TO: Antioch University Board of Trustees
FROM: Frances Degen Horowitz and Eric Bates
DATE: May 5, 2008
RE: Final proposal on 8-8-4

Thank you for your vote of support for an 8-8-4 proposal that added Lillian Lovelace. After a very constructive conversation with Lillian, as well as frequent additional discussions with Art Zucker and Dan Fallon, we present this proposal for reconstituting the Board of Trustees.

The 8-8-4 proposal, modestly amended below, incorporates the addition you made of Lillian at your last meeting, but places her in the seat occupied by Dan Fallon rather than Al Denman. This enables the new board to benefit from Lillian's considerable experience and commitment to both the College and the University, while providing a spectrum of balanced opinions safeguarding the interests of Antioch University and Antioch College.

It has also come to our attention that the board's bylaws prohibit the election of Barbara Winslow to the board until July 1, since she stepped down as a trustee a year ago because of term limits. To prevent this from becoming an unnecessary last-minute obstacle, we have temporarily substituted Bob Krinsky, one of our significant donors and former chairman of the University board, for Barbara until July 1. This modification will maintain the support of the major donors and enable Barbara to serve as a trustee at the earliest date permitted under the bylaws.

We believe that this plan offers a way to move forward together to reach the two mutual goals that have emerged from our months of negotiation and conversation: (1) to create an independent Antioch College, providing it with the means to capitalize on untapped alumni support, and (2) to ensure the health and vitality of Antioch University, with each of its campuses and programs intact, and securing for each campus or program a separate board to ensure that each receives the attention and resources it needs.

It is our hope that you will approve this plan. We are eager to move forward together with the work that is so urgently needed to enable the College and each campus of the University to realize their full potential.

Agreement on the 8-8-4 Plan

The Board of Trustees agrees that:

- the following eleven members of the board shall resign: INSERT NAMES HERE;
- the board shall elect the following eight people from the ACCC to fill eight of the seats of the resigning board members and serve their remaining terms: Karen Mulhauser, David Goodman, Bob Krinsky, Eric Bates, Laura Markham, Steve Schwerner, Catherine Jordan and Zelda Gamson;

- the board shall elect the following three people agreed on by the ACCC and the board to fill three of the seats of the resigning board members and serve their remaining terms: Frances Degen Horowitz, Lee Morgan, and Al Denman;
- the board shall elect the following person agreed on by the ACCC and the board to fill a new seat as trustee: Lillian Lovelace;
- the board shall elect Barbara Winslow to fill the seat that will be vacated by Bob Krinsky on July 1, 2008;
- the board shall amend the bylaws to make the Alumni Association president an ex-officio, non-voting trustee;
- the resulting composition of the board will be 21 trustees, including 20 voting members and one non-voting member;
- the board shall elect Frances Degen Horowitz as chair of the board, to act in the interim until such time as new officers can be elected;
- the newly reconstituted board of trustees will take office immediately upon deposit of $8.5 million in an escrow account;
- the newly reconstituted board of trustees will be empowered to decide which of the vacated seats will be filled by each of the new trustees;
- the newly reconstituted board of trustees will be empowered to immediately elect new officers of the board;
- prior to the reconstitution of the board as outlined above, the current board shall not appoint any additional members to the board, or take or approve any action outside the ordinary course of the University's business;
- prior to the reconstitution of the board as outlined above, the current board and University chancellor shall immediately cooperate with the ACCC on securing accreditation and all other matters needed for the continued operation of the College.

The ten new members of the board agree that:

- an aggregate of $8.5 million will be contributed to Antioch College;
- an aggregate of $6 million of additional funds will be contributed to Antioch University for the direct benefit of Antioch Seattle, Los Angeles, Santa Barbara, McGregor, New England and the Ph.D. in Leadership & Change Program;
- said $6 million will be contributed in annual installments of $1 million over six years, provided that any cost of separating the College from the University will be credited against the $6 million;
- they will continue to give and raise sizeable contributions during their terms of service on the board, so as to encourage giving by others;
- they will immediately launch a major capital campaign with the aim of raising at least $100 million for the operation and revitalization of the College;
- Lee Morgan will serve half-time, without compensation other than expenses, as a fundraiser for the College campaign;
- advisors to the College campaign will be made available to the rest of the University to assist in formulating individual development plans for each of the schools and advising on capacity building;

- Frances Degen Horowitz will serve during the summer of 2008, without compensation beyond room and board and other expenses, as Chief Transition Officer for continued operations of the College;
- all University contracts existing as of April 16, 2008, with the Chancellor and members of the ULC will be honored by the University;
- a new board committee will immediately be created that is devoted entirely to addressing the academic and financial needs of Antioch Seattle, Los Angeles, Santa Barbara, McGregor New England and the Ph.D. in Leadership & Change Program;
- said committee will be chaired by a trustee, to be elected by the newly reconstituted board, who will serve on the Executive Committee of the board;
- the board will continue planning and begin implementation, no later than July 1, 2008, the proposal of the Governance Committee to establish separate boards of trustees for each of the University's campuses;
- the annual subsidies paid by the University campuses to support Antioch College shall cease at the end of the current fiscal year;
- at no point will reserve or operating funds of Antioch Seattle, Los Angeles, Santa Barbara, McGregor, New England, or the PhD Program in Leadership and Change be used to offset operating expenses or deficits incurred by the College;
- the board will continue to closely monitor and assess the College's finances to ensure that there are sufficient resources in hand to operate and sustain the College;
- any separation of Antioch College and Antioch University will be guided by the principles set forth below:

While it is understood that a Board of Trustees must take into account a variety of factors and duties when making decisions of such magnitude, any separation between Antioch College and Antioch University will endeavor to fulfill the following principles:

- the protection of the accreditation and financial security of each individual campus;
- the University campuses will be provided reasonable access to the library, the Glen, and any other assets or resources of Antioch College that are necessary for continued accreditation of the University or useful for educational purposes consistent with current needs;
- the University campuses will be provided access to any archives or records that encompass the shared history of Antioch College and Antioch University;
- the University will be entitled to the use of the name Antioch University;
- any arrangements of separation will be undertaken in a manner to ensure that McGregor can continue its effective operations, in accordance with the plan envisioned by the Governance Committee;
- the financial arrangements of separation, including any compensation or consideration provided for transferred assets, will be designed to maintain the University as a thriving, sustainable institution;

- the financial arrangements of separation, including any compensation or consideration provided for transferred assets, will, to the extent required, meet the approval of creditors of the University;
- separation will be targeted, subject to regulatory approval, to occur not sooner than June 30, 2009, and not later than June 30, 2010.