

THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

Board of Trustees Meeting

New York, New York

June 12, 2025 10:00AM

PARTICIPANTS

Trustees:	Anna Brook, Tre Brown, Maurice Cox, Pam Flaherty, Judy Freyer, Jadyn Hammond, Dana Hughes, Tim Ingrassia, Jamie Levitt (Chair), Lou Manzione (Vice Chair), Marshall Rafal, James Rolling, Jr., Avery Singer, Ron Vogel, Stephen Welby
Officers:	Interim President Malcolm King, Treasurer John Ruth, Secretary Michelle Marsh
Representatives:	Beverly Joel, Kyle Johanson, Cristobal Lehyt
Faculty and Staff:	Benjamin Aranda, Nada Ayad, Natalie Brooks, Demetrius Eudell, Adriana Farmiga, Yuri Masnyj, Lisa Norberg, Barry Shoop
Guests:	Brian Feil, President-elect Steven McLaughlin, Shiori Sasaki, Rachel Whitlow
Absent:	Anne Chao, Joseph Dobronyi, Aftab Hussain (Vice Chair), Anthony Ianno

The meeting was called to order at 10:08 am and began with an Executive Session. The Regular Session was called to order at 10:18 am.

During executive session, Trustees approved two applications for tenure, Resolution 2025-2 electing a new slate of officers, the election of four new trustees, and the committee composition recommended by the Governance Committee.

The chair reminded trustees of the importance of completing the conflict of interest disclosure.

Board Chair Jamie Levitt presented administrative items for approval via a Consent Agenda. Upon a motion duly made and seconded, the Consent Agenda, including the following items, was approved:

- March 6, 2025 Board of Trustees Meeting Minutes
- Filed with the March 6, 2025 Minutes, the Unanimous Written Consent Authorizing the Degrees Conferred at the 165th Commencement

The Chair referenced the amendment to the contract with our real estate advisors, Savills, in the materials and turned the discussion over to John Ruth, Chief Financial Officer. Mr. Ruth provided an overview of the terms and the rationale for the amendment. There was a discussion on the terms of the agreement. Upon a motion duly made and seconded, the amendment to the contract with Savills was approved as presented.

Chair's Report

The Chair then provided her quarterly report to the Board. She opened by providing background on the four new incoming trustees: Brian Feil, Rachel Whitlow, Shiori Sasaki, and Angie Zuo. She then thanked the three departing trustees: Jadyen Hammond, Lou Manzione, and Ron Vogel. Jadyen Hammond served as a student trustee for the past two years and has now graduated from Cooper Union's School of Art. Lou Manzione, ChE'75 served for four years as an alumni trustee, and as co-vice chair of the board as well as on the Presidential Search Committee. Ron Vogel, ChE'01, served in his capacity as the Cooper Union Alumni Association president. She concluded by providing a summary of the board retreat held the previous day, which included a presentation by Jeffrey Selingo on the state of higher education and a presentation by Cooper Union's Vice President for Strategic Initiatives and Institutional Effectiveness on persistence and retention data. The Board also completed its annual governance training at the retreat, as delivered by Laura Butzel, Partner, Patterson Belknap Webb and Tyler.

President's Report

Interim President Malcolm King delivered the President's report, providing a summary of the academic year and end-of-year reviews, highlighting the successes of each school and The Faculty of Humanities and Social Sciences. He also updated the board on fundraising outcomes and enrollment. In concluding his term, he noted the hard work of faculty and staff in a challenging environment and encouraged the board to support them. He expressed gratitude for his time as president and thanked the board for their support.

Finance and Business Affairs Committee

John Ruth, Chief Financial Officer, then provided the board with an update from the Finance and Business Affairs Committee. He reviewed the budget variance report for the third quarter of the fiscal year, ending March 31, 2025.

	FY24 Actual	YTD Mar 2025	FY25 Budget	% Earned or Spent
Total Revenue Before Endowment Payout	86,150	41,952	61,270	84%
Less: Total Expenditures	(86,523)	(64,737)	(87,556)	74%
Surplus Before Endowment Payout	(373)	(22,785)	(26,286)	
Plus: Endowment Payout	6,530	6,750	9,000	75%
Total Surplus Available for Plan Priorities	6,157	(16,035)	(17,286)	

Mr. Ruth summarized key items impacting the budget:

- The ground lease of the Chrysler Building was terminated on September 27, 2024 as a result of uncured defaults by the previous ground tenant, who stopped paying rent and tax equivalency payments beginning in June 2024.
- For the current fiscal year, Cooper Union is receiving the net surplus cash flows from the building's operations instead of the ground rent and tax equivalency payments. The difference in this alternative stream is reflected as the "Real Estate Shortfall" to clarify the financial impact to the institution. The alternative flow began in November 2024 when a court order was issued, which, among other items, ceased the previous ground tenant's interference with Cushman & Wakefield's operation of the building. The property is currently being marketed to identify a new ground lease tenant.
- A tenant that has rented academic space during the summer is not renewing for the upcoming year, resulting in a negative variance.
- Fundraising goals are currently behind pace, with less raised than at the same point in March 2024. Management will continue to monitor progress.

Mr. Ruth reviewed financial performance vs. Plan Guardrails. Cumulative results remain on track for three of the four guardrails. The primary guardrail, Net Surplus, is behind due to the real estate shortfalls being incurred during this real estate transition period.

During the May quarterly meeting, the Finance & Business Affairs Committee formally recommended the FY26 budget and endowment spend rate, provided to Trustees for their review in advance. Mr. Ruth shared the recommended FY26 budget, including proposed changes in revenue and expenses and the associated budget risks and opportunities.

The budget reflects continued challenges related to Cooper Union's real estate revenue streams.

Mr. Ruth continued by providing a summary of the current forecast for FY25, which projects a higher than budgeted net deficit for the year. The negative results as compared to the FY25 Budget are mainly the result of the college receiving no net cash flows from the Chrysler Building for the first four months of the fiscal year. The balance of the negative results are due to lower undergraduate enrollment, as levels reverted to pre-Pandemic periods with the graduation of COVID-returning students during the past few years, which inflated enrollment levels over the past two years. Higher costs associated with real estate and campus activities were highly offset by expense-saving measures, such as hiring delays or deferrals as well as general expense savings across departments.

The budget reflects the effects of the Real Estate Shortfall for both years, which drives the net deficit projected results in both FY25 and FY26.

Extension filings are underway for the potential Local Law 11 work, which may be able to delay/defer capital needs on the project over a 30-month period. On the Cooper Union core business side, the net surplus - not taking into account the Real Estate Shortfall - is lower than forecasted in FY25 due to the increase in deferred maintenance planned in FY26 as outlined in the long-term capital plan.

Management continues to monitor key ratios pertaining to the school's lack of historic investment in facilities and continuing aging of infrastructure. An additional provision has been included in this year's budget for capital projects identified during a recent inventory of deferred maintenance projects to be scheduled in the coming years. Expenses are kept relatively flat from FY25. Core undergraduate scholarships rose to 85.5% (a 3.0% additional allotment as per the Plan) which is funded by increased current use contributions as outlined in the Plan. The volume driven increase in Endowment Payout covers the additional debt service costs associated with the Bridge Loan.

Trustees engaged in a discussion about the impact of the Chrysler Building on the budget.

The discussion then turned to the recommended endowment spend rate for FY26. Per Cooper Union's Investment Policy Statement, the Finance and Business Affairs Committee recommends the annual spend rate to support operational costs. The spending rate was increased to 5.0% in FY25 to minimize any potential demands on the unrestricted cash reserves of the college during this net deficit period caused by the Real Estate Shortfall. For similar reasons, during this Chrysler Building transition period, the endowment spend rate recommended by the Finance and Business Affairs Committee for FY26 is 5.0%. The endowment payout is estimated at \$9.85 million in this budget.

Upon motion made and duly seconded, the Board approved the proposed FY26 budget, as follows, and the 5.0% endowment spend rate:

Fiscal Year 2026 Operating Budget for The Cooper Union for the Advancement of Science and Art in 000's (pending final enrollment and corresponding tuition revenue numbers)

	<u>Unrestricted Budget</u>	<u>Full</u>
<u>Budget</u>		
<i>Revenue</i>		
Real Estate	\$58,685	\$58,685
Real Estate Shortfall	(33,455)	(33,455)
Undergraduate and Graduate Tuition and Fees, net of scholarships	11,254	9,954
Contributions	13,245	20,920
Student Housing and Other Rental Income	2,850	3,942
Endowment Payout/Return	9,850	13,850
Other Revenue	580	580
Total Revenue	\$63,009	\$74,476
<i>Expenditures</i>		
Education, General and Auxiliaries	\$65,239	\$71,356
Debt Service and Capital	25,918	25,918
Depreciation, Amortization and Other Non-Cash		10,387
Total Expenditures	\$91,157	\$107,661
Net (Deficit)	(\$28,148)	(\$33,185)

Governance Committee Update

Chair Jamie Levitt provided an update on Governance Committee activities, including committee assignments and the need for specific expertise on the board. She encouraged Trustees to send nominations to the Governance Committee and emphasized the need for people with finance, investment, and economics expertise.

Academic and Student Affairs Committee

In absence of the Chair of the Committee, Interim President King provided an update on the activities of the Academic and Student Affairs Committee, including a review of the number of applicants per school, demographic information, as known, for admitted students and yield. It was commented that Cooper's yield is exceptional with the School of Engineering at 59%, the School of Art at 83%, and the School of Architecture at 83% for the incoming class.

It was noted that a sub-committee has been created to discuss recruitment strategies.

There was an update on the work of the Center for Career Development, including the cultivation of a deeper and more effective partnership with the schools and deans. It was noted that staff capacity is impacting outcomes. There was a discussion of the impact of AI in the job market.

Trustees were encouraged to think of networking and coaching opportunities for students. There was a suggestion that Trustees act as mentors to students.

Update on Chrysler Building

Mr. Ruth provided Trustees with an update on the status of new lessees and renewals at the Chrysler Building, as well as the status of the search for a new tenant.

Student, Faculty, and Staff Presentation:

At each quarterly meeting, the Board learns more about progress on Cooper's institutional goals and strategic priorities through student, faculty, and/or staff work in these areas as part of a guest presentation. This quarter highlighted the School of Art Visiting Committee Report and presented the work of the Cooper Union Library on Information Literacy in a Time of Generative AI.

Adriana Farmiga, Dean of the School of Art, and Yuri Masnyj, Associate Dean of the School of Art, provided the Board with an update on the School of Art Visiting Committee Report, including how the School of Art is pursuing recommendations from the visiting committee in line with the School of Art's strategic plan.

There was a discussion about funding for exhibition space and art supplies; and then about how students are getting exposure to new types of media in the age of AI. Dean Farmiga will distill the priorities from the report and present to the board.

Chair, Jamie Levitt departed the meeting at 12:53 p.m., and President King assumed the role of presiding officer.

Demetrius Eudell, Vice President for Academic Affairs, introduced Lisa Norberg, Director of the Library, noting that use of the library has increased 300% since Ms. Norberg came on board.

Ms. Norberg reviewed curriculum design efforts to help students ethically and effectively use AI. She outlined challenges in the use of AI in higher education, including misinformation, intellectual property concerns, bias in sources, and risks to critical thinking and research skills. She noted ongoing collaboration with deans to develop student workshops (in-person and online) and to integrate information literacy into each school's curriculum.

There was no New Business. Representatives inquired about how to handle using AI on studio and home tests. The Board moved to an Executive Session at 1:32 p.m. and adjourned at 2:11 p.m.