

Fort Schuyler Maritime Alumni Association, Inc.
P. O. Box 509
Oakdale, NY 11769

April 22, 2005

Patrick J. Wiater
University Controller
The State University of New York
State University Plaza
Albany, New York 12246

Dear Mr. Wiater:

Thank you for your letter of March 22, 2005, and for the enclosed materials concerning a potential contractual arrangement between SUNY and FSMAA.

While I believe we are making progress, several points must be addressed before accord may be reached. These points have been the subject of extensive discussion among members of the FSMAA Board since your letter and materials were received.

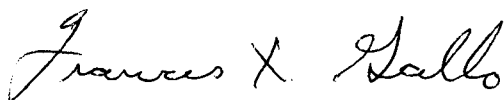
First, your letter states, in its third paragraph, that we "receive funds on behalf of Maritime College." That is incorrect. FSMAA does indeed hold funds earmarked for cadet scholarships, but these funds are for the benefit of the cadets themselves, with the College being a third-party beneficiary by virtue of its right to collect tuition and other charges from the direct beneficiaries. Indeed, our largest directed bequest, from the late John Dondero, Class of 1922, expressly provides that the funds are to be distributed to cadets in a specified manner, not directly to the College or to SUNY. FSMAA and its predecessor organization have administered and will continue to administer all directed gifts or bequests in absolute conformity with the wishes of the benefactors. (As an aside on the Alumni Association's role, I would like to point out that the Alumni Association has recently played a very active role in recruitment of cadets. In 2000 and 2001, largely through the efforts of Joseph Gustafson (Class of 1965), we developed (and, in conjunction with Deirdre Whitman and her team, implemented) a marketing plan based on extensive study that included surveys of students, industry leaders, alumni, and parents. Recent increases in enrollment have undoubtedly resulted at least in part from these efforts, although this has never been publicly acknowledged.)

Second, there appears to be a misunderstanding about the nature of the Alumni Database, as reflected in paragraphs 7 through 10 of the contract most recently proffered by SUNY. This was addressed fully in the contract prepared by us and sent to Mr. Trunzo last summer, but appears not to have been incorporated into the document we have just received. The term "Alumni Database" must be defined clearly, since it appears that the database that was painstakingly maintained by the Alumni Association for many years has somehow come into SUNY's possession. For SUNY to "license" this database back to the Association makes no sense.

Third, the interplay of various provisions in the contract, in our own certificate of incorporation, and in the Guidelines, has left us with some doubt as to the exact meaning and effect of the provisions in one or more of these documents with regard to termination of the contract and/or dissolution of the Association. We have referred this matter to outside counsel for evaluation.

On a more optimistic note, I would like to add that I believe that we are making progress. One point of accord is that our Board is of the unanimous opinion that, if a contract were entered into, we would welcome the President of the College as an ex officio voting member of our Board. Relatedly, I note that we have reached out to Admiral Ryan on many occasions in an effort to put a working relationship in place, but without success. We shall continue these efforts with Admiral Craine, and are hopeful that, even as the two sides work toward a long-term agreement, a cordial interim working relationship may be developed.

Respectfully yours,

A handwritten signature in cursive script that reads "Francis X. Gallo". The signature is written in dark ink and is positioned above the typed name.

Francis X. Gallo, '64
President