

## GRANT AGREEMENT

This grant agreement (this "Agreement") is made effective on June 15, 2018, (the "Effective Date") between Duke University (the "University") and the Charles Koch Foundation, a Kansas nonprofit corporation (the "Donor"). This Agreement is for the benefit of The Center for the History of Political Economy (the "Center"), which is housed in the Trinity College of Arts and Sciences at the University. 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 open inquiry and 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 Center, and their faculty, students, and staff is critical to the success of the Center's research, scholarship, teaching, and service.

2. **The University's Proposal.** The Parties enter into this Agreement based on the University's proposal, which is hereby incorporated into and made part of this Agreement and attached as Attachment A (the "Proposal"). The Proposal reflects the vision of and relies on the leadership of Dr. Bruce Caldwell, who was selected by the University, according to its normal procedures, to be the director of the Center (the "Center Director"). The research will be supervised by the Center Director at Duke. If, for any reason the Center Director is unable to continue to serve and the University through its normal recruiting and hiring procedures is unable to identify a successor, the Agreement may be terminated in accordance with Article 8.b below. As stated in the Proposal and consistent with the Center Director's vision, the mission of the Center is to promote and support research in, and the teaching of, the history of economics (the "Center's Mission").

3. **The Center Programs.**

a. **Generally.** To support the Center's Mission, the University desires to create the following positions and activities to affiliate with the Center, collectively referred to as the "Center Programs." The Center Programs are described more fully in the Proposal and include "Faculty Support," "Fellowship Support," "Educational and Research Support," "Library Support" and "Operating Support." The University shall use any funds received under this Agreement to support the Center Programs in accordance with the terms of this Agreement. According to the University's normal procedures, the Center Director is responsible for directing the Center Programs, which includes allocating and administering the Center's budget, supervising Center staff, mentorship, and other duties to advance the Center's Mission as deemed appropriate by the Center Director.

b. **Selection According to the University's Normal Procedures.** The Parties mutually agree that the selection of the foregoing positions and fellowships by the University will follow the University's normal procedures for selecting such positions and fellows for the applicable academic units. As a matter of academic freedom for academic units at the University, individuals who hold positions with or are affiliated with the Center must be approved by the Center Director, in accordance with the University's normal procedures.

4. **The University's Support for the Center.** The University shall support the Center Programs to advance the University's mission. As part of this support, the University shall ensure that the faculty, students, and staff working with the Center have adequate space to achieve the Center's Mission.

5. **The Donor's Support for the Center Programs.**

a. **Contributed Amount.** Subject to the terms of this Agreement, the Donor will contribute funds to the University solely to support the Center Programs to advance the Center's Mission (all or part of such funds are

referred to as the "Contributed Amount(s)"). The maximum Contributed Amount for each Center Program is as follows:

Center Programs	Contributed Amount
Salary and fringe benefits for Faculty Support	Up to \$4,340,000
Costs and expenses for Fellowship Support	Up to \$255,000
Costs and expenses for Educational and Research Support	Up to \$175,000
Costs and expenses for Library Support	Up to \$200,000
Costs and expenses for Operating Support	Up to \$74,000

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 Center, or the University faculty, students, and staff.

#### 6. Grant Process and Administration.

a. The University Grant Request. The University shall submit an annual written request according to the schedule below to the Donor for the Donor's consideration (the "University Grant Request"). If the Donor approves the University Grant Request, which will not be unreasonably withheld, the Donor shall make a contribution up to the amount listed in the below schedule to the University. If the Donor does not approve the University Grant Request, the Donor is under no obligation to contribute any funds to the University.

b. The University Grant Request and Proposed Grant Award Schedule.

University Grant Request Date	Donor Response and Proposed Contribution Date	Contributed Amount
Submitted as the Proposal	Within sixty (60) days of the Parties signing this Agreement	Up to \$ 1,598,000
June 1, 2019	On or about August 1, 2019	Up to \$ 874,000
June 1, 2020	On or about August 1, 2020	Up to \$ 832,000
June 1, 2021	On or about August 1, 2021	Up to \$ 857,000
June 1, 2022	On or about August 1, 2022	Up to \$ 883,000
<b>Total Maximum Aggregate Contributed Amount:</b>		<b>Up to \$5,044,000</b>

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 CHOPE-CKF Fund" (the "Fund"). The University shall solely use the Fund to support the Center Programs as stated in this Agreement. The University shall make the Fund available for contributions from other donors and such contributions shall be used solely to support the Center Programs. The University shall follow its standard general account procedures to manage the CHOPE-CKF-Fund and any other funds that are contributed for the advancement of the Center's Mission. If another donor makes a contribution to the Fund, the University shall promptly notify the Donor of the amount donated and, if permitted by the other donor, the name of the other donor.

#### 7. Contributed Amount Used Solely for Charitable Purposes for the Center Programs.

a. Tax Status. According to IRS records, the University is an organization described within the meaning of Internal Revenue Code (the "Code") sections 501(c)(3) and 509(a)(1). The University shall immediately notify the Donor if their respective tax statuses change.

b. Charitable Purpose. The University shall use the Contributed Amount solely for the Center Programs, which is a charitable purpose described in section 170(c)(2)(B) of the Code. The University shall not use the Contributed Amount 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. Center Programs. Should a disinterested auditing third party determine that funds to the Center have been misappropriated, then the University agrees to return to the Donor any Contributed Amount not spent for the Center Programs.

## 8. General Terms.

a. Term. The term of this Agreement is from the Effective Date to the later of July 31, 2023, or until the University has spent all of the Contributed Amount, unless earlier terminated pursuant to this Agreement.

b. Termination. The Donor has the right to terminate this Agreement if: (i) the University breaches any term of this Agreement; (ii) the Center Programs are not advancing the Center's Mission; (iii) such action is necessary to comply with any law applicable to the University or the Donor; or (iv) the Center Director is unable to serve and the University is unable through its normal recruiting and hiring procedures to identify a successor who shares the intellectual and strategic priorities of the Center as set forth in the Proposal. Such termination is effective upon the expiration of thirty days from the date notice was provided by the Donor to the University. If the Agreement is terminated, the University shall return all unspent Contributed Amounts to the Donor within fifteen days of the Donor's request. The University is not relying on the Donor's proposed funding under this Agreement to incur any obligation or take any action or inaction.

c. Publicity. 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. University may, however, issue an announcement of this Agreement on the *Recent Awards* webpage (<http://ors.duke.edu/awards>) and other internal reports and publications without prior approval.

d. Donor Notice. The University shall notify the Donor prior to making this Agreement publicly available or upon receiving records requests for this Agreement or related information.

e. Entire Agreement. 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 constitute the entire agreement between the Parties with respect to the matters contained in this Agreement.

f. Order of Precedence. If there is a conflict between the terms of this Agreement and the terms in the Proposal, this Agreement controls.

g. Amendments. No amendment to this Agreement will be effective unless it is in writing and signed by the Parties.

h. Severability. The terms of this Agreement are severable. If any court of competent jurisdiction construes any term of this Agreement to be illegal, invalid, or unenforceable, the legality, validity, and enforceability of the remaining terms of this Agreement will not be affected.

i. No Waiver. No delay or failure by any Party to enforce any right or claim under this Agreement is a waiver of such right or claim. Any waiver by any Party of any term of this Agreement is not a further or continuing waiver of such term.

j. Third Party Rights. This Agreement does not confer any rights or remedies upon any third party other than the permitted assigns of the Parties.

k. Governing Law; Venue. The Parties agree to remain silent as to Governing Law.

l. No Assignment. The University shall 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.

m. Notice. All notices in connection with this Agreement must be in writing and are effective when delivered personally by hand or one business day after the day sent by overnight courier at the address below, or to another address provided by a Party to the other Parties.

If to the University:

Duke University  
Office of Research Support  
2200 West Main St., Ste. 710  
Durham, NC 27705  
Attn: Keith Hurka-Owen

If to the Donor:

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

n. Counterparts. This Agreement may be executed in several counterparts, each of which constitutes an original and all of which, when taken together, constitute one agreement or direction. Copies of signatures (whether facsimile or other electronic transmission) to this Agreement are 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.

**DUKE UNIVERSITY**

By: 

Name: Vincent E. Price

Title: President, Duke University

Date: 6-15-18

**CHARLES KOCH FOUNDATION**

By: 

Name: Brian Hooks

Title: President

Date: 6/13/18

## ATTACHMENT A

### **Duke University Proposal to Support The Center for the History of Political Economy**

#### **Vision**

It is our foundational belief that the study of the history of economics constitutes an essential part of the broader liberal education of economists.

#### **Mission Statement**

The mission of the Center for the History of Political Economy is to promote and support research in, and the teaching of, the history of economics.

#### **Center Director**

This Proposal reflects the vision of and relies on the leadership of Dr. Bruce Caldwell, who was selected by the University, according to its normal procedures, to be the director of the Center.

#### **Gift Programs**

##### **Faculty Support**

Funding will be used to fill three faculty positions that specialize in areas that will advance the Center's mission. These positions will be filled at the University's sole discretion and in accordance with the policies and procedures governing tenured and tenure track faculty. Tenure track appointments at the ranks of assistant professor, associate professor, and full professor shall be made by the dean, based on appropriate recommendations by the chairs of trustee-authorized faculty hiring units in accordance with internal departmental or school procedures.

1. Professorship in the History of Economic Thought. This position will be tenured at the full professor level within the Economics Department.
2. Research Professor, Associate Director of the Center. This position will have at least a five-year contract dependent upon continued funding.
3. Tenure Track Professor, Any Rank, Any Field.

These faculty will be affiliated with and actively advance the mission of the Center but the tenured and tenure-track as regular-rank positions will have their appointments housed in the Departments of Economics, History, Philosophy, or Political Science.

##### **Fellowship Support**

The Center will provide funding to support Center Fellowships and Graduate Student Fellowships. Center Fellowships will be offered to promising candidates in varying amounts depending on the seniority of the applicant. Graduate student fellowships will be offered to promising PhD students in any discipline who have a serious and demonstrated interest in studying the history of economic thought.

**Educational and Research Support**

The Center will provide funding to support the Summer Institutes, the Hayek lecture series, and the HOPE conferences and workshops.

**Library Support**

The Center will provide funding to support the projects within the Rubenstein Rare Books and Manuscripts Library that will advance the Center's mission. The library will propose such projects to the Center Director, who can approve those projects that advance the Center's mission.

**Operating Support**

The Center will provide funding for administrative assistance as well as travel, office, and website expenses.