

From: [Renner, Jamie](#)
To: [REDACTED]
Cc: [Mishaan, Jessica](#)
Subject: Your Public Records Request
Date: Monday, August 3, 2020 5:15:38 PM
Attachments: [8-3-20 PRA Response re 7-19-20 MC documents Redacted.zip](#)
[8-3-20 PRA Appeal Response.zip](#)

Dear Mr. Heck:

Attached are documents responsive to your Public Records Request regarding Marlboro College. As follow up to my correspondence of July 20, 2020, they consist of documents provided to our Office by Marlboro College on July 19 (within the last 10 business days).

Additionally, I have attached documents the withholding or redaction of which were revisited in light of your appeal. Specifically, while the Ernst & Young / Parthenon report may constitute “trade secrets” for the purposes of 1 V.S.A. 317(c)(9), EY-Parthenon and Marlboro College have agreed to its full release. See attached. Further, per Deputy Attorney General’s response to your PRA appeal, we continue to work with Marlboro College to revisit and un-redact (where possible) documents relating to restricted endowment funds where donor’s names/personal financial information was previously redacted. We produce here some less redacted versions of these documents. We will continue producing less redacted versions of this category of documents (where possible) on a rolling basis.

Please note: pursuant to 1 V.S.A. 317(c)(7), information reflecting the personal finances of Marlboro College donors has been redacted from the attached documents (both within the documents submitted to our Office on July 19 and within the documents subject to your PRA appeal). If you feel that any redaction has been made in error, you may appeal directly to Deputy Attorney General Joshua Diamond.

Regards,
Jamie

Jamie Renner
Assistant Attorney General
Office of the Vermont Attorney General
109 State Street, Montpelier, VT 05609
Dir: 802-828-5947

From: [Jeff McMahan](#)
To: [Renner, Jamie](#)
Cc: [Sara Huddleston](#)
Subject: Butler, Wolf Kahn and Willene
Date: Sunday, July 19, 2020 3:06:27 PM
Attachments: [image001.jpg](#)
[WilleneClark_FacultyResearchFund \(B2210011xA047C\).pdf](#)
[Butler - Email Corresp \(B2210009xA047C\).pdf](#)
[WolfKahnScholarship_docs \(1\) \(B2210010xA047C\).pdf](#)

EXTERNAL SENDER: Do not open attachments or click on links unless you recognize and trust the sender.

Jamie –

Here is the additional information that could be gathered on these funds.

Marlboro and Emerson will incorporate your requested changes in the Endowment Fund schedule in the closing documents.

Let me know if you have questions.

Jeff.



Jeffrey J. McMahan

Attorney

209 Battery Street | Burlington, VT 05401

P: 802-859-7013 **C:** 802-343-5958

E: jmcmahan@dinse.com **W:** dinse.com

[Bio](#) | [V-Card](#) | [LinkedIn](#)

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This email has been scanned for viruses and malware, and may have been automatically archived by **Mimecast Ltd.**

Lisa Christensen

From: [REDACTED]
Sent: Tuesday, April 22, 2008 6:36 PM
To: Lisa Christensen
Subject: Re: Butler Fund

Hello Lisa,

I'm pleased that the Arthur D Butler funds have arrived and will become an endowment fund, consistent with the college's spending policy. Thank you for outlining this policy (see below). I am in accord with it.

[REDACTED]

Lisa Christensen <lmchrist@marlboro.edu> wrote:

Hi [REDACTED]

We received the \$20,000 from [REDACTED] for the Butler Fund today, thank you so much for increasing the grant. It will be wonderful to kick off the grants available with \$1,000.

I just need to confirm in writing for our auditors - email is fine - that it was your intention to create the Arthur D Butler Fund as an endowment fund, with the income to be spent according to the college's spending policy:

As with all endowed gifts to Marlboro, these funds will be permanently restricted and invested as part of the college's endowment fund. The income will be spent in accordance with the trustee investment policy, which has been set at 5.0% beginning January 1, 2008. In years where there may be significant losses due to the market performance of investments there may not be enough gain to produce income sufficient to make awards from all funds. Any balance after the spending policy is applied is moved to the overall investment portfolio.

If this is in accordance with your wishes, please respond to this email in the affirmative.

Best, Lisa

Lisa Christensen
Chief Advancement Officer
Marlboro College
PO Box A, Marlboro, VT 05344
office 802-258-9259 / cell 802-384-3172 / fax 802-251-7687

Payee:
THE CORPORATION OF MARLBORO COLLEGE

Check No:
1131740

From:



Issue Date:
03/10/2015
Gross Amount: 0.00



Federal Tax: 0.00

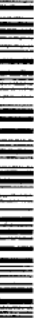
State Tax: 0.00



Check Amount: \$100,000.00

Purpose:
CLIENT REQUEST

Account:
0000-0000



WARNING: THE FACE OF THIS CHECK HAS A RED BACKGROUND AND THE BACK HAS AN ARTIFICIAL WATERMARK-HOLD AT AN ANGLE TO VIEW

SCHWAB

100 Montgomery Street, San Francisco, CA 94105

Bank Of America
Commercial Disbursement Account
Northbrook, IL

No **1131740**

70-2328
0719

Pay:
ONE HUNDRED THOUSAND DOLLARS AND NO CENTS

Date: 03/10/2015

To The Order Of:
THE CORPORATION OF MARLBORO COLLEGE

PAY \$100,000.00

Memo:

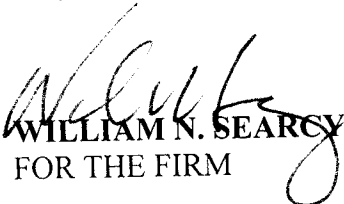
Present For Payment Within 180 Days

⑈ 1131740⑈ ⑆ 071923284⑆ 87658⑈ 03350⑈

March 23, 2015
Page 2

With best regards, I am

Very truly yours,


WILLIAM N. SEARCY
FOR THE FIRM

WNS/cn
Enc.

NEW FUND NUMBER REQUEST FORM

THIS SECTION TO BE FILLED IN BY PERSON MAKING THE REQUEST

Date of request: 3/27/15

Name of person/Dept. making request: ██████████

Name requested for new fund: Willene B. Clark Faculty Research Fund

Please check one of the following:

Unrestricted

Unrestricted Current Purpose

XXX Permanently Restricted

Describe permanent restriction:

To endow a fund to support faculty research, including materials and travel, beyond research for course preparation, and with the aim of publication, and including publication subvention (permissions, color plates, and the like.)

Temporarily Restricted:

Describe temporary restriction and choose *a.)* or *b.)* below:

a.) Criteria for unrestricting the fund:

b.) Criteria for permanently restricting the fund and describe permanent restriction:

THIS SECTION TO BE FILLED IN BY PERSON ASSIGNING THE NEW NUMBER

NEW FUND NUMBER: 03 - 20.444

Please be sure to return a copy of this form with the newly assigned number to the person who made the request.

Finally, on a separate issue. [REDACTED] [REDACTED] has been forwarded to the trustee's nomination committee for consideration as a honorary trustee. I expect the vote to be taken in August, perhaps in May. I also expect the vote will be unanimous [REDACTED] [REDACTED] [REDACTED]. I know Lil Farber already looks forward to welcoming [REDACTED] [REDACTED].

Please do let me know your thoughts on these issues.

My best to [REDACTED]

Sincerely,

Will Wootton
Director of Development

GIFT REPORT

Count	Receipt Number	Name	Receipt Date	Amount	Rcpt Type	Gift Type	Motive Code	Honor/Memor. Code	Letter Code	Comment
**	Fund: U-Annual Fund UR									
1	207487		06/29/91	5000.00	GIFT	CASH	PERS		RECPT	
**	Subtotal **			5000.00						
**	Fund: U-MCSF									
1	307103		09/20/90	80.00	GIFT		ORIG			Old #24245, 25/75% split/Co
**	Subtotal **			80.00						
**	Fund: Wolf Kahn Sch. Fund									
1	210461		10/15/92	8000.00	GIFT	CASH	NUCL		L-A	Partial first payment on pl
1	213465		10/27/93	6000.00	PYMT		ANCA		L-A	2nd pledge payment--complet
1	215665		06/27/94	2000.00	PYMT		ANCA		GEN-RCT	3rd pledge payment
1	217133		12/28/94	4000.00	PYMT		ANCA		GEN-RCT	Toward pledge (\$2,000 remai
1	220531		12/30/95	10000.00	PYMT		ANCA		SPEC-RCT	Full pledge payment - see f
1	223114		09/05/96	2000.00	PYMT		ANCA		PERS-PLB	Amount over pledge payment
1	223115		09/05/96	13000.00	GIFT		ANCA		PERS-PLB	
**	Subtotal **			45000.00						
***	Total ***			50080.00						

5/12/11



Dear [REDACTED]:

I write with some degree of embarrassment for a situation which, however hard I try not to, I can only blame myself. It regards the Wolf Kahn Scholarship, which was awarded for the first time at commencement last year, and will be awarded again this year.

In a review of all the College's endowed scholarships and funded or endowed academic prizes, I discovered that the Wolf Kahn Scholarship is not yet fully funded. Although not a serious breach of policy, we do try to assure that scholarships are awarded only upon being complete. It is a matter of fairness, really. The College has a number of people actively working to create an endowed scholarship, building the fund on an annual basis. All know that when their fund reaches or exceeds \$50,000, the scholarship becomes "official" and is awarded. *WJW*

I can not recall how it came about that we awarded the Wolf Kahn Scholarship last year, when [REDACTED] contributions amounted to \$45,000, the same level as today. Obviously, this was great for the recipient. And will be again, because I've also learned that the faculty have already chosen this year's recipient, and I have no intention of interceding, this year or ever.

Still, it would be a good thing to finish out the funding for the award. Had I been more on top of it last year, I would have given [REDACTED] a call. Instead, without realizing it, I let the awarding process go forward, perfectly content that the College had at last a named scholarship in the visual arts.

I apologize for this poorly timed information, and hope that [REDACTED] can without too much inconvenience bring the scholarship to full funding.

I'm sure we'll run into one another soon, as spring has finally arrived up here.

Sincerely,

Will Wootton
Director of Institutional Advancement

COPY

June 10, 1999

[REDACTED]
[REDACTED]
[REDACTED]

Dear [REDACTED]

Thank you so much for the final pledge payment towards the Wolf Kahn Scholarship Fund. I'm eager to share with you the marvelous revitalization of the visual arts program at Marlboro over the last three years. Your support plays an important role in our ability to recruit the very best art students.

I left a message on your answering machine. I wanted to reiterate my desire to get together with you after my return from vacation on July 7. Until then, I hope you enjoy this wonderful summer weather.

Sincerely,

Paul LeBlanc

Dear Paul -
I'll be up in VT
on June 13. Please
let's get together. I'd
like to hear about the
state of the Ant Dept.
Best
[REDACTED]

MONEY MARKET ACCOUNT
[REDACTED]

316

PAY TO THE
ORDER OF

Marlboro College

5/28 19 99

1-12
210 0063

five thousand 00

\$ 5000 00

DOLLARS

CHEMICAL

CHEMICAL BANK
255 FIRST AVENUE
NEW YORK, NY 10003

Kahly Fellowship final payment
MEMO
[REDACTED]

SIGNATURE

ENTERED JUN 02 1999

Fund: 6429-Wolf Kahn Sch. Fund

Largest:	\$13,000.00	Total:	\$50,000.00
First:	10/15/92	Average:	\$6,250.00
Last:	6/2/99	# Gifts:	8
# Donors:	1		

	Date	Name / Company	Amount
1992	10/15/92	[REDACTED]	\$8,000.00
1993	10/27/93	[REDACTED]	\$6,000.00
	6/27/94	[REDACTED]	\$2,000.00
1994	12/28/94	[REDACTED]	\$4,000.00
1995	12/30/95	[REDACTED]	\$10,000.00
1996	9/5/96	[REDACTED]	\$13,000.00
	9/5/96	[REDACTED]	\$2,000.00
1998	6/2/99	[REDACTED]	\$5,000.00

[REDACTED]

June 8, 2007

Ellen McCulloch-Lovell
President
Marlboro College
Marlboro, VT 05344-0300

Dear Ellen,

You have been most thoughtful and thorough in your response to our questions and comments about your proposed fund for faculty retirement and recruitment. I am pleased to provide a written commitment for the \$3M pledge from [REDACTED], payable in three equal installments of \$1M each in 2007, 2008, and 2009.

These funds are earmarked for endowment of the faculty salary and retirement benefits outlined in your letters of January 11, 2007 and May 4, 2007. Because of the nature of these commitments, our board wants to be clear about our intention that these funds will be used specifically for faculty salaries and retirement benefits and not for the general obligations of the College. The 2008 and 2009 installments from the [REDACTED] will be paid contingent on a brief report and review of how the program is working and progress against the benchmarks outlined in your letter of May 4, 2007. You may wish to have a separate letter of understanding with [REDACTED] and [REDACTED] applicable to their gift.

The [REDACTED] is always a quiet funder and we ask that you not cite our name in any publications printed or electronic. You can send an official receipt to my attention at the address below.

We are proud and pleased to be part of the substantial and exciting progress that is underway at Marlboro. Your leadership is resonating with a tone and quality that is just right for the college and its stakeholders. We thank you for all you are doing and for the bright future at Marlboro.

Enclosed is our check #6864 for \$1MM. Please call me if you have any questions about this contribution.

Sincerely,

[REDACTED]

Executive Director

[REDACTED]

June 15, 2009

Ellen McCulloch-Lovell
President
Marlboro College
Marlboro, VT 05344-0300

Dear Ellen,

Thank you for your call following commencement and the encouraging update on both the Fund for Inspired Teaching and Marlboro events in general. This has been an especially challenging year for everyone, both financially and strategically. It's good to know you are weathering the storm, however turbulent things may be. I hope that we all have a steady recovery toward a new, more secure normal budget position.

Enclosed is our [REDACTED] check for \$1 million. This represents the third of three installments on our pledge for the Endowment for Inspired Teaching. These funds are earmarked for endowment of the faculty salary and retirement benefits outlined in your letters of January 11, 2007 and May 4, 2007. Because of the nature of these commitments, our board wants to be clear about our intention that these funds will be used specifically for faculty salaries and retirement benefits and not for the general obligations of the College. As you have done in the past, please provide a brief report and review of how the program is working and progress against the benchmarks outlined in your letter of May 4, 2007.

The [REDACTED] is always a quiet funder and we ask that you not cite our name in any publications printed or electronic. You can send an official receipt to my attention at the address below.

We are pleased to be a part of this important faculty development program, and we appreciate all that you are doing to strengthen the College in many ways. I look forward to keeping in touch, and I'll let you know if I am able to stop by. I love the fact that I am now spending more time in Vermont.

Sincerely, /

[REDACTED]

Executive Director

Cc: [REDACTED]
Elizabeth McCormack

Telephone • [REDACTED]

[REDACTED] Mt. Kisco, New York [REDACTED]
[REDACTED]

Telecopier • [REDACTED]

[REDACTED]
[REDACTED]
Ridgewood, NJ [REDACTED]

Tel: [REDACTED]

Fax: [REDACTED]

Email: [REDACTED]

March 26, 2007

Lisa M. Christensen
Director of Development and Communications
Marlboro College
Marlboro, VT

Dear Lisa,

[REDACTED] and I are making a gift of 110,000 shares of [REDACTED] to Marlboro College. The proceeds of the sale of these shares should cover our 2007 pledge of \$745,000. In addition it should cover the \$6,000,000 of pledges which are due to the Fund for Teaching in 2007, 2008 and 2009. Any additional proceeds may be regarded as an unrestricted gift. I instructed my broker to transfer the shares as follows:

[REDACTED]

My broker contact:

[REDACTED]

Regards,

[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]
Petersham, Massachusetts [REDACTED]

February 20, 2008

Lisa Christianson
Marlboro College
PO Box A
Marlboro, Vt. 05344

Dear Lisa:

The [REDACTED] at Fidelity Charitable Gift Fund recommended a \$1 million grant to Marlboro College in December 2007. It is our wish that this gift be restricted to the Faculty Endowment Fund.

Very truly yours, [REDACTED]
[REDACTED]

[REDACTED]
Grantor of [REDACTED]

MARLBORO
COLLEGE

January 5, 2007

[REDACTED]
[REDACTED]
Petersham, MA [REDACTED]

Dear [REDACTED]

I write with gratitude to you for directing a grant of \$1 million from the [REDACTED] part of the Fidelity Charitable Gift Fund, to Marlboro College. As requested, the grant will be added to the 60th Anniversary Fund for Inspired Teaching, in support of Marlboro's ambitious plan to put in place a long overdue faculty retirement and improved compensation plan. We will not disclose you as the donors except to the current trustees but will list the gift as being in honor of Jerry and Elizabeth Aron.

As we discussed, the 60th Anniversary Fund for Inspired Teaching is part of the college's endowment. As with all endowed gifts to Marlboro, these funds will be permanently restricted and invested as part of the college's endowment fund. The income will be spent in accordance with the trustee investment policy, which is currently 5.25%. In years where there may be significant losses due to the market performance of investments there may not be enough gain to produce income sufficient to make awards from all funds. Any balance after the spending policy is applied is moved to the overall investment portfolio.

I understand and appreciate that it is your intention to request another grant, in the amount of \$2 million, from the Fidelity-based [REDACTED] to be paid over two years, December 2007 and December 2008.

On behalf of the faculty, staff and students, thank you for your continued investment and faith in Marlboro College. We are so fortunate to have you, and your family, as partners in our mission.

Sincerely,



Lisa Christensen
Chief Advancement Officer
(802) 258-9259 / lmchrist@marlboro.edu

OFFICE OF DEVELOPMENT AND ALUMNI RELATIONS



P.O. Box 55158
Boston, MA 02205-5158

ENV 750000001
MARLBORO COLLEGE
CORPORATION OF MARLBORO COLLEGE
2582 SOUTH ROAD
MARLBORO, VT 05344

RECEIVED DEC 22 2006
RECEIVED DEC 26 2006
ENTERED DEC 26 2006

December 14, 2006

Dear Colleague:

We are pleased to enclose a check in the amount of \$1,000,000.00. This donation was made possible through the generosity of the [redacted] of the Fidelity Charitable Gift Fund, an independent 501(c)(3) public charity with a donor-advised fund program.

A public charity with a donor-advised fund program is a charity to which a donor makes contributions and may in turn be eligible to take tax deductions. He or she also receives and obtains certain privileges, including the privilege of recommending grants to other public charities.

Please send any acknowledgements to the donor(s) who recommended the grant:

[redacted]
[redacted]
Petersham, MA [redacted]

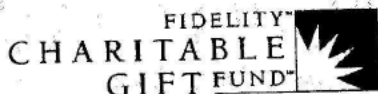
Designation: Faculty Retirement Fund. (The party recommending this grant has certified that no one will receive an impermissible benefit, i.e. goods or services, from your organization as a result of this grant and that no one is using this grant to fulfill all or a portion of a pledge.)

M # 121406 1900 750000001

PLEASE FOLD AND DETACH AT PERFORATION BEFORE PRESENTING CHECK FOR PAYMENT

VERIFY THE AUTHENTICITY OF THIS MULTI-TONE SECURITY DOCUMENT

CHECK BACKGROUND AREA CHANGES COLOR GRADUALLY FROM TOP TO BOTTOM.



P.O. Box 55158
Boston, MA 02205-5158
800-952-4438

EVERETT, MA 02149
PAYABLE AT: MELLON TRUST OF NEW
ENGLAND, NA
53-292-113

1591405
December 14, 2006

Pay to the Order of: CORPORATION OF MARLBORO COLLEGE

\$1,000,000.00

*****One Million & 0/100 DOLLARS

VOID AFTER 60 DAYS

Mark I. Casade

June 3, 2009

Ellen McCulloch
MARLBORO COLLEGE
Office of Development
P.O. Box A
Marlboro, VT 05344-0300

Dear Colleague,

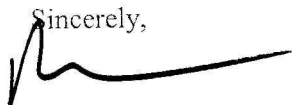
I am writing on behalf of the *Fidelity*[®] Charitable Gift FundSM regarding a \$1,000,000.00 grant that we made to your organization from an Anonymous Donor on 11/15/2008 (check number: 2126334).

Please update your records to reflect the following special purpose for the grant: Faculty Retirement Fund.

If you have any questions, please feel free to contact me at 800-952-4438, extension 3558, Monday through Friday, between 8:30 a.m. and 5:30 p.m. Eastern time.

Thank you.

Sincerely,



Robyn Knights
Fidelity Charitable Gift Fund

The *Fidelity*[®] Charitable Gift FundSM ("Gift Fund") is an independent public charity with a donor-advised fund program. Various Fidelity companies provide non-discretionary investment management and administrative services to the Gift Fund. Charitable Gift Fund and the Charitable Gift Fund logo are service marks of the Trustees of the *Fidelity Investments*[®] Charitable Gift Fund. Fidelity and Fidelity Investments are registered service marks of FMR L.L.C. used by the Gift Fund under license.

[REDACTED]

February 4, 2020

Mr. Kevin Quigley
President
Marlboro College
P.O. Box A
2582 South Road
Marlboro, VT 05344

Via email kevin@marlboro.edu; hard copy to follow via US Mail

Dear Kevin,

Responding to your letters of November 22, 2019 and January 28, 2020 and the calls and notes we have exchanged over the past year, please know that you have the support of [REDACTED] and the [REDACTED] family in navigating the very challenging pathway to the future for Marlboro College. You have been incredibly patient, thoughtful, analytic, intuitive and compassionate during a painful and difficult process.

Yes, we will “un-restrict” our endowment designation. As you have requested, we give you our gratitude and our permission to use the **full \$13 million** in endowment funds from [REDACTED] and other [REDACTED] philanthropies at your discretion to support the Marlboro College community as outlined in your letters. This letter supercedes our letter of November 25, 2019 addressing the release of [REDACTED] endowment funds at Marlboro.

We send best wishes and positive energy for you and the Marlboro Institute as you move into this challenging new chapter.

Sincerely,

[REDACTED]
[REDACTED]
Executive Director

Cc: [REDACTED]



Marlboro College

May 28, 2020

Ms. [REDACTED] President

[REDACTED]
Mt. Kisco, NY [REDACTED]

Re: 60th Anniversary Fund for Inspired Teaching and the [REDACTED] General Endowment Fund

Dear [REDACTED],

I hope you and the [REDACTED] family are well. Emerson College's attorneys have asked us to use the same format for documenting the release of restrictions on all endowed funds, hence this letter. Thank you for your willingness to remove all restrictions on the [REDACTED] gifts to the 60th Anniversary Fund for Inspired Teaching, the [REDACTED] General Endowment Fund, and any other funds at Marlboro College, and for any other purpose.

If releasing from restrictions is in accordance with your wishes, please sign below as indicated and return this letter to us in the enclosed envelope. The second copy is for your records.

Marlboro College is deeply grateful for your generous and long-standing support of its mission, faculty and students.

With deep gratitude,

Sincerely,

Kevin F. F. Quigley
President

ACCEPTED AND AGREED:

[REDACTED]

Signature

6/30/2020
Date

www.marlboro.edu

P.O. Box A
2582 South Road
Marlboro, VT 05344



Marlboro College

April 3, 2020

[REDACTED]
Petersham, MA [REDACTED]

Re: The Inspired Teaching Fund

Dear [REDACTED] and [REDACTED],

As we have discussed, thank you for your willingness to remove all restrictions on all your gifts to the Inspired Teaching Fund at Marlboro College, and for any other purpose.

If releasing from restrictions is in accordance with your wishes, please sign below as indicated and return this letter to us in the enclosed envelope. The second copy is for your records.

Marlboro College is deeply grateful for your generous and long-standing support of its mission, faculty and students.

With deep gratitude,

Sincerely,

Kevin F. F. Quigley

ACCEPTED AND AGREED:

[REDACTED]

[REDACTED]

Date: 4/6/2020

Date: 4/7/2020



Marlboro College

Board Meeting Executive Session



February 2, 2019

Objectives for today

1

Share assessment of Marlboro College's financial position, including potential five-year scenarios

2

Review the types of alliances in higher education in the context of Marlboro's finances

3

Discuss the key elements and attributes of Marlboro College

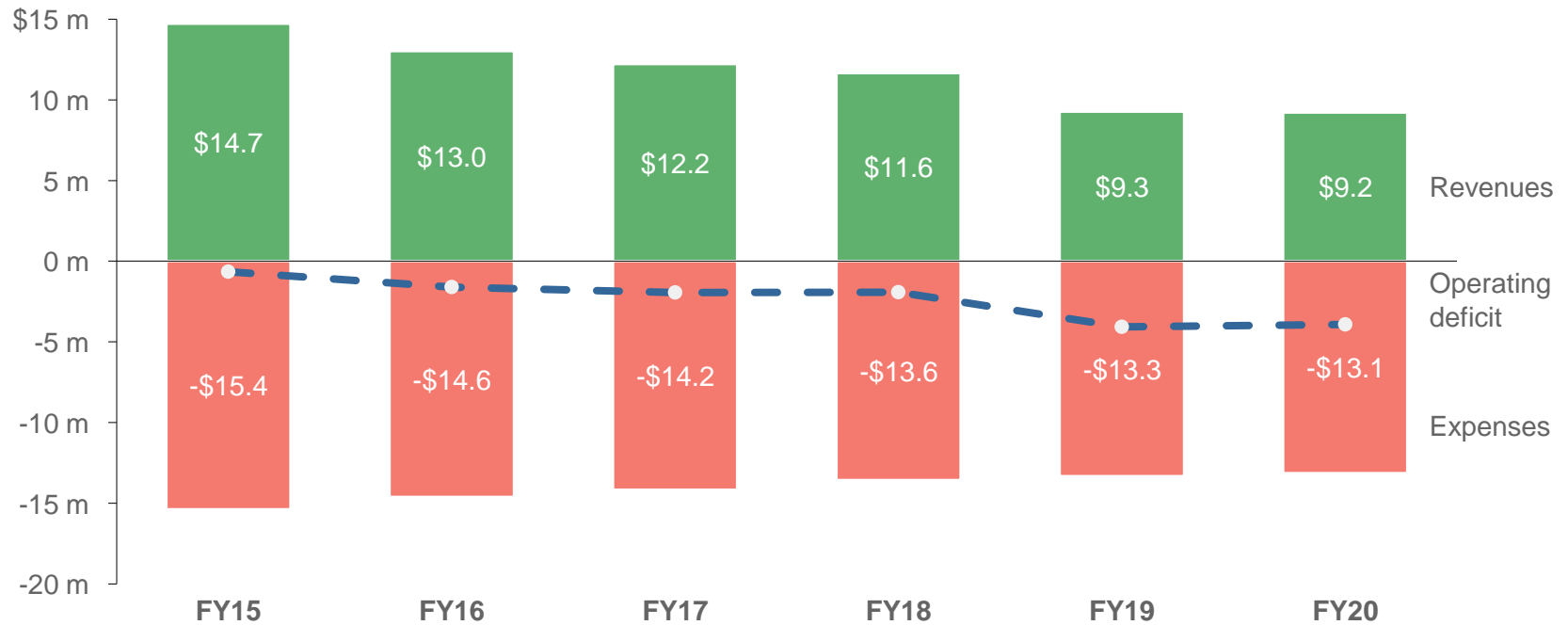
Agenda

- ▶ **Marlboro's financial position**
- ▶ Parameters for strategic alliance
- ▶ Appendix

Marlboro's financial position

Marlboro faces a structural deficit and is projected to continue to spend down its endowment

Marlboro historical and projected financials
FY2015 – FY2020



Total undergraduate enrollment	230	191	198	185	152	142
Endowment ending balance	\$39.2m	\$35.1m	\$37.3m	\$37.6m	\$35.3m	\$32.6m

Marlboro's financial position

In partnership with Marlboro, we sought to further assess the financial position of the college

Current operating model

- 1 What are the current levers (revenue and cost) driving Marlboro's finances? Could the current operating model reach near-time financial sustainability through improvement of these levers?**
- 2 Which of these levers most impacts Marlboro's financial position?**

Financial scenarios

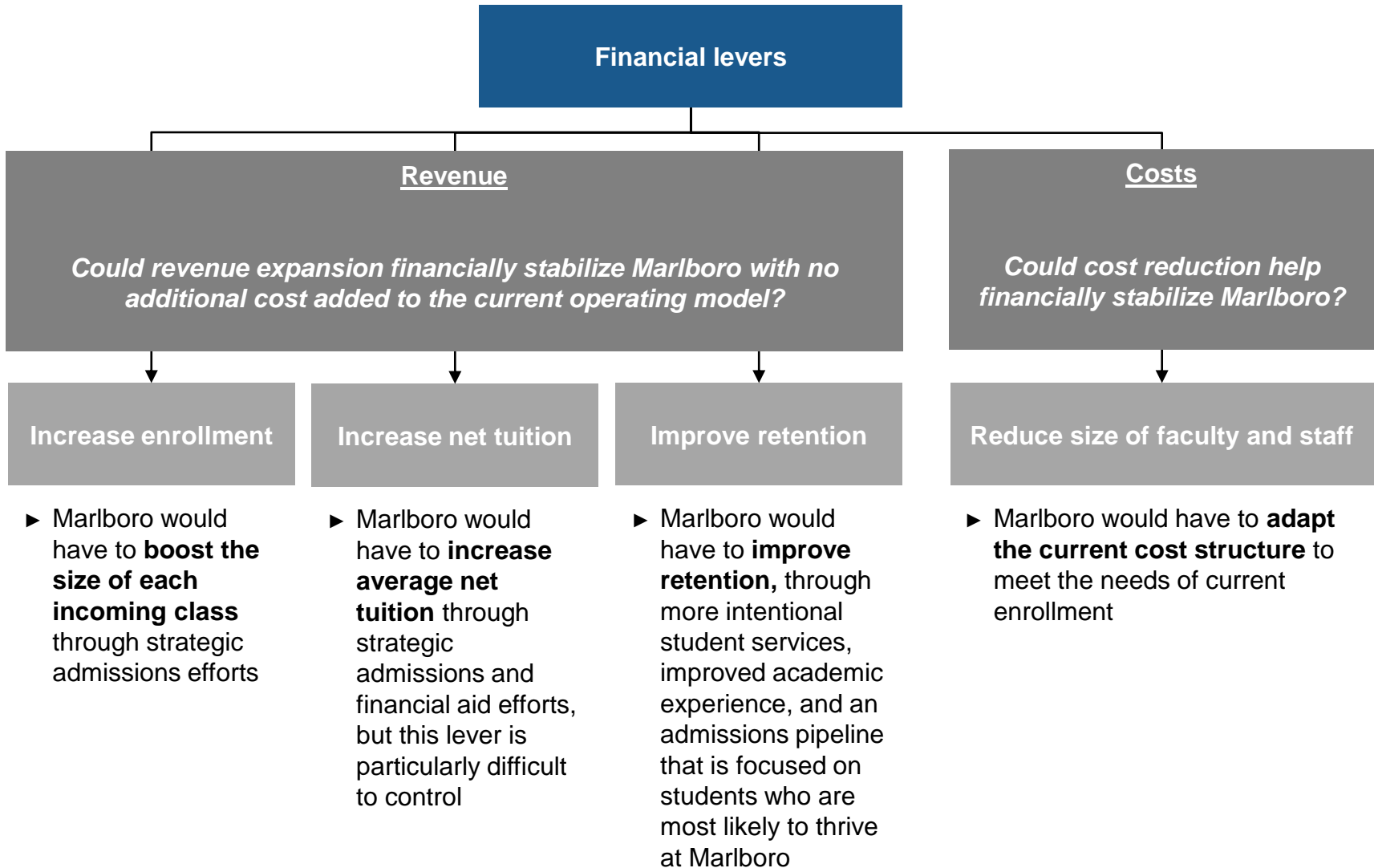
- 3 What are potential 5-year financial scenarios for Marlboro?**
- 4 How would the financial picture change in the context of a potential partnership with an institution of higher education?**

Marlboro's financial position

The analysis identified the performance required to bring Marlboro to standalone financial sustainability

Current operating model

Financial scenarios



Marlboro's financial position

The change in each lever for FY23 sustainability was calculated and then compared to market trends

Methodology: What would it take to get to financial sustainability?

Calculation

1

Step 1: Began with the **Marlboro College management's financial projections** and base case assumptions for FY19 – FY23

2

Step 2: Determined **what value each lever would need to reach**, holding all other assumptions constant, for the College's revenues to equal its expenses in FY2023 while spending only 5% of the endowment

3

Comparison

Step 3: To gain perspective on the feasibility of each calculated change, we **compared the change needed to achieve sustainability to peers** and broader market

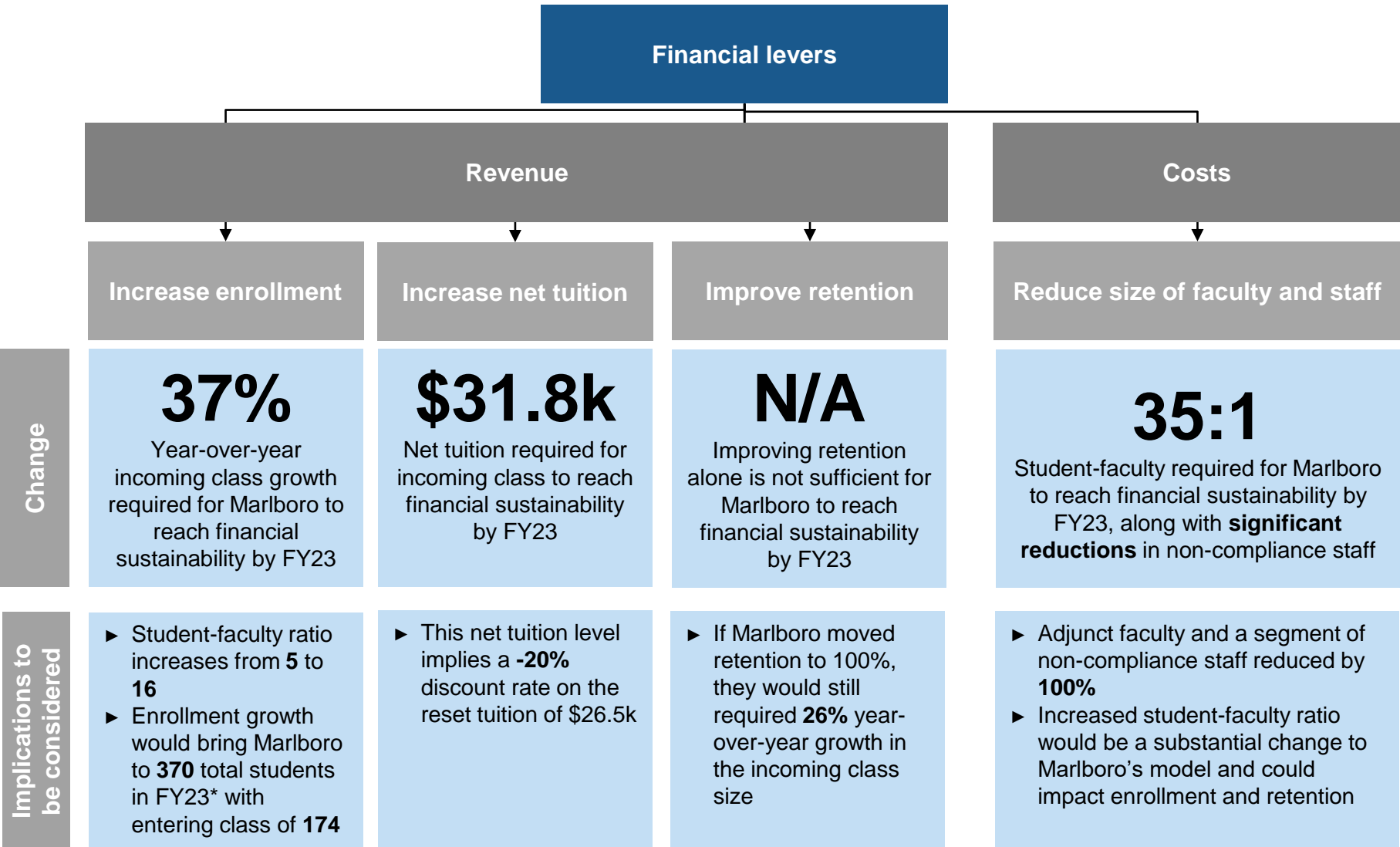
These steps help us align around an understanding of Marlboro's current and future financial position, which sets the stage for evaluating strategic options going forward

Marlboro's financial position

Achieving financial sustainability is more likely to occur through boosting revenues than cutting costs

Current operating model

Financial scenarios



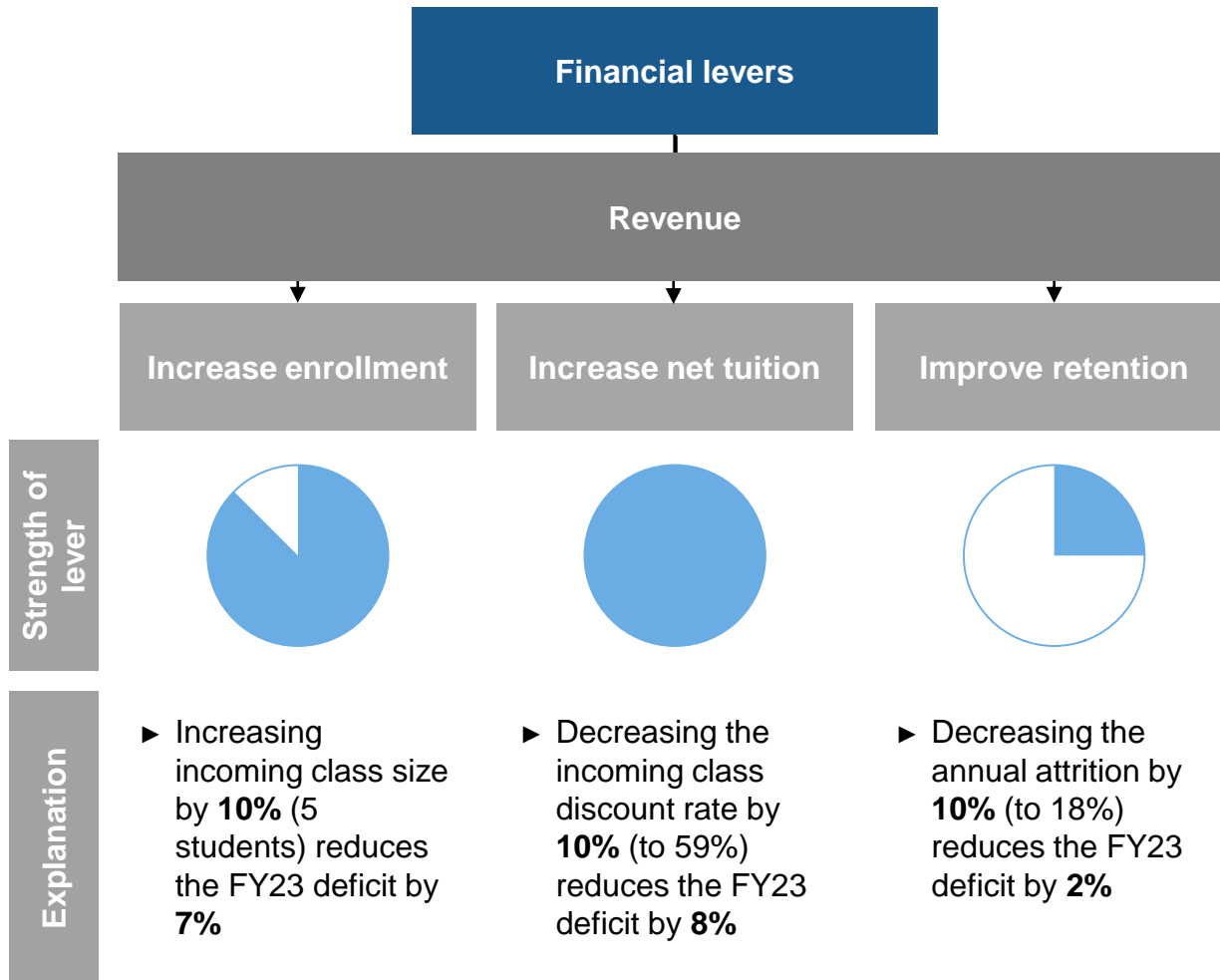
*Assuming that 75% of students live on campus, Marlboro's housing capacity of 300 should not be a constraint in FY23, but could be an issue if incoming class sizes remain at 174

Note: \$31.8k tuition is for FY20 and would increase at 3% year-over-year to account for inflation

Source: Marlboro management's financial projections

Marlboro's financial position

Of the revenue levers, enrollment and net tuition have the most impact



Marlboro's financial position

To further assess Marlboro's financial picture, we prepared scenarios of FY19-23

Current operating model

Financial scenarios

- ▶ As shown in the analysis, **it will be difficult for Marlboro to achieve financial sustainability as a standalone institution**
- ▶ To forecast a **range of possible near-term financial outcomes** for Marlboro, we prepared a series of scenarios with assumptions **grounded in market and competitive trends**
- ▶ **These scenarios focus on operating levers (e.g., enrollment, retention, and operating costs)** rather than endowment performance as there is uncertainty in future market performance



For each scenario, we calculated the cumulative operating deficit for FY19-23 as a proxy for how operations will impact Marlboro's endowment

Marlboro's financial position

We started with management's assumptions and flexed key levers to create two additional scenarios

Current operating model

Financial scenarios

	Management assumptions
	Base case
Entering class enrollment	▶ FY20-23: 50 entering students each fall
Tuition rate increase	▶ 3%
Retention rate	▶ 80% year-over-year retention ▶ 95% fall/spring retention
Discount rate	▶ FY19: 80% for the incoming class ▶ FY20-23: 65% for the incoming class (on reset tuition of \$26,500)
Room participation	▶ 75% room participation ▶ 65% board participation
Room and board growth rate	▶ 3% annual increase on room and board
Health insurance growth rate	▶ 6%
Personnel	▶ FY19: 29 tenured and tenure-track faculty ▶ FY23: 24 tenured and tenure-track faculty
Endowment performance	▶ FY19: 1% ▶ FY20-23: 6%
Annual fund contributions	▶ \$2 million/year

Note: an additional scenario with entering classes of 65 students was also analyzed

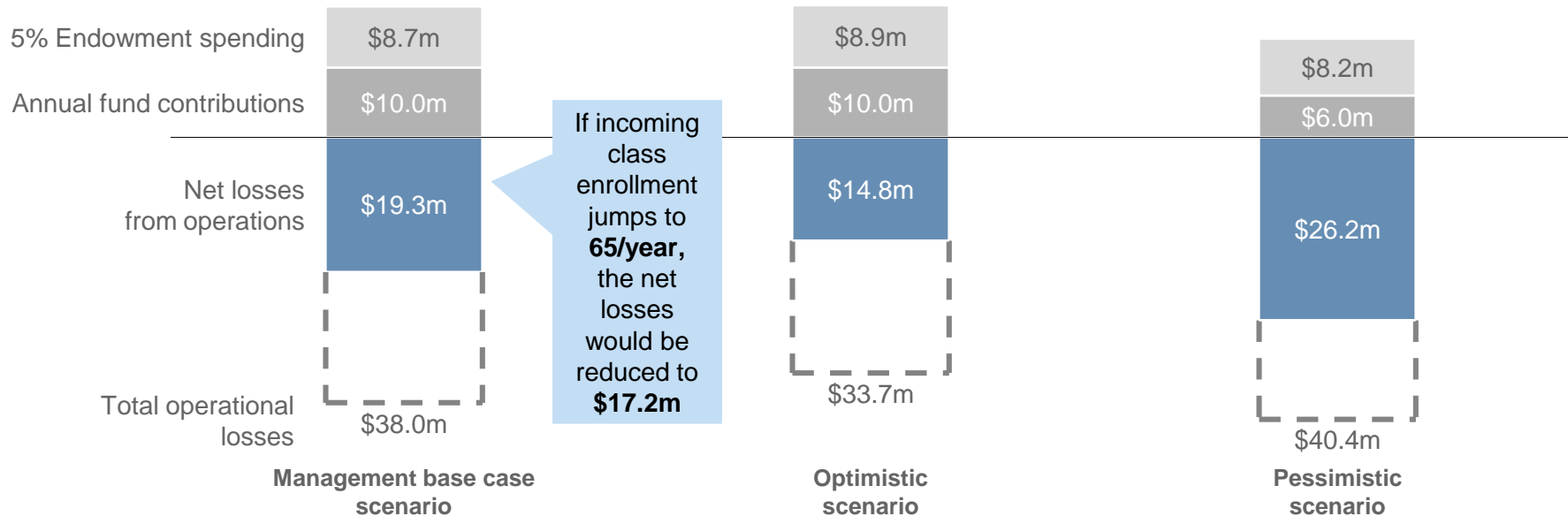
Marlboro's financial position

Marlboro is projected to run a deficit in all three scenarios considered

Current operating model

Financial scenarios

Comparison of 5-year cumulative operating losses under different scenarios, FY2019 – FY2023



Freshman enrollment	50	50 in FY19 8% annual growth for FY20-23 (reflects top-decile of peer growth from '12-'16)	50 in FY19 -7.4% annual decline for FY20-23 (in line with Marlboro's FY15-FY19 trend)
Discount rate	FY19: 80%, FY20-23: 65%	FY19: 80%, FY20-23: 65%	FY19: 80%, FY20-23: 75%
YoY Retention	80%	FY19: 80%, FY20-23: 88.5% (in line with retention at top-decile peers)	FY19: 80%, FY20-23: 75% (in line with retention of Marlboro's most recent cohort)
Costs	No additional cost reductions	Increase student-faculty ratio to 10:1	No additional cost reductions
Annual fund	\$2m/year	\$2m/year	FY19: \$2m/year, FY20-23: \$1m/year
Endowment performance	FY19: 1%, FY20-23: 6%	FY19: 1%, FY20-23: 6%	FY19: 1%, FY20-23: 0%

The cumulative decrease in the endowment would be 39% in the management base case scenario, 27% in the optimistic scenario, and 76% in the pessimistic scenario
Source: Marlboro internal data; IPEDS

Marlboro's financial position

A partner with a higher net tuition for students could sustain Marlboro's academic and operating model

Current operating model

Financial scenarios

Potential financial/operating structure with partner

- ▶ **Enrollment:** Partner University brings **300 students** to live and study as part of a year-long honors program on Marlboro's campus
- ▶ **Student-faculty ratio:** Marlboro targets a **8:1** student-faculty ratio to provide individualized academic experience to honors students
- ▶ **Staff:** Marlboro's current academic support and staff structure is unchanged; incremental staff needs are provided by Partner University
- ▶ **Annual fund and endowment:** There are minimal annual fund contributions since the Marlboro program is now part of the partner institution, but Marlboro continues to contribute **5%** of its endowment to support the honors program

To reach financial breakeven, the Partner University would need

\$22k

per student in net tuition

Marlboro's financial position

There are many higher education institutions with net tuitions >\$22k that could help Marlboro reach breakeven

Current operating model

Financial scenarios

162 institutions have net tuitions above \$22k* and less than 50% graduate enrollment, including:

- ▶ Bates College
- ▶ Berklee College of Music
- ▶ Boston College
- ▶ Boston University
- ▶ Bowdoin College
- ▶ Brown University
- ▶ Claremont McKenna College
- ▶ Drexel University
- ▶ Fordham University
- ▶ Middlebury College
- ▶ New York University
- ▶ Northeastern University
- ▶ Reed College
- ▶ Rensselaer Polytechnic Institute
- ▶ RISD
- ▶ Trinity College
- ▶ University of Miami
- ▶ Vanderbilt University

Questions for discussion

- 1 Do you have any questions about the financial scenarios?**
- 2 How does this financial picture shape the way you think about a potential strategic partnership?**

Agenda

- ▶ Marlboro's financial position
- ▶ **Parameters for strategic alliance**
- ▶ Appendix

Parameters for strategic alliance

There are six types of partnerships and alliances that exist; the current financial challenges suggest that only one is likely to support Marlboro sustainability

Types of higher education partnerships/alliances

Industry partnerships

- ▶ Business alliances around research, teaching, and career opportunities

Public-private contracts

- ▶ Outsource back-end administrative (e.g., food service, facilities and energy) and academic activities

Strategic partnerships

- ▶ Partnerships with nonprofit institutions typically for revenue generation

Bridge partnerships

- ▶ Pipelines with community colleges, 2-year colleges, or high schools

Consortia

- ▶ Academic or administrative collaboration

Mergers & Acquisitions

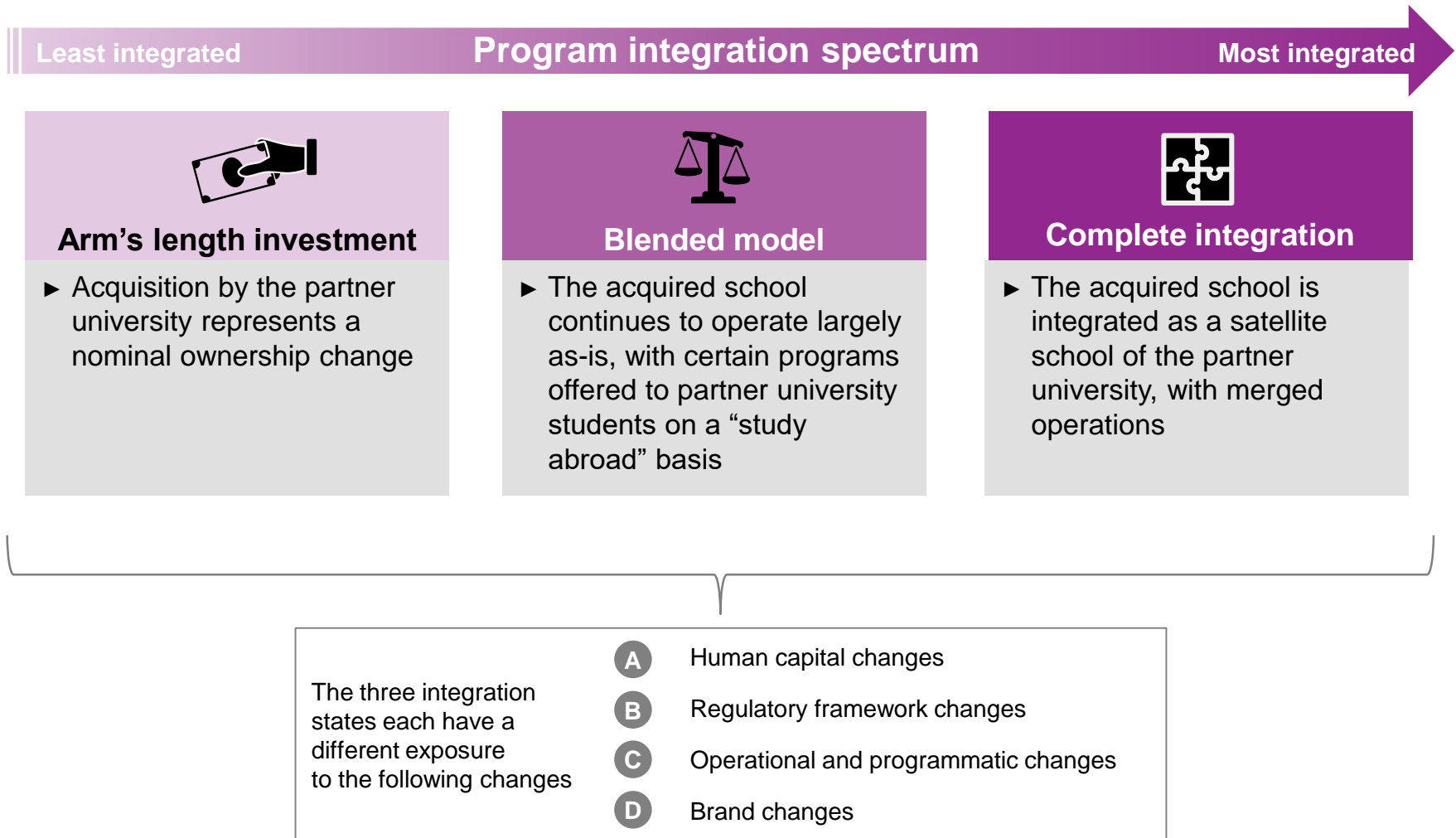
- ▶ Joining of higher education institutions, though level of integration can vary

Potential to support Marlboro College financial sustainability












Parameters for strategic alliance

Depending on the structure of the acquisition, the level of program integration varies considerably



Parameters for strategic alliance

In approaching a partnership, the most important element to preserve is Marlboro’s academic philosophy centered on faculty/student relationship

Hardest to give up	Hard to give up	Nice to retain, but less essential	Attributes for discussion
 <p>Academic philosophy</p> <ul style="list-style-type: none"> ▶ Close faculty/student relationship ▶ Integrative, interdisciplinary, student-directed academic exploration 	 <p>Continuity for Marlboro’s faculty</p> <ul style="list-style-type: none"> ▶ Collaboration across fields of study ▶ Highly skilled in facilitating unique pedagogy 	 <p>Degree-granting status</p> <ul style="list-style-type: none"> ▶ Academic model could be implemented without Marlboro granting its own undergraduate degrees 	 <p>Campus in Marlboro, VT</p> <ul style="list-style-type: none"> ▶ Rustic, New England campus on a hilltop ▶ Arts facilities that house the Marlboro Music Festival
 <p>Current student experience</p> <ul style="list-style-type: none"> ▶ Commitment to strong undergraduate experience for current Marlboro students 	 <p>Democratic ideals</p> <ul style="list-style-type: none"> ▶ Currently embodied in town hall meetings 	 <p>4-year academic program</p> <ul style="list-style-type: none"> ▶ Academic model could be implemented with only 1-2 years with students 	
	 <p>Marlboro name</p>	 <p>Town hall meetings</p>	

▶ Interviewees generally indicated that they **did not want to create a list of non-negotiables**; rather, they want to holistically evaluate all options proposed in response to the Request for Partnership Vision

▶ Interviews revealed that some attributes of Marlboro would be more difficult to give up than others

▶ Prioritized attributes shown here will inform the partner outreach strategy and framing for the Request for Partnership Vision

Parameters for strategic alliance

Marlboro has a unique set of attributes to offer to a partner



Rigorous academic model

- ▶ Marlboro's academic model, culminating in the Plan of Concentration, exemplifies the liberal arts tradition
- ▶ Marlboro's academics could deepen the existing liberal arts program of a partner or create an individualized option for a partner that has a very different academic model



Highly-skilled faculty

- ▶ Marlboro's faculty are experts in facilitating a student-directed, interdisciplinary experience that is rare in higher education



Campus

- ▶ Marlboro's campus in rural Vermont provides a strong setting for focused study, tight-knit community, and retreat
- ▶ The campus has high-quality facilities for the arts and a partnership with the Marlboro Music Festival



Financial assets

- ▶ Marlboro has a \$37 million endowment and minimal debt obligations



Alumni and donor base

- ▶ Marlboro has a small, but engaged base of proud alumni and generous donors who are committed to Marlboro's unique pedagogy

Marlboro seeks a partner who brings strong leadership and vision to utilizing these assets to bolster both the mission of Marlboro and that of the partner institution

Questions for discussion

- 1 Are there any other alliance options that could be attractive for Marlboro?**
- 2 What is your reaction to the current prioritization of Marlboro's attributes? How do you think the campus should be positioned in evaluations of potential partners?**

Agenda

- ▶ Marlboro's financial position
- ▶ Parameters for strategic alliance
- ▶ **Appendix**

Appendix

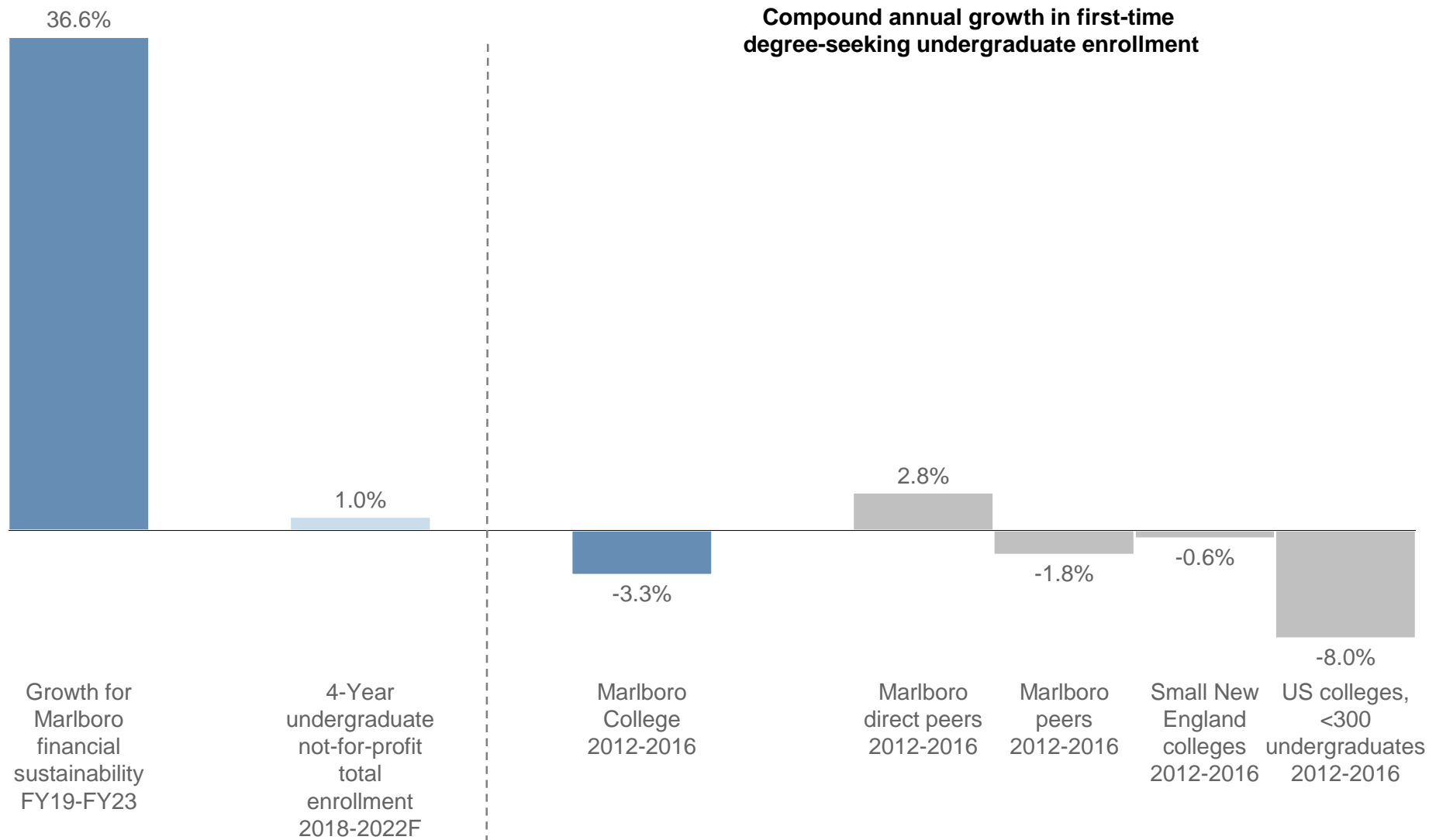
Peer institutions

List of peer institutions

- ▶ Allegheny College
- ▶ Bard College
- ▶ Beloit College
- ▶ Bennington College
- ▶ Champlain College
- ▶ Clark University
- ▶ College of the Atlantic
- ▶ Earlham College
- ▶ Goucher College
- ▶ Green Mountain College
- ▶ Hampshire College
- ▶ Prescott College
- ▶ Reed College
- ▶ Sarah Lawrence College
- ▶ Southern Vermont College
- ▶ St. John's College (MD)
- ▶ St. John's College (NM)
- ▶ Unity College
- ▶ Warren Wilson College
- ▶ Wheaton College

Appendix: Marlboro’s financial position

In order to reach financial stability, Marlboro would need to increase incoming class size by 37% year over year

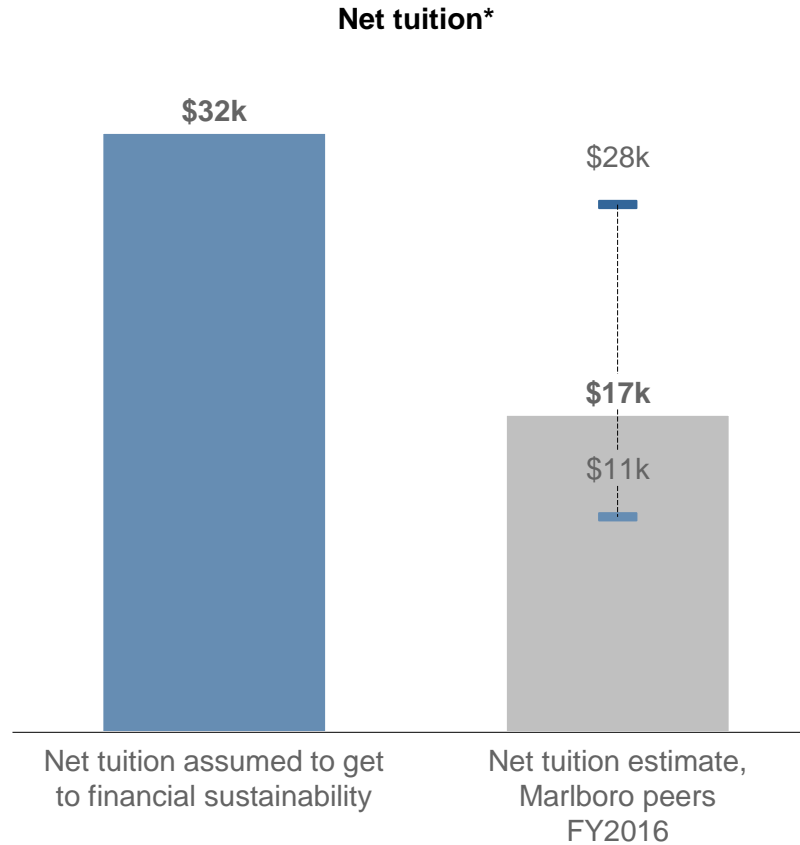


Notes: Small New England colleges are defined as private, 4-year, degree-granting, title IV institutions in New England with fewer than 1,000 students; the institution set is fixed to 2017

Source: IPEDS

Appendix: Marlboro’s financial position

Marlboro would have to earn \$32k net tuition from each incoming class to reach financial sustainability by FY23



In recent years, Marlboro has been unable to receive \$32k net tuition per student; this net tuition is also higher than Marlboro’s peer institutions

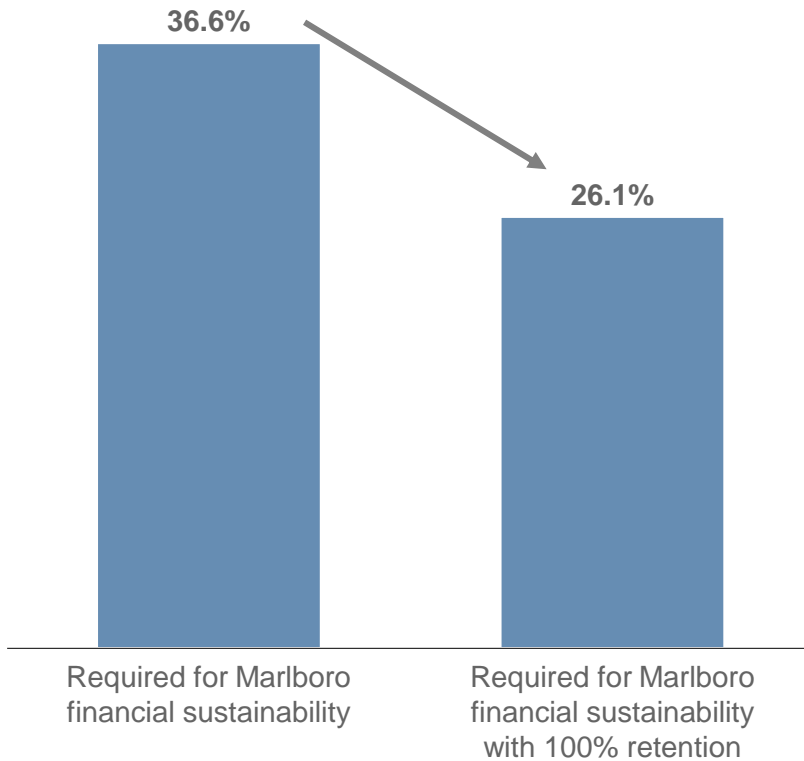
Note: *Net tuition figures are based on IPEDS net tuition less \$1,500 fees estimate. Net tuition figures include both graduate and undergraduate revenues. Analysis excludes College of the Atlantic.

Source: IPEDS

Appendix: Marlboro's financial position

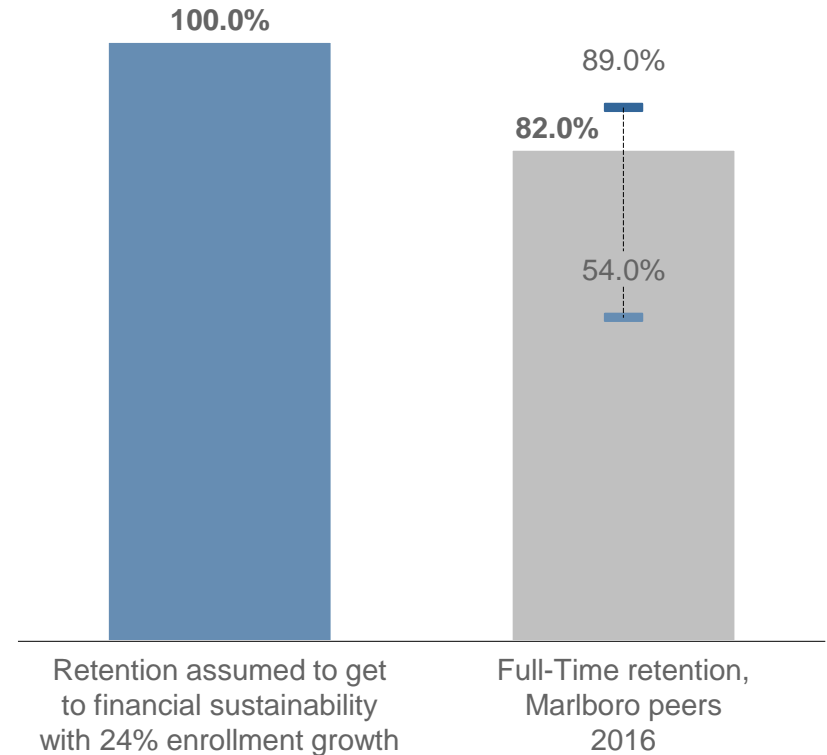
Even with 100% retention, Marlboro would still need to grow its incoming class size by 26% per year to reach sustainability

Compound annual growth in first time degree seeking undergraduate enrollment



Improving retention is not sufficient to move Marlboro to financial sustainability. This improved retention would need to be coupled with a 26% annual increase in incoming class enrollment

Retention



100% retention is unlikely – it is outside the performance of even top-performing peers

Appendix: Marlboro's financial position

For financial stability, Marlboro would need to increase the student-faculty ratio 7x and make additional cuts

Cost reductions to achieve financial sustainability

Achieving financial sustainability through cost reduction would require substantial changes to Marlboro's operating model and student experience

5:1

Student-faculty ratio in FY19
(29 tenured and tenure-track faculty)

35:1

Student-faculty ratio in FY23
(4 tenured and tenure-track faculty)

34

Adjunct faculty and personnel in non-compliance related services

0

Personnel in non-compliance related services

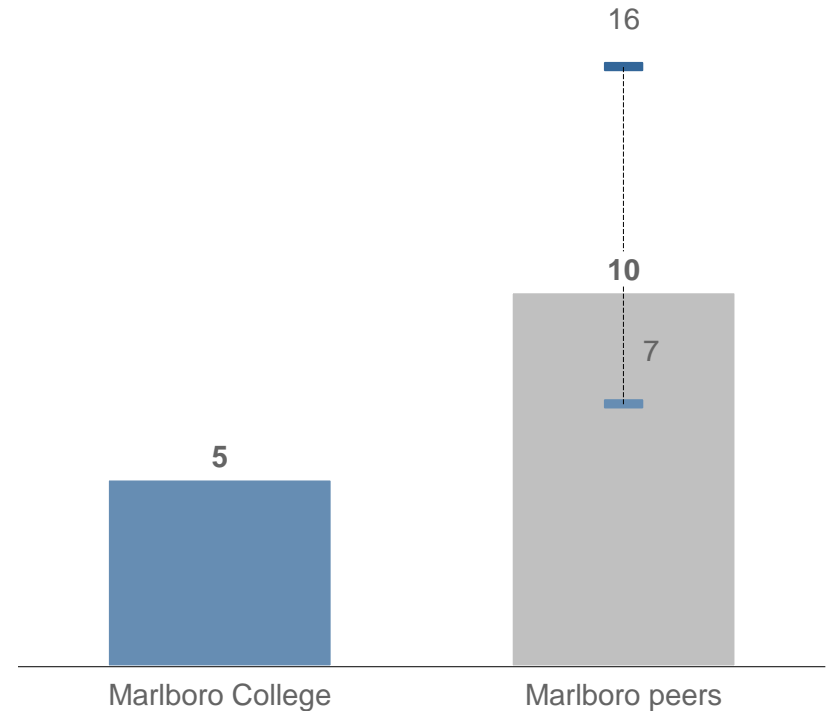
\$200k

Travel and outside services for non-compliance related activities

\$0k

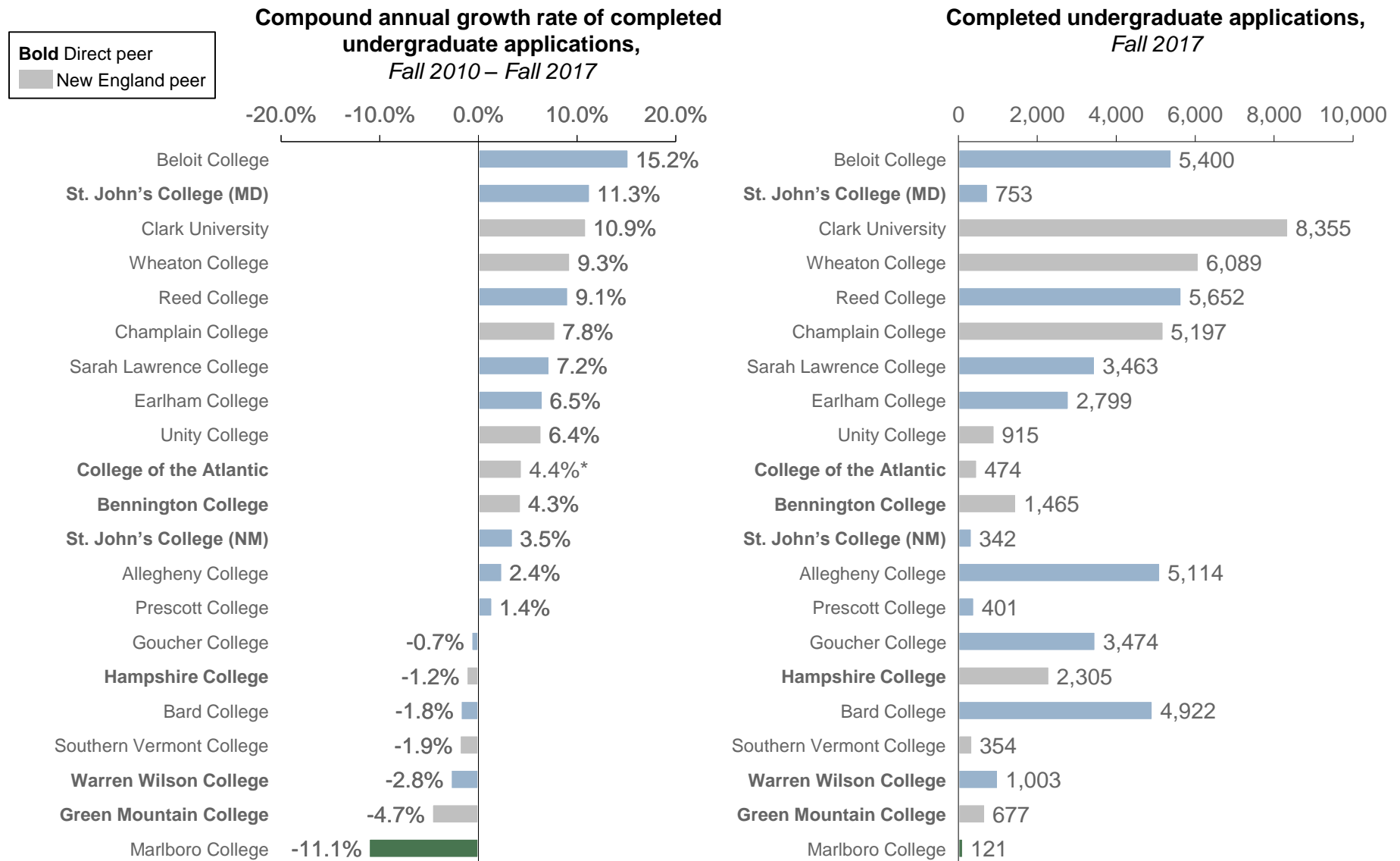
Travel and outside services for non-compliance related activities

Student-faculty ratio
2016



Appendix: Marlboro trends

Marlboro has seen the steepest drop in applications relative to its peer set from 2010-17; some schools have been able to increase the top of the funnel

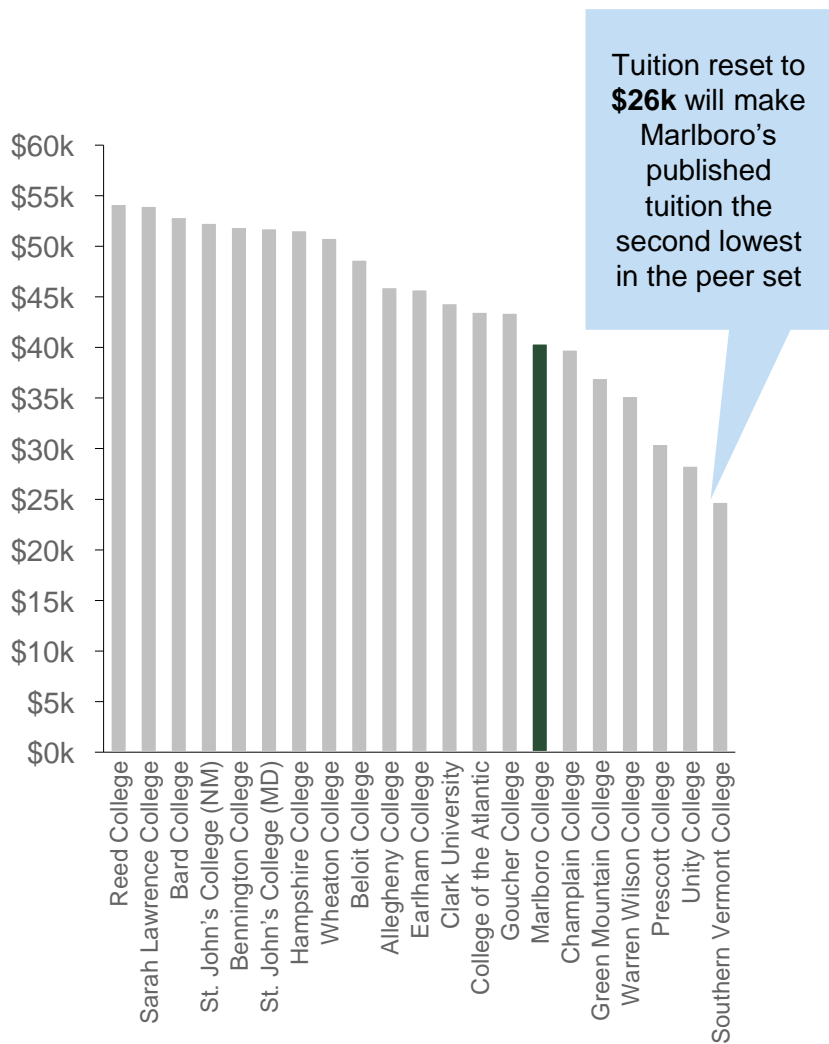


Note: Data shown are for first-time, degree/certificate seeking undergraduate students. Marlboro data from "Marlboro College" listing on IPEDs, excluding "Marlboro College Graduate & Professional Studies" listing. *CAGR from Fall 2011-Fall 2017.

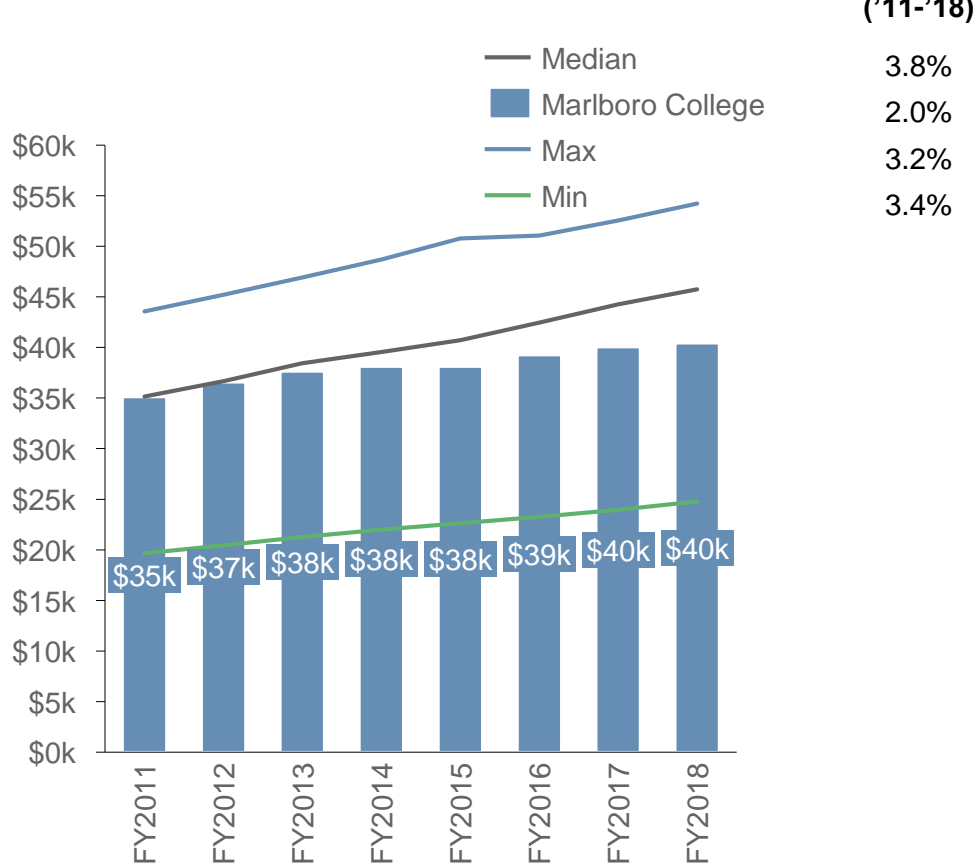
Appendix: Marlboro trends

Marlboro’s published tuition and fees is slightly below the median of its peer group and growing slower than its competitive set

Published undergraduate tuition and fees, FY2018



Published undergraduate tuition and fees, FY2011 – FY2018



Note: Marlboro data from "Marlboro College" listing on IPEDs, excluding "Marlboro College Graduate & Professional Studies" listing.

Source: IPEDS