

Georgia Tech Foundation, Inc.
Minutes of the Meeting of the Board of Trustees
December 1 - 2, 2005

The Board of Trustees of Georgia Tech Foundation, Inc. met at 3:00 p.m. on December 1, 2005 in the Technology Square Research Building Auditorium. Trustees present were: John E. Aderhold, Robert A. Anclien, Bobby Joe Anderson, Leo Benatar, G. Niles Bolton, James W. Bowyer, Carey H. Brown, Charles R. Brown, Kenneth G. Byers Jr., J. Randall Carroll, A. Russell Chandler III, Don L. Chapman, G. Wayne Clough, William R. Collins Jr., Joel H. Cowan, Marcus J. Dash, Kathleen Day, David W. Dorman, Jere A. Drummond, H. Allen Ecker, Jack J. Faussemagne, Alvin M. Ferst Jr., L. Thomas Gay, Geoffrey C. Gill, 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., Lawrence P. Huang, Gary T. Jones, Raymond A. Jones, Jr., Aaron J. Land, Jr., Julian LeCraw Sr., James R. Lientz Jr., John S. Markwalter Jr., H. Bruce McEver, David M. McKenney, F.B. Mewborn II, Wade T. Mitchell, Charles D. Moseley, H. Ronald Nash Jr., Michael A. Neal, Lawton M. Nease III, Sheryl S. Prucka, Joe W. Rogers Jr., Oliver H. Sale Jr., Julius C. Shaw, Earl L. Shell, Francis N. Spears, E. Roe Stamps IV, John C. Staton Jr., J. Leland Strange, H. Hammond Stith Jr., Richard J. Taylor, Albert S. Thornton Jr., William J. Todd, Thomas W. Ventulett III, Deborah N. Willingham and Janice N. Wittschiede. Others present were: Jean Ballenger, Barrett H. Carson, John B. Carter Jr., Jean-Lou Chameau, Michael A. Condon, Leslie Evans, Amelia R. Gambino, James S. Hall, Paul H. Hewitt, Joseph P. Irwin Jr., MaChelle K. Joseph, Mark W. Long, Mollie Simmons Mayfield, William Scott McLaren, Derrick Moore, Jerome T. Posatko, James Roth, Robert K. Thompson, Tina Turner, and Patricia H. Wichmann.

Economic Impact Study: Dr. Clough reported that the Institute hired a consultant to complete a strategic economic impact study of Georgia Tech and its impact on the local and national economy. Dr. Clough introduced Mr. James Roth, of the Huron Consulting Services, LLP, who reported on the results of the study. Mr. Roth stated that competition has increased in higher education in that universities are competing for top faculty, students and facilities. Georgia Tech is competing with the very best public and private universities around the country. Georgia Tech is an enormous economic engine for the state, however, it is becoming increasingly difficult for the Institute to compete due to the lack of flexibility and lack of autonomy. At the conclusion of the report, the trustees asked questions and provided comments on the report.

Meeting Adjourned/Reconvened: The meeting adjourned at approximately 4:30 p.m. on Thursday, December 1 and reconvened at 8:30 a.m. on Friday, December 2 in the Candler Conference Room at the Georgia Tech Athletic Association.

Welcome and Introductions: Mr. Chapman welcomed everyone to the meeting and introduced the guest speakers.

FCA Ministry/Mentoring Chaplaincy Program: Mr. Derrick Moore, the Chaplain for the Georgia Tech Football Team, spoke about programs to develop all

campus athletes' spirit and spirituality. The mission statement of the program is "to serve the GT Football Team and student athletes through inspirational encouragement and life-on-life mentoring." The program has athletic participants from fourteen different sports.

Women's Basketball Presentation: Ms. MaChelle K. Joseph, Head Coach of the Georgia Tech Women's Basketball team, discussed attributes of the team, which is undefeated so far this season. She stated that she is proud of the team's academic accomplishments as well, for the average GPA for the team is 3.0. Two members of the team spoke on their academic majors as well as their positions on the court. They also spoke about their efforts in the community.

Men's Basketball Presentation: Mr. Paul Hewitt, Head Coach of the Georgia Tech Men's Basketball team, provided an overview of the men's basketball team since last year's playoff game. He stated that construction of a new practice facility is a high priority for the program and for the continuing development of the team. He stated that Duke and Maryland already have such facilities, and UGA has begun a campaign to raise funds for a similar facility.

Athletic Association Presentation: Financial Update: Ms. Mollie Simmons Mayfield, Senior Associate Director of Athletics, presented an update of the activities of the Georgia Tech Athletic Association (GTAA). Georgia Tech competes in 17 varsity sports. In 2004-2005, Georgia Tech finished 31st in the NACDA Director's Cup. Ms. Simmons Mayfield reported that future fundraising campaigns will include a new softball complex, a golf practice facility, a men's basketball practice facility, and a tennis facility. The Alexander-Tharpe Fund, which was incorporated in 1952, and reorganized in 1980, is the fundraising non-profit corporation for the GTAA. The points system was begun in 1987 to encourage donations. Currently, 270 students receive athletic scholarships, with a cost of approximately \$6 million per year. Ms. Simmons Mayfield provided a summary of financial results for fiscal year 2005, in which the GTAA had an operating deficit. She reported that investments held by the Foundation on behalf of the GTAA totaled \$61.3 million as of June 30, 2005.

Athletic Association Presentation: Marketing and Ticket Sales Update: Mr. Scott McLaren, Director of Marketing, Sales, and Ticket Operations, provided an update on the new marketing approach at the GTAA. He stated that they are targeting their advertising to alumni, and also to people who move to Atlanta. Their slogan for the Georgia Tech Athletics is "the team in your own backyard." He reported that the GTAA has begun a new festival, the WREK Fest, to support this approach. Men's basketball tickets are sold out, and the current renewal rate for football season tickets is 88%. In the future, they have already planned an aggressive calling campaign with a goal of 30,000 people, and they are creating new "mini packs" of tickets, which feature two to four games. Another new concept is their desktop application with easy access to game information, ticket ordering information, and "popups" featuring the latest news and ticket releases.

President's Report: Dr. Clough spoke about the challenges of the past year in the athletic programs. Georgia Tech has kept its high academic requirements for student athletes. In addition, Georgia Tech has improved academic counseling for the athletes.

Dr. Clough reported on the recent NCAA ruling that placed Georgia Tech on probation. He discussed the cause of the problem and Georgia Tech's cooperation with the NCAA investigation. He stated that Georgia Tech will appeal the NCAA ruling.

Alumni Association Update: Mr. Goodhew provided an update on the year's progress for the Alumni Association. He stated that there had been 35,966 address updates this year, 8,349 gifts entered, and 10,736 pledges recorded. In addition, this fall has been a very busy one for their staff, including Homecoming and a Family Weekend, 176 alumni club meetings around the country, 75 college fairs (of which, most were staffed by Alumni), and 13 tours were completed. He reported that the new Georgia Tech Alumni Credit Card Program will be re-launched in January 2006. The program is the second largest funding source for the Alumni Association. The card also provides great visibility for Georgia Tech when it is used.

Georgia Tech Foundation Business Meeting Introduction: Mr. Chapman congratulated Mr. Ecker on his receipt of the Lifetime Achievement Award and Mr. Betty on receiving the Professional of the Year Award from the Atlanta Telecom Professional Association.

Approval of Minutes: Mr. Chapman stated that copies of the minutes of the meeting of the Board held on September 15, 2005 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. Nease reported that the Foundation's assets had increased as of October 31, 2005, compared with the two prior years. Assets increased \$131 million and the liabilities increased \$33 million over the past year. The increases were due primarily to the receipt of the IPST endowment funds as well as investment growth. The net assets increased \$98 million. The Unrestricted Fund balance is currently \$128.7 million vs. a reserve of \$69.6 million. Gift income totaled \$11.5 million in the first four months of the fiscal year. Total revenue increased from \$23.2 million in the first four months of fiscal year 2005 to \$41.6 million during the same period in fiscal year 2006. Expenses for this fiscal year totaled \$28 million vs. \$26.6 million last year. Mr. Nease thanked the accounting staff for their good work. A treasurer's report is attached hereto as Exhibit A.

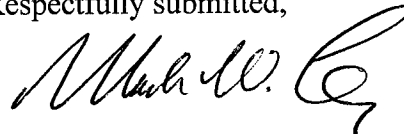
Investments Committee Report: Mr. Huang reported that the investment pool which totaled \$872.9 million as of September 30, 2004, climbed to \$1.03 billion as of September 30, 2005. He reported on the current asset allocation vs. the targets. The U.S. Large Cap, U.S. Small/Mid Cap, and Global Equities allocations were above their targets, while the allocation for Fixed Income, Real Estate, and Diversifying Strategies, as well as Private Equities and Foreign Equities were under their target allocation. In the asset class returns, International and Private Equity provided the largest returns for the twelve month period ending September 30, 2005. The Committee approved \$10 million to be invested by an Asian focused small/mid cap manager, and also approved \$10 million in a distressed debt fund, \$10 million in a real estate fund, upon completion of due diligence work by the sub-committees.

President's Report: Mr. Carter reported that a copy of proposed changes to the Foundation's Bylaws was in the packets provided to each trustee. He asked the trustees to review the draft and provide comments by the end of January. The changes in the Bylaws will be discussed at the next Board meeting. Mr. Carter also reported that the Foundation has hired Kaspick & Co. to provide investment and administrative services for the Foundation's charitable trusts. He had distributed a brochure describing the firm, as well as a sample letter that had been mailed to the donors. Mr. Carter stated that he was impressed with their expertise in planned giving and their experience in working with Development Offices at major universities. Mr. Carter also stated that Mr. Art Slotkin, a Georgia Tech graduate student of History, Science, and Technology, has almost completed his manuscript on the history of the Foundation. It will be approximately 250 pages and nine chapters.

Chair's Report: Mr. Chapman thanked the staff for all their hard work. He also reported that a tour of the Georgia Tech Athletic Facilities will commence immediately after the meeting, followed by a holiday luncheon.

Meeting Adjourned: There being no further business, the meeting was adjourned.

Respectfully submitted,



Mark W. Long
Secretary

Approved:



Don L. Chapman
Chair

Exhibit A
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GEORGIA TECH FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
OCTOBER 31, 2005, 2004 AND 2003
(in thousands)

	October 31, 2005	October 31, 2004	October 31, 2003
ASSETS			
Cash and cash equivalents	\$9,411	\$7,549	\$788
Certificate of deposit	4,800	4,800	4,800
Construction and bond fund	0	1,644	36,120
Contributions receivable from remainder trusts	8,431	12,169	10,579
Contributions receivable	11,124	11,785	13,580
Investments			
Investment pool:			
Securities	660,290	620,928	604,124
Securities, held on behalf of the A-T Fund	63,637	51,870	48,665
Partnership interests	275,883	191,340	160,690
Real estate, net of accumulated depreciation	2,773	2,897	3,022
Other investments:			
Securities	14,581	10,645	13,673
Partnership interests	134	209	190
Real estate, net of accumulated depreciation	4,841	2,221	19,524
Other assets	2,507	2,494	2,922
Technology Square and CRC Project Costs	0	0	181,895
Notes and accrued interest	1,933	4,171	8,620
Lease receivable	175,409	178,901	0
Charitable remainder trusts	6,568	5,867	5,745
Cash value of life insurance	2,502	2,405	2,222
Capital Assets	42,322	44,187	116
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Total assets	\$1,287,146	\$1,156,082	\$1,117,275
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LIABILITIES			
Accounts payable	\$3,523	\$3,222	\$5,653
Commitment payable	11,208	13,585	22,748
Note payable	31,918	42,126	39,480
Bonds Payable, net of discount	220,372	224,312	227,448
Liability to life beneficiaries	5,478	5,133	4,708
Payable to A-T Fund	63,637	51,870	48,665
Revocable gift (IPST)	37,036	0	0
Other liabilities	6,812	6,433	6,996
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Total liabilities	379,984	346,681	355,698
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NET ASSETS	\$907,162	\$809,401	\$761,577
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Total liabilities and net assets	\$1,287,146	\$1,156,082	\$1,117,275
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Unrestricted Fund Balance	\$128,700	\$117,500	\$106,400
Unrestricted Fund Reserve	\$69,600	\$67,500	\$63,400

Exhibit A
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GEORGIA TECH FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE FOUR MONTH PERIOD ENDED
OCTOBER 31, 2005, 2004 AND 2003
(in thousands)

	Unrestricted Fund	Temporarily Restricted Fund	Permanently Restricted Fund	Total 10/31/05	4 months through 10/31/04	4 months through 10/31/03
Revenue						
Gift income	\$1,797	\$5,831	\$3,847	\$11,475	\$9,048	\$9,798
Lease revenue	6,456	2	0	6,458	6,658	6,526
Interest and dividends (net of fees)	1,521	1,232	10	2,762	2,707	3,041
Realized/Unrealized gain (loss) on securities	6,284	6,286	143	12,713	(8,487)	44,044
Realized/Unrealized gain (loss) on partnership interests	4,165	3,656	36	7,858	12,963	3,070
Actuarial gain (loss) on trusts and annuities	47	114	11	172	0	0
	72	48	0	120	335	151
Other						
Net assets released from restriction	13,334	(13,334)	0	0	0	0
Total revenues	\$33,676	\$3,836	\$4,046	\$41,558	\$23,224	\$66,630
Expenses						
Program services	\$18,729			\$18,729	\$17,638	\$16,803
Alumni Association	1,925			1,925	1,800	1,800
General and administrative	1,312			1,312	1,295	1,458
Interest expense	4,496			4,496	4,125	4,306
Fund raising	1,014			1,014	1,263	1,238
Depreciation Expense	524			524	520	0
Total expenses	28,001	0	0	28,001	26,641	25,605
Changes in net assets	\$5,675	\$3,836	\$4,046	\$13,557	(\$3,417)	\$41,025
Net assets, beginning of period	\$318,616	\$278,817	\$296,172	\$893,605	\$812,818	\$720,552
Net assets, end of period	\$324,291	\$282,653	\$300,218	\$907,162	\$809,401	\$761,577