

GEORGIA SOUTHERN UNIVERSITY FOUNDATION, INC.
Minutes of the Meeting of the Board of Trustees
May 19, 2012

The Board of Georgia Southern University Foundation, Inc. met at 9:00 am at the Bishop Alumni Center in Statesboro, GA. Trustees present were: Salinda Arthur, Tommy Bond, Mike Carpenter, Charles Chandler, Jimmy Childre, Barbara Golden, Tommy David, Margot Dawkins, Tim Evans, Carl Gooding, Caroline Harless, Billy Hickman, Tommy Jones, Brooks Keel, Max Manack, Martin Nesmith, Patrick O'Connor, Mike Skinner. Others in attendance were: Melanie Mosley, Samantha Nesmith, Jodi Collins, Carole Smith, George Hauptfuerhrer.

Welcome and Opening Remarks - Mr. Bond welcomed everyone to the Spring Board Meeting of the Georgia Southern University Foundation. He thanked Steve Hein for his presentation and Samantha and Melanie for putting the weekend together.

Approval of the Board Minutes - Mr. Bond referred Trustees to the minutes of the February meeting and asked for any revisions or corrections. Margot made the motion for the minutes to be accepted. The motion for a second was made by Tommy David, and it was passed unanimously.

Committee Reports

Membership Committee Report - Mr. Max Manack, Committee Chair, gave the Membership Committee report. Max began by giving names of the new candidates: Chris Clark, President and CEO of the Georgia Chamber of Commerce, Fayetteville, GA; Mr. Joe Drake, Director of Real Estate for Gulfstream Aerospace and General Dynamics, Savannah, GA; Mr. John Lane, President of the BB&T, Statesboro, GA; Mr. Jim Medbery, Senior Vice President of Binswanger Corporation, Atlanta, GA; Mr. Stephen Milner, General Manager of Planters Telephone Cooperative, Rocky Ford, GA; Mr. Terry Reeves, Area Manager of GA Power Company, Statesboro, GA; and Mr. Michael Sanders, Senior Vice President of Investments, UBS Financial Services, Atlanta, GA. Mr. Bond asked for a motion of approval for the seven candidates. Martin Nesmith made the motion. The motion for a second was made by Caroline Harless, and the vote was unanimous.

Mr. Manack announced the board members who have resigned and are being offered Emeritus or Chair Emeritus Status. Wayne Akins, Harry Carter, and Mike Kennedy were offered Emeritus Status. Pat Blanchard, Jimmy Hodges, Joe McGlamery, Rod Meadows, and Connell Stafford are being offered Chair Emeritus Status. Mr. Bond asked for a motion for approval. Tommy David made the motion and Barbara Golden made the second. Motion was approved unanimously.

Mr. Manack announced that Mike Skinner was re-nominated for the Class of 2017. Mr. Bond requested a motion for approval. The motion has made by Billy Hickman and the second was

made by Tommy David. The approval for Mike Skinner's re-nomination for the Class of 2017 was approved unanimously.

Mr. Manack announced that Lamar Hennon and Derrick Brown will retire in 2012. Margot Dawkins will be retiring in 2012 and is eligible for Emeritus Status. Mr. Bond asked for a motion of approval for Margot Dawkins for Emeritus Status. Martin Nesmith made the motion and Barbara Christmas followed with the second. The vote was approved unanimously.

Investment Committee Report – Martin Nesmith, chairman of the Investment Committee, introduced George Hauptfuhrer. Mr. Hauptfuhrer started his report with the Segment Performance. The Foundation Portfolio was up 8.7%. That compares with the actual index of 7.4 and the policy index of 7.8. Georgia Southern is ahead of those bench marks in a one year trail, two year, three year, and five year and since inception. The total fund numbers are net of fees even though the bench mark does not have any fees like the S&P 500. The foundation has a well-diversified portfolio in five segments: Domestic Equity we were up 13%, International Equity we were up 13.9% versus The All Country World Index 11.2%, Alternative Strategies, primarily hedge funds, are up 5.2% versus the bench mark of 3.4%, Fixed Income is slightly negative but better than the composite benchmark which is a blend of U.S. and international bonds, and the final segment is Inflation Hedging is close to the composite index with 4.6%. The current Asset Allocation, at the end of March, is very close to the Policy Targets. Georgia Southern is intentionally a little overweight in domestic equity that tends to be the source of capital calls for the private investments that have been made, private equity, private real estate, and energy. Georgia Southern is intentionally under the target in International Equity. There are on-going issues there, primarily in Southern Europe. Flexible Capital is terminology for the hedge funds. We are on top of our target there. Fixed Income, when added with the cash, is in-line with the target. Inflation Hedging is also close to the policy. There is no need for any rebalancing. The portfolio continues to have good liquidity, 63% has daily liquidity. The review of the general market, the S&P 500 YTD is up 8.4%. MSCI EAFA, the developed international benchmark, is up 3.9%. MSCI EM, emerging markets, is up 6.7%. The Equity Market Evaluations for the S&P 500 is down from 13.7% to 12.8%. The Dividend yield today is 2.1%. MSCI ACXI ex-US, ACWI stands for All Country World Index that is the combination of EAFA and developed and emerging markets. P/E is 10.7% and that compares to 12.8% for S&P. Dividend Yield of 3.5% versus 2.1% for the U.S. The Inflation Forecast for the next 10 years is a rate of 2.18%. The Inflation for the next 5 years is 1.93%. The dollar is up 6.55%. In the Real Asset Returns the NAREIT U.S. is up 14%. There is participation in Commodities and Tips. Commodities are negative but tips are positive. In the Hedge Fund Returns the fund weighted is up 3.6%. All three of the Foundation's hedge fund managers are ahead of their benchmarks. Martin Nesmith returned to the podium for questions. Questions were answered. The committee decided to consolidate two of the U.S. Large Cap Equity Mangers into one new manager. The Rainier

Fund and Eatonvance Fund, large cap growth and large cap value, will be terminated. The new fund is called Stralem, it is a more concentrated approach and much lower in risk.

Development Committee Report– Charles Chandler, Committee Chair, gave the report for the Development Committee. There were two meetings this fiscal year and they were scheduled to align with board activities. The meetings focused on the foundation’s prospect list and the giving performance of those corporations and foundations who have contributed, but not in recent years. Objectives were to find a decision-making individual within these organizations that a committee member had a relationship with and apply this strategy to other organizations who are not on the Foundation’s donor list. Several organizations were added to the prospect list but no individual was identified as a point of contact. Two points were given on how the leaders of the Board should evaluate the entire organization to improve the overall effectiveness and better serve the GSU foundation: 1) every member of the Board should be an ad-hoc or ex-officio member of the Development Committee and pass on potential prospects with the name of an individual they know within that organization 2) the Development Committee is blessed with members that have far reaching relationships through their businesses and personal contacts. Since the February Board Meeting, there had been 9 cultivation and stewardship visits to different corporations; 2 visits to foundations; 7 proposals for support submitted to 2 companies and 5 foundations; 2 stewardship reports submitted to supporting foundations; and 1 campus visit by a corporation that involved GSU Foundation leadership, staff, and the College of Business Administration. Gifts for the fiscal year to date were: 7 corporate gifts with an amount of \$141,000 and 3 foundations gifts with a total amount of \$938,752. The total amounts for the gifts were \$1,790,752.00 and \$20,000 was unrestricted. This concluded the report with no questions.

Audit Committee Report - Mike Skinner, Chair for the Audit Committee, began his report with discussing what was done at their previous committee meeting. The committee identified 30 CPA firms that had active participation at Georgia Southern and selected 15 that were sent letters and received responses back from 9 of the firms. The committee evaluated each of the proposals. The committee unanimously selected Thigpen, Lanier, Westerfield and Deal as the auditor for the next three years. He concluded his report with no questions.

Finance Committee Report – Barbara Golden, Chair for the Finance Committee, began her report by introducing Jodi Collins who discussed the March 31st financials, the FY12 campaign budget, and the proposed FY13 campaign budget. The total assets are \$48.1 million, total contributions are \$2.6 million, unrealized loss on investments are \$536,719, total disbursements are \$2.7 million leaving the ending fund balance at \$47.4 million. The endowment net assets as of March 31, 2012 were \$37.4 million. Next, Mrs. Collins reviewed the capital campaign budget. The gift fees were budgeted to receive \$96,000. To date \$53,363 has been received. It was budgeted to receive \$318,000 in management fees, but the actual amount received is \$362,285. Those fees are assessed on July 1 of each fiscal year, so there will not be any more received from the endowment management fees this fiscal year. Jodi Collins answered a few questions from the

Board and completed her report. Mrs. Golden approached the podium and asked to vote for the approval of the 2013 Capital Campaign budget. Margot Dawkins made and the motion and Mike Skinner made the second. The 2013 Capital Campaign budget was approved unanimously.

Bylaws Committee Report – Billy Hickman, committee chair, gave the Bylaws Committee Report. The Committee met on May 15. He discussed the suggested changes for the Bylaws that the committee discussed during their meeting. Please see the attachment for the new Bylaws. Mr. Hickman and Mrs. Arthur answered questions and several items pertaining to the Bylaws. Mr. Bond ask for a motion to approve the changes to the Bylaws. Tim Evans made the motion and Caroline Harless seconded the motion. The changes were unanimously approved.

University Update from the President: Dr. Keel began by announcing that Russell Keen has been promoted to Vice President for Government Relations and Community Engagement. Mr. Keen was able to bring to Georgia Southern this year increased funding for the University which netted approximately 9 million dollars including the following: approval for a 2.5% increase in tuition by the BOR, 2.8 million dollars into the budget for the equipment for the Biology Building, \$500,000 cash into the budget, and the Herty Advanced Materials Development Center’s formal move to Georgia Southern.

Two of the departments in College of IT and a newly developed engineering program have combined to create a five department College of Engineering and Information Technology. We are beginning to ask industry around the state, “What is it that you need in terms of skill sets and expertise in graduates that we are not providing?”. We are looking at how we can better train our engineering students in areas of manufacturing to create the workforce that will be increasing in the next few years. Georgia Southern is in the process of working out an agreement with Savannah Technical College regarding the creation of an associate degree in logistics. A student would be able to receive an associate degree at Savannah Tech and continue their education through a Doctorate in Logistics at Georgia Southern. The College of Science and Technology will now be called College of Science and Mathematics because the engineering piece has been removed. We are losing two Deans, Dean Danilowicz of COSM and Dean Ron Shiffler of COBA. They have taken positions elsewhere.

Dr. Keel and Mrs. Arthur have been discussing the idea of creating a Board of Visitors. These are typically individuals that we want to build better relationships with the University and who can go out and serve as ambassadors for Georgia Southern University.

He concluded his report with an update on Georgia Southern Athletics. The softball team won the Southern Conference, and there has been a tremendous amount of discussion on whether or not Georgia Southern should “move-up” to the FBS. There are three things Georgia Southern must have in order to move to the FBS: 1) new facilities for all our sports, particularly football. We are in a major capital campaign drive for a new football operations center that will be built in

the scoreboard end zone. It will be a 57,000 square foot facility, state of the art, and will bring all the football activities into one location. Georgia Southern is also looking at implementing a student fee that will increase the amount of seating at Paulson Stadium. He discussed several other up-dates that are being made to the other athletic facilities, 2) Georgia Southern needs \$4.4 million towards athletics to move up. That is the cost for additional scholarships, travel, recruiting, operation expenses, and coaches' salaries, and 3) the most important aspect of all is Georgia Southern needs an invitation. We need to convince a conference that we will have a good market in terms of TV viewers to move up. There was further discussion on the future of Georgia Southern Athletics.

After a few questions, Dr. Keel concluded his report.

University Advancement Update: Mrs. Salinda Arthur gave an update to the Board on the changes that have taken place since the February meeting. Mrs. Arthur asked the Board their opinions and suggestions regarding the E-News Letter and the President's E-News Letter.

UA had a 48% increase in donations over last fiscal year, an increase of \$1.1 million. Mrs. Arthur discussed the new hires and the organizational chart.

Tommy Bond, Jim Medberry, and Tim Wallis recently hosted an event in Mrs. Arthur's honor in order to engage potential major gift donors and prospects who needed to be brought back in touch with Georgia Southern. There were 28 individuals in attendance at the Cherokee Town and Country Club in Atlanta.

UA will hold a two-day retreat to adopt the division's first official documents. Each of the UA departments will be creating fiscal year goals and action plans to include overall office goals. Prior to year end, Mrs. Arthur will be developing a risk management policy for UA.

Two new Giving Societies are coming to Georgia Southern. Mrs. Arthur further explained the 1906 Giving Society and the two new Societies, The Legacy Society and The Marvin S. Pittman Society. There will be three Giving Society Events per year instead of just the 1906 Gala.

Major Gift Officers will be receiving their performance benchmarks for FY13. Items that are a part of those benchmarks are: portfolio of 130 major gift prospects; 18 personal visits per month; number and amount of major and outright irrevocable gifts, report the amount of irrevocable gifts although there will not be a dollar target for these gifts; a 10% increase in the college or units receipts over the last fiscal year, and the amount of progress towards their campaign goal.

Mrs. Arthur reviewed the Campaign Priorities list with the Board. The quiet phase goal for the University is \$100,000,000. She discussed the five priorities that will make up the total of the University's goal for the quiet phase. The priorities are: Promote Academic Excellence, Enhance Student Success, Increase Research and Creativity, Boost Athletic Excellence, and Enrich

Georgia Southern and Community. Mrs. Arthur is asking all the Deans to provide input for their individual case statement.

Marketing and Communications: Mr. Christian Flathman, Director of Marketing and Communications, gave a report to the Board regarding Marketing and Communications. Mr. Flathman began his report with a brief introduction and how he came to Georgia Southern University. He then explained what the purpose and goals are for Marketing and Communications, to protect and enhance the brand. The organization has two teams, a Communications Team and an Advertising and Marketing Team. Some of the advertising and marketing that has been done are True Blue, We are the Eagle Nation, Growth Engine, Flat Gus, and the Eagle It Campaign. A Web Developer has been recently hired. Mr. Flathman explained more in-depth about the services that Marketing and Communications provides for the University. Mr. Flathman answered a few questions from the Board and concluded his report.

Peer Screening: Mrs. Salinda Arthur introduced Ms. Janice West, University Advancement Director of IT Services. Janice West began her presentation by explaining the tools that IT Services are using and implementing to store and track data.

The goal of the Peer Review is for the Board to share their personal knowledge on some of Georgia Southern's top prospects to facilitate us in building relationships and hopefully gaining their support for the capital campaign. Janice explained the process and the Board had about 25 minutes to review the list of prospects and add comments. Janice West answered a few questions from the Board and concluded her report by giving the Board time to look over the screening list.

Comments: Mr. Mike Carpenter made the closing comments and updated the Board on the Alumni Association. The May 19th meeting was his last meeting as the President of the Alumni Board of Directors and his successor, Sean Knox from Columbus GA, will start in Fall 2012. He reported on all the great things that Alumni Relations is doing and that the attendance at the Alumni Events has increased drastically. Mike Carpenter concluded his report by telling his story of how he became involved with the Foundation Board and the Alumni Board.

Closing: With no further business, Chairman Bond adjourned the May 19, 2012 Spring Board Meeting.

**All meetings of the Foundation Board are recorded. The proceeding represents a synopsis of the proceedings. Any Trustee who wishes may come to the Advancement Office and listen to the complete recording of any meeting.*