Georgia Southern University Foundation

Winter Board Meeting
Tuesday, February 2, 2010
One Ninety One Club, Atlanta, GA

AGENDA

WELCOME ................................................................. Max Manack, Chair

INTRODUCTION OF SPECIAL GUEST .................. Dr. Brooks Keel
President
Georgia Southern University

COMMENTS FROM SPECIAL GUEST ............... Chancellor Erroll B. Davis
University System of Georgia

REMARKS and APPROVAL OF BOARD MINUTES ......... Max Manack, Chair

FOUNDATION PRESIDENT'S REPORT ...................... Billy Griffis, President

INVESTMENT COMMITTEE REPORT .................... Barbara Christmas, Chair
George Hauptfuhrer
Prime, Buchholz & Associates, Inc.

LEGISLATIVE UPDATE .................................................. Russell Keen
Director of Governmental Relations
Georgia Southern University

UNIVERSITY UPDATE ............................................. Dr. Brooks Keel
President
Georgia Southern University

ANNOUNCEMENTS and CLOSING REMARKS ............. Max Manack, Chair

Adjourn
The Board of Trustees of Georgia Southern University Foundation, Inc. met at 1:30 PM at the 191 Club in Atlanta, GA. Trustees present were: Wayne Akins, Troy Athon, Patrick Blanchard, Tommy Bond, Derrick Brown, Charles Chandler, James Childre, Barbara Christmas, Terry Coleman, Greg Colson, Ron Core, Michael Curry, Tommy David, Margot Dawkins, Pat Douglas, Tim Evans, Billy Griffis, Tracy Ham, Caroline Harless, Billy Hickman, Don Howard, Brooks Keel, Mike Kennedy, Max Manack, Kara Martin, Joe McGlamery, Rod Meadows, Marshal Mize, Martin NeSmith, Pat O’Connor, Mike Skinner, Connell Stafford, Jr., and Ric Tomlinson. Trustees not present were: Eugene Bishop, Julius Edel, James Franklin, Lee Fulcher, Jenny Gentry, Bill Hatcher, Lamar Hennon, Jimmy Hodges, Billy Jones, Harry Mathews, Ricky Nessmith, and Wanda Parrish. Others present were: Chancellor Erroll Davis, George Hauptfuhrer, Tammie Schalue, Jodi Collins, Russell Keen, Melanie Mosley and Samantha Nesmith.

Welcome and Opening Remarks: Mr. Manack welcomed everyone to the Winter Board Meeting of the Georgia Southern University Foundation. Mr. Manack thanked everyone for coming to the first board meeting with the new president of the university, Dr. Brooks Keel.

Guest Speaker, Chancellor Erroll Davis: Chancellor Davis expressed his appreciation to the board for inviting him to speak before them at the board meeting. First, he discussed public education both in the state and within our community. Public education, nationwide, has to make severe changes in its business practices in order to move forward into the future. Chancellor Davis took a moment to recognize Dr. Keel and the high caliber leaders that are attracted to the University System of Georgia. Due to the economic situation and the struggle with budget cuts, Chancellor Davis stated that it is essential that Dr. Keel have the support of the Foundation. He continued by noting that in a national survey released by the Commonfund Institute and the National Association of College and University Business Offers, colleges and universities have experienced a 19 percent loss in the value of endowment funds last year. That loss means the difference in being able to provide faculty support and student scholarships. The support and dedication of the Foundation Board is highly critical, and will help in Dr. Keel’s success of his goals for Georgia Southern University, as well as the success of the Foundation.

Chancellor Davis also expressed his appreciation to Senator Jack Hill, Representatives Jon Burns, Bob Lane and Butch Parrish for their support of higher education. Their support not only to public higher education but also to Georgia Southern has been crucial, especially during these turbulent times.

The Chancellor continued on by pointing out the direct correlation between the economic growth of a region and the level of education of the workforce. The University System has an annual $12 billion economic impact on the state of Georgia, with Georgia
Southern contributing $506 million of that annually, as well as providing 5,470 jobs. These numbers do not even reflect the long-term benefits of higher earnings of college graduates and the higher taxes they will pay to cities, counties and the state. This goes to show how important it is that the system continues to focus on maintaining the investment of higher education to help the state’s economic recovery.

Chancellor Davis noted that one major problem being faced is the issue of budget cuts (along with the reduced revenue) and increased demand (which makes the problem more difficult). The System has reached all-time record high enrollment of nearly 302,000 students, with Georgia Southern having an increase of 1,322 students from fall of 2008. This is a continued trend over the past 5-10 years and the rates show no signs of slowing down. Students are now making Georgia Southern their first choice for college. Studies show that Georgia will remain one of the fastest growing states in high school graduation rates (yielding more college students) which will only help the state’s economic problems. Another trend that has been occurring is that most Georgia-educated college graduates tend to remain in the communities or the state in which they graduated. This is important not only for their contribution to the state, but also because they attract business growth and investment. The challenge now is that the University System and Georgia Southern must ensure that the demand is met and that college graduates are produced, despite budget cuts. However, as competition continues to grow among the surrounding states, the state of Georgia must remain competitive.

Next, the Chancellor took a look at financially what has taken place throughout the recession. In Fiscal Year 2009, the original state budget was $2.3 billion out of a total budget from all sources of $6.1 billion. The Governor’s recommendation for Fiscal Year 2011 is at $2.08 billion. So, over the past two years, the state funds have been reduced by $633 million. Increases of $272 million were received from the Governor and General Assembly for enrollment growth and other targeted programs which helped offset the reductions, to an extent. The federal stimulus money also funded $140 million. Therefore, over that two year period there will be a change of $220.6 million. The problem, is that at the end of Fiscal Year 2011, the federal stimulus money will disappear, meaning the net change will be a $360 million reduction. He then pointed out that along with that reduction there will be an anticipated increase of 42,000 students. The Chancellor does make clear that the Governor is supporting the University System and has recommended in the Fiscal Year 2011 budget to allow full funding for the enrollment growth of $113 million. However, because of a lag in the formula, that funding will support a two-year-old student population. Ten percent of the 30,000 students are being served strictly on the University System’s efficiencies. This has been successful because the universities act together as a system and at the campus level there are efficient operations and difficult decisions taking place. These decisions are based on maintaining academic excellence above all else.

Per Chancellor Davis, some actions that have taken place in order to meet these challenges include; employees are paying more for health insurance, employees are not receiving raises possibly for consecutive years, over 2,400 positions have been eliminated, and institutions are required to take six furlough days. In order to become
more efficient, all institutions have consolidated payrolls as well as pursuing other opportunities in shared services. There are over 615 lean six sigma process-improvement projects that are ongoing within the University System. The use of online learning has dramatically increased, showing a 35% increase in student enrollment within the University System of Georgia in the past year. Also, there has been a cut on library books and equipment purchases, and also deferring of maintenance, reduction of services to students such as tutoring, mentoring and advising and many others. It is up to individual institutions to search for additional funding from alumni support, private giving, and receiving research contracts and grants. As an example, between Fiscal Year 2007 and Fiscal Year 2009, Georgia Southern’s annual giving grew from $4.2 million to $5.5 million, a 31% increase. Universities throughout the state need to begin searching for new ways of funding rather than relying on state funds and tuition. Ultimately this means that throughout the system, institutions need to brainstorm on how they can reach new goals. The board will develop and set key principles that will help guide those institutions and their leaders, and the institutions will be empowered and encouraged to experiment with new ways of accomplishing the overall mission of the University System of Georgia. The next several months will be spent pursuing and meeting these objectives while still managing the budget reductions and meeting student demands and expectations. The main goal is to secure the future of the state of Georgia’s economic competitiveness and intellectual vibrancy by creating a college-educated workforce and strong leadership through academic quality and excellence.

Chancellor Davis wrapped up his report by reminding everyone that this is not the first time Georgia has been in a state of economic uncertainty. During the Great Depression, Georgia’s leaders were headstrong, and had a vision for the distant future of the state. They were able to accomplish many things that helped raise our state up from the difficult economic times that were much worse than what is experienced today. He stated that today, everyone must recognize where the state’s future lies for all of its citizens and secure the education that is needed for that future to exist. He thanked the board for their support and asked for their continued support and active participation in the future.

Approval of the Board Minutes: Mr. Manack referred Trustees to the minutes of the fall meeting and asked for any revisions or corrections. With none given, a motion was made by Mr. Troy Athon that the minutes be accepted as presented. The motion was seconded by Mr. Pat Blanchard, and it passed unanimously.

Foundation President’s Update: Foundation President Billy Griffis expressed his appreciation to the Board for their continued service to the Foundation and the University. He also congratulated Foundation member Tracy Ham for being inducted into the Canadian Football Hall of Fame. This is a big honor, not only for Mr. Ham but for Georgia Southern University as well. As Mr. Griffis began his report, he asked everyone to follow along in their notebooks.

Mr. Griffis began by reviewing the Statement of Financial Position. Under the Property Held for Sale, he asked everyone to take a look at the Michigan property listed
at $605,000 and informed them that a discussion on this property would take place at the end of the report.

Under Statement of Revenues and Disbursements, contributions total $1.5 million after six months. After comparing contributions to the last two years, Mr. Griffis pointed out that contributions are trending down.

Under Unrestricted Budget Income, Mr. Griffis pointed out that although people are giving money during the A Day for Southern campaign, more of that money is being given to designated areas such as the Botanical Gardens or specific colleges. This in turn is decreasing the amount given to the Unrestricted Budget. A certain amount of unrestricted giving is needed to allocate to scholarships as well as other functions, and is highly encouraged. The Phonathon is staying on target and should reach its goal by the end of the year. Mr. Griffis spoke about income from investments and the trouble that may come in 2011, having adequate earnings posted to fund the 4.5% spending policy. Prime Buchholz and Associates is aware of the issue and are working on a solution. The investment committee will schedule an upcoming conference call to approve some changes that should help generate a realized gain in order to have enough earnings posted this year to cover endowment spending for next year.

Under Unrestricted Budget Expenses, there were no significant changes, and Mr. Griffis asked if there were any questions from the Board. With none, a motion was made by Mr. NeSmith to accept the financial update. This motion was seconded by Mrs. Harless and passed unanimously.

Mr. Griffis continued by discussing a Corporate Resolution for the Michigan Property that was listed on the Statement of Financial Position. This property was given based on a 2007 appraisal to a particular college. The Dean and Provost agreed to accept the property in lieu of funding on a pledge. This property has been for sale for a year and a half and has had one offer for $375,000. The realtor assigned to this property strongly suggested that the University accept this offer based on the economic situation in Michigan. The college has already used funding for property taxes, insurance, maintenance and repairs, so they have agreed to accept the offer from the buyer. The buyer and their attorney would like a resolution from the Board authorizing the sale. Dr. Core and Mr. Griffis will execute the transaction if the resolution is accepted. After answering several questions pertaining to the sale of the Michigan property, a motion was made to approve the Corporate Resolution by Mr. Meadows, seconded by Mr. Hickman and passed unanimously among the Board.

Next, Mr. Griffis asked everyone to turn to tab #7 in their notebooks for upcoming events for 2010. The spring board meeting will be held at Georgia Southern University on May 15th. Mr. Griffis mentioned that the COBA Golf tournament is on May 14th and if members were interested in forming teams to participate in this fundraiser, the Foundation will coordinate this. The tournament will be followed by a dinner for the Board, including spouses and guests. The spring board meeting includes several committee meetings, followed by the full board meeting. Also, the 1906 Gala
will be held this year on November 5th. The following morning, November 6th, will be the fall board meeting. Members will also be invited to attend the football game in the afternoon against Appalachian State. Information on these events will be sent out to the members as the dates draw closer. This concluded Mr. Griffis’ update.

**Investment Committee Report:** Dr. Barbara Christmas, chair of the Investment Committee began by thanking all of the members of the committee for their participation in the previous conference call. Several options were discussed and decisions were agreed upon among the members. She then introduced Mr. George Hauptfuhrer, the investment consultant from Prime Buchholz and Associates, to give an update on the Foundation’s investments. He reviewed several areas including the S&P 500, Russell Midcap, Russell 2000, MSCI EAFE and MSCI Emerging Markets, all of which have increased for both the quarter and the year, helping out the overall performance of the Foundation’s investments. After answering questions on his investment report, Mr. Hauptfuhrer concluded his presentation.

**Legislative Update:** Mr. Russell Keen gave a legislative update starting with the leadership changes that have taken place this year, a new Speaker of the House as well as Speaker Pro Temp. The Appropriations Committee for Higher Education has a new Vice Chair, Earl Ehrhart, as well as a new Rules Chairman, Bill Hembree.

Mr. Keen expressed the difficulties that Georgia Southern University will face as it pleads its case for a new Biology Building. One point that will be focused on is the economic impact the building will have, as it will create 586 direct and indirect jobs, as well as the return on investment that the building will bring. Some background information to build their case includes history on the current Biology Building. This building was built in 1968 when the campus had less than 5,000 students. Today, enrollment is reaching close to 20,000 students, with 6,100 students per semester taking a Biology course. The need for a new building is very important and something that the University must push towards.

A few of the federal earmarks that were received by the University included $250,000 for renewable energy labs and $100,000 for rural nursing. Other topics of interest include House Bill 615 which deals with gun rights and allowing guns on college campuses, churches, etc. The University’s position is for the current law which says school safety zones are the best practices and that guns are not allowed on campus. After some discussion, Mr. Keen concluded his legislative update.

**University Update from the President:** Dr. Keel began by thanking everyone for attending the winter board meeting. Accompanied by a power point presentation, Dr. Keel spoke to the Board about his plans for the future of the University. He began by bringing everyone up to date on where the University has been in the past. In 1999, there were 14,476 students on campus, with an average SAT score of 987. The retention rate was at 74%, and the six-year graduation rate was at 38%. Although these are good figures, Dr. Keel stated that there is room for improvement. The growth of Georgia Southern University throughout the last ten years has mirrored the growth of the
University System of Georgia, both of which have shown significant improvements throughout the last decade. These are signs that Georgia Southern University is becoming a top pick university among graduating high school seniors.

Today, Georgia Southern University prides itself in being a unique college, one that focuses on the students. There are three important aspects that describe the University; it is student centric, it’s a doctoral/ research university, and lastly it focuses on the culture of engagement. As of today, the number of students has increased to 19,056 with an average SAT score of 1111 and high school GPA’s of 3.17. The retention rate is currently at 82%, and the six-year graduation rate is at 48%. This proves that Georgia Southern University is not only growing in size, but is also improving with the caliber students that are drawn to the university. There are now 110 degree programs and eight colleges for the students to choose from. The university is no longer a south Georgia college, but a statewide college with 44% of students coming from north Georgia, and 34% of those coming specifically from around the Atlanta area. There are also students from 45 states within the United States and 91 countries around the world, making Georgia Southern a worldwide university. Georgia Southern is without a doubt a big university with a small feel.

Georgia Southern University became a doctoral research university in 2006, but Dr. Keel looks for more research as it adds more doctoral programs. However, he plans on being selective about what programs are added to the six programs that are already offered. Georgia Southern also focuses on being an engaged university, one that trains its students for the workforce. The university has done an excellent job recruiting an expert faculty that really helps prepare the students for careers after college.

Next, Dr. Keel spoke about how the university has an economic impact on the surrounding areas. Georgia Southern spends over $700 million annually to cover costs such as operating expenses, salaries, construction projects and student expenditures, but is also responsible for over 6,700 jobs in southeast Georgia. In addition, the university supports many local businesses, not only in the city of Statesboro, but also within Bulloch County and the surrounding counties.

Dr. Keel continued with his projected plans for Georgia Southern and how he plans to get this done. In order to advance to the next level, there are several key issues that will be focused on, such as promoting the student centric university and enhancing the students’ success. In order for this to be done, the university has to increase the number of faculty members, increase the number of graduate students, and enhance the retention and graduation rates. Other factors that will be implemented are increasing the “non-traditional” offerings, such as more online degree programs, hybrid courses, workforce training and CEU certifications. Also, Georgia Southern must enhance its economic development by partnering with local, regional and national industries. His goal is to move from a regional comprehensive university to a national comprehensive university. To start this process, there will be a capital campaign to raise funds. Whatever needs to be done to reach the goal will be done. Dr. Keel also looks forward to winning seasons from the Georgia Southern football program, after several disappointing
seasons in the past. Dr. Keel encouraged everyone to help out by becoming an ambassador for Georgia Southern (show school spirit with school car tags, license plates, t-shirts, and gear). He encouraged everyone to become a member of the Alumni Association and to start investing in Georgia Southern. Dr. Keel believes that with everyone’s support, Georgia Southern University can move and expand from the Football Championship Subdivision (FCS) to the Football Bowl Subdivision (FBS). But this will take a lot of work and dedication on everyone’s behalf. At this time, Dr. Keel asked if there were any questions or concerns from the board. After answering a few questions, he concluded his report.

**Committee List:** Mr. Manack encouraged everyone to review the Committee assignments. With no further business, the meeting was adjourned.

*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.*