

This grant agreement (this "Agreement") is made effective on 10/28/16 (the "Effective Date") between Middle Tennessee State University Foundation, a Tennessee nonprofit corporation (the "Foundation"), Middle Tennessee State University (the "University"), an instrumentality of the state of Tennessee, and the Charles Koch Foundation, a Kansas nonprofit corporation (the "Donor"), for the benefit of the Political Economy Research Institute (the "Institute"), which will be imminently created and housed in the Jennings A. Jones College of Business. The term of this Agreement shall begin on the Effective Date and shall continue until the later of June 30, 2020, or until the University expends all of the "Contributed Amount" (defined below) (the "Term"), unless earlier terminated as provided for in this Agreement. The Foundation, the University, and the Donor are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties." The Parties agree as follows:

1. **Promoting Academic Freedom.** Consistent with the Donor's principles of supporting a diversity of ideas in higher education, the Donor's grant is intended to help promote a republic of science at the University, where ideas can be exchanged freely and useful knowledge will benefit the well-being of individuals and society. Thus, the Parties agree that the academic freedom of the University, the Institute, and their faculty, students, and staff is critical to the success of the Institute's research, scholarship, teaching, and service.

2. **The Institute.** The University desires to support the Institute to advance the Institute's and University's educational missions as follows:

a. **The Institute's Mission and Director.** As stated in the Middle Tennessee State University Proposal, which is hereby incorporated into and made part of this Agreement, and attached as Attachment A (the "Proposal"), the University has informed the Donor, and the Donor is relying on such representation, that the Institute's mission is to engage undergraduate and graduate students with faculty in research that will further the understanding of business and economic principles, as well as their impact on regional, national, and international financial conditions and the well-being of society (the "Institute's Mission"). To advance the Institute's Mission, the Institute will engage in research and educational programs which uncover the institutions and policies that encourage and enhance human well-being. The University, in its sole and absolute discretion, shall select an Institute Director (the "Institute Director") according to the University's normal procedures. The Parties believe the Institute Director is an invaluable part of advancing the Institute's Mission; therefore, when selected and if the individual holding the Institute Director position changes, the University shall promptly notify the Donor.

b. **The Institute Programs.** To support the Institute's Mission, the University desires to create the following positions and activities affiliated with the Institute, collectively referred to as the "Institute Programs." The Institute Programs are described more fully in the Proposal and include the following positions and support: the "Institute Director" position; two "Tenure-track Faculty Positions"; five "Graduate Student Fellowships"; thirty-five "Undergraduate Research Fellowships"; two "Research Associates"; an "Administrative Coordinator"; a "Program Director"; and the "Institute Support". The Foundation and the University shall each use any funds received under this Agreement to support the Institute Programs in accordance with the terms of this Agreement. The selection of the foregoing positions will follow the University's standards and procedures for hiring faculty and staff and will be at the sole and absolute discretion of the University.

3. **The University's Commitment to and Support for the Institute.**

a. **Generally.** The University shall support the Institute Programs to advance the Institute's and University's mission during the Term of this Agreement.

b. **Institute Office Space.** The University shall ensure that the Institute has adequate space to achieve the Institute's mission. The University shall make available space for the Institute, including office space

for the individuals holding the Institute's various positions as well as shared conference and meeting space for the Institute Programs.

**4. The Donor's Support for the Institute Programs.**

a. Contributed Amount. Subject to the terms of this Agreement, the Donor agrees to contribute funds to the Foundation solely to support the Institute Programs to advance the Institute's Mission (all or part of such funds are referred to as the "Contributed Amount(s)"). In no event shall the aggregate Contributed Amount under this Agreement exceed \$3,500,000 as follows:

<b>Institute Programs</b>	<b>Amount</b>
Salary and fringe benefits for the Institute Director	Up to \$ 913,750
Salary and fringe benefits for two Tenure-Track Faculty Positions	Up to \$ 909,200
Costs and expenses for five Graduate Student Fellowships	Up to \$ 150,000
Costs and expenses for thirty-five Undergraduate Research Fellowships	Up to \$ 87,500
Salary and fringe benefits for two Research Associates	Up to \$ 482,200
Salary and fringe benefits for the Administrative Coordinator	Up to \$ 248,000
Salary and fringe benefits for the Program Director	Up to \$ 359,350
Costs and expenses for the Institute Support	Up to \$ 350,000

**Total Maximum Aggregate Contributed Amount: Up to \$3,500,000**

b. Other Support. If the University and Donor mutually agree, the Donor may also contribute in-kind services to the University to help promote the work of the University, the Institute, or the University faculty, students, and staff.

**5. Foundation Grant Request; Proposed Grant Award Process and Schedule.**

a. The Foundation Grant Request. The Foundation shall submit an annual written proposal according to the schedule below to the Donor for the Donor's consideration (the "Foundation Grant Request") and an accounting of the expenditure of any Contributed Amount previously received. If the Donor approves the Foundation Grant Request, the Donor shall make a contribution up to the amount listed in the below schedule to the Foundation, and the Foundation agrees to accept such Contributed Amount on behalf of the University as stated in the below schedule. If the Donor, in its sole and absolute discretion, does not approve the Foundation Grant Request, the Donor is under no obligation to contribute any funds to the Foundation or the University.

b. Foundation Grant Request and Proposed Grant Award Schedule

<b>Foundation Grant Request Date</b>	<b>Donor Response and Proposed Contribution Date</b>	<b>Contributed Amount</b>
Submitted as Attachment A	Within sixty days (60) days of signing this Agreement	Up to \$ 466,550
March 1, 2017	On or about July 1, 2017	Up to \$ 962,550
March 1, 2018	On or about July 1, 2018	Up to \$1,021,000
March 1, 2019	On or about July 1, 2019	Up to \$1,049,900

c. The Fund. The Foundation shall place all of the Contributed Amount in a segregated and restricted fund on its books and records called the "PERI-CKF Fund" (the "Fund"). The Fund shall be used solely to support the Institute Programs and Institute's Mission as stated in this Agreement. The Foundation shall make the Fund available for contributions from other donors.

**6. Contributed Amount Used Solely for Educational Purposes for the Institute Programs.**

a. Tax Status. According to IRS records, the Foundation is an organization described within the meaning of Internal Revenue Code (the "Code") sections 501(c)(3) and 509(a)(1). The University has furnished the Donor with records showing that it is an organization described in Code section 170(c)(1) or 511(a)(2)(B). The Foundation and the University agree to immediately notify the Donor if their respective tax statuses change.

b. Educational Purpose. The Contributed Amount will be expended solely for the Institute Programs, which is an educational purpose described in section 170(c)(2)(B) of the Code. The Contributed Amount will not be used to influence legislation as described in section 4945(d)(1) of the Code, to influence the outcome of any election, for a political campaign or intervention, to carry on any voter registration drive, or any other purpose that would jeopardize the Donor's tax-exempt status or subject the Donor to penalties under Chapter 42 of the Code.

c. Institute Programs. The Foundation and the University shall use all Contributed Amounts solely to support the Institute Programs as stated in this Agreement and shall return to the Donor any Contributed Amount not expended for the Institute Programs.

**7. General Provisions.**

a. The Donor has the right in its sole and absolute discretion to terminate this Agreement or discontinue or withhold any Contributed Amount if: (i) the Foundation or the University has not fully complied with any provision set forth in this Agreement; (ii) the Institute Programs are not advancing the Institute's Mission as stated in this Agreement; or (iii) such action is necessary to comply with any law applicable to the Foundation, the University, or the Donor. Such termination or decision not to provide any Contributed Amount in response to a Foundation Grant Request as stated in Section 5(a) will be effective upon the expiration of thirty (30) days from the date notice was provided by the Donor to the Foundation or the University. During the pendency of the notice period, the Donor has no obligation to provide any Contributed Amount. If the Donor provides notice of the termination of this Agreement and during the notice period the Parties are unable to arrive at a mutually agreeable resolution to continue this Agreement, this Agreement will terminate, the Foundation and the University shall return any uncommitted Contributed Amounts to the Donor within thirty (30) days of the termination, and the Parties will have no further obligations under this Agreement.

b. The Parties shall give each other a reasonable opportunity to review any significant public announcement related to the Agreement. The Parties shall not use each other's logos without the applicable Party's express written consent.

c. The Foundation and the University agree to keep confidential and not to disclose to any third party the existence of or contents of this Agreement without express written approval from the Donor, except as otherwise may be required by law. If the Foundation or the University is required to disclose the existence of or the content of this Agreement to any third party, the Foundation and the University agree to provide the Donor with at least five (5) days' advance written notice of such disclosure.

d. The terms contained in this Agreement supersede all prior oral or written agreements and understandings between the Parties related to the matters contained in this Agreement and shall constitute the entire agreement between the Parties with respect to the matters contained in this Agreement.

e. In the event of a conflict between the provisions stated in the body of this Agreement and those stated in the Proposal, this Agreement shall control.

f. This Agreement shall not be modified or amended except by a writing duly executed by the Parties to this Agreement.

g. The provisions of this Agreement are deemed severable and should any part, term, or provision of this Agreement be construed by any court of competent jurisdiction to be illegal, invalid, or unenforceable, the legality, validity, and enforceability of the remaining parts, terms, and provisions will not be affected thereby.

h. No delay or failure on any Party's part to enforce any right or claim which it may have hereunder shall constitute a waiver of such right or claim. Any waiver by any Party of any term, provision, or condition of this Agreement, or of any subsequent default under this Agreement in any one or more instances shall not be deemed to be a further or continuing waiver of such term, provision, or condition or of any subsequent default hereunder.

i. This Agreement shall not confer any rights or remedies upon any third party other than the Parties to this Agreement and their respective successors and permitted assigns.

j. The Foundation and the University may not transfer or assign their respective interests in the Agreement or any amount to be contributed pursuant to this Agreement without the express written consent of the Donor.

k. All notices, approvals, or requests in connection with this Agreement shall be in writing and shall be deemed given when delivered personally by hand or one business day after the day sent by overnight courier (in each case with written confirmation of receipt or transmission, as the case may be) at the following address (or to such other address as a Party may have specified by notice to the other Party pursuant to this provision):

If to the Foundation:

Pat Branam, Director of Development  
Middle Tennessee State University Foundation  
Box 109  
Wood Slegall Institute  
Middle Tennessee State University  
Murfreesboro, TN 37132

If to the University:

David Urban, Dean  
Jennings A. Jones College of Business  
N219 Business and Aerospace Building  
Middle Tennessee State University  
Murfreesboro, TN 37132-0001

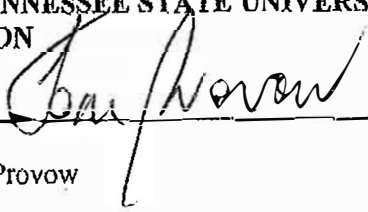
If to the Donor:

Charles Koch Foundation  
1320 N. Courthouse Road, Suite 500  
Arlington, VA 22201  
Attn: Grant Administrator  
Cc: General Counsel's Office

l. This Agreement may be executed in several counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement or direction. Copies of signatures (whether facsimile or other electronic transmission) to this Agreement shall be deemed to be originals and may be relied upon to the same extent as the originals.

The Parties have hereby executed this Agreement as dated below, but agree that this Agreement is effective as of the Effective Date.

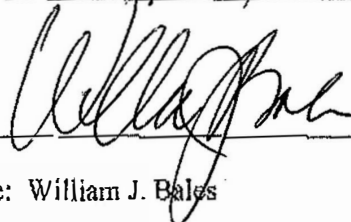
**MIDDLE TENNESSEE STATE UNIVERSITY  
FOUNDATION**

By: 

Name: Tom Provow

Title: President

Date: 10/21/16

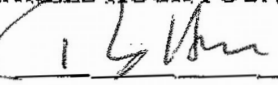
By: 

Name: William J. Bales

Title: Executive and Vice President for University  
Advancement

Date: 21 October 2016

**CHARLES KOCH FOUNDATION**

By: 

Name: Brian Hooks

Title: President

Date: 28 OCTOBER, 2016

**MIDDLE TENNESSEE STATE UNIVERSITY**

By: 

Name: Sidney A. McPhee

Title: President

Date: 10/20/16

## ATTACHMENT A

**Middle Tennessee State University Foundation and Middle Tennessee State University (MTSU) Proposal to Support the Political Economy Research Institute****Institute Mission**

The mission of the Political Economy Research Institute is to engage undergraduate and graduate students with faculty in research and teaching that will further the understanding of business and economic principles, as well as their impact on regional, national, and international financial conditions and societal well-being.

The Institute will achieve its mission by:

- Facilitating research, analysis, and teaching of principles of economics and management as applied to government, business, and not-for-profit organizations.
- Building on the University's geographic positioning and research track record to inform the public policy debate on issues of import to Tennessee, some of which have national implications.
- Providing lasting impact on undergraduate and graduate students by providing support to enable their research on relevant public policy topics.
- Enhancing the intellectual capital of MTSU faculty and other universities or Institutes by providing research and teaching opportunities.

**Institute Programs****The Institute Director**

The Institute Director will be a tenured or tenure-track member of the Jennings A. Jones College of Business and will be a professor of economics. The Institute Director will devote a significant amount of time and resources to work related to the Institute and will be solely responsible for allocating and administering the Institute's budget, supervising Institute staff, and directing the Institute's research and programs. The University will hire an Institute Director by the fall 2017 semester or as soon as possible before then.

**The Tenure-Track Faculty Positions**

The two individuals holding the tenured or tenure-track faculty positions will be affiliated with the Institute and devote a significant amount of their time and resources to work related to the Institute. One of the individuals holding a faculty position will be a professor of finance, and one of the individuals holding a faculty position will be a professor of economics. These activities may include conducting original research related to the Institute's mission, mentorship of graduate student fellows, and participating in the Institute's programs. The University will hire the tenured or tenure-track faculty position by the fall 2018 semester.

**The Graduate Student Fellowships**

The Institute will provide annual, renewable fellowships for graduate students admitted into the Economics Ph.D. program at the Jennings A. Jones College of Business. The Institute Director will determine the recipient of the individual fellowships. At least five students will receive fellowships through the 2019-20 academic year. The first student fellowship(s) will be made available as soon as practicable after the Institute Director begins service to the Institute.

### The Undergraduate Research Fellowships

The Institute will provide fellowships for undergraduate students who wish to engage in research related to the mission and vision of the Institute. The Institute Director will determine the recipient, amount, and outputs of the individual fellowships. At least thirty-five students will receive fellowships through the 2019-20 academic year. The first student fellowship(s) will be made available as soon as practicable after the Institute Director begins service to the Institute.

### The Research Associates

The University will hire two full time Research Associates who will assist the faculty associated with the Institute with conducting and executing their research. They will work on projects under the direction of the relevant faculty members and the Institute Director, though they may also make their own suggestions for research projects or engage in individual research related to the Institute's mission. The first Research Associate will begin by the fall 2018 semester, and the second Research Associate will begin by the fall 2019 semester.

### The Administrative Coordinator

The University will hire an administrative coordinator to manage the schedule and logistics of the Institute's activities. The Administrative Coordinator will report to the Institute Director. Responsibilities may include managing calendars and itineraries, supervising travel and accommodations, coordinating expenses and reimbursement, reserving rooms and catering for Institute events, managing emails and listservs, and providing logistical support for all faculty, staff, and students associated with the Institute. The Administrative Coordinator will be hired as soon as practicable after the Institute Director begins service to the Institute.

### The Program Director

The University will hire a Program Director who will assist with the programs and administration of the Institute. Responsibilities may include executing internal and external education programs, helping faculty, staff, and students of the Institute publish op-eds and other products, seeking interviews for Institute faculty and staff on television, radio, and other communication formats, developing and administering the Institute's presence in online and social media, developing relationships with external organizations, and working with the University's Communications and External Relations teams to advertise Institute products and activities. The Program Director will be hired as soon as practicable after the Institute Director begins service to the Institute.

### Institute Support

The Institute will engage in a variety of activities to support the Institute's mission. The activities will likely include academic research, lecture and debate series, student competitions, reading groups, and support for student and faculty travel to academic conferences.

### **Selection**

The selection of the foregoing faculty positions, staff positions, and fellowships will follow the University's normal procedures for faculty, staff, and fellows for the applicable academic units. As a matter of academic freedom for academic units at the University, individuals who will hold positions with or be affiliated with the Institute and the activities carried out through the Institute Programs must be approved by the Institute Director.