

THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

**Minutes of the Board of Trustees Meeting
March 11 2015**

**Stuyvesant Fish House
21 Stuyvesant Street
8:30 a.m. – 1:30 p.m.**

APPROVED



LAWRENCE CACCIATORE
SECRETARY TO THE BOARD OF TRUSTEES

Trustees Present: Richard Lincer (Chair) , Francois de Menil (Vice Chair), Jamshed Bharucha (President), Elizabeth Diller, Thomas Driscoll (by phone), Mark Epstein, Ray Falci, Jeffrey Gural, Jeffrey Hersch, Catharine Hill, Eric Hirschhorn, John Leeper, Daniel Libeskind (by phone), Malcolm King, Edgar Mokuvos, Kevin Slavin, Robert Tan, Johnny Taylor Jr., Monica Vachher (by phone), Rachel Warren, Jeremy Wertheimer (by phone)

Student Rep: Devora Najjar

Officers Present: Chief Academic Officer Teresa Dahlberg, Vice Presidents Stephen Baker, Justin Harmon, William Mea, Mitchell Lipton, Secretary Lawrence Cacciatore

Staff Present: Acting Vice President Chris Cloud, Professor Bonnie John

Other: Laura Butzel, Mike Lebowich (by phone), Kerry Sulkowicz (The Boswell Group)

Absences: Robert Bernhard, Joseph Dobronyi

Chairman Lincer called the meeting to order at 8:30AM. He noted that the agenda was full and deferred the Chairman's report in light of the fact that the trustees had met the evening prior in executive session (without staff and Student Representative to the Board).

Consent Agenda

The chairman presented the consent agenda noting that committee meeting minutes presented for approval were accepted by each of the respective committees before submitted to the full board. Upon motion made and seconded the minutes presented (Listed below) were approved.

Minutes of the Finance Committee Meeting April 30, 2014 (**Att. 1**)
Minutes of the Finance Committee Meeting May 22, 2014 (**Att. 2**)
Minutes of the Finance Committee Meeting May 26, 2014 (**Att. 3**)
Minutes of the Finance Committee Meeting June 6, 2014 (**Att. 4**)
Minutes of the Finance Committee Meeting September 9, 2014 (**Att. 5**)
Minutes of the Academic and Student Affairs Committee Meeting September 11, 2014 (**Att. 6**)

- Minutes of the Committee on Trustees Meeting October 21, 2014 **(Att. 7)**
- Minutes of the Development Committee Meeting November 17, 2014 **(Att. 8)**
- Minutes of the Committee on Trustees Meeting November 18, 2014 **(Att. 9)**
- Minutes of the Audit Committee Meeting November 11, 2014 **(Att. 10)**
- Minutes of the Academic and Student Affairs Committee meeting November 20, 2014 **(Att. 11)**
- Minutes of the Investment Committee Meeting November 24, 2014 **(Att. 12)**
- Minutes of the Board of Trustees Meeting December 10, 2014 **(Att. 13)**
- Minutes of the Finance Committee Meeting December 18. 2014 **(Att. 14)**

President’s Report

President Bharucha provided the president’s report which included the following:

- Announcement that the 2015 Commencement Address will be delivered by Milton Glaser (A’51)
- The president provided an update on the search for the dean of the School of Architecture, noting that he is in the final stages of making a selection between the two finalists: Nadir Tehrani, Elisabetta Terragni, each of whom have delivered a talk to the internal architecture family of faculty students and staff. . He acknowledged trustees Diller and de Menil for their sage counsel throughout the search process.
- Update on the annual meeting of the Commission on Independent Colleges and Universities, a body which the president currently serves as trustee. He highlighted the \$5B per year impact that colleges and universities have in NY State and the important role the Commission plays in Albany to advocate in behalf of its member institutions.
- Update on admissions: the president noted that early decisions letters have been sent to prospective students and many students have responded affirmatively. He noted that Art applications overall increased 6 percent, architecture applications decreased by 5 percent (which out performs the national decline in architecture applications across the country), and engineering applications have increased 33 percent – the highest jump in applications in the school’s history. The administration is planning to have a focused presentation on admissions and financial aid at the September board meeting.

Following the President’s Report the Chairman called the Executive Session without the president to order. The staff and Student Representative to the Board were excused.

Following the Executive Session the staff and Student Representative rejoined the meeting. The Secretary notes that Mr. Wertheimer, who joined the meeting by phone dropped off the line at 12:45PM and Mr. Libeskind was having difficulty with the international dial in and dropped off soon into the start of the meeting. In addition, Ms. Diller and Messrs. Gural and Slavin were excused from the meeting following the executive session. The Secretary further noted that quorum was sustained.

Cooper Union Institute for Design and Computation

Upon request, Chief Academic Officer (CAO) Dahlberg delivered the previously distributed presentation (**Att. 15**). She also welcomed Dr. Bonnie John, Director of Computation and Innovation, who joined the meeting for this segment.

CAO Dahlberg noted the following in delivering the presentation:

- The institute affords the agility to start new programs in a manner that respects the pedagogy and expressed desired of the faculty.
- New programs currently being planned and referred to in the presentation will focus on distinctive characteristics of Cooper Union.
- The institute has the potential and is envisioned as a place within the institution where interdisciplinary activity will be encouraged.
- She noted that the Curriculum Committee voted against the Computation and Innovation curriculum because the faculty did not want the program to exist or belong to the engineering school.
- Computation runs across three schools, as well as design.
- BS in Computation and Innovation would go into institute as well as set of summer programs described in the proposal.
- Noting that there are governance and labor relations matters to be addressed once the institute is formed the CAO committed to work with the respective legal counsel to address matters as necessary

The CAO then took questions. During the question and discussion period Mr. Leeper requested clarification on the stated tuition trend in Computer Science, noting that the figures presented in the revenue slide seemed partially erroneous.

Mr. Lebowich and Ms. Butzel responded to questions from trustees and provided their legal opinions as they related to governance and labor relations.

Following the Q&A period, the following resolution was moved, seconded and passed without any objection from trustees present or on the phone at the time of the vote:

RESOLUTION OF THE BOARD OF TRUSTEES

WHEREAS, the Board of Trustees (the “Board”) of The Cooper Union for the Advancement of Science and Art (“Cooper Union”) recognizes the importance of promoting advances in the curriculum to maintain Cooper Union’s academic standing and relevance and unique focus on innovation and creativity;

WHEREAS, Cooper Union has experienced financial exigency and, following extensive debate, decided in 2013 that it was imperative to impose tuition, but also raise additional sources of revenue from new academic programs;

WHEREAS, beginning in 2012, each of the Faculties was asked to develop programs that are of high quality and that generate revenue;

WHEREAS, the President and Chief Academic Officer, as well as other members of the faculty and advisors to Cooper Union, have devoted considerable time to studying the offerings of the Faculty of Engineering as well as of other Faculties, and have determined that 1) it would be in the best interests of Cooper Union and the student body to expand its course offerings related to computer science, design, and innovation, 2) expanding such offerings reflects the realities of the role of technology in modern life, as well as trends in engineering, design and other disciplines, and will augment the ability of artists, designers, engineers, innovators, and entrepreneurs to develop and use computational approaches, 3) computer science, design, and innovation will complement the existing offerings in the Faculty of Engineering, the Faculty of Art, and the Faculty of Architecture, 4) such expanded offerings are therefore likely to generate increased interest in Cooper Union from potential students, increase Cooper Union's visibility in the education, research, and business communities in New York City and globally, and catalyze industry-university partnerships across campus, and 5) failing to do so would ultimately weaken Cooper Union's standing as an institution of higher learning that focuses on innovation;

WHEREAS, the President and Chief Academic Officer have worked extensively with faculty and developed and proposed a new curriculum in Computation, Design and Innovation that leads to a Bachelor's of Science in Computer Science (the "New Curriculum") and consulted extensively with the Faculty of Engineering using the mechanisms in the Governances of the Faculty of Engineering, including presenting the New Curriculum to the Curriculum Committee;

WHEREAS, the President and senior management have, while reviewing the New Curriculum, been simultaneously exploring the advantages of establishing an Institute for Design and Computation "to advance the college's interdisciplinary engagement of art and science in order to engender new modes of teaching and new models of technology and design," as recommended by the Revenue Task Force, and determined that such an institute could serve as the academic home for cross-disciplinary undergraduate and graduate programs, and programs that may complement but fall outside the specific disciplines of the existing Faculties.

WHEREAS, the Faculty of Engineering did not approve the New Curriculum because, among other things, the faculty members believe it does not align with the identity of the offerings of the Faculty of Engineering and did not want to alter the existing curriculum;

WHEREAS, following extensive consultation, senior management and the Board have determined that 1) it is critical to Cooper Union's future to respond to advances in technology, design and engineering and enhance its computer science offerings, 2) Cooper Union can expand its computer science offerings without requiring changes to the curricula of the Faculty of Engineering, 3) the proposed New Curriculum incorporates many suggestions and ideas proposed by the Faculty of Engineering over the course of study of the New Curriculum, 4) an Institute for Design and Computation

would be the appropriate home for the New Curriculum, as well as other innovative or interdisciplinary programs, and 5) the Institute for Design and Computation would generate revenue for Cooper Union that would help ensure that Cooper Union could continue to maintain the undergraduate merit scholarship at a value at least as high as fifty percent of tuition.

WHEREAS, the Board has ultimate decision-making authority to oversee Cooper Union as set forth in Paragraph Second of the Charter of Cooper Union and under Article I, Section 1.01 of the Bylaws and to ensure that Cooper Union maintains its high academic quality, fulfills its educational mission and continues to promote innovation and creativity, and also acts prudently vis-à-vis the exceptional financial challenges it has been facing, and it has further determined that it is in the best interests of Cooper Union to establish an Institute for Design and Computation with its own faculty and curricula distinct from the Faculty of Engineering and which provides a Bachelor's of Science in Computer Science and the New Curriculum as its first area of concentration;

NOW, THEREFORE, IT IS RESOLVED, that the Board hereby establishes a new institute named the Institute for Design and Computation at The Cooper Union for the Advancement of Science and Art, which will grant degrees, initially comprising a Bachelor's of Science in Computer Science, and such other degrees and areas of concentration as may be determined in the future (the "Institute");

RESOLVED, that the Bachelors of Science in Computer Science will initially comprise the curriculum that has been approved for registration by the New York State Education Department on February 10, 2015;

RESOLVED, that until a new Governance is established, the following procedures will apply: 1) in light of the interdisciplinary nature of the Institute, committees for recommendations for Initial Appointments, Reappointments, Promotion, and Tenure of Institute Faculty (the "Committees") shall be comprised of four members selected from the existing Cooper Union faculties and up to two faculty members selected from the Institute, 2) Committee members shall be selected by the Chief Academic Officer, and 3) Initial Appointments, Reappointments, Promotions, and Tenure of Institute Faculty shall be granted by the President, in the President's discretion, taking into consideration the recommendation of the Chief Academic Office, Director (or Dean) of the Institute and the recommendation of the applicable Committee;

RESOLVED, that the newly hired Director of Computation and Innovation shall have a faculty appointment in the Institute for Design and Computation and shall undergo an expedited tenure review;

RESOLVED, that the Chief Academic Officer will have the same responsibilities with respect to the Institute as a Dean of a Faculty and Director for the Institute until such time as a Director (or Dean) of the Institute is formally appointed, including with

respect to selecting Committee members and recommending Initial Appointments, Reappointments, Promotions and Tenure to the President;

RESOLVED, that these resolutions shall constitute the interim Governance of the Institute until a new Governance is established, and that the President, Chief Academic Officer, and (if one has been appointed) Director (or Dean) of the Institute shall initiate the process of developing a new Governance of the Institute;

RESOLVED, that the President, or such other officers as the President determines, shall inform the applicable bargaining representatives of the full-time and part-time faculty members and of the non-academic staff of the decision to establish the Institute and the reasons for doing so, and shall, upon request, meet and confer with such bargaining representatives regarding this decision to the extent required by law;

RESOLVED, that the President and such other officers as the President determines shall continue to advance Cooper Union's Financial Sustainability Plan while adhering to the budgetary guardrails;

RESOLVED, that the President and such other officers as the President determines are authorized to take any and all steps and other steps necessary to establish the Institute.

Finance Report

Vice President Mea, upon request, then turned the trustees' attention to the previously distributed materials pertaining to the finance committee:

- Approval of CUFCT Memorandum of Agreement (**Att. 16**)
- FY 15 Budget variance report (**Att. 17**)
- Approval of Tuition rate and fees for Academic Year 2015-2016 (**Att. 18**)
- Update on Financial Sustainability Plan (**Att. 19**)

Vice President Mea reported on the negotiations that led to the proposed CUFCT memorandum of Agreement noting that the previous CUFCT agreement had ended its term 18 months prior. Among the key changes in the new agreement are:

- Salary increases are the same as in the previous contract. They are tied to inflation with a floor of 2.5% and a ceiling of 5.0%. (Huron budgeted for 3.0% increases.) A 2.5% increase is approximately \$140,000.
- Salary minimums were increased from the previous contract based on the annual percentage increases in that contract.
- It establishes a Cooper Union Professor status, recognizing excellence in teaching, research and scholarship. This was requested by the CUFCT, but implementing this is entirely at the President's discretion. The related stipend is paid only during the period of appointment and does not get added to the faculty member's base salary.

- Significantly cleaned up and made clear the language about sabbaticals. We did not change the nature or timing of the sabbaticals, but the prior language was confusing and unclear.
- The biggest win was the ability to allow faculty to get course releases for funded research and for us to also allow faculty to have course releases for internally funded research (this could come from external or internal grants).

Vice President Mea also reported that Cooper Union's health insurance program, among many other institutions, will be subject to so-called Cadillac tax in the near future. The 40% Cadillac tax will likely be imposed on us in 2018 and we need to find a way to mitigate this. Cooper Union's annual budget for health insurance claims is \$4.5 million, so a 40% increase would be an additional \$1.8 million. The calculation is likely far more complex than this, but the potential financial effect is substantial. Vice President Mea will provide more detail on this to the Finance Committee but requested that the trustees note that the institution will need to determine how it will address the tax when it hits. In the meantime, the administration will work hard to introduce cost savings over time, with the understanding that any changes to medical benefits will need to be negotiated.

A motion was made and seconded to approve the proposed CUFCT agreement, which would be in effect through August 31, 2016. The motion was passed unanimously.

Upon request Mr. Mea presented the previously distributed Tuition Rates and Fees proposed for AY2015-2016. A discussion ensued over the rising costs in education and the trustees' commitment to access. While it is deemed desirable to keep the tuition rate at its current value it was acknowledged that the financial model of the Financial Sustainability Plan calls for a three percent increase. Following the discussion a motion was made, seconded and passed unanimously to adopt the proposed fees.

Audit Committee

Mr. Falci briefly summarized the changes in the draft financials as compared to the one from the November 2014 meeting. Vice President Mea further clarified that the audit finding noted in the A-133 related to amounts appropriated for spending from the endowment that were not recognized in the correct asset class for 2014 as well as in prior years. An adjustment was recorded in the 2014 and 2013 financial statements to correct the errors. The errors had no impact on total investment return or total net assets.

A motion was made and seconded to approve the issuance of the financials subject to final signoff by KPMG. The motion passed unanimously.

Mr. Falci then referred the trustees to the previously distributed documents listed below. A motion was made and seconded to affirm Board review of the documents. The motion passed unanimously.

- Cooper Union 990
- Cooper Union 990T

- Astor Place Holding Corp. 990
- C.V. Starr 990

There being no further business the meeting was adjourned at 1:10 PM

Audit Documents:

990s

Consolidated Financial Statements

Cooper Union A133