

ALUMNI COUNCILOR'S REPORT

Hugh O'Reilly '86, DCGB representative to the Alumni Council

In December, I had the privilege of participating in the Alumni Council's semi-annual meeting as representative of the Dartmouth Club of Greater Boston. The agenda for the meeting included a mix of briefings by various College administrators and Trustees, each followed by a Q&A session; informal opportunities to meet with some of those administrators and Trustees and with other councilors; meetings of each of the Council's standing committees (the Academic Affairs committee, in my case); and an open-forum meeting of the Council itself to discuss new business.

The session occupied two very full days and I will not take your time with a litany of all that was discussed. The following, however, are in my view the most substantive topics we covered and the key "take-aways":

The Economy and Effects on the College

We were briefed by Adam Keller, the College's Vice President for Finance and Administration (i.e., CFO), on the effects of the capital markets downturn on the College's endowment and the associated effect on the College's budget. Not surprisingly, the endowment has suffered along with the rest of the market, declining approx. 14% during the period July – October excluding any 'mark to market' on the College's private equity holdings. If one assumes a comparable decline in the private equity portion of the portfolio, that implies an overall decline in the portfolio of approx. 23% for the same period. This figure is in line with those reported by peer institutions such as Harvard.

In light of these investment losses, the College has embarked on a program to reduce its operating budget over the next two years by a total of \$40 million, or 10% (\$20 million, or 5%, in the current fiscal year and an additional \$20 million in the following fiscal year). All deans and vice presidents were directed in December to undertake an internal review and report back to the senior administration and the Board with proposed cuts that would achieve reductions of 5%, 10% and 15% in their respective departments.

Two budget areas have been deemed "protected" from any cutbacks: tenured and tenure-track faculty; and financial aid. It is, however, very likely there will be cutbacks in non-tenure track faculty. Buildings and other capital projects will generally be evaluated against the following rubric: finish projects that are currently underway; re-evaluate projects that have been planned but not yet commenced and defer where possible and appropriate; and finish the planning but then table those projects that do not yet have identified funding. In a later session with several of the Trustees, Jose Fernandez (chair of the Board's Master Plan and Facilities Committee) reiterated the same priorities.

The budget revisions resulting from these efforts are expected to be concluded and announced in February (i.e., within the next few weeks). The timing is driven in part by an effort to get the revised plan in place before the College hires its new President so that he/she won't be forced to act on these so-called "hard decisions" on day one. As a corollary, however, the College is likely to be among the first of its peer institutions to announce its final budget reductions to the press. We alumni should expect that this timing will draw greater attention and scrutiny to Dartmouth's financial situation than if Dartmouth's announcement were later and "among the pack".

As alumni, we should also remember that the Dartmouth College Fund (i.e., the Annual Fund) constitutes approximately 8%-10% to the College's annual operating revenue. The budget cutbacks currently on the planning board assume no material drop in Dartmouth College Fund contributions. Early December was still too early in the fiscal year to draw any meaningful conclusions regarding how contributions were holding up, although indications so far were that the number of contributors was holding steady but the

average contribution per donor was down slightly. Subject to each of our personal situations, it is important that we alumni continue to do our part so that the College is not forced to cut even deeper than it is already planning to do. (This exhortation is mine personally; it doesn't come from Adam Keller or Carrie Pelzel.)

In a (somewhat) related briefing, Carrie Pelzel, Vice President for Development, updated the Council on the College's ongoing capital campaign. The campaign is in its final year (it ends December 31, 2009), and while it is currently slightly above trend-line there remains \$160 million to be raised in order to meet the campaign's goal. Closing that gap is likely to require several very substantial gifts and, while upbeat, Pelzel was reticent about whether the goal will be reached in the current economic environment.

Presidential Search

We were briefed by Trustees Ed Haldeman (Board Chair), Jose Fernandez and Al Mulley (Chair of the Presidential Search Committee) on several topics, most importantly the ongoing search for the College's next President. As all alumni no doubt know, Jim Wright is stepping down as of the end of this academic year, and a committee led by Al Mulley has been working since last Summer to identify and attract candidates, narrow the pool, and ultimately (after approval by the full Board) name a new President this Spring. As of December, a group of 20-30 candidates was under consideration. The committee's intent was to narrow that pool to approximately a dozen by January, and then begin conducting interviews. Mulley commented that the committee has sought to emphasize what is distinctive about Dartmouth in its interactions with candidates, and it is seeking a candidate who understands and will uphold that distinctiveness while at the same time making his or her 'own mark' on the institution. (The Board's Leadership Statement, published last June at the commencement of the search, provides a good summary of the committee's mindset and approach; it can be accessed here:

<http://www.dartmouth.edu/presidentsearch/position/leadership/index.html>.)

Student Life, Alcohol Use and Alcohol Policy

We were briefed by the Dean of the College Tom Crady on alcohol use at the College and the College's alcohol policy. Crady, who did his doctoral dissertation on alcohol use on college campuses, provided a variety of statistics regarding the current environment and recent trends. Most important, in his view, is that the incidence of "binge" drinking seems to be declining substantially following implementation of a number of strategies in recent years. (Some councilors questioned whether the high level of binge drinking reported in one survey several years ago was an anomaly, which would suggest the true decline, while real, is more modest.) The College is in the process of finalizing a new alcohol policy, which Crady indicated seeks to foster "responsible" drinking habits by students (by, among other things, putting more responsibility back in students' hands) rather than seeking to block consumption of alcohol on campus (which Crady believes is counter-productive from a student safety standpoint). The new policy was slated for release near the end of 2008 but was withdrawn for further revision following additional feedback from student groups.

International Student Admissions

We received a briefing and a panel discussion regarding admissions and student life for international students by a panel consisting of Assistant Director of Admissions Rebecca Munsterer, International Office Director Stephen Silver and three current students (one from Hong Kong, one from Kenya and one from Venezuela). Dartmouth extended its need-blind admissions policy to non-US students for the first time this year, resulting in a substantial increase in total international student applications (up 28% as of the time of the meeting). The College does not plan any material increase in the number of international

students in the class, but the increase in applications is expected to provide an even more competitive and more diverse pool from which the admissions office can choose.

Silver and the three students spoke of the student experience from an international student's standpoint. All three students spoke very positively of their experiences (acknowledging that one wouldn't expect a disaffected student to be selected for this panel) but all also spoke of challenges in acclimating themselves to the U.S. college culture. In one amusing but telling anecdote, the young woman from Hong Kong recounted the first house meeting after she pledged Sigma Delta sorority, in which the pledges and sisters went around the room seeking to learn each others' names. She said, "I realized why people confuse me with other Asian women on campus. I looked at the other 39 pledges, all Caucasian, and they all looked the same to me." There is now an active International Students Association on campus, which seeks both to provide a support network among international students and to provide a conduit for communications with the College administration.

Academic Affairs Committee

The Academic Affairs Committee (on which I sit) met with Thayer School Professor Brian Pogue, who also serves as Dean of Graduate Studies, regarding the status of the College's graduate programs and their relationship with the College as a whole. We also were briefed by Roberta Moore, Director of Alumni Continuing Education and Travel, regarding new initiatives by her office such as audio replays of faculty lectures ("ACE on Audio", available here: <http://alumni.dartmouth.edu/default.aspx?id=595>). The latter briefing led to a "brainstorming session" with the committee regarding ways to foster more interchange between alumni and the College's faculty.

Trustee Election Process and College Governance

As you have likely read in other sources, the Association of Alumni (AOA) has proposed changes to its constitution relating to the process of electing so-called "Alumni Trustees". (I say so-called because *all* of the current Trustees are alumni/ae of the College, with the exception of the College President and the New Hampshire Governor, both of whom serve *ex officio*. Furthermore, under the College's corporate charter only the Board itself can legally elect Trustees, so the persons "elected" by the alumni are in fact only nominated by the alumni for election by the Board itself; however, the Board has never failed to elect and seat the person who was "elected"/nominated by an alumni vote).

The genesis of the proposed changes is a mandate given last year by the College's Board of Trustees to the Association of Alumni that the AOA change its election process to a "one-person, one-vote" system, and to a system in which the winner must receive a majority of the votes cast (rather than a plurality, as is currently the case). In that mandate, the Board's also required that the AOA not eliminate the petition candidate process or make the petition process materially more onerous than under the current system. In issuing its mandate, the Board indicated that it would no longer seat any Trustee nominee that came to it via an election process that was not one-person one vote, or that had not been selected by a majority of votes cast, and therefore that the Board/College itself would take over the balloting process for Alumni Trustee elections if the AOA did not adopt the required changes. (In doing so, the Board also confirmed that such elections *would* continue to be conducted even if it needed to oversee the balloting).

The proposal itself is the work of a Trustee Election Working Group, which included designees from the Association of Alumni Executive Committee and the Alumni Council. Because it consists of an amendment to the constitution of the Association of Alumni, and not the Alumni Council, it will be put to a vote of the alumni at large this Spring and it does not require the approval of the Alumni Council. Nonetheless, because the Council's role in nominating Alumni Trustee candidates is integral to the election process, the Council debated the AOA's proposal and ultimately adopted a "nonbinding

resolution” endorsing the proposed changes (by a vote of 67 in favor, 1 opposed, 3 abstentions). The full text of the resolution is included at the end of this Report.

On a somewhat related topic, the Council discussed the second lawsuit that was filed against the College last Fall by several individual alumni, challenging various governance changes adopted by the Board of Trustees. I will recap for anyone who has (understandably) lost track: There was a similar suit filed in 2007 in which the Association of Alumni itself was the plaintiff. That first lawsuit was withdrawn in mid-2008 after last year’s AOA election, in which the alumni elected new leadership to the AOA on a platform expressly committed to withdrawing the lawsuit. The new leadership was elected by a fairly convincing margin, approximately 60% to 40%. Nonetheless, following that election and the withdrawal of the suit, seven individual alumni re-filed essentially the same suit, which now remains pending against the College.

The Council discussed the suit, the reallocation of College resources in order to defend it (keeping in mind the budgetary cuts discussed earlier in the weekend), the potential effect on the College’s Presidential search and the perception of the College and its alumni by the outside world in general, and most significantly the fact that the alumni at large have already “spoken” on the issue through their vote in the AOA election last year. Following this discussion, the Council adopted a “nonbinding resolution” opposing the new lawsuit and calling for its withdrawal (by a vote of 48 in favor, 2 opposed, 2 abstentions). The full text of the resolution is included at the end of this Report.

Conclusion

As lengthy as it is, the foregoing Report is only a summary of the wealth of information that was provided and issues discussed at the December meeting of the Alumni Council. If you would like to discuss any of these topics with me in further detail, or if you have other issues you would like discuss with me before the next Council meeting in May, please email me at hugh.oreilly@dartmouth.org or, if you do not have email access, telephone me at (617) 354-5400. I look forward to hearing from you.

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RESOLUTION ENDORSING PROPOSED CHANGES TO AOA CONSTITUTION:

In recognition of the unique and long-standing role of the Association of Alumni in the selection of nominees for the Board of Trustees of the College, and

To assure the continued authority of the Association of Alumni in administering the alumni trustee nominee election process,

BE IT RESOLVED that:

The Alumni Council supports the principles set forth in the current draft of the proposed Amendments to the Constitution of the Association of Alumni, which will simplify and make more democratic the election process by, among other things,

- (i) providing for a reduced number of required nominees,
- (ii) instituting a “one person, one vote” system,

- (iii) maintaining an open and fair, independent petition procedure, and
- (iv) requiring a majority of votes cast to determine a winner (including, if necessary, a runoff election).

The Alumni Council recommends the alumni vote in favor of the proposed Amendments to the Constitution of the Association of Alumni.

RESOLUTION REGARDING LITIGATION OVER COLLEGE GOVERNANCE:

WHEREAS, a new lawsuit has been filed against the Trustees of Dartmouth College in New Hampshire Superior Court by seven self-appointed individual alumni claiming to represent the collective 69,000 alumni of the College seeking to compel the board to reverse its addition of eight charter trustees to the board and its decision to reform the trustee nomination process, which lawsuit is captioned Brooks, et al v. Trustees of Dartmouth College (the "Lawsuit");

WHEREAS, a lawsuit filed by certain members of the Association of Alumni Executive Committee and requesting nearly identical relief as the new Lawsuit was dismissed with prejudice in June, 2008, after the alumni of Dartmouth College voted by a 60 percent to 40 percent margin to replace such committee members and to elect a new slate of officers to the Association who promised to dismiss the lawsuit;

WHEREAS, Dartmouth is in the process of searching for a new President of the College;

WHEREAS, Dartmouth is being and will be forced to divert and expend significant time and effort to defend against the Lawsuit to the detriment of the College and its students;

WHEREAS, the Lawsuit is counterproductive to ongoing discussions between duly elected alumni leadership and the Board of Trustees about improving the alumni trustee nomination process; and

WHEREAS, the Alumni Council of Dartmouth College is constitutionally charged with the responsibility to represent and speak on behalf of the alumni of the College:

NOW, THEREFORE, BE IT RESOLVED: That the Alumni Council opposes the Lawsuit and calls for its immediate withdrawal. As demonstrated by the 2008 Association of Alumni elections, the lawsuit is opposed by a strong majority of Dartmouth's alumni. The continuation of such internecine litigation can only hinder the College's presidential search, and is counterproductive to efforts to improve the alumni trustee nomination process.