

THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

Minutes of the Board of Trustees Meeting

**June 10, 2015
8:30 AM – 1:00 PM
Offices of Cleary, Gottlieb, Steen and Hamilton LLP
One Liberty Plaza, 42nd Floor
New York, NY 10006**

APPROVED

LAWRENCE CACCIATORE
SECRETARY TO THE BOARD OF TRUSTEES

Trustees Participating: Richard Lincer (Chair), Jamshed Bharucha, Jeffrey Gural, Jeffrey Hersch, Eric Hirschhorn, Malcolm King, John Leeper, Jessica Marshall, Edgar Mokuvos, Devora Najjar, Kevin Slavin, Robert Tan, Johnny Taylor Jr., Rachel Warren, Jeremy Wertheimer (phone)

Staff Participant: Chief Academic Officer Teresa Dahlberg, Vice Presidents: Stephen Baker, Chris Cloud (interim), Justin Harmon, William Mea, Mitchell Lipton, Secretary Lawrence Cacciatore

Absences: Robert Bernhard, Elizabeth Diller, Joseph Dobronyi, Thomas Driscoll, Ray Falci

Mr. Lincer called the meeting to order at 8:30AM.

An Executive Session without the President ensued.

An Executive Session with the President ensued.

Officers were then invited to join the meeting.

Committee on Trustees report

Turning the Board's attention to the previously distributed bio of Nils Folke Anderson (A'94), President-elect of the Cooper Union Alumni Association (CUAA), Ms. Warren noted that Mr. Anderson will replace Mr. Leeper on the Board upon the completion of Mr. Leeper's term at the end of June.

Noting the process established by the Committee on Trustees to appoint the Student Representative to the Board of Trustees, Ms. Warren introduced Jessica Marshall (EE' 17) and welcomed her to the Board. She noted that the Committee on Trustees has asked Ms. Najjar overlap with Ms. Marshall as an observer until the December 2015 board meeting to facilitate the transition of the new Student Representative.

Chairman’s report:

Providing the Chairman’s report, Mr. Lincer reported the following:

- President Bharucha will be resigning from The Cooper Union effective June 30, 2015. An announcement will be issued to the Cooper Union Community once the draft terms of the statement are finalized, which is expected to be very soon. Mr. Lincer thanked Mr. Bharucha for his service to the institution. He also noted that Dean Teresa Dahlberg will be leaving Cooper Union at the end of June to become dean of Engineering at Syracuse University.
- Trustees deMenil, Epstein, Hill, Libeskind, and Vachher have resigned from the Board of Trustees.
- The Litigation Committee of the Board has been actively engaged with legal counsel on matters pertaining to the litigation. The Attorney General’s office continues to be engaged as well.
- During the period of presidential transition, Vice President Mea will assume the role of Acting President.
- Nader Tehrani, one of the two finalists for the position of Dean of the School of Architecture has accepted Cooper Union’s offer to be the next dean. Tehrani joins Cooper from the Massachusetts Institute of Technology, where he currently as professor and formerly as head of its Department of Architecture.
- Mr. Lincer concluded his report by thanking Mr. Leeper for his service to Cooper and to the Board of Trustees. Leeper’s term on the board concludes with his term as President of the CUAA.

Consent agenda

The following Consent agenda items were presented to approval. A motion was made to approve the items and seconded. The Consent agenda items below were approved unanimously.

- Minutes of the Board Meeting March 11, 2015
- Minutes of the Board Meeting April 2, 2015
- Minutes of the Finance Committee Meeting February 22, 2015
- Minutes of the Committee on Trustees Meeting February 24, 2015
- Minutes of the Investment Committee Meeting February 25, 2015
- Minutes of the Finance Committee Meeting March 3, 2015
- Minutes of the Development Committee Meeting March 4, 2015
- Minutes of the Communications Meeting March 5, 2015
- Minutes of the Audit Committee Meeting March 6, 2015

The following Consent agenda items were approved with the modifications respectively noted:

- Minutes of the Board Meeting March 15, 2015 – amend to reflect Dahlberg was not present
- Minutes of the Board Meeting April 19, 2015 – amend reference to Dahlberg in attendance list as officer (rather than staff)
- Minutes of the Board Meeting April 21, 2015 -- amend to reflect Dahlberg was not present

Upon motion to approve the following resolution made, seconded and passed unanimously:

RESOLVED, That all degrees conferred by the president, Jamshed Bharucha, of The Cooper Union for the Advancement of Science and Art on May 27, 2015 are hereby ratified.

President's report

President Bharucha expressed his gratitude for the privilege of serving at Cooper Union's 12th president. He noted that the focus of his presidency was to address the financial challenges at the institution and that the financial sustainability plan is viable for Cooper assuming the launch of new programs to generate the balance of revenue needed to close the deficit. He thanked his colleagues for their support and service to the institution. He advised the Board that, once he leaves Cooper, he will be a Visiting Scholar at the Harvard Graduate School of Education.

Vice President for Finance and Administration's report

Vice President Mea wished President Bharucha well and thanked the Board for their vote of confidence in selecting him to serve as Acting President.

Mr. Mea then reported on the accreditation expectations for Cooper associated with the planned decennial review of the institution by the Middle States Commission on Higher Education (Middle States) currently planned for Spring of 2018. For that visit Cooper Union will be assessed under new standards the Commission has adopted.

To prepare for an accreditation visit, the institution is required to conduct a self assessment in 2017-2018 and prepare a Self-Study Report. In light of Cooper's recent struggles and in particular, the uncertainty about the future direction of the institution with the current litigation and the need to commence a search for a new president, Mr. Mea and Mr. Cacciatore are planning to visit with Cooper's Middle States liaison to provide an update on the state of affairs at the institution, including the leadership transition, the status of the lawsuit, and the status of our mission and strategic plan. He noted that no action is needed at this time and that he is planning to inquire about the possibility of a one-year deferral.

Mr. Mea then reported that an agreement had been reached with the Union @ Cooper Union (UCU), The new agreement, being presented to the board for approval covers the period from September 1, 2013 – August 31, 2017. He summarized the following:

- The current UCU contract expired on August 31, 2013, so they have been without a contract for almost two years. The last contract was a three-year contract, but we agreed to a four-year contract (September 1, 2013 through August 31, 2017) this timeso that the contract would have more than one year remaining.
- Annual salary increases as of September 1, 2013, 2014, 2015 and 2016 are 2.5%, 2.5%, 3.0% and 3.25%, respectively. The previous contract increases were 2.5%, 3.0% and 3.0%. The initial 2.5% increase on September 1, 2013 is approximately \$150,000.

- The salary and hourly rate minima have been increased in line with contract rate increases. These increases should have almost no financial impact from existing staff.
- The UCU has agreed to review and negotiate, along with the CUFCT and CUOP, changes to the Cooper Union Medical Plans. We inserted this provision in all three contracts in order to begin addressing the “Cadillac Tax” that will be imposed in 2018.
- Under the expired contract, members were allowed unlimited sick days. We were able to negotiate a limit of 15 sick days per year for all new hires, with a 5-day carryover per year. While this is still generous and the current staff still have unlimited sick days, it is a significant improvement over the expired contract.

Upon motion made and seconded, the Board of Trustees unanimously approved the proposed Memorandum of Agreement (att.1) between The Cooper Union and the Union @ Cooper Union.

Mr. Mea then referred the Board to the previously distributed proposed agreement with the Cooper Union Organization of Part-timers (CUOP), the bargaining unit for the part-time faculty. He noted the following in requesting the board’s approval of the agreement:

- The recent CUOP contract expired on August 31, 2014, so they have been without a contract since then. The last contract was a five-year contract and we have agreed to a three-year contract this time (September 1, 2014 through August 31, 2017).
- There will be 2.5% annual salary increases as of September 1, 2014, 2015 and 2016. The approximate costs of these increases are \$65,000, \$67,000 and \$86,000 (see below for the reason behind the larger year-three increase).
- The previous contract had established minimum hourly rates for the three contract tiers (Tier 1-\$100; Tier 2-\$115; and Tier 3-\$130), with the tiers being based on semesters of experience. During that contract period, any faculty making less than the minimum received 5.0% annual increases. However, at the end of that contract, there were experienced faculty making less than the tier rates. New faculty members are making the tier minimums. Under the proposed contract, compensation for experienced faculty will be adjusted to the tier minimums over two years (equal installments on September 1, 2014 and 2015). The total cost of these increases will be \$108,000, or \$54,000 per year for the first two years of the contract.
- CUOP has agreed to review and negotiate, along with the CUFCT and UCU, changes to the Cooper Union Medical Plans. We inserted this provision in all three contracts in order to begin addressing the “Cadillac Tax” that will be imposed in 2018.
- While the new agreement includes School of Art stipends for the first time, the practice of providing stipends is not new; however, for the first time we are explicit about them in the new agreement.

Upon motion made and seconded, the Board of Trustees unanimously approved the proposed Memorandum of Agreement (att.2) between The Cooper Union and the CUOP.

Mr. Mea then referred the board to the previously distributed draft resolution to effect change to the Defined Contribution Retirement Plan of The Cooper Union. He noted that the primary motivation for the amendment is to provide financial flexibility to employees. He further noted that the amendment was accepted by the Finance Committee, earlier in the month.

Upon motion made and seconded the Board of Trustees unanimously approved the following:

**RESOLUTION TO AMEND THE COOPER UNION
DEFINED CONTRIBUTION RETIREMENT PLAN**

WHEREAS, The Cooper Union for the Advancement of Science and Art (“Cooper Union”) maintains The Cooper Union Defined Contribution Retirement Plan (the “Plan”) pursuant to an adoption (the “Adoption Agreement”) of the ERISA Specimen 403(b) Plan for Section 501(c)(3) Tax-Exempt Organizations Basic Plan Document (the “Specimen Plan”) provided by the Teachers Insurance and Annuity Association, College Retirement Equities Fund (“TIAA-CREF”), which was adopted by Cooper Union as of December 31, 2011;

WHEREAS, pursuant to Section 7.06 of the underlying Specimen Plan, Cooper Union has reserved the right to amend the Plan in whole or in part by action of Cooper Union’s Board of Trustees; and

WHEREAS, Cooper Union desires to amend the Plan’s provisions to provide that in-service distributions are permitted with respect to employer contributions upon attainment of age 59 ½.

NOW, THEREFORE, the Adoption Agreement is hereby amended, effective as of June 15, 2015, as follows:

1. Section Five, Part A, Subpart 2 (“Distribution Events”) of the Adoption Agreement is amended add check marks to the boxes indicating that distributions from employer contributions are permitted upon attainment of age 59 ½ from both annuity contracts and custodial accounts.

Upon request, Mr. Mea then presented the proposed operating budget for fiscal year 2016. In presenting the budget for the board’s approval Mr. Mea provided an extensive Budget Narrative (att. 3). The narrative includes the detail to support the budget request and also articulates concerns for the future. Members of the board noted their appreciation for the narrative and the clarity it provided. A brief discussion ensued over planning for deferred maintenance for facilities. Mr. Lincer expressed the need to reduce costs and on behalf of the board, mandated a \$700k cut from the proposed budget to be identified by Mr. Mea and presented at the September Board meeting.

Upon motion made and seconded the Board approved the following resolution on the condition that the administration identify and cut \$700K from the budget, effectively reducing the overall deficit for FY 2016 by \$700K. The motion passed unanimously

**RESOLUTION TO ADOPT THE COOPER UNION
UNRESTRICTED OPERATING BUDGET FOR FISCAL YEAR 2016**

RESOLVED, that the Trustees of The Cooper Union for the Advancement of Science and Art adopt an Unrestricted Operating Budget for Fiscal Year 2016, as reflected below:

Fiscal Year 2016 Unrestricted Operating Budget for The Cooper Union for the Advancement of Science and Art

Revenue

Real Estate	\$34,887,967
Undergraduate and Graduate Tuition and Fees, net of scholarships	7,567,456
Contributions	3,000,000
Student Housing	3,230,000
Other Revenue	550,000
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Total Revenue, before payout	\$49,235,423

Expenditures

Education and General	\$55,335,520
Student Housing, Debt Service, and Capital	16,403,903
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Total Expenditures	\$71,739,423

Net Deficit before payout	\$(22,504,000)
Payout Amount	2,575,000
Net Deficit after payout	\$(19,929,000)

There being no further business, the meeting was adjourned at 1:10 p.m.