

THE COOPER UNION ALUMNI PIONEER

Alumni Pioneer Questions – 1/9/2012

by Barry Drogin, EE '83

The following questions were sent to the Office of Public Affairs on January 9, 2012 with a three day deadline of January 12, 2012. Claire McCarthy, Director of Public Affairs, provided only this response: “As you know, The Cooper Union is moving forward openly, working with our community, to secure a sustainable future for this great institution. Statements and materials from the administration and Board are available on the website, including financials for the past decade.” *The Alumni Pioneer* informed Ms. McCarthy that none of the answers to any of the following questions could be found on the Cooper Union website. No follow-up response was received.

Q1. Cy Pres Petition – The Board of Trustees has proclaimed that they publicly acknowledged that Cooper was in a “grave fiscal crisis” in a 2006 *cy pres* petition. The petition asked the Supreme Court of the State of New York for the right to mortgage the Chrysler Building; as a result, The Cooper Union obtained a \$175 million loan from MetLife. In the *cy pres* petition, the administration estimated the combined cost of the new academic building and Foundation Building renovation as between \$130 million and \$155 million. In 2006, how much money had been raised in the building fund, and why did The Cooper Union take out a loan for \$175 million?

A1. Cy Pres Petition – No comment.

Q2. Master Plan – The *cy pres* petition also informs the Supreme Court about a “Master Plan” “composed of several interconnected initiatives.” All six of these initiatives did not achieve their goals. Is the Board concerned that the Attorney General may consider that the Board of Trustees did not meet its fiduciary obligations by not successfully implementing even one of the six initiatives?

A2. Master Plan – No comment.

Q3. Operating Expenditures – Perhaps the most important of the six initiatives was a promise to reduce operating expenditures by 10% by 2011. President George Campbell made a similar promise to the Cooper Union Community in the issue of *At Cooper Union* that came out after the 2008 financial collapse. Why did the Board approve operating budgets that **increased** on average by 10% **per year** in FY 2007 through 2011?

A3. Operating Expenditures – No comment.

Q4. Hedge Funds – What is the name of the hedge fund manager and hedge fund that The Cooper Union invested in starting in FY 2003? What was the value of the hedge fund in September 2008 and in October 2008?

A4. Hedge Funds – No comment.

Q5. Limited Partnerships – Since the crash of 2008, The Cooper Union has moved most of its non-real estate endowment into “limited partnerships” consisting of global, long-term, and short-term equity securities, and absolute return and fund of funds accounts. Why are these listed as limited partnerships rather than equity securities? Who is The Cooper Union in partnership with?

A5. **Limited Partnerships** – No comment.

Q6. **Hiring of the President** – Chairman Epstein told the Cooper Union Community that when the presidential search was narrowed to a few finalists, “they were all given full disclosure about the school’s finances.” The presidential search process ended, however, with Trustee Stanley Lapidus contacting Dr. Jamshed Bharucha on a Saturday morning, meeting him for lunch, flying him to New York City the next day, and offering him the job that evening. Had the other candidates refused the position because of the financial circumstances of the college, or did the Board reject the other candidates because of their proposed solutions?

A6. **Hiring of the President** – No comment.

Q7. **Process** – In his Presidential Address, President Bharucha stressed the importance of process in solving the fiscal problems of The Cooper Union. He sent his regrets at not being able to attend the Free Cooper Union: A Community Summit on December 5, 2011. Did the President see the follow-up Break-Out Sessions on January 5, 2012, as a part of the process, or does he reject the activities of the organizers as being outside of the process?

A7. **Process** – No comment.

Q8. **Revenues** – After selection as President, Dr. Bharucha said that The Cooper Union had “enormous unfulfilled potential” and announced plans for a Revenue Task Force. He suggested that The Cooper Union “reinvent” itself by “encouraging a culture of vigorous research, scholarship, and other creative pursuits, as well as inventive and entrepreneurial activity” that “involves the elaboration of ideas into tangible works.” Is there a fundamental disagreement between President Bharucha and those alumni that think that The Cooper Union should remain small and concentrate on providing an undergraduate education that is “equal to the best”?

A8. **Revenues** – No comment.

Q9. **Governance** – Members of the Alumni Council are questioning whether the restructuring of the Development Office is in violation of the Memorandum of Agreement of 1974 (amended in 2000). What is the administration position? Does it disagree, or is it seeking to negotiate a new amendment?

A10. **Governance** – No comment.

Q11. **Astor Place Holding Corporation** – Over the winter break, William Sandholm’s name was removed from the list of Board of Trustees on the Cooper Union website. Did he resign or was he removed? Who is running the Astor Place Holding Corporation? Also, sources claim that John Michaelson is no longer head of the investment committee. Is this true, and, if so, who is the new head of the investment committee?

A11. **Astor Place Holding Corporation** – No comment.

Q12. **Endowment** – *The New York Times* keeps repeating remarks from President Campbell that the endowment dropped to below \$100 million in FY 2002 and has risen to over \$600 million. Of course, this fails to take into account the change in accounting principle which placed the fair value of the Chrysler Building into the endowment in FY 2003, and the *Times* and other media outlets continue to misunderstand the difference between Cooper’s real estate holdings and its investment portfolio. Has the Office of Public Relations prepared press materials that accurately reflect this difference so that future news stories about the Cooper financial crisis will be accurate?

A12. **Endowment** – No comment.

The current version of this document can be found at <<http://www.notnicemusic.com/relations2.pdf>>. The original version was completed on January 12, 2012.

The Alumni Pioneer, <<http://www.notnicemusic.com/Cassandra/cooper.html>>, is a virtual newspaper with breaking news stories and links to analyses, sources and the media. It is written and formatted in an inverted-pyramid newspaper style to facilitate quick access to what is deemed the most important information.