

GRANT AGREEMENT

This grant agreement (this "Agreement") is made effective on 2/25/2019, (the "Effective Date") between the **Kansas State University Foundation**, a Kansas nonprofit corporation (the "Foundation"), **Kansas State University** (the "University"), an instrumentality of the state of Kansas, and the **Charles Koch Foundation**, a Kansas nonprofit corporation (the "Donor"). This Agreement is for the benefit of the Center for Principled Business (the "Center"), which is housed in the College of Business Administration (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 Foundation and 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 and consistent with the Center Director's vision, the mission of the Center is to engage in teaching and research activities that develop business leaders and enhance societal prosperity (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 a "Center Director," three "Tenure-Track Professorships," an "Instructor in Management," an "Administrative Assistant," "Research Support," "Business Innovation Scholarships," and "Center Support." 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 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 and approved by the Dean of the College.

b. **Selection According to the University's Normal Procedures.** The Parties mutually agree that the selection of the foregoing positions by the University will follow the University's normal procedures for selecting such positions 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 College and the Center Director, in accordance with the College and 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. Therefore, The University shall provide the Center with sufficient office space including shared conference and meeting spaces.

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 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 aggregate maximum Contributed Amount is \$2,750,000. The budget allocation for each Center Program Activity is set forth below. Contributions from third-party donors, who contribute to the CPB-CKF Fund (defined in section 6.c. below), shall be used to provide funding for the Center Program Activities in excess of the Donor's aggregate maximum Contributed Amount. Changes to the budget-category allocations may be made by mutual written agreements of the Parties (by way of clarification, an email agreement is sufficient for these purposes).

Center Program Activities	Budget Allocation
Salary, fringe benefits, and stipend for the Center Director	Up to \$640,000
Salary and fringe benefits for the three Tenure-track Professorships	Up to \$2,775,000
Salary and fringe benefits for the Instructor in Management	Up to \$425,000
Salary and fringe benefits for the Administrative Assistant	Up to \$300,000
Costs and expenses for Research Support	Up to \$110,000
Costs and expenses for the Business Innovation Scholarships	Up to \$200,000
Costs and expenses for Center Support (Operating & Fundraising Expenses)	Up to \$100,000

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.

c. Contingent Grant. The Donor's support under this Agreement is expressly contingent upon Mr. Bradley Razook, Mr. Charles Chandler, and Mr. Ron Vaupel executing an agreement providing for a grant (the "Razook Agreement," the "Chandler Agreement," and the "Vaupel Agreement") to support the Center Programs. Therefore, Donor shall not provide any of the Contributed Amount or be obligated to fulfill any other obligation until the Razook Agreement, Chandler Agreement, and Vaupel Agreement are executed and attached to this Agreement as Attachment B. The Donor's pledge to make contributions pursuant to this Agreement and the pledges of Mr. Razook, Mr. Chandler, and Mr. Vaupel to make contributions pursuant to the Razook Agreement, Chandler Agreement, and Vaupel Agreement are each contingent upon each other. Therefore, any breach of this Agreement, if caused by the Foundation or the University, is a separate and independent breach on the part of the Foundation or the University, as applicable, under the Razook Agreement, Chandler Agreement, and Vaupel Agreement, and entitles Mr. Razook, Mr. Chandler, and Mr. Vaupel to exercise any and all of its remedies provided in the Razook Agreement, Chandler Agreement, and Vaupel Agreement up to and including the right to terminate the Razook Agreement, Chandler Agreement, and Vaupel Agreement.

6. 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.

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 \$ 550,000
June 1, 2019	On or about August 1, 2019	Up to \$ 550,000
June 1, 2020	On or about August 1, 2020	Up to \$ 550,000
June 1, 2021	On or about August 1, 2021	Up to \$ 550,000
June 1, 2022	On or about August 1, 2022	Up to \$ 550,000
Total Maximum Aggregate Contributed Amount:		\$2,750,000

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 "CPB-CKF Fund" (the "Fund"). The Foundation and the University shall solely use the Fund to support the Center Programs as stated in this Agreement. 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.

7. 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.

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 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; (ii) the Center Programs are not advancing the Center's Mission; or (iii) 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 thirty 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 fifteen days of the Donor's request.

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 Foundation and 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 relates to and is for the benefit of the charitable and educational mission of the Razook Agreement, Chandler Agreement, and Vaupel Agreement. Therefore, Mr. Bradley Razook, Mr. Charles Chandler, and Mr. Ron Vaupel have rights under this Agreement. Otherwise, this Agreement does not give any rights or remedies to any third party other than the permitted assigns of the Parties.

k. Governing Law; Venue. This Agreement is governed, interpreted, and enforced in accordance with the laws of the Commonwealth of Virginia, without regard to conflict of law provisions. Any action or proceeding filed relating to this Agreement must be commenced and maintained exclusively in the state courts located in Arlington County, Virginia, or the federal courts located in the Eastern District of Virginia. Each of the Parties consent to the exclusive personal jurisdiction of such courts for any such action or proceeding.

l. 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.

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 Foundation:
Kansas State University Foundation
Mr. Greg Willems, President and CEO
1800 Kimball Ave, Suite 200
Manhattan, Kansas 66502

If to the University:
Kansas State University
President Richard Myers
Office of the President
110 Anderson Hall
Manhattan, Kansas 66506

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.

KANSAS STATE UNIVERSITY FOUNDATION

By: Greg Willems
Greg Willems (Feb 24, 2019)

Name: Greg Willems

Title: President and CEO

Date: _____

KANSAS STATE UNIVERSITY

By: Richard B. Myers
Richard B. Myers (Feb 25, 2019)

Name: Richard Myers

Title: President

Date: _____

CHARLES KOCH FOUNDATION

By: 

Name: Ryan Stowers

Title: Executive Vice President

Date: 1/23/19

ATTACHMENT A

Kansas State University Foundation and Kansas State University Proposal to Support the Center for Principled Business

Mission

The mission of the Center, which is housed in the College of Business Administration at Kansas State University, is to engage in teaching and research activities that develop business leaders and enhance societal prosperity, as follows:

Center Programs

Center Director

The University will select the Center Director who will begin providing their services by fall 2020. This individual will be responsible for overseeing staff and programs as it related to the Center's Mission. Through building University and community relationships, teaching undergraduates, promoting research and activities, and communicating the Center's work, this individual will ensure the Center is achieving its mission.

Tenured-Track Professorships

The University will select three individuals for the Tenure-track Professorships, in the departments of Management, Finance, or Entrepreneurship. The individuals holding these Tenure-track Professorships will engage in research, teaching, and community outreach related to the Center's Mission. This will include devoting a significant amount of time and resources to work related to the Center. The first individual will begin providing their services by fall 2021, the second and third individuals by fall 2022.

Instructor in Management

The University will hire an individual to serve as an Instructor in Management, to teach and develop new curriculum that advances the mission of the Center.

Administrative Assistant

Support for an administrative assistant will be provided by the university. This individual will manage the day-to-day operations of the Center, coordinate calendars and meetings, assist in directing events, and ensure the Center has resources necessary to operate.

Research Support

CPB-CKF funds will be utilized to enable faculty across the University to engage with the Center's Mission to produce rigorous research that engages the roles of business and markets.

Business Innovation Scholarships

The Center will provide support for students interested in business innovation by providing scholarships to defray the cost of their academic degree. Utilizing a process approved by the College and consistent with typical scholarship selection practices, the Center Director and affiliated faculty will select the scholarship recipients.

Center Support

The University will provide the Center with office space, furniture, information technology, and general necessary support for its operational needs. CPB-CKF funds will be provided to faculty and students who are traveling to events that promote the Center's Mission.

ATTACHMENT B

RAZOOK GRANT AGREEMENT

ATTACHMENT C

CHANDLER GRANT AGREEMENT

ATTACHMENT D

VAUPEL GRANT AGREEMENT

Gift agreement - Charles Koch Fndn

Final Audit Report

2019-02-25

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"Gift agreement - Charles Koch Fndn" History

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