

**Georgia Tech Foundation, Inc.**  
Minutes of the Meeting of the Board of Trustees  
March 5, 2004

The Board of Trustees of Georgia Tech Foundation, Inc. met at 9:00 a.m. on March 5, 2004 in the Global Learning Center at Technology Square. Trustees present were: John E. Aderhold, Bobby Joe Anderson, Leo Benatar, G. Niles Bolton, James W. Bowyer, Charles W. Brady, Carey H. Brown, Charles R. Brown, Kenneth G. Byers, Jr., Don L. Chapman, William R. Collins, Jr., Joel H. Cowan, Jere A. Drummond, E. Rembert DuBose, Dwight H. Evans, Jack J. Faussemagne, Alvin M. Ferst, Jr., L. Thomas Gay, Geoffrey C. Gill, Francis S. Godbold, Jere W. Goldsmith IV, Thomas L. Gossage, J. Thomas Gresham, Robert L. Hall, Thomas H. Hall III, Hubert L. Harris, Jr., Gary T. Jones, Raymond A. Jones, Jr., Lewis H. Jordan, Aaron J. Land, Jr., Wade T. Mitchell, Charles D. Moseley, H. Ronald Nash, Jr., Michael A. Neal, Lawton M. Nease III, D. Raymond Riddle, Joe W. Rogers, Jr., Oliver H. Sale, Jr., Earl L. Shell, Jr., Francis N. Spears, E. Roe Stamps IV, John C. Staton, Jr., H. Milton Stewart, H. Hammond Stith, Jr., Richard J. Taylor, Howard T. Tellepsen, Jr., Albert S. Thornton, Jr., William J. Todd, Thomas W. Ventulett III, John H. Weitnauer, Jr., and Janice N. Wittschiebe. Others present were: Barrett H. Carson, John B. Carter, Jr., Jean-Lou Chameau, Michael A. Condon, Amanda S. Ford, Joseph P. Irwin, Tina Lee-Turner, Mark W. Long, Gary May, Jerome T. Posatko, Robert K. Thompson, and Patricia H. Wichmann.

**Welcome and Introductions:** Mr. Land opened the meeting by welcoming the Trustees to the 504<sup>th</sup> meeting of the Board. He regretfully announced the passing of David S. Lewis, Jr. and Skeet B. Rymer, Jr. and asked the Board to observe a moment of silence in their honor.

**Approval of Minutes:** Mr. Land stated that copies of the minutes of the meeting of the Board held on December 6, 2003 had been distributed to the Trustees, and asked if there were any comments, suggestions or changes. On motion, the minutes were unanimously approved as distributed.

**Treasurer's Report:** Mr. Harris presented the Foundation's financial statements as of January 31, 2004. The Foundation's assets totaled approximately \$1.1 billion, an increase of \$133 million since the beginning of the fiscal year. He noted other changes during the period and stated that the Foundation's unrestricted fund balance was approximately \$111.7 million, as compared with the unrestricted fund reserve of \$63.4 million. He also discussed the consolidated statement of activities, as compared with the same periods in 2002 and 2003. The treasurer's report is attached hereto as Exhibit A.

**Report of the Institute:** Dr. Chameau reported that Mr. Thomas DuPree has informed Dr. Clough that he will not be able to meet his commitment to fund an endowment to support the College of Management. Georgia Tech is expecting an additional budget cut from the state budget and a 100% cut in funding for some matching programs. The cumulative budget cuts have weakened Georgia Tech's position. This has resulted in fewer scholarship and fellowships. He also reported that other institutions are recruiting some of Georgia Tech's top faculty members. Georgia Tech is still optimistic, despite the budget concerns.

**Nominating Committee:** Mr. Stith presented a report of the Nominating Committee. After reviewing current recommendations, as well as those made in 2003, the Committee's recommendations are as follows:

**Trustees to Serve Second Term:**

Niles Bolton  
Gary Jones  
Charlie Moseley  
Joe Rogers  
Bill Todd  
Janice Wittschiebe

**Audit Committee:**

Jerome Atkinson  
Jim Bowyer  
Jack Faussemagne

**Corporate Officers:**

John B. Carter, Jr. President and Chief  
Operating Officer  
Mark W. Long Secretary

**Trustee To Serve Unexpired One-Year  
Term:**

Duke Mewborn

**New Emeritus Trustees:**

Jere Drummond  
Tom Gossage  
Milt Stewart

**New Trustees:**

Marc Dash  
Jack Gynn  
Kim King  
Bruce McEver

On motion, the Board unanimously approved the recommendations of the Nominating Committee.

**Development Committee:** Mr. Drummond presented a graph illustrating funds raised versus the average required to meet fund raising objectives for the period January 1, 2001 to June 30, 2005. More than \$235 million of the \$350 million goal had been raised as of February 27. He discussed Development Committee initiatives, including: soliciting gifts from Trustees to meet the \$4 million endowment goal to fund the Foundation's office space; soliciting gifts from management graduates to fund the management school; and developing a commitment standard for Trustees, which will be presented to the Board for approval at the June meeting.

**Investments Committee:** Mr. Nease reviewed the Foundation's investment objectives and described the structure of the Investments Committee. He presented a graph showing that the Foundation's investment assets increased by \$156 million to \$892 million during the twelve-month period ended February 27. Another graph showed growth since 2000 in investments and gifts in relation to Georgia Tech support. He provided the amount currently within each category of funds in the Foundation's investment pool. Mr. Nease presented a graph showing the Foundation's asset allocation as of February 27. He discussed the history of the asset allocation and described the changes over time. Another graph depicted the asset allocation versus the target. He provided an overview of the Foundation's calls on Coca-Cola stock and reviewed graphs reflecting the performance of the Foundation's investments versus that of the policy portfolio and HEPI + 5%. Lastly, Mr. Nease reviewed a chart showing the Foundation's returns versus the NACUBO average for the past ten years.

**Real Estate Committee:** Mr. Shell reported on the Foundation's real estate activities. The transfer of the Heffernan property to the Board of Regents has been approved. The Foundation has closed on the sale of the Pruitt and the Bowen properties. Mr. Shell reported that the Georgia Tech Hotel and Conference Center has under performed its benchmark during 2003. Its performance is expected to improve in 2004. He indicated that Jones Lang LaSalle has reported that the Technology Square project was completed slightly under budget. Lastly, Mr. Shell reported that the Real Estate Committee is reviewing the campus land plan submitted to the Foundation by the administration.

**Stewardship Committee:** Mr. Thornton reported that the Stewardship Committee has met with ten of the 20 selected donors. Committee members have been receiving excellent feedback. The Committee is focusing on completing the visits and plans to make a report to the Board in June.

**Budget Committee:** Mr. Moseley presented a report of the Budget Committee. The Committee is reviewing the unspent restricted endowment funds and the unspent restricted non-endowment funds, which totaled \$21 and \$41 million respectively at the end of fiscal year 2003. The Foundation has been successful in reducing the number of advance funded chairs by approximately half. Lastly, Mr. Moseley reported that the Foundation is gradually moving toward a 4% expenditure allocation (plus the 1% management fee) from the endowment funds. With the allocation for 2004 being 4.7%, the Budget Committee is recommending a 4.35% allocation for 2005. He presented for adoption the resolution attached hereto as Exhibit B, which provides for the allocation of 4.35% of the average market value of the endowment funds for expenditure for fiscal year 2005. On motion, the resolution attached hereto as Exhibit B was unanimously approved.

**Georgia Tech Alumni Association Report:** Mr. Gay reported on behalf of the Alumni Association. He discussed the mission of the Association and provided various statistics on Georgia Tech alumni. He discussed the Alumni Association's areas of expertise, including engaging, communicating, fund raising, and information acquisition and management. Mr. Gay reported on the alumni database. He discussed leadership attributes of the Association, as viewed by alumni. Lastly, Mr. Gay thanked the Trustees for their continued support.

**Executive Committee:** Mr. Land discussed information he and Mr. Carter gathered from the Association of Governing Boards (“AGB”) conference. He discussed the Board of Regents survey and indicated the general desire of the Board to understand the Foundation’s role in supporting the Institute. Mr. Carter led a discussion on additional topics discussed at the AGB conference, including: open records, conflicts of interests, Sarbanes-Oxley, and salary supplements. Lastly, he presented an overview of areas in the Foundation’s bylaws that are being considered for amendments. He requested that the Trustees provide input in the coming weeks so that the Board is in a position to adopt amendments at the June meeting.

There being no further business, the meeting was adjourned for a luncheon with guest speaker Larry McIntire, Ph.D., followed by a tour of the U.A. Whitaker Building.

Respectfully submitted,

Mark W. Long  
Secretary

Approved:

Aaron J. Land, Jr.  
Chair