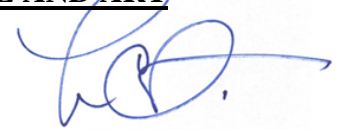


APPROVED

THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

Minutes of the Board of Trustees Meeting
March 9, 2016
8:30AM



LAWRENCE CACCIATORE
SECRETARY TO THE BOARD OF TRUSTEES

PARTICIPANTS

Trustees: Richard Lincer (Chair), Kevin Slavin (Vice Chair), Monica Abdallah, Nils Folke Anderson, Thomas Driscoll, Jeffrey Hersch, Eric Hirschhorn, Adrian Jovanovic, Peter Katz, Malcolm King, Jessica Marshall, Edgar Mokuvos, Robert Tan, Johnny Taylor, Rachel Warren

Officers: Acting President William Mea, Secretary Lawrence Cacciatore

Representatives: Toby Cumberbatch, Atina Grossmann, Yuri Masnyj, Amy Westpfahl

Guest: Laura Butzel, Esq. (Patterson Belknap)

NOT PRESENT

Trustees: Robert Bernhard, Elizabeth Diller, Joseph Dobronyi, Jeremy Wertheimer

Representatives: Mike Essl, Anthony Vidler

Mr. Lincer called the meeting to order at 8:35AM.

The Board then entered into Executive Session.

The Executive Session concluded. The officers and the Representatives to the Board were invited to join the meeting.

Chairman's Report

Mr. Lincer conducted a lottery draw to select class terms for the Representatives to the Board. The results of the lottery (and term limits pursuant to the Consent Decree) are listed below.

Last Name	First Name	Alumni	Board Classification	Class Term	Term Limit	Appointed
Cumberbatch	Toby Cumberbatch		FT Faculty Representative to the Board (Engineering)	2018	2022	November 11, 2015
Essl	Mike Essl	A'96	FT Faculty Representative to the Board (Art)	2016	2020	November 11, 2015
Grossmann	Atina Grossmann		FT Faculty Representative to the Board (HSS)	2019	2019	November 11, 2015
Vidler	Anthony Vidler		FT Faculty Representative to the Board (Architecture)	2018	2022	November 11, 2015
Masnyj	Yuri Masnyj	A'98	PT Faculty Representative to the Board	2017	2021	November 11, 2015
Westpfahl	Amy Westpfahl	A'00	Staff Representative to the Board	2019	2019	November 11, 2015

Mr. Lincer reported the following:

- Members of the Governance Committee met with Student Ad Chairs for a Q&A session about the Student Trustee position. The JSC hosted a forum which several trustees attended and which the students found helpful and informative. The JSC will work with the Office of Student Affairs to conduct elections for the Student Trustee position.
- The Student Trustee Mixer hosted by Jessica Marshall and Monica Abdallah is scheduled for March 31. Trustees are encouraged to attend.
- The Office of the NYS Attorney General has not yet appointed a Financial Monitor as was required to be done, under the Consent Decree, on or before December 1, 2015.
- The Board has been actively engaging with the Cooper Union community in various venues. Several events have been scheduled for the evening before the quarterly board meetings.
- The Presidential Search Committee (PSC) will host informational sessions with various stakeholder groups (faculty, students, staff). The Board recognizes that input from the community is important to the successful outcome of the process.

Upon motion made and seconded, the meeting minutes from the December 9, 2015 Board of Trustees Meeting were approved subject to the addition of the following language:

Mr. Hirschhorn provided an update on communications pertaining to the presidential search. The Position Specification was approved by the PSC and Korn Ferry (the search consultant) has advertised the position. Mr. Taylor noted that Cooper Union's website contains links to the candidate profile, PSC membership, Korn Ferry's CU microsite and email for submission of nominations. It was noted that the full board did not have an opportunity to edit the profile in advance of posting and it would be circulated to the board after the meeting for their review. Korn Ferry has conducted meetings with various constituents including student leaders, the CUAA, Faculty Student Senate leadership, and members of the Cabinet to solicit input about the desired skill set and characteristics of the new president and to learn more about the unique qualities of Cooper Union. Korn Ferry hosts these meetings independently of the PSC in order to ensure that all stakeholders have the opportunity to speak freely and voice their opinions on any topic relevant to the selection of a new president.

Governance Committee Report

Ms. Warren reported that, in the earlier Executive Session, the Board confirmed the importance of the Student Trustee position and the potential conflicts of interest that may arise given the power dynamic between Representatives (and, particularly faculty members) and Student Trustees. It was noted that attempts by Representatives (or trustees) to influence or lobby Student Trustees on issues before the Board will not be tolerated as it jeopardizes the entire system and constitutes an abuse of power.

The JSC developed a process to select three nominees to present to the Governance Committee to fill the Student Trustee position. The Governance Committee will interview each nominee and recommend one candidate to the full Board at the next meeting. The JSC intends to modify the nomination process going forward so that the sitting Student Trustees are not enrolled in the same school. It was noted that the fiduciary duty of a Student Trustees is to the institution as a whole and not any one specific school.

Ms. Warren noted that the Chairman Lincer's term expires at the end of 2016 and the Governance Committee will establish the process and criteria for chair succession as well as recruitment of new trustees.

Ms. Warren briefly reviewed the proposed timetable as follows:

- February 21st – Governance Committee established Board Chair Criteria (“BCC”), Trustee Characteristics, and the Timetable for selection of the chair and recruitment of new trustees.
- March 9th BOT Meeting – solicit input on BCC and trustee characteristics.
- March 9-21– Revise documents.
- June 8th BOT Meeting – Governance Committee will report on status of search.
- June-August –Interview potential candidates.
- August-September –Finalize selection process.
- September 14th BOT Meeting – Governance Committee to make recommendation to the full Board and vote.
- December 7th BOT Meeting– Chairman Lincer’s term ends, new chair assumes chairmanship upon election of officers.

The board then discussed the criteria and qualifications of the next chair and the following points were highlighted:

- Given the extraordinary time demands to be on campus for meetings and special events, it was suggested that candidates be individuals with a New York base.
- The chair is expected to be a philanthropic leader to Cooper Union by example of personal giving and the expectation for a financial commitment should be explicit in the position description.
- The chair sets the tone for the Board and should establish an open environment in which varying viewpoints are welcomed in discussions.

Ms. Warren then reviewed the Timetable and Characteristics & Expectations for New Trustees and noted the importance of diversifying the Board (including more non-alumni) and increasing the giving capacity of the Board members. The goal is to recruit 2-3 new trustees to the Board by the end of the year. It was noted that the Office of Alumni Affairs and Development led by Chris Cloud will manage the process under the direction of the Governance Committee. The Governance Committee will monitor recruitment progress and determine whether to engage a recruitment firm to assist in this process.

Upon motion made and seconded, Mr. Scott Lerman’s name was placed in nomination as Alumni Trustee in accordance with the Consent Decree. The motion passed unanimously. Mr. Lerman will be up for election at the June Board of Trustees meeting, member of the class of 2020.

Discussion of International Student Admissions

Mr. Mea presented data regarding international student enrollments from 2006-2015, noting a slight rise in enrollments in engineering over the last two years. It was observed that Cooper Union is below the national average for international student populations according to Homeland Security data for higher education international student enrollment.

A discussion ensued over the advantages and disadvantages of offering admission to international students who meet admission requirements. Issues discussed included the expenses incurred in recruitment, impact on reputation, quality of students, benefits of diversity. Outside counsel discussed provisions of the Charter relevant to questions raised about recruitment of foreign students.

Mr. Lincer noted that the points raised were useful and merit further discussion. He further noted the role of the Board is to examine questions related to policy and asked that the Academic and Student Affairs Committee continue the discussion at the committee level.

Finance and Business Affairs Committee Report

At Mr. Driscoll’s request, Mr. Mea presented the administration’s recommended tuition and fees schedule for the 2016-2017 academic year which had been previously approved by the Finance and Business Affairs Committee for the full Board’s consideration.

The recommendation reflects a 3% increase in tuition over the current rate and maintains all fees at their current rates. The proposed housing rates reflect an approximate 3% increase for single and double occupancy rooms and it was noted that Cooper Union’s housing rates are more competitive than rates of neighboring institutions.

Upon motion made and seconded the Board approved the 2016-2017 Tuition and Fees, as shown below:

	FY 16	Proposed Increase		Proposed FY 17
		\$	%	
<u>Undergraduate</u>				
Tuition	\$ 40,800	\$ 1,200	2.94%	\$ 42,000
Per credit hour (tuition divided by 34)	\$ 1,200	\$ 35	2.92%	\$ 1,235
Summer - per credit hour	\$ 1,200	\$ 35	2.92%	\$ 1,235
<u>Graduate</u>				
Master of Engineering (per credit hour)	\$ 1,200	\$ 35	2.92%	\$ 1,235
Master of Architecture (per semester)	\$ 20,400	\$ 600	2.94%	\$ 21,000
<u>Fees (per semester, unless otherwise indicated)</u>				
Student/Registration	\$ 800	\$ -	0.00%	\$ 800
Lab & Studio materials	\$ 125	\$ -	0.00%	\$ 125
International	\$ 1,005	\$ -	0.00%	\$ 1,005
Maintenance of Matriculation	\$ 3,000	\$ -	0.00%	\$ 3,000
Graduation (per each)	\$ 250	\$ -	0.00%	\$ 250
Application (per each)	\$ 75	\$ -	0.00%	\$ 75
Transcript (per request)	\$ 5	\$ -	0.00%	\$ 5
Late Fee (per incident)	\$ 100	\$ -	0.00%	\$ 100
<u>Residence Hall</u>				
Academic year - Double occupancy	\$ 11,560	\$ 350	3.03%	\$ 11,910
Academic year - Single occupancy	\$ 12,600	\$ 380	3.02%	\$ 12,980
Summer - double occupancy (per week)	\$ 320	\$ 10	3.13%	\$ 330
Summer - single occupancy (per week)	\$ 400	\$ 15	3.75%	\$ 415

The undergraduate tuition increase above generates approximately \$167,000 of additional net tuition revenue in FY 17.

Mr. Mea then presented the FY 16 Budget Variance Report for the six months ending December 31, 2015 and noted the following:

- The projected operating deficit remains unchanged.
- At the Finance Committee's request, the Report now allocates expenses pertaining to employee benefits to each school and department based upon relative budgets for full and part time salaries (rather than showing them on a single budget line).
- As permitted under the ground lease, the tenant at 51 Astor Place was successful in obtaining a 22% reduction in the building's tax assessment which will result in a \$585,000 reduction in the TEP payment due to Cooper Union. This is offset by a drawdown of \$225,000 from the interest reserve account established from the proceeds of the bridge loan for this purpose. In response to an inquiry, the Board will determine whether Cooper Union has standing to object to, challenge or appeal efforts (current or future) by this or any tenant to reduce their tax assessment.
- The former St. Mark's bookstore retail property remains vacant and is not expected to be filled before the end of the fiscal year. Accordingly, there is a \$150,000 unfavorable variance in revenues to budget as a result.
- Undergraduate enrollment and tuition are on budget as are the related scholarships.
- Graduate enrollment and tuition are on budget and there is a \$200,000 positive variance as a result of fewer full scholarship students.
- We expect to surpass the budgeted fundraising goal of \$3 million due to an unanticipated bequest. Accordingly, the projection for unrestricted giving has been conservatively increased to \$3.5 million.
- The Cooper Union received \$250,000 from the 41 Cooper Square construction escrow account which was not previously budgeted, resulting in a positive budget variance in Other Revenue.

Audit Committee

Mr. Lincer noted that there had been a delay in the preparation of the audit and further noted that, going forward, the audited financial statements will be presented to the Board for approval at the annual meetings in December.

Messrs. King and Mea presented the FY 2015 findings from KPMG, our independent auditor, and reported:

- KPMG estimated higher assumptions for future increases in health care costs for purposes of the calculation of the post-retirement healthcare liability. Accordingly, we adopted KPMG's assumptions and this increased this liability at June 30, 2015.
- KPMG noted that management implemented additional internal controls over financial reporting in FY 15 to address previously reported gaps. As a result, management identified \$9.8 million of temporarily restricted net assets that should have been previously released from restriction and recorded as unrestricted net assets. Management made this related adjustment in FY 15, which KPMG deemed to be immaterial to the

overall financial statements. The reclassification from temporary restricted to unrestricted has no effect on available cash.

- The 2015 Audit includes a note concerning the settlement of the lawsuit.

Upon motion made and seconded the 2015 Audited Financial Statements were approved for filing.

Mr. Mea reported that Cooper Union's Employer's Legal Liability (D&O) insurance policy with United Educators expired in February. Prior to the expiration, United Educators had informed Marsh, Cooper Union's insurance broker, that it would not renew the policy given its assessment of risk following the recent lawsuit. Following a competitive bid process conducted by Marsh, Cooper Union's D&O policy has now been placed with AIG. It was noted that insurance premiums increased slightly in some coverage areas but the D&O coverage premium is unchanged over the previous policy.

Acting President's Report

Mr. Mea reported on the academic highlights for the quarter and he focused on the academic investment in faculty. Mr. Mea advised of a recent report in the *Pioneer*, the student newspaper, about a student petition which called for increased diversity among the faculty, particularly in Humanities and Social Sciences. Mr. Mea reported that searches are well underway for ten new full-time (tenure track) faculty positions. The searches include three positions in art, two in architecture, two in engineering and three in Humanities and Social Sciences. In the School of Engineering, the electrical engineering search has concluded successfully.

Mr. Mea noted that these searches represent a tremendous opportunity to recruit new faculty members who will bring a greater level of diversity to the faculty.

Mr. Mea announced that Mr. Brian Cusack (Director of Campus Enterprise Applications) and Professor Daniel Lepek (Associate Professor of Electrical Engineering) have been appointed as Co-Chairs of the Middle States Steering Committee for the 2018 Middle States Accreditation cycle. The Steering Committee will be responsible for producing the Self-Study Report, which is due in fall 2017.

Mr. Mea noted that, after consulting with the Middle States liaison, it was determined that the strategic planning process timeline will be adjusted to start in September 2016 to meet the accreditation planning schedule.

Mr. Mea reported that the space planning effort is ongoing and a draft report by the space planning consultant is expected at the end of June.

Free Education Committee Report

Mr. Tan updated the Board on the work of the Free Education Committee (FEC) which has been meeting monthly. Initial meetings have included presentations on the budget and future budget forecasts. The FEC has examined the Working Group and The Way Forward proposals and will be reviewing the Expense Reduction Report and the Revenue Task Force report. The FEC has expressed great interest in reviewing Cooper Union's staffing, salaries, benefits and any and all

cost cutting measures that might be considered to the extent that they do not impact quality and instruction. A list of data requests is being developed.

Mr. Lincer noted that the Office of the NYS Attorney General has not yet appointed the Financial Monitor as required by the Consent Decree. The next report of the FEC is expected on July 1, 2016.

Alumni Affairs and Development Committee Report

Mr. Mokuvos reported a forecast of \$10.4 million for FY 16, comprised of restricted and unrestricted giving. Unrestricted giving (budgeted for FY 16 at \$3 million) is budget relieving and includes the annual fund and other unrestricted gifts. As of December 2015, the Annual Fund total was approximately \$1 million and is reported to be up 56% in terms of total number of donors relative to a year ago (1,659 donors compared with 1,066). The Annual Fund goal of \$2.55 million is expected to be achieved. Active and helpful cooperation and promotion by the Cooper Union Alumni Association (CUAA) was cited as an important factor.

Mr. Mokuvos reported that Mr. Cloud delivered a presentation at the recent Alumni Affairs and Development Committee meeting on the preparatory steps necessary to launch a successful fundraising/capital campaign. It was noted that Cooper requires significant preparation in the build out of a major gifts program to be successful in a future campaign.

Co-chair Mr. Katz reported that he is exploring options to leverage the Great Hall as a way to expand Cooper Union's visibility and generate additional revenue.

Mr. Mea was excused from the meeting since the presidential search was next on the agenda.

Presidential Search Committee Report

Messrs. Hirschhorn and Taylor jointly reported on the status of the presidential search. The Presidential Search Committee (PSC) has now met twice. Updates to the PSC and Board of Trustees will be issued twice a month to the extent possible. As noted earlier in the meeting, information and Q&A sessions are being scheduled with students and staff. Faculty sessions have all concluded. Interest in the position is very strong and the nominations (from various sources) represent a diverse pool of potential candidates—from an ethnic/gender/orientation standpoint as well as from industries represented. A list of finalists is expected to be identified in late April or early May.

A brief discussion ensued over the process moving forward and the need to balance preserving confidentiality with communicating expectations and process with students, faculty, staff and alumni.

Mr. Mea rejoined the meeting.

Cooper Union Alumni Association Report

Mr. Anderson reported on recent activities of the Cooper Union Alumni Association (CUAA) and noted the following:

- CUAA elections are coming up and the results are expected to be announced the beginning of May.
- There are 6 candidates for Alumni Trustee to fill the seat to be vacated by Mr. Mokuvos. Candidate bios may be found on the CUAA website. (It was noted that, given the number of trustees whose terms will expire in December and that the Bylaws provide that the CUAA nominated Alumni Trustees are to comprise one-third of the Board (but no less than 5 nor more than 9), unless additional trustees are added to the Board during the balance of the year, it is possible that the new CUAA nominee may not be seated in December.)
- The CUAA and the alumni deeply appreciate the improved communications and collaborations with the administration over the past year as evidenced by the increase in alumni giving.
- The information session intended to invite trustees to respond to questions by members of the CUAA has been postponed in order to provide more advance notice to trustees and ensure good attendance. A new date will be announced; however, Mr. Anderson invited trustees to attend an informal event with CUAA members later in the evening.

There being no further business the meeting was adjourned at 12:55 PM.