



# Board of Regents

Ted Strickland, Governor  
Eric D. Fingerhut, Chancellor

University System of Ohio

**DIRECTIVE 2009-039**  
November 18, 2009

**RE: JOINT USE AGREEMENT BETWEEN THE UNIVERSITY OF CINCINNATI AND HEALTH CARE CONNECTION, INC.**

H.B. 562 includes a specific capital appropriation of \$150,000 to the University of Cincinnati for the Health Care Connection, Inc. project. Health Care Connection has a minimum fifteen (15) year lease for the facility to be improved with state capital funds.

The Ohio Board of Regents' Rule 3333-1-03 requires that a joint use agreement between the institution for which funds are appropriated and the organization which will own or lease and operate facilities to be constructed or improved with such funds must be approved by the Chancellor. The University of Cincinnati and Health Care Connection, Inc. presented a joint use agreement for approval.

The agreement conforms to Ohio Administrative Code as follows –

- The format of the agreement is appropriate
- The commitment extends no less than fifteen years
- The value of use to Ohio higher education institutions is reasonably related to the amount of the appropriation

Agency staff reviewed the agreement and posted its recommendations to the Regents' web site for purposes of providing a period of public comment before final approval by the Chancellor. The materials posted for comment and the joint use agreement are attached to this document.

Based on my review of staff recommendations, I hereby approve the Joint Use Agreement between The University of Cincinnati and Health Care Connection, Inc.

This directive will take effect immediately.

Eric D. Fingerhut  
Chancellor, Ohio Board of Regents

*mlc*

Joint Use Agreement between the University of Cincinnati and Health Care Connection, Inc.

**BACKGROUND**

H.B. 562 includes a specific capital appropriation of \$150,000 to the University of Cincinnati for the Health Care Connection, Inc. project. Health Care Connection has a minimum fifteen (15) year lease for the facility to be improved with state capital funds. As required by Ohio Administrative Code section 3333-1-03, the University of Cincinnati submitted a Joint Use Agreement for consideration and approval by the Chancellor.

State funds will support improvements to the Health Care Connection facility located at 924 Waycross Road, Cincinnati, Ohio.

**REVIEW**

Throughout the entire term of the agreement, Health Care Connection will provide the following to the University –

- 1) Use of the facility for a minimum of ten (10) hours per week to provide community health training and experiences for medical students, nursing students, nurse practitioner students, and/or medical residents.

The agreement conforms to Ohio Administrative Code as follows –

- The format of the agreement is appropriate
- The commitment extends no less than fifteen years
- The value of use to Ohio higher education institutions is reasonably related to the amount of the appropriation

**RECOMMENDATION**

Staff recommends Chancellor approval of the Joint Use Agreement between the University of Cincinnati and Health Care Connection, Inc.

## JOINT USE AGREEMENT ANALYSIS

Institutions Involved University of Cincinnati/Health Care Connection, Inc.

Project Title Health Care Connection Classroom Renovations

Capital Bill HB 562 Item C26617 Health Care Connection - Lincoln Heights

- Yes 1. Is the facility to be built/improved identified specifically by address or location?
- Yes 2. Does the non-profit organization now own the property or have a long term lease? If not, when will it control the property?
- Yes 3. Does the agreement provide for use of the facility for at least 15 years from the time that it is ready for occupancy?
- Yes 4. If the agreement is terminated, is there a pro rata reimbursement clause? Is the reimbursement formula correct?
- Yes 5. Will funds be used only for capital improvements and not operating costs?
- Yes 6. Will the non-profit hold the institution harmless for all operation/maintenance costs?
- Yes 7. Will the non-profit comply with federal, state and local laws and rules?
- Yes 8. Is the non-profit required to competitively bid as outlined generally in ORC Chapter 153 (published ads, sealed bids, public opening, award to lowest responsive and responsible bidder, etc.)?
- Yes 9. Does the contract provide for a 1.5% administrative fee for the institution?
- Yes 10. Does the agreement require that amendments be approved by the Chancellor of the Board of Regents?
- Yes 11. Is a drawdown schedule or payment procedure included?
- Yes 12. Are the extent and nature of spaces and uses adequately described?
- Yes 13. Are the terms and conditions of use of the facility described?
- Yes 14. **Has the institution demonstrated that the value of the use of the facility is reasonably related to the amount of the appropriation? (See attached worksheet)**
- Yes 15. Is the facility insured?

**EXHIBIT E**

**Joint Use Agreement Worksheet**

The Ohio Board of Regents

July 31, 2009

Direction: The purpose of this worksheet is to enable a campus to demonstrate how the value of the uses that will be derived from a Joint Use Agreement is reasonably related to the value of the state capital appropriation made to the partner entity. Section I is to be filled out by the staff of the Board of Regents. Sections II and III are to be filled out by the partner campus.

Example: A campus wishes to enter into a Joint Use Agreement with a 501(C)(3) entity for a state appropriation of \$5,000,000. The annual debt service paid by the state on this appropriation is about \$390,000 per year, for 20 years. To demonstrate that the value of the uses of the facility is reasonably related to the state appropriation, the sum of the campus' educational uses of the facility should roughly equal \$390,000 per year for 20 years.

*Section I: State appropriation information.*

- |  |           |
|--|-----------|
| 1. Amount of state appropriation provided:             | \$150,000 |
| 2. Estimated annual debt service on the appropriation: | \$11,531  |
| 3. Term of the state bond, in years:                   | 20        |

*Section II: Estimated value of use of the facility.*

Use(s) of the facility*	Annual value of use	# of years
a. Educational co-op training and programs	\$15,375	15
b.	\$	
c.	\$	
d.	\$	
e.	\$	
f.	\$	

(\* List additional uses on separate page as needed.)

*Section III:*

*On a separate page, explain how each use listed in Section II was valued for this analysis.*

## Exhibit E

### Section III

The HealthCare Connection's annual value of use is based on a fifteen (15) year Joint Use Agreement that will offer educational training opportunities for the students attending the College of Nursing and College of Medicine at the University of Cincinnati. The value of the University's joint usage is as follows:

- Estimated hourly rate for the training opportunity - \$29.57
- Minimum number of hours per week - 10
- Minimum number of hours per year - 520
- Minimum value of annual usage - \$15,376.40
- Estimated value of usage over the 15 year life of the agreement - \$230,646

## JOINT USE AGREEMENT

This Joint Use Agreement (this "Agreement") is entered into by and between the Health Care Connection, Inc.<sup>1</sup> ("Owner"), a federally funded nonprofit health center<sup>2</sup> whose address is 924 Waycross Road, Cincinnati, OH 45240<sup>3</sup> and the UNIVERSITY OF CINCINNATI, an instrumentality of the State of Ohio created and existing under Chapter 3361 of the Ohio Revised Code (the "University") whose address is 625 University Pavilion, P.O. Box 210625, Cincinnati, OH 45221-0625.

### RECITALS

WHEREAS, the University desires to assist Owner in financing, in whole or part, the cost of planning, designing and/or constructing certain capital improvements generally to consist of renovations and improvements to existing space<sup>4</sup> which are more fully described in the attached Exhibit A<sup>5</sup> (the "Project"), to be constructed by Owner in a facility either owned or leased by Owner pursuant to terms described in the attached Exhibit B<sup>6</sup> which include the right of occupancy for the entire term of this Agreement, which facility is located at 924 Waycross Road, Cincinnati, Ohio<sup>7</sup> (the "Facility").

WHEREAS, the Ohio General Assembly has passed HB 562<sup>8</sup>, which provides capital appropriations to the University from the State of Ohio in the amount of \$150,000<sup>9</sup> for the Project (the "Funds");

WHEREAS, the release of the Funds by the Office of Management and Budget and/or the Controlling Board to the University requires the recommendation of the Chancellor of the Ohio Board of Regents (the "Board of Regents");

WHEREAS, the Board of Regents has established by rule a requirement that before recommending the release of capital funds to an institution for the improvement of facilities that will be owned or leased by a separate nonprofit organization or a public body the institution shall submit a joint use agreement for approval which shall include the provisions described in Ohio Administrative Code §3333-1-03(E)(1) through (11), which the parties have incorporated herein; and

NOW, THEREFORE, in consideration of the mutual benefits hereunder, it is hereby agreed between the parties as follows:

1. **Use of Owner's Facilities and/or Resources by the University.** Owner shall permit the University jointly to use the Facility for a term of fifteen (15)<sup>10</sup> years commencing on the date the Project is completed. The parties consent and agree that the extent and nature of the University's right to use the Facility is reasonably related to the amount of the Funds. The extent and nature of the space to which the University is by this Agreement granted rights for use, and the terms and conditions governing such use, are specified in the attached Exhibit C.

2. **Reimbursement of Funds.** If the Owner shall materially breach this Agreement and fail to cure within a reasonable time following notice, or if the University's right to use the Facility as provided herein shall be terminated prior to expiration of the term, then Owner shall reimburse to State of Ohio the Funds on a pro rata basis, with the amount of such reimbursement calculated by multiplying the total amount of the Funds by a fraction the denominator of which is the total number of months in the term described in paragraph 1 above and the numerator of which is the total number of months remaining in the term at the time of breach or termination.
3. **Notation of University Funding.** During the period of construction, the Owner shall provide a conspicuous notation upon or in the presence of the Project and in all publicity relating to the Project that funding is being provided through a joint use agreement with the University.
4. **Use of Funds.** The Owner shall use the Funds only for the capital improvements as defined in the bill appropriating the Funds.
5. **Owner's Compliance With Laws and Regulations.** Owner shall comply with all pertinent federal, state and local laws as well as state administrative regulations including but limited to the requirement that it follow competitive bidding procedures, which shall include, as a minimum, publishing advertisements to seek bids, receiving sealed bids, and awarding contracts to the lowest responsive and responsible bidders or, if the Owner is a public body subject to specific competitive bidding requirements, then it shall follow the competitive bidding requirements applicable to such bodies.
6. **Distribution of Funds and Payment of Administrative Costs.** Following the approval of this Agreement by the Board of Regents, the University will request the release of and seek to encumber the Funds to the University for the purpose of programming, planning, designing and/or implementing the capital improvements defined in the bill appropriating the Funds. After release and encumbrance of the Funds, the Owner may obtain payment by submitting to the University an application for payment (not more than once per month) identifying the amounts owing for work and/or materials in connection with the capital improvements, which shall be certified as true and correct by Owner and shall be supported by such other documents reasonably required by the University, and after confirming that the requested amount is due and owing, the University shall cause payment to be made to the Owner. The University shall deduct and retain from the Funds the total amount \$2,250<sup>11</sup> constituting 1 ½% of the Funds to compensate it for costs of administration.

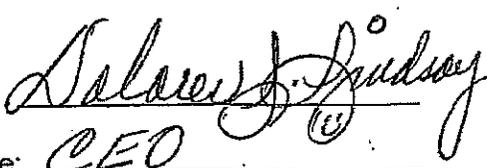
7. **Hold Harmless.** The Owner shall indemnify and hold harmless the University, its officers, trustees, and employees from any and all liability arising from the Owner's design, construction, operation, and maintenance of the Facility.
8. **Liability Insurance.** The Owner has and shall maintain for the entire term of this Agreement a comprehensive program of insurance covering the Facility including liability and casualty coverage in an amount reasonably sufficient to indemnify the Owner from claims and any losses relating to the construction, ownership, and operation of the Facility.
9. **Binding Nature.** This Agreement shall be binding upon and inure to the benefit of the Owner and the University and their respective successors and assigns.
10. **Amendments.** Any amendments to this Agreement shall be in writing, signed by the Owner and the University, and shall require approval by the Board of Regents.

IN WITNESS WHEREOF, the parties have hereunto executed this Agreement as of the month, day and year signed.

UNIVERSITY OF CINCINNATI

HealthCare Connection, Inc.<sup>12</sup>

By:   
 Charles E. Jake IV, Esq.  
 Title: Assistant General Counsel  
Assistant Contracting Officer  
 Date: 9-2-2009

By:   
 Title: CEO  
 Date: 8.18.09

## EXHIBIT A

### (Detailed Description of the Project)

The HealthCare Connection project entails renovation of classrooms 11 and 12 at the Forest Park Health Center location into a medical suite. The medical suite will include a reception area, exam rooms, lab, triage, waiting room, storage area and business office. The project plans to:

1. Remove existing flooring and fixed wall cabinets to prepare for new room area.
2. Remove and dispose of existing metal ceiling grid and pads.
3. Cut a new 3' x 7' doorway opening in the masonry wall separating rms 11 & 12. Wrap opening with metal channel.
4. Remove and cap existing hot water heaters along the outside walls of both rooms.
5. Fabricate and install structural modifications necessary for two new electric HVAC rooftop units.
6. Create penetrations in the roof for the new HVAC duct drops.
7. Mount new rooftop units, repair roof where necessary and flash new unit mounts.
8. Layout and frame new interior walls, door way openings and two interior windows. Fur-out exterior wall area where the old heaters were removed.
9. Install electrical rough-in walls, ceiling and rooftop.
10. Install HVAC rough-in duct drops.
11. Install plumbing rough-in lines and connections.
12. Install drywall and base coat new interior walls of health center.
13. Install new white metal ceiling grid.
14. Install existing ceiling lights and required new lights per lighting layout.
15. Install new HVAC supply and return diffusers in ceiling.
16. Finish drywall and apply one coat of primer and 2 coats paint.
17. Install new Armstrong Standard VCT, commercial grade carpet and vinyl base.
18. Install ten new pre-finished oak doors and hardware. We have included 4 sets of lockable hardware and 6 sets of passage hardware.
19. Install seven new sinks and one new toilet.
20. Install new cabinetry in all health center rooms per drawings.
21. Install new Armstrong #769 ceiling pads throughout both rooms.

**EXHIBIT B**

**(Basic Terms of Lease, if Applicable)**

**Lessor:** Hamilton Cty. Educational Service Center Early Learning Program

**Lessee:** Health Care Connection, Inc.

**Term:** Five year initial term commencing January 1, 2009, with two five year options that renew automatically unless Lessee exercises right to terminate (total of 15 years.)

**Rent:** \$416.67 per month initial term, subject to adjustment in option terms.

**Use:** Provide healthcare for low-income, underinsured, and uninsured Hamilton County residents living outside the City of Cincinnati.

## EXHIBIT C

### **(Description of Extent and Nature of Space and Terms and Conditions of Use)**

Commencing January 1, 2009 and continuing through December 31, 2023 the University of Cincinnati's College of Nursing and College of Medicine are granted the right and license to enter in and upon, and otherwise to use The HealthCare Connection, Inc.'s facility and improvements located at 924 Waycross Road, Cincinnati, OH. The University intends to use the facility for a minimum of 10 hours per week, subject to expanded hours not to exceed 40 hours per week (with the consent of The HealthCare Connection). The hours worked will be during normal business hours of the facility for the purpose of providing community health training and experiences for medical students, nursing students, nurse practitioner students, and/or medical residents whose participation shall be determined by the University in its discretion, subject to the terms of an Educational Affiliation Agreement. The Educational Affiliation Agreement was initially entered into between the University of Cincinnati and the HealthCare Connection, Inc., on June 1, 2001 which allowed the University of Cincinnati's College of Nursing and College of Medicine students to participate in numerous educational opportunities available at the Mt. Healthy and Lincoln Heights Health Centers and will be available at the Forest Park Health Center location once the renovation is complete.

EXHIBIT D

**JOINT USE AGREEMENT ANALYSIS**

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Project Title : Health Care Connection, Inc.

Capital Bill 582      Item \_\_\_\_\_

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