

**Minutes
Board of Trustees Meeting
University of Central Florida
January 24, 2019**

Chairman Marcos Marchena called the meeting of the Board of Trustees to order at 1 p.m. at the UCF Rosen College of Hospitality Management.

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

WELCOME

Marchena welcomed the board members and called on Grant Heston, Associate Corporate Secretary, to call the roll. Heston determined that a quorum was present.

The following board members attended the meeting: Chairman Marcos Marchena, Vice Chair Robert Garvy, Josh Boloña, Kenneth Bradley, Joseph Conte, John Lord, Alex Martins, Beverly Seay, William Self, John Sprouls, and William Yeargin. Trustee David Walsh joined via teleconference.

PUBLIC COMMENT

There were six public comments. Two members of the public commented on the results of the Bryan Cave Investigation; one on the negative impact to a university employee and the other on the completeness of the report. Three students and one member from the public provided comments disputing the effectiveness of the style and impact of the new hybrid teaching method in the College of Business.

MINUTES

Marchena called for approval of the November 15, 2018 and December 12, 2018, meeting minutes, which were approved.

REMARKS AND INTRODUCTIONS

Marchena thanked Dean Wang for hosting the board at the UCF Rosen School of Hospitality Management and recognized him for remarks. Wang gave an overview of the UCF Rosen College of Hospitality Management. Highlights included:

- Began with three faculty members and fewer than 75 students. Today, it has 72 full-time faculty members and 3,500 students
- Industry collaborations
- Comprehensive curriculum of the hospitality program
- One of the largest programs in the country

- High international reputation that is consistently ranked in the top five programs worldwide

Marchena thanked Dean Wang, his staff and students on behalf of the trustees.

Marchena asked to take an action item out of order, recognizing that Harris Rosen was in the audience.

- ADV-1 Naming of Adam M. Rosen Hall

Marchena called on Conte, Chair of the Advancement Committee, to bring the item from the Advancement Committee before the board. Conte called on Michael Morsberger, Vice President for Advancement and Chief Executive Officer of the UCF Foundation, Inc.:

- Morsberger recognized his special guests: Frank Santos, CFO of Rosen Hotels and Resorts, Glenn Rosen, Director of Planning for Rosen Hotels and Resorts, and the Honorable Harris Rosen.
- Morsberger provided a brief overview of the building expansion project at the UCF Rosen College of Hospitality Management and stated that today the board will be asked to act on the recommendation that the project be named Adam M. Rosen Hall in honor of Mr. Rosen's late son, who was a 2015 graduate of the UCF Rosen College of Hospitality Management.
- Conte stated that in their meeting this morning, the Advancement committee unanimously approved the naming.
- Conte made a motion for the naming of Adam M. Rosen Hall, with Bradley making the second. The board unanimously approved the motion.

Trustee comments on the naming included:

- Martins stated the board is grateful for not only Rosen's recent actions, but his long-time support of the university.
- President Whittaker indicated that the naming would have significant meaning to students of the Rosen campus.
- Marchena recognized Harris Rosen for remarks. Rosen thanked everyone that reached out to him to offer their condolences. He then spoke about his late son, Adam Rosen.

Marchena introduced Whittaker for his remarks. Whittaker echoed Dean Wang's welcome to the Rosen College of Hospitality Management. He expressed sincere appreciation to Harris Rosen for his personal generosity and thanked Morsberger for recognizing Adam Rosen in the naming that was just approved.

Whittaker turned to the matter discussed at last week's board meeting, the Bryan Cave investigation:

- Whittaker indicated the university commissioned two reports to take a hard look at operations, specifically in the areas of administration and finance and board/staff governance. Initial reports have been shared.
- He noted he already acted on making the separation of the Chief Financial Officer and Chief Operating Officer a permanent change, as recommended by both Bryan Cave and Accenture, the global consulting firm hired in October to review the administration and finance organizational structure.
- The Association of Governing Boards (AGB) provided eight immediate recommendations, with special attention to increasing staff's transparency in working with the board to ensure board members can execute its fiduciary responsibilities with full information and choice. AGB's recommendations also included clarifying the staff's role in board governance and improving workflow and formalizing the process for developing and distributing agenda items.
- Whittaker stated as president, one of his priorities has been to operate the university effectively, efficiently and to the highest standards. He said he could think of no better example of high standards and integrity than retired Lieutenant General Robert Caslen, a decorated Army veteran and former superintendent for the U.S. Military Academy at West Point. Whittaker hired Gen. Caslen earlier this month and charged him with leading change in Administration and Finance operations by working with the trustees and the university's leadership team to act on many of the findings in the Bryan Cave, Accenture and AGB reports, as well as anything yet to be worked on from the operations audit from the Facilities department.

Whittaker invited Gen. Caslen to share with the Board his role in changing the culture to one where accountability, integrity and transparency are the norm. Gen. Caslen thanked the president and the board and noted:

- His arrival at UCF included clear guidance from the president to take findings and recommendations from the reports, understand the culture and root causes, and then develop a plan/program to change the culture. This includes implementation of policies, procedures, structure and organizational changes as well as modifying or changing the culture, so it is as transparent as possible.
- Gen. Caslen would also like to meet with each of the trustees individually to obtain their insight and recommendations.
- Gen. Caslen reiterated the reports that are currently available for review: Bryan Cave, Accenture, AGB and the State of Florida Auditor General. Gen. Caslen also noted additional work that will be forthcoming from Tallahassee, which includes the Chancellor's Office review of financial management at all 12 universities in the SUS and the ongoing House investigation.
- Gen. Caslen shared some initial observations:
 - Accountability – oversight authorities are in the process of establishing accountability and we need the right personnel within the new organizational structure to ensure that responsibilities and the mission can be carried out.
 - Policies, Procedures, and Organization – the intent is to implement control mechanisms to shape the culture to properly govern with transparency and compliance, with regulations and statutes. He also noted his observation that

today's culture and team has not pushed back at any level on their responsibilities and what the new culture should look like.

- Legislation – bottom line issue is what policies, procedures and potential legislation will be put in place to address both the university system reserves, as well as policies for carryforward.

Following are the trustee's questions and comments for Gen. Caslen:

- Garvy asked "What advice can he give regarding the avoidance of rushing to judgement while the board takes appropriate action now?" Gen. Caslen stated this oversight will first address accountability, culture and control mechanisms. He wants to review and categorize all the findings to date and determine what can be implemented now and what can be implemented later.
- Conte asked "How robust have the conversations been between Whittaker and Gen. Caslen regarding the duties of Chief Financial Officer (CFO) and Chief Operational Officer (COO)?" Gen. Caslen stated there was initial guidance and both positions currently report to him. He noted that there will be a national search for each position and the duties and responsibilities will need to be clearly defined for each position, including their subordinate organizations.
- Self asked "If implementation takes longer than his current short-term contract, would he be willing to stay on?" If available, he would stay on.
- Walsh asked that the reports be approved as final by the board before any actions be taken. Marchena clarified that the Bryan Cave report was commissioned by the board and the AGB report was commissioned by the university. Gen. Caslen said he agrees that the appropriate body should approve or accept their report, however some recommendations are obvious and can be implemented now. He also recognized the importance of collaboration between the board and the university.

Marchena thanked Gen. Caslen for engaging with the board and again recognized Whittaker.

Whittaker's remarks highlighted:

- He stated he has been respectful of the board's investigation, acknowledging that it has been difficult not to respond to allegations. He stated he participated fully in the investigation and indicated he would continue to be completely transparent. He also noted that he had instructed all university employees to be equally transparent.
- Whittaker stated that he had committed he would not draw any conclusions or take any action until he had read the report himself, and now with the report completed, there were some questions he wanted to address. Whittaker focused on the question, "Dale, if you heard the CFO say something about an audit comment, then why didn't you do or say anything?"

He stated he would give a complete answer but asked for indulgence to provide background and context:

- Whittaker stated he came through the professorial ranks and at Purdue, where he was for 12 years, he led undergraduate academic affairs, focusing on course transformation, admissions, financial aid, student support, and honors curriculum across colleges. He noted that at Purdue, facilities and budgeting are in a separate division from academic affairs and that the division reports through the CFO and treasurer directly to the president. In his role, he overlapped with that unit by participating in multiday presentations, where academic affairs staff would present plans and proposals for academic priorities in the capital planning process. The CFO's charge was to ensure institutional integrity in financial matters. Whittaker shared that Purdue, as a public university, needed state approval if either of two conditions were true: one is to be authorized to borrow funds over \$2 million and the second was approval for state appropriation, as applicable.
- At UCF, Whittaker was hired as provost and vice president for academic affairs. In this initial role, he was responsible for all academic functions including faculty, curriculum, colleges, research, enrollment, financial aid, student success, and digital learning. Whittaker was also the liaison to the Educational Programs Committee and to the Council of Academic Vice Presidents for the Board of Governors. Specifically, regarding the budget, the provost had the responsibility to review budgets to ensure that academic needs and initiatives were being prioritized in the budget and to make recommendations to the president as such.
- Whittaker noted that each vice president at UCF has a role and a responsibility. The CFO and vice president for administration was liaison to this board and to the Board of Governors for all finance and facilities issues, and filed all reports related to buildings and budgets to both boards. In addition, after 22 years, Merck was the trusted link to the BOG and the Division of Bond Finance. Whittaker stated that he and Merck reported to the president, they were colleagues, and each had their own responsibilities. He said Merck was one of Hitt's most trusted vice presidents – they worked together for more than 20 years and had successfully built dozens of buildings.
- Whittaker stated this was the context when he arrived at UCF in August of 2014. One year later, he was promoted to executive vice president with the role to serve in the stead of the president, and to take a broader, more strategic view of the university.
- Whittaker explained that when he arrived at UCF, the funding plan for Trevor Colbourn Hall (TCH) had already received approval by the president and the vice president/CFO. Whittaker stated he had a two-part interest in TCH – that faculty had a high-quality place to work and to save the university money. Everything else was Merck's responsibility. In fact, facility decisions were not discussed with him. He stated that one of his earliest encounters with TCH came from a longstanding set of complaints by the faculty that occupied Colbourn Hall. Whittaker raised this issue on behalf of faculty, and the facilities department conducted testing and addressed air and mold issues. He stated it was at this time that he learned a new building had been approved two provosts prior, by Tony Waldrop, who worked with Merck and Hitt. Whittaker stated he didn't know nor did it occur to him to ask how the building was funded. To Whittaker, that was Merck's responsibility. Whittaker stated that his interest as provost was making sure that the faculty had adequate working space.
- Whittaker commented on the evolution of the Colbourn Hall and TCH buildings, noting it was a two-building solution and that this solution was already approved. He stated his

concern was to understand how faculty members were to be staged while Colbourn Hall underwent renovations. In January, Lee Kernek and Merck brought forward another idea that suggested combining the buildings to take advantage of a common utility core. In doing that, this build/move/remodel solution was presented as a \$10 million savings over the two-building solution. Whittaker said he was tasked to consider how to stage faculty members for an 18-month period, and his Academic Affairs team went to work on that. At a later point, Kernek and Merck brought forward another proposal that said a new building could be built with a better environmental envelope, saving money in the lifecycle of the building, and faculty could remain in Colbourn Hall while the new building was being built at basically the same price, which was \$38 million.

Whittaker then provided context to several comments in the report:

- Whittaker contextualized a comment in the report that said, “Whittaker took an increasing interest in facilities and Whittaker had a role in planning TCH.” He stated that this was true. He did take an increasing interest in facilities, and he did take an interest in the academic planning of TCH because of the focus on what to do with faculty and which faculty were going to be moving into TCH, especially as UCF started to hire the cluster faculty.
- Whittaker also wanted to acknowledge another comment in the investigation, “Whittaker took this proposal (which he believes was combined with the common utility core proposal) to President Hitt for approval.” He acknowledged that he did do that, there was a meeting with Hitt where the plan was presented by Kernek and Merck. Whittaker agreed it was a good idea as it was presented as a \$10 million savings, and if approved, he committed to figuring out the faculty side. Whittaker stated that although overall funding was discussed in this meeting, the source of funding was not discussed, and the meeting discussion focused on a facilities solution to a faculty need. He noted that once the idea settled in – to build a new TCH, leave old Colbourn Hall functioning during the construction of TCH but eventually demolish it – he and his team began to plan what academic units would occupy the new building. Merck’s team was focused on funding, procurement, construction, contracts, and dollars.
- He stated that over time, academic prioritization of space became increasingly frustrating for the deans and they asked for more transparency and academic input into construction priorities. This resulted in Whittaker requesting that Hitt create a Facilities Budget Committee and like the University Budget Committee, which was reformed when he arrived at UCF, the formation of this committee would increase transparency and academic input in the planning process. He said that regarding the Bryan Cave findings, it was true that he and the other deans did take an increasing interest in prioritizing buildings, especially academic buildings, for all the reasons stated above.

In summary, Whittaker stated he was focused on meeting faculty needs, increasing academic input, and creating a more transparent process for capital planning.

Whittaker next addressed the audit comment:

- In his interview with Joey Burby of Bryan Cave, Whittaker stated that to his best memory, there was a brief meeting to discuss building priorities as a team, and attendees included Hitt, Merck, Morsberger, Whittaker and Faculty Fellow William Self, now a Trustee. Merck presented a plan for using internal funds for TCH, and maybe other buildings. Merck mentioned that there could be an audit comment, but he could handle it and recommended proceeding. In that context, Whittaker trusted Hitt and Merck, as he had no reason not to, and he trusted the confidence Hitt had over those years in Merck. Whittaker said he regrets not asking deeper questions. As the chairman noted on Jan. 18, Whittaker had a higher responsibility for inquiry because of his Executive Vice President role. He had an obligation to the university that in hindsight he missed. Therefore, Whittaker said he accepted the wisdom of the board to eliminate those years of performance pay, he accepted responsibility and accepted the penalty.

His remarks also included:

- Whittaker stated that he expected our CFO and VP for finance and administration to know, at the minimum, the fundamental statutes that govern his areas of responsibility, including planning, capital construction budget and finance. As president, Whittaker expects vice presidents to not just solve problems, but to present rationale, choices and risk. He noted UCF is a culture of risk takers but not risk outside of the rules of governance and statute. He does not feel Merck did that.
- He noted that as president, his goal is to be the best president he can be in service of this university. In that role, he is responsible for addressing, owning and fixing the issues of the past and taking full responsibility for how the university moves forward, earning the trust of the board, students and their families, and the legislature to manage their dollars in service of the mission of this university.
- Whittaker stated that he never knew, nor was he ever given any reason to believe, that the funds that were used for TCH violated any BOG regulation or state statute. He said he remains committed to that and will assure the actions he has taken as president are not distractions or cover-ups.
- Whittaker reminded the board that he committed, when the investigation started, that if anyone knowingly violated BOG regulations or state statutes, or misled this board, that they would be gone. Whittaker committed to fully participating in the investigation and he committed to instructing all employees to do the same thing. He honored all those commitments and made no prejudgments. Whittaker said he did read the report carefully and determined four people had violated that criteria. Therefore, he immediately honored his commitment to the university.
- Whittaker acknowledged he will continue leading the university to put in place the recommendations that are evolving to fix the issues of the past. Whittaker said he appreciates Gen. Caslen's support and leadership in that. Whittaker assured the board that the university will create a culture that will prevent this kind of mistake from happening again and that dollars will be carefully stewarded and as president, that will continue to be his top priority.

Walsh asked to have agenda item BOT-1 moved up and discussed. Marchena stated he would prefer to first have the committee reports and leave the remainder of the time to discuss BOT-1.

ADVANCEMENT COMMITTEE REPORT

Conte, Chair of the Advancement Committee, reported the highlights from the committee meeting held earlier in the day. He noted that besides the one action item – the naming of Adam M. Rosen Hall – which was approved previously, there were two informational items:

- INFO – 1 IGNITE Campaign Update
 - Morsberger provided an IGNITE Campaign update. As of December 31, 2018, \$479.5 million has been raised in the IGNITE Campaign. Mike reminded the committee this would be the last update until the campaign ends. He also described preliminary plans for post-campaign analysis.

- INFO – 2 Building a UCF Online Brand
 - Heston introduced Patrick Burt, Associate Vice President for Communications and Marketing, who gave a presentation on UCF Online, a collaborative initiative between digital learning, UCF Connect and UCF Communications and Marketing. Burt highlighted ways that UCF Online has impacted the university's national presence, reach and research.

AUDIT, OPERATIONS REVIEW, COMPLIANCE, AND ETHICS COMMITTEE REPORT

Seay, Chair of the Audit and Compliance Committee, reported highlights from the committee meeting held earlier in the day. Seay stated the following items were unanimously approved by the committee and placed on the board's consent agenda:

- AUDC - 1 Board of Governor's Performance-based Funding Data Integrity Certification Audit Report
 - As an annual requirement, University Audit has performed an audit of UCF's processes to ensure the completeness, accuracy, and timeliness of data submissions relating to Board of Governors' performance funding metrics. The results of this audit are to be accepted by the committee, including any identified corrective action plans. After acceptance by the committee, the report shall be submitted to the Board of Governors' Office of Inspector General and Director of Compliance no later than March 1, 2019.

- AUDC - 2 Performance-based Data Integrity Certification Form
 - As an annual requirement, UCF is required to complete a Performance-based Data Integrity Certification Form affirming the results of the completed audit report (AUDC-1), and that all representations included in the Performance Data Integrity Certification Form have been fulfilled. After board approval, the form is to be signed by the university president and the UCF Board of Trustees Chair and

submitted to the Board of Governors' Office of Inspector General and Director of Compliance no later than March 1, 2019.

EDUCATIONAL PROGRAMS COMMITTEE REPORT

Garvy, Chair of the Educational Programs Committee, reported highlights from the committee meeting held earlier in the day. Garvy reported that the following item was unanimously approved by the committee and placed on the board's consent agenda:

- EPC - 1 Tenure with Hire

Garvy presented the following informational updates.

- INFO - 1 Status of New Degrees
 - Melody Bowdon, Interim Vice Provost for Teaching and Learning and Interim Dean, College of Undergraduate Studies, and Dean Wang reported on the new undergraduate degree program Entertainment Management B.S.
 - Elizabeth Klonoff, Vice President for Research and Dean of the College of Graduate Studies, and Michael Georgiopoulos, Dean of the College of Engineering and Computer Science, reported on the new graduate program Data Analytics M.S.
- Provost Update
 - Elizabeth A. Dooley, Provost and Vice President for Academic Affairs and Professor, College of Community Innovation and Education, provided a provost update on the Constellation Fund, our 21st century model and digital learning. Garvy noted the Educational Programs Committee will follow up on student comments regarding digital learning.
- INFO – 2 Academic Spotlight Digital Learning
 - Thomas Cavanagh, Vice Provost for Digital Learning, gave a presentation on the digital learning course redesign initiative. The board requested a follow up presentation with information that included UCF Online rate of success and average GPA, if other online universities admit FTIC, and where UCF ranks in online programs. Garvy requests collaboration with the Educational Programs Committee going forward.

FINANCE AND FACILITIES COMMITTEE REPORT

Martins, Chair of the Finance and Facilities Committee, reported on highlights from the December 12, 2018 FFC meeting, as well as the meeting held earlier in the day.

The following action occurred at the December 12, 2018 meeting and was unanimously approved by the committee. The committee recessed after their discussion and approval, and the item was approved by the full board at the special board meeting held on the same day:

- FFC – 1/ FF - 1 E&G Carryforward Spending Plan
 - Martins later clarified with Mitchell that the committee was asked to vote on plans for spending the committed portion of their remaining 2017-18 E&G carryforward funds, as required by the Board of Governors. The other information was requested and provided, but there was no action required on the other information.

Also, at the December 12, 2018 meeting were a number of minor amendments to the campus master plan that were discussed and approved by the committee and are on the agenda for approval today. The following items were unanimously approved by the board:

- FF – 1 Minor Amendment to the University of Central Florida 2015-25 Campus Master Plan Update for Learning Laboratory
- FF – 2 Minor Amendment to Coordinate the University of Central Florida 2015-25 Campus Master Plan Update with Site Refinements
 - Self asked if these changes came before the University Master Planning Committee, which is a joint committee of the Faculty Senate and the university. Susan Hutson, Assistant Director for Facilities Planning and Construction, indicated they have seen these amendments but there is currently no formal process for approving minor amendments. Self indicated the Faculty Senate would like to be more involved in this process, as per their bylaws. Scott Cole, Vice President and General Counsel, clarified their bylaws were recently amended but it is not required by law that they be part of the process.
- FF – 3 Minor Amendment to Align the University of Central Florida 2015-25 Campus Master Plan Update
 - Walsh asked if management is periodically reviewing the master plan and deleting items that are no longer relevant. Misty Shepard, Interim Vice President for Administration and Finance, stated it is an annual process to review the plan.

Martins stated that the following item was discussed and tabled at the December 12, 2018 meeting:

- FFC – 4 Subway Contract Amendment
 - After committee discussion on December 12, 2018, Marchena said that two five-year renewal options were not warranted for a refurbishment investment, given what time remains on the current term. Marchena expressed concern about giving an additional 10 years until the level of their investment is known and recommended tabling the item until the level of investment is available. As a point of reference, Martins noted that initially this was on today's committee agenda but was pulled since the specifics of that investment were not included in the written amendment. It is expected that the item will come back to the committee at a later date.

The following information items were discussed at the December 12, 2018 meeting:

- INFO – 2 Direct Support Organizations' 2018-19 First-Quarter Financial Reports
- INFO – 3 University Draft Audited Financial Report 2017-18
- INFO – 4 University Operating Budget Report Quarter Ended September 30, 2018
- INFO – 5 University Investments Presentation and Investments Quarterly Report Ended September 30, 2018
- INFO – 6 Five-year Internal Capital Plan 2019-23

The following action occurred at the meeting held earlier in the day and was unanimously approved by the committee:

- FFC – 1 Concessions Services for UCF Convocation Corporation
- INFO – 1 Parking, Housing, Health Auxiliary Facilities Operating Budgets
 - Although presented as an information item, the committee approved the budgets after committee dialogue and review, and with the Chairman's concurrence, this item will be brought to the board later this afternoon under new business.

Martins presented the following item for board approval which was approved with one abstention from Trustee Sprouls:

- FF – 4 Concessions Services for UCF Convocation Corporation

NOMINATING AND GOVERNANCE COMMITTEE REPORT

Yeargin, Chair of the Nominating and Governance Committee, reported highlights from the committee meeting held earlier that day. Yeargin reported that the following items were unanimously approved by the committee and placed on the board's consent agenda:

- NGC – 1 UCF Athletics Association Bylaws Amendments
- NGC – 2 Proposed University Regulation UCF-1.00 Regulation Interpretation and Application
- NGC – 3 Amendments to University Regulation UCF-3.0191 Disciplinary Actions - USPS
- NGC – 4 Amendments to University Regulation UCF-4.034 University Direct Support Organizations
- NGC – 5 Amendments to University Regulation UCF-5.016 Student Academic Appeals
- NGC – 6 Amendments to University Regulation UCF-5.020 Religious Observations
- NGC – 7 Amendments to University Regulation UCF-7.130 Administration and Finance; Procurement Services

Yeargin presented the following informational item:

- INFO – 1 The Stephen W. Hawking Center for Microgravity and Education
 - Klonoff reported that following a zero-gravity experience at Cape Canaveral, Stephen Hawking, Ph.D. granted Space Florida and UCF the right to use his name in conjunction with a not-for-profit corporation created to conduct research and provide education on microgravity. The corporation would be called “The Stephen W. Hawking Center for Microgravity Research and Education” or “The Hawking Center.” UCF and Space Florida are negotiating terms for such an undertaking and are communicating with the Hawking estate for potential collaborative participation.

CONSENT AGENDA

A motion was made to accept the consent agenda and was unanimously approved.

- AUD – 1 Board of Governors' Performance-based Funding Data Integrity Certification Audit Report (Seay)

- AUD – 2 Performance-based Data Integrity Certification form (Seay)
- EP – 1 Tenure with Hire (Garvy)
- NG – 1 UCF Athletics Association Bylaws Amendments and Reappointment of Board Members (Yeargin)
- NG – 2 Proposed University Regulation UCF-1.00 (Yeargin)
- NG – 3 Amendments to University Regulation UCF-3.091 (Yeargin)
- NG – 4 Amendments to University Regulation UCF-4.034 (Yeargin)
- NG – 5 Amendments to University Regulation UCF-5.016 (Yeargin)
- NG – 6 Amendments to University Regulation UCF-5.020 (Yeargin)
- NG – 7 Amendments to University Regulation UCF-7.130 (Yeargin)

OLD BUSINESS

Chairman Marchena

- BOT – 1 Action based on Bryan Cave Investigation

Marchena said there was one item of old business, the actions related to the Bryan Cave investigative report:

- He asked for a motion to accept the Bryan Cave report as received. Bradley made the motion to accept the Bryan Cave report as presented to the board on January 18, 2019 and Self provided the second. The trustees discussed and clarified what accepting the report means. After discussion, it was determined that the board formally accepts the report since the board hired the firm and acceptance allows for board discussion and action, but it does not commit the board to any recommendations or observations within the report, nor does it require the board to take any of the recommended actions. The motion to accept the report passed with one opposition from Walsh.
- Marchena requested a motion to remove Walsh's January 18, 2019 tabled motion to extend the Bryan Cave investigation. Bradley made the motion with Martins giving the second. The motion was approved.

Marchena asked Seay to address questions brought up in the January 18, 2019 board meeting:

- Seay detailed the process for creating the five-year review of capital projects to determine whether any other capital projects, outside of the TCH project, were funded from E&G. The review period was 2013 – 2018. Seay noted that the results of this five-year review

were presented to the board on September 20, 2018, and in addition to TCH, 11 other projects that were planned to be funded all or in part from E&G funds were identified. Seay stated that the initial five-year look back was subsequently expanded back to 2008, for a total review of 10-years, for any misuse of E&G funds for capital projects. No additional misuse of E&G funds for the additional five years was identified.

- Seay then provided a detailed review of the tables of transfers, sorted both by project and by date. Based on this data and analysis, Seay stated there was the same pattern by the same individuals in the same time period of when incorrect funds were misspent or transferred incorrectly.
- Seay reminded the board that Mitchell presented the carryforward plan at the December 12, 2018 Finance and Facilities Committee (FFC) meeting. This plan presented the August 21, 2018 carryforward balances, as well as the changes to that balance up through November 30, 2018. Several trustees indicated that they would like additional information on the \$52.5 million in 'Other Expenditures, Encumbrances, and Reimbursements':
 - Seay stated the explanation of the \$52.5 million net increase in this category included \$12.9 million in unrealized gains on E&G funds that were recorded and budgeted, increasing our total carryforward balance.
 - Seay noted that this led to two discussions: recording and budgeting unrealized gains and the risks associated with investing E&G funds.
 - For the first, there was a reconsideration of whether or not to realize the previously unrealized gains on our investments. Seay said that investment managers agreed to sell the investments with no transaction fees charged to the university, and they were directed to take that action last week.
 - For investing E&G funds, there was a reconsideration of the university's allocation of funding between the State's Special Purpose Investment Account (SPIA) and the university's investment portfolio. In 2010, with the significant increase in the investment markets, the university made the decision to record E&G funds as investments. Seay stated that with recent concerns about the market downturn and potential losses, a decision was reached to record all E&G funds only in the less-risky SPIA and BOA accounts; only non-E&G funds will be placed in investments. Seay stated the university will go back to the beginning of the fiscal year, July 1, 2018, and transfer all E&G funds to SPIA and an equal amount of non-E&G funds out of SPIA to the investment pool. She said that we are also going back and recording all SPIA interest to E&G funds and all investment gains and losses to non-E&G funds. This timing pre-dates the fall 2018 market decline and allows a complete replacement of E&G funds misspent on capital projects.

Trustee questions and comments regarding the report are as follows:

- Walsh asked a question regarding the carryforward summary. He confirmed the board did not vote and approve the entire carryforward summary. Marchena agreed that they only approved the requested information from the Board of Governors. Walsh recounted the conversation he had with Mitchell regarding the available information for the FFC December 12, 2018 meeting. Marchena asked Mitchell to address Walsh's concerns. She

said he was right, the initial plan was to not go into full details of the report, but they did get the information together and handed it out. She apologized it was not posted online before the meeting.

- Marchena asked why these additional items programmed to use E&G funding were not identified in the meeting on September 20, 2018. Mitchell clarified she understood the question as to determine any capital project where E&G funding was used incorrectly, which she did. She did not look at any capital projects that were programmed to use E&G funding but not spent until after that date, which is why the amount increased.
- Martins requested a clarification that at the December 12, 2018 FFC meeting, the board was only asked to approve the amounts (committed portion of the remaining 2017-18 carryforward funds) and the form as requested by the Board of Governors. Mitchell confirmed that was correct and any additional information was requested and provided but no action was needed.

Seay continued her report regarding the extension of the Bryan Cave investigation:

- She stated that last week she requested Bryan Cave investigators to search all emails and texts provided to them and search for any projects that were inappropriately funded from E&G funds, search terms such as CREOL, band etc., which resulted in millions of emails and thousands of documents. Marchena asked what exactly are we looking for? Seay said it would be the same process as TCH – documents would need to be researched to determine relevancy and interviews take place to see if anyone else was involved in using incorrect funding for the 11 other identified projects. Seay said she is confident there will be no other identified projects beyond what has already been identified.

Trustee questions and comments continued as follows:

- Bradley stated that he would like the external investigators to review the other 11 projects, not to the extent of TCH, but to ensure that there is a continuation of the pattern seen with TCH.
- Walsh commented that the amount of money spent so far on the investigation has no bearing on whether the investigation should continue. He brought up information regarding the purchase of a pre-leased building using E&G money. Shepherd clarified that the money slated for the project was auxiliary funds from distance learning fees. Shepherd stated that if Merck did make a comment saying it would be E&G funds, then it was incorrect. Self stated that while he was on the Facilities Budget Committee he was also informed the money for the pre-payment would be distance learning fees.
- Marchena asked for an answer to Walsh's question as to why the Auditor General decided to audit TCH. Seay stated the Auditor General confirmed that its review of the funding for TCH was based on its risk analysis, and not any whistleblower activity provided to the auditors. Martins stated that it was brought up in the House ethics meeting that this is a normal course of action when construction of this magnitude happens.
- Walsh stated that he believes more needs to be done and that it should be done using the Bryan Cave firm. He believes more people need to be interviewed, including checking into the contractors receiving kickbacks. He noted the scope of the investigation included

the determination of any self-benefit but questions if the Bryan Cave report thoroughly investigated that issue.

- Martins stated there are policies, procedures and audit consultation the board needs to enact to ensure that we are properly auditing any movement of funds. He said the investigation did uncover a pattern of what happened, but that if we are looking for something else, this board does not have subpoena power, but the state House does have that ability, and can act accordingly if they deem it necessary.
- Garvy believes a number of the concerns Walsh has will be addressed with the updated policies and procedures and with the work of Gen. Caslen.
- The motion to extend the Bryan Cave investigation did not pass. Bradley and Walsh voted to extend, with the remaining board members opposed.

Marchena asked to review his recommendations and any additional recommendations received from other trustees for actions from the investigation. He reminded the board the certification of funds was already voted into board policy and would continue.

Marchena made the following motions which were approved unanimously:

- To adopt as board policy the permanent separation of the position of CFO and Vice President of Administration or COO.
 - Marchena reminded the board that the Delegation of Authority already incorporates that any changes to the hiring, firing or reduction of compensation for the Vice President and General Counsel, Chief Compliance Officer, and Chief Audit Executive needs to come before the board. This action will amend the Delegation of Authority to also include the position of CFO and Vice President of Administration or COO.
- Office of the General Counsel, Compliance Ethics and Risk Office, Internal Audit, and Gen. Caslen will develop updated policies and procedures for the board's consideration to further ensure proper use of state appropriated E&G funds.
- Audit and Compliance Committee to review the existing whistleblower program (Integrity Line) and recommend how to update the program and educate the university community on its availability and use, and for the committee to report their recommendations to the board.
- Adopt as board policy real time audits for all capital projects in excess of \$2 million; including the Audit Department's verification of the funding source as appropriate after board approval and before the project starts, spot check the funding source during the project and conduct post-project audits.
- Adopt a standard agenda memoranda format as distributed by Chairman Marchena at last week's meeting with two modifications; (1) section titled Board's Authority for the Action citing the statutes or university regulations that enables the board to take the action and (2) the committee chair or chairman of the board must approve all agenda items before they are posted publicly.

- Strip former CFO William Merck of all remaining unpaid performance bonuses.
- Lift Yeargin's tabled motion that recommends Whittaker's participation in the performance bonus program be suspended for two years, covering his time as provost.

The following motion was passed with opposition from Bradley, Conte, Sprouls and Walsh:

- Suspend Whittaker's participation in the performance bonus program for two years, covering his time as provost.

Discussion regarding other recommendations followed:

- Boloña made a motion to recommend an evaluation of a review system for vice presidents to ensure they are compliant, with a second by Conte. The initial second was retracted, Boloña indicated he wanted the motion to stand, however the motion died for lack of a second. There was board interest in exploring this topic after further thought and development.
- Bradley made a motion to retain an independent third party financial auditor for the next fiscal year and going forward, with a second from Martins. After discussion, Martins made a motion to table the item, which was approved with one opposition from Bradley.
- Marchena noted that he carefully read Walsh's recommendations and believed that most of them encouraged the extension of the investigation, which the board chose not to do. He asked Walsh if he had any additional motions, and Walsh replied that he did not.
- Martins suggested that Gen. Caslen conduct a review so that the board can view the financial reports outlined in the investigation, as well as additional internal E&G reports.

NEW BUSINESS

- INFO – 1 Parking, Housing, and Health Auxiliary Facilities
 Operating Budgets
 - Martins stated that earlier today, the Finance and Facilities Committee reviewed the operating budgets for the Parking, Housing and Health Auxiliary Facilities Operating Budgets for 2019-20 as an information item, but after thorough discussion and review, the committee was comfortable to move forward with a vote, and the committee unanimously approved this action. The board voted and unanimously approved the item.

ANNOUNCEMENTS AND ADJOURNMENT

Marchena announced the following upcoming meetings:


BOG meeting	January 30 - 31, 2019 (Florida International University, Miami)
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Inauguration February 26, 2019
(Student Union, Pegasus Ballroom)

BOT meeting March 21, 2019
(FAIRWINDS Alumni Center)

BOG meeting March 27 – 28, 2019
(Florida A&M University, Tallahassee)

Marchena adjourned the board meeting at 5:30 p.m.

Respectfully submitted:  Date: 4/11/19
Grant J. Heston
Associate Corporate Secretary

FORM 8A MEMORANDUM OF VOTING CONFLICT FOR STATE OFFICERS

LAST NAME—FIRST NAME—MIDDLE NAME SPROLLS JOHN ROBERT	NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE BOARD OF TRUSTEES
MAILING ADDRESS 6228 BLAKSFORD DRIVE	NAME OF STATE AGENCY UNIVERSITY OF CENTRAL FLORIDA
CITY COUNTY WINDSORMERE, FL 34786 ORANGE	MY POSITION IS: <input type="checkbox"/> ELECTIVE <input checked="" type="checkbox"/> APPOINTIVE
DATE ON WHICH VOTE OCCURRED 1/24/19	

WHO MUST FILE FORM 8A

This form is for use by any person serving at the State level of government on an appointed or elected board, council, commission, authority, committee, or as a member of the Legislature. It applies to members of advisory and non-advisory bodies who are presented with a voting conflict of interest under Section 112.3143, Florida Statutes.

Your responsibilities under the law when faced with voting on a measure in which you have a conflict of interest will vary greatly depending on whether you hold an elective or appointive position. For this reason, please pay close attention to the instructions on this form before completing and filing the form.

INSTRUCTIONS FOR COMPLIANCE WITH SECTION 112.3143, FLORIDA STATUTES

ELECTED OFFICERS:

As a person holding elective state office, you may not vote on a matter that you know would inure to your special private gain or loss. However, you may vote on other matters, including measures that would inure to the special private gain or loss of a principal by whom you are retained (including the parent or subsidiary or sibling organization of a principal by which you are retained); to the special private gain or loss of a relative; or to the special private gain or loss of a business associate. If you vote on such a measure or if you abstain from voting on a measure that would affect you, you must make every reasonable effort to disclose the nature of your interest as a public record in a memorandum filed with the person responsible for recording the minutes of the meeting, who shall incorporate the memorandum in the minutes. If it is not possible for you to file a memorandum before the vote, the memorandum must be filed with the person responsible for recording the minutes of the meeting no later than 15 days after the vote.

For purposes of this law, a "relative" includes only your father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with you as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

A member of the Legislature may satisfy the disclosure requirements of this section by filing a disclosure form created pursuant to the rules of the member's respective house if the member discloses the information required by this subsection, or by use of Form 8A.

* * * * *

APPOINTED OFFICERS:

As a person holding appointive state office, you are subject to the abstention and disclosure requirements stated above for Elected Officers. You also must disclose the nature of the conflict before voting or before making any attempt to influence the decision by oral or written communication, whether made by you or at your direction.

For purposes of this law, a "relative" includes only your father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with you as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

IF YOU INTEND TO MAKE ANY ATTEMPT TO INFLUENCE THE DECISION PRIOR TO THE MEETING AT WHICH THE VOTE WILL BE TAKEN:

- You must complete and file this form (before making any attempt to influence the decision) with the person responsible for recording the minutes of the meeting, who will incorporate the form in the minutes.
- A copy of the form must be provided immediately to the other members of the agency.
- The form must be read publicly at the next meeting after the form is filed.

IF YOU MAKE NO ATTEMPT TO INFLUENCE THE DECISION EXCEPT BY DISCUSSION OR VOTE AT THE MEETING:

- You must disclose orally the nature of your conflict in the measure before participating.
- You must complete the form and file it within 15 days after the vote occurs with the person responsible for recording the minutes of the meeting, who must incorporate the form in the minutes. A copy of the form must be provided immediately to the other members of the agency, and the form must be read publicly at the next meeting after the form is filed.

DISCLOSURE OF STATE OFFICER'S INTEREST

I, JOHN R. SPAULLS, hereby disclose that on JANUARY 24, 2019:

(a) A measure came or will come before my agency which (check one or more)

- inured to my special private gain or loss;
inured to the special gain or loss of my business associate;
inured to the special gain or loss of my relative;
inured to the special gain or loss of SPECTRA FOOD SERVICES, by whom I am retained; or
inured to the special gain or loss of SPECTRA FOOD SERVICES, which is the parent, subsidiary, or sibling organization of a principal which has retained me.

(b) The measure before my agency and the nature of my conflicting interest in the measure is as follows:

A 10-YEAR CONTRACT FOR SPECTRA FOOD SERVICES TO PROVIDE CONCESSION SERVICES FOR UCF ARENA. SPECTRA IS OWNED BY COMCAST CORPORATION, WHICH ALSO OWNS UNIVERSAL PARKS & RESORTS, MY EMPLOYER.

If disclosure of specific information would violate confidentiality or privilege pursuant to law or rules governing attorneys, a public officer, who is also an attorney, may comply with the disclosure requirements of this section by disclosing the nature of the interest in such a way as to provide the public with notice of the conflict.

Date Filed 1/24/19

Signature [Handwritten Signature]

NOTICE: UNDER PROVISIONS OF FLORIDA STATUTES §112.317, A FAILURE TO MAKE ANY REQUIRED DISCLOSURE CONSTITUTES GROUNDS FOR AND MAY BE PUNISHED BY ONE OR MORE OF THE FOLLOWING: IMPEACHMENT, REMOVAL OR SUSPENSION FROM OFFICE OR EMPLOYMENT, DEMOTION, REDUCTION IN SALARY, REPRIMAND, OR A CIVIL PENALTY NOT TO EXCEED \$10,000.