

Georgia Tech Foundation, Inc.
Minutes of the Meeting of the Board of Trustees
December 6, 2019

The Board of Trustees of Georgia Tech Foundation, Inc. met at 8:30 a.m. on Friday, December 6, 2019, in the Global Learning Center, Room 222, in Atlanta, Georgia.

Elected trustees present were: Michael K. Anderson, Pamela W. Arlotto, Kelly H. Barrett, James R. Borders, Frances L. Cashman, Steve W. Chaddick, Karl F. Dasher, Robert L. Dixon Jr., Walter G. Ehmer, D. Fort Flowers Jr., Sheldon J. Fox, Lara O. Hodgson, Richard B. Inman Jr., Christopher W. Klaus, Randall E. Poliner, Carl D. Ring, David P. Rowland, Robert N. Stargel, Jr., Mark C. Teixeira, Karen C. Thurman, John R. Wells and Glenn T. Wright.

Ex-officio voting trustees present were: David A. Bottoms, Àngel Cabrera, Christopher T. Jones, Jocelyn M. Stargel and S. Brent Zelnak.

Board Officers present were: John F. Brock III, Joseph W. Evans, Thomas M. Holder and Gregory J. Owens.

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

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

Trustees Emeriti present were: Ronald W. Allen, Robert A. Anclien, Jerome A. Atkinson, John C. Bacon, G. Niles Bolton, Kenneth G. Byers Jr., John B. Carter Jr., William R. Collins Jr., Joel H. Cowan, Marcus J. Dash, Michael T. Duke, Ben J. Dyer, H. Allen Ecker, Jack J. Faussemagne, Geoffrey C. Gill, Marion B. Glover Jr., George C. Guynn, Thomas H. Hall III, Hubert L. Harris Jr., Gary T. Jones, Garnett L. Keith Jr., G. William Knight, Aaron J. Land Jr., James R. Lientz Jr., David M. McKenney, Wade T. Mitchell, Charles D. Moseley, Thomas H. Muller Jr., Parker H. Petit, Donald S. Pirkle, John C. Staton Jr., C. Meade Sutterfield, Albert S. Thornton Jr., William J. Todd, Thomas W. Ventulett III and John H. Weitnauer Jr.

Others present were: Laura G. Abboud, Thomas J. Barranco, Anthony J. D'Achille, Sheree J. Dixon, Dwight D. Dozier, Leslie M. Evans, James S. Hall, Frank E. Neville, Brian H. Pellegrino, Matthew C. Ryan, Dene H. Sheheane, Cailen A. Spratling, Michael T. Stansbury and Patricia H. Wichmann.

Welcome: Mr. Evans welcomed the trustees and visitors to the 567th meeting of the Georgia Tech Foundation Board of Trustees. Mr. Evans thanked Ms. Wichmann and her administrative staff for the Board of Trustees Holiday Dinner Party: *A Night at The Biltmore*. Mr. Evans stated that Mr. Charles W. Brady, trustee emeriti, is critically ill and in the hospital. Mr. Evans recognized Ms. Hodgson. She was named as one of the 2019 "Women Who Mean Business" from *The Atlanta Business Chronicle*. Mr. Evans introduced Mr. Stansbury.

Georgia Tech Athletics Update: Mr. Stansbury stated that the 2019 year for Georgia Tech football was a year of transition. The transition from a triple option offense to a pro-style offense is a major one; no other university-level team has made such a significant change in the past 30 years and the change requires significant player recruitment. Coach Geoff Collins is a branding and recruiting expert. The competition for recruitment is significant. All Georgia Tech student-

athletes have above a 3.0 GPA with an 89% graduation rate. Over half of Georgia Tech student-athletes had summer internships with corporations. Mr. Stansbury stated that the Georgia Tech's institutional reputation is a significant recruitment advantage for Athletics but quality of athletic training facilities are an issue. From a functional standpoint, Georgia Tech's facilities cannot meet the needs of current student-athletes. The Edge Building was built in 1981; there is a \$70 million goal for its renovation for *Initiative 2020* and \$50 million has been raised to date.

Georgia Tech Alumni Association Update: Mr. Zelnak stated that Mr. Sheheane has encouraged an organizational redesign in the Alumni Association. They have added positions, including a Chief of Staff and a Human Resources and Professional Development position. The 73rd Roll Call has a goal of 22,000 donors, a 16% increase over the 72nd Roll Call, and \$6.8 million. As of October 31, 2019, there have been 4,511 donors and \$1.82 million raised as part of the 73rd Roll Call. There is usually a spike in donations at the end of the calendar year. Mr. Zelnak presented an update on the 73rd Roll Call Leadership Circle. The Leadership Circle is made up of Roll Call donors that give from \$1,000 to \$25,000 and over. There is an FY20 goal of 1,653 donors; currently, there are 559 donors. The Alumni Association partnered with the Office of the President to create a "Meet the Cabreras" tour for Dr. and Dr. Cabrera. Mr. Zelnak noted that Homecoming Weekend participation is up 30%. Several new affinity groups have been created, including the Chinese Alumni Network, the GT Bar Association and the Hispanic Alumni Network. Mr. Zelnak stated that the Alumni Association would be making some key hires for the positions of Vice President of Roll Call and Vice President of Strategic Communications. There will be a Spring event for the members of the Cornerstone Society who give at the \$1,000 to \$2,499 level. The Tower Society level and above, for alumni who give from \$2,500 to \$25,000 and over, will be eligible for invitations to the President's Dinner. The President's Dinner will be held on Saturday, June 20, 2020, at Zoo Atlanta's Savanna Hall. The Alumni Association is in the process of creating a 40 Under 40 Recognition Program. ACT GT is a joint Alumni Association and Office of Development initiative to recognize alumni volunteerism across the Georgia Tech campus. Mr. Zelnak stated that the Bain & Company Roll Call Data Assessment is almost complete; the details will be shared with the trustees at the next meeting. February 13, 2020 is the Gold and White Honors Gala at Flourish Atlanta.

GTAB Update: Mr. Jones stated that 112 GTAB members have served on the Georgia Tech Foundation Board. Currently, there are 57 trustees who have served both boards. GTAB supports and advises the President of the Institute and upholds the mission of Georgia Tech. Mr. Jones stated that GTAB inducted 13 new members at the last meeting. They are extremely diverse, with many different degrees and backgrounds. The majority of the GTAB meeting was participating in the Institute Strategic Visioning exercise. The GTAB members formed sub-committees around several areas that Georgia Tech will need to address: mental health and student wellbeing; data security; and entrepreneurship and innovation. Mr. Jones stated that he would provide an update on the progress and recommendations that GTAB makes on these issues.

Mr. Evans introduced Mr. D'Achille, the CEO of the Georgia Tech Student Foundation.

Georgia Tech Student Foundation Update: Mr. D'Achille stated that the GTSF was founded in 1986 with a \$100,000 endowment by alumnus J. Erskine Love, Jr. The GTSF endowment is the largest student-run philanthropic endowment in the country, with assets over \$1.5 million. It allocates over \$60,000 in funds annually. The GTSF focuses on educating the

Georgia Tech student body on the value and tradition of student giving and philanthropy. The GTSF enhances the growth and development of student leaders. The GTSF allocates money to programs and initiatives that improve the student experience at Georgia Tech. In 2019, the GTSF allocated \$66,574 to 29 different Georgia Tech student initiatives. Thanks-for-Giving is an annual GTSF event that occurs around Thanksgiving to thank student donors for their philanthropy. They had over 600 participants. The endowment has grown 6% this quarter. Mr. D'Achille stated that GTSF will increase its collaboration with SAA for 2020. They will schedule bi-weekly meetings, and they will sync their messaging and Roll Call education and outreach. While Giving Day is very popular, GTSF would like to broaden it into a Philanthropy Week. The GTSF is also working on improving the J. Erskine Love, Jr. Award which honors an individual Georgia Tech student demonstrating philanthropy. The GTSF will be creating a large marketing campaign and will hold an event to recognize the winner. The winner will also be recognized during Philanthropy Week.

Georgia Tech Update: Dr. Cabrera recognized Mr. and Mrs. Dixon for their philanthropy. Grants and funds for research now total over \$1 billion. Very few other universities bring in that amount, and most of them have medical-related research. On December 13, 2019, Georgia Tech will be graduating 4,235 new Georgia Tech alumni. Georgia Tech currently produces more graduate students than undergraduate students primarily due to the success of the Online Master of Science in Computer Science degree and other online degrees. Dr. Cabrera stated that enrollment in the program is approaching 10,000 students; Georgia Tech has one of the largest OMSCS degree programs of any university in the country. Mr. Steven A. Denning will be the Bachelor's Ceremony Commencement speaker, and he will be presented with an honorary Georgia Tech doctorate at the ceremony. Mr. Theodore Colbert III will be the Master's Ceremony Commencement speaker. Of the approximately 1,500 undergraduate Georgia Tech students that will be graduating, eight of them are Georgia Tech Promise Scholarship students. Currently, to qualify for the Georgia Tech Promise Scholarship Program, a student's family income must be \$33,000 a year or less and 580 Georgia Tech students have received the Georgia Tech Promise Scholarship. Dr. Cabrera thanked the trustees for their support of the Georgia Tech Promise Scholarship Program.

Dr. Cabrera stated that it is necessary to complete a new strategic plan. The previous strategic plan has been in place for 10 years. Dr. Cabrera wants to foster conversations around shared goals and ambitions for Georgia Tech and for the future of Georgia Tech. The strategic plan consulting group has communicated with and engaged more than 4,000 people in the strategic visioning process. Trustees and emeritus trustees participated in the Institute's Strategic Visioning exercise.

Georgia Tech Strategic Visioning Discussion: Dr. Alvarez-Robinson, along with the strategic plan consulting group members, guided the trustees in the strategic visioning process. The trustees discussed the recommendations and visions for the future of Georgia Tech.

Approval of Minutes: Mr. Evans stated that copies of the minutes of the meeting of the Board held on September 13, 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 September 13, 2019, were approved as distributed.

Treasurer's Report: Mr. Holder reported that the assets totaled \$2.328 billion as of October 31, 2019. The net assets totaled \$1.802 billion, and liabilities totaled \$526 million. He stated that as of October 31, the investment assets totaled \$1.872 billion, leases receivable totaled \$117 million, contributions receivable was \$94 million, and capital assets totaled \$147 million. Cash assets increased from \$8 million on June 30, 2019 to \$31 million as of October 31, 2019. This increase was due to drawing down funds from investments assets to put into cash assets. November 1, 2019, \$16 million from cash assets was used to pay down the bonds. Bonds payable totaled \$241 million as of October 31, 2019. Mr. Holder reported that in regards to liabilities, the funds invested for the Georgia Tech Athletic Association totaled \$108 million. Notes payable totaled \$83 million. The four-year revenue comparison for the first four months through October 31 of each year shows that gift income totaled \$15 million in FY17, \$22 million in FY18, \$35 million in FY19, and \$21 million in FY20. Investment earnings totaled \$37 million in FY17, \$65 million in FY18, \$-31 million in FY19, and \$28 million in FY20. Total income for FY17 was \$59 million, FY18 was \$97 million, FY19 was \$15 million, and FY20 was \$60 million.

Finance Committee Report: Mr. Holder reported that the Finance Committee reviewed the October 2019 financial statements, as well as the FY20 budgets and expenditures. The Finance Committee reviewed the debt portfolio and sources of repayment. The Foundation continues to be conservative in taking on new debt, and the repayment methods for the debt over time are appropriate. The debt policy ratios are now in line due to refinancing. The Series 2019 Bond financing and lines of credit were reviewed. In September, the Board approved refinancing \$52 million, which included the Series 2009B bonds of \$15 million, the Randall Brothers property acquisition costs of \$36 million and the cost of issuance of \$1 million. The Accounting team worked hard during the fall, and the bond closing will be December 12, 2019. S&P and Moody's confirmed ratings of AA+ and Aa1 and a stable outlook. Mr. Holder stated that the pricing for the bonds occurred on December 4, 2019. The bonds were oversubscribed, with \$150 million in subscriptions for the \$52 million Series 2019 bond issue, which drove the interest rate down to 3.08%. The retiring 2009B bonds had an interest rate of 6%.

Audit Committee Report: Ms. Barrett stated that the Audit Committee received a cybersecurity update. An outside firm will be hired to review the Foundation's IT policies and procedures. Mr. Dozier and his team are vigilant in an ever-changing cybersecurity landscape. The Audit Committee discussed the FY19 audit and the preliminary FY20 audit planning. Ms. Barrett stated that the Audit Committee would begin its annual self-evaluation process soon. There were no conflict-of-interest disclosures that rose to the level of reporting to the Executive Committee. Ms. Barrett announced that the Audit Committee elected her as a returning Chair of the Audit Committee.

Committee on Trustees: Mr. Brock stated that the Committee on Trustees is seeking nominations of individuals for the Board of Trustees. The trustees were provided with a memo describing the process and nominee qualifications. Nominees must have been a regular student of Georgia Tech and must be willing to serve up to four years, beginning on July 1, 2020. No person may be elected for a term to expire later than his or her 72nd birthday. Mr. Brock stated that the Committee is particularly interested in candidates who are younger and more diverse. January 17, 2020 is the recommended submission deadline. The Committee on Trustees will meet in February 2020 to discuss nominees.

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 October 31, 2019, *Initiative 2020* has raised \$157.44 million for endowment, \$87.94 million for capital and \$116.57 million for current operations. The total raised is \$361.96 million against a goal of \$525 million. The progress v. the goal is 68.9% with 61.1% time elapsed. Student support had a significant increase due to donations to the G.P. “Bud” and Valerie H. Peterson Scholarship Endowment. Mr. Dixon stated that there are additional discussions for funding underway for Technology Square Phase III. Institute program purposes is at 117.9% of its goal as of October 31, 2019. Mr. Dixon stated that there are naming opportunities available for the Price Gilbert Library and Tower. Mr. Dixon reviewed the Gold Standard as of November 26, 2019, 35% of current and 28% of emeritus trustees have made at least a \$1,000 unrestricted gift to Roll Call. 94% of current and 89% of emeritus trustees have made a \$25,000+ commitment over the preceding five years. 71% of emeritus and 46% of current trustees have participated in gift planning.

Investments Committee Report: Mr. Flowers announced that the portfolio transition that occurred during the early part of 2019 ended in September. The exposure to public equities has been decreased, and there has been an increase in diversifying strategies. Last year, the Foundation lagged the policy benchmark by 132 basis points, primarily due to the costs of the transition. Additional research shows that the majority of peer university endowments had a difficult time last year matching their policy benchmarks. As of September 30, 2019, the Foundation portfolio is up 2.9%, and 190 basis points ahead of the policy benchmark. Mr. Flowers stated that the 3-year and ten-year periods are performing especially well. November preliminary numbers are up 4.77%, and 1.6% over the policy benchmark. Dramatic changes to the Foundation portfolio have been made and infrastructure buildout is continuing. As a part of supporting the Atlanta entrepreneurial ecosystem, the Investments Committee will be creating a \$20 million fund for local Atlanta private equity funds. The Investments Committee will keep the same high standard of investing; however, they will drop the minimums they are required to invest to the \$1 million to \$3 million range vs. a typical \$10 million. Mr. Flowers stated that the Investments Committee also discussed Environmental, Social and Governance (ESG). It is important that any policy of the Foundation should be aligned to Georgia Tech. The Investments Committee received an initial report on how other engineering schools handle their ESG policies.

Real Estate Committee Report: Mr. Borders stated that Mr. Faussemagne provided the Real Estate Committee with a report on the Georgia Tech Hotel and Conference Center. Mr. Borders stated that occupancy remains around 70%. The rate is \$170 per night. Next year, the Hotel will undergo a significant renovation to all the rooms. Some revenue will be lost as rooms are undergoing renovation. The Biltmore is 90% occupied with 5% of leases out for signature or in negotiations. The Atlanta Technology Center (ATC) will receive a significant update soon. Mr. Borders stated that the Real Estate Committee received an update on the South x Southwest Sector Planning Study. The SXSW sector will be an important part of the strategic plan. The Real Estate Committee is interested in additional opportunities that might arise as part of the development,

including ground lease opportunities. A few years ago, the Foundation had 51 donated properties; currently, there is one donated property in the Bahamas.

Stewardship Committee Report: Ms. Hodgson stated that the Stewardship Committee had a discussion around the Committee's role in stewardship. The Committee stewards the use of funds according to donor restrictions, but it also stewards the donors themselves. Donor engagement is a significant issue, especially with young alumni. Dr. Bras gave a presentation to the Committee on the Online Education Strategy. Georgia Tech currently has more graduate students than undergraduate students. There are 17,000 Georgia Tech graduate students; 12,000 of them are in one of the three online master's degree programs. The cost of the Georgia Tech Online Master of Science in Computer Science degree is less than \$10,000. An on campus, out-of-state graduate student would pay \$60,000 for the same degree, plus additional room and board. There is little to no "cannibalization" of the on campus degree vs. the online degree because the online degree appeals to a different audience. The Georgia Tech Online Master of Science in Computer Science is responsible for a 7% increase in graduate computer science degrees in the U.S. If growth continues as anticipated, it is estimated that as many as 1 in 8 graduates in computer science will have a Georgia Tech degree. The initial startup costs of these types of programs is high and could not be achieved without philanthropy. Ms. Hodgson stated that the graduate students expressed a significant affinity to Georgia Tech. The majority of online master's degree students are mid-career, and they feel gratitude towards Georgia Tech, since the degrees have changed the trajectory of their careers. The Stewardship Committee reviewed the FY19 funds and account management strategies. For FY19, there was \$120 million funded to Georgia Tech from endowment and expendable restricted funds. There are approximately 6,000 projects and accounts categorized by use. The total balance, year to year, has increased due to the nature of the funds, like facility funds which are spent slowly. Department heads are typically spending ahead of their total balances; however, individual faculty members do not spend funds as fast. The endowed faculty income accumulation limit states that faculty will not allow more than three years' total income to accumulate in any one account, or the funds will be returned to corpus. Since the policy was put into place in 2012, approximately \$3 million in funds have been returned. In 2019, 53 funds are over the accumulation limit, and they are currently being reviewed for exceptions. The 53 funds total over \$1 million. Ms. Hodgson stated that there is significant collaboration between departments to ensure that scholarships and fellowships are awarded. There are fewer underwater endowments.

Executive Committee and Chairman's Report: Mr. Evans thanked the Executive Committee members for their participation and hard work.

President's Report: Mr. Trujillo stated that he would provide an update as to how the transition is going at Georgia Tech and the Foundation. The five key areas of the Foundation are finances, real estate, investments, technology, and relationships. Mr. Trujillo discussed Technology Square Phase III and the potential involvement of the Foundation to assist in the financing. Mr. Trujillo stated that the enterprise risk and insurance program has been reviewed. The Foundation is currently taking bids for cybersecurity insurance. The ATC property entrance and streetscape will be updated and improved. The Biltmore leasing team is working on filling some vacancies. The SXSW property on the periphery of campus will require thoughtful development. In investments, the primary work to the portfolio has been completed. Currently,

the portfolio is meeting and exceeding benchmarks. Mr. Trujillo stated that the Investment Office Team includes several current Georgia Tech students; one student presented at the Investments Committee meeting. The Blackbaud conversion is complete. The Foundation is participating with Georgia Tech to review cybersecurity and data protection on the enterprise level. Mr. Trujillo stated that the level of trustee engagement in social and committee activities is the highest it has been in several years. Thanks to trustee participation, the questions being asked and the topics being discussed are relevant and meaningful to the Foundation and to Georgia Tech. Mr. Trujillo reported that he and Mr. Evans met with the Chancellor of the Board of Regents, Dr. Steve Wrigley.

Next Meeting: Mr. Evans announced that the next meeting of the Board of Trustees will be March 12 through 13, 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