

THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

Minutes of Board of Trustees Meeting
October 6, 2021 8:30 AM

PARTICIPANTS

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

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

Representatives: Diana Agrest, Melody Baglione, Raffaele Bedarida, Steven Hillyer, Yuri Masnyj

Financial Monitor: Richard Faughnan, Ron Salluzzo

Absent: Elizabeth Graziolo, Kevin Slavin

The meeting, conducted via video conference, was called to order at 8:34 a.m. and began with an Executive Session.

The regular session was called to order at 11:08 a.m. The minutes from the June 9, 2021 Board of Trustees Meeting were approved with one clarifying edit.

Chair Malcolm King reported that during the Executive Session, Maurice Cox and Tim Ingrassia were nominated for election as Trustees at the annual meeting. Maurice Cox is an alumnus of the School of Architecture and currently the Director of City Planning in Chicago, IL. Tim Ingrassia is the global co-head of mergers and acquisitions at Goldman Sachs, former Chair of the Jefferson Scholars Foundation at the University of Virginia, and a patron of the arts. Both will bring governance experience and relevant expertise to the Board.

Mr. King thanked Trustees Eric Hirschhorn and Kevin Slavin for their service on the Board, as their terms conclude before the next Board Meeting. Both have served two, four-year terms and are alumni of the school. Mr. Hirschhorn also served as Vice Chair of the Board, co-chair of the Alumni Affairs and Development Committee, and the head of the COVID-19 Task Force. Mr. Slavin also served a term as Vice Chair and was a longstanding member of the Academic and Student Affairs Committee. Their insight and expertise will be missed.

He also thanked Trustees for their recent engagement with the school through virtual events and fundraising efforts. In light of the ongoing pandemic, the Board's increasing geographic diversity, and our corresponding new modes of meeting, Mr. King reviewed the proposed new schedule and format of Board meetings for 2022, which was developed based on feedback from Trustees. Under the new schedule, the Board would hold two Board meetings and the Board's annual retreat in person and conduct the other two Board meetings and all Committee meetings virtually. Mr. King shared that along with the new schedule format, the meeting format will change to allow more time for the Board to engage in strategic and generative discussions during quarterly meetings, and focus on more operational matters in Committee meetings. As there will be fewer on-campus

meetings scheduled, there will be more opportunities created for Trustees to engage with Cooper Union through events, exhibitions, and public programs. The Board will discuss further during the approval of the 2022 Work Plan at the Annual Meeting on December 8.

President Sparks introduced the quarterly Faculty Presentation, which highlighted the School of Engineering. At each meeting, an in-depth presentation provides an opportunity for Trustees to learn more about and engage with Cooper's academic programs. Following the Board's commitment to add to and replenish the full-time faculty across the three schools, Dean Barry Shoop has led a faculty search to fill critical open faculty positions in the School of Engineering. Along with the faculty search committees, Dean Shoop set a clear vision for the hiring process that aligned with the recently adopted strategic plan for the school. As the result of the search, seven talented new full-time faculty members joined Cooper in the past two years. Three of these professors, Dr. Abigail Raz, Assistant Professor of Mathematics; Dr. Michelle Rosen, Assistant Professor of Mechanical Engineering; and Dr. Kamau Wright, Assistant Professor of Mechanical Engineering, joined the meeting to present their backgrounds, research interests, and perspectives on why they chose Cooper Union.

The faculty members shared the importance of Cooper Union's focus on undergraduate teaching as a factor in their decision to join the school. Additionally, faculty noted the importance of Cooper's collaborations with nearby institutions, which helps complement the school's small size. Trustees then engaged in a conversation with faculty about their courses, teaching, work with students, and scholarly research. Following the discussion, Trustees thanked the faculty for their time and commended Dean Shoop on excellent hiring outcomes. The faculty then exited the meeting.

Laura Sparks delivered her President's report, beginning with a message of gratitude for faculty, staff, and students who were instrumental in making the transition back to in-person learning this semester. She shared it has been wonderful to have classrooms, labs, and studios once again filled with activity. With the first-year class right on target of 228 students, enrollment is anticipated to be up 5% from the previous year, consistent with expectations. The student body has exhibited great care and responsibility in adhering to the health and safety measures in place. To date, there have been seven positive COVID tests recorded and no resulting community spread, signaling the effectiveness of the plans in place as well as the community's commitment to cooperating with required protocols. Ms. Sparks shared that while we hope to continue on this path, the nature of the pandemic could result in increased cases. The careful planning done over the summer to return to campus included contingencies should COVID cases rise.

Ms. Sparks shared other highlights from her report, including an update on the formation of the Visiting Committee for Humanities and Social Sciences (HSS). The Academic and Student Affairs Committee of the Board has long supported the idea of inviting external scholars to review the structure and curriculum of the program and make recommendations for the future of the humanities and social sciences at Cooper. The Committee will begin meeting later this month and conduct a site visit in December to help inform their recommendations, which will be shared with the Board next year.

Next, Ms. Sparks shared an update on the fully opened AACE Lab in the Foundation Building and the soon-to-be open Civic Projects Lab in 41 Cooper Square. The AACE Lab is a state-of-the-art digital fabrication space in the Foundation Building, and the Civics Projects Lab will be a collaborative workspace for students pursuing multi-disciplinary projects that further the public good. The Board has shown support for the creation of both spaces and Ms. Sparks shared her excitement to see one highly utilized, and the other nearly complete, as these spaces further the institution's strategic priorities for enhancing physical space and creating opportunities for experimentation at the intersection of Cooper's disciplines.

Both spaces were made possible through the support of significant gifts. While fundraising for the Plan to Return to Full Tuition Scholarships (Plan) is at the forefront of the development team’s efforts, it is still important to fundraise for investments in Cooper’s academic programs and the student experience. As previously reported to the Board, Ms. Sparks shared that planning efforts continue for a targeted campaign to complement existing fundraising efforts in place.

Committee Reports

Finance and Business Affairs Committee

The Committee Chair reviewed highlights of the FY21 Full Year Preliminary Results. A synopsis of the Budget Variance Report is as follows:

	FY20 Actual	YTD June 21	FY21 Budget	% Earned or Spent
Total Revenue Before Endowment Payout	\$81,181	\$81,681	\$78,497	104%
Less: Total Expenditures	(\$72,964)	(\$70,818)	(\$75,878)	93%
Surplus Before Endowment Payout	\$8,217	\$10,863	\$2,619	
Plus: Endowment Payout	\$4,630	\$4,680	\$4,680	100%
Total Surplus Available for Plan Priorities	\$12,847	\$15,543	\$7,299	

Despite the challenges created by the COVID pandemic, preliminary fiscal yearend results show revenue surpassed budget by \$3.2MM for the year, primarily through increased contributions, more favorable than expected enrollment, unexpected retail revenue. Disciplined expense management continued to pay off; operating expenses were favorable to budget by \$4.6MM. Mr. Ruth reminded the Board that the annual budget was estimated to be worse than the original Plan given the anticipated ongoing negative impacts of the COVID-19 pandemic. Due to careful expense management, favorable fundraising, and strong enrollment, the Net Surplus for the year was nearly \$3.7MM greater than the level outlined in the Plan, which could serve as an important buffer during a future downturn. The Committee Chair reiterated that despite these positive results, the Board and Management must remain prudent, as the pandemic and broader economic and sociopolitical dynamics could make for a very uncertain environment in the coming year(s).

After FY21, results remain ahead of all Plan guardrails, including +\$16.2MM ahead of the cumulative Net Surplus Guardrail. This position is expected to erode over the next year as critical deferred maintenance projects are addressed. Vice President for Finance and Administration John Ruth shared that Cooper Union’s Payroll Protection Program loan granted in April 2020 was approved for forgiveness, and subject to the audit, Management expects the \$6.6MM to be classified as revenue for FY22. These resources were used to cover the cost of maintaining personnel positions that otherwise may have had to be eliminated during the pandemic period.

The Committee Chair presented for approval the recommended Tuition & Fees for FY23. Per the Plan, the Committee is recommending a 0% increase to undergraduate tuition and a 3% increase to graduate tuition and residence hall fees. Upon motion made and seconded, the Board voted to approve the FY23 Tuition & Fees.

The Committee Chair then presented for approval an additional capital expenditure of \$2.38MM for FY22. Following a review of the FY22 Capital Program and Long-Term Capital Plan, the Committee recommended this incremental provision after receiving an external comprehensive assessment of facilities. The Board discussed the importance of addressing these capital improvements and deferred maintenance projects immediately, particularly as several projects for the year are classified as life/safety projects and are required by city ordinance. Upon motion made and seconded, the Board voted to approve the additional \$2.38MM in capital expenditures for FY22.

Alumni Affairs and Development Committee

The Committee Co-Chairs reviewed the fundraising summary for FY21, included in the meeting materials. For the fiscal year, \$8.0MM was raised in current-use funds, 13% more than the \$7.1MM goal in the Plan. Total fundraising for the year was \$13.6MM, 12% over the \$12.1MM total fundraising goal (which includes endowment funds). After a challenging previous year in which the fundraising goals in the Plan were unmet, the Committee was pleased to report the recovery for the year. The team will bolster efforts relating to individual giving (\$10K and below) and alumni participation, as goals for both were not met this year. The Co-Chairs thanked individual Trustees for their fundraising efforts and also reminded the Board as a whole of the importance of Trustees' fundraising efforts. All Trustees are encouraged to connect with the development team for assistance.

Investment Committee

Cambridge provided materials in the advance of the meeting, showing investment balances and market performance results as of June 30, 2021. As investment market performance has been strong, the portfolio is currently valued at \$276.2 MM, +29.4% for FY21 and +9.8% calendar year-to-date. This does not yet include private investment returns, as they are reported on a lagging basis.

The Committee Chair shared that the previous quarter's meeting was the first held with a new team of advisors from Cambridge Associates, Cooper's longstanding investment portfolio consultants. The new team will be undertaking an Enterprise Review over the next two quarters as a way to fully align asset allocation with Cooper Union's short- and long-term operational needs, as well as the goals of the Plan.

The Committee Chair shared that the Committee voted on a \$12.25MM rebalancing among existing managers to align the portfolio with policy targets, as recommended by Cambridge Associates.

Free Education Committee

The Committee Chair presented key elements of the semi-annual Progress Report on the Plan, as reviewed by the Committee at the previous quarterly meeting. With the positive financial results for FY21, the Committee saw no areas of concern, yet noted the importance of remaining prudent with resources given the economic and sociopolitical uncertainty that could impact financial markets and enrollment over the next few years.

The Committee Chair shared points from the Committee's discussion on key considerations as Cooper reaches the halfway point of the Plan and new dynamics, such as the pandemic and inflation, which could have an impact the Plan. The Committee also discussed the possibility of releasing a mid-Plan report, communicating the progress thus far.

Audit Committee

The Committee Chair shared an update on the FY21 Financial Statement Audit, which is underway and scheduled to be completed before the end of the calendar year. Additionally, the 2020 Defined Contribution Retirement Plan Audit was shared with the Committee at the previous quarterly meeting. No significant issues were identified, and the Audit will be filed prior to the October 15, 2021 deadline.

As part of the Committee's Enterprise Risk Management (ERM) work, members reviewed and discussed the mitigating strategies in place for the third of the four previously identified primary risks: campus climate threats. The Committee also identified risks to focus on for 2022 and a schedule for following up on additional actions recommended for the risk management plans that were reviewed in 2021.

Governance Committee

The Committee Chair shared continuing efforts to recruit Trustees with desired experience to the Board. During the next calendar year, four Trustees' terms will end, and the Committee has succession plans in place to fill these seats.

As previously shared during the meeting by Mr. King, the proposed 2022 meeting schedule was drafted with input from Trustees. Upon motion made and seconded, the Board voted to approve the 2022 Board and Committee Meeting Schedule.

Representatives participated in the discussion throughout the meeting and had no additional comments to provide.

There was no New Business. The Board moved to an Executive Session and the meeting adjourned at approximately 1:00 p.m.