

Georgia Tech Foundation, Inc.
Minutes of the Meeting of the Board of Trustees
September 5, 2003

The Board of Trustees of Georgia Tech Foundation, Inc. met at 9:00 a.m. on September 5, 2003 at the Georgia Tech Global Learning Center at Technology Square. Trustees present were: Bobby Joe Anderson, Jerome A. Atkinson, Leo Benatar, G. Niles Bolton, James W. Bowyer, Charles W. Brady, Carey H. Brown, Kenneth G. Byers, Jr., A. Russell Chandler III, Don L. Chapman, G. Wayne Clough, William R. Collins, Jr., Joel H. Cowan, James R. Dellinger, Jr., 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, Jere W. Goldsmith IV, Thomas L. Gossage, Robert L. Hall, Thomas H. Hall III, Hubert L. Harris, Jr., Lawrence P. Huang, Gary T. Jones, Jr., Raymond A. Jones, Jr., Lewis H. Jordan, Aaron J. Land, Jr., James R. Lientz, Jr., George W. Mathews, Jr., David M. McKenney, Wade T. Mitchell, Charles D. Moseley, H. Ronald Nash, Jr., Michael A. Neal, Lawton M. Nease, III, Albert N. Parker, Parker H. Petit, Joe W. Rogers, Jr., Oliver H. Sale, Jr., Earl L. Shell, Jr., John C. Staton, Jr., H. Milton Stewart, Albert S. Thornton, Jr., William J. Todd, Thomas W. Ventulett III, John H. Weitnauer, Jr., Deborah N. Willingham, and Janice N. Wittschiede. Others present were: Barrett H. Carson, John B. Carter, Jr., Michael A. Condon, Amanda Ford, Dan Giannini, Carol K. Gue, Ryan Inlow, Joseph P. Irwin, Tina Lee-Turner, Mark W. Long, Jerome T. Posatko, Robert K. Thompson, and Patricia H. Wichmann.

Welcome and Introductions: Mr. Land opened the meeting by welcoming the Trustees to the 502nd meeting of the Board. He thanked the Trustees for attending and recognized certain Trustees for recent achievements. After a discussion of the success of the hotel opening celebration, Mr. Land introduced new Trustees in attendance, followed by an introduction of Foundation staff members by Mr. Carter. Mr. Land requested that the Trustees observe a moment of silence in memory of Shirley Mewborn and Ivan Allen, who recently passed away.

Approval of Minutes: Mr. Land stated that copies of the minutes of the Annual Meeting of the Board held on June 6 & 7, 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.

Audit Report: Mr. Bowyer reported that PriceWaterhouseCoopers has given an unqualified opinion on the Foundation's financial statements for the year ended June 30, 2003. He presented the audit report and audited financial statements and stated that the Audit Committee recommends their acceptance by the Board. On motion, the audit report submitted by PriceWaterhouseCoopers, LLC, a copy of which is attached hereto as Exhibit A, was accepted for the year ended June 30, 2003.

Treasurer's Report:

I. Financial Statements: Mr. Chapman discussed the Foundation's 2003 financial statements and highlighted certain areas. The Foundation's net assets as of the end of the period were approximately \$720.6 million, down from approximately \$752.3 million as of June 30, 2002. He reported that the Foundation's unrestricted fund reserve is currently \$65.6 million and that actual unrestricted funds are currently \$103.9

million. Lastly, Mr. Chapman presented an analysis of the change in net assets over the past two years.

II. Management Information System: Mr. Chapman reported on the findings of the analysis of the Foundation's donor record-keeping system, which was conducted at the request of the Board. The review showed positive results in the areas of hardware, software, staffing and budget. A review of the database indicated a need for improvement in certain areas. A progress report should be available for presentation to the Board by the end of the calendar year.

III. GTFFC Guaranty Resolution: Mr. Harris discussed Georgia Tech Foundation Funding Corporation ("GTFFC"), which was formed to facilitate the campus land acquisition program. He requested that the Board approve the resolution attached hereto as Exhibit B authorizing the Foundation to guaranty up to \$60 million in obligations of GTFFC. On motion, the resolution attached hereto as Exhibit B was unanimously approved. Lastly, Mr. Harris reported that the Foundation's legal counsel has advised that the Foundation is not subject to the Sarbanes-Oxley Act of 2002.

Budget Committee: Mr. Moseley discussed fiscal year 2003 budget results. Expenditures were within budget and \$21.4 million in restricted endowment funds remain unspent. Approximately \$1.3 million will carry forward to the Institute's 2004 budget. Mr. Moseley reported that the fiscal year 2004 budgets reflect a 6% decrease from the 2003 budget. He reported that the unrestricted fund balance was \$103.9 million as of June 30. The Budget Committee is focusing on the continued projected declines in income allocations from endowment funds due to eventually moving the allocation percentage from 4.7 to 4.0. Mr. Moseley presented a report on projected income allocations through 2007 based on various investment scenarios. Lastly, he reported that the Budget Committee is developing policies and procedures relating to a review of prior years' program spending and the impact of the Foundation's funding on those programs.

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 August 31, 2003. Although actual funds raised were slightly under the average required, the Committee is optimistic that the Institute will meet its goals. Lastly, Mr. Drummond reported on initiatives the Development Committee plans to focus on in the coming year, including a planned giving analysis and increasing unrestricted giving through roll call.

Investments Committee: Mr. Nease presented a graph showing a substantial recovery in the Foundation's investment assets during the six-month period ended August 30. During the period, the Foundation's investment assets grew nearly \$100 million. Current investment assets are approximately \$843 million. Another graph showed growth in investments and gift totals since 1999. He discussed a graph showing the Foundation's asset allocation as of August 29 and one depicting the asset allocation versus the target. The Investment Committee continues its efforts to balance the portfolio against the various targets. He presented a graph comparing combined funds performance for the three-month, one, three and five-year periods ended June 30 against that of HEPI + 5% and the policy portfolio. Lastly, Mr. Nease reported on the Committee's decision to sell calls on approximately 50% of the Foundation's position in Coca-Cola stock.

Real Estate Committee: Mr. Shell reported on the Foundation's real estate activities. He reported that the Board of Regents have completed the acquisition of the car wash property, located at 605 Northside Drive in the North Avenue research area. He also reported that the committee had recommended to the Executive Committee that the Foundation's interest in the IPST property on 14th Street be assigned to Georgia Advanced Technology Ventures, "GATV", and that \$3.3 million be borrowed through GTFFC. The committee also recommended to the Executive Committee that the Foundation transfer its interest in 650 Ethel Street, LLC and Ethel Street Associates, LLC, as well as the Foundation's interest in the Dah Tung property to GATV. The Real Estate Committee also recommended to the Executive Committee that it approve funding of \$500,000 to pay for predevelopment costs for transferred properties and a land use plan for the Foundation's property on 14th Street. Lastly, Mr. Shell provided a copy of Crestline's report on bookings broken down by definite, probable and tentative, and reported that Technology Square should be completed slightly below budget.

Stewardship Committee: Mr. Thornton discussed stewardship activities planned for 2004. The Committee has chosen approximately 20 donors to visit and made Committee assignments. The Committee plans to coordinate the initiative with the administration. The objective is to express appreciation to the selected donors and remedy any donor concerns.

Miscellaneous: The Board held an impromptu discussion of various topics, including: the College of Management; the Advanced Technology Development Center located across from Technology Square; the documentary "*D-Day...Down to Earth*"; and the first Atlanta high school being created specifically for math, science and technology students.

Georgia Tech Alumni Association Report: Mr. Gay reported on the Alumni Association's activities during the past year. He discussed 2004 initiatives, including: improving data management; offering programs of interest to alumni; reaching the new roll call goal of \$7.5 million; and the commitment and challenge to operate within the budget.

Georgia Tech Student Foundation: Ms. Hlasta reported on behalf of the Georgia Tech Student Foundation. She provided an overview of the Student Foundation and discussed the goals and activities of each of its committee's. Her discussion included a report on the organizations that have received allocations from Student Foundation funds.

Executive Committee: Mr. Land reported on behalf of the Executive Committee by leading a discussion of the Committee's recent actions and other agenda items, including a funding request by Crestline. The Executive Committee approved the recommendations of the Real Estate Committee that \$3.3 million be borrowed through the GTFFC for the transfer of the Foundation's interest in the IPST property on 14th Street to GATV, the Foundation's interest in the Ethel Street area properties be transferred to GATV, the contract to purchase the Dah Tung property be transferred to GATV, and that \$500,000 be borrowed through the GTFFC to fund pre-development costs for GATV and a land use plan on the Foundation's property on 14th Street. Mr. Land also reported that the Executive Committee approved \$688,374 for the renovation and construction of the Research Administration Building to be funded with additional borrowing through GTFFC.

President and Chief Operating Officer Report: Mr. Carter discussed the Open Records Act. He reported that the 2003 Annual Report is anticipated to be issued in mid-October. Lastly, Mr. Carter discussed plans for the December Board meeting and reported that the Foundation assisted in providing new band uniforms for the Georgia Tech band.

Update on Georgia Tech: Dr. Clough provided an update on the Institute, including admissions, undergraduate rankings, construction activities and student achievements. He discussed the substantial growth in campus space and reported on ways that recently renovated and developed facilities have enhanced student life. Students and the administration are benefiting from new and renovated space in areas such as research, communications and sports. Lastly, Dr. Clough reported on Presidential and development activities.

There being no further business, the meeting was adjourned for a luncheon with spouses and guests, followed by a special showing of the documentary "*D-Day...Down to Earth*" which was provided by Bud Parker.

Respectfully submitted,

Mark W. Long
Secretary

Approved:

Aaron J. Land, Jr.
Chair