

This has been cleaned up by Barry Drogin EE '83 from raw notes by Sean Cusack BSE '98 and Barry Drogin; it is not the official "minutes" of the CUAA, nor is it a full transcript. It has been checked against the audio/video; all portions in quotation marks have been confirmed against the audio/video, the rest is summarized/paraphrased. All editors notes in brackets are by Barry Drogin.

You can see cleaned up versions of the previous 3 Council Meeting Minutes here:

<<http://www.cualumni.com/s/1289/index2.aspx?sid=1289&gid=1&pgid=343>>

The video of the whole event is here:

<[http://www.livestream.com/thecooperunion1/video?clipId=pla\\_cbf78d16-f193-4c5e-805d-1c4d2c0acc5f](http://www.livestream.com/thecooperunion1/video?clipId=pla_cbf78d16-f193-4c5e-805d-1c4d2c0acc5f)>

Teller's Committee: Election count was completed May 7, 2013, 325 paper ballots, 973 electronic ballots, including 5 people who voted twice, subtract 10 for a total of 1288 valid ballots.

[Ed. Note: Sean Cusack has claimed this is double the normal number of ballots.]

Although planned to announce at May 21 Alumni Council meeting, Alumni Council Executive Committee decided to announce by e-mail and on cualumni.com website prior to meeting.

As to nominating committee, chair is person with most votes: Karina Tipton CE '99

Peter Cafiero CE '83 (President): According to constitution, need official approval of write-in Kevin Slavin A '95

Julian LaVerdiere A '93: Motion to approve

Sean Cusack BSE '98: Seconded

Approval vote: Unanimous with no nays

Kevin Slavin: "I want to thank everybody who gave me America's crappiest job." (Peter Cafiero: "I thought that was mine, my job.")

Communications Committee (Mary Lynch ChE '82): 3 newsletters, 5 full-length alumni profiles, 25 Cooper Couple stories, increase in social media (over 2,500 on Facebook and LinkedIn sites, 300 on Twitter), next communication in June  
Peter Cafiero noted ended of Mary Lynch's term, thanked for Communications and Nomination committee work

Darryl Low EE '89 - Annual Fund update

2012 \$2.55M -> 2013 \$3.3M up 28%, minus \$1M gift down 11% though

2012 5,371 gifts -> 2013 4,028 gifts so far

2012 \$1.74M -> 2013 \$2.55M alumni giving (includes \$1M)

2012 22% -> 2013 18% alumni giving (Annual Fund only)

2012 23% -> 2013 20% alumni giving including restricted giving

2013 81% of council gave, \$52K total

Previous numbers are all as of May 21, 2012 and May 21, 2013, giving continues until June 30, 2013, does not include end-of-fiscal year mailing, e-mail, phone calls, reunions

By June 30, 2012, total annual fund 25%, annual fund and restricted giving was 26.3%

This is all money that came in, not pledges

12,900 living alumni are contactable - this is the denominator in the percentages, 1,400 living alumni without contact

[Ed. Note: Former Annual Fund chair had reported Cooper only has **e-mail addresses** for 6,000]

Sampling of some other schools 20-29%; 7% for SUNY Stonybrook, 11% Pratt, some 50-60%

Q: What about non-alumni? A: Our committee targets alumni & parents & others (Joe McDonald (Director, Annual Fund) clarified alumni are biggest donors, followed by parents, followed by friends (others), some who give by attending events)

Q: What strategies?

Derek Wittner (VP, Development): We're not tapped out, but yes, we need to work on NYC non-alumni giving especially. We strategize every day. We bring people to the school.

Joe McDonald: Talking with Sean Cusack about crowdsourcing.

Peter Cafiero: Probably could devote an entire forum to this subject.

Rocco Cetera CE '99 gave activities report, printed on handout, invited everyone to Bowery Bar event, not just young alumni (used to be "On The Rooftop").

Not on agenda, CUAA Executive Committee gave plaque thanking Peter Cafiero for his "dedication and leadership," surprise gift of chair to Peter Cafiero with plaque "in recognition of time, talent and leadership." Peter Cafiero responded that he thought honor was being part of art student exhibit, explaining to his children why he was "Bad Peter." "This has been a challenging time for all of us, but a fun and interesting time, and we've all learned a lot about things that none of us had any idea about before. Hopefully we will continue the school moving forward. Our job as an alumni association is to support the school, that doesn't mean necessarily the administration, the faculty, the staff, the students, but it does mean the school. This is a school that's got a lot of good assets, a lot of good history, but also potential and talent, but it's also fragile right now, so we have to figure out how we kind of navigate that. There's a lot of differences of opinion, a lot of anger and hurt and all, frustration and concern and all those things, but we have to not lose sight of working together as a community and strengthening that. So that'll be our challenge moving forward."

Peter Cafiero banged gavel and formally closed the Alumni Council meeting.

Alumni trustees:

Tom Driscoll ME '77 (TD) - 2007 alumni trustee, off 6 months, then actual trustee

Audrey Flack A '51 (AF)

Don Blauweiss A '61 (DB)

Ed Mokuvos EE '78 (EM)

President CUAA, went from ex officio to voting trustee in 2012-2013 academic year:

Peter Cafiero CE '83 (PC)

Mary Lynch ChE '82, moderator

Q: Give us a sense what business comes before board? What committees are you on?

TD: Finance and Investment committees

DB: Communications and Academic Affairs committees

AF: Academic Affairs committee

EM: Finance and Development committee

PC: Finance and Development committee

Q: What other committees? A: Trustees committee (BOT membership), Audit committee (comparing Cooper to other colleges, also accounting)

Q: How many times does board meet?

TD: Quarterly, full day meetings (8:30-1:30 but goes to 3, board dinner night before, preceded by 2 hour committee meetings)

Q: Why was tuition not mentioned immediately after the March meeting?

DB: Looking at a multitude of models until last minute

PC: Several times a week in person or by phone since March

PC: Couldn't vote for tuition until absolutely every other option explored

EM: Came on board on "no tuition," no stone unturned, sleepless nights, it was gut-wrenching to get to a point where I was convinced there was no other way and that's what we had to do

Q: How many other options looked at?

TD: Looked at closing schools, looked at closing down and restarting, looked at the institute of design w 300-400 students

DB: Last meeting, looking at 9 options, several of which involved tuition

TD: Themes and variations

EM: Financial models, but also assumptions, risks

PC: Long before we got there, year and a half ago, there was RTF/ERTF (no board members on those), we had hybrid model, that is still key part of the plan moving forward

Q: Only a single board meeting was posted, on Sept 21, 2012.

DB: We're preparing a report of the options we went through, to be distributed imminently, coming soon

AF: I came on board two years before end of previous administration, JB was here 6 months before we found out, "It was a shock, I certainly did not have an idea, and I don't think that the board did, that we were in this kind of financial difficulty. That certainly came as a wild shock."

Q: Felix Salmon's Reuters blog, money borrowed, painted in derogatory light. Your opinion? How would you paint these?

TD: Did our own forensic accounting to find out why board made building, \$125M short on cap campaign, \$4M less PILOT, "My numbers are not exact, Barry [Drogin] may have a better number than that." "There actually was a sustainable plan that in retrospect was way over-optimistic." crash hit us hard, plan was aggressive, made more sense at the time before crash. By design, we're going to underperform in an up market and overperform in a down market. Cooper weathered crash, been under a little since. "Hedge fund" not what people think - constantly outperform, "Could we have done better, of course we could have done better, but the fund did what it was designed to do." The building paid for itself, and if we hadn't borrowed the \$175M, Cooper would be bankrupt and out of business.

Q: This was a complete surprise? How is it possible? Was it siloing within the board?

PC: Surprise was of financial state of school. That's not related to building

Q: Don Mallow AR '50: Any trustees questioned this building cost?

TD: At council meeting, someone said we're blue-collar school, marketing guy said, you don't understand how this is going to help with fundraising (laughter) I was in the skeptical camp. Was it delusional or plain wrong? Maybe both. Curtis Wayne AR '75: Cost \$1000/sq foot, indefensible.

AF: No one here was around during building planning, I walked in and freaked out. So many problems. "I don't know how those decisions were made and I think there were poor decisions made." (applause)

Carmi Bee AR '67 (former CUAA President): "I was there, I was witness to the creation of this building, and I will admit that I have to take some responsibility for it. The idea for this building was really the creation of the past administration. What Tom said was true: this was thought to be a vehicle to fundraise. Of course, we now know how fallacious that idea was." The article in Reuters was correct, that you don't build unless you have at least 50% of the money in hand. (AF:

"Absolutely.") Do I think this building was extravagant, I think it was, I argued against this building as only architect on board. "All I can say is that the Board was inebriated with the idea of this building. It was a product of the times that we lived in." The architect [Thom Mayne] talked the board into it. Bldg cost \$800/sq ft, not \$1000 which is quite extravagant.

Q: Joseph Horowitz CE '53: Told building would be finance plus, what happened?

TD: Revenue stream anticipated \$6M/yr, \$2M/yr for parking lot - city sued, split in half but permanent agreement. The fundraising fell short.

AF: Board was told by past admin that "we're in the black."

Q: Simple explanation of Chrysler

TD: \$27M/year - 2/3 tax equivalency (PILOT – payment [to Cooper] in lieu of [property] taxes [to NYC]), 1/3 rent

PC: 1970's city stopped us from buying more land for PILOT

TD: \$18M PILOT goes up 3-4% in the projections. Value of land: \$550M, approx 7% discount value of land, worth more to us than anyone - can't sell, new owner would not get PILOT, looked into restructuring step function income.

Q: Alan Irwin BSE '02: Effect of administration pay on alumni giving, also hedge fund management fees

PC: Many are underpaid and overworked

EM: It is important. We need to look at cost cutting. ERTF cut \$4M/yr. More can be cut but it won't solve everything.

We had to pick through things and not let them become too optimistic. Admin cut is "red herring."

TD: Management fees, yes, costs money to manage, and get results we did. Hedge fund is "red herring." Didn't look at alumni giving impact.

EM: Was not on compensation committee, we didn't look into reducing JB's salary, but saving \$100K is too small.

Spending my time appropriately given the circumstances.

Q: Janet Gardner A '65: Who runs investments, why hedge funds?

TD: Investment committee. Uses Cambridge Associates in Boston for advice. 90% of hedge funds are absolute return funds, treasury+5% [Ed. Note: This is the **goal** of absolute return funds, "absolute return" funds cannot guarantee the hedge fund manager will meet the goal. TD had said that earlier.] We look every quarter about changing things.

AF: "I think some changes have to be made on the board of trustees, because things are really not that clear and not that transparent, I'm still trying to find out what Jamshed [Bharucha] makes and what George [Campbell] made." We should put it all out there, matter of record, something has to change here.

EM: On the Form 990s.

Barry Drogin: Due to lag, general public didn't know JB's salary until a month ago [Ed. Note: \$650K total compensation, including housing and benefits], the Board decided to give JB \$165K more than Campbell, who was already in the top ten [with his \$175K bonus].

PC: JB did give back 5%. No one else has stepped up. Annual fund raised \$3.3M.

Q: Would alumni trustees consider allowing restricted giving to a fund that can be spent if scholarship comes back?

DB: Asked would admin make a policy statement saying we'd make it a priority to go back to not charging tuition, and they are making that statement. I can't believe trustees wouldn't back that.

Mary Lynch: Question was money invested sitting there, growing, larger incentive.

TD: "How could we say no?"

Barry Drogin: "They already said no, when they refused to publicize Money on the Table for two years, they basically said no."

PC: We have free tuition, giving money now goes directly to free tuition. It was pledges, the school didn't get the money, so you didn't have the leverage.

Q: Why would we give money if they are condescended to by Mark Epstein? Their statements are antagonistic, they're nasty, they make me feel alienated. Why should we give money to the school when it is wasted? (applause)

Mary Lynch: Do you think it is possible to restore faith in board?

TD: I think in the philanthropic community we're okay, here [alumni], we've done a terrible job, there are governance issues. We need to do all those things - inform alumni, include students, better governance. May 2016, last dollar spent. Trust us, trust is a hard word.

EM: I'm glad Kevin Slavin is on board, glad for community support. It's fair to look back. At some point we have to look forward.

Mary Lynch opens to questions from the floor, starting with Alumni Council members.

Q: Sean Cusack: Tuition-free forever fundraising goals?

TD: Yes, we must work together to make those logistics.

AF: Yes, absolutely, that is one of the missions of the school.

DB: Of course.

EM: Yeah, absolutely, but my top priority is ensuring continuity of the school.

PC: Can't be locked into pledge, but as a goal, absolutely.

Q: Victoria Bertotti A '82: Online education programs?

EM: It was discussed as revenue idea, MOOCs, venture down road, wasn't going to solve immediate problem.

DB: It has been discussed, in deference to you, I will bring it up at the next trustee meeting.

Carmi Bee: At the founding, deficit was paid by trustees. How do you interpret "fiduciary responsibility"? Does it mean you step up to plate to cover deficits? Does it mean you go out and raise money?

TD: Two questions, fiduciary responsibility is sustainability. Giving, we're working on making give-or-get more explicit.

DB: I thought it was \$25K/year.

EM: I wouldn't join board if my own money was at risk. Give, get or go.

PC: Looking to increase expectations.

AF: "We are a different kind of school, we're not Harvard and Yale... and I think that has to be taken into consideration, as to who our alumni are... What is the vision of our president, now? What was the vision of the former president?... It would be very nice to have Andrew Carnegie and a Vanderbilt come in and give us a lot of money. But we are a small school, we're a gem. We are not an international global ever-expansive school, and I think that's another very big issue that these kids that are sitting up there in the president's office feel strongly about, that that is the mission of the school, too. It's entwined... There's a lot of bad feeling now, I understand that, I have it, too. You sort of don't want to give to some place where you're not feeling a trust... Somehow we have to turn that around... Feelings have to change, structure has to change, structure on this board has to change. We really do not have the information that we should have... This glamorous building is not who we are."

Q: Scott Lyne ChE '92: Plan to use tuition stream as collateral?

TD: No.

Q: Kevin Slavin: Are we free to have any exchange with faculty, alumni, students, etc.?

DB: There are some specific responsibilities and there are some aspects of confidentiality.

Barry Drogin: Charter says trustees have discretion, the government can order disclosure, but there can't be a confidentiality agreement.

TD: Common sense - undecided issues no, personnel no.

AF: "There was a very strong policy in the last administration that the trustees would have nothing to do with the faculty or students. That there was a real separation."

Q: "How was that communicated?"

TD: "They told Audrey not to talk to the faculty."

AF: "I couldn't get into the art school. I couldn't get to see the faculty. I had to go in myself, and sort of sneak in."

TD: "...Nine months ago, we were discouraged from going on social networking sites, and I think the fear was that we wouldn't be speaking with one voice. I e-mailed JB the other day and I said I decided I can't do any worse of a communications job than Cooper's been doing, so I'm going to go on the websites. [applause] And fortunately, he agreed with that view... It's time to open up that dialogue, we can't do any worse than we've been doing. We need to reach out, we need to be much more active looking for ideas... There's no trust, governance has to be part of that trust, but we do run out of money in May 2016 if we don't do anything... The focus has been that first, governance second. Maybe that was the wrong focus... Governance has to be job one from here I think."

AF: Can we get enough money from alumni and cutting expenses?

TD: Yes, if get x dollars, make it visible - every x, one student tuition free forever

DB: Mike Borkowski has been the leader, has been fighting for it. We would certainly support that, if there was a way of going that route.

PC: Trustees are diverse, glad for tonight, to see that we don't always 100% agree.

Q: Lauren Myers IE '08: Do we violate state law, charter, with tuition? Destroy PILOT?

DB: As far as I know, no.

Q: Grace Baird CE '08: Affect our incoming students?

EM: That was one of the risks, we did consider this. We tried to put in some play for more scholarships

PC: Olin was tuition free, stopped in '08, full 50%

[Someone in audience noted that Olin College admitted its first class in 2002, college was only ten years old.]

Q: Professor Diane Lewis AR '76: How did we lose to Cornell/Technion?

A: Partnered with Stanford but Cornell alum gave \$350M, put us out of running

Q: Brian Rose A '79: Newly engaged, thanks to students. Elephant in the room: lack of leadership at the top. Epstein is loose cannon, JB is weak and ineffectual.

DB: Assumptions, that is opinion. I don't feel chairman or president has dominated the board.

Q: You're not listening to your constituents.

Q: We are on the ground.

AF: Terrific question. We must engage with everyone. JB must learn to deal with this. We must bring Epstein and JB to students, but not alone, we must protect them from the abuse they feel they are getting.

EM: We need to separate agreement and listening. To the art students, charging tuition was killing the school. I listened, I understand, someone gives you a gun and says the only way to save yourself is to hold this gun to your head and pull the trigger. You say, if that's the solution to save my life, it makes no sense. I don't agree with that position, but I understand that. I don't see a lack of leadership, I don't see not listening.

Mary Lynch: Would it make sense to start a discussion about JB's replacement or to get in there and help him?

AF: You are terrific. [applause]

TD: I think there's universal acknowledgement of that and we have to address it, we have to make him more effective. Mark is in the fourth year of a four year term, so we will have a new chairman.

AF: I'd like to give you an example. I came in to a Board meeting, and they were about to vote, Mark Epstein said, let's take a vote on closing the art school. I went in to some kind of horrific shock. Stopped the vote, this is like death, I won't go into details. JB had commissioned each school to come up with revenue generating ideas. I don't agree with that, that's not their job. [applause] All the schools gave ideas, then trustees vote to close art school? Insanity, you're going to close a historic 154 year old institution. I said, let me talk to them. They had to vote to allow me to talk to them! [laughter] I had to do it by the next day. Met with faculty and Epstein, had to hold Epstein back, who gets very confrontive.

Mary Lynch: Thank you for the back story.

AF: I give myself a gold star. [applause]

DB: JB didn't want to impose, wanted to ask from bottom up.

AF: It didn't work.

[Mary Lynch, as moderator, noting it is 9pm, asks audience and panel willingness to stay.]

Barry Drogin: Did trustees know about the threat of closing school if not revenue centered management?

TD: We knew, but it wasn't a threat.

[Ed. Note: September 19, 2012 BOT transcript directly contradicts this assertion.

< [http://cooperuniontaskforce.com/staticdata/doc/9-19-12\\_CU\\_BOT\\_OCR.pdf](http://cooperuniontaskforce.com/staticdata/doc/9-19-12_CU_BOT_OCR.pdf)>

Page 18, JB: "It may be necessary to distribute, Lawrence, a highlighted version of my community memo that highlights the language. So internally with the engineering faculty I've had to be blunt because the engineers are very blunt, and not very subtle [laughter in room]. We say reinvention or closure, and reinvention means these practical things: so many millions in so many years, etc., and they get it. Our external language cannot be that blunt about the closure option because it freaks people out. It scares people. The faculty, even the engineering faculty, who needed to hear it bluntly, don't necessarily want their students to hear it bluntly because they're afraid students will go for the doors. Head for the doors. So we talk about sustainability and we'll get you that language. We've talked about sustainability. If we're not sustainable then we can't be sustained. Sustainability requires that we have a plan that conforms to the dollar parameters that we believe necessary to be sustainable. It's almost as enigmatic. The second part is that no program can be successful or sustained without faculty support. If the faculty can't support a sustainable plan then we fail. That's about how close one can come. Now closed doors you know, blah blah blah, at some point if people try to play games with this, we may have to be more blunt, and say a bit directly we'll shut you down."]

PC: We could have had a vote a year ago to charge tuition. We would have had rioting.

Q: Sara Foley IE '09: How has the free education been looked at as social capital? Won't this destroy the brand? [applause]

TD: The passion led previous boards to eat the seed corn, they went on for too long before trying to fix things.

Q: Erik Dies ME '04: Impact of alumni donations if charging tuition

EM: Yes it will impact it, but \$2.2M giving vs. \$13M tuition

[Ed. Note: Capital campaign (restricted since 2000), total non-trustee alumni giving was \$54.4M as of 6/10/11.]

Q: Suzan Wines A '90: Admins never mix with anyone, what cuts on admin?

[Ed. Note: Video/Audio lost signal.]

TD: I think 50% of \$4M cuts were admin.

DB: Use some library space for retail, leave 30 Cooper.

Q: Are they reducing footprint at 30 Cooper Sq?

PC: Yes.

[Ed. Note: Video/Audio returns.]

Q: thesis student A '13: I'm happy you like working with JB and Epstein on student council, but I haven't, with lots of personal discussion. I get harassing e-mails from Epstein. Tuition isn't enough, how can we live?

EM: We have to eat into the seed corn some more, tuition ramps up, you're right. We will have to borrow and monetize more to fill in the gap until it all kicks in.

Q: Nils Anderson A '94: I want to support the school, but for lack of trust. What about transparency and accountability of how did we get here?

TD: Two questions, one about how we got here, one about trust. We can talk more about the finances. We need to restore trust, change governance, JB walked into couple decades of grievance, and he said the word "tuition," so he's the bad guy. The money thing is different, the last thing I'm going to do is let in a class without having the money to let them graduate. We talk about reputation, you let in a class you can't pay for, you're toast.

Q: Back with the dorm, they treated us like dirt, too, and I stopped giving.

Q: Ben Degen A '98: What is the plan? What is the vision? Epstein has completely alienated us. FOCU petition 2200 to get rid of Epstein and JB. How do we get rid of them? We can't have obstruction from the top.

[Mary Lynch, as moderator at 9:30pm, stops forum. Asks John Leeper, CUAA President elect, whether there will be more meetings, he answers yes.]