

# Exhibit 65

**DRAFT**

**THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART**

**Minutes of the Board of Trustees Meeting  
April 17, 2013**

**President's Residence  
21 Stuyvesant Street**

**6:00 p.m. – 9:30 p.m.**

- Trustees Present: Mark Epstein (Chair), Robert A. Bernhard, Don Blauweiss, Jamshed Bharucha (President), Michael Borkowsky, Peter Cafiero, Joseph Dobyonyi, Thomas Driscoll, Ray Falci (by phone\*), Jeffrey Gural, Richard Lincer, John C. Michaelson, Edgar Mokuvos (by phone), Lee H. Skolnick, Jeremy Wertheimer (by phone)
- Officers Present: Vice President TC Westcott, Vice President Derek Wittner (by phone), Secretary Lawrence Cacciatore
- Absences Excused: Lawrence Benenson (by phone), Charles Cohen, Francois de Menil (Vice Chair), Daniel Okrent, Bruce Pasternack, Martin Trust, Rachel Warren
- Guests Present: Norman Lieu (CDG), Christine Kim (CDG)

*\*Mr. Ray Falci's call was dropped*

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Chairman Epstein called the meeting to order at 6:10 p.m.

The Chairman stated that the meeting objective was to review the detailed financial models prepared by the administration in concert with CDG.

**President's Report**

President Bharucha thanked the staff for their tireless efforts to produce the myriad of meeting materials that had been compiled in response to requests from the Board.

President Bharucha then summarized the financial challenge The Cooper Union faces. He noted that the institution faces two financial challenges. The short-term challenge is to sustain the institution from now until 2018-19, when the rent we receive from the Chrysler building is scheduled to increase significantly (temporarily reducing the budget deficit). The long-term challenge is to sustain the institution beyond that time, because the rents will be frozen at the 2019 level for ten years as per the Chrysler rent schedule below. As The 10 year step up keeps the income flat from the Chrysler building while expenses continue to rise from the effect of inflation.

He further reported that Cooper Union will also have an increase in 2018 in our debt service when the principal payment of about \$5.5M begins.

The president stated unrestricted endowment funds (currently valued at \$37.6M) will be exhausted before the institution generates income in excess of expense from any long-term plan. The administration is pursuing a range of options to address the short-term challenge; however the focus of the reinvention is to address the long-term challenge, while recognizing that some actions must be taken in the short-term to meet long-term challenges. Nonetheless, the Finance Committee has recommended that the administration seek enough funding to cover the short-term gap with an additional cushion. In the models we are presenting, the funding varies in the scenarios as a function of how much is necessary to keep a reasonable cushion in unrestricted funds.

He explained that the President's Recommendation and the CUNY Tuition Model each have a \$50M monetization assumption. The Additional Fee Model assumes \$44M and in the Expense Reduction at 2% Growth Model assumes \$46M. For your information, \$50M is the maximum based on our broker's estimate of the amount we can expect by monetizing the 51 Astor Tax Equivalency income stream. From 2019 until just before the Chrysler rent increases again in 2028, the compound annual growth rate of the revenue from Chrysler (rent + tax equivalency) is 1.42%. If instead of this decade-long view the Board takes a two-decade view from 2019 until just before the Chrysler rent increases again in 2038, the compound annual growth rate is 2.17%

Benefits are projected to increase by 7.5%, primarily because of healthcare inflation and it is the position of this administration that there is no thoughtful way to contain budget increases to such low levels of inflation over a sustained period. Any such effort would involve new cuts each year. President Bharucha noted that while there is always something that can be cut, the institution already is demoralized from decades of cuts.

### **Review of Financial Options**

Upon request, Vice President Westcott reviewed the Options Summary ([Att.1](#)) which summarizes the nine model options the Reinvention Committee and the board has been considering over the past few months. The options were broken down to fit in two categories: 1) options associated with tuition and 2) options associated with no tuition.

Vice President Westcott and the CDG team reviewed all of the reinvention models entailed in the Board of Trustees Meeting Materials ([Att.2](#)) previously distributed. The presentation of the models was conducted in an open fashion with questions answered along the way. All models were presented, reviewed and assumptions to the models articulated.

Following the presentation of the models a lengthy debate ensued over how to manage to the expense reduction model.

Following the review of all options and ensuing discussions a motion was brought to the floor to eliminate option 7, 8 and 9 from the Options Summary ([Att.1](#) previously referenced). The motion was duly seconded and passed unanimously.

A motion was then brought to the floor to authorize the administration to alter the scholarship policy to a minimum of 50% for all undergraduate students beginning with the 2013-2014 academic year. The motion was seconded and passed 9 in favor, 3 opposed and without any abstentions. The Board agreed that the result of the vote remain confidential until deemed appropriate by the Board of Trustees and until the Board determines the scholarship reduction amount for the 2013-2014 academic year. A subsequent Board of Trustees meeting is scheduled on April 21<sup>st</sup> at which time the necessary scholarship reduction amount is expected to be determined.

There being no further business the meeting was adjourned at 10:20 p.m.

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Other materials distributed and referred to throughout the presentation:

Appendix to Meeting Materials referenced as Att.2 ([Att.3](#))

Sample Financial Aid Scenarios ([Att.4](#))

Expense Reductions Scenarios ([Att.5](#))

Other Tuition Scenarios ([Att.6](#))

Risks and Mitigation Factors ([Att.7](#))