

GRANT AGREEMENT

This grant agreement (this "Agreement") is made effective on April 16, 2019, (the "Effective Date") between the Clemson University Foundation, a South Carolina nonprofit corporation (the "Foundation"), Clemson University the "University"), an instrumentality of the state of South Carolina, and the Charles Koch Foundation, a Kansas nonprofit corporation (the "Donor"). This Agreement is for the benefit of The Hayek Center for the Business of Prosperity (the "Center"). The Center was created and approved by the University Board of Trustees on April 12, 2018 and housed in the College of Business (the "College") at the University. 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 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 Foundation and 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 the University and will rely on the leadership of an individual selected by the University, according to its normal procedures, to be the director of the Center (the "Center Director"). As stated in the Proposal the mission of the Center is to study the effect that business has on the human condition (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 the equivalent of four "Tenured-track Professorships," the "Center Director Stipend," six "Graduate Fellowships," "Outreach Activities," "Undergraduate Activities," and "Center Research." The Foundation and the University shall each 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 University, through the Provost, Dean of the College, and 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.
 - b. **Selection According to the University's Normal Procedures.** The Parties mutually agree that the selection of the foregoing positions and fellowships, and all positions related to the Center, will be done by the University according to its normal procedures for selecting such positions and fellows, including the faculty manual, for the applicable academic units.
4. **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 Foundation 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 Center Director	Up to \$1,250,000
Salary and fringe benefits for four new Tenured or Tenure-track Professorships	Up to \$2,785,000
Costs and expenses for Center Research	Up to \$139,000
Costs and expenses for Graduate Fellowships (6) and Research	Up to \$552,000
Costs and expenses for Outreach Activities	Up to \$135,000
Costs and expenses for Undergraduate Activities	Up to \$139,000

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.

5. Grant Process and Administration.

a. The Foundation Grant Request. The Foundation shall submit an annual written request according to the schedule below to the Donor for the Donor's consideration (the "Foundation Grant Request"). 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 shall accept such Contributed Amount on behalf of the University. If the Donor does not approve the Foundation Grant Request, the Donor is under no obligation to contribute any funds to the Foundation or the University. If the Donor provides less than the amount requested in the Foundation Grant Request, the Parties agree to work in good faith to delineate the Center Program(s) to be supported by the level of funding provided by the Donor, and if the Parties cannot agree then the Foundation and University can decline to accept such contribution.

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

Foundation 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 \$596,000
June 1, 2020	On or about August 1, 2020	Up to \$854,000
June 1, 2021	On or about August 1, 2021	Up to \$1,087,500
June 1, 2022	On or about August 1, 2022	Up to \$1,266,000
June 1, 2023	On or about August 1, 2023	Up to \$1,196,500
Total Maximum Aggregate Contributed Amount:		\$5,000,000

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 "Hayek Center-CKF Fund" (the "Fund"). The Foundation and the University shall solely use the Fund to support the Center Programs to further the Center's Mission as stated in this Agreement. No part of the Contributed Amount shall be used for overhead support and no offset or deduction can be made from the Contributed Amount for any direct or indirect costs, including development or fundraising charges or tax levies (provided however the Contributed Amount can be used to pay fringe benefit costs associated with positions funded by a Grant Request.) The Foundation shall make the Fund available for contributions from other donors. If another donor makes a contribution to the Fund, the Foundation shall promptly notify the Donor of the amount donated and, if permitted by the other donor, the name of the other donor.

6. Contributed Amount Used Solely for Charitable Purposes for the Center 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 shall immediately notify the Donor if their respective tax statuses change.

b. Charitable Purpose. The Foundation and 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 Foundation and 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. The Foundation and the University shall return to the Donor any Contributed Amount not spent for the Center Programs.

d. Transfer. The Donor agrees that the University may, pursuant to its affiliation agreement with Foundation, cause the Funds to be transferred to a not for profit entity substantially similar to Foundation ("Successor Foundation") whose purpose is the support of the University if the Successor Foundation satisfies the requirements set forth in this Section 6.a., provided that the Successor Foundation agrees to take by assignment all obligations, responsibilities, and rights of Foundation under this Agreement. In such eventuality, Donor agrees it will consent to said assignment, relieving the Foundation from this Agreement.

7. The University's Support for the Center. The University's obligations under this Agreement shall be to use the Contributed Amount pursuant to the proposal attached to this Agreement. Absent an approved and accepted Grant Request for a specific Center Program, University is under no obligation to create or fund that specific Center Program. The University shall support funded Center Programs with sufficient space to advance the Center's Mission consistent with University policies and procedures.

8. General Terms.

a. Term. The term of this Agreement is from the Effective Date to the later of July 31, 2024, or until the Foundation and the University have 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 Foundation or the University breaches any term of this Agreement; or (ii) such action is necessary to comply with any law applicable to the Foundation, the University, or the Donor. Such termination is effective upon the expiration of one hundred and eighty (180) days from the date notice was provided by the Donor to the Foundation or the University. If the Agreement is terminated, the Foundation and the University shall return all unspent Contributed Amounts to the Donor within thirty days of the Donor's request. The Foundation and the University are 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.

d. Donor Notice/Public Records. The University shall notify the Donor 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. No Assignment. The Foundation and 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.

l. 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 Foundation:
Clemson University Foundation
155 Old Greenville Hwy.
ste. 105
Clemson, SC 29631

Attn: Pres. & CEO

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

If to the University:
~~Clemson University Foundation~~
101 Calhoun Drive
206 Sikes Hall
Clemson, SC 29634

Attn: Executive Vice President
for Academic Affairs
& Provost

m. 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.

CLEMSON UNIVERSITY FOUNDATION

By: Harrison F. Trammell

Name: Harrison F. Trammell

Title: President & CEO

Date: 4/18/2019

CLEMSON UNIVERSITY

By: Robert H. Jones

Name: Robert H. Jones

Title: Provost

Date: 4/16/19

CHARLES KOCH FOUNDATION

By: Ryan Stowers

Name: Ryan Stowers

Title: Executive Vice President

Date: 4/24/19

ATTACHMENT A

Clemson University's Proposal to Support the Hayek Center for the Business of Prosperity

Mission

The Hayek Center for the Business of Prosperity, which is housed in the College of Business at the University, examines through research and teaching the fundamental purpose of business. It supports academic scholarship, teaching, and exploration of the effect that business has on the human condition.

Center Programs

Tenured or Tenure-Track Professorships

The University will select four (4) individuals for Tenured or Tenure-track Professorships, one per year starting in Fall 2020. The individuals holding the Tenure-track Professorship will engage in research, teaching, and community outreach related to the Center's Mission. This work will include devoting a significant amount of time and resources to work related to the Center.

Center Director Salary and Fringe Benefits

The Center Director Salary and Fringe Benefits will allow the Center Director to devote a significant amount of time and resources to work related to the Center.

Graduate Fellowships and Research

The University will annually select two graduate fellows to help advance the Center's Mission. The graduate fellows will engage in research and teaching that advances the Center's Mission. The tenure of the individuals holding each Graduate Fellowship will be four years for the first two fellows selected and three years for the other four fellows.

Research Support

The Center will support research as it relates to the Center's Mission.

Outreach Activities

The Center will host research workshops, conferences, and lectures that improve and share the Center's research, as well as contribute to the academic and national conversation as it relates to the Center's Mission.

Undergraduate Activities

The Center will select undergraduate research fellows each year to help advance the Center's Mission. The undergraduate fellows will engage in research that advances the Center's Mission. The Center will also regularly hold speaker events and reading groups related to the Center's Mission for undergraduate students.