

Minutes
Board of Trustees Special Meeting
University of Central Florida
December 17, 2020

Chair Beverly Seay called the special meeting of the Board of Trustees to order at 2:00 p.m.

Seay reminded the board that the meeting was covered by the Florida Sunshine Law and that the public and press were invited to attend.

WELCOME

Seay welcomed the board members and called on Karen Monteleone, Assistant Vice President, Board Relations, to call the roll. Monteleone determined that a quorum was present.

The following board members attended the meeting virtually: Chair Beverly Seay, Vice Chair Alex Martins, Trustees Kenneth Bradley, Joseph Conte, Joseph Harrington, Sabrina La Rosa, Carly McAlpin, Harold Mills, Michael Okaty, and David Walsh.

Trustees Danny Gaekwad, John Sprouls and William Yeargin were not in attendance.

PUBLIC COMMENT

There were no requests for public comment.

NEW BUSINESS

Seay called on President Alexander Cartwright to share information regarding UCF Athletics. Cartwright stated that during the November 19, 2020, Finance and Facilities meeting, Athletics leadership provided an update regarding the financial impact of COVID-19.

Cartwright said facility capacities for athletics events have been significantly diminished causing revenue shortfalls and expenses for testing, additional sanitization, and travel protocols, which have increased costs. Because of this, UCF Athletics was facing a \$14.9 million budget shortfall for the current fiscal year. Cartwright said the staff has worked to reduce expenses by just over \$9.1 million and have been working to maximize revenues, raising over \$1.5 million in philanthropic support, with \$1 million coming from coaches and Athletics staff. He went on to say that even with these efforts, Athletics is still facing temporary cash flow issues through June 2022. Cartwright said UCF Athletics leadership and University Finance leadership are working on a long-term solution but in the short-term, administration is requesting approval of two of the three items that were presented in November to assist UCF Athletics with their short-term cash needs as the administration works on a more strategic long-term solution.

Cartwright said the first item, if approved, would defer \$2 million in loan payments that UCF Athletics owes the University over the next two fiscal years. He said the interest on the loan will continue to accrue during the deferment and will have to be paid in addition to the deferred principal payments. Cartwright said the second item, if approved, would provide UCF Athletics with a \$4 million line of credit from the UCF Foundation. He said this is an increase of \$1 million from what was discussed in November, following an additional review of the UCF Foundation's reserves.

Cartwright concluded his report.

Conte confirmed it was a no collateral loan.

Seay called on Youndy Cook, Interim Vice President and General Counsel, to read any disclosures of conflict of interest from the trustees. There were no conflict of interest disclosures for this meeting.

FF – 1 UCFAA Request to Defer 2020-21 and 2021-22 Loan Payments to UCF

Martins made a motion to approve to FF-1 with McAlpin providing the second.

The trustees had the following comments:

- Harrington asked for clarification on the interest paid and asked for confirmation that this item would pass an audit.
- Walsh thanked the Athletics team for their philanthropic support.

The motion passed.

FF – 2 Temporary Support for UCF Athletics

Martins made a motion to approve FF-2 with McAlpin providing the second.

The trustees had the following comments:

- Harrington asked about the reserves being used from the UCF Foundation based on a potential cut from the state and UCF's overall financial situation.
- Conte asked what the condition of reserves are for UCF Foundation.
- Seay pointed out that this is a loan from UCF Foundation and will be paid back.
- Okaty requested confirmation that this loan is compliant with the statute for direct support organizations.
- Bradley asked if Athletics had any unreserved and unrestricted funds held by the UCF Foundation that could be used.

The motion passed.

INFO – 1 Advanced Manufacturing Partnership in Osceola County

Seay called on Cartwright to provide an update on the advanced manufacturing partnership in Osceola County.

Cartwright provided the history on the advanced manufacturing partnership and how the project's business plan subsequently changed. He noted the original plan was a model where companies or other external parties would pay membership fees to use the facility to create new

intellectual property. Cartwright said that plan evolved into a manufacturing center focused on obtaining grants and contracts to test and package semiconductor chips for federal agencies.

Cartwright said following the veto of recurring state support of \$5M and the facility's focus on manufacturing, UCF has worked with Osceola County to attract a new partner, Skywater Technology, to assume UCF's rights and operating obligations of the leased facility.

Cartwright said Skywater Technology is a U.S.-based and U.S.-owned pure play technology foundry, specializing in advanced innovation engineering services and volume manufacturing of a wide variety of differentiated integrated circuits.

Cartwright noted UCF's future partnership in Osceola County and with Skywater will now be focused primarily on research.

ADJOURNMENT

Seay adjourned the board meeting at 2:41 p.m.

Reviewed by:  Date: 02/22/2021
Beverly Seay, Chair UCF Board of Trustees

Respectfully submitted:  Date: 02/22/2021
Janet Owen, Associate Corporate Secretary