

Georgia Tech Foundation, Inc.
Minutes of the Meeting of the Board of Trustees
September 10, 2004

The Board of Trustees of Georgia Tech Foundation, Inc. met at 8:30 a.m. on September 10, 2004 in the Global Learning Center at Technology Square. Trustees present were: John E. Aderhold, Jerome A. Atkinson, Leo Benatar, Charles G. Betty, G. Niles Bolton, James W. Bowyer, Carey H. Brown, Kenneth G. Byers, Jr., Don L. Chapman, G. Wayne Clough, William R. Collins, Jr., E. Rembert DuBose, Jack J. Faussemagne, Alvin M. Ferst, Jr., L. Thomas Gay, Jere W. Goldsmith IV, J. William Goodhew III., Thomas L. Gossage, J. Thomas Gresham, George C. Guynn, Thomas H. Hall III, Hubert L. Harris, Jr., Raymond A. Jones, Jr., Lewis H. Jordan, Aaron J. Land, Jr., Julian LeCraw, Sr., James R. Lientz, Jr., H. Bruce McEver, David M. McKenney, F. B. Mewborn, II, Wade T. Mitchell, Michael A. Neal, Albert N. Parker, Parker H. Petit, Joe W. Rogers, Jr., Oliver H. Sale, Jr., John C. Staton, Jr., H. Milton Stewart, H. Hammond Stith, Jr., William J. Todd, Thomas W. Ventulett III, John H. Weitnauer, Jr., and Janice N. Wittschiebe. Others present were: Jean Ballenger, Barrett H. Carson, Hugh Carter, John B. Carter, Jr., Jean-Lou Chameau, Michael A. Condon, Amanda S. Ford, Joseph P. Irwin, Tina Lee-Turner, Mark W. Long, Gary May, Pat McKenna, Tom Meredith, Jerome T. Posatko, Bill Schafer, Robert K. Thompson, Keith Towery, Collins Westcott, Patricia H. Wichmann and Joel Wooten.

Welcome and Introductions: Mr. Land opened the meeting by welcoming the Trustees to the 506th meeting of the Board. He introduced guests at the meeting.

System and Foundation Relations: Dr. Clough introduced Mr. Joel O. Wooten Jr., Chairman of the Board of Regents, and Dr. Thomas C. Meredith, Chancellor of the University System of Georgia. Mr. Wooten discussed opportunities and challenges faced by the University System of Georgia and congratulated Georgia Tech for its excellence. Dr. Meredith led a discussion on the economic challenges faced by the Institute. He answered questions by the Trustees and indicated his plans to review concerns raised.

Approval of Minutes: Mr. Land stated that copies of the minutes of the meeting of the Board held on June 4, 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 discussed the Foundation's audited financial statements as of June 30, 2004. The Foundation's total assets increased from \$1.078 billion to \$1.161 billion during the period. Net assets increased from \$720.5 million to approximately \$812.8 million and the Foundation's investment return was +17%. Mr. Harris reported the accounting treatment of the leases. The land and buildings leased to the Board of Regents, which include the Campus Recreation Center (CRC) and most of Technology Square, are recorded as capital leases on the books and records of the Foundation. The lease of the Georgia Tech Hotel and Conference Center, which is leased to Crestline, has been treated as an operating lease. This accounting treatment was discussed in detail. Mr. Keith Towery, the audit manager from PriceWaterhouseCoopers, LLP, clarified that the Foundation had accounted for the leases correctly and the accounting was in accordance with accounting standards. Mr. Harris also highlighted certain areas of the Foundation's income statement.

Audit Committee: Mr. Bowyer reported that the Audit Committee had reviewed the audit report and opinion issued by PriceWaterhouseCoopers, LLP. The auditors did not report any material weaknesses in internal controls and had no management recommendations. He stated that the Audit Committee had accepted the audit report submitted by PriceWaterhouseCoopers, LLP, a copy of which is attached hereto as Exhibit A for the year ended June 30, 2004. Mr. Bowyer also reported that the Committee plans to review the Foundation's internal control process relating to conflicts of interest and will make a recommendation to the Executive Committee later in the year. Lastly, Mr. Bowyer presented the CASE Statement of Ethics and recommended it for approval by the Board. On motion, the Committee unanimously adopted the CASE Statement of Ethics, a copy of which is attached hereto as Exhibit B.

Development Committee: Mr. Goldsmith 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 \$234 million of the \$350 million goal had been raised as of August 31. He updated the Committee on development initiatives in support of Technology Square, the Challenge Grant and the Special Needs Fund to support the Foundation's new office space.

Finance Committee: Mr. Harris reported on behalf of the Finance Committee. He reported that the Committee amended its guideline that calculates the annual budget amount and approved an amendment to the fiscal year 2005 budget, which increases the Institute Support budget by \$2,410,000. Mr. Harris requested that the Board approve the amended budget, which was previously approved by the Executive Committee. On motion duly made and seconded, the Committee approved the resolution attached hereto as Exhibit C.

Investments Committee: Mr. Byers reported on behalf of the Investments Committee. He reported that the Foundation's investment assets increased from \$832 million to \$885 million during the twelve-month period ended August 31. He presented a graph illustrating changes in the investment pool during the fiscal year 2004. Another graph showed the Foundation's asset allocation as of August 31. Mr. Byers reviewed a graph reflecting the performance of the Foundation's investments versus that of the policy portfolio and HEPI + 5%. The Investment Committee recently approved new investments in venture capital and private equities. Mr. Byers also reported on the Foundation's asset allocation and its position with Coca-Cola and Google. Lastly, Mr. Byers reported on the Foundation's returns as compared with the endowment average returns for the past 10 years.

Personnel Changes: Dr. Clough announced that Dr. Bill Schafer has joined the Institute as the new Vice President of Student Affairs and announced Pat McKenna's new role as Executive Director of Affiliated Organizations.

Real Estate Committee: Mr. Bolton reported on the Foundation's real estate activities. He discussed the limits of the Georgia Tech Foundation Funding Corporation and reported that condemnation proceedings relating to the dialysis clinic property and the Wilkes property are proceeding. The Committee is conducting a study to determine the best long-term use of the Foundation's 14th Street property and will provide a report later in the year. Mr. Bolton reported relatively good performance results of the hotel and conference center for the first year of operation. Lastly, Mr. Bolton reported that the Committee is reviewing the IPST land in Florida and the Goldin property.

Stewardship Committee: Mr. McKenney reported on behalf of the Stewardship Committee. He reported successful results of the fiscal year 2004 donor visits and provided 2005 goals. In addition to thanking donors and offering solutions to potential problems, the Committee plans to focus on recognizing young talent early. The Committee will determine donors to visit during 2005 by considering trustee referrals, Development Office suggestions and Alumni Association referrals.

Georgia Tech Alumni Association Report: Mr. Brown reported on behalf of the Alumni Association. He stated the mission of the Association and discussed the various areas of focus for 2005, including engaging, communicating, fundraising and managing information. Lastly, Mr. Brown thanked the Trustees for their continued support.

Georgia Tech Student Foundation Report: Mr. Westcott reported on behalf of the Georgia Tech Student Foundation. He described the structure of the Student Foundation and discussed the various roles of its subcommittees. He reported on its current portfolio and growth results and indicated that marketing is an important focus of the Committee for 2005.

President and Chief Operating Officer's Report: Mr. Carter thanked the Foundation staff for its efforts in completing the 2004 audit and reported on the success of the management information system. He invited Trustees to attend the grand opening of the Campus Recreation Center being held on September 29. Mr. Carter announced that the Foundation executive conference room will be named after Dr. Vernon Crawford and congratulated Charlie Brown for his recognition by the Council for Quality Growth.

Executive Committee and Chairman's Report: Mr. Land reported on behalf of the Executive Committee. He provided recent minutes of the Committee's meetings and stated that the Foundation has received final drafts of the Board of Regents Guiding Principles for Cooperative Organizations and MOU. He indicated that the Executive Committee will formally review the Conflicts of Interest disclosure forms provided by the Trustees. He thanked the Trustees who donated funds to support the Foundation's new office space and reported the remaining funds to be raised. Lastly, Mr. Land discussed the results of the annual meeting survey. The annual meeting will be at Sea Island, Georgia this year on June 3rd and 4th of 2005.

After an open discussion of various matters, there being no further business, the meeting was adjourned.

Respectfully submitted,

Approved:

Mark W. Long
Secretary

Aaron J. Land, Jr.
Chair

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Exhibit C

Georgia Tech Foundation, Inc.
Motion to Amend the Fiscal Year 2005 Budgets

RESOLVED, that the Board of Trustees amend the budget for fiscal year 2005, increasing the Institute Support portion of the budget by \$2,410,000, from \$16,325,565 to \$18,735,565.

The amended budgets for fiscal year 2005 shall be:

Institute Support:	\$18,735,565	
Alumni Association:	\$ 3,599,884	(no change)
Georgia Tech Foundation Operations:	\$ 3,850,843	(no change)
 Total	 \$26,186,292	