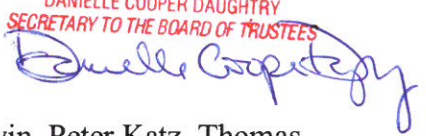


DEC 13 2017

Minutes of Board of Trustees Meeting
September 27, 2017 | 8:30 AM

DANIELLE COOPER DAUGHTRY
SECRETARY TO THE BOARD OF TRUSTEES


PARTICIPANTS

Trustees: Rachel Warren (Chair), Eric Hirschhorn, Kevin Slavin, Peter Katz, Thomas Driscoll, Mary Dwyer, Scott Lerman, Julian Mayfield, Stephen Gerard, Malcolm King, Jeffrey Hersch, Johnny Taylor, Brian Steinwurtzel, Kevin Burke, Paul Nikulin, Jeremy Wertheimer (phone), Joseph Dobronyi (phone)

Officers: President Laura Sparks, Treasurer Keith Stokeld, Secretary Danielle Cooper Daughtry

Representatives: Atina Grossmann, Yuri Masnyj, Walid Raad (video), Toby Cumberbatch

Financial Monitor: Joseph Spinelli, Richard Faughnan (phone)

Staff: Lauren Desiderio

Guests: Michael Kaiser

Absent: Elizabeth Diller, Robert Tan

Ms. Warren called the meeting to order at 8:35am.

Upon motion duly made and seconded, the Minutes of the June 21, 2017 Board of Trustees meeting were approved. Upon motion duly made and seconded, the Board elected Danielle Cooper Daughtry to serve as Secretary to the Board until the next annual meeting of the Board on December 13, 2017. Following the vote, Ms. Daughtry joined the meeting.

Chair's Report

The Chair reported on the many successful events held in the Great Hall during the summer which served to raise the prominence and profile of the school. She also reported on a recent donor recognition event which honored the newest inductees (including one trustee) into Cooper Union's giving societies and noted that two inductees had surpassed total lifetime giving of one million dollars (\$1,000,000) in FY 17.

The proposed 2018 Board and Committee Schedule was included in the meeting materials and the Chair requested that trustees advise of any potential conflicts

The Chair reported that the memorial for Adrian Burton Jovanovic had been held in the Great Hall the previous night in coordination with Adrian's family and the CUA. She noted that the evening's program included various members of the community whose remarks captured Adrian's

spirit and his tireless commitment to preserving Peter Cooper's mission and the school's legacy.

President's Report

President Sparks provided an update on organizational changes and the efforts to fill several open positions. She referred the trustees to her written report which detailed the considerable challenges faced by the school – across all major areas – and the progress made to date. While optimistic about Cooper's future she remains realistic and pragmatic about the issues which have impacted culture, performance and morale over the years. She welcomed feedback or questions from the Trustees. President Sparks was asked to post a "State of Cooper" to the website as and when appropriate in order to update the community.

Strategic Planning Update and Discussion

The Chair noted that the strategic planning session which the Board held in June was conducted in Executive Session and this session would be held during the regular meeting in order for the Representatives to observe the process and provide input. The Board's overall strategic and financial plan for the school will integrate the FEC's plan for returning to a tuition-free model once the FEC's work is completed. It was emphasized that success in moving forward will require the cooperation and commitment of all stakeholders – faculty, alumni, administration, students and Trustees. The goal is to craft an overall strategic plan for the school that the President, faculty, staff and students are excited and proud to execute and the Board is equally excited and proud to support.

President Sparks introduced Michael Kaiser, a not-for-profit organization strategy and fundraising expert who has been working with Cooper over the past year. Mr. Kaiser was invited to the meeting to share his experiences with nonprofit turnarounds and to assist Cooper in formulating an effective strategic plan.

Mr. Kaiser's presentation focused on three areas: 1) what a healthy non-profit looks like; 2) some rules for turnaround; and 3) what doesn't work.

1. What A Healthy Non-Profit Looks Like

Success requires mastering four, sequential actions to work in a "cycle":

- The consistent production of fresh, quality **programming**;
- Aggressive **marketing** that creates demand for (i) the programming; and (ii) the institution behind it, thus attracting and exciting donors;
- Cultivation of the resulting "**family**" of alumni, trustees and supporters, drawn by the programming and marketing. "Family" is considered all the people who do things for the organization who have no obligation to do so; and
- **Fundraising** that transforms the goodwill of the family into resource through contributions, volunteerism and board service. Engaging the "family" creates more avenues for financial benefits, which leads to resources for better programming that, in turn, elevates the level of excitement in the "family."

Programming, marketing, family, and fundraising are components of a cycle that can easily break down when one of the elements is weak (programming tends to be the one which is often negatively impacted first). The key to a strong cycle is a strong administration that is capable and empowered to progress the cycle and connects the links.

When something goes wrong in the cycle, he suggests the following rules for turnaround.

2. 10 Rules for Turnaround:

1. Have one leader get you out of the mess
2. That person has to have a solid financial plan, not a wish
3. There is no way to save your way to health
4. Focus on today and tomorrow, not yesterday
5. Have an exciting menu of projects/programs
6. You can't be boring -- the messaging has to be exciting
7. Communication has to be positive
8. Fundraising must focus on all levels, not just the big dollars
9. Board must be willing to strengthen themselves, don't stay static
10. Implement the rules with discipline, year after year

3. What Doesn't Work

1. Focusing on a big gift
2. Focusing on lots of little gifts
3. Reshaping radically
4. Ignoring your traditional donors
5. Refusing to engage new donors
6. In-fighting (you need to decide on your path and move forward as one)

Mr. Kaiser then welcomed questions and the Board engaged in a lengthy discussion, the highlights of which included the following.

Managing the "brand" of Cooper should not be the sole focus of marketing or communications efforts. Rather, it is specific programs that get people inspired.

In reviewing Cooper's "cycle," Mr. Kaiser noted that Cooper's fundraising hasn't been robust, it hasn't moved forward into new spheres and the "family" needs to be built and engaged. To be successful, Mr. Kaiser expressed the importance of communicating what makes Cooper distinct from others.

President Sparks then turned to the strategic planning documents "Revitalizing a Free Cooper Union" and thanked the trustees for their feedback, which had been incorporated in the distributed materials. The strategic planning documents included a new draft of the Vision, Mission & Goals and a proposed strategic focus for Cooper Union. The Board then engaged in a lengthy discussion regarding the school's mission, vision and goals and some of the points discussed are noted here:

- Cooper's role as a local, national and global leader
- How to craft one mission statement on behalf of the 3 different schools and a program of civic leadership
- The importance of honoring Peter Cooper's legacy & his generous spirit of giving
- The importance of public discourse
- The importance of providing for others and doing good

- How to effectively convey the qualities sought in our prospective students
- Free education / tuition free / equitable access

A discussion then ensued on how to define priorities, how to allocate future cash surpluses (should they arise) as between reserves, re-investment in the school, and an increase in scholarships and/or financial aid.

The Representatives of the Board provided the following input (a) the Vision Statement seemed a little aspirational; (b) they don't understand why the goal of being "free" wouldn't resonate with donors in light of the ongoing national discussions on student debt; (c) there should be a focus on empowering students and faculty as well; and (d) the Board should have a weekend retreat to discuss priorities and come to an agreement. The Representatives also praised Mr. Kaiser's presentation.

President Sparks asked if there were concerns or other feedback regarding the proposed areas of strategic focus. Trustees agreed with the suggested priorities. President Sparks requested that trustees and Representatives contact her within 10 days if they had any comments or questions regarding the proposed strategic planning documents and indicated that, based on the feedback in the meeting and in the 10 days that followed, she and her team would move forward to develop an operational and financial plan to advance the proposed priorities.

The Chair noted that we may need to schedule special meetings before the Board's response to the FEC Plan is released in early March.

The Board thanked Mr. Kaiser for his work and presentation and he left the meeting.

COMMITTEE REPORTS

Free Education Committee

Chair Robert Tan was unable to attend the meeting and President Sparks presented the FEC report in his stead. The Committee has crafted an outline for its Final Report which was provided to the Board for review and comment. As the Committee moves forward, hard choices will need to be made as the Committee attempts to accelerate the path back to free in a responsible manner. The Committee will develop a recommended package of initiatives for the Board to consider and will outline how these and other initiatives impact the path to free. Mindful of lessons from the past, the report will also endeavor to identify all major risk categories and address them accordingly. The Board will receive the Final Report on January 15th and its Response is due on or before its next regular meeting thereafter -- March 13th.

One member of the FEC noted that the FEC will be proposing a conservative, financial-based set initiatives but that doesn't preclude the school from pursuing, as prudent, transformational ideas in the future. The FEC Plan will provide a solid foundation from which to build. It was similarly noted that transformative or mission impacting decisions will require balancing the potential influx of funding against the "cost" of upheaval.

The Board indicated that the FEC's plan should not focus on one solution and should describe the various elements, which taken together, will accomplish our goal. The Board further emphasized the need to focus on more than just cutting expenses and that the plan should include financial guardrails to ensure that a mechanism is in place to address shortfalls if projected targets are not reached.

Finance/Business Affairs

Upon motion duly made and seconded, the Board approved a resolution to name Laura Sparks, Keith Stokeld, and Danielle Cooper Daughtry as authorized signatories on Cooper Union's bank accounts.

Mr. Driscoll presented the proposed FY19 Tuition and Fees which had been recommended to the Board for approval by the Finance Committee. The proposed FY 19 Tuition and Fees, as reflected in the budget projections when the FY 18 budget was approved by the Board in June, included a 3% tuition increase. The FY 19 Tuition and Fees also included the increase to student fees that the Board had approved as part of the budget cut package at the September 2016 meeting. The Board engaged in a lengthy discussion regarding whether to approve the 3% tuition increase as originally budgeted or to forego the increase as an indication of the Board's commitment to returning to 100% scholarships.

The Board debated the importance of fiscal responsibility (adhering to approved budgets, avoiding piecemeal efforts to increase scholarship aid that were not integrated within a larger plan) against the potential for negative feedback from the community. It was noted that a 3% tuition increase had been approved in FY 17 and that the increase is on par with or lower than peers and industry indices.

Several Representatives of the Board voiced objection to the increase explaining that it will be difficult to explain it to current and prospective students, that the community won't understand why this is being done, and asking if there could be exciting fundraising challenges to raise the necessary funds instead.

In response it was noted by one trustee that while appreciative of the negative perceptions this will cause, Cooper's costs – like others – have gone up this past year, we are currently in a deficit situation and, therefore, something must be done to address the financial shortfall. Not raising tuition only adds to the deficit and that's not a fiscally responsible solution. It was further noted that although raising tuition will not be a popular move, it's a necessary one in order to cover current costs. Finally, the Board was reminded that all of the budget projections presented to the public have included the 3% increase.

Upon motion duly made and seconded, the Board approved the proposed FY19 Tuition and Fees as presented.

Governance

Mr. Taylor reported that a proposed draft of a Code of Conduct for trustees is being reviewed by outside counsel and will be presented to the Board at the December meeting.

Mr. Taylor reported that there are currently two, possibly three, potential trustee candidates actively being considered and their biographies were provided in the meeting materials. The Chair reminded the trustees that each member of the Board will not be able to meet each candidate. Rather, the Governance Committee will meet separately with each one and, thereafter, determine whether to recommend them for nomination and election. The Chair emphasized that any comments/feedback regarding the candidates should be provided in a timely manner as they are slated to be voted on, if nominated by the Governance Committee, at the December meeting.

The Chair's term expires at the December meeting and the Governance Committee will oversee the election process. The Chair has expressed interest in serving for another 1-yr term.

In light of the limited remaining time, the Board was referred to the meeting materials for details on each committee's reports.

There was no new business. The Representatives had an opportunity to provide input at earlier points in the meeting and no additional time was requested.

With no further business, the meeting was adjourned for Executive Session at 1:15 pm.