

Georgia Tech Foundation, Inc.
Minutes of the Meeting of the Board of Trustees
June 4, 2004

The Board of Trustees of Georgia Tech Foundation, Inc. met at 8:30 a.m. on June 4, 2004 in the Global Learning Center at Technology Square. Trustees present were: Bobby Joe Anderson, Leo Benatar, James W. Bowyer, Charles W. Brady, Carey H. Brown, Charles R. Brown, Kenneth G. Byers, Jr., A. Russell Chandler, III, Don L. Chapman, G. Wayne Clough, William R. Collins, Jr., Joel H. Cowan, David W. Dorman, 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., Lawrence P. Huang, Gary T. Jones, Raymond A. Jones, Jr., Aaron J. Land, Jr., Julian LeCraw, Sr., James R. Lientz, Jr., David M. McKenney, Wade T. Mitchell, Charles D. Moseley, H. Ronald Nash, Jr., Lawton M. Nease III, Albert N. Parker, Parker H. Petit, James P. Poole, D. Raymond Riddle, Joe W. Rogers, Jr., Oliver H. Sale, Jr., Earl L. Shell, Jr., Cecil J. Silas, 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, and Janice N. Wittschiede. Others present were: Jean Ballenger, Barrett H. Carson, John B. Carter, Jr., Jean-Lou Chameau, Michael A. Condon, Marcus J. Dash, Amanda S. Ford, J. William Goodhew, III, George C. Guynn, Paul Hewitt, Joseph P. Irwin, Tina Lee-Turner, Mark W. Long, H. Bruce McEver, F. B. Mewborn, II, Jerome T. Posatko, Les Saunders, Robert K. Thompson and Patricia H. Wichmann.

Welcome and Introductions: Mr. Land opened the meeting by welcoming the Trustees to the 2004 Annual Meeting of the Board. He thanked the Trustees for participating in the meeting and introduced new Trustees in attendance. He also introduced guest speaker, Mr. Paul Hewitt, Georgia Tech's head basketball coach.

Special Presentation: Mr. Hewitt made a special presentation on Georgia Tech basketball. He discussed achievements made during the year and described expectations and challenges for the upcoming year. He expressed his appreciation for working in Georgia Tech athletics and addressed various questions by Trustees.

Approval of Minutes: Mr. Land stated that copies of the minutes of the meeting of the Board held on March 5, 2004 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 April 30, 2004. The Foundation's net assets totaled approximately \$1.1 billion, an increase of approximately \$116 million during the past 12 months. He noted other changes during the period and stated that the Foundation's unrestricted fund balance was approximately \$107.3 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.

Nominating Committee: Mr. Stith reviewed new Trustees elected at the March meeting and welcomed those in attendance. He also reviewed the list of retiring Trustees, as well as those who were appointed as new Emeritus Trustees. He reported

that Mr. King will not be able to serve his term as Trustee due to business considerations.

Georgia Tech Update and Review of New Campus Master Plan: Dr. Clough provided an update on the Institute in the areas of admissions, research, construction projects and the State budget. He introduced Mr. Les Saunders, who made a presentation on the new Campus Master Plan, which included a discussion of key focus areas and an overview of the campus' history.

Audit Committee: Mr. Bowyer reported that the Audit Committee recommended acceptance of a proposal from Price Waterhouse Coopers to conduct the Foundation's fiscal year 2004 audit. On motion, the recommendation was unanimously approved. He reported on other issues the Audit Committee plans to focus on during the upcoming year, including accounting issues, the consideration of a new Code of Ethics and the establishment of a Compensation Committee.

Development Committee: Mr. Drummond updated the Board on soliciting commitments from trustees for funds to support the College of Management and the Foundation's new office space. Fourteen trustees have made gifts and commitments totaling \$17.6 million toward the \$45 million needed to reach the College of Management goal and nearly \$2 million has been donated or pledged toward the \$4 million goal to support the Foundation's office space. Mr. Carter announced that Mr. Ferst had pledged a gift from his estate to support the Athletic Association, the College of Management and the Foundation. Mr. Drummond presented a graph illustrating the funds raised versus the average required to meet fund raising objectives for the period January 1, 2001 to June 30, 2005. More than \$253 million of the \$350 million goal had been raised as of May 31, which included a single commitment of \$36 million. Lastly, he requested that the Board adopt the standard for trustee giving called "Gold Standard" attached hereto as Exhibit A. On motion, the Board unanimously adopted the "Gold Standard" for Trustee giving attached hereto as Exhibit A.

Georgia Tech Advisory Board: Mr. Nash made a presentation on behalf of the Georgia Tech Advisory Board ("GTAB"). He discussed the objectives of GTAB and described its current composition. He provided examples of topics covered at GTAB meetings, including suggestions on the campus master plan, the size of the student body, as well as branding and imaging. Lastly, he reviewed the new members of GTAB.

Georgia Tech Alumni Association Report: Mr. Gay reported on behalf of the Alumni Association. He reviewed the Alumni Association's progress toward its goals and reported that it is expected to meet or exceed all goals. He discussed the Alumni Association's new initiatives and thanked the Trustees for their continued support. Lastly, Mr. Gay congratulated Mr. Todd, who is joining the Executive Committee of the Alumni Association.

Investments Committee: Mr. Nease presented the Foundation's investment objectives and described the structure of the Investments Committee, including the role of its subcommittees. He presented a graph showing that the Foundation's investment assets increased from \$823 million to \$884 million since July 2003. Another graph showed growth since 2000 in investments and gifts in relation to Georgia Tech support. Mr. Nease presented the Foundation's asset allocation as of May 28. He discussed the history of the asset allocation and described the changes made over time. Another

graph depicted the asset allocation versus the target. Mr. Nease described the reasons behind the differences and reported that the Committee is working on aligning the Foundation's investments in Private Equities and Fixed Income, Real Estate & Diversifying Strategies more closely with the respective targets. He reviewed graphs reflecting the performance of the Foundation's investments versus that of the policy portfolio and HEPI + 5% and provided an overview of the Foundation's calls on Coca-Cola stock. Lastly, Mr. Nease reported on recent decisions by the Investments Committee, including changing the asset allocation targets and approving certain new investments.

Real Estate Committee: Mr. Shell reported on the Foundation's real estate activities. The Heffernan House property and the Ethel Street area properties have been transferred to the Board of Regents and Georgia Advanced Technology Ventures (GATV), respectively. Mr. Shell reported that the Georgia Tech Hotel and Conference Center performed slightly above budget during the period January to April 2004. Georgia Tech has received a proposal from the seller of the Dah Tung property. The real estate committee has recommended that the Foundation grant the necessary funds to GATV to purchase the property. On motion, the Board approved the real estate committee recommendation, that an amount not to exceed \$940,000, plus miscellaneous costs, including legal fees, be granted to Georgia Advanced Technology Ventures (GATV) for the acquisition of the Dah Tung property, funded with borrowing through the Georgia Tech Foundation Funding Corporation. Mr. Shell reported that the Board of Regents condemnation proceedings relating to the Dialysis Clinic property are ongoing and the real estate committee recommended approval of funding to assist the Regents in acquisition of the property for Georgia Tech. On motion, the Board approved the real estate committee recommendation, that an amount not to exceed \$7,500,000 be granted to Georgia Institute of Technology for the acquisition of the Dialysis Clinic property, funded with borrowing through the Georgia Tech Foundation Funding Corporation.

Stewardship Committee: Mr. Thornton reported on the feedback received from donors during stewardship visits. All feedback has been positive. He described suggestions received during the visits, including: providing periodic updates to classes; engaging young people on advisory boards; utilizing sports boxes for stewardship purposes; and filling endowed chairs more quickly. Mr. Thornton reported on the Committee's goals for the upcoming year and requested that Trustees provide recommendations on donors who should be interviewed.

Budget Committee: Mr. Moseley presented a report of the Budget Committee. He reported that the expenditures will be within budget for fiscal year 2004. He reviewed proposed 2005 budgets for Institute support, the Alumni Association and the Foundation and reported that those being recommended are at the same level of support as the 2004 budgets. On motion, and after discussion, the Board unanimously approved the fiscal year 2005 budgets as described on Exhibit B attached hereto. Mr. Moseley also stated that the new Finance Committee will meet in July or August to explore the possibility of providing additional funding to Georgia Tech.

Meeting Adjourned/Reconvened: The meeting adjourned for the purpose of conducting a special meeting of the Board to discuss proposed changes in the bylaws and reconvened a few minutes later.

Chairman and Executive Committee: Mr. Land requested that the Board approve the election of the boards of Georgia Tech Foundation Funding Corporation ("GTFFC") and Georgia Tech Foundation Real Estate Holding Corporation ("GTFREHC"), as recommended by the Executive Committee. On motion, the Board unanimously approved the election of the boards as follows:

<u>GTFFC</u>	<u>GTFREHC</u>
A.J. Land, Jr.	A.J. Land, Jr.
Don L. Chapman	Don L. Chapman
Hubert L. Harris, Jr.	Hubert L. Harris, Jr.
Charles D. Moseley	Earl L.. Shell, Jr.
H. Hammond Stith, Jr.	H. Hammond Stith, Jr.

Mr. Land indicated that Dr. Clough would lead a discussion on the Cooperative Agreement after the meeting. Lastly, Mr. Land requested that the Trustees review the Conflict of Interest Policy and sign the form provided in their meeting materials.

President and Chief Operating Officer: Mr. Carter recognized Ms. Emma Nix for her work in the Office of Information Technology, and Ms. Sandra Arthur for her 37 years of service to the Foundation. He reported that Moody's has reaffirmed the Foundation's credit rating as Aa1. The management information system has now been updated with all Athletic Association data. Mr. Carter discussed the Foundation's fiscal year 2005 action items, including: open records/security; endowment payout; the 14th Street land plan; restricted endowment/restricted funds; stewardship; and budget resolution. External activities for the coming year that may have an impact on the Foundation include changes to the Hope Scholarship, student growth and its impact on facilities, the State budget for higher education and the Campus Master Plan.

Trustee Awards: Messrs. Land and Carter presented various Trustees with awards to express appreciation for their years of service to the Foundation.

There being no further business, the meeting was adjourned for an informal discussion by the Trustees.

Respectfully submitted,

Mark W. Long
Secretary

Approved:

Aaron J. Land, Jr.
Chair

**Minutes of the Board of Trustees Meeting, June 4, 2004
Exhibit A**

STANDARD FOR TRUSTEE GIVING

GOLD STANDARD

In keeping with the Foundation's mission "...to faithfully provide to the Georgia Institute of Technology the support it so richly deserves," current and emeritus trustees are expected to set the standard for philanthropic leadership. Such leadership shall embrace three primary areas: unrestricted current operations through the Annual Roll Call; a multi-year commitment for unrestricted or restricted capital purposes, designated to the Institute, college, school, or program of choice; and, an estate or life income provision for the future benefit of the Institute, college, school, or program of choice. Additionally, interested trustees are encouraged to support the intercollegiate athletic program through the Alexander-Tharpe Fund, Inc. Ultimately, philanthropy and the timing of gifts is an individual decision, based on each trustee's giving capacity coupled with family, financial, and tax planning considerations.

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Exhibit B

Motion to Approve Fiscal Year 2005 Budgets

RESOLVED, that the Board of Trustees approve the following budgets for fiscal year 2005:

Institute Support:	\$16,325,565
Alumni Association:	\$ 3,599,884
Georgia Tech Foundation Operations:	\$ 3,850,843
 Total	 \$23,776,292