

GIFT AGREEMENT

This gift agreement (this "Agreement") is made effective on October 23, 2018, (the "Effective Date") between **The University of North Carolina at Chapel Hill Arts and Sciences Foundation**, a North Carolina nonprofit corporation (the "Foundation"), **The University of North Carolina at Chapel Hill** (the "University"), an instrumentality of the state of North Carolina, and the **Charles Koch Foundation**, a Kansas nonprofit corporation (the "Donor"). This Agreement is for the benefit of the Philosophy, Politics and Economics Program (PPE) (the "Program"), which is housed in the College of Arts & Sciences (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 gift 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 Program, and their faculty, students, and staff is critical to the success of the Program'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 Dr. Geoff Sayre-McCord, who was selected by the University and its College of Arts & Sciences, according to the College's normal procedures, to serve as the current director of the Program (the "Program Director"). As stated in the Proposal and consistent with the Program Director's vision, the mission of the Program is to pursue and promote an integrated study of philosophy, politics, and economics, building on the long tradition of those who see questions of moral philosophy, political science, and economics as inextricably intertwined (the "Program's Mission").
3. **The Program's Activities.**
 - a. **Generally.** To support the Program's Mission, the University desires to create the following positions and activities to affiliate with the Program, collectively referred to as the "Program Activities." The Program Activities are described more fully in the Proposal and include two "Tenure-track Professorships," six "Visiting Assistant Professors," "Undergraduate Programming," "Research Support," "Outreach Activities," and "Administrative Support." The Foundation and the University shall each use any funds received under this Agreement to support the Program Activities in accordance with the terms of this Agreement. According to the University's normal procedures, the Program Director is responsible for directing the Program Activities, which includes allocating and administering the Program's budget, supervising Program staff, mentorship, and other duties to advance the Program's Mission as deemed appropriate by the Program 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 Program must be approved by the Dean of the College of Arts & Sciences, in close consultation with the Program Director and in accordance with the College and University's normal procedures.
4. **The University's Support for the Program.** The University shall support the Program Activities to advance the University's mission. As part of this support, the University shall ensure that the faculty, students, and staff working with the Program have adequate space, furniture, information and computer technology, and broad based administrative support to achieve the Program's Mission.

5. The Donor's Support for the Program.

a. Contributed Amount. Subject to the terms of this Agreement, the Donor will contribute funds to the Foundation solely to support the Program to advance the Program's Mission (all or part of such funds are referred to as the "Contributed Amount(s)"). The maximum Contributed Amount for each Program Activity is as follows:

Program Activities	Contributed Amount
Salary and fringe benefits for the Tenure-track Professorships	Up to \$1,848,000
Costs and expenses for the Visiting Assistant Professors	Up to \$1,170,000
Salary and fringe benefits for administrative support	Up to \$55,000
Costs and expenses for the Annual PPE Society Conference	Up to \$270,000
Costs and expenses for Research Support	Up to \$57,000

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 Program, or the University faculty, students, and staff.

6. Gift Process and Administration.

a. The Foundation Gift Report. The Foundation, on behalf of the Program, shall submit an annual written report according to the schedule below to the Donor for the Donor's consideration (the "University Gift Report"), including, but not limited to an accounting of the expenditure of any Contributed Amount previously received. If the Donor approves the Foundation Gift Report, the Donor shall make a contribution up to the amount listed in the below schedule to the Foundation, and the Foundation agrees to accept and use such Contributed Amount for the Program.

b. The Foundation Gift Report and Proposed Gift Award Schedule.

Foundation Gift Report 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 \$ 608,000
May 1, 2019	On or about July 1, 2019	Up to \$ 536,000
May 1, 2020	On or about July 1, 2020	Up to \$ 549,000
May 1, 2021	On or about July 1, 2021	Up to \$ 558,000
May 1, 2022	On or about July 1, 2022	Up to \$ 569,000
May 1, 2023	On or about July 1, 2023	Up to \$ 580,000
Total Maximum Aggregate Contributed Amount:		\$3,400,000

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 "PPE-CKF Fund" (the "Fund"). The Foundation and the University shall solely use the Fund to support the Program Activities 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. 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 Program.

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 Program, 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.

8. General Terms.

a. Term. The term of this Agreement is from the Effective Date to the later of June 30, 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; (ii) the Program Activities are not advancing the Program'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.

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 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 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:

University of North Carolina
Arts and Sciences Foundation
523 East Franklin Street
Chapel Hill, NC 27514
Attn: Robert Parker

If to the University:

University of North Carolina at Chapel Hill
Office of the Chancellor
200 East Cameron Avenue
Chapel Hill, NC 27599
Attn: Chancellor Carol Folt

If to the Donor:

Charles Koch Foundation
1320 N. Courthouse Road, Suite 500
Arlington, VA 22201
Attn: Gift 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 NORTH CAROLINA
ARTS AND SCIENCES FOUNDATION

By: Kevin M. Guskiewicz

Name: Kevin M. Guskiewicz

Title: President and Dean

Date: 10-23-18

UNIVERSITY OF NORTH CAROLINA
AT CHAPEL HILL

By: Carol L. Folt

Name: Carol L. Folt

Title: Chancellor

Date: 10/24/2018

CHARLES KOCH FOUNDATION

By: Brian Hooks

Name: Brian Hooks

Title: President

Date: 11/1/18

ATTACHMENT A

UNC Arts and Sciences Foundation and UNC Chapel Hill Proposal to Support the Philosophy, Politics and Economics (PPE) Program

Mission

The mission of the Philosophy, Politics and Economics (PPE) Program, which is housed in the Philosophy Department in the College of Arts & Sciences at the University of North Carolina, is to pursue and promote an integrated study of philosophy, politics, and economics, building on the long tradition of those who see questions of moral philosophy, political science, and economics as inextricably intertwined.

Program Activities

Tenure-Track Professorships

The University will advertise two tenure-track positions internationally and will, following its normal hiring procedures, select individuals for the tenure-track professorships with the aim of having them in place for the 2019-2020 academic year. The individuals holding the tenure-track professorships will engage in research, teaching, and community outreach related to the PPE Program's Mission. This work will include devoting a significant amount of time and resources to work related to the PPE Program. [\$1,848,000]

Visiting Assistant Professorships

The University will advertise and select, following its normal hiring procedures, six visiting assistant professors, each with three-year terms, to help advance the PPE Program's Mission. The visiting assistant professors will engage in research and teaching that advances the PPE Program's Mission. [\$1,170,000]

Research Support

The PPE Program will support research as it relates to the PPE Program's Mission. [\$57,000]

Outreach Activities

The PPE Program will host research workshops, conferences, and lectures that improve and disseminate the PPE faculty's research, as well as contribute to the academic and national conversation as it relates to the PPE Program's Mission. [\$270,000]

Administrative Support

The PPE program will secure staff support to help ensure the general success of its mission. [\$55,000].