The special meeting, held by videoconference, was called to order at approximately 4:02 p.m.

The meeting was convened to provide the Board with an interim update regarding the impact of COVID-19 on school operations and finances. Specifically, Ms. Sparks provided a report on the current state of The Cooper Union, ongoing risk assessment and scenario planning, implications for the FY21 budget, and the roles and responsibilities of the Board and each of its committees in dealing with the challenges presented by COVID-19. Trustees have been receiving regular updates via email since the onset of the pandemic, and a comprehensive set of information in the packet was provided prior to the meeting. As previously reported, Ms. Warren appointed a COVID-19 Task Force (Eric Hirschhorn, Chair, select committee chairs) for the purpose of coordinating the Board’s oversight of COVID-19 related issues.

Current Financial Update

Mr. Ruth provided a report on the financial state of The Cooper Union. Before the COVID-19 pandemic, we were forecast to be $338K ahead of FY20 operating budget. However, as of April 10, the reductions in revenue as a result of COVID-19 (student housing, event rentals, fundraising challenges, endowment returns, retail income, and continuing education registration) are likely to result in a yearending negative variance to the FY20 operating budget of approximately $2.5MM. Cooper Union’s operating reserves will provide important support, as we expect the long-term revenue impact to continue to narrow our margins and jeopardize progress on our Plan to Return to Full Tuition Scholarships (Plan). Overall, performance is still
ahead of Plan targets, including the Primary guardrail, but management is mindful that additional reductions in our revenue streams will quickly reduce this surplus.

Mr. Ruth reported on the reserves and investment portfolio and reviewed the availability of liquid assets. Mr. Ruth confirmed that the budget includes a 4% endowment payout which is used to support operations. Mr. Ruth noted the current market volatility, cautioned the Board about the short and long-term implications of a potentially declining market and emphasized that our financial planning efforts must take these concerns into account.

Mr. Ruth reported that Cooper Union applied early for the Paycheck Protection Program under the CARES Act and received $6.5MM. These funds are not reflected in the yearend financial forecast since the government has not yet provided clear guidance on whether – and under what circumstances – the funds will be converted from a low-interest loan to an outright grant.

The Board engaged in a discussion regarding how current financial conditions may affect progress on the 10-year Plan. The Board had previously discussed the need to revisit the Plan every 3-5 years to account for any significant internal and external changes. Ms. Sparks confirmed that management is operating under the assumption that we are still implementing the Plan as originally conceived and, as previously reported, we are still on track. Notwithstanding, management and the Board will examine the potential for recasting the Plan over the next year or two upon a thorough evaluation of current and projected circumstances. Trustees commended management for their efforts to control expenses during this period, the clarity of the financial presentations and the manner in which they are addressing the unprecedented financial and operational challenges.

Scenario Planning & The Role of the Board

Ms. Sparks directed the Trustees to Management’s Assessment and Planning Outline which set forth the scenario planning currently underway and the Board’s role and responsibilities in this process. These issues will be further explored at the Board Retreat in June where Trustees will discuss a broad set of questions about our priorities and tradeoffs, particularly on the topics of public and community health, academics, and economics.

The Board discussed the pros and cons of the various scenarios developed by management for the Fall semester, as well as longer-term scenarios. Ms. Sparks explained that we will have to make decisions about the Fall semester with incomplete information given how much is unknown about the virus, its trajectory, and the timeline for developing adequate testing, treatment, and vaccines. Nonetheless, management is following guidance from New York State as guidelines for reopening are released as well as developing Cooper Union-specific guidelines. Ms. Sparks affirmed that we are all committed to making the educational experience an excellent one, even if students and faculty cannot be physically present on campus.

Ms. Sparks noted that she is in regular communication with presidents of other schools, locally and across the country. She noted that this has been very helpful in informing planning and collaborating on advocacy at the state level, though Cooper’s plans will be specific to our specific circumstances (within the confines of what is permitted).
FY21 Budget Planning & Committee Roles

The Board then reviewed the preliminary implications for the FY21 budget process. The Finance and Business Affairs Committee will review the draft budget at its upcoming meeting and recommend a budget for the Board’s approval at the June meeting. The Investment Committee will continue to be responsible for investment decisions to meet the school’s spending and liquidity needs, as articulated by the Finance Committee. The COVID-19 Task Force will also provide critical input to these processes, identify additional risks and worst case scenarios and the presence of the Finance and Investment Committee Co-Chairs on the Task Force will ensure coordination amongst the various committees.

Mr. Ruth explained that the proposed FY21 budget will be developed with the goal of supporting the anticipated operating model for FY21, as adjusted for current COVID expectations. Should our finances be further affected by COVID-19, a full range of revenue and expense actions may need to be taken in order to maintain adequate cash flow and reserve levels and to meet Plan targets; these will be included in the budget recommendation.

It was noted that Cooper Union went through an extensive cost-cutting exercise in 2016 and 2017 in connection with developing the Plan. Accordingly, there are limited structural cuts that can be made without changing the core academic/operating model. In light of the potentially significant financial implications of COVID-19, management is currently evaluating a number of possible temporary/reversible cost-containment measures to generate yearend savings and preserve liquidity, which can be incorporated into the FY21 budgeting process. Mr. Ruth outlined the measures which have already been implemented:

- Administrative hiring freeze
- Salary freeze
- Eliminate overtime except for essential employees
- Renegotiate vendor contracts
- Prohibition on travel, entertainment, and other discretionary spending

- Pause on capital projects (except any emergency repairs that may arise)
  particularly while access is limited, focus on deferred maintenance and grant funded projects for FY21

Ms. Warren noted that the Board’s experience over the past few years and, particularly, the work of the Free Education Committee and the Board in developing the Plan to Return to Full Tuition Scholarships will serve it well in developing a plan to deal with the financial and operational challenges presented by COVID-19. She remarked that Cooper Union been through crises before and it is important in these moments to affirm the Board’s values in upholding the school’s mission and applying those values to the difficult choices ahead. Finally, Ms. Warren noted that the Plan’s focus on building a “reserve” placed the school in a more secure financial position and that allows the Board and management the time to make thoughtful decisions.

Ms. Sparks and Ms. Warren reviewed the items on the Committee agendas next week relating to COVID-19 and the roles each Committee will play during this time. Ms. Warren then opened the meeting up for further questions and discussion.
The Board discussed the importance of evaluating and managing risk in developing plans for the future, noting the importance of Cooper's educational mission and the practical impossibility of providing a 100% risk-free environment. Ms. Sparks confirmed that Cooper's educational mission, as well as the health and safety of faculty, staff, and students are leading priorities. She indicated that planning will account for the differing risk profiles of students, faculty, and staff, as well as the need to dynamically reshape plans as circumstances change while minimizing disruption to student learning. The Audit Committee will continue its work on the institution's Enterprise Risk Management and Risk Appetite Statements and will take the current circumstances, challenges and lessons learned into account in revising those documents.

In response to an inquiry regarding the mood among faculty and students during distance learning, the Student Trustees commented that it has been a difficult and challenging transition and moods change day by day. At the same time, students and faculty have been able to spend more time one-on-one and there are options for students to tailor their classes to fit their new circumstances, including asynchronous learning for students in different time zones.

The Board moved into an Executive Session, and concluded the meeting at 5:42 p.m.