensive Coordinator)-Football	Retention - The requested salary adjustment is due to the employee receiving a competitive external offer of \$400,000 per year for 3 years with bowl bonus, camp income, courtesy car, and country club membership from Oklahoma State University. The employee has strong experience at the NCAA Division I level and coordinates all offensive units for the football program. He is the primary coordinator for the offense and serves as the Associate Head Coach, who makes decisions in the absence of the Head Football Coach. A \$1,000 increase was granted in December 2014 for the Annual Raise Process. There are no comparable positions within the work unit.	\$ 258,400	\$ 258,400	\$ -	0.00	5/1/2015
12	Knowlton	Andrea	University Library	University Library	Assistant Conservator for Special Collections	Equity - This recommended increase is for equity with other employees at the same classification performing similar work. A \$2,250 increase was granted in December 2014 for the Annual Raise Process. The requested salary is commensurate with other similarly situated employees and creates no equity issues.	\$ 47,792	\$ 47,792	\$ -	0.00	5/1/2015
13	Linares	Brenda	University Library	Health Sciences Library	Aging Liason -Assistant Librarian	Increase in job duties or responsibilities; includes reclassification of branch/role - This is a salary adjustment related to a permanent increase in job duties or responsibilities. The current duties include maintaining the Health Science Library's RefWorks and EndNote support pages; coordinating the content of these pages with the other campus libraries; teaching scheduled RefWorks and EndNote instruction classes; serving as liaison to the Institute on Aging; providing orientations to the Institute's library and library services; conducting mediated searches; providing targeted research information services; providing RefWorks and EndNote support; updating the Institute's Digital Library on a quarterly basis; maintaining the Institute's physical library collection; evaluating and adding donated items; assessing and reporting researcher and staff information needs; and regularly monitoring Institute user satisfaction. The new additional duties will include coordinating research assistants, Carolina Academic Library Associates, and field experience students; recruiting School of Information and Library Science students; coordinating the hiring and orientation process; supervising and overseeing the day-to-day work activities of students; mentoring students; and evaluating their performance. A \$2,250 increase was granted in December 2014 for the Annual Raise Process. The requested salary is commensurate with other similarly situated employees and creates no equity issues.	\$ 46,000	\$ 46,000	\$ -	0.00	5/1/2015

The University of North Carolina at Chapel Hill - EXECUTIVE SUMMARY (EPA Non-Faculty)

Board of Trustees - May 2015

14	Mangili	Lauren	Arts and Sciences/Academic Affairs	Exercise and Sport Science	Senior Associate Director	Increase in job duties or responsibilities; includes reclassification of branch/role - This increase results from the position being reallocated to a higher-level classification. In the current position (Student Services Specialist - Advanced), the duties include administering fitness orientations/workshops and group fitness classes and programs; overseeing the fitness instructor training program and student staff development; managing instructor certifications and continuing education; overseeing the Carolina Fitness budget; managing equipment purchases and maintenance; and providing leadership and mentorship to full-time staff members, graduate assistants, interns, and students. In the new role (Senior Associate Director), the duties will include leading and managing Campus Recreation business operations, member services, and marketing and communications; managing the operation budget; overseeing long-range strategic planning and assessment; developing, directing, and administering services that involve direct interaction with students for the enhancement of academic and learning experiences outside the classroom; identifying measureable learning outcomes for Campus Recreation programs; developing policies and procedures for Campus Recreation; and directing resource development, grants, donations, and sponsorship programs. There are no comparable positions within the work unit.	\$ 58,777	\$ 58,777	\$ -	0.00	5/1/2015
15	Murphy	Kaitlyn	School of Information & Library Science	School of Information & Library Science	International Programs Coordinator	This is a promotion resulting from a waiver of recruitment being approved by the EOC Office for an individual that possessed credentials that, the unit believed, made them the best qualified and that the appointment would bring unique skills, perspectives and experience to the role. In the current position (Student Services Specialist - Journey), the duties include helping students navigate through the study abroad programs. In the new role (International Programs Coordinator), the duties will include developing and managing international/study abroad programs; serving as the primary contact for international negotiations; developing, managing, and promoting international programs; and cultivating relationships that will encourage international students to study abroad at the School of Information and Library Science (SILS) and enable SILS students to study abroad. There are no comparable positions within the work unit. The requested salary results in a market index of 80%.	\$ 37,573	\$ 37,573	\$ -	0.00	5/1/2015
16	Pickett-Byrden	Allicia	Kenan-Flagler Business School	Kenan-Flagler Business School	Associate Director, MAC Career Services	Equity - This recommended increase is for equity with other employees at the same classification performing similar work. The requested salary is commensurate with other similarly situated employees and creates no equity issues.	\$ 54,940	\$ 54,940	\$ -	0.00	5/1/2015
17	Spurgin	Kristina	University Library	University Library	E-Resources Cataloger	Equity - This recommended increase is for equity with other employees at the same classification performing similar work. A \$2,850 increase was granted in December 2014 for the Annual Raise Process. The requested salary is commensurate with other similarly situated employees and creates no equity issues.	\$ 47,000	\$ 47,000	\$ -	0.00	5/1/2015

The University of North Carolina at Chapel Hill - EXECUTIVE SUMMARY (EPA Non-Faculty)

Board of Trustees - May 2015

18	Stewart	Douglas	University Library	University Library	Head, Monographic Department	Increase in job duties or responsibilities; includes reclassification of branch/role - This is a salary adjustment related to a permanent increase in job duties or responsibilities. The current duties include receiving and cataloging of library materials; interviewing, hiring, training, supervising, and evaluating 7 full-time staff; and advocating for and managing staff resources and work assignments. The new additional duties will include overseeing all departmental operations, including acting as primary liaison to the Fiscal Services department; monitoring expenditures for the Library's monographic materials budget; representing the department to the Library Administration; serving as chief contact with external vendors of library materials; and coordinating services and resolving problems that affect other units in the Library's Technical Services decision. A \$2,250 increase was granted in December 2014 for the Annual Raise Process. There are no comparable positions within the work unit.	\$ 64,169	\$ 64,169	\$ -	0.00	5/1/2015
19	Tiger	Mary	School of Government	SOG Environmental Finance Ctr	EFC-Deputy Director	Increase in job duties or responsibilities; includes reclassification of branch/role - This increase results from the position being reallocated to a higher-level classification. In the current position (Environmental Finance Center [EFC]-Chief Operating Officer), the duties include serving as Senior Project Director for projects, managing budgets and workflow, coordinating the hiring of office support staff, and implementing funded initiatives for existing and new projects. In the new role (EFC-Deputy Director), the duties will include managing all operations across the EFC and all associated projects; engaging in business development; maintaining financial viability by preparing requests for funding; developing new contracts with governmental agencies; and designing, planning, implementing, and teaching courses. A \$6,735 increase was granted in July 2014 for the Annual Raise Process. There are no comparable positions within the work unit. The requested salary results in a market index of 85%.	\$ 68,034	\$ 68,034	\$ -	0.00	5/1/2015
20	Weiss	Steven	University Library	University Library	Head, Southern Folklife Collection	Equity - This recommended increase is for equity with other employees at the same classification performing similar work. A \$2,250 increase was granted in December 2014 for the Annual Raise Process. The requested salary is commensurate with other similarly situated employees and creates no equity issues.	\$ 71,070	\$ 90,000	\$ 18,930	26.64	5/1/2015
21	Reynolds	Heidi	Research	Carolina Population Center	Deputy Director, Measure Project	Labor Market Adjustment - This request is based on labor market to bring the employee closer to the market rate of \$168,900. A \$10,880 increase was granted in July 2014 for the Annual Raise Process. The requested salary results in a market index of 80% and creates no equity issues.	\$ 109,900	\$ 135,274	\$ 25,374	23.09	05/01/15

The University of North Carolina at Chapel Hill - EXECUTIVE SUMMARY (EPA Non-Faculty)

Board of Trustees - May 2015

22	Dean	Jacqueline	University Library	University Library	Associate Librarian	Increase in job duties or responsibilities; includes reclassification of branch/roleThis is a salary adjustment related to a permanent increase in job duties or responsibilities. The current duties include processing materials in the Southern Historical Collection and General Manuscripts, setting the direction and selecting collections for processing, and training and directing the work assigned to graduate research and undergraduate student employees. The new additional duties will include identifying and implementing departmental priorities, supervising all EPA and SPA staff in the archival processing unit, negotiating work priorities for all special collections archival processing with curators, managing departmental budget and developing annual report for Wilson Library Technical Services, representing the department at Special Collections Management Group meetings, and implementing special collections priorities and initiatives. Ms. Dean previously received a supplement for assuming these duties on a temporary basis. She is now assuming the duties on a permanent basis since the department head position will not be filled. A \$5,552 increase was granted in January 2015 for ARP and additional duties. The requested salary is commensurate with other similarly situated employees and creates no equity issues.	\$ 55,548	\$ 66,100	\$ 10,552	19.00	5/1/2015
23	Raulli	Christy	School of Government	School of Government	Associate Director, DFI	Increase in job duties or responsibilities; includes reclassification of branch/role - This salary increase results from the position being reallocated to a higher-level classification. In the current position (Senior Analyst, Development Finance Initiative (DFI)), the duties include researching finance tools and writing analytic reports and memos; managing production and analysis of real estate development and financial pro formas; independently managing ongoing projects; facilitating and leading meetings, project visits, and communications regarding local projects; and coordinating the hiring of junior-level project managers and fellows and overseeing their work. In the new role (Associate Director, DFI), the duties will include responsibilities previously handled by a vacated program director position that will not be filled, including managing the operations and rapid expansion of DFI; developing and identifying funding for new DFI initiatives with statewide impact; coordinating DFI support for School of Government courses involving DFI lead faculty; and assisting communities and jurisdictions with the research, design, implementation, and evaluation of innovative community and economic development strategies. There are no comparable positions within the work unit. The requested salary results in a market index of 90%.	\$ 60,655	\$ 79,686	\$ 19,031	31.38	05/01/15

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24	Gogan	James	Information Technology Services	Information Technology Services	Assistant Vice Chancellor	This is a promotion resulting from a waiver of recruitment approved by the EOC Office. The waiver was approved as an emergency appointment based on the departure of several critical individuals within the Information Technology Services organization. In the current position (Director), the duties include directing the operation, management, and services for campus-wide data networks, with connectivity to national and international networks. In the new role (Assistant Vice Chancellor), the duties will include developing strategy and providing leadership and direction for the groups supplying design/architecture, installation, maintenance, operation, and support for campus-wide voice and data network services and infrastructure, including campus network connections to external partners and providers; and developing and implementing vision and planning the operating needs of the unit, including annual and long-term plans for budget, personnel, and space. A \$6,600 increase was granted in September 2014 for the Annual Raise Process. The requested salary is commensurate with other similarly situated employees and creates no equity issues.	\$ 139,995	\$ 180,000	\$ 40,005	28.58	05/01/15
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