PARTICIPANTS

Trustees: Anne Chao, Brickson Diamond, Wanda Felton, Pam Flaherty, Judy Freyer, Adriana Gomez, Elizabeth Graziolo, Eric Hirschhorn (Vice Chair), Dana Hughes, Aftab Hussain (Vice Chair), Malcolm King (Chair) Lynn Lander, Jamie Levitt, Lou Manzione, Cristina Ross, Kevin Slavin, Brian Steinwurtzel, Robert Tan, Carol Wolf, Shirley Yan

Officers: President Laura Sparks, Treasurer John Ruth

Financial Monitor: Richard Faughnan and Ron Salluzzo

Representatives: Raffaele Bedarida, Steven Hillyer, Walid Raad

Absent: Joseph Dobronyi

The meeting, conducted via teleconference, was called to order at 8:34 a.m. and began with an Executive Session. The Regular Session was called to order at 9:00 a.m.

The minutes from the March 10, 2021 Board of Trustees Meeting were previously presented for approval. Upon motion made and seconded, the minutes were approved.

Mr. King reported that during the Executive Session:

- Brickson Diamond was elected as Trustee to the Board.
- Lou Manzione was elected as Alumni Trustee to the Board.
- Robert Tan was elected as Alumni Trustee to the Board in his capacity as the Cooper Union Alumni Association President.
- Shirley Yan was elected as Student Trustee to the Board.
- The updated Committee membership was approved, reflecting changes of incoming and departing Trustees.

Chair’s Report

Mr. King reported on the Board Retreat held (via video conference) the day before. At the Retreat, the Board received its annual governance training as required under the Consent Decree with a presentation about cultivating an inclusive environment on a rapidly changing Board, facilitated by Susan Resnick Pierce, governance expert and President Emerita of the University of Puget Sound. Based on the term limits set forth by the Bylaws and required under the Consent Decree, the Board has experienced high turnover in the past few years and welcomed many new members. Dr. Pierce
provided recommendations on immersing Trustees with the history and culture of the school, inviting the perspectives of all Trustees in strategic discussions, and engaging with faculty, staff, and students.

Following the discussion, Trustees heard from a guest panel on the Higher Education Landscape. The panel included Janice Abraham, President and CEO, United Educators, who spoke about the current dynamics facing higher education and the challenges colleges and universities face in liability and risk management, and Craig Steven Wilder, Barton L. Weller Professor of History, Massachusetts Institute of Technology, who shared his perspective as a tenured faculty member and what this moment of a global pandemic and a refocusing on issues of race means for faculty.

During the second part of the day, Trustees participated in breakout sessions to focus on the following strategic priorities and initiatives to pursue moving forward:
1. Amplifying Our Story: Key Considerations for the Next Chapter
2. Diversity, Equity and Inclusion: Key Goals From and For the Board
3. ESG (environmental, social, and governance considerations in investing): Key Questions from the Board
4. The Cooper Union and The City of New York: The Next Stage of Engagement
5. Institutional Goals and Strategic Priorities: Aspirations for the Next Phase

Mr. King thanked Trustees for their active participation in the discussions and the retreat, as well as their time and oversight during this unique academic year.

Faculty Presentation

For this quarter’s presentation, School of Art faculty member Coco Fusco shared an overview of the performance art class she teaches at Cooper. Professor Fusco presented work from the class prior to March 2020 and how the class then pivoted during the pandemic. The remote environment presented challenges to the format of the course, but students used the opportunity to explore the conditions of confinement in their work. Trustees remarked that this type of course would benefit students beyond the School of Art, as architects and engineers must respond to spontaneous conditions in their careers and utilize performance skills. The individual course requirements and schedules of each school often make it challenging for students to take classes in other schools. A block scheduling system is being considered to facilitate interdisciplinary studies.

President’s Report

President Sparks delivered her quarterly report. While COVID dominated much attention this year, progress still ensued on a number of institutional priorities. Namely, the school continues to recruit talented faculty, continuing a multi-year faculty hiring process this year. Interdisciplinary spaces like the AACE Lab opened, and another, the Civic Projects Lab, will open in the fall. Ultimately, the academic year ended with 28 positive COVID cases total, no community spread, and no building closures. This was made possible by the health and safety measures in place and cooperation from faculty, staff, and students in protecting themselves and one another. Through it all, the community stepped up to tackle challenges and the students and faculty showed incredible resilience through challenging and ever-changing circumstances. As John Ruth will further detail later in the meeting, the financial performance also benefited from tremendous diligence and discipline.
A Representative asked about plans for leadership in the Faculty of Humanities and Social Sciences as the Acting Dean retired at the end of the school year. President Sparks shared that with the support of the Academic and Student Affairs Committee and the HSS faculty, a Visiting Committee is being formed to review the current structure, curriculum and pedagogy and deliver a report that will inform the search for a new academic leader and open faculty positions.

Review of Academic Year 2021-2022 COVID-19 Planning

Ms. Sparks provided an overview of the planning process and the approach to returning to in-person learning for the Fall 2021 semester. Like last year, the priorities that underlie the approach are to:

- Uphold The Cooper Union’s educational mission
- Protect the health and safety of our students, faculty, and staff
- Engage students in an experience that is compelling, rich and inventive
- Sustain the long-term viability of the institution.

In addition, Management will ensure that positive aspects of the past year will be retained. Based on current virus and vaccine trajectories, CDC guidance, and New York State indications, Cooper Union anticipates offering all courses in person. Each Dean may continue to offer a limited number of classes online if there is a pedagogical benefit (or if unexpected physical distancing requirements create unanticipated space constraints). The robust and well-received online academic support resources for faculty and students will continue to be available and complement the in-person learning experience.

A COVID-19 vaccine will be required. Management is in the process of determining whether the requirement will apply only to students or also to faculty and staff. In order to make the shift back to in-person learning, careful operational and logistical planning will continue to be critical. Management will spend the summer adjusting current COVID protocols to accommodate the return. Natalie Brooks, Chief Talent Officer who oversees human resources, facilities, and health and safety, presented on the measures planned. This included procedures for building access, ventilation and air quality enhancements, cleaning, personal protective equipment (PPE) requirements, and testing protocols, in addition to the forthcoming vaccine mandate. John Ruth, Vice President for Finance and Administration confirmed that the FY22 budget recommended to the Board by the Finance Committee supports the plan to return to in-person learning. Should there be a material change in expectations and the financial results differ, Cooper Union has built reserves and will continue to apply for various relief resources to cover COVID-related costs.

Trustees discussed the importance of orienting new and returning students to campus with these new protocols and ways to bolster the community through the changes. As there were no further questions about the plans, a motion to affirm the plans for 2021-2022 academic year was presented and approved.

Committee Reports

Finance and Business Affairs Committee

The Committee Chair shared an overview of finances year to date, which are tracking positive to budget. Many of the operational savings are related to the pandemic and therefore not expected to be
sustainable, including deferred maintenance, temporary executive salary reductions, and furloughs. He reminded Trustees of the importance of contributions are as they the revenue stream where the Board can have a direct impact.

Mr. Ruth then presented in detail the year-to-date budget variance report ending March 31, 2021 and a comparison to the guardrails of the Plan. The key points included:

- Currently, there is an approximately $1MM positive variance to revenue. As previously shared, this is primarily a result of the increase in NYC tax rates by 1.49% and higher than projected enrollment.
- Contributions are on track as we head into the end of the fiscal year, within $700k of target. The budgeted goal is shy of the Plan goal as COVID dynamics made fundraising more uncertain during the budgeting process, and based on the current momentum, the team is striving to reach the original Plan goal.
- Expenses are currently favorable by $2.8MM, primarily a result of savings on operating expenses during the limited in-person operations.
- Investment returns have been strong at roughly +18% through the first nine months of the fiscal year. The larger the reserves grow, the more impactful these higher return rates will be.
- We expect a net operating surplus for the year, before allocation to Plan priorities, of $11.0MM, well in excess of budget by $3.7MM and just short of the Plan goal of $11.9MM, all of which is fully committed to priorities set forth in the Plan.

The report synopsis is as follows: (in 000’s):

<table>
<thead>
<tr>
<th>FY20 Actual</th>
<th>YTD Mar 21</th>
<th>FY21 Budget</th>
<th>% Earned or Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue Before Endowment Payout</td>
<td>$81,181</td>
<td>$65,734</td>
<td>$78,497</td>
</tr>
<tr>
<td>Less: Total Expenditures</td>
<td>($72,964)</td>
<td>($51,487)</td>
<td>($75,878)</td>
</tr>
<tr>
<td>Surplus Before Endowment Payout</td>
<td>$8,217</td>
<td>$14,247</td>
<td>$2,619</td>
</tr>
<tr>
<td>Plus: Endowment Payout</td>
<td>$4,630</td>
<td>$3,510</td>
<td>$4,680</td>
</tr>
<tr>
<td>Total Surplus Available for Plan Priorities</td>
<td>$12,847</td>
<td>$17,757</td>
<td>$7,299</td>
</tr>
</tbody>
</table>

The Committee discussed COVID-related expenses, which Mr. Ruth confirmed are primarily covered by the institutional aid received through the various rounds of the Higher Education Emergency Relief Fund (part of the economic stimulus from Congress). Cooper Union has also provided nearly $1MM in direct aid to students through a combination of these federal resources and privately raised funds. Mr. Ruth also shared that the application to have the Payroll Protection Program Loan converted to a grant has opened and Management is preparing to submit. We still expect a long timeline for the decision based on the due diligence process but remain hopeful for full or partial loan forgiveness.

He then reviewed the FY22 budget recommended by the Finance Committee, including the key points, risks, and opportunities. These include:

- Assumption of a return to 100% capacity in the residence hall and ability to receive revenue from facility rentals, including the residence hall, in the summer of 2022.
Returning to Plan contribution levels, which will be an increase of $2.4MM for the year.

- Expecting reduction in real estate assessments by 5%, resulting in a $1.5MM revenue reduction (if tax rates stay the same).
- Restoring critical expenses that were temporarily put on hold this past year, including those related to furloughs, temporary executive salary reductions, and hiring freezes. Additionally, more operating expenses will resume, resulting in a larger than normal overall percentage increase over the prior year as we expect to return to an in-person model.
- Capital expenses will increase by at least $2MM more than forecast this year as we have been underspending on facilities and critical maintenance, particularly in the past two years as a result of the pandemic.

Trustees discussed the critical need to address capital projects and deferred maintenance and asked for further detail on the anticipated expenses. Mr. Ruth shared that the proposed increase in the capital expenditure budget serves as a catch-up provision for projects unable to be completed as a result of the pandemic. He also indicated that there may be a proposal later in the year to increase the budget further after doing additional analysis of deferred maintenance. Many potential projects address long-term challenges that are a high priority to address. Management will present an in-depth review of the projects at the Finance Committee meeting in September, including any proposed incremental expenses that need Board approval. Trustees asked whether the deferred maintenance has a negative impact on Cooper’s insurance premiums. Mr. Ruth confirmed that it does not at this point, but the deferred maintenance does likely increase operating costs.

As required by the Consent Decree, the Financial Monitor provided its opinion on the proposed FY21 budget and recommended the Board approve it as presented. The Financial Monitors commented that the progress Cooper Union has made financially speaks for itself and Management is prudently aware of the potential challenges that remain. They noted that institutions should not assume the effects of the pandemic are over, as future cohorts may still be impacted as families nationwide struggle financially.

There were no further questions and upon motion duly made and seconded, the Board approved a resolution to adopt Cooper Union’s Budget for Fiscal Year 2022 as presented, pending final enrollment and tuition numbers. The FY22 Budget summary attached to the resolution is below:

**Fiscal Year 2022 Operating Budget for The Cooper Union for the Advancement of Science and Art (in 000’s):**

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Unrestricted Budget</th>
<th>Full Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate</td>
<td>$57,968</td>
<td>$57,968</td>
</tr>
<tr>
<td>Undergraduate and Graduate Tuition and Fees, net of scholarships</td>
<td>$13,386</td>
<td>$13,386</td>
</tr>
<tr>
<td>Contributions</td>
<td>$8,580</td>
<td>$13,707</td>
</tr>
<tr>
<td>Student Housing and Other Rental Income</td>
<td>$2,783</td>
<td>$3,875</td>
</tr>
<tr>
<td>Endowment payout</td>
<td>$5,365</td>
<td>$5,365</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>$500</td>
<td>$4,722</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$88,582</strong></td>
<td><strong>$99,023</strong></td>
</tr>
</tbody>
</table>
Expenditures

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education, General and Auxiliaries</td>
<td>$57,358</td>
<td>$62,241</td>
</tr>
<tr>
<td>Debt Service and Capital</td>
<td>$22,347</td>
<td>$24,347</td>
</tr>
<tr>
<td>Depreciation, Amortization and Other Non-Cash</td>
<td>$9,620</td>
<td>$9,620</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$79,705</strong></td>
<td><strong>$96,208</strong></td>
</tr>
<tr>
<td><strong>Net Surplus (Allocated to Plan Priorities)</strong></td>
<td><strong>$8,877</strong></td>
<td><strong>$2,815</strong></td>
</tr>
</tbody>
</table>

Academic and Student Affairs

Vice President of Enrollment Mark Campbell presented preliminary enrollment results for Fall 2021. The overarching goals for the year were 1) Attract outstanding students to Cooper to sustain enrollment, 2) Meet financial aid budgetary targets in keeping with the financial Plan, and 3) Ensure a diverse class, recognizing the importance of different backgrounds, experiences, and perspectives in the classroom. Mr. Campbell was pleased to share these goals have been met after a unique year in attracting, admitting, and enrolling students through the continued conditions of the pandemic. Cooper expects to enroll 228 first-year students (goal: 230) and close to sub-goals in each school and major. Financial Aid is currently on budget with flexibility to provided additional targeted aid on appeal to students who qualify.

Trustees inquired about and discussed the distribution of student demographics across the programs. Mr. Campbell also provided additional information as requested on the first phase of a pilot program to make standardized tests an optional part of the application process. Nearly half of applicants provided a standardized test score, and though these scores were considered as part of the applicants’ comprehensive profiles, other assessments of the applicants’ potential success at Cooper Union were instituted throughout the process. Trustees were pleased to see the competitive results and offered support in increasing yield through outreach to admitted students, when appropriate.

Alumni Affairs and Development

The Committee Co-Chairs reviewed the Development Report that was provided to Trustees and shared an overview of the balance that needs to be raised and strategies being employed for the final few weeks of the fiscal year. As of June 1, Cooper Union was $1.5 MM shy of the original Current Use Fundraising total. There are many year-end initiatives planned to help meet the FY21 year-end goal, including targeted outreach and creative communications. The Co-Chairs stressed the importance of Trustees continuing their fundraising efforts and encouraged any Trustee to reach out to them for assistance.

Ms. Sparks shared that Management is exploring the possibility of a targeted campaign to support the Plan to Return to Full Tuition Scholarships and name the School of Art. A consultant has been engaged to perform feasibility and planning, allowing the staff of the Development Office to focus on building the base of sustainable annual support.

Audit

As previously shared with the Board, the Committee approved the FY20 IRS Form 990 for filing by the May 17 deadline. There are no significant changes planned for this year’s audit and Grant
Thornton plans to present the draft financial statements to the Audit Committee at its November meeting, then to the full Board at the December meeting.

As part of the Committee’s Enterprise Risk Management (ERM) work, members reviewed and discussed the mitigating strategies in place for the second of the four previously identified primary risks: physical security threats. Management also provided the Committee with an update on the two-year process for identifying, updating, and developing institutional policies, which is well underway.

**Governance**

The Committee shared succession planning efforts to ensure the Board is actively preparing for upcoming turnover (10 Trustees will reach their term limits over the next two years – two are Student Trustees and four are Alumni Trustees, for whom there are succession plans in place; four are Trustees nominated through the Governance Committee process). The Governance Committee is pleased to welcome the four new Trustees elected for this meeting and expects to interview two additional Trustees over the summer for potential nomination at the October meeting.

**Investment**

For the quarter ended March 31, 2021, The Cooper Union investment portfolio balance was $248MM (up from $237MM in the previous quarter) and asset classes are all within policy target ranges.

**Performance Summary – Total Portfolio as of March 31, 2020:**

<table>
<thead>
<tr>
<th>Portfolio/ Benchmark</th>
<th>CYTD 2021</th>
<th>FYTD 2021</th>
<th>Trailing 1-year</th>
<th>Trailing 3-Year</th>
<th>Trailing 5-Year</th>
<th>Trailing 10-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>2.9</td>
<td>18.0</td>
<td>32.0</td>
<td>9.1</td>
<td>9.3</td>
<td>6.1</td>
</tr>
<tr>
<td>Total Assets ex Cash</td>
<td>3.2</td>
<td>20.4</td>
<td>36.4</td>
<td>10.3</td>
<td>11.1</td>
<td>7.2</td>
</tr>
<tr>
<td>Cooper Union Dynamic Benchmark</td>
<td>2.5</td>
<td>17.6</td>
<td>33.3</td>
<td>7.1</td>
<td>7.8</td>
<td>4.8</td>
</tr>
<tr>
<td>Total Assets Benchmark</td>
<td>2.1</td>
<td>16.3</td>
<td>31.1</td>
<td>6.6</td>
<td>7.9</td>
<td>5.2</td>
</tr>
</tbody>
</table>

The Committee performed its annual review of the Segregated Gift Annuity Report, as provided by BNY Mellon, uncovering no issues.

Cooper Union will begin working with a new team of advisors from Cambridge Associates over the summer. The new team was interviewed by members of the Investment Committee and management, and their first official Committee meeting will be in September. The Committee Chair is pleased with the expertise of the new advising team and looks forward to the new perspective they will bring to the portfolio.

There was no New Business to discuss. Representatives provided input throughout the meeting, and a Representative suggested at this time a few options for Trustees to become more acquainted with the
day-to-day activities of Cooper Union and the resources available for students. The Board then moved to an Executive Session. The meeting adjourned at approximately 12:45 p.m.