

## **GRANT AGREEMENT**

This grant agreement (this "Agreement") is made effective on July 11, 2016 (the "Effective Date"), between Wake Forest University (the "University"), a North Carolina nonprofit corporation and educational institution, for the benefit of the Eudaimonia Institute at the University (the "Institute"), and the Charles Koch Foundation, a Kansas nonprofit corporation (the "Donor"). The term of this Agreement shall begin on the Effective Date and shall continue until the later of five years or until the University expends all of the "Contributed Amount" (defined below) (the "Term"), unless earlier terminated pursuant to the terms of this Agreement. 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, any grant funds provided by Donor under this Agreement are intended to help promote an environment at the University in which 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 University's educational mission as follows:

a. **The Institute's Mission and Director.** As stated in the proposal, which is hereby incorporated into 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 study the elements of and institutions that support eudaimonic, or truly flourishing, human life (the "Institute's Mission"). Dr. James R. Otteson, who was selected by the University according to regular University procedures, will be the director of the Institute (the "Executive Director"). The Parties believe the Executive Director is an invaluable part of advancing the Institute's Mission; therefore, if the individual holding the Executive Director position changes, the Donor has the right to terminate this Agreement in its sole and absolute discretion.

b. **The Institute Programs.** To support the Institute's Mission, the University desires to create certain positions and activities at the Institute, collectively referred to as the "Institute Programs." As described more fully in the Proposal, the Institute Programs include the following positions associated with the Institute: the Institute's "Executive Director" position, one "Tenure-track Professorship" position, and thirteen "Non-tenure Track and Staff Positions." The Non-tenure Track and Staff Positions include the following: "Research Assistant Professor" (1), "Post-Doctoral Fellows" (3), "Visiting Faculty Members" (3), "Research Associates" (2), "Operations Manager" (1), "Social Media/Outreach Director" (1), and "Administrative Coordinators" (2). The Institute Programs also include the "Program Elements." The Program Elements include faculty development, conferences, faculty workshops and panel discussions, scholarship support, external research funds, and a website to promote the work of the Institute. The University shall use any funds received under this Agreement solely 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 or staff, as the case may be, for those academic units. Similarly, the design and development of curriculum associated with the Institute Programs will take place in accordance with the University's standards and procedures.

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

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

and the Executive Director will be subject to the University review process ordinarily applied to all University-wide institutes and centers.

b. Institute Office Space. The University will provide office space for the Institute in a manner consistent with the provision of office space to other University-wide institutes and centers. To that end, a "University Space Committee," reporting directly to the Provost and the Executive Vice President of the University, will consult with the Executive Director and consider the Institute's staff size, programming, and academic activity in determining the location of office space for the Institute.

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

a. Contributed Amount. The Donor agrees to contribute funds to the University 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 \$3,690,000, as follows:

<b>Institute Programs and support for the University</b>	<b>Amount</b>
Costs and expenses for the Executive Director	Up to \$ 135,000
Costs and expenses for the Tenure-track Professorship	Up to \$ 912,600
Costs and expenses for the Non-tenure Track and Staff Positions	Up to \$1,686,600
Costs and expenses for the Program Elements	Up to \$ 955,800

**Total Maximum Aggregate Contributed Amount:        \$3,690,000**

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.

c. Contingent Grant. The Donor's support under this Agreement is expressly contingent upon the University and Chris and Liz Wright, a married couple, ("Wright") executing an agreement providing for a grant from Chris and Liz Wright to support the Institute Programs (the "Wright Grant Agreement"). Therefore, the Donor shall not provide any of the Contributed Amount or be obligated to fulfill any other obligation until the Wright Grant Agreement, attached to this Agreement as Attachment B, is executed. The Donor's pledge to make contributions pursuant to this Agreement and Wright's pledge to make contributions pursuant to the Wright Grant Agreement are each contingent upon each other.

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

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

b. University Grant Request and Proposed Grant Award Schedule

University Grant Request Date	Donor Response and Proposed Contribution Date	Contributed Amount
Submitted upon the signing of this Agreement	Within sixty (60) days of signing this Agreement	Up to \$ 306,100
April 30, 2017	June 30, 2017	Up to \$1,174,500
April 30, 2018	June 30, 2018	Up to \$1,777,800
April 30, 2019	June 30, 2019	Up to \$ 104,300
April 30, 2020	June 30, 2020	Up to \$ 110,500
April 30, 2021	June 30, 2021	Up to \$ 216,800

c. The Fund. The University shall place all of the Contributed Amount in a segregated and restricted fund on its books and records called the "Eudaimonia Institute Fund" (the "Fund"). The Fund shall be used solely to support the Institute Programs as stated in this Agreement. No portion of the approved annual distribution for the Fund will be directed to help offset the cost of administering the purpose supported by the Fund.

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

a. Tax Status. According to IRS Records, the University is qualified as an Internal Revenue Code ("Code") section 501(c)(3) organization and is classified as a public charity pursuant to Code section 509(a)(1). The University agrees to immediately notify the Donor if its tax status changes.

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 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 following consultation with the University to terminate this Agreement or discontinue or withhold any Contributed Amount if: (i) 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 University or the Donor. Such termination shall be deemed effective upon the expiration of thirty (30) days from the date notice was provided by the Donor to the University. In the event of termination of the Agreement, the University agrees to return all unexpended Contributed Amounts to the Donor within ninety (90) days of the Donor's request.

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. Each party to this Agreement agrees 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 other party, except as otherwise permitted pursuant to Section 7(b) above or as may be required by law. If either party is required to disclose the existence of or the content of this Agreement to any third party, the party seeking disclosure agrees to provide the non-disclosing party with at least ten (10) 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. The Parties acknowledge that Wright is a third party beneficiary under this Agreement solely as it relates to the provisions of Section 4(c) of this Agreement, and that this Agreement supports the charitable and educational goals of Wright's grant to the University. The University acknowledges and agrees that it shall not directly or indirectly be entitled to the benefit of any waivers, indemnities, releases, or other provisions contained in any agreement between the Donor and Wright. Otherwise, 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 University may not transfer or assign its interest 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 University:

Wake Forest University Development Office  
Attn: Corporate & Foundation Relations  
Alumni Hall (#26)  
1834 Wake Forest Road  
Winston-Salem, NC 27106

If to the Donor:

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

1. 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.

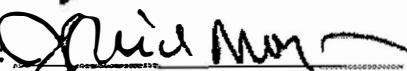
**WAKE FOREST UNIVERSITY**

By: 

Name: Nathan O. Hatch

Title: President


Date: July 8, 2016

Attest: 

Name: J. Reid Morgan

Title: Secretary

**CHARLES KOCH FOUNDATION**

By: 

Name: Brian Hooks

Title: President

Date: July 11, 2016

## ATTACHMENT A

### Proposal to Support the Eudaimonia Institute at Wake Forest University

#### **Mission**

The mission of the Eudaimonia Institute at Wake Forest University is to study the elements of and institutions that support eudaimonic, or truly flourishing, human life.

#### **Vision**

The Institute will create an interdisciplinary intellectual community of researchers, teachers, and students who will investigate the nature of *eudaimonia*—Aristotle’s word for “happiness,” “flourishing,” or “wellbeing”—as well as the political and economic institutions, the moral beliefs and attitudes, and the cultural practices that enable and encourage eudaimonia. The Institute will support new research, host speakers and visitors and collaborate with the University’s academic units to encourage new courses or revision of existing courses and hire faculty and researchers.

The Institute aspires to become in time the central place for robust, cutting-edge, interdisciplinary research and investigation into the nature, sources, and determinants of eudaimonia.

#### **Institute Programs**

The Institute is committed to achieving the highest standards of academic quality and objectivity, and to ensuring that its work stands up to rigorous review. The Institute’s scholars will independently pursue a research agenda and educational activities that advance the Institute’s Mission. Wake Forest University, acting through the Institute, maintains sole discretion in the oversight of Institute-sponsored research and educational activities.

#### **Institute Positions**

In its first three years, in collaboration with the University’s academic units, the Institute will invite or hire one tenure-track faculty, a research assistant professor, three post-doctoral fellows, three year-long visiting faculty members, and two research associates (collectively, the “Faculty Appointments”). Additionally, the Institute will hire an operations manager, a social media/outreach director, and two administrative team members (collectively, the “Staff Positions”).

Institute-affiliated Faculty Appointments will be made by existing University academic units following established hiring practices, and course introductions and/or modifications will be approved by the relevant University academic units based on existing procedures. Such Faculty Appointments must be acceptable both to the Institute and to the relevant academic unit(s). For purposes of clarification, as a matter of academic freedom for academic units at the University, faculty who will be affiliated with the Institute must be approved jointly by the Institute’s Executive Director and the Dean of an academic unit. Any individual the Institute presents to an academic unit as a possible hire or affiliate must be approved by that academic unit pursuant to the University’s procedures for selecting faculty for those units.

Institute-affiliated Staff Positions will be filled by the Executive Director in accordance with University hiring practices.

#### Executive Director

The University has selected Dr. James R. Otteson as the Executive Director of the Institute. The Executive Director will be responsible for administering the Institute's budget, supervising Institute staff, and directing the Institute's research and programs.

#### Tenure-track Professorship

The individual holding the tenured or tenure-track professorship will devote a significant amount of his or her time and resources to work related to the Institute. These activities will include conducting original research related to the Institute's mission and vision, organizing speakers or conferences on relevant topics, and giving public presentations of his or her work. The University will hire one senior tenure-track professor to begin by the fall 2017 semester.

#### Research Assistant Professor

Serving in a non-tenure-track position, the Research Assistant Professor ("RAP") will help develop the Institute's intellectual path and vision, including seeking out good partners for research projects, capitalizing on opportunities for collaboration, and discriminating among promising proposals for funding and sponsorship. The RAP will also work on raising the profile of the Institute's research program at national and international conferences, as well as conduct original research related to the Institute's mission and vision.

#### Post-Doctoral Fellows

The University will hire three individuals (the "post-docs") to hold post-doctoral fellowships affiliated with the Institute. The Institute's post-docs will conduct their own original research on themes related to the Institute's mission and vision, and they will develop their own professional identities and academic profiles under the guidance and mentorship of the Institute and its principals. They will also assist in the teaching of the University's "Why Business?" course and other similar courses. The University will select the first post-doc by the fall 2017 semester and will select the two additional post-docs by the fall 2018 semester.

#### Visiting Faculty Members

The University will hire three faculty members from other institutions to spend a year in residence at the Institute as visiting faculty members to conduct original research related to the Institute's mission and vision and to contribute to the intellectual community of the Institute. They will be expected to make at least one public presentation of their work, meet with interested faculty and students, produce at least one high-profile publication, and, if applicable, teach Institute-supported courses in an academic unit. The first visiting faculty member will begin by the fall 2017 semester and two visiting faculty members will begin by the fall 2018 semester.

#### Research Associates

The University will hire two Research Associates who will assist faculty and visitors associated with the Institute to conduct and execute their research. They will work on projects under the direction of the relevant faculty members and/or the Institute's Executive Director, though they may also make their own suggestions for research projects related to the Institute's mission and vision. The University will hire two research associates by the fall 2017 semester.

#### Operations Manager

The University will hire an Operations Manager that will assist in all administrative functions of the Institute. Responsibilities will include managing the day-to-day operations of the Institute, managing a team of personnel, monitoring the budget and resources, overseeing the execution of internal and external education programs, ensuring compliance with relevant internal and external policies and regulations, and

preparing monthly and annual reports on the Institute's activities. The University will hire an Operations Manager as soon as practicable.

#### Social Media/Outreach Director

The University will hire a social media/outreach director to manage and oversee the Institute's web presence and penetration into social media across multiple platforms. Responsibilities include helping faculty, staff, and affiliates of the Institute to publish op-eds, seeking interviews of Institute affiliates on television, radio, and other communication formats, magnifying the profile of Institute activity across relevant media platforms, overseeing and measuring the social media impact of the Institute's publications and activities, and working closely with the University's Office of Communications & External Relations to advertise Institute publications and activities. The University will hire the Social Media/Outreach Director by the fall 2017 semester.

#### Administrative Coordinators

The University will hire two administrative coordinators to manage the logistics of the Institute's activities. They will report directly to the Operations Manager and ultimately to the Institute's Executive Director. Responsibilities will include managing calendars and itineraries, supervising travel and accommodations, coordinating expenses and reimbursements, reserving rooms and catering for Institute events, managing emails and listservs, and providing logistical support for all faculty, staff, students, and visitors associated with the Institute. The University will hire the first administrative coordinator as soon as practicable, and will hire a second administrative coordinator by the fall 2016 semester.

#### **Program Elements**

The Institute's activities will include faculty development, conferences, faculty workshops and panel discussions, scholarship support, external research funds, and a website to promote the work of the Institute. All of the Institute's activities will be controlled and supervised by the Institute's Executive Director in a manner consistent with University policies and procedures. The Institute's activities will advance its mission and vision, and will include research into the nature of eudaimonia, the institutions that encourage it and those that discourage it, and the effects of various policies on the attainment of eudaimonia. Topics for the Institute's activities and related research may include:

1. *The nature of eudaimonia.* What is it? Can it be measured, and, if so, how? Can a proprietary "Eudaimonia Index" be produced and updated regularly?
2. *Ethics and eudaimonia.* What systems of moral beliefs seem most conducive to eudaimonia? What is the connection between eudaimonia and moral values like liberty, equality, and virtue? What can we learn from great works of the past, as well as important works from today, about eudaimonia?
3. *Economics and eudaimonia.* What systems of political economy seem to enable eudaimonia? What systems of law and regulation, or aspects of law and regulation, encourage or impede eudaimonia? What light can the lessons of economics regarding prosperity and wealth shed on the attainment of eudaimonia?
4. *The "bottom of the pyramid" and eudaimonia.* What are the chief impediments that people at the bottom of the socioeconomic pyramid face in achieving eudaimonia? How can those impediments be alleviated?
5. *Business and eudaimonia.* Is there such a thing as honorable business? If so, what are its principles? What effect can it have on eudaimonia? What effect does entrepreneurship, or capitalism's "creative destruction," have on eudaimonia?



6. *Globalism and eudaimonia.* What international economic, political, and cultural principles seem to encourage eudaimonia? What effect do international trade or immigration policies or extremism have on eudaimonia? What unique challenges face multinational corporations, and what is their effect on eudaimonia?
7. *Culture and eudaimonia.* How do different cultures affect eudaimonia? Do some aspects of culture affect it more than others? Do different cultures understand eudaimonia differently? Can we discriminate among eudaimonia-enhancing cultures (or elements of culture) and eudaimonia-inhibiting cultures (elements of culture)?
8. *Encouraging eudaimonia.* What specific policies—political, economic, moral, or cultural—should we endorse or recommend as enhancing eudaimonia?

**ATTACHMENT B**  
**WRIGHT GRANT AGREEMENT**