

Georgia Tech Foundation, Inc.
Minutes of the Meeting of the Board of Trustees
December 3, 2004

The Board of Trustees of Georgia Tech Foundation, Inc. met at 8:30 a.m. on December 3, 2004 in the Technology Square Research Building at Technology Square. Trustees present were: Bobby Joe Anderson, Charles G. Betty, G. Niles Bolton, James W. Bowyer, Charles W. Brady, Carey H. Brown, Charles R. Brown, Kenneth G. Byers, Jr., Don L. Chapman, Joel H. Cowan, Marcus J. Dash, David W. Dorman, Jere A. Drummond, Jack J. Faussemagne, Alvin M. Ferst, Jr., L. Thomas Gay, Francis S. Godbold, Jere W. Goldsmith IV, J. William Goodhew III, J. Thomas Gresham, Hubert L. Harris, Jr., Lawrence P. Huang, Gary T. Jones, Raymond A. Jones, Lewis H. Jordan, Aaron J. Land, Jr., Julian LeCraw Sr., H. Bruce McEver, Sr., David M. McKenney, F.B. Mewborn II, Wade T. Mitchell, Charles D. Moseley, Lawton M. Nease III, Parker H. Petit, D. Raymond Riddle, Joe W. Rogers, Jr., Oliver H. Sale, Jr., Earl L. Shell, Jr., Francis N. Spears, E. Roe Stamps IV, Howard T. Tellepsen, Jr., Albert S. Thornton, Jr., William J. Todd, Thomas W. Ventulett III, and Janice N. Wittschiebe. Others present were: Jean Ballenger, Barrett H. Carson, John B. Carter, Jr., Jean-Lou Chameau, G. Wayne Clough, Michael A. Condon, Joseph P. Irwin, Jr., Mark W. Long, Gary S. May, Patrick J. McKenna, Jerome T. Posatko, Robert K. Thompson, Tina Lee-Turner and Patricia H. Wichmann.

Welcome and Introductions: Mr. Land opened the meeting by welcoming the trustees to the 507th meeting of the Board. He introduced guests and thanked those that had participated in the committee meetings.

Approval of Minutes: Mr. Land stated that copies of the minutes of the meeting of the Board held on September 10, 2004 had been distributed to the Trustees, and asked if there were any comments, suggestions or changes. Mr. Bowyer suggested a change to the minutes regarding the acceptance of the audit report. He stated that the Audit Committee had accepted the audit report, rather than recommending their acceptance by the Board. On motion, the minutes from the previous meeting were unanimously approved as corrected.

Treasurer's Report: Mr. Harris presented the financial statements as of October 31, 2004, comparing it with the two prior fiscal years. The assets totaled \$1.156 billion and net assets totaled \$809.4 million. Mr. Harris stated that the Georgia Tech Hotel and Conference Center, which is owned by the Foundation, is reported as a capital asset. The unrestricted fund balance totaled \$117.5 million vs. an unrestricted fund reserve amount of \$67.5 million. Gift income was \$9 million, slightly lower than last year and program services totaled \$17.6 million, which was slightly higher than last year. The financial statements are attached hereto as Exhibit A.

Investments Committee Report: Mr. Nease reported that the Foundation's investment assets had increased to approximately \$923 million as of November 30th, an increase of \$62 million since November 2003. He described the growth of the investment pool and the continued diversification of the Foundation's portfolio. He reviewed the current asset allocation vs. the targets. The annualized investment return of the Foundation's portfolio (through September 30th) for the one, three, and five year periods was 13.0%, 6.8% and 7.6%, respectively. This compared favorably with the

policy portfolio. Mr. Nease reviewed the status of the Coke calls sold by the Foundation. He discussed new investments and the Foundation's position in Google. Mr. Nease reported that legal counsel had recommended modification of a resolution regarding the authority to execute investment transactions. The resolution authorizes the officers of the Foundation to execute documents for transactions approved by the Investment Committee. On motion, the Board approved the resolution regarding the authority to executive investment transactions, attached hereto as Exhibit B.

Audit Committee Report: Mr. Bowyer reported that the committee had reviewed the conflict of interest disclosure forms and the conflict of interest policy. The Committee will report its conclusions regarding the forms to the Executive Committee. In addition, the Committee will prepare an RFP for bids for the audit work for fiscal year 2005.

Committee on Trustees Report: Mr. Stith asked the trustees to provide nominations for the Board to Mr. Carter. The committee will review these recommendations and will nominate new members for consideration at the March meeting.

Development Committee Report: Mr. Goldsmith updated the Board on the progress made in the College of Management fundraising initiative. \$36.6 million has been raised toward the \$45 million goal. Approximately \$2 million has been raised for the Foundation special needs fund versus a goal of \$4 million. Mr. Goldsmith was encouraged by the progress and praised the effort made on the initiatives.

Finance Committee Report: Mr. Moseley reported that the Finance Committee received presentations from students, faculty, and staff of the positive impact that Foundation funds have had on their programs. The committee reviewed expenditure vs. budget reports, as well as the projection of the unrestricted fund balance for the remainder of the fiscal year. The committee reviewed and discussed projections of funds available for fiscal year 2006 and the status of the Foundation Funding Corporation loan and commitments. He stated that the Committee would recommend an allocation percentage for FY06 at the March meeting of the Board.

Real Estate Committee Report: Mr. Shell reported that the committee had reviewed a report on the 14th Street Land Plan. He stated that a full report on the project would be completed prior to the next meeting. Reporting on the success of the Georgia Tech Hotel, he stated that the hotel was close to budget for the year and that occupancy is ahead of projections. He also mentioned several awards that had been won by the Technology Square and the Centergy Project. Nationally, the Technology Square development was recognized by the Urban Land Institute as one of the top ten development projects in the U.S. He reported that the Committee had recommended that the Board accept a gift of 28.25 acres of property near Riverside, California. On motion, the Board approved the acceptance of the gift of 28.25 acres of property near Riverside, California, and authorized the officers of the Foundation to complete the transaction. Mr. Shell also reported that the committee recommended the acceptance of a transfer of property of 600 acres of property in Florida from the Institute of Paper Science and Technology, Inc. (IPST) and the approval of the Florida Property Funds Agreement regarding the transfer. On motion, the Board approved the Florida Property Agreement and the transfer of the property from IPST, subject to the approval of the project and funds agreement. He then updated the Board on the retail development on Techwood Drive.

Stewardship Committee Report: Mr. Thornton reported on the goals of the Stewardship Committee. The Committee wanted to recognize and visit young contributors to the Foundation. He reviewed a list of the scheduled visits to donors and encouraged feedback from the trustees on how to make the visits profitable.

Georgia Tech Alumni Association Report: Mr. Brown reported on behalf of the Alumni Association. He stated that an important factor in alumni contributions is making sure that Tech's alumni and friends are informed and have access to many different forms of communication, including *Tech Topics*, the *Alumni Magazine* and the annual report. He stated that 36,000 attended various alumni events this past fall. The total number of donors to the Roll Call is 17,746 and the total raised to date is \$3,472,936.

President and Chief Operating Officer's Report: Mr. Carter reported on a recent trip to Washington for a meeting with the Council for Aid and Support of Education (CASE) in which issues such as UMIFA, donor rights and stewardship, conflict of interest policies, as well as prudent management and distribution of funds were discussed. He also stated that representatives from the Foundation would be attending the next Association of Governing Boards (AGB) meeting. Mr. Carter mentioned that the endowment fund reports to the donors have been mailed. He discussed the availability and plans for the bowl game and tickets for basketball games. Mr. Carter also proudly announced that the Foundation staff had made gifts and commitments of more than \$12,500 for the College of Management initiative and a similar amount for the Foundation special needs fund.

Executive Committee and Chairman's Report: Mr. Land described a proposed agreement with IPST, in which the Foundation would assume fiduciary responsibility for the endowment of IPST, Inc. This includes the property as described by the real estate committee. Dr. Clough stated that transfer of the endowment was one of the final steps in the integration of the IPST programs into Georgia Tech. The income from the endowment will support the academic and research programs already integrated into Georgia Tech. Mr. Land stated that the endowment is approximately \$35 million and asked the Board to consider the resolution to approve the project agreement, the funds agreement, and the Florida Property Agreement. On motion, and after discussion, the Board unanimously approved the resolution, attached hereto as Exhibit C.

Other Business: Mr. Land stated that the Institute's annual report had been distributed. The annual meeting will be at Sea Island June 2nd through 4th, 2005. He reported that there are four or five issues regarding the Memorandum of Understanding with the Institute that need to be worked out. The President will discuss those issues with the Chancellor.

Meeting Adjourned: 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

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Exhibit B

Authority to Execute Investment Transactions

RESOLVED, that the Chairman, Vice Chair-Chair Elect, President and Chief Operating Officer, Treasurer, and Secretary of the Georgia Tech Foundation, Inc. are hereby authorized and empowered to execute such investment transactions as have been expressly authorized by the Investment Committee of the Board of Trustees of the Georgia Tech Foundation, Inc. ("Authorized Transactions") in such form as may be customary or necessary to effectuate the purchase, sale or other disposition of all types of securities, including but not limited to stocks, bonds, debentures, notes, rights, options, warrants, futures and commodities, and to enter into agreements, contracts and arrangements with respect to such Authorized Transactions.

FURTHER RESOLVED, that the Chairman, Vice Chair-Chair Elect, President and Chief Operating Officer, Treasurer, and Secretary of the Georgia Tech Foundation, Inc. are hereby authorized from time to time to execute and deliver on behalf of the Corporation proxies on any and all stock owned by the Corporation, to designate persons to represent the stock owned by the Corporation, and to alter or rescind such proxies at such time and from time to time as they see fit.

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Exhibit C

**APPROVAL OF PROJECT AGREEMENT,
FUNDS AGREEMENT (EXHIBIT A OF PROJECT AGREEMENT)
AND FLORIDA PROPERTY AGREEMENT**

WHEREAS, since 1929, the Institute of Paper Science and Technology, Inc. (IPST) has maintained a research and educational program focused on paper science and technology, and

WHEREAS, IPST has desired to integrate its operations with the Georgia Institute of Technology (Georgia Tech),

WHEREAS, the Georgia Institute of Technology has established a multidisciplinary center at Georgia Tech (IPST-Tech) and has integrated the academic and research operations of IPST into IPST-Tech, and

WHEREAS, IPST and Georgia Tech desire for the Georgia Tech Foundation to facilitate this effort by accepting and managing certain assets from IPST, and

NOW, THEREFORE, BE IT RESOLVED that the Georgia Tech Foundation, Inc. desires to accept and manage certain assets transferred by IPST, and approves the Project Agreement, the Funds Agreement (Exhibit A of Project Agreement) and the Florida Property Agreement. The officers of the corporation are hereby authorized, empowered and directed to execute the above-referenced agreements as presented and approved by the Board of Trustees, and to take all such other actions as are consistent with such agreements and are otherwise necessary and proper, to complete the transfer of assets from IPST to Georgia Tech Foundation.

