AFFILIATION AGREEMENT

This Affiliation Agreement is made and entered into this 10th day of January, 2005, by and between Texas A&M University-Corpus Christi, hereinafter referred to as the “University” and South Texas Institute for the Arts, hereinafter referred to as the “Art Foundation.”

RECITALS:

WHEREAS, the University is an institution of higher education, a component of The Texas A&M University System, and an agency of the State of Texas;

WHEREAS, the Art Foundation is a nonprofit organization dedicated to support the arts and art education in South Texas;

WHEREAS, the 74th Texas Legislature; The Texas A&M University System Board of Regents; the Board of Governors of the Art Foundation; the University and the City of Corpus Christi find it in the best interest of support of the arts and art education in South Texas to establish an affiliation between the University and the Art Foundation to provide for the Art Museum of South Texas (the “Art Museum”);

WHEREAS, the 74th Texas Legislature appropriated special funding within the State appropriated budget with the intent of having the Art Museum be operated as a department of the University and administered as a cooperative joint venture;

WHEREAS, the benefit of such an affiliation will be to provide expanded arts programs through the combined efforts and resources of the University and the Art Foundation; and

WHEREAS, the University and the Art Foundation desire to enter into this Affiliation Agreement to promote the efficient operation of the Art Museum and to confirm their agreement relating to the operation of the Museum.

THEREFORE, in accordance with System Regulation 60.01.02 which governs the conduct of the University and its employees in a relationship with an affiliated organization, and in consideration of the mutual covenants and conditions herein contained, the University and the Art Foundation agree as follows:

1. GENERAL RESPONSIBILITY:

1.1 The University’s responsibility in relation to the Art Museum will be to provide basic operations and the Art Museum will operate as a University Department and in accordance with System Policies, Regulations and University Rules. The University will support the Art Museum within the dollar limits of the special
item funding, subject to continuation of the special item funding and conditioned upon the appropriation of funds by the legislature.

1.2 The Art Foundation’s responsibility in relation to the Art Museum will be to direct and set policy for the exhibition, education and collection programs and to serve as the development and fund-raising entity of the Art Museum. The legislative intent is for state funding to be matched two-to-one by Art Foundation support. The Art Foundation will fully support the Art Museum exhibitions, education and collection programs.

2. **FISCAL RESPONSIBILITY:**

2.1 The Art Foundation board retains the fiduciary responsibility for the operation of the Art Foundation, and the authorization of the expenditure of funds.

2.2 Funds from the Art Foundation to reimburse the University for use of services of the University and Art Museum employees will be set up in an agency fund account(s) and/or a restricted account(s), and will be administered by the University.

3. **UNIVERSITY EMPLOYEES:**

3.1 Art Museum employees are University employees and shall be state employees subject to state law, as well as Texas A&M University System policies, regulations and University rules. The Art Museum Director shall cause the Art Museum to follow the employment practice procedures of the University, use the personnel classified system of the University, and follow Texas A&M University System and University personnel rules, regulation, and policies. The Art Museum Director shall be responsible for compliance with all federal and state equal Employment Opportunity laws.

3.2 The Art Foundation may use the services of University and Art Museum employees, but shall reimburse the University for the Total Payroll Budget (i.e. salaries and associated benefits) for Art Museum employees; less the amount the University budgets from funds appropriated by the legislature.

3.3 University employees may serve as trustees of the Art Foundation as long as no conflict of interest exists in job function. In the event a conflict of interest arises, the University employee may no longer serve as a trustee of the Art Foundation.

3.4 All monetary enrichment of University employees (i.e. salaries and associated benefits) by the Art Foundation shall be in accordance with state law, regulations, and rulings. All expenditures must be made through University accounts in accordance with University policy. The Art Foundation shall not pay any salary
and/or associated benefits directly to a University employee.

3.5 Reimbursements by the Foundation to University employees for travel, expenses, etc. must be made in accordance with University rules or donor restrictions. All expenditures must be made through University accounts.

3.6 **The Art Museum Director.** The day-to-day operations of the Art Museum shall be supervised and controlled by the Art Museum Director. ("Director"). The Director shall be an employee of the University. The Museum Director reports directly to the University President, or his/her designee and shall be prepared to make quarterly reports to the Board of the Art Foundation. The Director shall perform services which benefit the University, the Art Museum, and the Art Foundation including, but not limited to, soliciting, receiving, and reporting funds, acquiring and managing property and objects, and managing, producing, and performing programs and activities.

**Appointment of Director.** The Director shall be hired by the University President who may solicit recommendations of the Board of the Art Foundation.

**Evaluation of the Director.** The Director shall be evaluated by the University President, who may solicit recommendations from the Board of the Art Foundation.

**Termination of Director.** When appropriate, the Board of the Art Foundation may recommend to the University President the termination of the employment of the Director. The University President retains the final authority regarding the termination and all other aspects of the employment and compensation of the Director.

3.7 **Art Museum Development Officer.** The Development Officer is an employee of the university and reports directly to the Director of Development with coordination of the Art Museum Director. The Development Officer is assigned to the Art Museum and shall perform services which benefit the University, the Art Museum and the Art Foundation including by not limited to raising funds for the Museum’s 2:1 match. Compensation of the development officer shall be reimbursed to the University by the Art Foundation.

**Appointment of Development Officer.** The Development Officer shall be hired by the University Director of Development in consultation with the Art Museum Director who may solicit recommendations of the Board of the Art Foundation.

**Evaluation of the Development Officer.** The Development Officer shall be evaluated by the University Director of Development in consultation with the Art Museum Director who may solicit recommendations of the Board of the Art
Foundation.

Termination of the Development Officer: When appropriate, the Art Museum Director may recommend to the University Director of Development the termination of the employment of the Development Officer. The University Director of Development retains the final authority regarding the termination and all other aspects of the employment and compensation of the Development Officer.

4. AUDIT AND REPORTS:

4.1 The Art Foundation shall be responsible for any audits required by their 501(c) (3) status.

4.2 The Art Foundation will provide the University with annual audited financial statements no later than 120 days after end of accounting year as well as copies of its annual tax returns no later than 120 days after filing.

4.3 The University will not be responsible for any fiscal reports, accounting, federal reports, etc. for the Art Foundation. The University will be responsible for the applicable funds received from the Art Foundation for any and all reimbursements as the fiscal agent for these funds and shall include these in any fiscal reports, accounting, federal reports etc., as necessary.

5. DISBURSEMENT OF FUNDS:

5.1 All disbursements must be authorized by the Board of the Art Foundation.

5.2 All disbursements are subject to the restrictions of the donor.

5.3 All payments by the Art Foundation in support of the University shall be made within the University accounting system, and reimbursement to the University will be made from the agency fund account(s) and/or restricted funds account(s) established for the Art Foundation. The Art Foundation agrees to endorse gifts to the University where appropriate.

5.4 The Art Foundation shall have exclusive use and control over its assets and funds received from gifts and grants to the Art Foundation. Provided, however, funds transferred to the University by the Art Foundation shall be deposited directly into an agency fund account(s) or restricted funds account(s) established for the reimbursement of services and shall be subject to the policies, rules and regulations relating to state funds.

5.5 The Chief Financial Officer of the University must approve, by signature, any disbursement made directly from the agency fund account(s) established for the
Art Foundation.

6. REPRESENTATION ON FOUNDATION BOARD:

6.1 The President of the University, or his/her designee, shall serve as an ex-officio non-voting member of the board of the Art Foundation and otherwise participate fully in the activities of such board.

6.2 Such service shall be without any remuneration or personal gain, but the President or his/her designee, shall be entitled to have actual expenses incurred for such participation reimbursed, in accordance with section 3.4 above.

6.3 Such participation shall be for the purpose of providing advice and coordination for the mutual interest of the University and the Art Foundation, including but not limited to presenting annual development goals, priorities and needs of the University and the Art Museum.

7. GOVERNANCE OF AGREEMENT:

7.1 No provision of this Affiliation Agreement may conflict with or supersede a requirement of any law of the State of Texas. If any provision is found to be in conflict, it shall be null and void.

7.2 No provision of this Affiliation Agreement may conflict with or supersede a requirement of the policies and regulations of the A&M System. If any provision is found to be in conflict, it shall be null and void.

7.3 This Agreement shall be governed by the laws of the State of Texas.

8. DURATION OF AGREEMENT:

8.1 This Agreement shall be effective on the date set out above, and shall continue in force for a term of five (5) years.

8.2 This Agreement may be terminated by either party upon forty-five (45) days written notice to the other party.

8.3 In the event that no funds or insufficient funds are appropriated for the Art Museum in any budget adopted by the State of Texas, or if the University and Art Foundation cannot reach mutual agreement upon a request from either party to renegotiate this Agreement, this Agreement shall automatically terminate and be of no further force and effect.

8.4 Modifications to this Agreement may be made from time to time by mutual written agreement of the parties. Those modifications shall become a part of this Agreement as of the effective date of the modification.
9. **MISCELLANEOUS PROVISIONS:**

9.1 **Entire Agreement.** This Affiliation Agreement constitutes the entire agreement between the University and the Art Foundation with respect to the operation of the Art Museum and this Affiliation Agreement shall not be modified, amended, altered or changed except with the written consent of both parties.

9.2 **Severability.** Any provision of this Affiliation Agreement found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of this Affiliation Agreement.

9.3 **Notices.** All notices to be given under this Affiliation Agreement shall be made in writing and mailed by certified mail or hand delivered to the other party at its address set forth below. Any such notice shall be deemed to have been received upon the date hand delivered or three (3) days subsequent to mailing.

If to the University:

President  
Texas A&M University-Corpus Christi  
6300 Ocean Drive  
Corpus Christi, Texas 78412

If to the Art Foundation:

Chairman  
South Texas Institute for the Arts  
1902 N. Shoreline Blvd.  
Corpus Christi, Texas 78401

IN WITNESS WHEREOF, the parties hereto have caused this Affiliation Agreement to be executed as of the day and year first written above.

**TEXAS A&M UNIVERSITY-CORPUS CHRISTI**

[Signature]

Dr. Flavius C. Killebrew  
President

Date: 1-14-05

**SOUTH TEXAS INSTITUTE FOR THE ARTS**

[Signature]  
Mrs. Louise Chapman  
Chairman

Date: 1-18-05