

## GRANT AGREEMENT

This grant agreement (this "Agreement") is made effective on September 3, 2019, (the "Effective Date") between **University of Louisville Foundation**, a Kentucky nonprofit corporation (the "Foundation"), **University of Louisville** (the "University"), an instrumentality of the Commonwealth of Kentucky, and the **Charles Koch Foundation**, a Kansas nonprofit corporation (the "Donor"). This Agreement is for the benefit of the Center for Free Enterprise (the "Center"), which is 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 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 and relies on the leadership of the Center Director who is 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 research and teaching that explores the role of enterprise and entrepreneurship in advancing the well-being of society. The Center gives students the opportunity to learn about the use of innovation, creativity, and entrepreneurial thinking in their work, no matter their intended major or career choice. (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 "Center Director Stipend," a "Communications and Events Coordinator," an "Assistant Director for Principled Entrepreneurship," two "Tenure-Track Professorships," five "PhD Fellowships," "Undergraduate Programming," "Faculty Research Fund," "Online Courses," and "Research Colloquia." 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.

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 College of Business 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 contiguous 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)"). Donor's aggregate maximum Contributed Amount is \$767,000. The maximum projected aggregate budget allocation for each Center Program is set forth below and totals \$5,864,000. Contributions from third-party donors, who contribute to the CSFE-CKF Fund (defined in Section 6.c. below), may be used to provide funding for the Center programs in excess of the Donor's aggregate maximum Contributed Amount. Changes to the budget category allocation may be made by the mutual written agreement of the Parties (by way of clarification, email agreement is sufficient for these purposes).

<b>Center Programs</b>	<b>Contributed Amount</b>
Costs and expenses for the Center Director Stipend	Up to \$387,000
Costs and expenses to support the Communications and Events Coordinator	Up to \$503,100
Costs and expenses to support an Assistant Director for Principled Entrepreneurship	Up to \$125,000
Salary and fringe benefits for the two Tenure-Track Professorships	Up to \$1,999,500
Costs and expenses for the five PhD Fellowships	Up to \$1,250,000
Costs and expenses for Undergraduate Programming	Up to \$750,000
Costs and expenses for the Faculty Research Fund	Up to \$300,000
Costs and expenses to develop, distribute, and deliver Online Courses	Up to \$400,000
Costs and expenses for the Research Colloquia	Up to \$150,000

b. **Other Support.** If the University and Donor mutually agree, the Donor may also contribute in-kind services, in addition to and not in lieu of, the resources outlined in section 5a above 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 Joe Craft ("Craft"), executing an agreement providing for a grant from Craft (the "Craft Grant Agreement"), and Menard, Inc. ("Menard") executing an agreement providing for a grant from Menard (the "Menard Grant Agreement"), to support the Center Programs. Therefore, the Donor shall not provide any of the Contributed Amount or be obligated to fulfill any other obligation until the Craft Grant Agreement is executed and attached to this Agreement as Attachment B and the Menard Grant Agreement is attached to this Agreement as Attachment C. The Donor's pledge to make contributions pursuant to this Agreement and the respective pledges of Craft and Menard to each make contributions pursuant to the Craft Grant Agreement and Menard Grant Agreement, respectively, are each and all contingent upon one another. 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 Craft Grant Agreement and the Menard Grant Agreement, and entitles Craft and Menard, together or separately, to exercise any and all of their respective remedies provided in the Craft Grant Agreement and Menard Grant Agreement, up to and including the right to terminate.

6. **Grant Process and Administration.**

a. **The Foundation Grant Request.** The Foundation and/or the University 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 University and the University and Foundation may elect, by written notice to Donor, to terminate this Agreement.

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 \$211,675
June 1, 2020	On or about August 1, 2020	Up to \$208,825
June 1, 2021	On or about August 1, 2021	Up to \$32,975
June 1, 2022	On or about August 1, 2022	Up to \$217,025
June 1, 2023	On or about August 1, 2023	Up to \$48,250
June 1, 2024	On or about August 1, 2024	Up to \$48,250
<b>Total Maximum Aggregate Contributed Amount:</b>		<b>\$767,000</b>

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 "CSFE-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 and/or 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 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, 2025, 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. 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 related to establishing faculty and staff positions in the Center.'

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. The Foundation and/or 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 relates to and is for the benefit of the charitable and educational missions of Joe Craft and Menard, Inc. Therefore, Craft and Menard each 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. 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:

University of Louisville Foundation  
Keith Sherman, Executive Director  
215 Central Ave, Suite 212  
Louisville, Kentucky 40208

If to the University:

University of Louisville  
Dr. Neeli Bendapudi  
Office of the President  
Grawemeyer Hall  
Louisville, Kentucky 40292

If to the Donor:

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

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.

UNIVERSITY OF LOUISVILLE FOUNDATION

By: 

Name: Keith Sherman

Title: Executive Director

Date: 8/15/19

UNIVERSITY OF LOUISVILLE

By: 

Name: Dr. Neeli Benćapudi

Title: President

Date: 8-12-19

CHARLES KOCH FOUNDATION

By: 

Name: Ryan Stowers

Title: Executive Vice President

Date: 10/4/19

## **ATTACHMENT A**

### **University of Louisville Foundation and University of Louisville Proposal to Support the Center for the Study of Free Enterprise**

#### **Mission**

The mission of the Center, which is housed in the College of Business at the University, is to engage in research and teaching that explores the role of enterprise and entrepreneurship in advancing the well-being of society. The Center gives students the opportunity to learn about the use of innovation, creativity, and entrepreneurial thinking in their work, no matter their intended major or career choice.

#### **Center Programs**

##### **Center Director Stipend**

The Center Director Stipend will allow the incumbent to devote a significant amount of his time and resources to work related to the Center.

##### **Communications and Events Coordinator**

The Center will receive funding to support a Communications and Events Coordinator who will be responsible for overseeing the marketing, campus-wide events, and other related needs of the Center.

##### **Assistant Director for Principled Entrepreneurship**

The Center will receive funding to support an individual who will collaborate with the Center Director in overseeing the Center programs, events, and research related to the themes of principled entrepreneurship.

##### **Tenure-Track Professorships**

The University will provide funding to hire two tenure-track professors who will affiliate with the Center through research and mentorship opportunities. These professorships will be hired in economics and management or finance with specializations in entrepreneurship.

##### **PhD Fellowships**

The Center will receive support to award five PhD fellowships and mentor these fellows pursuing research in entrepreneurship.

##### **Undergraduate Programming**

The Center will host robust undergraduate programming, seminar series, reading groups, and public forums, to share its work with students and faculty across the university.

##### **Faculty Research Fund**

The Center will have funds to award faculty research grants to professors across the University who seek to conduct research that relates to the Center's Mission.

##### **Online Courses**

Funding will help the Center Director and Assistant Director develop and deliver online courses and curriculum that focus on the themes of principled entrepreneurship for those aspiring to own a business, start a charitable organization, lead civic causes, work for an established company, or educate others on the themes, values and practices of principled entrepreneurship. The courses and curricula will be made available to students across campus, and beyond.

##### **Research Colloquia**

The University will provide the Center with funding to host an annual research colloquium on topics related to principled entrepreneurship.