

THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

Board of Trustees Meeting

March 10, 2021

PARTICIPANTS

Trustees: Malcolm King (Chair), Stephen Gerard (Vice-Chair), Eric Hirschhorn (Vice-Chair), Anne Chao, Joseph Dobronyi, Wanda Felton, Pam Flaherty, Judy Freyer (regular session), Adriana Gomez, Dana Hughes, Aftab Hussain, Mahmoud Khair-Eldin, Lynn Lander, Jamie Levitt, Margaret Matz, Cristina Ross, Kevin Slavin, Brian Steinwurtzel, Carol Wolf

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

Financial Monitor: Richard Faughnan, Ronald Salluzzo

Representatives: Melody Baglione, Raffaele Bedarida, Walid Raad

Absent: Elizabeth Graziolo

The meeting, conducted via video conference, was called to order at approximately 8:32 a.m and began with an Executive Session. The regular session began at 8:49 a.m.

The minutes from the December 9, 2020 meeting were provided in advance for review. Upon motion made and seconded, the minutes were approved as presented.

Mr. King, Chair of the Board of Trustees, delivered his quarterly report, thanking Trustees for their year-end support and for their time and commitment during the Committee meetings of the first quarter of the calendar year.

He reported out the activities of the Executive Session, during which the Board:

- Elected Judy Freyer as a Trustee;
- Nominated Brickson Diamond to be elected as a Trustee at the June 2021 quarterly meeting;
- Approved the updated Committee membership list for 2021; and
- Approved the tenure recommendations for two faculty members.

Mr. King reported that, as required by the Consent Decree, the Annual Report of the Financial Monitor, published on February 15, 2021 and circulated to the Trustees in advance of the meeting, had been posted to the Cooper Union website. Mr. King 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.

In their judgement, despite the extraordinary financial disruptions caused by the global pandemic, Cooper Union continued to make positive improvements in its overall financial condition in 2020, largely attributable to the disciplined decisions made by the Free Education Committee (FEC) and the Board when formulating the structure of Plan, and the leadership shown by the Board and President Sparks over the past year during the uncertain economic conditions caused by the COVID-19 pandemic.

The Financial Monitors confirmed the school stayed comfortably within all of the Plan's guardrails, allocated funds for key priorities according to Plan, and balanced expense increases, including additional expenses relating to the pandemic, with other expense reductions consistent with the net results committed in the Plan. The Financial Monitors also included their perennial notes of concern: continued progress is dependent on continued revenue from the Chrysler building asset; continued management of expenses while addressing the need for increasing investment in capital plant, curriculum, and services; and continued expansion of philanthropy, particularly current-use philanthropy.

Mr. King then introduced students and faculty from the School of Engineering to deliver a presentation to the Board on reimagining Engineering Design and Problem Solving, a required course in the first-year student curriculum. Lisa Shay, Associate Dean for Educational Innovation and Professor of Electrical Engineering; Amanda Simson, Assistant Professor of Chemical Engineering; Jack Batson, senior Chemical Engineer; and Shirley Yan, sophomore Civil Engineer, joined the meeting.

The redesigned course was highlighted as emblematic of several objectives of the School of Engineering's strategic plan, which was crafted in the context of The Cooper Union's institutional goals and strategic priorities. The faculty shared the planning and redevelopment process they undertook, focused on making the course more student-centered and incorporating teamwork, problem solving, project-based learning, and mentoring. Given the dynamics of the COVID-19 pandemic, the faculty also worked with design coaches to develop a course that could serve as a productive transition for first-year students learning remotely. The two students who worked as Teaching Assistants, a new feature of the course, shared how they used the course to help build community with new students in a virtual environment. Trustees commended the faculty and students for their efforts and commented that the redesign of the course addressed multiple priorities for the school, from increasing mentorship and deepening the connection to the school, to fostering leadership skills along with technical project design skills.

The faculty and students departed the meeting. President Sparks delivered her quarterly report, recapping key events and updates from the first quarter of the year. At this meeting, Ms. Sparks also reflected on the school's progress on the Board-approved institutional goals and strategic priorities over the last two years. The Board will discuss what the next phase of work will look like at the annual retreat in June, where Trustees will also review and discuss the higher education landscape generally and Cooper Union's path forward in that context, consistent with the institution's stated goals.

In anticipation of that conversation, a guest panel of experts joined the meeting to share some of the external dynamics at play in this work, including the COVID-19 pandemic, federal and state government affairs, and the public policy implications for higher education. Ms. Sparks introduced the panelists: Dr. Ken Bridbord, a Cooper alumnus and senior scientist emeritus with the Fogarty International Center, part of the National Institutes of Health, who has spent more than 35 years specializing in countries' abilities to address global health threats; Oliver Spurgeon III, a senior government relations director at Arent/Fox, a Washington, D.C. based law firm that provides bipartisan lobbying services, legislative strategy, and advice on policy matters to clients; and Mary Beth Labate, previously the President of the Commission on Independent Colleges and Universities in New York and now a member of the government relations and strategic consulting firm Brown and Weinraub in Albany.

Dr. Bridbord reviewed the current state of the COVID-19 pandemic in the U.S. While new cases have plateaued, concerns regarding new variants and the speed/efficiency of vaccine rollout remain. He expects colleges and universities to have a better understanding of what the fall semester can look like in the upcoming months and encouraged Cooper Union to continue to exercise thoughtful planning and caution, with health and safety measures in place as the public health precautions will remain necessary until herd immunity is reached. He commended Board and management for thorough planning, careful planning, and strong results to date. Mr. Spurgeon commented that after passing the latest stimulus package for COVID relief, the new Presidential administration has shifted its public policy focus to the agenda set in the election campaign. While the pandemic will remain an important focus, the administration is looking toward making progress on other fronts, from taxes to education to immigration, before the midterm elections. Ms. Labate reviewed the public and private higher education landscape in New York State, the education policy and funding priorities of the executive branch, and Cooper Union's role within this landscape. The Board then engaged in a discussion with the panelists on a number of pertinent topics, including the effects and duration of immunization, preparedness for future pandemics, and the significance of the recent federal aid package for New York state.

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. Additionally, the COVID-19 Task Force of the Board met in January and also provided a report to the Board. (The Task Force has moved to meeting during months in which the full Board or Committee meetings do not occur).

COVID-19 Task Force Report

The COVID-19 Task Force of the Board shared updates on the health and safety measures on campus which remain primarily the same from the fall semester. Cooper Union continues to offer free testing once a week for faculty, staff, and students; has maintained enhanced ventilation and cleaning protocols; and set capacity limits, social distancing, and mask requirements for those who are coming to campus (primarily students using labs, studios, or workshops; faculty performing research; and staff who cannot perform their duties remotely).

Management is currently planning for the 2021-2022 academic year but continues to await more clarity on the vaccine rollout, variants, and local/state guidance for higher education before

making firm decisions. The school expects to offer a substantially more in-person experience, if not fully in-person, and will likely announce this later in March to give new students some indication of the format for the upcoming year, with the expectation that many specifics will remain in flux until further federal, state, and local guidance and requirements are issued.

The Task Force has also been receiving reports from Management on financial and enrollment impacts of the pandemic during their meetings.

Academic and Student Affairs

The Committee Chair provided an overview of key business from the February meeting. The Committee met with the Deans, who shared updates on the academic programs and Student Affairs, including key updates that fall under the Committee's purview:

- The School of Art Accreditation that was postponed as a result of COVID has been rescheduled for the 2022-23 academic year.
- The Engineering Advisory Council will hold its first meeting virtually in April.
- The Office of Student Affairs just passed the midway point of the four-year mental health implementation plan, in partnership with the JED Foundation. Dean Chamberlin will share a comprehensive update at the May Committee meeting.

The Committee also reported that it affirmed the proposed Computer Science major in the School of Engineering, subject to funding. With the Committee's support, the proposal was passed on to the Finance and Business Affairs Committee to review the budget and provide guidance on the funds needed to begin the program. (See Finance Committee report below.) The Board has been kept apprised of the two-year planning process for the development of the major. The process was faculty-driven, and the planned major includes a rigorous and hands-on approach to learning consistent with other majors in the School of Engineering.

Vice President for Enrollment Mark Campbell then joined the meeting to present the 2020 Enrollment Report highlights and a preview of the 2021 admissions cycle for the full Board. Cooper Union enrolled 208 new, first-time students in the Fall 2020 semester. Overall, the school received 2,323 applicants, reflecting stabilization after a multi-year decline, and the early outlook for the 2021 cycle is favorable.

A movement toward students staying closer to home played out nationally as a result of the COVID-19 pandemic. Cooper Union received a greater number of applications (+18.7%) and enrollment (+41.3%) from the state of New York, while further states that have traditionally been significant sources for Cooper, including California, Florida, and Illinois, collectively declined (-34.7%).

The Board inquired about and discussed the application review process in light of the two-year test optional pilot policy.

Alumni Affairs and Development Committee

The Committee Co-Chairs reported the 2nd quarter and year-to-date fundraising results. As of December 31, 2020, nearly \$4.4MM in current-use funds (including cash and pledge payments) have been raised, representing 57% of the year’s goal. As the goal was recast in light of the impact of COVID, and results fell short of the FY20 goal, the team is focused on keeping up momentum and exceeding goals. The initiatives currently in place align with the strategic plan for the Office of Alumni Affairs and Development, as supported by the Committee.

Finance and Business Affairs Committee

The Committee Chair reviewed the budget variance report for the second quarter of the fiscal year, ending December 31, 2020. Highlights are as follows:

	FY20 Actual	YTD Dec 2020	FY21 Budget	% Earned or Spent
Total Revenue Before Endowment Payout	81,181	43,625	78,497	56%
Less: Total Expenditures	(73,095)	(33,354)	(75,878)	44%
Surplus Before Endowment Payout	8,086	10,271	2,619	
Plus: Endowment Payout	4,630	2,340	4,680	50%
Total Surplus Available for Plan Priorities	12,716	12,611	7,299	

Key measures contributing to the positive results include:

- The approximately 1.5% tax increase on real estate resulted in a positive variance for Cooper in tax equivalency payments.
- The budget assumed a 20% decrease in enrollment due to COVID-19, however, the more favorable enrollment results (5% decrease) have driven a positive variance to budgeted undergraduate revenue for the quarter.
- While the investment market remains volatile, the Cooper portfolio was +15% for the first six months of the fiscal year. These positive investment results help build net expendable assets, though Management is cognizant that a downturn in the investment market could erode these returns.

The Chair reminded the Board that meeting the provisions of the FY21 budget will still produce a surplus lower than in the Plan, however, cumulatively we will still be on Plan with the previous years’ surpluses. Contributions especially remain a significant driver to meet the goals of the Plan.

As the FY22 budget process is underway, Mr. Ruth highlighted the key considerations and challenges for the financial Plan in the coming fiscal budget year. At the Q2 Finance & Business Affairs Committee meeting, Management will present a proposed budget for FY22 for the Committee’s recommendation to the Board. Per previous discussions, budgeting will continue to focus on net results, with an eye toward ongoing expense management. In addition, Management will remain cognizant during the budget process of what areas of operations may continue to be affected by the pandemic or will be newly affected. This includes continued revenue challenges

from real estate and facility rentals and expenditures needed to respond to changing operational formats to maintain adequate health and safety protocols.

The Committee Chair provided a financial update on the Computer Science major in the School of Engineering and outline the critical funding paths. At its February meeting, the Committee approved moving forward with the program once 8 to 10 years of funding can be raised. Additionally, the Committee noted it is important that the other contribution goals in the Plan remain on track alongside this fundraising effort.

The Chair also reported that the Committee discussed whether to explore instituting a debt policy, as recommended by the Free Education Committee. The Committee will revisit the issue at least one year before the bridge loan comes due or before taking on any additional debt.

Free Education Committee

The Chair of the Committee reported on Plan progress. The school is on track for the majority of targets, aside from the goal in facility rental revenue, which has been further affected by the pandemic. The Committee will continue to monitor the Plan semi-annually, and prepare for an upcoming mid-Plan review.

Investment Committee

The Investment Committee Chair reviewed the performance of the Cooper Union portfolio through December 31, 2020. As of this date, the Cooper Union portfolio balance was approximately \$237MM. In the 4th quarter of 2020, the Cooper Union portfolio returned 8.1%, exceeding the benchmark by 0.2%. The portfolio returned 14.6% on a FYTD basis versus 13.6% for the benchmark.

Portfolio/ Benchmark	CYTD 2020	FY 2021	Trailing 1-year	Trailing 3- Year	Trailing 5- Year	Trailing 10- Year
Total Assets	10.7	14.6	10.7	8.1	8.5	6.2
Total Assets ex Cash	12.4	16.6	12.4	9.1	10.0	7.2
Cooper Union Dynamic Benchmark	8.8	14.6	8.8	6.0	7.1	4.8
Total Assets Benchmark	8.8	13.6	8.8	5.6	7.2	5.3

The Chair confirmed the Committee approved the annual fee disclosures for investment advisors and fund managers for public posting, per the requirement in the Consent Decree.

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 and will be filed by the March 31 deadline.

The Chair also provided an annual update on Cooper's insurance program. The school's property and casualty coverage renewed on February 14 with a 12% increase for the year. Challenging as that is, it is on the lower end of what other institutions are encountering as over the past few years, the property and casualty insurance marketplace has seen significant rate increases for most lines of coverage, particularly in the education sector.

Governance

The Chair of the Governance Committee reported on Trustee succession planning efforts. The Committee's efforts are focused on filling anticipated gaps in expertise and communities of access as Trustees' terms expire. The Board expects to replace three Trustees with expiring terms at the June 2021 meeting: one Student Trustee and two Alumni Trustees (including the CUAA President). Additionally, as Brickson Diamond was nominated at this meeting, he will be formally elected at the June meeting.

Representatives provided comments throughout the meeting and contributed additional input at this point in the meeting.

- A Representative stressed the importance of providing academic transition supports (e.g., a bridge program) to help effectively prepare students from under-resourced high schools to transition to a rigorous college environment. The Representative encouraged the Board to allocate resources such efforts.
- A Representative shared appreciation for the students who have paid tuition as Cooper Union has worked to stabilize its finances and made progress on the Plan to Return to Full-Tuition Scholarships.
- A Representatives noted the importance of prioritizing planning for the Humanities and Social Sciences program as it will be experiencing a leadership shift at the end of the academic year when the Acting Dean retires.

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 12:53 p.m.