

THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

Board of Trustees Meeting December 6, 2023 10:00 AM

PARTICIPANTS

Trustees: Anne Chao, Maurice Cox, Brickson Diamond, Elias Dills, Joe Dobronyi, Wanda Felton, Pam Flaherty, Judy Freyer, Elizabeth Graziolo, Jady Hammon, Dana Hughes, Aftab Hussain, Anthony Ianno, Tim Ingrassia, Malcolm King (Chair), Jamie Levitt, Lou Manzione, Marshall Rafal, Brian Steinwurtzel, Ron Vogel, Stephen Welby, Carol Wolf

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

Financial Monitor: Richard Faughnan, Ron Salluzzo

Representatives: Diana Agrest, Beverly Joel

Staff: Demetrius Eudell

Guests: Dennis Morrone (Grant Thornton), Joao Enxuto (Professor, Media Lab staff) Harrison Tyler (Professor, ACE Lab Director), River Friedman (Teaching Assistant, ACE Lab Staff, A'23), Quentin Henry (A'24), Conrad Moore (A'25)

The meeting, conducted via video conference, was called to order at 10:04 a.m. and began with an Executive Session. The Regular Session was called to order at 10:10 a.m.

Mr. King reported that during the Executive Session, the Board:

- Re-elected Trustee Joe Dobronyi, thus fulfilling the requirement to seat a descendant of Peter Cooper on the Board of Trustees;
- Re-elected Pam Flaherty for a second, four-year term as Trustee; and,
- Passed Resolution 2023-5, provided in advance of the meeting, appointing Officers as follows until the next annual meeting of the Board of Trustees on November 18, 2024:

Malcolm King	Chair, Board of Trustees
Aftab Hussain	Vice Chair, Board of Trustees
Lou Manzione	Vice Chair, Board of Trustees
Laura Sparks	President
John Ruth	Treasurer
Charlotte Wessell	Secretary

To begin his report as Chair, Mr. King acknowledged and thanked Elizabeth Graziolo for her service on the Board, as her term comes to an end following this meeting. The Board is grateful for her four years of service and valuable input as an Alumni Trustee. Mr. King also recognized two Representatives to the Board, Diana Agrest and Amanda Simson, who will conclude their service at this meeting.

Mr. King reviewed the significant work the Board has done since the previous quarterly meeting and

thanked Trustees for their participation in recent campus events and activities.

Mr. King reviewed items on the Consent Agenda for approval. Upon motion duly made and seconded, the Consent Agenda including the following items was approved:

- October 5, 2023 Board of Trustees meeting minutes, approved with one typographical correction;
- Resolution 2023-6 authorizing December 2023 degrees pending final grades;
- 2024 Board Work Plan;
- 2024 Committee Work Plans;
- Amended Investment Policy Statement and Conflict-of-Interest Policy; and,
- Amended Charters for the Finance and Business Affairs, Free Education, and Governance Committees.

Student / Faculty Presentation

At each quarterly meeting, Trustees review a presentation to highlight an academic initiative that is advancing the institution's goals and strategic priorities. For this quarter, faculty and students from the School of Art's Computational Studio course joined the meeting to present evolving pedagogy of the course.

This year, in an effort to remain at the leading-edge of the field, the course integrated the state-of-the-art technology available in the IDC Foundation Architecture, Art, Construction, and Engineering (AACE) Lab into the course. Instructors coined the course title "Technosculpture," which refers to new methods of materials-based art production using digital fabrication. While the course is catered toward School of Art students, the instructors hope the model can be replicated for interdisciplinary studies. Following the review of the goals of the course, students presented sample works created using robotic tools. Students described their process and ability to prototype certain materials in the lab, rather than purchasing. Trustees then engaged in a discussion with students about the potential disruption to the materials industry this knowledge may have, as well as implications and opportunities artificial intelligence tools have on this work. Following the discussion, the students and faculty exited the meeting.

President's Report:

President Sparks began by adding her thanks to Trustee Elizabeth Graziolo, noting her expertise and commitment to the Board as well as her mentorship to students over the course of her career. President Sparks also thanked Representatives Agrest and Simson, who have provided valuable input to meetings from a faculty perspective. President Sparks noted that, together, these three extraordinary women have exemplified the important value of Cooper Union's shared governance model.

President Sparks then reviewed internal and external dynamics impacting Cooper Union, including the Israel/Hamas War, related public perceptions of the cost and value of higher education, and the importance of Cooper Union's role in these contexts as a leader in its disciplines and in its approach to affordability and accessibility of a high quality education. To that end, President Sparks noted that Cooper Union's financial metrics within the Plan to Return to Full-Tuition Scholarships remain on track. Alongside the financial progress, Cooper Union's academic programs are undertaking important assessment and planning efforts this year, building on the recent success over the past several years to remain at the forefront of their respective disciplines in a rapidly changing world. Under the leadership of inaugural Vice President for Academic Affairs Demetrius Eudell, faculty and staff are also seizing the momentum of collaborative learning and interdisciplinary opportunities. President Sparks shared

examples of faculty talks, student presentations, and other riveting academic work happening at Cooper Union this semester, and at conferences, museums, and other locations around the world.

Following her remarks, President. Sparks welcomed questions and discussion from the Board. Trustees engaged in a discussion about resources needed to support student learning in the context of geopolitical challenges and ways to bring the community together through productive dialogue. Trustees also discussed Cooper Union's education programs for adults, middle- and high-schoolers, core to the institution's mission, as important ways to reach a broad, diverse audience with high-quality learning programs.

COMMITTEE REPORTS:

Each quarter, the Board rotates Committees to provide in-depth reports and engage the broader Board on key issues, with other committees providing brief reports of their quarterly activities. For this quarter's meeting, the Board received in-depth reports from the Audit and Finance & Business Affairs Committees. Brief reports were also shared from the Investment, Academic & Student Affairs, and Alumni Affairs & Development Committees.

Audit:

Dennis Morrone, National Managing Partner of Grant Thornton's Not-for-Profit & Higher Education Practices, joined the meeting to review Cooper Union's audited financial statements for the fiscal year ending June 30, 2023, previously approved by the Audit Committee. He provided an overview of the process and noted key areas of focus, including tuition, investment, federal programs, and information technology. Mr. Morrone remarked that in conducting their audit, Grant Thornton had complete, unfettered cooperation from Management and access to necessary information throughout the process. Having conducted a thorough, unrestricted audit of Cooper Union's financial statements as of June 30, 2023, Grant Thornton's opinion letter asserts that Cooper Union's financial statements are presented fairly and accurately, that Grant Thornton did not identify any material misstatements or material weaknesses, and that Cooper Union's financial records have been maintained in accordance with Generally Accepted Accounting Principles (GAAP). Given continued challenges in real estate markets, Trustees asked whether any information about real estate revenue stream risk should be disclosed in the auditor's opinion. Mr. Morrone shared that it was determined at this point that the facts did not permit any new disclosures, but should circumstances change, a subsequent event can be reported. As there were no additional questions, Mr. Morrone exited the meeting.

The Audit Committee Chair presented an overview of the Enterprise Risk Management (ERM) framework reviewed over the past two years. From 2018 to 2020, the Audit Committee developed an ERM framework to systematically look at institution-level risks, to discuss how best to monitor, mitigate, and manage them, and to understand residual risks that remain even after mitigation. Over the past three years, Management and the Committee have been systematically reviewing the top risk categories, the first round of which concluded during the previous quarter. The Committee will plan to review updates to the risks during each quarterly meeting moving forward. The Board engaged in a discussion about the ways in which the prioritization of risks can shift over time given changed circumstances and the importance of incorporating findings from financial runway analyses into the risk framework.

Finance and Business Affairs:

The Board reviewed the budget variance report (BVR) for the first quarter of the fiscal year, ending

September 30, 2023. The summary is as follows:

	FY23 Prelim Actual*	FY24 YTD Sept 2023	FY24 Budget	% Earned or Spent
Total Revenue Before Endowment Payout	85,453	29,156	86,328	34%
Less: Total Expenditures	(58,972)	(14,478)	(60,530)	24%
Surplus Before Endowment Payout	(387)	7,783	1,106	
Plus: Endowment Payout	6,330	1,632	6,530	25%
Total Surplus Available for Plan Priorities	5,943	9,415	7,636	

*Until the FY23 financial audit is completed all actual data must be considered preliminary.

Vice President for Finance and Administration John Ruth reviewed the long-term plan, a five-year forecast using the FY24 budget as the Year One baseline. The plan is evaluated vs. the guardrails of the Board-approved financial Plan. Cooper Union enters this five-year period well positioned with a cumulative net surplus level nearly \$18.2MM favorable to Plan. The current forecast projects an \$8.5MM negative variance on the Plan at the end of FY23, due in part to the necessary increase in deferred maintenance expenditures for the year and continued pandemic-related challenges to the school’s tax equivalency and real estate revenue streams. Cumulatively, Cooper Union would remain ahead of the Plan by \$9.7MM.

The Board continued strategic financial planning discussions from the previous quarterly meeting. As Cooper Union continues to make progress on the Plan, the Board has begun planning for a future financial framework for the institution to operate under once the metrics of the Plan are met. As part of this process, Management shared a proposed set of criteria for making the decision to return to the full-tuition scholarship model as financial progress continues:

- Achieving Composite Financial Index (CFI) score of +4.0 that can be sustained or grown over time.
- Achieving an operating surplus that can be sustained over time.
- A clear and sustainable plan is approved to increase investment in the academic programs and other operational needs, address deferred maintenance, and consider additional financial aid beyond tuition needs.
- An absence of other circumstances that could reasonably prevent the achievement or maintenance of the criteria above.

The Board discussed the importance of reviewing the sensitivity analyses Management provided, particularly as they relate to inflation and the impact of various factors on the CFI. Trustees engaged in a discussion about priorities for the future financial framework, including providing resources, including aid beyond tuition, to students to combat the high cost of living in New York City and continuing the investment in facilities. Management will incorporate the Board’s feedback and review next steps in the process during the next quarterly meeting.

Investment:

The Committee Chair reported that as of September 30, 2023, Cooper Union’s portfolio was valued at \$294.4MM, –1.8% for the quarter and +11.4% calendar year-to-date. The Committee continues

implementation of the Enterprise Review findings, building out the private investment program and analyzing the allocation to diversifiers. The Committee Chair provided a market update and Trustees engaged in a discussion about diversifier performance.

Academic and Student Affairs:

The Committee Chair reviewed key findings from the 2023 Enrollment Report. Cooper achieved the overall entering class targets along with a greater number of applications, lower (more selective) admittance rates and higher yield, key indicators of a successful admission process. Incremental improvements in diversity of the class continued, though the same gains in female engineering students (50% of the incoming class in Fall 2022 fell to 43% in Fall 2023) were not realized. Trustees remarked on the importance of upholding the strategic priority to increase diversity of thought, background, and experiences among students.

Alumni Affairs and Development

As the calendar year comes to a close, the Committee Chair reviewed the year-to-date fundraising results. As of November 30, 2023, \$2.2MM has been raised toward the \$12.7MM current-use goal for the fiscal year, and \$3.7MM has been raised toward the \$15.9MM total fundraising goal. Both measures trail results at this point in the previous year, in part because of major gift timing, but also as the fundraising climate nationwide is cooling off amid economic uncertainty. The team is preparing for the end of calendar year giving push and focusing on direct engagement with alumni.

Representatives provided input throughout the meeting and had no additional comments. There was no New Business. The Board moved to Executive Session at approximately 1:25 p.m. The meeting adjourned at approximately 2:13 p.m.