Agenda

I. Call to Order – Drew Ernst

II. Review and Approval of Minutes – Drew Ernst

III. President’s Remarks – Jennifer Frum

IV. Development Report – Bill Kelso

V. Alumni Report- Roger Smith

VI. Finance Committee Report – Jessica Henderson
   • FY17 Audit Report
   • Q4 Financials – Action Required

VII. EPFI Report – James Shore

VIII. Other Business – Drew Ernst
   • Armstrong Foundation Bylaws and Articles of Incorporation
     Amendments – Discussion and Action

IX. Adjourn

Next Meeting: Friday, November 17, 2017
The Board of Trustees for the Armstrong Foundation met in the Armstrong Center Ballroom.

**Board attendees were:** Chair Drew Ernst, Linda Bleicken, Someari Benson-Jaja, Ellen Bolch, Chris Corrigan, Lee Davis, Stephanie Duttenhaver, Susan Hancock, Carlton Hodges, William Kelso, Michael Kemp, Benjamin Price, Alex Salgueiro, John Sobke, James Vaughn.

**Representing the University were:** Julie Gerbsch, Amy Heaston, Jessica Henderson, Allison Hersh, Samantha Levine, Robert Smith, Hope Fuller, Valerie Garrison, Teresa Tatmon.

**Call to Order - Drew Ernst**
Chairman Ernst called the business meeting to order at 8:18 a.m. Quorum was present.

**Review and Approval of Minutes - Drew Ernst**
Chairman Ernst asked for a motion to approve the February 24, 2017 meeting minutes. Mike Kemp moved, Susan Hancock seconded. There were no changes or questions. The minutes were approved as presented with no amendments.

**President’s Remarks - Linda Bleicken**
Dr. Bleicken briefly recounted her tenure at Armstrong and involvement with the foundation as the meeting represented her last as she prepares for retirement from Armstrong. Her comments are captured below:

- Looking back to when I started, July 2009 through fall of 2009 was a difficult time period for the country, the university system, and for Armstrong. We were in the middle of the recession and the Board of Regents announced multi-million dollar budget cuts for all institutions in the system, which included a 6 day required furlough for all employees. Through campus wide leadership, Armstrong climbed out of what became several multi-million dollar cuts throughout 2009 & 2010.
- In 2010, a strategic plan was crafted which became the campus blueprint for change. The focus was student success, excellence in teaching and learning, enhanced technology, image and visibility, and strengthening revenue from multiple sources.
- The 2016 strategic plan update demonstrated remarkable progress and listed many examples of success. Had our 2017 strategic plan update been completed, it would show the progression line continuing to go up, whether it be in student success,
teaching and learning, technology enhancements or financials. All have improved significantly.

- These successes don’t just happen first without a plan, but also without great people committed to the focal point of what that plan represents.

Dr. Bleicken then identified and thanked the university leadership team to include Provost Robert Smith, Chris Corrigan, V.P. of Student Affairs, Georj Lewis, and Bill Kelso, Amy Heaston and Lee Davis.

Dr. Bleicken then acknowledged and thanked each Trustee attending, reminding them that we could not have made the philanthropic and public influence progress without their tireless service and support. Dr. Bleicken also paid a tribute to Dr. Irving Victor, stating that he was one of the first people she met who helped her understand what a special and treasured institution Armstrong is.

**Development Report – Bill Kelso**

Mr. Kelso presented the fundraising results through May 12, 2017, which showed a continued lag compared to 2016. Results include:

<table>
<thead>
<tr>
<th>FY17 Fundraising Target</th>
<th>5/12/17</th>
<th>5/13/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Gifts: $600,000</td>
<td>$80,000</td>
<td>$186,285</td>
</tr>
<tr>
<td>Annual Giving: $470,000</td>
<td>$353,847</td>
<td>$452,743</td>
</tr>
<tr>
<td>Corporate/Foundation: $500,000</td>
<td>$446,816</td>
<td>$374,108</td>
</tr>
<tr>
<td>In-Kind: $50,000</td>
<td>$53,557</td>
<td>$19,661</td>
</tr>
</tbody>
</table>

Mr. Kelso also noted a few trends since the consolidation announcement, including:

From January 1, 2017 – May 12, 2017, our total gifts and pledges over $1000 are lagging compared to FY16: $249,396 vs. $291,805. In addition, since the consolidation announcement in January, we have had a handful of donors and related organizations/private foundations request the balance of their unspent gift be returned.

**College of Health Professions Building Project Update:**

- When State/BOR general obligation bonds are sold, or if 1st pledge payment accelerated, Waters pledge will be booked.
- SJC $250,000 letter of commitment still on track.
- Have received verbal commitments totaling $250,000 from regional health care providers (currently following up with draft gift agreements).
- Groundbreaking: To be scheduled for late August 2017.

Julie Gerbsch briefly presented donor survey and focus group findings related to consolidation. Key findings include:

- Snapshot of current donors, small and major, regarding the impact of consolidation on future giving is decidedly **negative**.
• Results provide us three donor groups:
  • Those who are so angry/upset they will never give again \(~45\%\)
  • Those who are taking a wait-and-see approach to ongoing decisions impacting programs, students, staffing at Armstrong campus \(~33\%\)
  • Those who intend to make future gifts \(~22\%\)
• Ensuring gifts are used ONLY for Armstrong Savannah campus and students greatly improves their likelihood to keep giving.
• Soliciting gifts in support of student scholarships, including Armstrong Commitment Fund, is the most viable area for 2017.
• High-touch, ongoing communications with major donors from their gift officer is key to conversion to Georgia Southern donors.
• Unhappy and/or Uncertain Donors = Not Giving.

Ms. Gerbsch gave two examples of continued donor giving and shared a positive story regarding a donor who recently increased their major gift giving level.

Mr. Kelso emphasized that the data does show a moveable middle of donors who may give again if key decisions regarding college and program placement benefits the Armstrong Campus. He also noted that a follow-up survey will occur using the same sample in late fall 2017. Results will be shared with Trustees.

John Sobke asked if GSU leadership were aware of the survey data. Gerbsch and Kelso confirmed the data was shared with senior leadership and with members of the fundraising operational working group (OWG) within the consolidation planning structure.

Mike Kemp noted the high yield of the survey return rate, which Gerbsch confirmed.

Ben Price asked about current advancement staffing levels and the impact consolidation was having on people’s future employment. Kelso briefly outlined current staff placement at the executive leadership levels noting a staffing plan would be forthcoming as part of the process.

Ellen Bolch asked status of current endowments and if donors would be able to designate the Armstrong Campus for future giving. Kelso and Gerbsch assured Trustees current endowments would continue benefiting Armstrong. Designating gifts to the Armstrong campus will also be an option for donors in the consolidated university.

Consolidation Update:
Mr. Kelso highlighted strategic decisions to date which include:
  • Naming: Armstrong Campus of GSU.
  • Students have through 2022 to complete degree requirements without commuting to GSU.
  • Pirate Athletics will cease effective July 1, 2017.
  • COHP to be headquartered on the Armstrong Campus, Engineering at GSU.
• Dr. Hebert selects and announces executive leadership and direct reports.
• Academic College Structure.
• Forthcoming Strategic Decisions/Action:
  • College and unit level organizational charts and selection process.

Provost Bob Smith added that this is the most complicated consolidation to date compared to previous BOR consolidations. The complexity has added to the large number of OWGs. Susan Hancock, who serves on the fundraising OWG, noted that both university advancement operations and foundations bring key strengths to the consolidation.

Ben Price asked about admission criteria moving forward. Amy Heaston, Chief of Staff, noted that recommendations will be coming from the Admissions OWG. Trustees will be briefed as these recommendations are presented.

Mr. Kelso then presented a pathway regarding the foundation’s most critical question: Merge or Retain Separate Foundations? He outlined an interim pathway proposal that mirrored the Kennesaw State University and Southern Polytechnic College merger process regarding foundations. The idea centers on a “bridge foundation” approach, whereby the Armstrong Foundation would adjust bylaws and articles of incorporation, renaming the corporation “The Armstrong Foundation of Georgia Southern University”. Features of this pathway include:
• Allows time for Armstrong and GSU foundations to work through merge question.
• Allows the “Dust to settle” after January 2018 start date of new university.
• Allows Advancement staff to continue engaging alumni and donors.
• Allows bridge foundation to continue accepting gifts/pledges.
• Continues uninterrupted support for scholarships, program support, etc.

Kelso provided a proposed timeline, which included presenting bylaw changes to the Foundation for action at a special called meeting or during the September 22, 2017, quarterly meeting.

Chair Ernst noted his support for this concept, particularly after speaking with staff from Kennesaw State University. He noted the survey data, volume of messages he is receiving regarding consolidation and the future of the foundation, and overall uncertainty in the community. He sees this approach as providing the time needed to work through many of the details of a foundation merger and to get the answers as a result of the consolidation planning process particularly on program placement.

Chair Ernst asked and received general support and agreement from Trustees to begin due diligence on the bridge foundation pathway.

Alumni Association – Somi Benson-JaJa
Mr. Benson-JaJa provided the following updates and announcements regarding the Alumni Association:
• The Alumni Association board will begin the consolidation process with the GSU alumni association. Both executive committees will be meeting over the several weeks to develop a process and begin building relationships.
• The Alumni Association open house and annual meeting is scheduled for June 2 at the Alumni Center in Burnett Hall.
• The Always Strong campaign and celebration begins in July with a series of events to celebrate the Armstrong era’s beginning with the downtown campus. The first event is in July for the Armstrong Junior College era. The AASU era event will be scheduled in August, and the ASC era during spring semester 2018.

Finance Committee Report - Jessica Henderson

• Financial Report 3rd Quarter Fiscal Year 2017
  o Statement of Activities:
    • Total Revenue for the year as of March 31, 2017 was $1,865,318. This was $465,430 more than the same period last year. This increase was mainly due to gains on the endowment.
    • Overall contribution revenue was $1,101,986, which was $30,729 less than the same period last year. This is mostly due to the endowed gift for the Food Pantry in December 2015.
    • Unrealized Gains / Losses on Investments
      ▪ 2016-17 has been positive for the investment market. The total gain of $483,414 for the year compared to a gain of $131,721 recorded as of the second quarter of 2015-16.
      ▪ Expenses increased $131,766 for the year.
    • Program Expense increased by $168,751. Spring 2017 scholarship expenses were paid in March 2017 and had not been paid in previous year as of March 31.
    • Fund Raising Expense decreased by $34,476. The Unrestricted Budget was reduced in 2017, as a result reduction of expense to Ruffalo Cody for phonathon services.
    • The total combined changes in revenue and expenses create a Net Surplus for 2017 of $714,100.
  o Statement of Financial Position:
    • Total assets increased by $714,100 in the third quarter of FY 2017.
    • Cash increased by $338,434. Most of this increase is due to scholarship/program expense drawdown from Endowed funds remaining unspent, along with remaining unrestricted budget and permanent restricted donations.
    • Investments increased by $357,763. Investments increased despite taking our scholarship spend withdrawal in August and January. July, November, December, January and February have performed very well.
    • Liabilities were unchanged.
    • Armstrong State University Foundation ended the third quarter of 2017 with an overall increase in ending fund balance of $714,100; ending fund balance of $11,104,872.
EPFI Report - Chris Corrigan (Educational Properties Foundation, Inc.)

- EPFI board met in April and reviewed annual financial statements for year ending 2016 and audit as prepared by accounting firm Cherry Bekaert.
- EPFI properties are all healthy and producing positive cash flow due in part to the bond refinancing that was completed during 2016.
- EPFI also has 3.3 million in operating cash reserves beyond reserves required for bond financing. The board will look to reinvest a portion of the cash reserves into the Armstrong campus in the coming months. Examples include the student recreation center renovation initiative and other projects outlined by the recently completed campus master plan.
- Lastly, EPFI board leadership has agreed to meet with the GSU properties foundation to begin discussions regarding possible foundation consolidation.

Foundation Board Membership and Leadership -
Bill Kelso put forward as a motion from the nominating committee four Trustees who agreed to serve another three-year term to include Ellen Bolch, Susan Hancock, Michael Kemp, and Alex Salgueiro. John Sobke seconded motion. All Trustees were approved with no discussion.

Bill Kelso also put forward as a motion from the committee officer nominations for FY18 to include Drew Ernst to serve as Chair and Mike Kemp to serve as Vice-Chair. Ben Price seconded the motion. Mr. Ernst and Mr. Kemp were approved with no discussion.

Other Business
Dr. Bleicken recognized Irving Victor and Ellen Bolch who will celebrate birthdays during May.

Chair Ernst asked for motion and approval of financial report as presented by Jessica Henderson. Mike Kemp made the motion. Ben Price seconded. Financial report was approved with no discussion.

Chair Ernst recognized Linda Bleicken regarding her retirement and wished her all the success moving forward on behalf of all Trustees. Dr. Bleicken again thanked all Trustees and staff for their service and friendship. Chair Ernst presented Dr. Bleicken with a framed collage of pictures that were most meaningful to Dr. Bleicken.

Meeting adjourned at 9:48am

Respectfully submitted,

[Signature]

E. Lee Davis
Foundation Secretary

Signed by: William P. Kelso
Executive Vice President