

# THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

Board of Trustees Meeting  
March 11, 2020

**APPROVED**

JUN 10 2020

## PARTICIPANTS

**CHARLOTTE WESSELL  
SECRETARY TO THE BOARD OF TRUSTEES**

Trustees: Cristina Aguire-Ross, Taesha Aurora, Kevin Burke, Anne Chao, Joseph Dobronyi, Thomas Driscoll, Wanda Felton, Pam Flaherty, Stephen Gerard, Eric Hirschhorn, Aftab Hussain, Mahmoud Khair-Eldin, Malcolm King, Lynn Lander, Scott Lerman, Margaret Matz, Brian Steinwurtzel, Rachel Warren (Chair), Jeremy Wertheimer

Officers: President Laura Sparks, Secretary Charlotte Wessell, Treasurer John Ruth

Financial Monitor: Richard Faughnan, Ronald Salluzzo

Representatives: Diana Agrest, Melody Baglione

Absent: Kevin Slavin

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The meeting was called to order at approximately 8:35 a.m.

The minutes from the December 11, 2019 meeting were previously presented for approval. Upon motion made and seconded, the minutes were approved.

Ms. Warren, Chair of the Board of Trustees, delivered her quarterly report. She began by thanking Trustees for their contributions, both financial and of time, since the beginning of the year. Ms. Warren reported that, as required by the Consent Decree, the Annual Report of the Financial Monitor, published on February 15, 2020 and circulated to the Trustees in advance of the meeting had been posted to the Cooper Union website. Ms. Warren invited the Financial Monitors to provide an overview of the report and answer any questions. The Annual Report assesses Cooper Union's current financial condition, progress against the Plan to Return to Full Tuition Scholarships (Plan) and the Board's compliance with the Consent Decree.

The Financial Monitors reported that the school experienced a surplus this year, largely attributable to the reset of the Chrysler Building ground rent and decrease in total expenses. The Report concluded that, "under the strong leadership of President Laura Sparks and Board Chair Rachel Warren, Cooper Union has made significant progress this past year in implementing the thoughtful and responsible plan it adopted last year to improve Cooper Union's financial condition and put it on the path to a return to a full-tuition scholarship model within the foreseeable future." It was remarked that the report was clear to understand and provided a good level of detail to assess Cooper's financial state and progress.

Ms. Warren then reviewed the 2020 Work Plan for the Board of Trustees. Each Committee also reviewed and approved its particular Work Plan at their respective Committee meetings in February; these Work Plans feed into and complement the full Board Work Plan.

President Sparks delivered an update on the start of the semester, beginning with a status update relating to the outbreak of the novel coronavirus disease (COVID-19). The Cooper Union has been closely following expert local, national, and international information and guidance regarding COVID-19 and is working to protect the health and safety of the community, minimize contribution to the spread of the virus, and enable faculty, staff, and students to continue their work. As of the meeting, there were no suspected or confirmed cases of COVID-19 at The Cooper Union. Based on facts on the ground in New York City, classes will move online following Cooper Union's spring recess and an independent study week during which faculty will prepare for the transition. A determination of how long this will last will be made by the week of March 30. Significant planning is underway to prepare for a variety of outcomes depending on the public health context. Additionally, reasonable accommodations for high-risk faculty and staff have been provided.

The Board engaged in a discussion about the safety of the Cooper Union community, the importance of the institution's educational mission, and the decision-making process in the context of COVID-19. Ms. Sparks confirmed that any decisions made are in the context of understanding our state and federal requirements as an institution of higher education, and we are in regular contact with other colleges and universities during this time. The Board discussed potential financial implications should the pandemic limit international student enrollment next year. It was remarked that this may be an unprecedented threat in our lifetime and, as such, Cooper Union should plan for ongoing change in this regard. Finally, a Trustee asked for a clear FAQ to be posted to the website to communicate Cooper Union's plans and status. Ms. Sparks confirmed this was already under development and expected to be completed today.

Despite this current threat, the beginning of the semester has brought a number of exciting events, activities, and improvements at Cooper. One year after the 41 Cooper Square flood, the repairs to the building are complete. Additionally, renovations and new furnishings to student gathering spaces have been completed. This project was funded by a grant to improve community building and mental health at the school. Several standing-room-only events in the Great Hall have happened already, and a slate of exciting programs is scheduled for the remainder of the semester. The Art, Architecture, Construction, and Engineering Lab (AACE Lab), a multidisciplinary making space in the Foundation Building, had its soft opening in February. Ms. Sparks summarized the technology available in the Lab and the overwhelmingly positive response received thus far by students and faculty to the new tools, training, and service. She also displayed a number of objects fabricated by the Lab's 3D printers, waterjet cutter, and Vacuform machine. The Lab is funded in part by the IDC Foundation. The Trustee who introduced Cooper Union to IDC was recognized for his efforts in introducing us to IDC which has become a strong partner and funder.

The seven Committees of the Board met for their quarterly meetings in February. Each Committee reported to the full Board on its activities and progress.



## Academic and Student Affairs

The Committee provided an overview of the admissions cycle for the 2020-2021 incoming class. The enrollment target for this class is 230 students. This target reflects Cooper Union's obligation, as articulated in the Consent Decree, to maintain enrollment at historic levels. As a slightly larger group will graduate this spring, and a smaller class entered in the Fall of 2019, the numbers for this fall are incrementally larger to rebalance total enrollment.

The Office of Enrollment is now fully staffed after a period of rebuilding previously reported to the Board. Under the leadership of Vice President, Enrollment Mark Campbell, the recruitment activities included on-campus events, visits to high schools, college fairs, and national portfolio days, and a significant digital media strategy, which together reached approximately 3,000 prospective students. The Office of Enrollment will focus on creating a comprehensive enrollment strategy for the future, especially pointed at mitigating upcoming changes in demographics that will impact higher education enrollment. This includes a 15% reduction in the 'traditional' college-age population between 2025 and 2029 as a result of the post-2008 financial crisis birth rate decline.

For the Fall, the outcomes of the admissions cycle are encouraging with respect to the quality of the applicant pool and the fact that the overall application numbers are up for the first time in many years. The Board discussed the differing approaches and results with respect to Early Decision applications across the three schools. The Board also discussed the opportunity Cooper Union has to improve messaging around admissions. Historically, Cooper has relied on its positive reputation as high quality and "free," though now, most elite colleges are also "free" to those who qualify. At its meeting in May, the Committee will review the number of committed students and the expectations for the incoming class and report back to the Board in June.

The Committee informed the Board that management will be revising the Computer Science proposal, included for the Board's review in the meeting materials, and will report back to ASA in May. Additionally, the plan for an Engineering Advisory Council, endorsed by the ASA Committee, was shared with the Board. The Team will convene in April and serve the function of a "Visiting Committee," previously recommended by the Board to provide outside expertise to Cooper's academic programs.

## Alumni Affairs and Development Committee

The Committee Co-Chairs reported year-to-date fundraising results. Current-use funding raised fiscal year-to-date as of 12/31/19 was \$3.5MM vs. \$4.0MM for the same period last year. The FY20 current-use goal is \$7.9MM.

The Co-Chairs also informed the Board of the Benefit tentatively scheduled for Monday, June 8 at The Cooper Union and encouraged all Trustees to participate in outreach and fundraising. Ms. Sparks cautioned that the COVID-19 pandemic could impact plans for the Benefit. The Board discussed ways to increase fundraising in connection with the event. A list of potential corporate and foundation funders was also shared, and Trustees were encouraged to notify VP

Development Terri Coppersmith if they have any potential connections for fundraising within these organizations.

The Gift Acceptance Policy, accepted by the Committee, was put forth to the Board for discussion and approval. The Board had several comments relating to the reputational risks that could be associated with gifts before, during, or after the gift-making process and the importance of having a plan in place should Cooper Union not be able honor the original intentions of a donor. Changes were recommended to incorporate, and the Committee will revisit the policy with the Board at a future meeting.

#### Audit Committee

The Audit Committee reported on the Uniform Guidance Audit, shared by Grant Thornton. The audit reviewed eligibility of financial aid, timing of aid distribution, and reporting. It was a clean audit with no material issues. The Committee Chair reviewed the framework and progress for Enterprise Risk Management with the Board, notifying the Board that it will prioritize its focus on the top risks identified.

#### Finance and Business Affairs Committee

The Committee Co-Chairs drew the Board's attention to the YTD Budget Variance Report, noting that the main items to report are the improved cash surplus and the Tax Equivalency Payments (TEP). While the TEP of the Chrysler Building decreased, the Astor Place TEP increase more than made up for it. Additionally, the guardrails remain positive even with the recent market volatility, as Cooper Union generated positive operating results. The Committee is also considering revisions to its name and charter and will recommend the changes to the Governance Committee.

Budget Variance Forecast as of December 31, 2019 (in thousands)

Leases and tax equivalency payments	219
Net undergraduate tuition	0
Contributions	0
Other Revenue	0
Operating expense savings	0
Capital expenditures	0
Endowment spending	0
<b>Total</b>	<b>\$219</b>



### Free Education Committee (FEC)

The Chair of the FEC provided an update on Plan progress. The school is on track for the majority of targets, aside from the goal in facility rental revenue. The Committee shared with the Board that capital improvements and strategy implementation for the Great Hall could be a significant help in this capacity. The Board discussed the importance of communicating how operating surpluses are being allocated as reserves (and therefore are unavailable for new spending).

### Governance Committee

The Governance Committee Co-Chairs reported on succession planning and trustee recruitment. The Committee's efforts are focused on filling expected gaps in expertise and communities of access as Trustees' terms expire. A set of materials including the roles and responsibilities of a Cooper Union Trustee and background information on the school was provided to Trustees to review. These materials will aid in recruitment efforts. It was requested that the language in the background packet which noted that Trustees play no role in the admissions process should delete the sentence which noted that a Trustee could submit a recommendation on behalf of a prospective student.

### Investment Committee

The Investment Committee Co-Chairs provided a summary of Cooper's investment portfolio, particularly in light of the recent market volatility as a result of the COVID-19 pandemic.

#### Performance Summary - Total Portfolio

	4Q 2019	CY 2019	Annualized Trailing 3-Years	Annualized Trailing 5-Years	Annualized Trailing 10-Years
<i>Total Assets</i>	4.1	14.4	8.3	5.6	6.2
<i>Total Assets ex Cash</i>	4.5	15.2	9.7	6.7	7.2
<i>Dynamic Benchmark</i>	5.0	16.0	7.2	4.7	4.7
<i>Total Assets Benchmark</i>	3.9	14.3	6.8	4.6	5.3

The Committee affirmed that Cooper Union's portfolio is risk averse, and investments in hedge funds are designed to protect Cooper in down markets. The Committee plans to work with Cambridge Associates to improve private equity reporting.

While the first few years of the Plan have seen positive returns, we are bracing for a downturn, and have planned ahead and aim to remain on track by being cautious and controlling core expenses, recognizing that there are many things outside of the institution's control with respect to market performance. The Board discussed the benefits of having reserves, particularly during unstable economic climates. Ms. Sparks commented that there may be difficult decisions to make on the horizon, such as disrupting classes and campus activities, as the COVID-19 pandemic impacts New York City. These decisions can be made more thoughtfully with the

benefits of having liquid reserves. However, she reminded the Board that should we dip into reserves, we will have to rebuild them to remain on Plan.

There was no New Business, and as Representatives to the Board participated throughout the meeting, no further input was provided. The Board moved to an Executive Session and adjourned at 1:45 p.m.