



MEETING: Board of Trustees, Georgia Military College, Usery Community Conference Room, Monday, October 16, 2017, 6 p.m.

PRESENT: Randall A. New, Chairman of the Board; Members: Mr. George Hogan Sr., Ms. Doris Renfro, Mr. Alberto C. Martinez, Jr., Rev. Tony Fraley, Mr. Ken Vance, Hon. Gary Thrower, LtGen William B. Caldwell, IV, President of Georgia Military College; and other interested parties.

BUSINESS:

1. Chairman of the Board, Randall A. New, having declared a quorum to be present, called the meeting to order.
2. Chairman New asked for a motion for the minutes of the meeting on July 17, 2017 to be approved. Mr. Martinez made the motion, with Mayor Thrower seconding the motion. The minutes were approved by unanimous vote.
3. Chairman New recognized Mr. Martinez for his hard work and dedication to the Board and thanked him for his service. Mr. Martinez will not be running for re-election.
4. Mr. Hogan yielded to Mr. Jim Watkins, Chief Financial Officer, to provide the finance committee update.
5. Mr. Watkins presented a finance committee update. The update included the following topics:
 - FY17 Financial Statement Audit
 - FY19 Budget Guidance
 - FY19 Draft Budget Compared to FY18
 - FY19 State Budget Requests

A copy of this report is attached and made a part of these minutes.

6. Mr. Mark Strom, Senior Vice President and Chief College Relations Officer, gave an update on the Capital Campaign. The update included the key findings and general observations of the campaign assessment thus far.

A copy of this update is attached and made a part of these minutes.

7. Col. Tom Torrance, President of the GMC Alumni Association, briefed the Alumni Report. His brief included that the number of Alumni donors has increased by 29% in FY17 and that the 2017 Alumni Weekend registrations also increased by 9.4% over the last year.
8. Mr. Dudley Rowe, Chairman of the GMC Foundation, briefed the Foundation Report. He reported that the total operating revenue has increased from \$1.32M in FY16 to \$4.92M in FY17 – more than a 260% increase. Investment income was very strong in FY17 as well making up \$1.56M of the \$4.92M in revenue.

A copy of this report is attached and made a part of these minutes.

9. **PRESIDENT'S REPORT**

As a part of the President's Report, Mr. Jeff Gray, Vice President of Engineering, gave an Engineering update that included property updates, current projects, and future projects. A copy of this report is attached and made a part of these minutes.

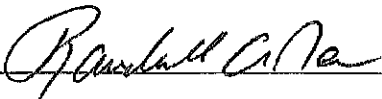
General Caldwell updated the Board with a State of the College presentation. The update included the following information:

- GMC Accolades
- Institutional Enrollment – increased by 19% in 4 years
- Tuition and Fees – stressed accessibility and affordability
- Articulation Agreements – 44 agreements w/ four year colleges/universities and 19 w/ technical colleges
- 3 Bachelor of Applied Science (BAS) degree programs: Supervision and Management, Business Management, Supply Chain Management & Logistics
- Milledgeville JC Campus Update
- JC Athletics Update – 4 teams were Division, Conference, and/or National Champions
 - Adding a Women's Golf Team
- Prep School Update
 - Class of 2017 – 100% graduation rate, 100% of class attending postsecondary schools
 - 4th and 5th grade expansion – 40 students per grade in Aug. 2018
 - Usery Legacy Fund
- Campus Expansion
 - GMC Albany – classes begin in Jan. 2018, partnership with Albany Technical College
 - GMC Zebulon – classes begin March 2018, community requested GMC presence
 - Savannah – still assessing
- Legislative Initiatives
 - Teachers Retirement System Employer Cost Share
 - HB 392 – Dual Enrollment (DE) Program

General Caldwell introduced the Board to Ms. Elena Balkcom, the new part time administrative assistant in the Office of the President. General Caldwell also recognized Mr. Martinez for his outstanding support and service to GMC. In appreciation for all of our Board members dedication to the continued success of GMC, General Caldwell presented each member with a GMC President's Coin.

10. The next meeting of the Board was scheduled for January 16, 2018.

11. There being no further business, the meeting was adjourned.



Randall A. New
Chairman



Doris Renfroe
Secretary-Treasurer

Reviewed by:



LtGen. William B. Caldwell, IV
President, Georgia Military College

Board of Trustees

Finance Committee Update

October 16, 2017

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Agenda

- **FY17 Financial Statement Audit**
- **FY19 Budget Guidance**
- **FY19 Draft Budget Compared to FY18**
- **FY19 State Budget Requests**

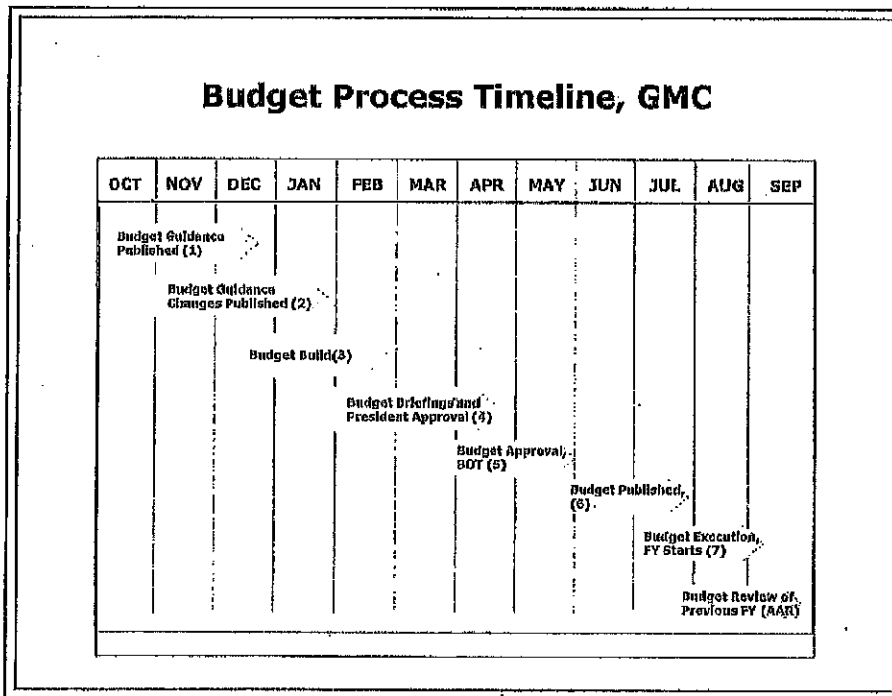
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**GEORGIA MILITARY
COLLEGE**

FY17 Financial Statement Audit

The FY2017 State Audit of GMC's Financial Statements started today. We will likely receive our audit report in the December/January timeframe.

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**GEORGIA MILITARY
COLLEGE**

FY19 Budget Guidance

GMC FY19 Budget Guidance provides the framework for Executive Directors and Department Heads to develop their annual operating budget. The Guidance:

- Funds efforts supporting our four strategic objectives. (Contribute to Student Success, Grow Enrollments, Think and Act as One Institution, and Invest in the Future of GMC)
- "Flattens" JC fees and continues to equalize JC tuition. Mandatory fees consolidated and combined with tuition; eliminating charging separately for fees. Augusta Campus tuition increased by \$4 per credit hour to continue closing the gap of differing tuition charges across campuses.
- No Increase in Prep School tuition and fees.
- Provides for increased costs of salaries and benefits. (TRS Increase, SHBP Increase, additional staff, across-the-board pay raise)
- Holds operating expenses and travel at 2018 levels.

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**GEORGIA MILITARY
COLLEGE**

FY19 Draft Budget Compared to FY18

	FY19 Draft Budget	FY18 Budget
Revenues:	\$ 77,012,990	\$ 74,834,511
Expenditures		
Salaries & Benefits	44,985,766	43,136,664
Travel	775,000	771,252
Operating Expenses	27,224,789	26,808,337
Equipment	3,272,052	3,239,655
Total Expenditures:	\$ 76,257,607	\$ 73,955,908
Revenue in Excess of Expenditures:	\$ 755,383	\$ 878,603

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**GEORGIA MILITARY
COLLEGE**

FY19 State Budget Requests

GMC requested funding for the following Capital Budget Items in the FY19 State Budget:

- Jenkins Hall Renovation \$3,705,000
- Jenkins Hall FFE \$1,923,612
- Jenkins Hall, 2nd Year cost \$507,450
- Property Demolition \$551,175
- Security Camera System \$522,850
- Boylan Hall Chiller \$235,000
- LED Lighting \$130,136

Total Capital Budget request is \$ 7,575,223

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**GEORGIA MILITARY
COLLEGE**

FY19 State Budget Requests

GMC requested operations funding in the FY18 State Budget for:

- The Prep school, estimated formula funding: \$2.9M
- The Junior College, estimated formula funding: \$3.7M
- Additional funds to defray the cost of the TRS increase
- Additional MRR funds in our base

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Capital Campaign Update

Invest in the Future of GMC

Board of Trustees Report
October 16, 2017

Alexander Haas

CAMPAIGN ASSESSMENT

- Formed Campaign Strategy Study Committee
- Interviewed senior staff and volunteer leaders and reviewed documents as part of the Campaign Readiness Assessment
- Reviewed, edited and advised on campaign case summary
- Worked with Campaign Strategy Study Committee to review materials and prioritize interview list
- Conducted a series of 32 personal interviews with selected key leaders, alumni, friends, and donors as part of the Campaign Strategy Study (external study)
- Conducted a Constituency Capacity Analysis of database and conducted an electronic survey
- Prepared and presented report of Findings and Recommendations

Alexander Haas

KEY FINDINGS

- Most important areas:
 - Scholarships for Prep School and Corps of Cadets
 - Expansion of the Prep School Complex
 - Fine Arts Facility
- Least important areas:
 - Humanitarian opportunities
 - Naming of academic departments
 - Civic leaders program

KEY FINDINGS

- General Observations:
 - Heightened expectations for the Alumni Association
 - Parents and grandparents extremely happy with the quality of education provided
 - Pride in statewide footprint of satellite campuses
 - 94% of 24,255 prospects in database were rates as “**POOR AFFINITY**”
 - Strong support from interviewees in willingness to serve

NEXT STEPS

- “AFFINITY” What does it mean and why do we need it?
- Establish Foundation’s leadership role in affinity campaign
- Develop unified messaging that resonates across all campuses and constituencies
- Develop *Force Multipliers*
- Build the Annual Fund
- ON TRACK TO COMMENCE CAMPAIGN IN 2018

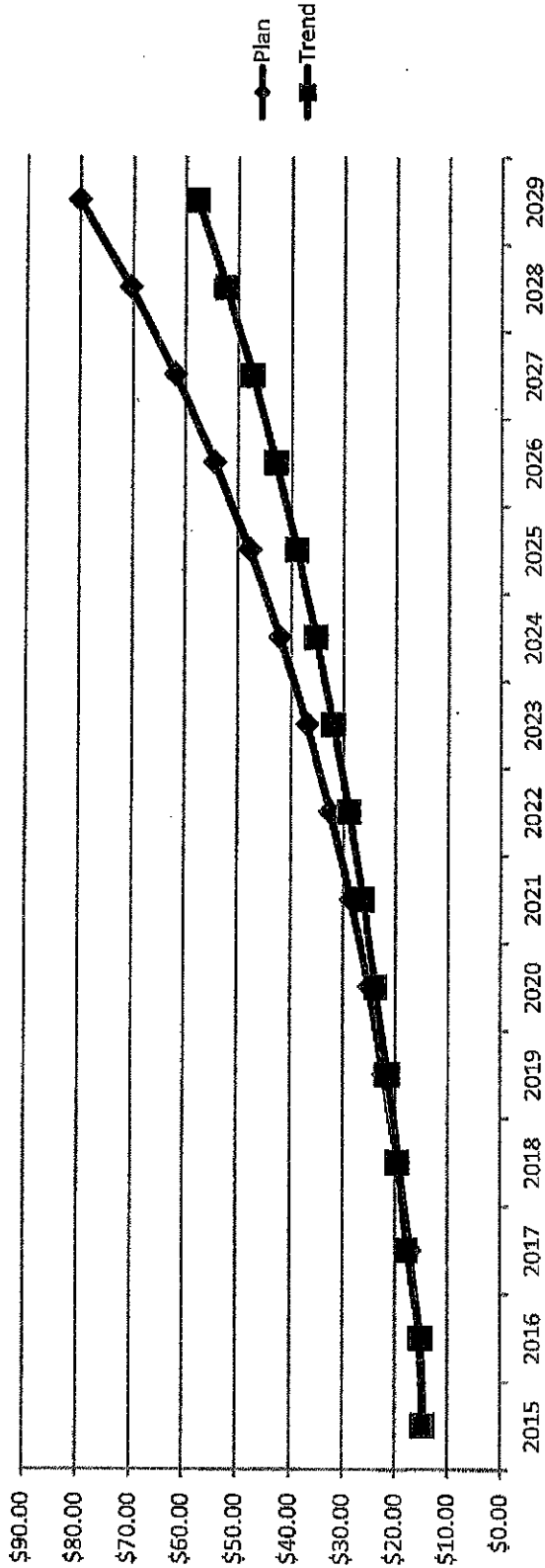
Alexander-Haas

Invest in the Future of GMC

EOY FY17 BLUF – Performance to plan for Foundation valuation = \$80m by 2029

Foundation valuation = \$17.71m, +21.8% from YE FY15 & +7.7% from Q2 FY17

NOTE: CAGR required = ~13.75 % to reach \$80m (vs. CAGR of 10.36% since FY15)



Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Plan	\$14.54	\$15.02	\$17.09	\$19.43	\$22.11	\$25.15	\$28.60	\$32.54	\$37.01	\$42.10	\$47.89	\$54.47	\$61.96	\$70.48	\$80.17
Trend															

QUESTIONS?

12/13/2017

(7)

THE GMC FOUNDATION, INC.

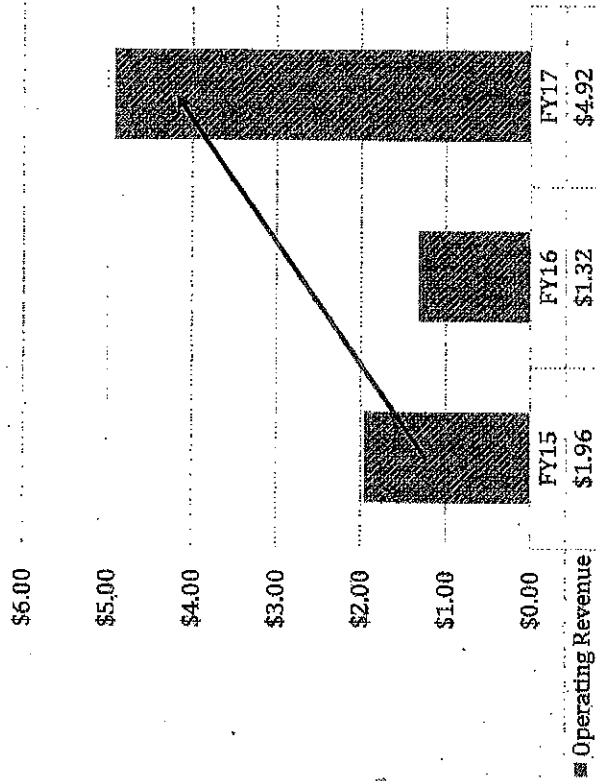
REPORT TO THE GMC BOARD OF TRUSTEES

OCTOBER 16, 2017

TOTAL OPERATING REVENUE (IN MILLIONS)

(AS OF JUNE 30, 2017)

Operating Revenue



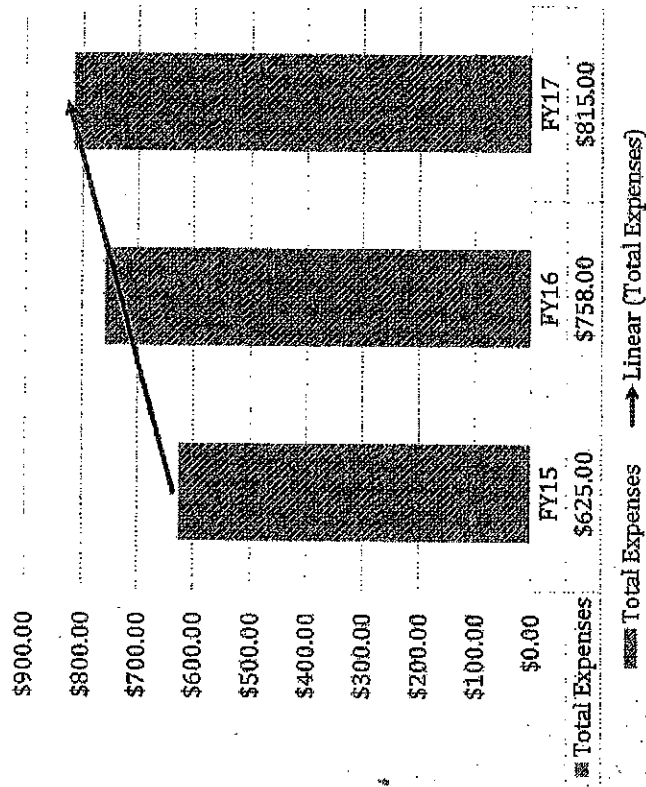
➤ Total Operating Revenue (Program Revenue, Investment Income, and Other Income) was up from \$1.32m in FY16 to \$4.92m in FY17 – up over 260%

➤ Very strong investment income - \$1.56m of the \$4.92m in revenue (31.6% of total income)

TOTAL EXPENSES (IN THOUSANDS)

(AS OF JUNE 30, 2017)

Total Expenses

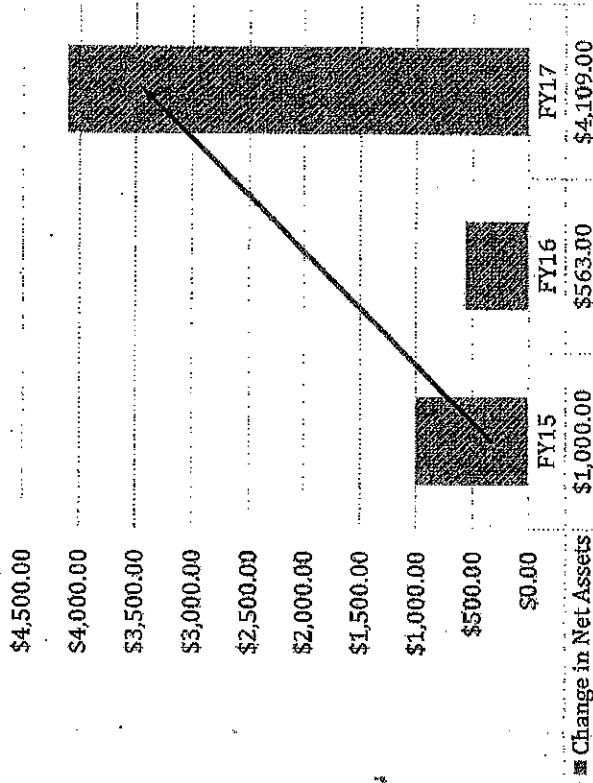


- Total Expenses (Program Expenses, Management Expenses, and Fundraising) was up from \$758k in FY16 to \$815k in FY17
- Disbursements (Program Expenses including scholarships) to GMC were up year over year from \$447k to 472k
- Management Expenses were flat year over year (\$335k in FY17 vs. \$334k in FY16)

CHANGE IN NET ASSETS (IN THOUSANDS)

(AS OF JUNE 30, 2017)

Change in Net Assets



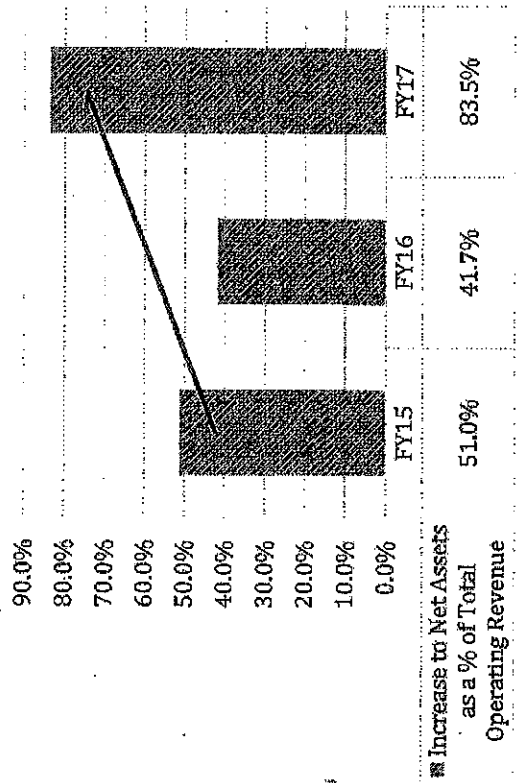
➤ Net assets increased dramatically from \$563k in FY16 to \$4.1m in FY17

➤ Primarily due to strong program revenue and investment income

Change in Net Assets → Linear (Change in Net Assets)

INCREASE TO NET ASSETS AS A % OF TOTAL OPERATING REVENUE (AS OF JUNE 30, 2017)

**Increase to Net Assets as a % of
Total Operating Revenue**



➤ Metric that measures revenue retention and productivity performance

➤ Year over year increase due to strong program revenue and investment income combined with a lower growth in expenses

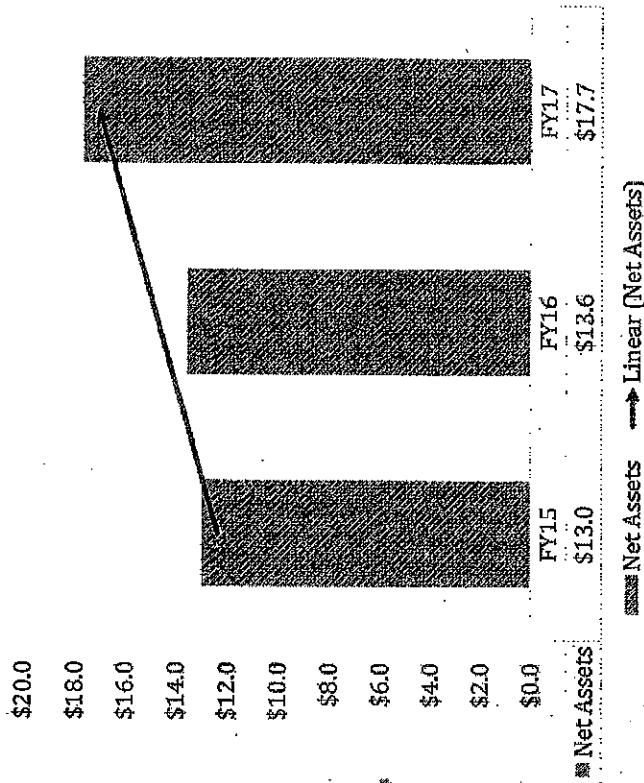
■ Increase to Net Assets as a % of Total Operating Revenue

— Linear (Increase to Net Assets as a % of Total Operating Revenue)

NET ASSETS (IN MILLIONS)

(AS OF JUNE 30, 2017)

Net Assets



➤ Strong income and good expense management yielded an outstanding year

➤ Total net assets at yearend FY17 stood at \$17.7m vs. \$13.6m for the same period in FY16— an increase of over 30%

OTHER ITEMS OF NOTE

- Transitioned the portfolio to JP Morgan in January
 - Greater transparency with real-time online access
 - New asset allocation model – aligned the portfolio in moderate growth and income position with a longer horizon view
 - Real property has become an asset class
 - Fayetteville land is well positioned and with our basis of \$76k per acre (vs. current estimate of \$150k-\$200k per acre), we believe the Foundation will realize a nice gain when it monetizes the almost 10 acres of land in the next 18-24 months
 - Acquiring the Stone Mountain campus from the Stone Mountain Downtown Development Authority to lease back to the school; expected to close by 12/31/17
 - Finished FY17 with another clean audit with no findings
 - Focus over the next three years on creating a sustainable Foundation through strategic succession-planning
 - Seven (7) new trustees
 - Forty (40) trustees in total
-



Engineering Department
201 East Greene Street / Milledgeville, GA 31061
Front Desk Phone: (478) 387-4919 / Fax: (478) 445-7316
Website: www.gmc.edu

October 16, 2017

GMC ENGINEERING UPDATE

Property:

- GMC purchased the Martin properties on June 29th. Demolition of two buildings is underway. Cleanup will require several weeks. We are working with the State Historic Preservation Division to establish a plan for the other four buildings. I do not expect an approved plan in the near future.
- GMC received the signed use agreement for #14 and #16 Broad Street at Central State Hospital On October 11th. We have renovations underway to make them ready for use as student housing beginning with the start of the winter term in November.
- We purchased 420 S. Jefferson, adjacent to the College Relations office and demolished this derelict house recently. We will convert it to green space and add it to the College Relations footprint as quickly as possible.
- We also purchased 120 S. Warren which is adjacent to our bus parking area. We will clear this lot and move our grounds department to this location.
- Our most recent purchase is 520 S. Jefferson Street. It is a former day care center just out the south gate. We are evaluating the cost to convert it to student housing. If we decide to move in this direction, our plans would need to be approved by the State Fire Marshal before we proceed.

Current projects include:

- Construction of the new Military Science Building is complete. Classes began on August 28th. Garbutt is correcting a few items on the punch list and the GMC grounds department is installing all of the landscaping.
- Construction is underway on GMC 011, the Jenkins Hall renovation and Jenkins Hall Annex project. Garbutt is on site performing demolition and preparing the site for construction. The final plans have been submitted for State and Fire Marshal



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approval. Garbutt will develop a final estimate and submit their budget to GSFIC to support a contract in approximately eight weeks.

- Following our five year plan, we replaced 20% of the furniture in Baugh Barracks. We saved some usable units for placement in the new housing at Central State hospital.
- Hurricane Irma did cause some damage at the lake lot. Six trees had to be removed as well as a portion of the sidewalk. We did not lose power on campus. We did have some large limbs broken but did not lose any campus trees.
- Our property department is working to support the new campus in Albany and in Zebulon. They have delivered furniture needed in Albany and installed other items required. We are working with Rock Donahue, our Fayetteville area Director, and the purchasing office to outfit Zebulon.

Other upcoming projects:

- We have contracted for the design of a 50' rappel tower. The design is complete and the engineer has developed detailed construction plans. We provided the plans to three bidders for construction pricing. Based on initial steel takeoffs, we expect the price to be significantly above our initial budget estimate.
- The State determined that bus 5007 was a total loss due to the train accident in North Carolina. We have contracted with MCI Bus Sales for a replacement bus. MCI is inspecting our new bus thoroughly, reupholstering it, installing power to each seat and painting it. They have loaned us a bus until the new one is ready. We expect it to be complete in early November.
- We are working with Shana Reid, our Augusta Campus Director, and other GMC team members to evaluate a potential campus in Savannah. The location is on Abercorn and would be great for prospective students. The building will require extensive modernization to prepare it for classes.