GRANT AGREEMENT

This grant agreement (this “Agreement”) is made effective on April 1, 2020 (the “Effective Date”) between Rice University, a Texas nonprofit corporation (the “University”), for the benefit of the OpenStax™ project (“OpenStax), and the Charles Koch Foundation, a Kansas nonprofit corporation (the “Donor’). 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. OpenStax.
   a. The Shared Vision. The University and the Donor share a vision to support OpenStax, a project of the University, and to give every student the tools they need to be successful in the classroom through partnerships with philanthropic foundations and other educational resource companies by publishing high-quality, peer-reviewed, openly licensed college textbooks that are free online and low cost in print.
   b. The Proposal. The University and the Donor desire to support OpenStax to advance the Shared Vision as stated in the University’s proposal, which is hereby incorporated into and made part of this Agreement and attached as Attachment A (the "Proposal"). The University, through OpenStax, shall complete the development and milestones (the "Educational Materials") stated in the Proposal to advance the Shared Vision.
   c. The Educational Materials. To further support the Shared Vision and to complete the Educational Materials, which includes the University's creation and promotion of online textbooks for six career pathways on OpenStax as stated in the Proposal, the University shall use any funds received under this Agreement solely to support the completion of the Educational Materials according to its normal procedures.

2. The Grant Award Process
   a. Contributed Amount. Subject to the terms of this Agreement, the Donor will contribute funds to the University solely to support OpenStax to advance the Shared Vision (all or part of such funds are referred to as the “Contributed Amount(s)”). The maximum Contributed Amount is $2,600,000.
   b. The University Grant Request. The University shall submit an annual written request to the Donor for the Donor’s consideration (the “University Grant Request”). If the Donor approves the University Grant Request, then the Donor shall make a contribution up to the amount requested by the University. If the Donor does not approve the University Grant Request, then the Donor is under no obligation to contribute any funds to the University.
   c. The University Grant Request and Proposed Grant Award Schedule

<table>
<thead>
<tr>
<th>University Grant Request Date</th>
<th>Donor Response and Proposed Contribution Date</th>
<th>Contributed Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submitted as the Proposal</td>
<td>Within sixty (60) days of the Parties signing this Agreement</td>
<td>Up to $ 2,000,000</td>
</tr>
<tr>
<td>April 1, 2021</td>
<td>On or about June 1, 2021</td>
<td>Up to $600,000</td>
</tr>
<tr>
<td>Total Maximum Aggregate Contributed Amount:</td>
<td></td>
<td>$2,600,000</td>
</tr>
</tbody>
</table>

d. The Fund. The University shall place all of the Contributed Amounts in a segregated and restricted fund on its books and records called the "OpenStax-CKF Fund" (the "Fund"). The Fund shall be used solely to support OpenStax as stated in this Agreement. If another donor makes a contribution to support the Educational Materials discussed in this Agreement, the University shall promptly notify the Donor of the amount.
3. **Contributed Amount Used Solely for Educational Purposes to Complete the Educational Materials**

   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. **Educational Purpose.** The Contributed Amount will be expended solely to complete the Educational Materials, which is an educational purpose described in section 170(c)(2)(B) of the Code. The Contributed Amount will not be used 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. **The Educational Materials.** The University shall use all Contributed Amounts solely to complete the Educational Materials and shall return to the Donor any Contributed Amount not expended to complete the Educational Materials.

4. **General Terms.**

   a. **Term.** The term of this Agreement is from the Effective Date to the later of May 31, 2022, 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 OpenStax project is not advancing the Shared Vision; or (iii) such action is necessary to comply with any law applicable to 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 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 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 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 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.

<table>
<thead>
<tr>
<th>If to the University:</th>
<th>If to the Donor:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice University-OpenStax</td>
<td>Charles Koch Foundation</td>
</tr>
<tr>
<td>5615 Kirby Ave, Suite 350</td>
<td>1320 N. Courthouse Road, Suite 500</td>
</tr>
<tr>
<td>MS-375</td>
<td>Arlington, VA 22201</td>
</tr>
<tr>
<td>Houston, TX 77005</td>
<td>Attn: Grant Administrator</td>
</tr>
<tr>
<td>Attn: Finance/Sponsored Programs</td>
<td>Cc: General Counsel’s Office</td>
</tr>
<tr>
<td>Attn: General Counsel’s Office</td>
<td></td>
</tr>
</tbody>
</table>

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.

**RICE UNIVERSITY**

By: ____________________________
Name: Heidi Thornton
Title: Asst. Director, SPARC
Date: 08/10/2020

**CHARLES KOCH FOUNDATION**

By: ____________________________
Name: Ryan Stowers
Title: Executive Director
Date: 8/18/2020
ATTACHMENT A

Rice University’s Proposal to Charles Koch Foundation in Support of OpenStax™

Shared Vision
Rice University and the Charles Koch Foundation share a vision to support OpenStax, a project of the University, and to give every student the tools they need to be successful in the classroom through partnerships with philanthropic foundations and other educational resource companies by publishing high-quality, peer-reviewed, openly licensed college textbooks that are free online and low cost in print.

Overview
Rice University will ensure that the OpenStax project will produce the Education Materials as stated in this Proposal, which includes:

- Expand its library from 38 to 86 book titles from the liberal arts, STEM, and professional fields in order to transform the open learning and EdTech ecosystem
- Increase its 30-year student savings from $800mm to $19-30 billion
- Increase the use of its technology platform among entrepreneurs, educators, and institutions to test and build Edtech solutions that will be made available to the broader ecosystem
- Establish new partnerships with external research organizations to develop and share learning science insights

OpenStax Textbooks:
The University will create textbooks that support the following career pathways:

- Business
- Nursing
- Computer Science
- Data Science
- Liberal Arts
- STEM

Measurements & Outcomes:

Outcome: Increase the availability of affordable, quality Open Educational Resource textbooks (OER) as defined as textbooks for teaching, learning, and research resources that reside in the public domain or have been released under an intellectual property license that permits their free use or re-purposing by others. Include high demand market areas

Measurements
- Quantity of available high-quality titles increases in high enrollment, high failure, high value courses taught in general education (target to be set together; at least 90% of courses)
- Feature set reflects integration of high impact learning science.

Target Completion Date: Course selection and learning science approach approved by the three foundations in plan delivered by Quarter 3 2020

Outcome: Improve quality and efficacy of curriculum by forming a strong and growing technology and research partnership ecosystem

Measurements
● Curriculum Content is continuously edited and updated based on market reviews (adopters) and feedback.
● Curriculum is flexible, easy to rearrange, and interoperable with other major learning platforms (e.g., LMS) and designed with a platform developer feedback in order to accelerate adoption and use.
● Establish research partnerships and disseminations plan with at least 3 reputable researchers by the end of Year 2; who have the ability to share with the field and move learning science more broadly.
● Year over Year analysis of revenue by partners.
● Year over Year analysis of course-level adoptions and student accounts.

**Target Completion Date:**
- Curriculum Content is continuously edited and updated by End of Year 1
- Ongoing Year over Year analysis; partner relationships end of Year 1, Year 2, Year 3

**Outcome:** Explore sustainable business models to reduce long-term reliance on grant funding.

**Measurements**
- Generate at least two viable hypotheses for long-term sustainability by reviewing new-operating models, revenue sources, cost reductions (especially textbook development costs) and capital structures.
- Demonstrated growth in revenue from diverse sources Year over Year - grounded in hypotheses developed in Year 1.
- Demonstrated improvement in operating margins.

**Target Completion Date:**
- End of Year 1 - business model and metrics to be reviewed with foundation partners
- End of Year 2 and Year 3

**Outcome:** Demonstrated ability to raise needed outside funds to hit $30M goal (or offset by better than expected revenues e.g. +$18M - $21M

**Measurements**
- Because the project is contingent on a $30M upfront investment, it will be necessary to close the funding gap. Catalyzing additional funding early is critical to meeting financial growth goals.

**Target Completion Date:** First half of Year 2