



GEORGE MASON UNIVERSITY  
FOUNDATION

**GIFT AGREEMENT**

This gift agreement (this “Agreement”) is made effective on March 9, 2018 (the “Effective Date”), between **George Mason University Foundation, Inc.**, a Virginia nonprofit corporation (the “Foundation”), **George Mason University** (the “University”), an agency and institution of higher education of the Commonwealth of Virginia, and the **Charles Koch Foundation**, a Kansas nonprofit corporation (the “Donor”), for the benefit of the University’s Department of Economics (the “Department”). The term of this Agreement shall begin on the Effective Date and shall continue for seven years (the “Term”), unless earlier terminated pursuant to the terms and conditions of this Agreement. 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 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 and its faculty, students, and staff is critical to the success of the School’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”).
3. **The Economics Department Fund and Purpose.**
  - a. **The Fund.** The Foundation shall place all of the Contributed Amount in a segregated and restricted fund on its books and records called the “Economics – CKF Fund” (“the Fund”).
  - b. **Department Purpose.** The Fund, in accordance with the Proposal, will support the University and the Department purpose to create three (3) tenure-track or tenurable faculty positions within the Department (the “Department Purpose”). Pursuant to the University’s proposal, the faculty members will be granted an affiliation with the Mercatus Center at the University, subject to the current department process and policy for such affiliation and the Mercatus Center’s approval of the affiliation. Funds received under this Agreement shall be used to support the Department Purpose in accordance with the terms of this Agreement.
  - c. **Selection and Evaluation According to the University’s Normal Procedures.** The selection and regular evaluation of the foregoing faculty positions are at the University’s sole discretion and must follow the University’s normal procedures for selecting such positions within the Department.
4. **The Donor’s Support for the Department.**
  - a. **Contributed Amount.** Subject to the terms of this Agreement, the Donor proposes to contribute funds in the amount of Five Million Dollars (\$5,000,000.00) to the Foundation solely to support the Department Purpose contained herein (all or part of such funds are referred to as the “Contributed Amount(s)"). The annual Contributed Amounts will be disbursed to the Foundation pursuant to Section 6 of this Agreement.

**5. Gift Process and Administration.**

a. The Foundation Gift Request. The Foundation shall submit an annual written request according to the schedule below to the Donor (the “Foundation Gift Request”). If the Donor approves the Foundation Gift Request, the Donor shall make a contribution in the amount listed in the award schedule to the Foundation, and the Foundation shall accept such Contributed Amount to support the Department.

b. The Foundation Gift Request and Proposed Gift Award Schedule

<b>Foundation Gift Request Date</b>	<b>Donor Response and Proposed Contribution Date</b>	<b>Contributed Amount</b>
Submitted as the Proposal	Within sixty (60) days of the Parties signing this Agreement	Up to \$333,400
June 1, 2019	On or about August 1, 2019	Up to \$500,000
June 1, 2020	On or about August 1, 2020	Up to \$833,400
June 1, 2021	On or about August 1, 2021	Up to \$833,300
June 1, 2022	On or about August 1, 2022	Up to \$833,300
June 1, 2023	On or about August 1, 2023	Up to \$833,300
June 1, 2024	On or about August 1, 2024	Up to \$833,300
<b>Total Maximum Aggregate Contributed Amount:</b>		<b>\$ 5,000,000</b>

**6. Contributed Amount Used Solely for Charitable Purposes for the Department 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 Department Purpose which is a charitable purpose described in section 170(c)(1) of the Code. No part of the Contributed Amount shall 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, or to carry on any voter registration drive.

c. Department Purpose. The Foundation and the University shall return to the Donor any Contributed Amount not spent for the Department Purpose.

**7. 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 funds are used for any purpose other than those listed herein; 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 unexpended 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. The Foundation and the University shall notify the Donor prior to making this Agreement publicly available or upon receiving a records request 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:  
George Mason University Foundation, Inc.  
Office of the President, MSN 1A3  
4400 University Drive  
Fairfax, Virginia 22030

If to the University:  
George Mason University  
Office of the President, MS 3A1  
4400 University Drive  
Fairfax, Virginia 22030

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.

**GEORGE MASON UNIVERSITY  
FOUNDATION, INC.**

By: Janet Bingham  
Name: Janet Bingham

Title: President

Date: 3-9-18

**GEORGE MASON UNIVERSITY**

By: Angel Cabrera  
Name: Angel Cabrera

Title: President

Date: 3.12.2018

By: Robert Matz  
Name: Robert Matz

Title: Interim Dean, College of Humanities and Social Sciences

Date: 3-9-18

**CHARLES KOCH FOUNDATION**

By: Brian Hooks

Name: Brian Hooks

Title: President

Date: 3/13/18

## ATTACHMENT A

### FUNDING PROPOSAL IN SUPPORT OF THE ECONOMICS DEPARTMENT AT GEORGE MASON UNIVERSITY

This proposal seeks \$8 million in seed funding from the Charles Koch Foundation for five new faculty positions (four junior scholars and one senior scholar) for a period of six years in the Department of Economics at George Mason University.

The accomplishments of the Department of Economics at Mason are well known. On the thirtieth anniversary of James Buchanan's Nobel Prize in 1986 and the fifteenth anniversary of Vernon Smith's awarding of the same prize in 2002, the Department has launched a \$15 million campaign in the 2016-2017 school year as an effort to build on this proud legacy by expanding the future success of economics at Mason and its profound impact on economic education and research, as well as the well-being of society.

Because of our many achievements and impressive reputation for both academic education and research and broad public influence, the department is more than ready to expand its work and impact by growing its faculty and student body at all levels, initiating new and innovative research projects, and expanding its partnerships and public outreach. With new seed funding we will be able to recruit and retain the most promising junior faculty talent and an impressive senior scholar. We also believe this will lead to new partnerships and major gift funding.

The recruitment and retention of top-quality scholars for our faculty is the highest priority of the current campaign and the key to our ongoing success and future expansion. This seed funding and new faculty hires would enable the department to:

- Improve the excellence of economic education and research at George Mason University, increase the size of the department, and expand its impact not only in the academy but also in broader society;
- Recruit and retain the most talented in a highly competitive market by offering competitive salaries;
- Attract a senior scholar in the midst of an exciting research agenda to diversify the strengths of the department, draw other promising faculty and students to Mason, and garner more research funding;
- Recruit top-level graduate students, double the size of our Masters of Arts enrollment,<sup>1</sup> strengthen our relationship with the Mercatus Center by creating opportunity for the Center to expand its student and research programs,<sup>2</sup> and feed our PhD program;

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<sup>1</sup> We currently have approximately 45 MA students. These new faculty hires, along with the filling of three current vacancies in the near future, will enable the department to increase the number of MA students to approximately 95 over the course of the next six to seven years.

<sup>2</sup> The new faculty members will be granted an affiliation with the Mercatus Center at the university, subject to the current department process and policy and the Mercatus Center's approval of the affiliation. The growth of the Economics Department at Mason would give the Mercatus Center the opportunity to expand its student and research programs, which it has expressed a desire to do for some time. We have not been able to accommodate this request due to lack of personnel.

- Engage in new, innovative types of economic research providing an additional draw to faculty and students to economics at Mason;
- Trigger significant additional investment in the department by the College of Humanities and Social Sciences and George Mason University to fund these positions after the initial six-year period;<sup>3</sup> and
- Aid us in soliciting other foundations and individual donors for graduate student support and research funding.

## PROPOSAL

In order to recruit and retain the most-promising junior faculty talent in the current market, the Department needs to offer competitive salaries and research funding. This research funding, particularly during the summer months for assistant professors, frees junior faculty members from immediate dependence upon external grant funding, and affords them the time and effort required to find and win such funding. This, in turn, enables them to focus on their research agenda, achieve promotion and tenure, and motivates them to stay at Mason over the long term. With seed funding of \$1.5 million per professor for four professors (\$6 million total) over a six-year period, we will be able to

- Offer a competitive salary to the most promising faculty on the market either at the assistant or associate level;
- Provide research funding during the academic year, such as travel and graduate student assistance;
- Provide two months summer pay for assistant professors to aid them in seeking external grants, furthering their research agenda, and achieving promotion and tenure; and
- Leverage a larger investment in the Department of Economics from George Mason University and the College of Humanities and Social Sciences than would be possible otherwise.

In addition to hiring the best new talent, the department would also be able to hire a senior scholar with an advanced, exciting research agenda with additional seed funding of \$2 million over a six-year period. A senior scholar, in contrast to junior faculty, would be able to provide the department with leadership, visibility, and grant activity.

The leadership of senior scholars is crucial in the advising and mentoring of students, particularly graduate students seeking to enter the job market; in mentoring junior faculty, a necessary component of any good department; and in providing service to the department, college and university by bringing experience, sound faculty governance and wise decision-making.

The visibility that a strong senior scholar provides emphasizes our department's brand, and is a magnet for the recruiting of both students and junior faculty. They also make it more likely that strong academics from other universities will want to spend time at Mason. The value of exposure to a new senior faculty member's network cannot be overstated.

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<sup>3</sup> After the initial six-year period, the College of Humanities and Social Sciences and George Mason University together would continue funding these positions for as long as the current hire remains at Mason.

Finally, senior faculty are experienced in grant-writing of all sorts, and have typically had success in raising funds from both public and private sources. The importance of fundraising is certainly well understood, and it is only to become more important over the next years.

With seed funding of \$2 million over a six-year period, we would be able to

- Offer a competitive salary to an impressive senior scholar with an exciting research agenda and diversify the strengths of the department;
- Provide research funding during the academic year, such as travel and graduate student assistance;
- Expand junior faculty and graduate student mentoring in the department;
- Increase the visibility and reputation of the department, and thus improve recruiting and fundraising activities; and
- Leverage a larger investment in the Department from George Mason University and the College of Humanities and Social Sciences than would be possible otherwise.

The Department of Economics at George Mason University has a proud legacy. We have achieved prominence and influence by combining work of the highest scholarly quality, a vision of how to engage society, and a significant effort at public outreach. Consistently ranked among the top fifty economics departments anywhere in the world, we must look toward expanding the future of Masonomics. It is imperative that we build on the department's legacy and provide not only for the faculty but also for the next generations of students who will study here.