



# Alumni Association

## State University of New York Maritime College

November 12, 2003

Members in Good Standing  
Alumni Association, Maritime College, State University of New York

**RE: Membership Vote to Change Alumni Association's Constitution and By-Laws**  
**(1) Adopt/Reject SUNY Guidelines, made effective July 1, 2003**  
**(2) Additional Proposed Amendments**

Dear Alumnus:

### SUMMARY

SUNY has recently issued guidelines (the "SUNY Guidelines") for required contractual relationships between alumni associations and their host campuses. Implementation of the SUNY Guidelines under our Association's Constitution & By-Laws will require each Association member in good standing to vote his/her individual preference regarding the Association's future autonomy.

On October 28, 2003, SUNY presented your Association's officers and directors with an ultimatum, calling for a decision within thirty (30) days about how the newly established but highly restrictive SUNY Guidelines for alumni associations/campus relationships will be implemented at Maritime. A formal contract was presented to us on October 20, 2003.

The 30-day deadline came as a surprise, particularly after five months of good faith correspondence by your officers and directors with both SUNY and the College to obtain "grandfathering" of our organizational form as an "association," not a corporation, and of our "modus operandi" as an independent entity supporting the College without a contract, both of which were permitted under the SUNY Guidelines but summarily denied.

Concurrently, we also asked The Vandervort Group, our Albany advisor, to intervene on our behalf to gain SUNY's approval of "grandfathering" of our current status or such other status as would not undermine our organization or its 100 years of independent support to the College.

At the October 28th meeting, your Board of Directors determined that the only legitimate response to SUNY's ultimatum called for a vote of the Alumni Association membership. Given the need for such a ballot, several additional changes to the Constitution & By-Laws have also been proposed. Details follow here and on our website.

### SUNY GUIDELINES DECISION

If you vote FOR the SUNY Guidelines and the proposed contract between the Association and SUNY, the decision would require:

- (1) Changing the form of your organization from an "association" (contract law among members; our own Constitution controlling) to a "corporation" (NYS Not-for-Profit Corporation Law controlling; decreased autonomy and flexibility).
- (2) Further restricting your current IRS classification, which is now 501(c)(3) "charitable," by electing, in addition, the classification of 509(a)(3) "supporting organization," meaning that at all times the Association would be controlled by the College/SUNY and operated exclusively to serve SUNY's interests.
- (3) Signing a contract between the Association and the College/SUNY, which is restrictive in itself and incorporates all SUNY Guidelines by reference. (We have supported our alumni and the school for 100 years voluntarily and have never been under the yoke of a contract).

A decision to sign such a contract would have a major impact on your independence of action in general, control of your database and control of your financial assets—now approaching four million dollars, thanks to the estate of Mr. John A. Dondero, Class of 1922.

The contract would permit the College/SUNY to set our budget, require turnover of specified levels of scholarship/grant funds, allow fundraising only as directed, restrict powers, duties and activities to those agreed upon, subject the Association to audit by SUNY, require all audits from whatever source to be transmitted to SUNY, and upon dissolution, require that all net assets of the Association be distributed to the campus.

An alternative to the preceding, also presented to your Board on October 28th, called for all Association employees to become direct SUNY employees, with all budgetary decisions subject to the approval of the College. In the view of your Board of Directors, such an action would not be materially different in its impact on the independence of your Association, although we would avoid associated overhead costs. Accordingly, the ballot propositions are formulated simply as being for or against subjugating the Association to the SUNY Guidelines and contract.

The decision is of such importance that the Board determined, on October 28th, 2003, that ONLY the MEMBERSHIP of the Association could make the decision, and directed the officers to formulate a ballot for your vote and further, to post related information on the Association website. Accordingly we will distribute, by e-mail and by hard copy, such information as we believe is needed to make an informed decision. That information includes documents, correspondence, legal opinions and your Board's recommendation. Your officers and board members plan to contact Chapter Presidents, and are open to calls by any of you to respond to your questions.

## CIRCUMSTANCES

Our circumstances need to be put in perspective. I will try to do it here.

VADM John Ryan, USN (Ret.), President of the College, is doing an outstanding job on the campus, particularly in building the enrollment, strengthening the regiment, supporting the ship (and getting a second), renewing the facilities and upgrading the faculty, all of which are improvements the Association had hoped for four years ago. We have supported VADM Ryan with scholarships, with space in the Fort Schuyler Mariner, and at every opportunity since he came aboard.

VADM Ryan was requested by us to ask SUNY to approve "grandfathering" of our organizational form (an association) and of our modus operandi (arm's length, independent and voluntary), as permitted by the SUNY Guidelines. We asked three (3) times, but SUNY summarily denied the requests and presented their 30-day ultimatum to our Board on October 28th.

The SUNY Board of Trustees, in April 2003, issued the SUNY Guidelines with an effective date of July 1, 2003, applicable to all SUNY campuses. The SUNY Guidelines, together with a pro forma contract, are intended to define relationships between campuses and their alumni associations, foundations and faculty-student associations. The stated objectives are rationalization across SUNY and greater efficiency. We believe their real objective is control, and we see little evidence that they would be more effective in serving the College and its alumni than we have been. There appears to be no justification for employing a controlling rather than a cooperative framework.

The Association has voluntarily supported the alumni and the College for one hundred years without a contract of any kind. We have met all our financial commitments to the College, even during the recent period of differences with SUNY over the College's future. The Joint Fund, established at RADM "Hoss" Miller's request, successfully melded Association, Foundation and College funding requirements for almost fifteen years. We see no reason why similar, cooperative, voluntary, non-controlling relationship(s) could not be maintained in the future.

## INDEPENDENCE

VADM Ryan will not be there on campus forever, and there may come a time when we need to defend the kind of education that reflects our values and serves the Cadets, their employers and our nation, particularly in times of national stress. We need the independence to retain advisors, to publish the Fort Schuyler Mariner, to grant scholarships to the Cadets who pursue the courses of study supported by you and the Board (there are roughly 75 non-regimental students on campus now, who are not supported by alumni-sponsored scholarships). We also need independence to meet our fiduciary responsibility to see that your assets are perpetually managed and dispensed in accordance with your direction.

## VOTING PROCEDURES

The enclosed ballot, first and foremost, addresses compliance or non-compliance with the SUNY Guidelines. In addition, the ballot addresses two other matters that should make our Constitution and By-Laws more consistent with contemporary governance practices. Ballot items are addressed as provided for by the Constitution and By-Laws, and are accompanied by recommendations from your Board of Directors.

Given that some of you are in the armed services or merchant marine and that many of us travel extensively; we have set a return postmark date for all ballots of Saturday, January 17, 2004. Although this time-frame is not consistent with our current Constitution and By-Laws, we are allowing approximately sixty (60) days from mailing, rather than ninety (90) days, because of the extreme pressure being placed upon us by SUNY. Note, however, that Proposition Three calls for changes that are consistent with the revised response time and the state of communications in today's world.

We plan to have the ballots mailed to all members who, as of that date, are in good standing (i.e., any member who has paid his/her dues in at least one of the past three (3) years, plus life members and "life fifty" members). We have provided for ballots to be return mailed to an independent third party to assure the reliability of tallied responses To be counted, ballots must be postmarked by Saturday, January 17, 2004.

Any members not initially receiving a ballot may call the Alumni office at (718) 824-4530 to request to pay the 2003 dues by credit card and receive a ballot. If the ballot is timely received thereafter, the member's vote will be counted.

## BOARD OF DIRECTOR RECOMMENDATIONS

The following choice is fundamental to the future direction of your organization. See the enclosure "Ballot Propositions Described" for the exact text of each Proposition (only summaries appear below):

### PROPOSITION ONE:

Affirm the Alumni Association's current form of organization and modus operandi in light of current circumstances.

OR,

### PROPOSITION TWO:

Direct the Association to reconstitute itself in accordance with the SUNY Guidelines.

**Note:** You may only vote for Proposition ONE or Proposition TWO, as they are mutually exclusive.

**BOARD RECOMMENDATION:**

**VOTE FOR: PROPOSITION ONE**

The following items require a change to the **Constitution** and the support of 75% of those members in good standing who submit timely ballots. See the enclosure "Ballot Propositions Described" for the exact text of each Proposition (only summaries appear below):

**PROPOSITION THREE:**

Change the time permitted for responses by members to proposed changes in the Constitution & By-Laws from between 90 and 120 days to between 45 and 90 days.

**BOARD RECOMMENDATION:**                      **VOTE :**                      **YES**

**PROPOSITION FOUR:**

Permit the assets of the Association to be employed in defense of officers, directors and members, in the event of any legal proceeding against them at any time, now or in the future. (This is the case for virtually all publicly held mutual funds in the US, and is currently, the rule for the Maritime College at Fort Schuyler Foundation, Inc.)

**BOARD RECOMMENDATION:**                      **VOTE:**                      **YES**

**CLOSE**

Please read the enclosed material carefully. We have attempted to provide you with the information you need to consider the options. Contact the Association office for hard copy of materials you cannot obtain them from the Association website (list enclosed). Contact any officer or elected board member (list enclosed) for further details.

Please be aware that if a decision is made in favor of supporting changes as set forth in the SUNY Guideline and Contract as demanded by SUNY, it is essentially an irreversible decision, even though the proposed form of contract could be cancelled by either party on 45 days notice.

Retaining Association assets and/or resuming Association business would be highly improbable if either corporate 509(a)(3) status or direct employment of Alumni Association staff by the College were elected and then, at a later time, cancelled. As cancellation would be at the option of either party, the Association could not be assured of future disposition of its activities and resources.

We urge you to read all relevant material and cast an informed vote.

Fraternally yours,

Theodore T. Mason '57  
President  
Alumni Association, Maritime College, SUNY

Francis X. Gallo '64  
First Vice President  
Alumni Association, Maritime College, SUNY

Enclosures:

1. List of Association Officers and Directors
2. Ballot Propositions Described
3. Ballot
4. Legal Opinion, Hollyer Brady Smith & Hines, November 11, 2003
5. Summary of legal opinions received by James M. Maloney, November 11, 2003.
6. List of documents available on Association website.