

THE STATE UNIVERSITY *of* NEW YORK



March 22, 2005

Mr. Francis X. Gallo
President
Fort Schuyler Maritime Alumni Association, Inc.
c/o ALCRIS Corporation
1527 Franklin Avenue, Suite 305
Mineola, NY 11501

*Office of the
Vice Chancellor for
Finance and Business*

University Controller

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Dear Mr. Gallo:

Thank you for the time you and your associates spent with us in Albany on March 8 to discuss the University's model contract, guidelines, and related issues associated with a potential contractual arrangement with the Alumni Association. We felt that our meeting was quite productive.

As promised, enclosed is a draft copy of a contract and related exhibits which contains the necessary provisions for the University and Maritime College to reach an agreement with the Alumni Association. You will note that we have added wording that incorporates the waivers we have agreed to from the guidelines – they are presented in red. We presumed from our meeting that you no longer wish to pursue having the Office of the State Comptroller replace the University Auditor's Office as the primary auditor of the Alumni Association representing the University, so we did not include a waiver provision for that item. We also have addressed the termination clause by allowing for unilateral or mutual termination of the contract by both parties.

Please note that since you receive funds on behalf of Maritime College, we would expect that you will inform the College of any and all such funds you have collected on their behalf, and work collaboratively with the College to distribute these funds in accordance with donor wishes.

Maritime College has made tremendous progress under Admiral Ryan's leadership. Enrollment is at record levels, a new 304-bed dormitory is complete, new labs and simulators have been acquired, and three additional vessels have been obtained to expand the ability to train cadets in ship handling. The College has hired a number of high quality faculty, enhanced the leadership program for cadets, and football is back!

We strongly suggest you and your principals reach out to Admiral Ryan and his management team to put a working relationship in place, and work in unison with the College toward common goals and objectives that will help all Maritime students. By doing so, we would hope that in the future the Alumni Association can assist with and share in the accomplishments similar to those noted above.

Thank you again and, once you have had an opportunity to review the model contract, we would like to resolve the contractual issues as soon as possible. We hope we can reach an agreement on contract language by the early part of April. In the meantime, should you have any questions, please feel free to contact Andy Edwards or me.

Very truly yours,



Patrick J. Wiater
University Controller

Enclosure

Copy: Chancellor King
Vice Admiral Ryan
E. Capaldi
D. A. Edwards
P. Ploughman
M. Trunzo