

CONFIDENTIAL



May 31, 2007

Introduction

It is now apparent that the enrollment and finances of the College are not sufficient for the College to sustain current operations. The University management team has reviewed the finances of the College and has determined that the survival of the College and perhaps even the University is increasingly at risk due to the depletion of funds, if the College remains open and operating at a deficit. Cash flow predictions indicate that Antioch University will not be able to meet monthly payroll obligations to faculty, staff and creditors sometime in late 2008 with a margin of error of thirty days without suspending operations of Antioch College. Many valiant efforts have been made, but after careful financial analysis with external consultant assistance, we realize that the time to suspend operations is near. Therefore, it is the recommendation of Antioch University management that the College declare financial exigency in June 2007 and operations be suspended on or around June 30, 2008. The future status of the College will be announced as either Scenario I or Scenario II as described later in this document.

The Plan

The Plan is a roadmap for the orderly suspension of operations at Antioch College. As in all plans, it is not perfect and should be modified as deemed necessary to implement it in a manner that is in the best interests of the University as a whole and to individuals directly impacted by the decisions.

Financial exigency needs to be declared for Antioch College by the Board of Trustees as soon as possible and no later than June 15, 2007. That declaration sets into motion a 30-day process that empowers the President of the College to work with the Dean of Faculty and ADCIL on the orderly suspension of operations. A committee made up of the College President, the Chancellor, the Vice Chancellor of Finance and the Director of Human Resources would be formed to resolve issues surrounding the suspension.

All students including current and accepted new students will be notified in writing that Antioch College will not be offering a complete instructional program beyond the 2007-2008 academic year, but that they will be offered degree completion opportunities at Antioch University McGregor beyond that time. In addition to the McGregor opportunity, students who have completed successfully their first two years of a bachelor's degree will also be offered reasonable opportunities to complete their degree at the University's other degree completion programs in Seattle, Los Angeles and Santa Barbara. And, of course, students will be able to transfer to other colleges and universities, if they wish, based on the

CONFIDENTIAL

requirements of the other institutions. Advisors will work with students to make the transfer process as smooth as possible.

Faculty, staff, union members, alumni, donors, appropriate governmental bodies, accrediting agencies, creditors and friends of the College would be notified in writing of the impending suspension of operations and the reasons causing this action.

It is intended that the 2007-2008 academic year would be staffed with essential Employees and services necessary to deliver a quality instructional program. Administrative, staff, and union employee layoffs would be announced as soon as possible and all faculty vacancies would remain unfilled for next academic year. Gaps in the teaching faculty would be staffed with part-time adjunct faculty. During this period, the College faculty and staff would be met with to inform them of their employment rights and conditions. The College would provide limited outplacement counseling and guidance to employees that will be displaced.

Tenured faculty, staff and administrators would be offered employment contracts for a period of 12 months or less depending upon employment agreements and tenure obligations. College faculty may be reassigned to teach in different disciplines than their normal department but within their training and skills. College staff may also be reassigned from their current department to another depending upon the service needs. Due to the predicted decreased enrollment and resources the bookstore and dining services would be operating on a limited basis for the 2007-2008 academic year depending upon final enrollment numbers. All other services and programs of the College would continue with the current level of service but possibly operating with reduced staff for the academic year.

Scenario I: Permanent Closure

Effective July 1, 2008, Glen Helen and the AEA Program staff and their operations would be transferred to the University and operated as self-sustaining programs under the direction of the Chancellor or her designate. The reduced library and registrar office staff will also report to the Chancellor or her designate. All records retention responsibilities would be transferred to the University, as well. A limited number of staff would remain for a specific period of time to assist in the closure of the College and to preserve the facility. It would include a basic administrative group, a grounds crew, a building maintenance crew, heating plant staffing, and limited security personnel.

Funding for the campus closure would include the cash reserves of the University. These reserves are limited and not adequate to fund the continued operation of the College. Antioch's non-residential campuses may be asked to assist in the funding of the closure and related costs. Other funding options will be explored in the transition year prior to closing, including the sale of some College assets.

The Chancellor will appoint a commission with members of the Board of Trustees, ULC, the Chancellor, the College President, College alumni and consultants to determine the long-term closure arrangements such as transcript services, and sale of assets. The commission will also

CONFIDENTIAL

examine the mission and structure of Antioch University in light of the absence of the College.

Scenario II: Suspend Operations and Planned Reopening

Suspend operations of Antioch College for a fixed period of time (three years) with a design process in place to re-open it as a state of the art, twenty-first century residential undergraduate program within a comprehensive Antioch University Yellow Springs campus and a dynamic multi-campus national university. All of the previous actions related to closure would take place up to the Chancellor's appointment of a Commission.

Goal:

Create a vibrant and innovative undergraduate program for 1,000 to 1,200 students based on the core Antioch mission. The new program will have clearly defined fields of study and be designed to attract students with diverse interests and backgrounds from around the world.

A vision creating a lifelong learning center where graduates and professionals can come to enhance their careers and life. This will require partnering with a development company to increase the density of the current campus and open remaining areas up for building affordable faculty and retiree housing. Under the direction of the Chancellor, McGregor and the College will establish a process during these three years to unify as Antioch University Yellow Springs with the College remaining in name for the undergraduate residential program. Create a conference center to attract conferences, retreats, and host Chautauqua activities. Build entries and walkways between the village and College. Create shared services with the community for public performance center, art studio, wellness center, library, and open spaces. Offer AEA for alumni and retirees.

CONFIDENTIAL

Scenario II: Suspend Operations and Planned Reopening

Suspend operations of Antioch College for a fixed period of time (three years) with a design process in place to re-open it as a state of the art, twenty-first century residential undergraduate program within a comprehensive Antioch University Yellow Springs campus and a dynamic multi-campus national university. All of the previous actions related to closure would take place up to the Chancellor's appointment of a Commission.

Goal:

Create a vibrant and innovative undergraduate program for 1,000 to 1,200 students based on the core Antioch mission. The new program will have clearly defined fields of study and be designed to attract students with diverse interests and backgrounds from around the world.

A vision creating a lifelong learning center where graduates and professionals can come to enhance their careers and lives. This will require partnering with a development company to increase the density of the current campus and open remaining areas up for building affordable faculty and retiree housing. Under the direction of the Chancellor, McGregor and the College will establish a process during these three years to unify as Antioch University Yellow Springs with the College remaining in name for the undergraduate residential program. Create a conference center to attract conferences, retreats, and host Chautauqua activities. Build entries and walkways between the village and College. Create shared services with the community for public performance center, art studio, wellness center, library, and open spaces. Offer AEA for alumni and retirees.

Process:

2007-2008 Fiscal Year: Phase out of Antioch College

June 2007: Announce that Antioch College will declare financial exigency, suspend operations at the end of 2007-2008 and establish a design process to open a dynamic new undergraduate program in Yellow Springs in September 2011.

See Communication Plan regarding announcement.

July – August 2007: Chancellor and senior management meets with Village leaders to explore land development company options and design the urban village concept of a life long learning center and facilities of the College.

August 2007: Lay off all staff not essential to one-year phase out operation (i.e. admissions) and significantly reduce staff in other offices as appropriate.

September – December 2007: Design programs at McGregor for those students who wish to complete an Antioch degree, most likely only juniors and possibly a few sophomores, and a system to assist those students who wish to transfer to other Antioch campuses or institutions.

CONFIDENTIAL

September 2007: A Design and Development Commission composed of BOT members, the Chancellor, College President, College alumni, McGregor President and BOV, Village representatives, etc., to create the future campus and fundraising plans.

January – March 2008: Develop plan to “mothball” facilities and maintain grounds. WYSO moves to Campus West. Chancellor, CFO and ULC will create a plan to repay the restricted funds obligations to present to the Board at its February 2008 meeting.

February 2008: Board of Trustees approves new governance model for the University for implementation July 2008.

February – May 2008: Land development company identified and engaged as partner.

June 30, 2008: Lay off all remaining Antioch College employees except for a skeleton facilities and grounds staff. A skeleton crew for transition and reopening will also be maintained to include library, development office, public relations, registrar, and curriculum design team. Any other functions needed by students are moved to McGregor or University offices.

If land development company has been engaged, Board approves detailed three-year plan to open a new Yellow Springs residential undergraduate program and a specific charge to an Academic Design Team (ADT) reporting to the Chancellor or designate. The ADT will be chaired by an Interim Academic Dean who reports to the Chancellor or her designate. The ADT will be composed of five academics that will lead the design process for the new residential undergraduate program.

If land development company has not been engaged, the College would move toward permanent closure.

YEAR ONE: 2008-2009: *Ideas and Alternatives*

July 2008: Board announces the creation of Antioch University Yellow Springs and a new \$50,000,000 “Campaign for a New Antioch Undergraduate Program” with 50% of the goal already committed by the Board, several key donors and the development corporation. Approximately \$20 million of this should be designated for facilities. Responsibility for the campaign will be determined by the Board and an Interim Development Officer with one staff is included in the budget for this first year.

New University governance system implemented.

Board selects an interim president of Antioch University Yellow Springs. Yellow Springs Board of Trustees created.

August 2008: Chancellor announces membership of the five-person Academic Design Team (ADT) that will lead the design process for the new residential undergraduate program.

CONFIDENTIAL

September 2008 – February 2009: ADT conducts a series of focus groups, with national experts on various topics, to harvest ideas for a 21st century, innovative liberal arts undergraduate program. Major higher education organizations are represented, but especially AAC&U.

March – June 2009: ADT organizes focus group results into alternative scenarios in key areas such as curriculum, learning outcomes, pedagogy, technology, community engagement, residence life.

YEAR TWO: 2009-2010: *Research and Final Design*

July – August 2009: Research consultants design market survey instruments and focus group methodology to “test” the alternative scenarios with internal (ULC and selected Board members) and external constituencies (groups of parents, high schools students, high school teachers, guidance counselors, international students, and so forth).

September – November 2009: Research consultants conduct surveys and focus groups and summarize findings.

December 2009 – March 2010: ADT makes final design decisions (based on expert opinion and research data) for the New Antioch Undergraduate Program (NAUP) and sends its recommendations to the ULC. Design includes curriculum outline for four-year programs of study.

January – August 2010: Searches conducted for first 8 permanent core faculty (no tenure) to start September 2010.

April – June 2010: ULC considers ADT recommendations, takes final proposal to Board for approval at its June 2010 Board Meeting.

May – July 2010: Admissions staff hired

August 2010: Academic Design Team goes out of business.

YEAR THREE: 2010-2011: *Marketing and Recruiting*

July 2010 – April 2011: Recruiting for the first NAUP freshmen including significant international recruiting (target freshman class of 300).

September 2010 – May 2011: Core faculty create detailed curriculum in the selected fields of study.

CONFIDENTIAL

September 2010: Advertise for a new Antioch University Yellow Springs president.

January 2011 – June 2011: Completion of the integration of McGregor and NAUP in all administrative areas.

January – July 2011: Seven additional core faculty hired to start September 2011 (making 15 total core faculty). Associate faculty and adjuncts are hired as needed.

YEAR FOUR: 2011 – 2012: *The (re)Opening*

July 2011: New president takes office. President given the year to build his/her team in regards to academic leadership, CFO, Admissions, Development, and Student Services while interims hold positions.

September 2011: Antioch University Yellow Springs opens its new residential undergraduate program (NAUP) with 300 freshmen.