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****CONFIDENTIAL ****

2001 AD HOC COMMITTEE REPORT AND RELATED BOARD ACTION SUMMARY

This is a summary of the work of Antioch University Board of Trustees 2001 Ad Hoc Committee and of the actions that have been taken to date by the Board to implement the Committee's recommendations. The committee consisted of the following trustees: Jack Merselis, Chair, Bruce Bedford, Dan Kaplan, Jessica Lipnack and Barbara Winslow.

The Committee's work was undertaken in a confidential manner. Its report and recommendations were prepared in consultation with the University's general counsel. At the outset of the Board's June 2001 meeting held in Keene NH the following resolution was unanimously approved:

> RESOLVED, that all deliberations of the Board at this meeting regarding the report and recommendations of the Ad Hoc Committee be and the same are hereby regarded as confidential attorney-client communications.

As time has passed since the Keene NH Board meeting, it has become clear that certain portions of the Committee report and recommendations need to be known and made accessible to members of the Board and ULC in order to implement the Committee's recommendations, which the Board approved at the Keene NH meeting. This document, the release of which has been approved by the Board of Trustee to those having a need to know, is intended to fulfill that purpose.

Introduction

The aegis of the charge to the Ad Hoc Committee, and the Committee's resulting findings and recommendations, was rooted in three Board directed processes.

- Development Initiative Retreat - in February 2000, the Board convened in a retreat with William Dietel to consider the development initiative/potential of a capital campaign. Mr. Dietel observed, and the Trustees concurred, that the Board must have a clear understanding of its workings and a solid approach to governance before a capital campaign can be launched.

- Chancellor's Performance Review -- in June 2000, the Board considered the results of the Chancellor's performance review that had been conducted by a Board Committee assisted by Susan Boren. One of the conclusions was that the review of the Chancellor's performance raised issues about the Board's performance, functions, and relationship with the institution -all of which needed to be assessed.

- Board Self-Assessment -- in the summer of 2000, the Board engaged in a self-assessment process culminating in a retreat that October. Considerable strides were made in building a common frame of understanding regarding the evolution and status of the University, the College and the Campuses, the Board, and the Administration. There was consensus that the Board and the ULC must address a set of underlying concerns and priority issues associated with finance, strategy, and leadership.

The Ad Hoc Trustee Committee that guided the self-assessment was charged with reviewing the results of the retreat and proposing specific actions to pursue the findings. The Committee sought further, in-depth input through confidential, small group and individual interviews with the Trustees and the ULC during and immediately following the February meeting of the Board. Working papers prepared by the ULC also informed the Committee, as did the results of the Development and Self-Assessment Retreats and the Board's review and consideration of the Chancellor's assessment. The serious financial issues identified in late winter also impacted the Committee's deliberation.

The Committee convened by conference call and met four times from March through May, 2001 to analyze the input, develop findings, and to determine recommendations. They subsequently met with both the Chair and the Chancellor to discuss their findings and recommendations.

The Committee's findings and conclusions were built on the aggregate insights, observations, and reflections of the Trustees and the ULC, and the Committee's synthesis of these views.

An organizational consultant, Frederick T. Miller, The Chatham Group, Inc., assisted the Board, the ULC, and the Committee by facilitating the input and discourse and by providing counsel to the assessment. The University's general counsel, David A. Weaver, was also consulted, as needed, throughout the process.

Key Findings

As a result of its work, the Committee was able to articulate to the trustees in attendance at the June 2001 meeting five consensus themes, which it described as key findings. These were the following:

- A strong belief in Antiochian philosophy and values.

- A commitment to make Antioch work and an optimism about Antioch's potential, but concern among Trustees that there are constituencies who do not understand the issues or challenges.

- An affirmation of Antioch University.

- A concern about survival, particularly for the College.

- Identification of three critical issues-potentially crises: money, strategy and leadership.

Conclusions

The Committee's conclusions were reported to he Board as follows:

- The University faces three critical issues – financial, strategic, leadership – for which it has neither the structure nor the strength of leadership that is needed. Immediate, appropriate, strong, decisive, and collaborative leadership is required.

- The ultimate responsibility for Antioch University and each of its campuses rests with the Board. The Board must take on a stronger, collaborative leadership role and demand high accountability of itself and others who lead the University.

- It is essential to align the University, its campuses, and its leadership model with strategy and with the realities of the external environment. Antioch's operating realties and the transitions occurring in higher education are profoundly different than they were even a decade ago.

Recommendations

The Committee then stated its basic recommendations, which it described as overarching recommendations, as follows:

> Consistent with: (a) the three critical issues, (b) the transitions underway in the University and in higher education, and (c) the Board's ultimate responsibility and accountability for the University, the Ad Hoc Committee recommends that the Board of Trustees:
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> > Resolve to meet the existing critical issues of finances, strategy and leadership and reaffirm the leadership role and responsibility of the Board.
> >
> > Recommit to quality education with fiscal responsibility at the College and at each of the University's other campuses.

The Committee made the following specific recommendations, all of which were approved by the Board during the course of the meeting:

- Financial

  √ Charge the position of Chancellor with the responsibility for operational and fiscal performance of the University with the requisite authority to fulfill this responsibility.

  √ Charge the Vice Chancellor for Finance/University CFO with the responsibility for consistent University-wide fiscal policies, practices, standards, budgeting, and reporting systems. Campus CFOs should report to Campus Presidents within the University's standards and practices. A "dotted line" reporting responsibility must exist between the Campus CFOs and the University CFO.

√ Direct the Finance Committee, in conjunction with the Chancellor and the Vice Chancellor and CFO to produce a short-term (18 – 24 months) financial stabilization plan for review and action by the Board of Trustees at its meeting in the fall of 2001.

- Strategic

√ Charge a Trustee-led task force (comprised of Trustees, administrators, and others) to develop a fact-based analysis of the long-term future of the University, especially the College, but including all of Campuses and the functions of the University, focusing on the essential conditions for viability and vitality and proposing the requisite recommendations, choices, and options that must be considered. Preliminary reports should be presented to the Board of Trustees in February and June 2002, with the final report by the end of 2002/early 2003.

√ Charge the Trusteeship Committee with adjusting the practices and processes of the Board so that it focuses, collaboratively with the University's administration, on the most critical strategic issues, and so that the talents, skills, and competencies of the Trustees are marshaled to this effort.

√ Immediately develop and implement succession plans for the positions of Chancellor and the President of the College.

√ Engage communication counsel to develop and implement a strategic approach to connect with key constituencies in a manner that assures that they are accurately informed about the University, the College, and the Campuses as well as of the realities, options, vision, and plans being implemented to strengthen Antioch. The approach to communication must be integrated with the capital campaign.

- Leadership

<u>Board of Trustees</u>

√ Redefine the job descriptions of the Board, the Board Chair, officers, and the Chancellor, as well as the expectations of individual Trustees.

√ Realign the Trustee/governance structure, activities, processes, and culture so that the Board is more strategic, focuses on the most important issues and concerns, and provides the appropriate guidance and leadership in a collaborative manner with the Chancellor and the ULC. This requires that the Board:

Articulate appropriate, immediate, annual objectives and benchmarks for itself and for the administration, monitor performance, hold key personnel accountable, and take immediate action as appropriate.

Shift the design of the meetings from reporting to discourse — focusing on strategic and operational planning and assessment, benchmarked performance, and fiscal control. This requires: (1) a focus on "what matters" and future performance vis-à-vis reviewing reports, and (2) engaging the Trustees and the ULC in critical thinking and candid discourse.

Establish a Board culture that supports the governance expectations — e.g., fostering leadership throughout the Board; critical thinking; open, candid communication with the highest expectation for confidentiality; honest discourse and differences aired and considered at Board and committee meetings, with public support of the Trustees, the Chancellor, and the administration; strong participation and consistent attendance; thorough individual preparation for each meeting; the use of Board Committees to frame key issues with options and recommendations for Board deliberation.

√ Eliminate the College and Campus Committees and use the Presidents as the vehicle to engage with the Trustees on strategic and governance level issues associated with the Campuses. The Presidents should also be charged with keeping all of the Trustees updated, principally in writing and in a candid fashion, as to the status of the College and the Campuses. This does not change the reporting relationship and accountability of the Presidents to the Chancellor and it removes unintended separations that deter an informed Board and collaborative leadership.

√ Redevelop/develop Boards of Visitors for each Campus and the College, with at least two Trustees serving on each Board of Visitors. The focus of each Board of Visitors should be to assist the Campuses, and indirectly the Board of Trustees, through volunteer expertise, financial support, student recruitment, internships, and job opportunities. This also provides an opportunity to build a wider group of advocates for Antioch.

√ Realign the Board Committee structure and make greater use of task forces and work groups to reflect the strategy and to address the priorities of the University.

√ Under the leadership of the Trusteeship Committee, continue to implement a formal, open process to identify, nominate, and elect successive Board and Committee Chairs.

√ Restructure the Executive Committee into a workable "kitchen cabinet." It should be comprised as a small leadership group of Trustees to guide the strategic and financial focus of the University, serve as a sounding board for the

Chancellor and the Chair between meetings of the Board of Trustees, provide counsel to the Chair and the Chancellor regarding the agendas and processes to focus of the attention of the Trustees and the ULC on the most critical issues, and to assure high engagement of the Trustees

Chancellor

√ Immediately work to realign/restructure and define the Chancellor's job as CEO — accountable for system leadership and the performance of the University.

Define the position with a focus on leadership — in the traditions of Antioch and servant leadership — and accountability; and clarify that facilitation is one of the essential components but not synonymous with the job.

Expect the Chancellor to communicate directly, concisely, and frequently with the Board Chair and with the Trustees in an open and confidential manner.

Establish clear, direct accountability of the Chancellor for the performance of the University, and clarify that the Presidents are directly accountable to the Chancellor and responsible for the performance of their campuses — hired, reviewed, fired and pay set by CEO, with concurrence of the Board. The reporting relationship of the Presidents to the Board through the Chancellor should, however, remain unchanged. By establishing direct accountability, the Chancellor and Presidents are clearly charged with the responsibility for the performance of the University — as University CEO, Campus CEOs, *and* as members of the University's administration –

The compensation plan for the Chancellor and the ULC should be redesigned to recognize and reward performance in individual areas of responsibility as well as for the performance of the University as a whole. Incentives should be considered.

√ Immediately establish concrete leadership and performance expectations for the remaining 18 months of the Chancellor's contract and measure performance against objectives.

ULC/University Administration

√ Redefine the ULC as the University's administrative team, responsible and accountable for effective University-wide and Campus administrative leadership.

√ To more appropriately launch and staff the capital campaign, the current Vice Chancellor should focus 100% of her time on the capital campaign and that the Board should recreate a position of Assistant to the Board of Trustees.

√ Develop a succession plan for Campus Presidents.

July 2001 Actions of the Board

At the conclusion of the meeting, the Board, in closed session with counsel present, adopted resolutions 6.2.01:21 (establishing a temporary board officer position of Executive Vice Chair and defining the duties of said position, electing Bruce Bedford to fill said position, mandating the preparation of a short-term financial stabilization for subsequent approval of the Board, authorizing the early, quiet phase of the Antioch College capital campaign, establishing a strategic planning task force to be known as the Future of Antioch Task Force, requesting development of a plan from ULC to establish/redefine and utilize Campus Boards of Visitors and to authorize redrafting of the University's Bylaws to fully effectuate the Ad Hoc Committee's recommendations for approval at the Board's fall 2001 Board meeting); 6.2.01:22 (acknowledging the retirement of the Chancellor and relocating certain duties of the Chancellor on a temporary basis); and 6.2.01:20 (authorizing a Chancellor search committee).

Subsequent Actions of the Board

The Bylaws of the University were amended at the October 2001 Board meeting to establish a 3-year term for the Chair of the Board and 1-year terms for other officers, to eliminate the position of "Chair Designate," to provide that nominations for the Board will be solicited from each campuses' Board of Visitors, to delete campus committees as standing committees of the board, to expand the nomenclature for committees to encompass ad hoc committees, task forces, etc., to make the Vice Chancellor and CFO a Vice President of the University (equal in rank to the campus presidents) and to define his\her duties and to revise the duties of the Chancellor and the campus presidents to clarify that the Chancellor is the chief executive officer of the board and that the campus presidents are subject to the direction of the Chancellor.

At the February 2002 meeting of the Board, action was taken to have the Chancellor lead the Future of Antioch Task Force. (Resolution 2.9.02:____; page 4, closed session minutes.)