

GRANT AGREEMENT

This grant agreement (this “Agreement”) is made effective on June 19, 2020 (the “Effective Date”) between the **Arizona State University Foundation for A New American University**, an Arizona nonprofit corporation (the “Foundation”), **Arizona Board of Regents for and on behalf of Arizona State University** (the “University”), and the **Charles Koch Foundation**, a Kansas nonprofit corporation (the “Donor”). This Agreement is for the benefit of the Agent Learner Initiative (the “Initiative”) 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. Agent Learner Initiative.

- a. The Shared Vision. The University, the Foundation, and the Donor share a vision to support the Agent Learner Initiative, a project of the University, to extend the University’s innovative institutional design by leveraging technology combined with bold strategies to solve long-standing challenges facing American higher education and enable universities across the nation to better serve the interests of learners and maximize each learner’s agency to pursue their full self-defined potential.
- b. 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 Initiative, and their faculty, students, and staff is critical to the success of the Initiative’s research, scholarship, teaching, and service.
- c. 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 University President, Michael Crow, who will designate, according to the University’s normal procedures, a director of the Agent Learner Initiative (the “Initiative Director”). The University shall initiate the development plans and milestones stated in the Proposal to advance the Shared Vision. Completion of the Proposal is contingent upon additional philanthropic support.
- d. The Initiative Programs. To further support the Shared Vision and development of the Agent Learner Initiative, the University will ensure that the Agent Learner Initiative has the staffing and resources necessary to advance the Shared Vision. The Foundation and the University shall each use any funds received under this Agreement to support the Initiative Programs in accordance with the terms of this Agreement. The Initiative Director and their designees will be responsible for directing the programs, which includes allocating and administering the Initiative’s budget, supervising staff, mentorship, travel, conferences and other duties to advance the Shared Vision. The number and scale of Initiative Programs may change based on available resources, but shall initially include:
 - i. The University Design Institute to share ASU’s approaches to institutional transformation, cultural change, and partnership with other higher education institutions around the country.
 - ii. The Trusted Learner Network that gives learners full control over their academic and competency records with the ability to share all or part with external parties in the form of a Trusted Learner Record.
 - iii. A Learning Asset Management system to create and test a stackable credentials system that offers milestones to accelerate achievement momentum and validates the attainment of skills.
 - iv. Digital, scalable self-directed secondary education alternatives and career exploration tools.

2. The Grant Award Process

a. Contributed Amount. Subject to the terms of this Agreement, the Donor will contribute funds to the Foundation solely to support the Agent Learner Initiative to advance the Shared Vision (all or part of such funds are referred to as the “Contributed Amount(s)”). The maximum Contributed Amount for the Agent Learner Initiative is \$10,000,000.

b. The Foundation Grant Request. The Foundation shall submit a bi-annual written request 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 requested 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.

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 “ALI-CKF Fund” (the “Fund”). The Foundation and the University shall solely use the Fund to support the Initiative 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. In the event that it no longer is feasible for the Fund to be used as specified herein, the University and the Foundation will consult with the Donor to redirect the funds in a manner that meets the Donor’s expectations and that is in keeping with the Shared Vision of this Agreement.

3. Contributed Amount Used Solely for Charitable Purposes for the Initiative 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 Initiative 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. Initiative Programs. The Foundation and the University shall return to the Donor any Contributed Amount not spent for the Initiative Programs.

4. General Terms.

a. Term. The term of this Agreement is from the Effective Date to the later of July 31, 2025, 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 Foundation or the University breaches any term of this Agreement; (ii) the Initiative Programs are not advancing the Shared Vision; 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.

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 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. 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:

Arizona State University Foundation for A New American University
ASU Fulton Center
300 E. University Drive
Tempe, AZ 85281-2033
Attn: Gretchen E. Buhlig, Chief Executive Officer

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

Arizona State University
Mail Code 7705
PO Box 877705
Tempe, AZ 85287-7705
Attn: Michael Crow, President

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.

**ARIZONA STATE UNIVERSITY FOUNDATION
for A NEW AMERICAN UNIVERSITY**

DocuSigned by:
By: Gretchen Buhlig
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Name: Gretchen E. Buhlig

Title: Chief Executive Officer

Date: 6/18/2020

**ARIZONA BOARD OF REGENTS for and on
behalf of ARIZONA STATE UNIVERSITY**

DocuSigned by:
By: Michael M. Crow
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Name: Michael M. Crow

Title: President

Date: 6/26/2020

**ARIZONA STATE UNIVERSITY FOUNDATION
for A NEW AMERICAN UNIVERSITY**

DocuSigned by:
By: Virginia E. DeSanto
8550D72302EC407...

Name: Virginia E. DeSanto

Title: Treasurer

Date: 6/18/2020

**ARIZONA BOARD OF REGENTS for and on
behalf of ARIZONA STATE UNIVERSITY**

DocuSigned by:
By: Mark Searle
9986A859C543418...

Name: Mark Searle

Title: Executive Vice President and University Provost

Date: 6/22/2020

CHARLES KOCH FOUNDATION

By: 

Name: Ryan Stowers

Title: Executive Director

Date: 7/7/2020

ATTACHMENT A

Arizona State University Foundation for A New American University and Arizona Board of Regents for and on behalf of Arizona State University Proposal to the Charles Koch Foundation to Support the Agent Learner Initiative

Shared Vision

Arizona State University Foundation for A New American University (the “Foundation”) and Arizona Board of Regents for and on behalf of Arizona State University (the “University”) and the Charles Koch Foundation (the “Donor”) have a shared vision to support the Agent Learner Initiative, a project of the University, to extend the University’s innovative institutional design by leveraging technology combined with bold strategies to solve long-standing challenges facing American higher education and enable universities across the nation to better serve the interests of learners and maximize each learner’s agency to pursue their full self-defined potential.

Overview

The University will ensure that the Agent Learner Initiative has the staffing and resources to develop the University Design Institute, develop the architecture for a Trusted Learner Record and develop a Trusted Learner Network, develop and test a stackable credentials system, and leverage university resources to offer digital, scalable self-directed secondary education alternatives and career exploration tools. The full realization of the Agent Learner Initiative will be contingent upon additional philanthropic support.

University Design Institute

The University Design Institute will develop pathways to share the University’s approach to institutional transformation, cultural change, and partnership to other public higher education institutions around the country.

Support will enable the Institute to:

- Build a managerial capability-building program to develop and sustain continued learner-centric innovation and enterprise transformation.
- Develop a data analytics and visualization laboratory to develop new tools and teams for aggregating, curating, and managing data in ways that help promote broader adoption of an enterprise operational logic across higher education.
- Pilot a national leadership academy to identify participants based on the merits of their ideas and promise for impact and help them develop and implement their ideas consistent with the Shared Vision of the Agent Learner Initiative.
- Provide full financial support for a minimum of five individuals annually and opening participation to an equal number or more of fee-paying leaders beginning in year three.
- Activate an impact initiative to help innovative universities define and advance their unique roles consistent with the Shared Vision of the Agent Learner Initiative and help them develop partnership with other institutions of higher learning to support learner-centric innovation across the broader US higher education system.
- Host two convenings a year to encourage and support partnerships across universities that enable learner-centric innovations consistent with the Shared Vision of the Agent Learner Initiative. The Institute will also support a minimum of twelve institutional projects at other institutions consistent with the Shared Vision of the Agent Learner Initiative.

Trusted Learner Network (TLN)

Through the Initiative, the University will develop and implement digitized learning records leveraging distributed technologies, like blockchain, to validate trust through a permission-based framework that gives students full control over their records. This Trusted Learner Network (TLN) will offer students greater

portability of academic records, enhanced usability and increased privacy through digital credentialing of their achievements.

Support will enable the Initiative, to:

- Collaborate with other universities, other non-profit organizations, and private industry to develop the Trusted Learner Network and develop initiatives including reverse transfer with community colleges, high schools, and public and private universities.
- Facilitate efforts with schools, workforce, and other learner organizations to enable the trusted learner networks use to access and credential knowledge from other learning opportunities.
- Develop products to include additional credentials, scale to universities, and other learning organizations.

Success will be measured by the number of nodes established as part of the TLN, the number of distributed ledger entries, and the number of learner records.

- Year 1: 3 nodes, 500 ledger entries, and 1,000 learner records
- Year 3: 9 nodes, 5,000 ledger entries, and 10,000 learner records
- Year 5: 80 nodes, 50,000 ledger entries, and 100,000 learner records

Stackable Credentials System

The University, through the Initiative, will implement a stackable credentials system that offers milestones to accelerate achievement momentum and validates the attainment of skills. The stackable credentials system will be a digitized, modular credentialing framework that offer badges, certificates, and other credentials that motivates students to complete degrees and other signals of skills and achievement, make skills and achievement transparent to employers, and enable students to shape their careers around workforce-specific credentials.

Support for the stackable credentials system will enable the Initiative to:

- Produce/Deconstruct non-degree credit courses (including content and policy) for stackable credentials in business, engineering, and sciences for micro-bachelors and masters. These will be done in conjunction with adaptive courses, skills mapping, and workforce requirements.
- Provide broad access via digitized learning records.
- Scale models by partnering with other university partners to share financial and academic risk.
- Collaborate with industry to plan for workforce needs, industry certifications, and expansion of stackable courses.

Success will be measured through building and implementation of the Learning Asset Manager (LAM):

- Year 1: Design, contract, and build the technical architecture for LAM version 1, Create Group 1 of the market demanded stackable credentials.
- Year 2: Based on user feedback, design, contract, and build LAM version 2, Create Group 2 of market demanded stackable credentials. Measure Phase 1 outcomes.
- Year 3: Design, contract, and build LAM version 3, Create Group 3 of market demanded stackable credentials. Measure Phase 2 outcomes.
- Years 4 & 5: Train other universities to utilize ASU stackable credentials or consult with and provide content and expertise to help them build their own. Measure Phase 3 outcomes.

Self-Directed Secondary Education and Career Exploration

The Initiative will leverage university resources to offer digital, scalable secondary education alternatives that transcend the barriers of geography, age, grade, and institution.

Arizona State University has already developed ASU Prep Digital, a fully online platform that offers both high school and credit-bearing university courses and can augment or fully replace traditional secondary schooling. Support for the Initiative will enable the university to develop additional agent learner content, micro-credentialing options that align with workforce demands and improve college and career success through stackable credentials, AI-enabled digital online tutoring, and enhanced resources for parents to promote student success and future education and career preparedness. Additionally, ASU Prep Digital will develop new business and industry partnerships to support career exploration, provide mentorship opportunities, and strengthen career preparation and post-university employment opportunities.

Over the five-year period, ASU Prep Digital, will:

- Add up to 30,000 new enrollments, 13% of which will represent university courses.
- Expand to a maximum of six new states.
- Starting in year two, every student will have a digital profile that will follow them through their education and careers.
- By year three, 20% of the Learning Success Coach will be delivered through an AI Bot and every student will experience an industry internship.
- By the end of year five, the Me3 personalized educational pathway tool will reach an additional 60,000 learners.
- Increase the number of school partnerships by 50% in year one, 75% in year two, and 100% in year three.