



# Board of Regents

Ted Strickland, Governor  
Eric D. Fingerhut, Chancellor

University System of Ohio

## DIRECTIVE 2010-020

April 19, 2010

### RE: JOINT USE AGREEMENT BETWEEN CLEVELAND STATE UNIVERSITY AND THE CLEVELAND INSTITUTE OF ART

H.B. 562 includes a specific capital appropriation of \$500,000 and H.B. 492 includes a specific capital appropriation of \$2,000,000 to Cleveland State University for a Cleveland Institute of Art (CIA) project. The CIA holds a leasehold interest of at least 15 years in 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. Cleveland State University 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 Cleveland State University and the Cleveland Institute of Art.

This directive will take effect immediately.

Eric D. Fingerhut  
Chancellor, Ohio Board of Regents

M/C

## Joint Use Agreement between Cleveland State University and the Cleveland Institute of Art

### **BACKGROUND**

H.B. 562 includes a specific capital appropriation of \$500,000 and H.B. 492 includes a specific capital reappropriation of \$2,000,000 to Cleveland State University for a Cleveland Institute of Art (CIA) project. The CIA holds a leasehold interest of at least 15 years in the facility to be improved with state capital funds. As required by Ohio Administrative Code section 3333-1-03, Cleveland State University submitted a Joint Use Agreement for consideration and approval by the Chancellor.

State funds will support improvements to an existing facility known as the Joseph McCullough Center for the Visual Arts, located at 11610 Euclid Avenue, Cleveland, Ohio.

### **REVIEW**

Throughout the entire term of the agreement, the CIA will provide the following to the University –

- 1) A scholarship program providing University Art Department graduates with an opportunity to enroll in CIA classes;
- 2) A post-baccalaureate program providing University Art Department graduates with an opportunity to earn CIA credits toward a Bachelor of Fine Arts degree from University;
- 3) One tour per calendar year of the CIA exhibition space upon the request of the University Art Department;
- 4) One opportunity per calendar year for University Art Department members to co-curate an exhibition at CIA's facilities;
- 5) A summer residency program for the benefit of one faculty member of the University Art Department each calendar year;
- 6) Collaborate with University in hosting an annual guest lecture;
- 7) Discounts on tuition for CIA's Continuing Education Courses to current University Art Department faculty and students;
- 8) Discounts for CIA's Cinematheque to University Art Department faculty and students;
- 9) Promotion of the University/CIA relationship through CIA's annual report and a plaque at the project site.

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 Cleveland State University and the Cleveland Institute of Art.**



## Joint Use Agreement Worksheet

The Ohio Board of Regents

February 23, 2010

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.

**Prepared for Joint Use Agreement between The Cleveland Institute of Art and Cleveland State University**

### *Section I: State appropriation information.*

- |  |                |
|--|----------------|
| 1. Amount of state appropriation provided:             | \$2,500,000.00 |
| 2. Estimated annual debt service on the appropriation: | \$ 192,190     |
| 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. Scholarship Program	\$154,200	15
b. Post-Baccalaureate Program	\$35,000	15
c. Curator's Tours, Symposia and Exhibitions	\$2,000	15
d. Student/Faculty Art Exhibitions	\$20,000	15
e. Faculty Summer Residency	\$15,000	15
f. Collaborative Guest Lecturer Series	\$5,000	15

g. Discounted Continuing Education Courses	\$7,500	15
h. Discounted Cinematheque Tickets	\$15,600	15
i. Annual Report Publication	\$5,000	15
j. Lobby Plaque	\$5,000	15
TOTAL ANNUAL VALUE OF USE:	\$264,300	

(\* 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.*

Joint Use Agreement Worksheet

The Ohio Board of Regents

Section III - Basis for values shown in Section II

- a. Scholarship Program - 5 students x 2 semesters x base tuition per semester of \$15,420 = \$154,200.
- b. Post Baccalaureate Program - Scholarship benefit calculated above, and would be reallocated and prioritized to Post Baccalaureate Program, once in place. Benefit of The Cleveland Institute of Art credits to enhance CSU's Post-Baccalaureate Fine Degree Program intrinsic value estimated at 5 students x \$7,000 = \$35,000.
- c. Curator's Tours, Symposia and Exhibitions - one tour per quarter estimated at \$500 each (4 x \$500 = \$2,000)
- d. Student/Faculty Art Exhibitions - Value of exhibition display estimated at \$750 per day for 20 days, including installation and take-down ( \$750 per day for exhibition space x 20 days = \$15,000), plus intrinsic value for artist exhibition at The Cleveland Institute of Art (estimated at \$5,000)
- e. Faculty Summer Residency - Designated studio space for faculty in residence for 3 months, including use of fully equipped art studio facility. Covers utilities, general maintenance and access to parking lot. (3 months x \$5,000 equivalent rent per month = \$15,000)
- f. Collaborative Guest Lecturer Series - Stipend and room and board for a named artist to present lecture - total value estimated at \$5,000.
- g. Discounted Continuing Education Courses - estimated average of 25 enrollments per Continuing Ed session (including Young Artists program) at 25% discount. (Average course tuition of \$400 x 3 sessions x 25 enrollments per session x 25% = \$7,500.)
- h. Discounted Cinematheque Tickets - \$3 per ticket discount (comparable to discount offered to The Cleveland Institute of Art students and employees). Cinematheque offers approximately 6 - 8 showings a week. (100 tickets per week x 52 weeks x \$3 discount = \$15,600)
- i. Annual Report - intrinsic value of recognition of University in Annual Report of The Cleveland Institute of Art (estimated at \$5,000)
- j. Lobby Plaque - intrinsic value of name recognition of University in the lobby of the Joseph McCullough Center (estimated at \$5,000)



## JOINT USE AGREEMENT ANALYSIS

Institutions Involved Cleveland State University/Cleveland Institute of Art

Project Title McCullough Center

Capital Bill HB 562 & 496 Item C26035 Cleveland Institute of Art

- 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?



**JOINT USE AGREEMENT  
BETWEEN  
THE CLEVELAND INSTITUTE OF ART  
AND  
CLEVELAND STATE UNIVERSITY**

THIS JOINT USE AGREEMENT (this "Agreement") is between **THE CLEVELAND INSTITUTE OF ART**, an Ohio non-profit corporation ("CIA"), and **CLEVELAND STATE UNIVERSITY**, an instrumentality of the State of Ohio created and existing under Chapter 3344 of the Ohio Revised Code ("University").

**RECITALS**

WHEREAS, University's mission is to provide an education of high quality to students with diverse backgrounds, experiences, and educational needs, as well as serve as a catalyst, leader, and partner in the ongoing enhancement of the quality of life and economic viability of the region and the State of Ohio; and

WHEREAS, CIA is an independent professional college of art and design committed to leadership and vision in all forms of visual arts education. CIA's mission is to nurture the intellectual, artistic and professional development of students and community members through rigorous visual arts and design education; and

WHEREAS, it is the intention of this Agreement that University and CIA will establish and maintain an educational relationship that will be mutually beneficial to both parties; and

WHEREAS, the Ohio General Assembly passed those certain House Bills identified on Exhibit A attached hereto and incorporated herein, which House Bills appropriate a total aggregate sum of Two Million Five Hundred and No/100ths Dollars (\$2,500,000.00) ("Funds") to University to be used by CIA for capital construction; and

WHEREAS, the State of Ohio capital appropriations released by the Chancellor of the Ohio Board of Regents (the "Chancellor") require compliance with Ohio Administrative Rule 3333-1-03(E), which specifically calls for the execution of a joint use agreement; and

WHEREAS, University has concluded that the value of the use of CIA's facilities and resources by University as provided in this Agreement is reasonably related to the amount of the appropriation, and that the terms of this Agreement are more favorable to University than to others.

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

1. Use of CIA's Facilities and Resources by University.

(a) Academic Support.

(i) Scholarship Program: CIA will, within thirty (30) days after this Agreement has been approved by the Chancellor, establish a scholarship program providing for up to five (5) current students or recent graduates of University's Art Department to each enroll in up to twelve (12) credit hours of courses per semester at CIA with no tuition being charged to the enrollee or to University, provided that the enrollees will be responsible for and subject to CIA's fees. The enrollees will be selected by University and CIA and will be subject to all requirements, rules and policies applicable to CIA students. The enrollees' enrollment in particular courses shall be subject to availability and enrollees' transcripts indicating coursework compliance with pre-requisite skills for enrollment.

(ii) Post-Baccalaureate Program: CIA will, promptly upon request made by University, assist University in establishing University's Post-Baccalaureate

Program in Art, which will provide the opportunity for recent graduates of University's Art Department to enroll in classes at CIA with CIA issuing transcript credits to enrolled towards a Bachelor of Fine Arts degree from University. It is intended that when this Post-Baccalaureate Program is in place, the scholarships described in Section 1(a)(i) above would be awarded in a manner that provides priority consideration to students participating in this Post-Baccalaureate Program. Further, it is understood by the parties that any student participating in this Post-Baccalaureate Program who is not awarded a scholarship described above will be responsible for and subject to CIA's tuition and fees.

(b) Student and Faculty Advancement and Enrichment.

(i) Exhibition Tours; Exhibitions and Symposia: CIA will, each calendar year, provide tours of its exhibition space, including BFA Exhibitions, and shows presented in CIA's Reinberger Galleries and elsewhere on CIA's campus, upon request for University's Art Department classes. In addition, CIA will provide University's Art Department faculty with invitations for symposia presented by CIA and all CIA exhibitions, subject to availability. Tours can be scheduled by contacting CIA's Provost, whose contact information is included in Section 13 of this Agreement.

(ii) Use of CIA's Facility for Student/Faculty Art Exhibitions: CIA will provide members of University's Art Department with the opportunity to co-curate an exhibition at CIA's facilities, one (1) time each year, with a minimum of eighteen (18) months advanced scheduling, to exhibit/present the art work of University's Art Department students and/or faculty. CIA will waive its rental

fees. University shall be responsible for the expenses for such events, including reimbursing CIA for direct expenses incurred in connection with the event. The date and time of such rental shall be mutually agreed upon by CIA and University. Exhibitions can be scheduled by contacting CIA's Provost.

(iii) Faculty Summer Residency: CIA will establish a summer residency program for the benefit of one (1) member of the faculty of University's Art Department each calendar year. Under this program, CIA will provide up to one (1) member of the faculty of University's Art Department (such faculty member being selected by University) the opportunity to utilize CIA's studio space and related facilities for a period scheduled between the end of CIA's classes in the Spring and the commencement of CIA's classes in the Fall. Notwithstanding the foregoing, the dates of such Summer Residency and the use of studio space and facilities will be subject to six (6) months advance notice and availability of the respective studio area. Under this program, CIA will identify and secure dedicated studio space for the summer residency, including access to and use of related studio equipment and studio facilities. University's faculty member will be responsible for his or her own materials and supplies and compliance with CIA's rules and policies.

(iv) Collaborative Guest Lecturer Series: Upon the request of University's Art Department, CIA will collaborate with University in hosting an annual guest lecture. University will be responsible for initiating the planning of the guest lecture event. CIA will participate by helping to identify possible guest speakers in the visual arts. Each year during the term of this Agreement, CIA and

University's Art Department will jointly select the guest lecturer, the date, time and location of the event. It is agreed that CIA will bear the cost of the guest lecturer's stipend or fee and related room and board. Other out-of-pocket costs for hospitality, printed material, promotion or other expenses in connection with the lecture event will be shared equally by CIA and University. It is anticipated that the location of the event will alternate between CIA's campus and University's campus. The guest lecture series will be promoted as a collaborative event sponsored by both CIA and University.

(c) Discounts.

(i) Discount for CIA's Continuing Education Courses: CIA will provide a twenty-five percent (25%) discount on tuition for CIA's Continuing Education Courses to University's Art Department currently-enrolled students and full-time faculty and full-time staff. Notwithstanding the foregoing, such access to CIA's Continuing Education Courses will be subject to availability. Furthermore, CIA will provide a twenty-five percent (25%) discount on tuition for children of University Art Department full-time faculty and full-time staff to enroll in the Young Artists' Program, subject to availability.

(ii) Discount for CIA's Cinematheque: CIA will provide to up to two hundred (200) of the University's faculty and students presenting current University ID's, a discount on admission to CIA's Cinematheque film screenings equal to that offered to CIA's faculty and students. Notwithstanding the foregoing, such discounted admission will be subject to availability.

(d) Promotion.

(i) Annual Report: Each annual report issued by CIA during the term of this Agreement shall include a description of the University-CIA relationship created by this Agreement and mention the Funds that were provided to University to be used by CIA for capital construction.

(ii) Lobby Plaque: CIA will place at an appropriate place on the unified campus created through the Project (as defined in Section 7 below) a plaque or other prominent recognition memorializing the cooperative agreement between the parties hereto created by this Agreement.

2. Joint Committee. A Joint Committee comprised of CIA's representatives and representatives of University's Art Department will develop the details and guidelines for implementation of programs referenced in Section 1. above. The Joint Committee shall meet at least annually to review and monitor implementation of the parties' commitments under this Agreement. A written report shall be prepared following each meeting, and submitted to each party's board of directors or trustees, and, upon its request, to the Chancellor.

3. Term; Termination Prior to Expiration of Term. The term of this Agreement shall commence as of the date of execution set forth below and shall end fifteen (15) years thereafter. If any of the material terms or conditions contained in this Agreement are breached by CIA, University then shall have the right to terminate this Agreement upon forty-five (45) days' written notice to CIA, provided that CIA does not cure the breach within 45-day period.

4. Reimbursement of State upon Termination. In the event that this Agreement is terminated for any reason prior to fifteen (15) years from the commencement date, CIA shall remit to the State of Ohio a prorated portion of the Funds received by CIA, which shall be calculated by dividing the Funds contributed by the State of Ohio and received by CIA by fifteen (15) and multiplying that amount times the difference between fifteen (15) and the number of full years during which CIA's obligations under this Agreement have been fulfilled.
5. Compliance with Laws. CIA shall comply with all pertinent federal, state and local laws as well as state administrative regulations, applicable to the use of the Funds hereunder and to the operation of the Project. University shall comply with all pertinent federal, state and local laws as well as state administrative regulations, applicable to the disbursement of the Funds hereunder and to the use of the Project as provided hereunder.
6. Funds Used Only for Capital Improvements. The Funds provided under this Agreement shall be used by CIA only for capital improvements related to (a) the rehabilitation of the historic building located at 11610 Euclid Avenue, Cleveland, Ohio and known as the Ford Motor Company Cleveland Plant—Joseph McCullough Center for the Visual Arts (the "McCullough Center") and the equipping of certain leasehold premises situated therein and (b) the construction and equipping the new building to be constructed immediately to the West of the McCullough Center, located on Euclid Avenue, in the City of Cleveland, Cuyahoga County, Ohio (the "Project"). The capital improvements related to the Project may include, but not be limited to, the rehabilitation of the McCullough Center, the construction of classrooms, an auditorium, exhibition galleries, faculty and administration work areas and offices, and the acquisition and installation of

fixtures, computer hardware, audio-visual equipment and other tenant improvements in and serving the McCullough Center and the new building to be constructed directly to the West of the McCullough Center.

7. Ownership of CIA Insurance. CIA will obtain and maintain insurance for the Project and the subject leased premises. University will be added as an additional insured. CIA holds a leasehold interest in and to the subject leased premises pursuant to a certain lease agreement between CIA (as tenant) and McCullough Center Master Tenant, LLC (as landlord), which lease agreement has a term expiring not less than fifteen (15) years from the date of this Agreement.
8. Competitive Bidding. CIA, in connection with the expenditure of the Funds hereunder, shall, to the extent required by law, follow the competitive bidding procedures for educational facilities construction identified in Ohio Revised Code Chapter 153, including, but not limited to, publishing advertisements to seek bids, and awarding contracts to the lowest responsive and responsible bidder.
9. Hold Harmless. CIA shall hold the State of Ohio and University, its officers, trustees and employees harmless from any and all obligations, expenses, liabilities or claims of any kind arising out of the construction, renovation, operation, or maintenance of the Project, and/or University, its officers, trustees or employees being named as a defendant or party to any lawsuit or adjudicatory proceedings, if such lawsuit or adjudicatory proceeding arises out of an action or omission or an alleged action or omission of CIA, its officers, directors or employees, including, but not limited to CIA's failure or alleged failure to comply with applicable public bidding requirements or any other federal, state or local law, ordinance, rule, order, directive or regulation. Notwithstanding the foregoing, CIA

shall have no obligation to indemnify or hold harmless any party hereunder in the event such party acted in a negligent or willful manner.

10. Amendments. Any amendments to this Agreement shall be in writing, signed by CIA and University, and shall require approval by the Chancellor.
11. Records of University Use. Upon request by the Chancellor and/or University or CIA, as the case may be, CIA and/or University, as the case may be, shall supply the Chancellor and/or University or CIA, as the case may be, with all pertinent records, including financial records, which measure the nature and extent of use of CIA's facilities and resources by University, the terms and conditions governing such use and the specific benefits derived by University under this Agreement.
12. Distribution of Funds; Administrative Costs. Upon execution of this Agreement, University shall submit to the Chancellor a formal request for the release of the Funds. After the release of the Funds, CIA shall submit to University requests for payment of amounts along with documentation of contractor invoices or purchase orders related to obligations incurred by CIA for permitted uses of the Funds. Within fifteen (15) days after University's receipt of any such request for payment and documentation of invoices or purchase orders, University shall disburse to CIA the Funds so requested. From the Funds, University shall receive administrative costs in the amount of Thirty-seven Thousand and No/100ths Dollars (\$37,500.00), which is equal to one and one-half percent (1½%) of the total amount of the Funds.
13. Notices. All notices to the parties shall be sent by registered or certified mail, postage prepaid and addressed to the parties at the addresses set forth below, or to such other address as either party shall have designated by prior notice.

If to University: Cleveland State University  
2121 Euclid Avenue AC 333  
Cleveland, Ohio 44115  
Attn: Provost

With a copy to: Office of General Counsel  
Cleveland State University  
2121 Euclid Avenue AC327  
Cleveland, Ohio 44115

If to CIA: The Cleveland Institute of Art  
11141 East Boulevard  
Cleveland, Ohio 44106  
Attn: Provost  
Telephone: (216) 421-7455  
Email: nstuart@cia.edu

With a copy to: Roetzel & Andress, LPA  
1375 East Ninth Street  
One Cleveland Center, 9<sup>th</sup> Floor  
Cleveland, Ohio 44114  
Attn: Chad Arfons, Esq.

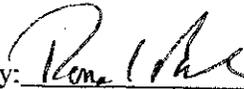
14. Binding Nature. This Agreement shall be binding upon and inure to the benefit of and University and their respective successors and assigns.
15. Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto relating to the subject matter of this Agreement.
16. Heading. The headings used in this Agreement are inserted only as a matter of convenience and for reference and should not be given effect in the interpretation of this Agreement.
17. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio.

[No further text on this page. Signature page follows.]

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

UNIVERSITY:

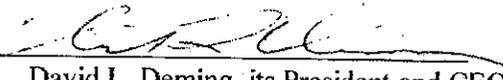
**CLEVELAND STATE UNIVERSITY**

By:   
Ronald M. Berkman, its President

Date: March 11, 2010

CIA:

**THE CLEVELAND INSTITUTE OF ART**

By:   
David L. Deming, its President and CEO

Date: MARCH 9 2010

**EXHIBIT A**

**Ohio Capital Appropriations Designated for The Cleveland Institute of Art  
in Support of Campus Unification and Modernization Project**

**2002**

Am Sub HB 675 --124<sup>th</sup> General Assembly  
Capital Project CAP-069 to Cleveland Institute of Art through the Arts and Sports Facilities  
Commission  
On or about 12/17/02 \$750,000

**2004 (actually passed in January 2005)**

Am Sub HB 16 --126<sup>th</sup> General Assembly  
Capital Project CAP-069 to Cleveland Institute of Art through the Cultural Facilities  
Commission (had recently changed name from Arts and Sports Facilities Commission)  
On or about 1/25/05 \$250,000

[March 2006 Am Sub HB 530 --126<sup>th</sup> General Assembly Section 252.40. CAP-148 Reappropriated the prior two appropriations totaling \$1,000,000 that had previously designated that the funds for the Cleveland Institute of Art were to go through the Arts and Sports Facilities Commission were now reappropriated to flow to the Cleveland Institute of Art though Cleveland State University as of June 30, 2006)]

**2006**

Am Sub HB 699 -- 126<sup>th</sup> General Assembly  
Capital Project CAP-148 to Cleveland Institute of Art through Cleveland State  
University  
Approximately 12/5/2006 \$1,000,000

**2008**

Am Sub HB 562—127<sup>th</sup> General Assembly  
Capital Project C26035 to Cleveland Institute of Art through Cleveland State  
University  
Approximately 11/20/2008 \$500,000