

Dear Baylor Alumni Association Members:

I am pleased to report that on March 7, 2016, the Baylor Alumni Association (BAA) reached an agreement with Baylor University resolving our legal differences and putting an end to nearly two years of litigation.

The BAA Board of Directors believes this settlement agreement represents the best possible outcome for our members and the entire Baylor family, and we hope you will support our effort to bring this litigation to an honorable conclusion.

**Unlike the Transition Agreement rejected by BAA members in 2013 (Link)**, this settlement agreement does not abolish the BAA or require the organization to turn its assets over to the University. Rather, the BAA will live on and continue to exist as an independent 501(c)(3) not-for-profit entity. The BAA will continue to connect, engage and inform Baylor alumni, award scholarships to deserving children and grandchildren of Baylor graduates and, most importantly, continue to add transparency to the Baylor family dialogue by publishing the *Baylor Line* magazine with editorial and operational independence bolstered by an agreement more solid than the current license agreement.

Under the settlement agreement, the BAA will change its name to one of several options – probably The Baylor Line Foundation --- and will not hold itself out as an “alumni association.” But this agreement also ensures that the thousands of proud alumni who have purchased Life Memberships over the years will continue to receive the benefits that come from that long-term commitment, including their lifetime subscription to the *Baylor Line*.

The settlement agreement will also usher in a new era of governance at Baylor University. Under the agreement, all Baylor alumni will now have the right to vote in elections to name three members of the Board of Regents to full voting seats. Never before in Baylor’s history have the alumni had the right to directly elect members to the Board of Regents. These new Alumni-Elected Regents will have the same rights and duties as all other voting regents, and will bring fresh, new ideas and opinions to the Board – something we believe is critical to a healthy and successful Baylor going forward.

The first three Alumni-Elected Regents will be selected by consensus of the BAA Board and the Baylor Board of Regents to serve staggered terms of one, two and three years. As each term expires, all Baylor alumni will vote to elect the Regent who will serve a three-year term. Each Alumni-Elected Regent will be eligible, like other Regents, to serve three consecutive terms. The settlement agreement provides that this alumni-election process will remain in place for at least 20 years. Alumni-Elected Regents can be removed only for cause and will have a right to submit unfair removal to an arbitration panel. This ensures that the Alumni-Elected Regents do not serve at the pleasure of the other Regents, but remain accountable to the Baylor alumni who elect them.

Finally, the University will pay the BAA \$2 million to use in any way that furthers the organization's charitable purposes, including awarding scholarships, publishing the *Baylor Line*, securing a new location for our headquarters, and communicating with alumni. In exchange, the BAA will waive its rights to a replacement for the Hughes-Dillard Alumni Center, which was razed by Baylor in the summer of 2013.

As a next step, the BAA plans to submit a name change and other changes to align the BAA bylaws with this new era of cooperation with Baylor to a vote of our members. More information about voting, including electronic voting, will be coming to you shortly.

If for some reason the parties cannot agree on the initial three Regent selections, the settlement will be void. Also, if BAA members reject the BAA's new name, Baylor will have the right to render the entire settlement agreement null and void. In our ongoing effort to be fully transparent, we have posted a more detailed overview of the settlement agreement and the agreement itself on the BAA website at [btl.bayloralumniassociation.com/settlement \(link\)](http://btl.bayloralumniassociation.com/settlement)

In closing, several people deserve special thanks for producing this mutually agreed-to settlement.

U.S. District Judge and Baylor law graduate **Ed Kinkeade '73, J.D. '74**, has spent countless hours over almost six months providing leadership and friendship in helping the parties negotiate a resolution to this dispute. Judge Kinkeade got involved at the request of his friends BAA Director **Lyndon Olson '69** and Baylor President Ken Starr. Judge Kinkeade encouraged, cajoled and hounded us. When negotiations took a few wrong turns, he forced us back to the table. That the parties have reached agreement is a testament to Judge Kinkeade's vision, tenacity and his sheer love for Baylor University.

Our counterpart in this months-long negotiation has been Baylor Regent **J. Cary Gray, '79, '80; J.D. '83**. Although we have had a few tense, adversarial conversations, Cary is a good and honorable man who brought enormous energy, time and legal skill to the very difficult process of resolving this dispute. Baylor alumni are fortunate to have a leader like Cary serving so diligently on the Board of Regents.

The members of the BAA Board of Directors have also spent hours overseeing informal settlement discussions. The BAA Board has been engaged and informed about the evidence related to the lawsuit, the legal strategies, and every stage of the settlement negotiations. The BAA Board was remarkably unified throughout the litigation and settlement discussions and approved this settlement agreement without any dissenting vote.

**Judge Gary Coley, J.D. '93**, deserves special recognition for helping both sides understand the urgency of making one last attempt to settle our differences to avoid an unpleasant public trial. With the months-long settlement negotiations seemingly at impasse, Judge Coley ordered the parties to come to his courtroom on February 11 for a mandatory final settlement negotiation.

The parties negotiated for about nine hours in Judge Coley's courtroom, then for another eleven hours on Sunday, February 21, at Pat Neff Hall. We left Pat Neff at 1:15 a.m. Monday morning with a near-final agreement.

The BAA is proud of its long and storied 155-year association with Baylor University. With this lawsuit behind us, we look forward to ushering in an exciting new chapter for our members and for Baylor, an institution we all hold dear. We are eager to move forward together – united as one Baylor family.

Sincerely,

**Tom Nesbitt '94**  
President