

**Georgia Tech Foundation, Inc.**  
Minutes of the Meeting of the Board of Trustees  
September 21, 2018

The Board of Trustees of Georgia Tech Foundation, Inc. met at 1:00 p.m. on Friday, September 21, 2018, in the Georgia Tech Hotel and Conference Center Ballroom in Atlanta, Georgia.

Elected trustees present were: Rodney C. Adkins, Michael K. Anderson, Pamela W. Arlotto, Jerome A. Atkinson, Laurie D. Bagley, Kelly H. Barrett, Steve W. Chaddick, Karl F. Dasher, Stephen M. Deedy, Walter G. Ehmer, James O. Etheredge, J. Louis Fouts, Sheldon J. Fox, Lara O. Hodgson, Thomas M. Holder, Richard B. Inman Jr., Michelle E. Jarrard, Andrea L. Laliberte, John S. Markwalter Jr., Michael A. Neal, Randall E. Poliner, Robert N. Stargel Jr., Mark C. Teixeira, John R. Wells and Glenn T. Wright.

Ex-officio voting trustees present were: Bird D. Blicht, Thomas J. Foreman and G. P. Peterson.

Board Officers present were: John F. Brock III, Joseph W. Evans, Gary T. Jones and Gregory J. Owens.

Corporate Officers present were: Mark W. Long and Al Trujillo.

Ex-officio non-voting trustees present were: Chaouki T. Abdallah, Rafael L. Bras and Barrett H. Carson.

Trustees Emeriti present were: Robert A. Anclien, Bobby Joe Anderson, John C. Bacon, Kenneth G. Byers Jr., John B. Carter Jr., Don L. Chapman, William R. Collins Jr., Joel H. Cowan, Marcus J. Dash, Jere A. Drummond, Ben J. Dyer, H. Allen Ecker, Jack J. Faussemagne, L. Thomas Gay, Geoffrey C. Gill, Sherman J. Glass Jr., Marion B. Glover Jr., Francis S. Godbold, Jere W. Goldsmith IV, J. William Goodhew, George C. Guynn, Thomas H. Hall III, Hubert L. Harris Jr., Garnett L. Keith Jr., G. William Knight, Aaron J. Land Jr., George W. Levert, David M. McKenney, Wade T. Mitchell, Charles D. Moseley, Thomas H. Muller Jr., Lawton M. Nease III, Don Pirkle, D. Raymond Riddle, Oliver H. Sale Jr., Earl L. Shell Jr., John C. Staton Jr., J. Leland Strange, C. Meade Sutterfield, Howard T. Tellepsen Jr., Albert S. Thornton Jr., William J. Todd Thomas W. Ventulett III, John H. Weitnauer Jr. and Stephen P. Zelnak Jr.

Others present were: Thomas J. Barranco, Christopher J. Bauer, Sean P. Brennan, Dwight D. Dozier, Lynn M. Durham, Leslie M. Evans, Courtney Harris, Hannah Hopson, Joseph P. Irwin Jr., Allan I. Levey, Steven W. McLaughlin, Jennifer D. Morell, Brian H. Pellegrino, Dene H. Sheheane, Annabelle C. Singer, Philip D. Spessard, Cailen A. Spratling, Jack V. Walz III and Patricia H. Wichmann.

**Welcome:** Mr. Brock welcomed the trustees and visitors to the 562<sup>nd</sup> meeting of the Board of Trustees. Mr. Brock welcomed Dr. Chaouki T. Abdallah, the new Executive Vice President for Research. Mr. Brock introduced Dr. Steven McLaughlin, the Steve W. Chaddick School Chair of the School of Electrical and Computer Engineering.

**“Engineering Neural Activity to Improve Neural Codes, Memory, and the Immune System” Presentation:** Dr. McLaughlin introduced Dr. Allan Levey, the Director of the Goizueta

Alzheimer's Disease Research Center at Emory University. Dr. McLaughlin also introduced Dr. Annabelle Singer, Assistant Professor in the Department of Biomedical Engineering at Georgia Tech. Drs. Levey and Singer have been working together to discover novel approaches to the treatment of Alzheimer's Disease. Their team brings together Emory University and Georgia Tech in a collaborative research partnership. The team's research results are potentially revolutionary for the field.

**“The Alzheimer's Disease Epidemic: Racing to 2025” Presentation:** Dr. Levey stated that the world is facing a “silver tsunami” of Alzheimer's Disease. Estimates indicate that one in two people age 85 and older will suffer from Alzheimer's Disease. In the U.S. alone, 10,000 people a day turn 65. The disease is already present in the brain at age 65; however, the disease takes as long as 20 years to become symptomatic. Alzheimer's Disease is the number one cause of death for which there is no effective treatment. In 2017, the direct cost of treatment in the U.S. was \$259 billion. There are more than five million Americans currently living with the disease. The CDC compiled data for mortality trends in the U.S. from 2000 to 2010, and Alzheimer's Disease has increased by 38.7%. Other leading causes of mortality such as diabetes, cancer, heart disease, and stroke have decreased during the same time period. In the stages of Alzheimer's Disease, a patient in their 60s will develop mild cognitive impairment, then gradually over the span of approximately 10 years, the patient will start of decline into moderate dementia, gradually experiencing more significant functional limitations and behavioral problems. Alzheimer's Disease can be considered to be a chronic disease. The few treatments that are available to patients are symptom-based and do not do anything to slow the progression of the disease. In 2012, President Obama created the National Alzheimer's Project Act (NAPA). The goal is to have an effective treatment by 2025. Dr. Levey stated that the most effective way of treating the disease is to catch it before it becomes symptomatic. Early detection should be coupled with early intervention and treatment. Many of the risk factors for Alzheimer's Disease are occurring over the decades of a patient's life; exercise, diet, and keeping an active mind all play a role in decreasing the risk of the disease. The Emory Healthy Aging Study is a project that researches predictive biomarkers which occur during middle age for Alzheimer's Disease. The study will be one of the largest in the U.S., studying 100,000 healthy individuals. The Goizueta Foundation has helped Emory to expand its clinical trials unit, which will allow for an increased number of trials involving drug discovery research, new treatment research and existing drug research. The MCI Empowerment Program is funded by the Cox Foundation and is a joint Emory and Georgia Tech program. The MCI Empowerment Program assists patients and their families in managing the disease, improving the quality of life, and reducing the disease burden. It utilizes digital technologies to provide better care. Dr. Levey stated that he envisions a common campus to bring together researchers from Emory University, Georgia Tech, Georgia State University, the Georgia Research Alliance, and industry partners. This common campus would be the Atlanta Brain Health Village.

**“Decoding Memory in Health and Disease” Presentation:** Dr. Singer stated that their research has shown that pulsing lights and beat-oriented music can be used to stimulate the brain. Various frequencies can be used to stimulate the brain's immune system response and to clear amyloid beta from the brain. An early symptom of Alzheimer's Disease is a deficit in spatial navigation. The hippocampus assists with rapid learning, spatial navigation and memories of experiences. Hippocampus degradation occurs early in Alzheimer's Disease. Amyloid beta

accumulation creates plaque buildup in the brain which leads to neurotoxic events in the progression of Alzheimer's Disease. Neural activities in mouse models can be studied, and it can be translated to human study. Memory is thought to require replay of neural patterns representing past experiences. Lack of replay predicts memory failure. Gamma oscillations are very important for replay and for communication between neurons. Dr. Singer stated that she and her researchers chose to stimulate gamma oscillations to see if it would reduce amyloid beta production. When neurons were stimulated at 40 hertz, amyloid beta production decreased by 50%. Microglia are the primary immune cells of the brain; they clear out debris and pathogens. 40 hertz stimulation increases the number of microglia in the brain, increases their cell body diameter, and causes a shorter process length. In addition, the number of microglia "cleaning up" the brain with amyloid beta inside them dramatically increased. The process of using 40 hertz stimulation in mice is very invasive and is not directly translatable to something that can be done to humans. It is necessary to be able to do non-invasive deep brain stimulation in humans. The hippocampus is extremely difficult to target. To stimulate gamma non-invasively, Dr. Singer's researchers worked on an auditory and light flicker at 40 hertz. It worked on both the hippocampus and the prefrontal cortex in a similar manner. Currently, researchers are working on non-invasive measuring of the immune system, including testing immune signals that recruit microglia and measuring blood flow in the brain. Dr. Singer stated that what the researchers are continuing to study is how the gamma electrical activity creates a chain reaction in the brain by effecting intra-neuronal signaling and increasing cytokines, which leads to microglial mobilization that causes the microglia to clear the amyloid beta. Cytokines are found in cerebrospinal fluid and can be measured as a key part of the immune response to a flickering program. Blood flow inside the brain can be measured. In addition, amyloid beta is cleared via the blood. After one hour of 40 hertz flicker, amyloid beta becomes more colocalized to the vasculature, and the vessels themselves increase in diameter and increase the amount of blood flow. It is possible to visually inspect blood flow in the brain using an MRI. Dr. Singer stated that at the Emory Brain Health Center, they have begun an initial human study. The study will be of 10 patients with early Alzheimer's Disease. They will receive between four to eight weeks of flicker for one hour a day. Amyloid beta levels will be assessed, as well as immune signals, blood flow, brain signals and general behavior. Dr. Singer thanked the numerous donors in the room, including Mr. Ecker.

Drs. Singer and Levey thanked the trustees and reminded them that philanthropy is absolutely essential for their research.

**Georgia Tech Alumni Association Update:** Mr. Blitch stated that the mission of the Alumni Association is to create meaningful and relevant programs for current and future alumni and to foster life-long participation and philanthropic support. Mr. Blitch stated that Georgia Tech alumni give at a 50% higher participation rate than other university alumni. Georgia Tech has the highest number of student donors of any public research university. For Fall 2018, there will be leadership tailgates, Homecoming 2018, game watching parties and travel tailgates. Homecoming 2018 will feature former Senator Sam Nunn, who will be interviewed by Tom Foreman. The Alumni Association has also sponsored the SAA Kick Off, the SAA Networking Night, Dinner Jackets, Expert Jackets and many other events. The Alumni Association's 2018 Strategic Plan's vision is to aspire to listen and understand the needs of our alumni in order to best serve, inform and engage them so that they will answer the call from Georgia Tech in whatever form it may come: advocacy, service, philanthropy, connections, hiring other alumni and promoting Georgia Tech. Mr. Blitch stated that in fundraising, the Alumni Association's goal is to optimize Roll Call

success to benefit Georgia Tech, focusing on unrestricted giving, donor growth and retention and subscription giving. In involvement, the Alumni Association's goal is to find new ways to connect to new-era alumni, focusing on professional development programs, creating a segmentation study of younger alumni and drive active engagement. For the team activities, the Alumni Association's goal is to improve human resource practices in recruiting, staffing and staff training, including providing career planning and new staff communications, performance evaluation and employee engagement programs. Mr. Blich stated that last year's Roll Call raised \$10.28 million with 33,492 donors. \$6.7 million of unrestricted dollars were raised. 71% of giving was from alumni; 21% was from students; 7% was from friends; and 1% was from faculty and staff.

**Georgia Tech Student Foundation Report:** Mr. Brennan, the President and Chief Executive Officer, of the Georgia Tech Student Foundation (GTSF) stated that their motto is "moving forward by giving back." The GTSF educates students on the value and tradition of giving back to Georgia Tech, enhances the growth and development of student leaders, invests the endowment and allocates to Georgia Tech programs and initiatives that improve the student experience. Mr. Brennan introduced Mr. Walz, the Chief Operating Officer and Mr. Bauer, the Chief Financial Officer. Ms. Chloe Kiernicki is the Chief Administrative Officer. Mr. Brennan stated that for fiscal year 2018, the GTSF had 6,935 donors and more than twenty organizations gave at a 100% level. The GTSF allocated \$50,700 to twenty-four student led initiatives. The endowment is at an all-time high market value of \$1.4 million. GTSF participated in the Alumni Association's Giving Day this year. The annual gift to Georgia Tech this year is a \$35,000 donation given to the LGBTQIA Resource Center. The focus for 2019 is promoting the importance of philanthropy on campus. GTSF is shifting away from a donor acquisition focus to an education and stewardship focus. GTSF is also focusing on creating value for all members of GTSF, not just students in leadership positions. The allocations process is currently under review; rules and procedures will be clarified to ensure the process is effective and fair.

**Approval of Minutes:** Mr. Brock stated that copies of the minutes of the meeting of the Board held on June 16, 2018, had been distributed to the trustees. Mr. Brock asked if there were any comments or changes. On motion, the minutes of the meeting held on June 16, 2018, were unanimously approved as distributed.

**Georgia Tech President's Foundation Briefing:** Dr. Peterson stated that the Commission to Create the Next in Higher Education has released a report that has received national attention. Georgia Tech's Online Master's in Computer Science currently has 7,700 students enrolled in the program. Georgia Tech will graduate approximately 8% of all Master's in Computer Science graduates in the United States this year. The Online Master's in Cybersecurity begins in January 2019. Dr. Peterson stated that a national reputation study regarding Georgia Tech was recently completed. While all the data has yet to be compiled, Dr. Peterson noted that it is the fourth such study in Georgia Tech's history. Since the last survey, Georgia Tech has changed very little with alumni and perspective students. However, teachers and counselors have increased their positive opinion of Georgia Tech. The survey also indicated a significant increase in Georgia Tech awareness in corporate relations and Georgia Tech's peers. There was a topping-off ceremony for Coda a few weeks ago. The estimated move-in date is March 2019. Coda is a 750,000 square foot facility, with a cost of \$350 million. Georgia Tech will occupy half the space. In the proposed Tech Square Phase III, ISyE would occupy 140,000 of the 220,000 square foot

building. The second building would house the Scheller College of Business MBA and evening programs. The building would be approximately 130,000 square feet, and Scheller would occupy 90,000 square feet. The third building would house the Department of Economic Development as well as a celebration of economic entrepreneurship and innovation. The three buildings will be approximately 450,000 square feet and will cost \$220 million. Dr. Peterson stated that there are three \$25 million naming opportunities associated with the Tech Square Phase III development. The planning process would begin in July 2019. Dr. Scott Hollister, the Alan and Patsy Dorris Chair in Pediatric Technology, created 3-D printed implantable trachea splints. This device has saved the lives of numerous children. Dr. Peterson presented a video on the tracheal splints. Dr. Peterson stated that if it were not for the generosity of Georgia Tech alumni, Dr. Hollister would not have been able to come to Georgia Tech, and his invention would not have assisted the children.

**Treasurer's Report:** Mr. Owens reported that the assets totaled \$2.182 billion as of June 30, 2018. The net assets totaled \$1.693 billion and liabilities totaled \$489 million. He reviewed the growth of the Foundation's assets and net assets since fiscal year 1996. He reported that as of June 30, the investment assets totaled \$1.759 billion, leases receivable totaled \$136 million, contributions receivable was \$105 million and capital assets totaled \$111 million. Mr. Owens reported that in regards to liabilities, bonds payable totaled \$255 million and the funds invested for the Georgia Tech Athletic Association totaled \$110 million. The loan for the Engineered Biosystems Building (EBB) was paid in full during the fiscal year. The revenue reported for the year ending June 30, 2018, as compared with prior fiscal year, indicated a decrease in gift income and investment earnings. Gift income and investment earnings for the year ending June 30, 2018 totaled \$81 million and \$146 million. Total revenue was \$256 million. Mr. Owens stated that program services expenditures totaled \$94.7 million. A total of \$31.4 million was expended on student support and more than 4,000 students received scholarships or fellowships. The financial statements are attached hereto as Exhibit A.

**Real Estate Committee Report:** Mr. Holder reported that the construction of the Coda project and the High Performance Computing Center are progressing well and are scheduled to be completed in March 2019. Mr. Holder stated that the Georgia Tech Hotel and Conference Center is performing well and the revenue and occupancy are higher than the prior year. He reported that the Biltmore property is full and there is high demand for available space. He reported that the purchase of the Atlanta Technology Center (ATC) has been completed.

Mr. Holder stated that the Foundation received an offer to purchase a donated lot, located in Palm Coast, Florida, for \$215,000. The Real Estate Committee approved a motion to sell the property for an amount no less than \$215,000. On motion, the Board approved the sale of a lot in Hammock Dunes Development in Palm Coast, Florida for an amount no less than \$215,000 and to authorize the officers of the Foundation to hire sales brokers, negotiate the sale and execute the necessary documents to complete the sale.

Mr. Holder reported that the Real Estate Committee also approved a motion to sell donated property in Upson County, Georgia for an amount no less than \$100,000. The property was donated in 2014 and there is not a prospective buyer at this time. On motion, the Board approved the sale of approximately 101 acres of property located in Upson County, Georgia for an amount no less than \$100,000 and to authorize the officers of the Foundation to hire sales brokers, negotiate the sale and execute the necessary documents to complete the sale.

Mr. Holder reported that the Foundation reached an agreement to purchase the Randall Brothers Property, pending successful completion of the due diligence and Board approval. The property is a strategic campus land acquisition for Georgia Tech. It is located on the southwestern edge of campus and is 7.61 acres, with road frontage on Marietta Street, North Avenue and Tech Parkway. The property has been at the top of Georgia Tech's list of strategic properties to acquire for campus expansion for a number of years. The Foundation and Georgia Tech have previously acquired other properties between Marietta Street and Tech Parkway. The tenant will remain on the property for a maximum term through December 2021 and will be responsible for the carrying costs, such as taxes and insurance. Mr. Holder stated that the purchase price is \$36 million, to be paid in three equal installments of \$12 million each in November 2018, April 2019 and April 2020. He reported that the Real Estate Committee approved a resolution to purchase the property.

**Finance Committee Report:** Mr. Owens reported that the Finance Committee reviewed the fiscal year 2018 budgets and the projected fiscal year 2020 unrestricted budget. They also reviewed the five year projection of debt from fiscal year 2019 through 2023.

He stated that the purchase price of the Randall Brothers property is \$36 million and will be paid in three \$12 million installments. The property will be initially financed borrowing on the Georgia Tech Foundation Funding Corporation (GTFFC) lines of credit, with a permanent financing decision being made in 2019 or 2020. Mr. Owens reviewed the interest cost projections during this period of time. The interest will be paid through the unrestricted institute support budget.

Mr. Owens reviewed the key financial ratios in the debt policy. The ratios have improved, due to the growth in the Foundation's investments and unrestricted fund, as well as the reduction in the loan principal. He reviewed each ratio as of June 30 as compared with prior years, as well as the impact the additional debt will have on each ratio. He reported that the Finance Committee approved the resolution to acquire the Randall Brothers property with the additional debt as described.

Mr. Trujillo stated that the Randall Brothers business has been in operation since 1885 on the property. The Foundation has been working through the due diligence and the sellers of the property have been extremely cooperative. Mr. Barranco stated that the Foundation is aware of the property's history and use and is comfortable with the process. Mr. Trujillo stated that the Foundation hopes to close on the Randall Brothers property in November 2018. On motion, the Board approved a resolution to the purchase of the Randall Brothers property for \$36 million. The approved motion is attached hereto as Exhibit B.

**Audit Committee Report:** Ms. Barrett reported that the audits of the Foundation and the Biltmore, LLC were completed on September 19, as planned. KPMG did not report any management letter comments or internal control weaknesses. She commended Mr. Long and his staff for the outstanding results.

**Development Committee Report:** Ms. Jarrard stated that the Development Committee received a presentation from Mr. Irwin regarding alumni giving. The number of overall donors in universities across the United States has declined from 9.9% participation in 2013 to 7.9% participation in 2017. Georgia Tech's graduation rate and new alumni numbers are increasing at a much faster rate than other universities, which significantly impacts Georgia Tech's alumni participation rate. Ms. Jarrard stated that it was important to focus on encouraging student

participation in the Student Alumni Association, since there is a high correlation between students who give and alumni who give. Ms. Jarrard described four fund-raising initiatives at Georgia Tech. The initiatives are Intercollegiate Athletics, with a \$125 million goal, Student Support, with a \$150 million goal, Institute Capital Purposes, with a \$125 million goal and Institute Programs with a \$125 million goal. Athletics has raised approximately one-third of their goal; however, there is still a need for commitments for the new athletic building. She reported that Georgia Tech Athletics is seeking funding for an endowment for the head coach position. She reviewed the progress toward the other three goals and highlighted a significant gift received to support student entrepreneurial education. Ms. Jarrard reported on the current giving participation rates of current voting and emeritus trustees in the annual giving, major giving and planned giving areas.

**Investments Committee Report:** Mr. Pellegrino reviewed the growth of the investment pool during the fiscal year ending June 30, 2018, including the cash inflows and outflows. The market value of the investment pool as of June 30 was \$1.709 billion. He also reviewed the investment returns for the one, three, five and ten year periods, as well as a comparison of the returns with the Consumer Price Index (CPI) plus 5% and the Policy Portfolio. As of June 30, 2018, the Foundation asset allocation remains under-weighted in global equities and slightly over-weighted in hedge funds. The Investments Committee reviewed the Russell Investments “beta completion” strategy, a strategic asset allocation, with emphasis on managing risk. The Russell Investments “beta completion” strategy requires the investment team to look at the portfolio through a different lens. It involves factors that are components in every equity investment. Factors drive performance. The Foundation’s portfolio has two aspects: an active section of the portfolio and a passive section of the portfolio. Mr. Pellegrino described the post-restructure allocation and the longer term targets, which would add a factor-based allocation. Through use of the Russell Investments strategy, the Foundation has been able to reduce overall volatility. The analytics also indicated that the private equity portfolio had a large number of managers. For a \$400 million portfolio, there were 142 individual investments managed by 65 managers. Mr. Pellegrino described a potential secondary transaction, in which the underperforming pieces of the portfolio could be sold outright, requiring the Foundation to take a discount on the funds. The Foundation could maintain partial ownership, while allowing the underperforming pieces to be managed by an asset manager. The transaction would free up capital and relieve the Foundation staff of the burden of managing the positions. The Investments Committee also reviewed the strategic asset allocation to advance the portfolio’s opportunity set. Derivatives are a critical portfolio management tool for risk and performance optimization. Derivatives such as futures will be used as beta management tools for portfolio rebalancing and strategic positioning. The portfolio must be nimble to provide support to Georgia Tech and to respond to market conditions.

**Stewardship Committee Report:** Mr. Wells stated that the Stewardship Committee received a report from Dr. McLaughlin, Dean of the College of Engineering. Dr. McLaughlin discussed the importance of CREATE-X, the College’s research preeminence, a focus on diversity and inclusion and partnerships between the College and other colleges and universities. Dr. McLaughlin’s goal for the College of Engineering is to produce “fearless engineers.” Mr. Wells also reported that Dr. Kohn made a presentation to the Committee regarding recruiting and the freshman class. He stated that there were more 35,000 applications to Georgia Tech last year. Dr. Kohn reported a year-to-year retention rate of 97%. In many cases, students of the highest academic performance are not attending Georgia Tech due to unmet financial need. An additional

challenge is that socio-economic diversity is declining at Georgia Tech. Mr. Wells reported that the donor impact reporting was completed in June. The student thank-you notes have also be mailed to donors. The Stewardship Committee has also reviewed the restricted fund usage.

**President's Report:** Mr. Trujillo reviewed the priorities for fiscal year 2019, including the investment program implementation, the Blackbaud implementation and the continuing management of real estate. The investment portfolio is in transition, with a re-deployment of assets and an introduction of new investment programs. The investment staff is in the midst of a transition to a larger in-house team, with an introduction of expanded internal risk management and investment strategies. Mr. Pellegrino's strategy is to include Georgia Tech students with investment expertise in the Foundation's investment team. The Georgia Tech Hotel will be refreshed, with new investment in the building. The Biltmore continues to be full. The Foundation can now focus on "curating" tenants that are related to the Georgia Tech community. The Biltmore's lobby and bathrooms will be renovated in 2019. The Atlanta Technology Center property was acquired in September. The Randall Brothers property will be acquired in November. It will be necessary to manage the current owner and future tenant relationship. The Blackbaud Project is 11 months into an 18-month implementation. Mr. Trujillo introduced Ms. Morell, the Blackbaud Project Manager.

Ms. Morell thanked the trustees for their support of the Blackbaud project. The purpose of moving to Blackbaud is to implement the best in class technology to drive increases in fundraising and alumni engagement. Blackbaud will empower users to leverage new functionality that will enhance business processes. It uses best practices for data management and development. It will increase productivity through consolidation of external processes and systems. The team will implement web and mobile application to enable end user access from any location. The Blackbaud project team is comprised of leaders from the Foundation, Development, the Alumni Association and the Athletic Association. Advisory Committee Members include staff from the Foundation, Development, the Alumni Association, and the Athletic Association. The project is currently in the test phase, where there is a full data conversion test run, User Acceptance Testing, installing a data warehouse, begin custom report writing, develop training materials, and delivery of end user training. The Georgia Tech Foundation team meets weekly with the Blackbaud team to discuss the weekly health status of the project. Ms. Morell stated that the Blackbaud design cycles include several areas that the current system does not, including prospect management and donor stewardship. The third data conversion from the Advance system data to Blackbaud CRM has occurred. All design and data validation sessions have been completed. Some Georgia Tech-specific customizations and specifications have occurred, including Athletic points, the iModules interface, the Banner interface and the Foundation general ledger interface. Blackbaud reporting and technical training has begun. Some challenges include the time commitment, some resistance to change or adopting best practices and adaption by staff to the Blackbaud environment. Ms. Morell stated that her team has presented the challenges to stakeholders and executive sponsors and had positive responses. The programming staff continues to work with the technical consultant. Ms. Morell presented an example of a constituent record, as well as prospect management, constituent mapping and constituent record integration. FROG is Fundraiser on the Go. It will show a summary of the constituent's Blackbaud record.

Mr. Trujillo stated that there was a 67% response rate this year to the survey of the annual meeting at Sea Island. Once again this year, the most important factor for attendance was to network with other board members. Mr. Trujillo stated that it is important to continue to schedule



more opportunities for the trustees to meet informally. 91% of respondents rated Dr. Bras' presentation and the Thursday lunch program as outstanding or very good. There was an overwhelming response, with 125 attending the luncheon. Many trustees wanted more options. The dinner on Friday night was a success. The entertainment was rated significantly higher than the previous year. Both the menu and the service were rated higher as well. 96% of respondents attended a committee meeting. 93% of respondents rated the agenda, presentation and discussion as outstanding or very good. Technology issues occurred in two meetings. The Board of Trustees meeting on Saturday was rated well overall. The number of trustees staying at The Cloister has declined due to trustees staying on private properties. Sea Island remains the overwhelming preference for locations to potentially hold an annual meeting.

The next meeting will be December 13 through 14, 2018, in Technology Square in Atlanta, Georgia.

**Meeting Adjourned/Reconvened:** Mr. Brock adjourned the regular meeting of the Board and the Board met in executive session.

Respectfully submitted,

Mark W. Long  
Secretary

Approved:

John F. Brock III  
Chair

**Minutes of the Meeting of the Board of Trustees**  
**September 21, 2018**  
**Exhibit A, Page 1 of 2**  
**GEORGIA TECH FOUNDATION, INC.**

Consolidated Statements of Financial Position

June 30, 2018 and 2017

(In thousands)

<b>Assets</b>	<b>2018</b>	<b>2017</b>
Cash and cash equivalents	\$ 9,910	5,484
Restricted cash	749	2,055
Capital reserve funds	11,008	8,802
Contributions receivable, net	104,635	104,179
Investments	1,758,924	1,640,586
Other assets	20,649	16,462
Leases receivable	136,231	145,494
Contributions receivable from remainder trusts	13,743	14,555
Charitable remainder trusts	14,432	13,985
Capital assets, net	111,683	112,110
Total assets	<u>\$ 2,181,964</u>	<u>2,063,712</u>
 <b>Liabilities and Net Assets</b>		
Accounts payable	\$ 8,126	7,002
Commitment payable	6,615	7,178
Lines of credit	19,850	25,087
Bonds payable, net	248,314	258,223
Notes payable, net	47,325	48,113
Amounts due to life beneficiaries	15,527	16,030
Deferred revenue	20,382	23,025
Funds held on behalf of other organizations	109,375	105,609
Other liabilities	13,016	10,989
Total liabilities	488,530	501,256
Net assets:		
Unrestricted	172,436	142,012
Temporarily restricted	786,652	727,339
Permanently restricted	734,346	693,105
	<u>1,693,434</u>	<u>1,562,456</u>
Total liabilities and net assets	<u>\$ 2,181,964</u>	<u>2,063,712</u>

See accompanying notes to consolidated financial statements.

**GEORGIA TECH FOUNDATION, INC.**

Consolidated Statements of Activities

Years ended June 30, 2018 and 2017

(In thousands)

	2018			2017 Total	
	Unrestricted	Temporarily restricted	Permanently restricted		Total
Revenues:					
Gift income	\$ 7,268	33,995	39,690	80,953	86,898
Lease revenue	25,639	648	0	26,287	22,173
Investment income, net of fees	5,375	20,371	117	25,863	27,446
Net realized/unrealized (loss) gain on investments	24,573	94,718	561	119,852	156,209
Change in value of trusts and annuities	16	506	1,241	1,763	1,436
Other	1,426	(69)	(368)	989	1,511
Net assets released from restrictions	90,856	(90,856)	0	—	—
Total revenues	155,153	59,313	41,241	255,707	295,673
Expenses					
Program services	94,845			94,845	102,578
General and administrative	21,853			21,853	18,826
Fund-raising	5,377			5,377	4,131
Loss on extinguishment of debt	2,654			2,654	—
Total expenses	124,729	—	—	124,729	125,535
Change in net assets	30,424	59,313	41,241	130,978	170,138
Net assets, beginning of year	142,012	727,339	693,105	1,562,456	1,392,318
Net assets, end of year	\$ 172,436	786,652	734,346	1,693,434	1,562,456

**Minutes of the Meeting of the Board of Trustees**  
**September 21, 2018**  
**Exhibit B, Page 1 of 3**

**RESOLUTION OF THE BOARD OF TRUSTEES**  
**OF GEORGIA TECH FOUNDATION, INC.**

WHEREAS, Georgia Tech Foundation Properties, LLC ("*GTF*"), a wholly owned subsidiary of Georgia Tech Foundation, Inc. (the "*Foundation*"), has entered into that certain Purchase and Sale Agreement (the "*Purchase and Sale Agreement*"), dated August 23, 2018, for the acquisition of real property located at 665 and 693 Marietta Street, Fulton County, Atlanta, Georgia (together with any tangible or personal property or other rights associated therewith, the "*Property*") (the "*Acquisition Transaction*"), with the Acquisition Transaction to be effected by deeds, assignments, instruments, settlement statements, affidavits, certificates, and other documents and writings to be entered into as provided in the Purchase and Sale Agreement or as otherwise necessary or desirable to effect the Acquisition Transaction (the Purchase and Sale Agreement and such other documents collectively herein called the "*Acquisition Documents*");

WHEREAS, the purchase price for the Property shall be no more than \$36,000,000.00, as may be adjusted by closing costs and prorations, payable in three separate installments of \$12,000,000.00 each (each, an "*Installment Payment*");

WHEREAS, each Installment Payment will be funded through a loan to the Foundation from Georgia Tech Foundation Funding Corporation (the "*GTFFC Loan Transaction*");

WHEREAS, at the closing of the Acquisition Transaction, Purchaser will deliver to seller a purchase money note in the amount of the second and third Installment Payments, secured by a deed to secure debt encumbering the Property (the "*Purchase Money Loan Transaction*"), and such other agreements, deeds, assignments, instruments, settlement statements, affidavits, certificates, and other documents and writings to be entered into to effect the Purchase Money Loan Transaction (such documents collectively herein called the "*Purchase Money Loan Documents*");

WHEREAS, at the closing of the Acquisition Transaction, Purchaser will acquire the Property subject to a lease agreement to seller, as tenant, expiring on December 31, 2021 (the "*Lease*," and together with the Acquisition Documents, the GTFFC Loan Documents, and the Purchase Money Loan Documents, the "*Transaction Documents*"), the form of such Lease is to be negotiated by GTF and seller (the "*Lease Transaction*," and together with the Acquisition Transaction, the GTFFC Loan Transaction, and the Purchase Money Loan Transaction, the "*Transaction*");

WHEREAS, in connection with the Transaction, the Foundation desires GTF to pursue the Transaction through a to-be-formed wholly-owned subsidiary to act as purchaser of the Property (the "*Purchaser*");

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WHEREAS, the Foundation, whether through the Foundation or the Purchaser, proposes to issue, or to seek the issuance by an authority for the benefit of Foundation of bonds or other obligations in the future (the “*Bonds*”) to finance or refinance the cost of the Property and the Transactions;

WHEREAS, the Board of the Foundation deems it in the Foundation’s best interest to effect the Transactions, approve the Bonds and execute and deliver all documents necessary or desirable to effect the Transactions.

NOW THEREFORE, BE IT RESOLVED, that the Board of the Foundation takes the following action:

1. **Formation of Purchaser:** Authorizes the Foundation, through GTF, to form the Purchaser as a wholly-owned limited liability company, with the purpose of performing the acquisition of the Property and to own and administer the Property, together with the execution of all documents, establishment of bank accounts and other activities necessary or desirable in connection therewith.
2. **Transaction:** Authorizes the Foundation, through GTF, to cause the Purchaser to effect the Transaction and execute, deliver and perform under the Transaction Documents.
3. **Bonds.** Authorizes the Foundation to reimburse itself for expenditures for the Transactions from the proceeds of Bonds, or other obligations related thereto, when such indebtedness is incurred, the maximum principal amount of such indebtedness relating to the Transactions and Property (including the refunding of any existing indebtedness with respect to the Property) is not expected to exceed \$200,000,000 and may be issued or incurred by the Foundation, any subsidiary or by an authority for the benefit of the Foundation or any subsidiary. These resolutions are intended to constitute a “declaration of official intent” within the meaning of Treasury Regulation Section 1.150-2 with respect to the Transactions, the Property and the costs of the Transactions and the Property.
4. **Authority to Execute the Transaction:** Authorizes the Chair, Vice Chair-Chair Elect, Treasurer, President, and Secretary of the Foundation (each, an “*Authorized Officer*”), in the name, on behalf of, and as the act of the Foundation (or any subsidiary thereof) to execute and deliver the Transaction Documents in such form and with such content as such Authorized Officers considers necessary, appropriate, or advisable, in their sole discretion and to otherwise take any action necessary or advisable to effect the Transaction.
5. **Acknowledgment:** Acknowledges that the execution by any Authorized Officer of any of the documents, instruments or writings referred to in or contemplated by the foregoing

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resolutions or the taking by the Authorized Officer of any actions to carry out the foregoing shall conclusively establish (i) such Authorized Officer's determination of the propriety and the necessity, appropriateness, or advisability of such documents or instruments and the actions contemplated thereby, and (ii) such Authorized Officer's approval of the form of any such documents or instruments signed by him.

6. **Ratification:** Ratifies any act or document previously undertaken or executed and delivered by the Foundation, any subsidiary or any Authorized Officer in connection with the Transaction or the Property, including, but not limited to, the execution of the Purchase and Sale Agreement.