

Georgia Tech Foundation, Inc.
Minutes of the Meeting of the Board of Trustees
December 6, 2003

The Board of Trustees of Georgia Tech Foundation, Inc. met at 9:00 a.m. on December 6, 2003 in the College of Management Building at Technology Square. Trustees present were: Bobby Joe Anderson, Leo Benatar, G. Niles Bolton, James W. Bowyer, 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, 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., Lewis H. Jordan, Aaron J. Land, Jr., Julian LeCraw, Sr., David M. McKenney, Wade T. Mitchell, Charles D. Moseley, H. Ronald Nash, Jr., Lawton M. Nease, III, Parker H. Petit, James P. Poole, D. Raymond Riddle, Joe W. Rogers, Jr., Oliver H. Sale, Jr., Julius C. Shaw, Earl L. Shell, Jr., Francis N. Spears, H. Milton Stewart, H. Hammond Stith, Jr., Richard J. Taylor, Albert S. Thornton, Jr., William J. Todd, John H. Weitnauer, Jr., and Deborah N. Willingham. Others present were: Spring Asher, Jean Ballenger, Terry C. Blum, Barrett H. Carson, John B. Carter, Jr., Jean-Lou Chameau, Michael A. Condon, Joseph P. Irwin, James A. Krazusch, Tina Lee-Turner, Mark W. Long, Jerome T. Posatko, Paul Roman, Robert K. Thompson, and Patricia H. Wichmann.

Welcome and Introductions: Mr. Land opened the meeting by welcoming the Trustees and guests to the 503rd meeting of the Board.

Report from Georgia Tech:

I. Report from the President: Dr. Clough provided an update on the campus activities. He stated that Georgia Tech is finding new ways to serve students and to recruit prospective students through a survey and a new interactive web-based recruiting tool. He reported that the former bookstore is being converted into a new student commons area with two new food service venues, lounge areas and additional space for student organizations. Georgia Tech faculty members continue to excel and gain national and international attention. The accreditation process is underway and the Governor is committed to fast tracking the new Nanotechnology Research Center on campus. He also reported that the new Barnes & Noble Bookstore at Technology Square is serving as a national model, which the company hopes to implement at other universities. The Savannah campus is now open and is an exciting addition to Georgia Tech.

II. Georgia Tech Budget Analysis Report: Dr. Chameau reported on Georgia Tech's revenue sources for fiscal year 2004. He reported that state support, tuition and fees and sponsored revenues were the largest revenue sources for the Institute. The support received from the Georgia Tech Foundation is approximately 7.2% of total revenue and it is a very important revenue source for Georgia Tech. He reviewed the support provided by the Foundation through the annual Institute Budget approved by the

Board and noted the delegation of authority and responsibility to expend those funds. Dr. Chameau reported on funding trends and noted the decline in academic support and seed funding over the past several years as a percentage of total revenue.

III. Leases and the Funding Corporation Loan Program: Mr. Thompson reviewed the status of the Technology Square and Campus Recreation Center leases. He reported on the gifts and investment return used to support the leases and stated that the revenue was more than sufficient to pay the lease payments. Mr. Thompson also provided an update on the Georgia Tech Foundation Funding Corporation Loan program, reviewing the June 30th balance and the planned activity for fiscal year 2004.

IV. Return on Investment Report: Dr. Clough stated that each Trustee has received a return on investment report for fiscal year 2003. He reviewed the information in the document and stated that the purpose of the report was to inform the Trustees on the use of Foundation funds for the fiscal year and to provide an additional resource to communicate the impact of the Foundation funds to donors and other constituents. He invited the Trustees to review the document and provide feedback. He reported that only 17% of the cost of more than \$500 million in facilities opened on campus over the past year was funded by the state and that private support was an important component of reshaping the campus. The students have embraced the new facilities. Donations to construct facilities have been a crucial part in recruiting the new organic photonics group.

Approval of Minutes: Mr. Land stated that copies of the minutes of the meeting of the Board held on September 5, 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.

Treasurer's Report: Mr. Harris discussed the Foundation's financial statements as of October 31, 2003 and highlighted certain areas. The Foundation's total assets were approximately \$1.117 billion and net assets were approximately \$761 million. The funds for the construction of Technology Square and the Campus Recreation Center (SACII) have declined to \$36 million as construction is winding down for those projects. Mr. Harris stated that gift income is \$9.8 million, higher than the previous fiscal year total of \$7.4 million. He also reported that the Foundation's unrestricted fund reserve is currently \$63.4 million and that actual unrestricted funds is \$106.4 million.

College of Management Presentation: Dr. Blum introduced four faculty members and staff from the College of Management. The faculty members provided an overview of their current teaching and research activities. They discussed the positive impact of the new facility has had on the College, and expressed appreciation for the new facility. They were impressed with the quality of students and were optimistic about the undergraduate and graduate programs. Dr. Blum also presented a short video of the College in the local television news. She introduced four students in the College of Management program, who described their positive experiences of their education at Georgia Tech. The students expressed appreciation for the new facility. The faculty and the students answered several questions about the College.

Development Committee: Mr. Drummond stated that the Development Committee had approved a peer-to-peer solicitation of Foundation trustees for donations to the College of Management Building as well as the Economic Development Building. The Foundation offices are located in the latter building and the fundraising goal is \$4 million for the building. The Foundation trustees will be asked to be active in solicitation of other trustees for these two projects. Trustees will be asked to make a multi year commitment to Roll Call as well as place the Foundation in their estate plans.

Executive Committee: Mr. Land reported on behalf of the Executive Committee. The Nominating Committee will meet in February to nominate new Trustees to the Board and he asked the Trustees to provide nominations to Mr. Carter. Mr. Land stated that the Institute's plan for campus land acquisitions may exceed the limitation established by the Board of 6% of investment assets. The Executive Committee will be review the resolutions in place and discuss the policy. Mr. Land stated that the long-term goal of the Foundation is to reduce the endowment distribution percentage from the current 5.7% to 5.0%. Mr. Land also reported the investment return over the past 10 fiscal years.

President and Chief Operating Officer Report: Mr. Carter reviewed the Georgia Tech Foundation budget for fiscal year 2004, which totals \$3,850,843. The Management Information System unit is 44% of that amount, or \$1,696,064. He reviewed some of the management and accounting controls in place in expenditure of funds. He also reviewed the Foundation's website, stating that basic public information has been placed on the site, such as our mission statement, listing of our trustees, staff directory, conflict of interest policy, recent audited statements, Board minutes, the annual report and the investment allocation. Mr. Carter and Mr. Land answered questions that the Trustees had regarding accounting controls and naming of the College of Management. Mr. Carter thanked the Trustees for their service to the Foundation and to the Institute.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Mark W. Long
Secretary

Approved:

Aaron J. Land, Jr.
Chair