

2020 CNNC: ROUND 1 PROBLEM—LEONARDO & III

Confidential Information for Leonardo's Representatives

Leonardo, 69, thrives on ideas, inventions, and creativity. He has fuelled that appetite with extensive travels and by engaging with a wide range of artistic media. Early in his career, he was a journalist, and is intrigued with the idea of the artist as journalist. Indeed, he puts as much time and effort into researching one of his "interventions" as he does in its actual formation, and that is an important part of his sense of fulfillment.

Leonardo has produced several hundred works, including about 60 large-scale ones of the type that might be envisioned for the Institute. Most are in museums, corporate settings, or private collections around the world. For example, one of his recent works, *Collegium*, was sold to an anonymous buyer for the equivalent of CAD \$350,000, and two of his earlier works have recently been acquired by the Smithsonian Institution in Washington DC for an undisclosed sum.

Several years ago, Leonardo suffered a great personal loss that devastated him emotionally. He went into a state of depression, began using drugs, and ended up in rehab. Fortunately, he then had a remarkable turnaround, especially after meeting Salai—a young, vibrant art student. Their relationship gives each of them great synergy and has done wonders for Leonardo's health, productivity and reputation. Leonardo recently received the "Artist of the Year" award in his home country and is now drawing international attention.

Leonardo has provided the following information in relative order of importance for the negotiation.

1. *Artistic Content, Design, and Integrity*

Leonardo insists on being the judge of what should be included in the multi-media installation—artistic expression, components, and design. Knowing how construction plans can change and how integral the work will be to the physical setting, Leonardo also insists that III must notify him of any proposed site alteration that might affect the intended character and appearance of his work. Leonardo also wants to follow his usual pattern of researching a project and getting a sense of "place." That means visiting III itself for an extended period, but could also mean other travel to research the project. Leonardo expects that this will take place at the Institute's expense.

Leonardo thinks this approach is especially important here. It's well known that donors have tried to influence the Institute's direction, as happened in a recent dust-up between the CEO of FrontierX and the Institute's board around trying to get the Institute involved in colonizing Mars. Leonardo worries that the Institute would want to dictate elements or design choices to satisfy donors or patrons, and he'll have none of that. This factor is a deal-breaker. Leonardo would rather not go forward with the project if III isn't satisfied with his formal proposal (see below); but once the agreement is signed and work started, III shouldn't be able to withhold payment for work completed substantially in accordance with the proposal.

2. Purchase Price

Leonardo has never been one for saving, and has an expensive lifestyle. He expects a substantial amount for this commission—enough to help him prepare for retirement and provide a foundation for Salai’s own emerging career. Leonardo’s last three works sold for the following amounts (all figures translated to CAD):

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|-------------------|-----------|
| <i>Cerebrum</i> | \$498,000 |
| <i>Collegium</i> | \$350,000 |
| <i>Blockchain</i> | \$310,000 |

These works were sold through an agent who took a 50% commission; even so, the sales produced a substantial net sum (i.e., half the above prices) compared to what Leonardo received from sales of earlier works. In the discussions that have taken place so far, there has been no indication of what the Institute would be willing to pay. But given the site-specific nature of the project and the fact that its technical complexity is likely to be more than double that of *Cerebrum*, his most complex project so far, Leonardo feels that a price in the neighbourhood of CAD \$1 million would be justified. Leonardo thinks the Institute should be able to afford it: he has heard that last year III reported a surplus (revenues less expenses) of nearly CAD \$13.6 million. Leonardo would accept a lower purchase price if items 3 and 4 below are fully funded. But he won’t take less than CAD \$660,000 because he feels that it would cheapen the value of his earlier works too much.

3. Consultation, Research and Presentation

Leonardo sees this project as giving him a chance to have a sort of all-expense-paid vacation in the Institute’s home city. He’d like III to pay for four trips, with a generous allowance for meals, accommodations and entertainment expenses. Leonardo wants Salai to accompany him on all these trips for “inspiration.” The first trip would be to get a feel for the location of the Institute’s proposed new buildings and its surrounds and to meet with the architects and Institute’s director and other personnel. The second would be to continue to get a sense of “place” and to present preliminary ideas to III. The third would be to present a formal proposal, including sketches, mock-ups or other forms of presentation, making changes as needed until the Institute is satisfied. The fourth trip would be in conjunction with delivery and installation.

4. Payment Schedule

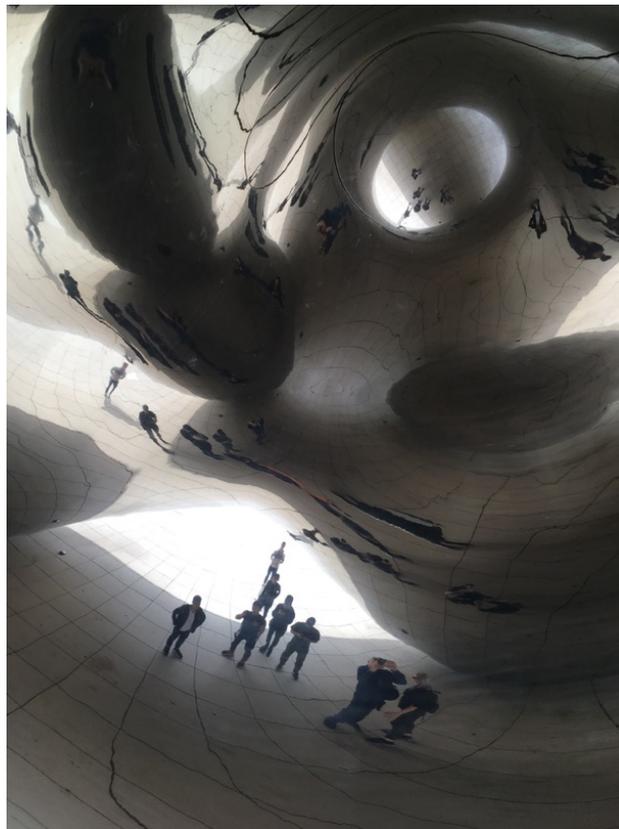
Leonard wants a third of the price before the first trip; the next third, when the Institute is satisfied with the formal proposal; the final third, after delivery and installation. Leonardo knows that the norm is half upon acceptance of the formal proposal and half upon delivery and installation, but given the context of the transaction and the research and consultation needed, he thinks the $\frac{1}{3}$ - $\frac{1}{3}$ - $\frac{1}{3}$ model is appropriate. It’s not a deal-breaker, but an important priority. Reimbursement should take place shortly after each visit.

5. Other Terms

Leonardo is flexible on other terms that the Institute might propose, such as copyright, moral rights or liquidated damages for non-completion. But if the Institute decides to deaccession the installation, he'd like the right to buy it back. Of course, he hopes that nothing as horrific would happen as the recent attempt by two art provocateurs who wanted to cut up a painting and use the canvas to make decorative faces for their line of designer watches.¹ In any case, you have full discretion to be creative and to deal with any items that arise, consistent with Leonardo's overall interests and priorities. His whole attitude with respect to the project would also be enhanced if the Institute could help Salai, such as providing exposure for Salai's art or assisting with Salai's professional development.

6. Additional Information

You may provide additional non-self-serving information and details consistent with the facts stated above and in the General Information for Both Parties.



Collegium

¹ See Richard Orange, "Danish court rules artist's work cannot be cut up to make watches" (2 December 2019) *The Guardian* online: <https://www.theguardian.com/world/2019/dec/02/danish-court-rules-artist-work-cannot-be-cut-up-to-make-watches-tal-r>.