

Georgia Tech Foundation, Inc.
Minutes of the Meeting of the Board of Trustees
March 13, 2020

The Board of Trustees of Georgia Tech Foundation, Inc. met at 8:30 a.m. on Friday, March 13, 2020, in the Georgia Tech Hotel and Conference Center, Grand Ballroom, in Atlanta, Georgia.

Elected trustees present were: Frances L. Cashman, Robert L. Dixon Jr., D. Fort Flowers Jr., Lawrence P. Huang, Randall E. Poliner, Mark C. Teixeira, Janice N. Wittschiebe and Glenn T. Wright.

Elected trustees attending via phone were: Michael K. Anderson, Pamela W. Arlotto, Kelly H. Barrett, Richard L. Bergmark, James R. Borders, David A. Bottoms, Paul J. Brown, Steve W. Chaddick, Stephen M. Deedy, Robert L. Dixon Jr., Walter G. Ehmer, James Etheredge, Lara O. Hodgson, Lawrence P. Huang, Richard B. Inman Jr., Andrea L. Laliberte, Wonya Y. Lucas, H. Ronald Nash Jr., Michael A. Neal, Thomas E. Noonan, Carl D. Ring, Frances G. Rogers, David P. Rowland, Ricardo Salgado, Robert N. Stargel Jr., Karen C. Thurman and John R. Wells.

Ex-officio voting trustees present were: Angel Cabrera and Christopher T. Jones.

Ex-officio voting trustees attending via phone were: David A. Bottoms and Jocelyn M. Stargel.

Board Officers present were: Joseph W. Evans and Thomas M. Holder

Board Officers attending via phone were: John F. Brock III and Gregory J. Owens.

Corporate Officers present were: Mark V. DeLorenzo and Al Trujillo.

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

Trustees Emeriti present were: G. Niles Bolton, Kenneth G. Byers Jr., Joel H. Cowan, Charles A. Smithgall III and William J. Todd.

Trustees Emeriti attending via phone were: Robert A. Anclien, Jerome A. Atkinson, John C. Bacon, John B. Carter Jr., Jere A. Drummond, Ben J. Dyer, Jack J. Faussemagne, L. Thomas Gay, Thomas H. Hall III, Thomas H. Muller Jr., Parker H. Petit, Albert S. Thornton Jr., and Stephen P. Zelnak Jr.

Others present were: Laura G. Abboud, Thomas J. Barranco, Dwight D. Dozier, Lynn M. Durham, Leslie M. Evans, Brian H. Pellegrino, Dene H. Sheheane, Cailen A. Spratling, James Tio, and Patricia H. Wichmann.

Welcome: Mr. Evans welcomed the trustees and visitors to the 568th meeting of the Georgia Tech Foundation Board of Trustees. Mr. Evans requested a moment of silence for trustee emeriti Mr. Charles W. Brady, who passed away on December 7, 2019.

Approval of Minutes: Mr. Evans stated that copies of the minutes of the meeting of the Board held on December 6, 2019, were distributed to the trustees. Mr. Evans asked if there were any comments or changes. On motion, the minutes of the meeting held on December 6, 2019, were approved as distributed.

Treasurer's Report: Mr. Holder reported that the assets totaled \$2.391 billion as of January 31, 2020. The net assets totaled \$1.863 billion, and liabilities totaled \$528 million. He stated that as of January 31, the investment assets totaled \$1.936 billion, leases receivable totaled \$117 million, contributions receivable was \$94 million, and capital assets totaled \$146 million. Cash assets totaled \$29 million as of January 31, 2020. Bonds payable totaled \$265 million as of January 31, 2020. Mr. Holder reported that in regards to liabilities, the funds invested for the Georgia Tech Athletic Association totaled \$117 million. Notes payable totaled \$83 million. The four-year revenue comparison for the first seven months through January 31 of each year shows that gift income totaled \$33 million in FY17, \$44 million in FY18, \$64 million in FY19, and \$56 million in FY20. Investment earnings totaled \$90 million in FY17, \$139 million in FY18, \$-22 million in FY19, and \$77 million in FY20. Total income for FY17 was \$134 million, FY18 was \$200 million, FY19 was \$59 million, and FY20 was \$149 million. For FY20, the investment earnings created the increase in total income over FY19.

Finance Committee Report: Mr. Holder reported that the Finance Committee reviewed the January 2020 financial statements, as well as the FY20 budgets and expenditures. To date, all expenditures are tracking in-line with the budget. The Finance Committee reviewed the debt portfolio and sources of repayment. The Debt Policy Ratios are now fully within all limits due to refinancing. Mr. Owens reported that the Finance and Executive Committees recommended approval of an income allocation percentage of 4.87%, which includes a fee of 0.72%, for fiscal year 2021. This is the same allocation percentage as fiscal year 2020. On motion, the Board approved a resolution to allocate for expenditure 4.87% from the endowment funds for fiscal year 2021. The resolution is attached hereto as Exhibit A.

Audit Committee Report: Mr. DeLorenzo stated that the Audit Committee approved the FY21 Audit Engagement. The KPMG letter was reviewed, discussed, and suggested changes were made. Ms. Barrett and Mr. DeLorenzo met with Ms. Walker, the KPMG Partner and representative. They discussed the FY21 audit process and timing. Mr. DeLorenzo stated that his Accounting team would be meeting with KPMG on April 15th. The Audit Committee has a yearly self-evaluation. All questions were within a very satisfactory range with the exception of a few questions related to the satisfaction level of the auditors' communication with the Audit Committee.

Committee on Trustees Report: Mr. Trujillo stated that the Committee on Trustees met to discuss nominees. Mr. Trujillo reported that the Committee's nominations are as follows:

Board officers to serve a two-year term, commencing on July 1, 2019: John F. Brock III, Past Chair; Joseph W. Evans, Chair; Gregory J. Owens, Vice Chair-Chair Elect; Thomas M. Holder, Treasurer.

Corporate officers to serve a one-year term, commencing on July 1, 2020: Al Trujillo, President; Mark V. DeLorenzo, Secretary.

Trustees to serve a second four-year term, commencing on July 1, 2020: Michael K. Anderson, Thomas E. Noonan, and Frances G. Rogers.

Trustees to serve a four-year term, commencing on July 1, 2020: Laurie D. Bagley, Thomas A. Fanning, David D. Flanagan, Deborah A. Nash, and Tripp L. Rackley.

Trustees emeriti: Charles W. Moorman IV and H. Ronald Nash Jr.

Audit Committee to serve a one-year term, commencing on July 1, 2020: Kelly H. Barrett, Richard L. Bergmark, Robert L. Dixon Jr., Robert N. Stargel Jr. and Karen C. Thurman.

On motion, the voting trustees unanimously approved the nominations of the Committee on Trustees.

Mr. Trujillo reported that the trustees whose first term expires on June 30, 2020, are: Michael K. Anderson, Thomas E. Noonan, and Frances G. Rogers. He reported that the trustees whose second term expires on June 30, 2020, are: James R. Borders, Karl F. Dasher, Charles W. Moorman IV and H. Ronald Nash Jr.

Development Committee Report: Mr. Dixon stated that the strategic goals for the Development Committee include assisting and advising in meeting the fundraising goals of *Initiative 2020*; assisting and advising in the transition of Roll Call to a focus on Unrestricted Current Operations, alumni participation rates, and the alignment of donor premiums to gift levels; reviewing institutional and Foundation risk associated with philanthropy; and assisting and advising in the early stages of Campaign planning. As of February 29, 2020, *Initiative 2020* has raised \$182.88 million for endowment, \$119.78 million for capital and \$141.42 million for current operations. The total raised is \$444.10 million against a goal of \$525 million. The progress v. the goal is 84.6% with 72.2% time elapsed. Progress is due to Intercollegiate Athletics, which totals \$131.75 million as compared to a goal of \$125 million, or 105.4% of goal. There are a significant number of challenge grants not included in the totals. While Institute Capital Purposes is currently at 36.9% of goal, the Technology Square Phase III named towers, including the Scheller Tower and the George Tower, will assist in the total. In addition, there are several donors who are currently pursuing naming opportunities for the Campus Center project. Institute program purposes is at 139.6% of its goal as of February 28, 2020. Mr. Dixon stated that due to the volatility in the market and the impact of COVID-19, there may be a drop in gift income and current commitments. Mr. Dixon stated that there are naming opportunities available for the Price Gilbert Library and Tower. Mr. Dixon reviewed the Gold Standard as of February 29, 2020, 35% of current and 28% of emeritus trustees have made at least a \$1,000 unrestricted gift to Roll Call. Mr. Dixon stated that Roll Call giving from trustees is lagging. 96% of current and 88% of emeritus trustees have made a \$25,000+ commitment over the preceding five years. 69% of emeritus and 48% of current trustees have participated in gift planning.

Investments Committee Report: Mr. Flowers stated that at the March meeting, he typically goes in-depth regarding the numbers for the year ending December 31, 2019, but due to current issues, he would not spend as much time on the 2019 numbers. The new strategic allocation decreased the exposure to equity markets and increased exposure to other markets, increasing the diversification. This strategy has been a good one for the current market. As of December 31, 2019, the portfolio positioning has moved closer to the FY20 targets while remaining slightly over target in certain areas such as cash. As of October 1, 2019, the year-to-

year growth in the investment pool showed a starting balance of \$1.815 billion, with \$59 million in net investment earnings, \$7 million in gifts and additions, and -\$17 million in expenses and withdrawals, for a total balance of \$1.865 billion as of December 31, 2019. He also reviewed the total fund performance for the quarter to date, three, five and ten year periods, as well as a comparison of the returns with the Consumer Price Index (CPI) plus 5%, the Policy Portfolio and the Peer Group. The Foundation's portfolio did not perform as well as the Peer Group quarter to date due to the equity market being strong during that quarter. Mr. Flowers presented the Board with current numbers as of March 6, 2020, showing the current performance. Fiscal year to date, the portfolio is up 4.51%. It is currently performing better than the Policy Portfolio. Mr. Flowers stated that the numbers do not reflect the entire impact of the volatility of the market; however, he believes that the Foundation's portfolio is not currently negative and is flat. The Rates portion of the portfolio is performing well. Rates are made up of long treasury futures. The thoughtful work that was put into the portfolio as a part of the portfolio transition has paid off. Mr. Flowers showed the asset allocation estimate as of March 11, 2020. This tool allows the Investment Team to make real-time decisions related to the current allocation percentages. Mr. Flowers explained the benchmark beta target percentage. Mr. Flowers stated that the Investment Team developed an initial COVID-19 economic impact chart. It shows economic impact based on other historical pandemics. The chart plots the transmission and fatality rates. Mr. Flowers stated that the markets continue to function, and have not ceased functioning.

Real Estate Committee Report: Mr. Trujillo stated that he has seen the impact of COVID-19 on the Hotel's business. Most conferences have been cancelled, including future conferences. Crestline continues to pay the Foundation rent for the Hotel; however, they will feel the economic impact of COVID-19. The Hotel renovation was planned for Summer 2020; however, there were concerns regarding the timeframe and the impact to Hotel guests. Mr. Trujillo stated that the Foundation will go ahead with the renovations. Mr. Trujillo stated that he will be meeting with the Hotel regarding other concerns, such as staffing. Mr. Trujillo stated that the Hotel remains the "face of Georgia Tech" for many visitors, and he wants to ensure that visitors receive a positive welcome from Hotel staff. The Biltmore continues to do well; approximately 10% of rental spaces are vacant. It remains to be seen how the rental real estate market will be affected by COVID-19. Mr. Trujillo stated that the planning for Technology Square Phase III included how the buildings would frame the Biltmore. Mr. Trujillo stated that the Atlanta Technology Center renovations are going well. The South x Southwest Sector Planning Study is going well; Georgia Tech is hiring a land planner to assist with the planning for the best use of the land. The Sector will be developed over time. It will be a transitional space that will invite the neighboring community to participate in the Georgia Tech campus. The planning will take between six and nine months. There is one final installment payment due in April on the Randall Brothers Property. The Chair of the Foundation's Real Estate Committee will serve on the Steering Committee of the South x Southwest Sector. Mr. Trujillo stated that a hotel market study for the area would be completed. An architectural firm will be hired to determine if the existing structures on the Randall Brothers Property are historically or structurally significant and should be retained as part of planning. A few years ago, the Foundation had 51 donated properties; currently, there is one donated property in the Bahamas.

Stewardship Committee Report: Mr. Todd stated that Dr. Bonnie H. Ferri spoke at the Stewardship Committee about graduate student education at Georgia Tech. She included in her

presentation three Georgia Tech graduate students. The students presented their dissertations in a three minute format. Dr. Ferri discussed declining federal support for graduate programs and opportunities for philanthropy. She also discussed the increasing graduate student enrollment, especially the increase in online graduate student education. Online graduate student education has no space limitations and are often shorter programs. There were 2,610 thank you notes sent to 845 donors. As of December 31, 2019, there were six underwater endowments totaling \$15,409. The tax letters and the Kaspick trust letters have been sent to donors. Mr. Todd stated that the Committee discussed the need to provide communication to donors that Georgia Tech academic integrity is still sound. Committee members feel it necessary to provide reassurance to donors during these difficult academic times. Online learning at Georgia Tech has a long history, and Georgia Tech can transition to online education relatively easily. While Georgia Tech communication includes financial information, it should also include acknowledgement of the times and reassurance in the quality of Georgia Tech academic programming.

Executive Committee and Chairman's Report: Mr. Evans thanked the Executive Committee members for their participation and hard work. Mr. Evans stated that that it was a very impactful moment for everyone on the Executive Committee to witness the decision to suspend Georgia Tech on-campus classes. COVID-19 and the impact of the virus on the Georgia Tech campus, students, faculty, and staff brings significant complexity to the administration to figure out how to move forward safely. Concerns are immediate and long term. The potential financial implications of COVID-19 are still being revealed. Mr. Evans commended Dr. Cabrera, Dr. Bras and the administration for their diligence and commitment to Georgia Tech in these unprecedented times.

President's Report: Mr. Trujillo stated that as a result of COVID-19, he will share additional details regarding Georgia Tech's planning at a later date. COVID-19 will certainly impact the educational and functional aspects of the Georgia Tech campus. Mr. Trujillo stated that the evaluation of the enterprise risk and insurance program is complete. D&O coverage appears to be sufficient; however, the Foundation will be adding to the cyber security coverage. The on-boarding of the new Chief Financial Officer, Mr. DeLorenzo, continues. Mr. Trujillo stated that Mr. William Foreman of Accounting is retiring after many years with the Foundation. Both he and Mr. Mark Long are continuing in an advisory capacity. Mr. Trujillo stated that an additional member of the Accounting staff will soon join the team. Mr. Trujillo stated that due to COVID-19, he anticipates that the Foundation Accounting staff will be able to work from home and be able to complete the majority of tasks remotely. Staff will be brought in to complete in-person tasks safely and as necessary. Mr. Trujillo stated that in real estate, the ATC is in the process of a \$1 million improvement plan and renovations. The Biltmore continues with high occupancy while allowing Georgia Tech to 'curate' the tenant base. The Georgia Tech Hotel is undergoing the first major remodel in 15 years. The investment management infrastructure and operations has been completely implemented. The portfolio is able to be completely managed remotely. Document management and contracts will be completed through Docusign. While the Investment Team will not be able to be together physically, frequent conference meetings will take place remotely. Mr. Trujillo stated that there has been activity around developing an ESG position. There is significant campus interest amongst both students and faculty for the Foundation to develop an ESG position. Mr. Trujillo stated that Georgia Tech student requests have been both respectful and responsible, and the Foundation owes them a considerate response. Mr. Trujillo stated that the ESG statement

will highlight the trustees' responsibility to Georgia Tech as prudent fiduciaries of funds for Georgia Tech, and to ensure that invested funds are a good investment and that those funds grow responsibly. Return and risk have to be considered as investments are made. Every investment has an ESG risk factor. There are no direct investments; investment managers choose the investments. Every manager will be asked to consider the ESG risk factor. It is crucially important that our Investment team know what kind of investments are being made on the Foundation's behalf. The ESG statement is continuing to develop, but Mr. Trujillo stated that he will be very interested to receive feedback on the final ESG statement recommendation. Mr. Trujillo stated that it was a very prudent decision to choose to move the Foundation to the cloud-based technology. Server-based technology has to be maintained physically. With Blackbaud CRM, the donor system can be managed remotely. The Foundation has expanded the number of VPN channels to allow staff access to their desktops remotely. Helpdesk services can also be provided remotely. As a result of the conversion to Blackbaud CRM, Mr. Dozier has made significant changes to his team. He is still in the process of hiring for some positions. Mr. Trujillo stated that the new trustee slate includes some new faces. He thanked the new trustees for accepting to serve on the Board. Mr. Trujillo stated that this year's decision was the most difficult decision the Committee on Trustees has had to make. There were a significant number of highly qualified candidates. Serving on the Foundation Board of Trustees is amongst the highest positions of Georgia Tech volunteer leadership. The Foundation continues to be a resource for the President of Georgia Tech.

Georgia Tech Alumni Association Update: Mr. Sheheane stated that the social distancing required by the COVID-19 situation will delay some events and interactions for the Alumni Association. However, Georgia Tech has a strong community of alumni. Mr. Sheheane stated, "we will get through this together." As of February 29, 2020, \$5.53 million has been raised for FY20 roll call, including the endowment, against a goal of \$6.80 million. For FY19, with endowment, \$6.60 million was raised. The average gift is \$259.00 as compared to \$205.00 last year. However, the number of alumni donors as of February 20, 2020 was 11,591 as compared to 12,313 in FY19. The goal is 22,000 donors. The Alumni Association did not include the results from Giving Day; they are hopeful that Giving Day will significantly increase the number of alumni donors. Mr. Sheheane stated that the Alumni Association is trying to appeal to younger alumni through several avenues, including event planning. Mr. Sheheane provided an overview of the goals related to Leadership Circle level giving. The goal for the Cornerstone Level, which is \$1,000 to \$2,499 giving, is 1,653 donors. Currently, there are 1,313 Cornerstone Level donors. The goal for the Tower Level, which is \$2,500 to \$4,999 giving, is 1,200 donors. Currently, there are 875 Tower Level donors. The goal for the Traditions Level, which is \$5,000 to \$9,999 giving, is 125 donors. Currently, there are 112 Tower Level donors. The goal for the Phoenix Level, which is \$10,000 to \$24,999 giving, is 60 donors. Currently, there are 54 Phoenix Level donors. The goal for the Burdell Level, which is \$25,000 plus giving, is 18 donors. Currently, there are 19 Burdell Level donors. President's Scholars alumni, during the past four fiscal years, gave at a rate of 23% vs. the standard alumni giving rate of 12%. There are 170 current President's Scholars; the Alumni Association has reached out to them to encourage philanthropy. 22 of the 170 President's Scholars chose to make a donation to the Alumni Association. Encouraging early philanthropy, even pre-graduation, pays dividends in the future. Mr. Sheheane stated that the Alumni Association has made two key leadership hires recently. Ms. Kim Bowden is the Vice President of Annual Giving and Roll Call. She has 20 plus years in non-profit and higher

education; she was most recently the Executive Director of Annual Giving at Emory University. Ms. Lindsay Vaughn is the Vice President of Strategic Communications. She has 15 plus years in marketing and communications strategy. She was most recently the Vice President of Marketing at the Arthritis Foundation. Mr. Sheheane stated that the Alumni Association is now working on “omnichannel” communications. Mr. Sheheane announced that the Alumni Association has announced the Program Development Committee for the first annual Georgia Tech 40 Under 40. The nomination period opens at the end of March. There are recognition events scheduled for September 24 and 25, 2020. Mr. Sheheane stated that it was an important part of the program that all nominees feel just as important as those who are selected for the list. The 40 Under 40 will feature Georgia Tech alumni who are innovators, trendsetters, and people to watch. Future events include a Cornerstone Spring Event on May 21, 2020 in CODA and the President’s Dinner on June 20, 2020 at Zoo Atlanta’s new Savanna Hall, although the current situation with COVID-19 may change those events. Mr. Sheheane stated that the Alumni Association is working on other initiatives, including an Alumni Association Strategic Plan based on Georgia Tech’s Strategic Plan, a by-laws update, and a Roll Call Data Assessment. Mr. Sheheane presented a video from the Georgia Ports Authority. The Alumni Association placed a large Georgia Tech flag on the back of one of the largest ship-to-shore crane vessels that sails the Savannah River. This project was thanks to Mr. William D. McKnight, a Georgia Tech alumnus from Augusta, Georgia. He is Chairman of the Georgia Ports Authority.

Mr. Evans thanked the approximately 40 trustees who called in to the Board of Trustees meeting. He stated that it required an effort to participate, but he appreciated their commitment to Georgia Tech and their diligence. Mr. Evans welcomed and introduced Dr. Cabrera.

Georgia Tech President’s Foundation Briefing: Dr. Cabrera thanked the trustees for supporting Georgia Tech and serving as advisors. Dr. Cabrera stated that the situation around COVID-19 will get worse, and it will require Georgia Tech to use all resources to maintain itself and stay strong. Dr. Cabrera stated that “we are all in this together.” He said that he walked through the Georgia Tech campus this morning speaking to Georgia Tech students and answering as many questions and offering support as much as possible. He stated that he was very inspired by the resilience of the Georgia Tech student body. He stated that the majority of students have plans and are calm. Dr. Cabrera stated that he has confidence in Georgia Tech and his administrative team. He stated that they have been working together the past few days to make plans for dealing with COVID-19. Dr. Cabrera discussed the movement of classes to the online format; the majority of universities across the country are choosing to move to an online format. Dr. Cabrera stated that it is essential to reduce the density of human bodies. Universities and college campuses have a significant number of people on campus, so they have to reduce the physical presence of students and staff. Spring Break was scheduled to start next week, and the Georgia Tech administration was concerned about the travel and the return of students, including international travel. While the official number of Georgia cases of COVID-19 are low, the transmission potential could be significant, especially considering the initial research from China. Dr. Cabrera stated that he was inspired by Georgia Tech’s faculty who have made significant efforts in learning the online classroom technology. They are optimistic that classes can go virtual. Many faculty members have already been teaching online for years. The faculty are working this week to redesign their courses for online instruction, then the next week will be for a trial run of online instruction. Dr. Cabrera stated that there are a lot of student questions surrounding how online instruction will work; Dr. Bras’ office is preparing a Q & A that will answer the most

common questions. Dr. Cabrera stated that the traits and characteristics of Georgia Tech students will serve them in good stead during the pandemic: inventiveness; creativity; ingenuity; responsibility; hard work; and caring for one another. During every pandemic, there is a curve and a peak of cases. Dr. Cabrera stated that the key is to “flatten the curve.” If there are a spike of cases, then those cases overwhelm the healthcare system. Dr. Cabrera stated that Georgia Tech has requested the students try to be off campus by this weekend. International students and students without places to go can stay on the Georgia Tech campus. Dr. Cabrera stated that while telework is possible for some faculty and staff, it will not be possible for everyone, including the essential workers. However, age and preexisting conditions will be taken into consideration. COVID-19 has impacted all events and sports activities across campus. Graduation and Commencement will potentially be effected by the cancellation of all campus events. Dr. Cabrera stated that the implications of the financial impacts on Georgia Tech are not yet fully known.

Dr. Cabrera stated that there were 41,000 applications for the incoming Freshman class. The Georgia Tech research portfolio continues to grow; last year, it was over \$1 billion for the first time. The various Online Master’s Programs are continuing to gain students and garner interest. Georgia Tech philanthropy continues to grow. Dr. Cabrera stated that over 5,700 individuals participated in the Strategic Visioning process. Dr. Cabrera presented a working draft of “A Vision for Georgia Tech: 2020-2030, Inclusive Innovation for a Better Future.” The draft Mission Statement of Georgia Tech is “the Georgia Institute of Technology is a public research university established by the State of Georgia in Atlanta in 1885 and committed to developing leaders who advance technology and improve the human condition.” Georgia Tech’s draft motto is “Progress and Service.”

Next Meeting: Mr. Evans announced that the next meeting of the Board of Trustees will be June 4 through 6, 2020, in Atlanta, Georgia.

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

Respectfully submitted,

Mark V. DeLorenzo
Secretary

Approved:

Joseph W. Evans
Chair

Minutes of the Meeting of the Board of Trustees
March 13, 2020
Exhibit A

Resolution regarding income allocation to recommend to
Executive Committee and the Board of Trustees

RESOLVED, that the Georgia Tech Foundation shall allocate for expenditure for fiscal year 2021 from the restricted or unrestricted endowment funds 4.87% of the twelve (12) quarter average market value per unit for the period ending December 31, 2019, which includes a 0.72% allocation for recovery of direct and indirect costs. Investment expenses, including expenses of the Foundation's internal investment operation, shall be netted against investment income.