

Georgia Tech Foundation, Inc.
Minutes of the Meeting of the Board of Trustees
June 11, 2016

The Board of Trustees of Georgia Tech Foundation, Inc. met at 8:30 a.m. on Saturday, June 11, 2016, in The Cloister, Ballroom II at Sea Island, Georgia.

Elected trustees present were: Rodney C. Adkins, Robert A. Anclien, Pamela W. Arlotto, Jerome A. Atkinson, John C. Bacon, Laurie D. Bagley, Kelly H. Barrett, Richard L. Bergmark, G. Niles Bolton, James R. Borders, Paul J. Brown, John B. Carter Jr., Steve W. Chaddick, Karl F. Dasher, Kathleen Day, Michael T. Duke, Walter G. Ehmer, David D. Flanagan, Lawrence P. Huang, Christopher W. Klaus, Roger A. Krone, Andrea L. Laliberte, John S. Markwalter Jr., Charles W. Moorman IV, H. Ronald Nash Jr., Michael A. Neal, N. Allen Robertson, C. Meade Sutterfield, Karen C. Thurman, John R. Wells and Janice N. Wittschiebe.

Ex-officio voting trustees present were: Michael K. Anderson, Benton J. Mathis Jr., G. P. Peterson and Robert N. Stargel Jr.

Board Officers present were: John F. Brock III, Joseph W. Evans, Gary T. Jones and James R. Lientz Jr.

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

Ex-officio non-voting trustees present were: Rafael L. Bras, Barrett H. Carson, Stephen E. Cross and Steven G. Swant.

Trustees Emeriti present were: Ronald W. Allen, Bobby Joe Anderson, Richard A. Beard III, James W. Bowyer, Charles R. Brown, Kenneth G. Byers Jr., J. Randall Carroll, A. Russell Chandler III, Don L. Chapman, William R. Collins Jr., Marcus J. Dash, Jere A. Drummond, Ben J. Dyer, H. Allen Ecker, Jack J. Faussemagne, Geoffrey C. Gill, Sherman J. Glass Jr., Marion B. Glover Jr., Francis S. Godbold, Jere W. Goldsmith IV, J. William Goodhew III, Thomas L. Gossage, George C. Guynn, Hubert L. Harris Jr., Garnett L. Keith Jr., G. William Knight, Aaron J. Land Jr., George W. Levert, H. Bruce McEver, David M. McKenney, Wade T. Mitchell, Thomas H. Muller Jr., Lawton M. Nease III, Parker H. Petit, Joe W. Rogers Jr., Oliver H. Sale Jr., Earl L. Shell Jr., Charles A. Smithgall III, John C. Staton Jr., Howard T. Tellepsen Jr., William J. Todd, Thomas W. Ventulett III, John H. Weitnauer Jr. and Stephen P. Zelnak Jr.

Others present were: Thomas G. Arlotto, Jean M. Ballenger, Thomas J. Barranco, Cailen A. Belanger, Kathleen Bolton, Sarah R. Borders, Brittney W. Bottoms, David A. Bottoms, Shawna Butler, Tricia F. Byers, G. Wayne Clough, Dwight D. Dozier, Lynn M. Durham, Elizabeth M. Gallant, Marta H. Garcia, Gail S. Glover, James S. Hall, Joseph P. Irwin Jr., Elizabeth R. Jones, Michelle L. Jones, Jonathan D. Karcsh, Melanie J. King, K. Patrick Liu, Anne McNulty, Thomas E. Noonan, Valerie H. Peterson, Frances G. Rogers, Steven Salbu, Dene H. Sheheane, Philip D. Spessard, Jocelyn M. Stargel, Wendi Sturgis, James B. Taylor, William J. Thompson, Peter J. Ticconi Jr., Mary Tiong, Melba Trujillo, June H. Weitnauer, Cheryl J. Weldon, Patricia H. Wichmann, Robert W. Wichmann, Dorcas G. Wilkinson and Spencer W. Wilkinson.

Welcome: Mr. Jones welcomed the trustees and visitors to the 553rd meeting of the Board of Trustees. He introduced Mr. Lientz.

Committee on Trustees Report: Mr. Lientz stated that the Committee nominated Mr. Lawrence P. Huang to serve a one-year term as a voting trustee commencing on July 1, 2016. Mr. Huang will continue to serve as the Chair of the Investments Committee. Mr. Lientz reported that the Committee nominated G. Wayne Clough and William W. George to serve as trustees emeriti. The election of these trustees is in accordance with the amended Bylaws. On motion, the voting trustees unanimously approved the recommendations of the Committee on Trustees.

Campus Update: Dr. Peterson reviewed decisions that have been made by Georgia Tech's leadership over the past few decades, which have shaped its future. He stated that he and the executive team are focused on initiatives that have the potential for long-term impact, such as the development of a 25-year strategic plan, creating a focus on innovation, entrepreneurship and economic development, globalization and technology enhanced education. He stated that more than half of undergraduate students have meaningful international experiences. Atlanta has become a leading innovation hub in the country. Georgia Tech's innovation-driven ecosystem continues to grow. New facilities have changed Georgia Tech, including the Marcus Nanotechnology Center, which is the largest cleanroom laboratory dedicated to the fabrication, characterization, and assembly of biomedical and semiconductor devices in the Southeast. The Clough Undergraduate Learning Commons completely transformed undergraduate education. The concept of libraries has changed; libraries now function as information centers. He reported that most of the books in the library have been moved to the joint Library Service Facility that Georgia Tech shares with Emory. Dr. Peterson stated that the most significant advances in the next twenty years will occur at the intersection of traditional disciplines. Interdisciplinary buildings and facilities are crucial to Georgia Tech. The Georgia Tech Lorraine campus celebrated its 25th Anniversary. Approximately 200 students are there full-time, and each year, approximately 600 students study abroad there. Georgia Tech has come to national prominence in technology-enhanced education. After the success of the Online Master's in Computer Science, Georgia Tech is considering online degrees in cybersecurity, supply chain and logistics, and data analytics. Georgia Tech Professional Education courses are offered at more than 77 sites and 53 cities world-wide. He reported that Georgia Tech plans to utilize three artificial intelligence robot teaching assistants in the spring semester of 2017 for three computer science courses. Dr. Peterson reported that Mr. Swant is currently working to pursue Institutional Effectiveness by making Georgia Tech a "smart" campus. Georgia Tech should be a leader in incorporating technology into our campus. Mr. Swant is reviewing new financial enterprise systems for Georgia Tech, incorporating the use of cloud-based solutions. Dr. Peterson reported that Georgia Tech received a \$30 million gift to create a "living building" – the first of its kind in the southeastern United States. It must be completely sustainable, which will require more time to build than a typical building. Technology Square continues to grow. Anthem recently opened its innovation center in Centergy. There are approximately fifteen innovation centers located in the Technology Square area and that number may double in the next three years. The High Performance Computing Center, or CODA, will have 750,000 square feet of space. CODA should be completed in the first quarter of 2019. The acquisition of the Biltmore would strengthen Georgia Tech's presence in Technology Square. It would offer a spectrum of real estate opportunities for rental, including providing low-cost spaces for new startups. Georgia Tech is in the process of purchasing 52 acres from Lockheed in Cobb County for a GTRI

expansion and consolidation. Some facilities will be moved out of the midtown area and into the more secure area at Lockheed. Southern Company contributed property at the corner of North Avenue and Northside Drive. The Technology Enterprise Park (TEP) is located there. T3 Labs, which is biotechnology space owned by Emory University, is adjacent. Georgia Tech is partnering with Emory to create space for biotechnology and purchase the T3 Lab space. Georgia Tech is continuing to grow and thrive due to the support of the Foundation over the past 80 years and it will continue to play an instrumental role in Georgia Tech's future. Dr. Peterson thanked the trustees for their continued support of Georgia Tech.

Mr. Jones introduced Dr. Salbu, the Cecil B. Day Chair in Business Ethics.

Contemporary Issues in Higher Education: Dr. Salbu thanked the trustees on behalf of the faculty, staff, and students of the Scheller College of Business. Dr. Salbu reviewed the current issues and challenges faced by higher education. One solution to address these issues is philanthropy. Campaign Georgia Tech is the embodiment of what philanthropy can do. While it doesn't solve the problems of increased tuition, it allows for increased opportunities for students and faculty. Dr. Salbu stated that in the hyper-competitive world of top-tier universities, rankings become extremely important. The *U.S. News and World Report* rankings provide very credible facts and figures to a large audience of potential students and parents. It's important that universities do not spend money chasing the rankings. Universities should see what part of the rankings coincide with their strategic plan, and then they should make plans to improve the rankings. Dr. Salbu stated that many higher education professors believed that online education would solve the problem of the increasing cost of higher education. However, students come to college for social events, football, fraternities and sororities, band, and to play intramural sports. Georgia Tech has a very powerful admissions process that accepts very highly qualified students. Students are then given the benefit of the Georgia Tech campus, facilities, and professors, and it creates a polished "product" ready to join the workforce. A university education is a great investment, and it pays off and even gives students an advantage. It will be a great disadvantage to our society if it gets more and more difficult for the less fortunate to have access to education and the American dream. It is crucial to make higher education more affordable. Dr. Salbu thanked the trustees for their support.

Georgia Tech Alumni Association Update: Mr. Mathis 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. He reported that there were more than eight million emails, 400,000 pieces of direct mail, and six million social media messages sent by the Association this past year. The Alumni Association Board changed from a committee-oriented structure to having task force groups. Mr. Mathis reported that there are approximately 145,000 solicitable alumni, with 104,245 or 73% being undergraduates and 38,597 or 27% being graduates. Ten years from now, in 2026, the projection is that Georgia Tech will have 216,000 alumni, with 138,353 or 64% with undergraduate degrees and 78,185 or 36%, with graduate degrees. There will be a significant increase in the number of graduate students. He stated that historically, graduate students do not contribute to Georgia Tech at the same rate as undergraduate students. This year's priorities include engaging the Board in developing long-term strategies, conducting a large alumni market research project to help guide strategies, fully implementing iModules, and successfully completing the Alumni Association

building renovations. The Alumni Association continues to adapt to changing alumni needs while working with limited resources. The 69th Roll Call currently has 33,665 donors, with a goal of 36,029 donors, and has raised \$7.725 million, with a goal of \$9.790 million. Next year, the goal may reach \$10 million. He reported that 6,546 student contributed to Georgia Tech, an increase of 214% since 2010. For young alumni who are eight years out of Georgia Tech, the current participation rate is 25%, which is greater than the historic average of 15%. Mr. Mathis reported that the Georgia Tech vs. Boston College football game will be September 3, 2016, in Dublin, Ireland, for the Aer Lingus College Football Classic. Mr. Mathis thanked the trustees for their support.

Georgia Tech Advisory Board (GTAB) Update: Mr. Anderson stated that the focus of the GTAB meeting in the fall of 2015 was on innovation. The Board reviewed the McKinsey Study, and they received an update from Dr. Cross on Georgia Tech's research and innovation strategy. He stated that Atlanta is on a trajectory to become a leading innovation hub and Georgia Tech will provide the infrastructure. Mr. Anderson stated that the GTAB meeting in the spring of 2016 focused on the student experience. Ms. Jennifer Abrams and Mr. Marc Canellas presented the student survey results to the Board. The panel discussion focused on the different needs of the undergraduate and graduate student populations. Both populations agreed that the student experience at Georgia Tech needs to be more comprehensive. Undergraduate students are interested in more connectivity, engagement, and having a complete student experience. Mr. Anderson reported that the incoming chair of GTAB is Ms. Wendi Sturgis, Executive Vice President of Sales for Yext.

Meeting Adjourned/Reconvened: Mr. Jones asked for a motion to adjourn the regular meeting of the Board for the purpose of meeting in executive session. On motion, the Board approved the adjournment of the regular meeting at approximately 10:00 a.m. The regular meeting of the Board reconvened at approximately 10:25 a.m.

Approval of Minutes: Mr. Jones stated that copies of the minutes of the quarterly meeting of the Board held on March 11, 2016, had been distributed to the trustees. Mr. Jones asked if there were any comments or changes. On motion, the minutes of the meetings held on March 11, 2016, were unanimously approved as distributed.

Treasurer's Report: Mr. Evans reviewed the growth of the Foundation's assets and net assets since fiscal year 1996 through the first ten months of fiscal year 2016. He stated that as of April 30, 2016, the assets of the Foundation totaled \$1.83 billion, liabilities totaled \$420 million, and net assets were \$1.41 billion. The Unrestricted Fund declined to \$145 million. The investment assets totaled \$1.5 billion, leases receivable was \$154 million, contributions receivable was \$91 million, and charitable remainder trusts totaled \$32 million. Mr. Evans reported that bonds payable totaled \$233 million, the funds invested for the Georgia Tech Athletic Association totaled \$107 million, and deferred revenue was \$26 million. The total revenue for the ten-month period ending April 30, 2016, as compared with two prior fiscal years, indicated a decline in gift income and a decline in investment earnings in the current year as compared with the prior year. Gift income and investment earnings totaled \$69 million and -\$50 million, respectively, for the ten-month period ending April 30, 2016. Total revenue was \$33 million. Mr. Jones reported that in the first ten months of the fiscal year, expenditures totaled

\$111.3 million. The projected expenses for the year were \$113 million, including \$96 million in program service expenses. He reviewed the program services expenses, including student support and faculty support, which totaled \$26 million and \$24 million, respectively. The fundraising expenses are projected to be \$5 million for fiscal year 2016. The financial statements are attached hereto as Exhibit A.

Mr. Evans reported that \$30.18 million in taxable bonds were issued in May 2016. The proceeds were used to defease the 2009A bond issue and provide funds to reimburse the Foundation for the acquisition of a portion of the CODA property and costs associated with the CODA property. Mr. Evans stated that the all-in financing cost was 3.70% and the final maturity is November 1, 2048. The lease payments received on the CODA property will cover the debt service related to the property and the Institute Support budget will cover debt service related to the Academy of Medicine parking lot.

Finance Committee Report: Mr. Evans reported that the Committee reviewed the status of the fiscal year 2016 budgets. The expenditures are within the budgets approved by the Board. The Committee received an update on the EBB loan. The fundraising has been successful and pledges are now in place to repay the loan balance. The Committee received and reviewed a financial report on the Fifth Street Hotel, LLC. Mr. Evans stated that the Committee discussed the current debt limit policy and the need for a comprehensive debt policy for the Foundation. He stated that he asked Mr. Bergmark, Mr. Evans, Mr. Long, Mr. Neal, Ms. Rogers, and Mr. Trujillo to serve on an ad hoc sub-committee to develop a new debt policy for the Foundation. The Committee will discuss the proposed policy at its meeting in September. He reported that the Committee performed its annual review of the Committee Operating Procedures and made some minor modifications.

Mr. Evans reported that the Finance Committee and the Executive Committee approved the annual unrestricted budget proposals submitted by the Institute, the Alumni Association, and Foundation Operations. He reviewed the sources of funding for the budgets, as well as the budget proposals, which totaled \$36.41 million. Mr. Evans also reviewed a proposed budget for the Fifth Street Hotel, LLC, which included a budget of \$149,001. On motion, the Board approved the fiscal year 2017 budget for the Fifth Street Hotel, LLC and the fiscal year 2017 budgets for the Institute, the Alumni Association and Foundation Operations in the amount of \$36,412,926. The approved motions are attached hereto as Exhibit B.

Mr. Evans stated that the Finance Committee spent the remainder of the meeting discussing the acquisition of the Biltmore. The Finance Committee approved the acquisition and plans to initially finance the acquisition with a line of credit.

Audit Committee Report: Mr. Atkinson reported that the Audit Committee will meet in July with KPMG, LLP to review the fiscal year 2016 audit plan. The preliminary portion of the audit has been completed, as KPMG auditors have already been working at the Foundation. The remaining audit work will take place in August and September. Mr. Atkinson expects KPMG to issue the audit report on September 20. He reported that the Committee reviewed the conflict-of-interest forms submitted by the trustees. He stated that there were no disclosures that needed to be reported. He stated that conflict-of-interest forms have been provided and encouraged the trustees to complete and submit the forms.

Development Committee Report: Mr. Anclien stated that the Development Committee reviewed the Gold Standard for Trustee Giving. He reviewed the participation of the trustees in the Roll Call, the capital campaign, and gift planning. He stated that the development staff will assist trustees who are interested in including Georgia Tech in their estate plans. Mr. Anclien reported that the Development Committee discussed strategies to protect and grow the unrestricted fund, as well as enhancing the online options. The Development Committee will discuss corporate philanthropy in the fall.

Investments Committee Report: Mr. Huang commented on the challenging investment environment around the world and the volatility in the markets. Mr. Huang stated the investment pool assets as of April 30, 2016, totaled \$1.475 billion. He reviewed the growth of the investment pool during the past year through March 31, 2016, including the gifts and additions and the expenses and withdrawals. 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 Higher Education Price Index (HEPI) plus 5% and the Policy Portfolio. Mr. Huang reported that the Committee reviewed the current asset allocations of the investment pool versus its strategic targets and the cash flows to rebalance the investment pool's public equity weightings between active and passive managers. Finally, he reported the Committee reviewed commitments totaling \$20 million to a distressed credit partnership, as well as approved changes to the Investment Objectives and Policies document.

Real Estate Committee Report: Mr. Flanagan stated that Georgia Tech's contract to lease the data center should be completed in the next thirty days. He reported that the sale of the Owens property and the Police Precinct properties were completed. The Georgia Tech Hotel and Conference Center is doing well and the Foundation will receive incentive rent as a result of the revenue growth.

Mr. Flanagan provided an update on the 28 acres of property the Foundation owns in Riverside County, California. He stated that the Foundation has learned that this property has little value and the Committee approved the sale of the property at a minimum amount of \$20,000. The property has drainage issues that have affected nearby residents. The most effective method to sell the property is to sell it at auction. On motion, the Board approved the sale of 28.5 acres of property located in Riverside County for a minimum amount of \$20,000 and authorized the officers of the Foundation to execute the necessary documents to complete the sale.

He reported that the Committee approved the sale of up to 225,000 square feet of commercial transferrable development rights to Portman for its project. He stated that the rights were associated with the Academy of Medicine property. The Committee recommended a minimum price of \$10 per square foot. On motion, the Board approved the sale of up to 225,000 square feet of commercial/non-residential transferrable development rights for an amount no less than \$10.00 per square foot and authorized the officers of the Foundation to negotiate the sale and execute the necessary documents to complete the sale.

Mr. Jones requested that any trustees, who may have a conflict-of-interest in regards to the purchase of the Biltmore property, to recuse themselves from the discussion and the vote to purchase the property. Mr. Bacon, Mr. Borders, Mr. Mathis, Mr. McKenney and Mr. Noonan recused themselves during the discussion and returned after the vote had been made.

Mr. Flanagan stated that the Biltmore, located at 817 West Peachtree Street, was constructed in 1924 as a hotel and was renovated in 1999 as an office building. This property would be a different type of investment for the Foundation and the acquisition would be very useful for Georgia Tech. He reported that the Real Estate Committee approved the purchase of the Biltmore property for an amount not to exceed \$63,500,000. He stated that the Committee concluded that the Biltmore was a good solid real estate asset with an attractive investment return. The property is also strategically located, adjacent to Technology Square. He emphasized that there will be years in which the lease income would not be sufficient to cover the expenses and debt service, particularly if the property is financed entirely with debt. However, over the long run, the property should net a positive cash flow and a good return for the Foundation. The Foundation has hired a firm to conduct extensive due diligence. Mr. Trujillo will proceed in hiring an asset manager to manage the property for the Foundation. On motion, the Committee approved a resolution to purchase the Biltmore property, located at 817 West Peachtree Street, for an amount not to exceed \$63,500,000. The approved resolution is attached hereto as Exhibit C.

Mr. Jones thanked the members of the ad hoc committee for the Biltmore: Mr. Brock, Mr. Brown, Mr. Evans, Mr. Faussemagne, Mr. Flanagan, Mr. Lientz and Ms. Wittschiebe.

Stewardship Committee Report: Mr. Ehmer stated that the Stewardship Committee works to ensure that donors are property stewarded and receive proper communication regarding their gift. He stated that the impact reporting for the endowment funds is complete. Mr. Ehmer reported that the number of underwater endowments had risen due to investment losses. The endowments that were underwater were 80% of the value of the original gift or greater. He stated that the Foundation's policy is to continue to allocate from underwater accounts for expenditure as long as the market value is more than 80% of the original gift amount. Mr. Ehmer stated that Dr. Bras reported that Georgia Tech continues to be challenged by the inability to meet the financial need of an increasing number of students who have demonstrated financial need. He reported that Georgia Tech is falling behind its peers in meeting the financial needs of its students. Mr. Ehmer stated that the Stewardship Committee had a strategic discussion to address the issue. He reported that Dr. Clough provided an update to the Committee on the G. Wayne Clough Georgia Tech Promise Program and changes that are being considered to improve the program. He stated that the Committee reviewed its operating procedures and made no changes.

President's Report: Mr. Trujillo reported that the Foundation's website has been redesigned and now includes Georgia Tech-generated information. Due to the volatile markets, the investments goal of exceeding the portfolio benchmarks remains a challenge. The investments team has continued the implementation of the new asset strategy. The Foundation continues to retain its high credit ratings and the staff maintains good communication with the rating agencies. Other accomplishments include the amendment of the fee structure and the completion of the bond financing on the CODA project. Mr. Trujillo reported that the information systems staff is addressing the issues identified in the cyber security risk assessment. A challenge in the coming year will be to replace the current ADVANCE system, which is being discontinued by the vendor. A business case will be developed and a replacement system will be identified. Mr. Trujillo stated that the cost to replace the system will be significant. He reported that the Georgia Tech Hotel and Conference Center's management team was named the number

one management team of the entire Crestline chain. He also announced that Mr. Leo Benatar, an emeritus trustee, recently obtained his Master's degree in Industrial Engineering from Georgia Tech at age 86.

Executive Committee and Chairman's Report: Mr. Jones thanked the trustees for their volunteer service to Georgia Tech and to the Foundation. He presented a framed seal to Mr. Adkins, who has completed his service to the board. Mr. Milton, who was unable to attend, has also completed his service to the board and his framed seal will be mailed. Mr. Thornton was presented with a Crystal award for his service as a voting trustee and his election as an emeritus trustee. Mr. Jones thanked Mr. Stargel and Mr. Anderson for their time as ex-officio trustees and presented them with framed certificates.

Mr. Jones stated that the next Board of Trustees meeting will be held September 15-17, 2016, in Atlanta, Georgia.

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

Respectfully submitted,

Mark W. Long
Secretary

Approved:

Gary T. Jones
Chair

Minutes of the Meeting of the Board of Trustees
June 11, 2016
Exhibit A, Page 1 of 2

GEORGIA TECH FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
UNAUDITED APRIL 30, 2016, JUNE 30, 2015 AND APRIL 30, 2015

(in thousands)

| | April 30, 2016 | June 30, 2015 | April 30, 2015 |
|---|--------------------|--------------------|--------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$2,886 | \$4,584 | \$6,625 |
| Capital reserve funds | 7,158 | 8,524 | 8,346 |
| Contributions receivable, net | 90,820 | 97,083 | 97,025 |
| Investments | 1,498,595 | 1,564,727 | 1,580,287 |
| Other assets | 9,682 | 7,311 | 9,187 |
| Lease receivable | 154,470 | 163,155 | 163,155 |
| Contributions receivable from remainder trusts | 15,536 | 16,052 | 16,460 |
| Charitable remainder trusts | 17,318 | 23,005 | 23,845 |
| Capital Assets, net of accumulated depreciation | <u>33,967</u> | <u>35,104</u> | <u>34,778</u> |
| Total assets | <u>\$1,830,432</u> | <u>\$1,919,545</u> | <u>\$1,939,708</u> |
| LIABILITIES | | | |
| Accounts payable | \$5,205 | \$7,481 | \$4,295 |
| Commitment payable | 7,714 | 8,248 | 8,323 |
| Lines of credit | 19,469 | 21,581 | 21,540 |
| Note payable (EBB) | 10,666 | 18,917 | 21,847 |
| Bonds Payable, net of discount and premium | 226,410 | 237,129 | 239,435 |
| Amounts due to life beneficiaries | 10,536 | 11,435 | 11,923 |
| Deferred revenue | 25,741 | 28,510 | 28,510 |
| Funds held on behalf of GTAA | 106,863 | 109,163 | 117,963 |
| Other liabilities | <u>7,478</u> | <u>9,439</u> | <u>13,346</u> |
| Total liabilities | 420,082 | 451,903 | 467,182 |
| NET ASSETS | <u>\$1,410,350</u> | <u>\$1,467,642</u> | <u>\$1,472,526</u> |
| Total liabilities and net assets | <u>\$1,830,432</u> | <u>\$1,919,545</u> | <u>\$1,939,708</u> |
| Unrestricted Fund Balance | \$145,200 | \$162,200 | \$169,300 |
| Unrestricted Fund Reserve | \$83,700 | \$83,700 | \$81,100 |

Minutes of the Meeting of the Board of Trustees
June 11, 2016
Exhibit A, Page 2 of 2

GEORGIA TECH FOUNDATION, INC.
CONSOLIDATED STATEMENT OF
ACTIVITIES UNAUDITED FOR THE TEN
MONTH PERIOD ENDED APRIL 30, 2016,
AS COMPARED WITH THE YEAR ENDED
JUNE 30, 2015 AND THE TEN MONTH PERIOD
ENDED APRIL 30, 2015

(in thousands)

| | Unrestricted Fund | Temporarily Restricted Fund | Permanently Restricted Fund | 10 months Total 4/30/16 | 12 months through 6/30/15 |
|--|----------------------|-----------------------------------|-----------------------------------|-------------------------------|---------------------------------|
| | | | | | |
| Revenue | | | | | |
| Gift income | \$7,342 | \$33,039 | \$28,523 | \$68,904 | \$130,853 |
| Lease revenue | 12,689 | 0 | 0 | 12,689 | 13,611 |
| Investment income (net of fees) | 3,459 | 11,182 | 57 | 14,698 | 21,728 |
| Net realized/unrealized gain (loss) on investments | (13,051) | (50,883) | (703) | (64,638) | 7,471 |
| Change in value of trusts and annuities | 0 | 51 | (123) | (72) | (588) |
| Other | 1,066 | 10 | 0 | 1,076 | 1,503 |
| Net assets released from restrictions | 79,108 | (79,108) | 0 | 0 | 0 |
| Total revenues | \$90,612 | (\$85,708) | \$27,753 | \$32,657 | \$174,578 |
| Expenses | | | | | |
| Program services | \$77,239 | | | \$77,239 | \$95,496 |
| General and administrative | 8,609 | | | 8,609 | 10,941 |
| Fund raising | 4,101 | | | 4,101 | 4,875 |
| Total expenses | 89,949 | 0 | 0 | 89,949 | 111,312 |
| Changes in net assets | \$663 | (\$85,708) | \$27,753 | (\$57,292) | \$63,266 |
| Net assets, beginning of period | \$111,246 | \$726,906 | \$629,490 | \$1,467,642 | \$1,404,376 |
| Net assets, end of period | \$111,909 | \$641,198 | \$657,243 | \$1,410,350 | \$1,467,642 |

Minutes of the Meeting of the Board of Trustees
June 11, 2016
Exhibit B, Page 1 of 2

Georgia Tech Foundation, Inc.
Motion to Approve Fiscal Year 2017 Budgets

WHEREAS, the Georgia Institute of Technology, the Georgia Tech Alumni Association, and the Georgia Tech Foundation have requested resources for the support of their respective programs during fiscal year 2017; and

WHEREAS, the Finance and Executive Committees recommend approval of budgets totaling \$36,412,926 for fiscal year 2017; and

NOW THEREFORE, be it resolved that, the Board of Trustees approve the following budgets for the fiscal year 2017:

| | |
|-----------------------|--------------|
| Institute | \$25,146,700 |
| Alumni Association | \$ 4,743,300 |
| Foundation Operations | \$ 6,522,926 |
| Total | \$36,412,926 |

Minutes of the Meeting of the Board of Trustees
June 11, 2016
Exhibit B, Page 2 of 2

Georgia Tech Foundation, Inc.
 Fifth Street Hotel, LLC
 Motion to Approve Fiscal Year 2017 Budget

WHEREAS, the Georgia Tech Foundation provides services for the management, accounting and administrative activities of Fifth Street Hotel, LLC, and

WHEREAS, the Executive Committee approved a policy in which expenses incurred by the Foundation related to the activities of the Fifth Street Hotel, LLC, shall be reimbursed to the Foundation, provided that a budget for such expenses is approved by the Board of Trustees prior to each fiscal year; and

NOW THEREFORE, be it resolved, that the Board of Trustees approve a budget of \$149,001 for the expenses related to the Fifth Street Hotel, LLC for fiscal year 2017, a copy of which is attached hereto.

Georgia Tech Foundation, Inc.
 Fifth Street Hotel, LLC
 FY16 Budget and FY17 Proposed
 Budget

| <u>Budget Category</u> | <u>Approved FY16 Budget</u> | <u>Proposed FY17 Budget</u> |
|--------------------------------------|-------------------------------------|-------------------------------------|
| Personnel Services | \$72,877 | \$76,162 |
| Insurance | \$23,500 | \$23,500 |
| Audit & tax return preparation costs | \$15,075 | \$18,339 |
| Legal expenses | \$0 | \$0 |
| Office expenses | \$1,000 | \$1,000 |
| Consultant/Legal | \$30,000 | \$30,000 |
| Total | <u><u>\$142,452</u></u> | <u><u>\$149,001</u></u> |

Minutes of the Meeting of the Board of Trustees
June 11, 2016
Exhibit C, Page 1 of 2

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

WHEREAS, Georgia Tech Foundation, Inc. (the “*Company*”) has signed a non-binding letter of intent for the acquisition of real property (together with any tangible or personal property or other rights associated therewith, the “*Property*”) located at 817 West Peachtree Street in Atlanta, Georgia and known as “The Biltmore” for a purchase price to the seller not to exceed \$63,500,000, as may be adjusted by closing costs and prorations (the “*Acquisition Transaction*”), with the Acquisition Transaction to be effected by a purchase and sale agreement and such other agreements, deeds, assignments, instruments, settlement statements, affidavits, certificates and other documents and writings to be entered into as provided in the eventual 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, in connection with the Acquisition Transaction, the buyer of the Property (the “*Buyer*”) will assume an existing loan encumbering the Property with an original principal amount of \$36,000,000, will make escrow and reserve deposits as contemplated by the loan documents and will assume guaranty obligations contemplated by the loan documents (the “*Assumption Transaction*”, together with the Acquisition Transaction, the “*Transactions*”), all pursuant to an eventual loan assumption agreement and other documents otherwise necessary or desirable to effect the Assumption Transaction (the “*Assumption Documents*”, and together with the Acquisition Documents, the “*Project Documents*”);

WHEREAS, the Company, whether through the Company or the Buyer, proposes to issue, or to seek the issuance by an authority for the benefit of Company 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 Company deems it in the Company’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 Company takes the following action:

- Authorizes the formation of an LLC to acquire the Property and assume the Loan, together with the execution of all documents, establishment of bank accounts and other activities necessary or desirable in connection therewith;
- Authorizes the Company to cause the LLC to effect the Transactions and execute, deliver and perform under the Project Documents;

Minutes of the Meeting of the Board of Trustees
June 11, 2016
Exhibit C, Page 2 of 2

- Authorizes the Company and any subsidiary or affiliate of the Company to enter into any guaranties or other agreements necessary or desirable in connection with the Assumption Transaction;
- Authorizes the Company 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 \$75,000,000 and may be issued or incurred by the Company, any subsidiary or by an authority for the benefit of the Company or any subsidiary;
- Acknowledges that 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;
- Authorizes the Chair, Vice Chair-Chair Elect, Treasurer, President and Secretary of the Company (each, an “*Authorized Officer*”), in the name, on behalf of, and as the act of the Company (or any subsidiary thereof) to execute and deliver the Project 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 Transactions.
- Acknowledges that the execution by any Authorized Officer of any of the documents, instruments or writings referred to in or contemplated by the foregoing 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.
- Ratifies any act or document previously undertaken or executed and delivered by the Company, any subsidiary or any Authorized Officer in connection with the Transactions or the Property.