

Leeson

Agreement between the Mercatus Center and George Mason University regarding the establishment of a Professorship

This Agreement is made May 3, 2007 between the Mercatus Center, Inc., 3301 North Fairfax Drive, Arlington, Virginia 22201 ("Mercatus") and George Mason University, Fairfax, Virginia ("the University").

Whereas Mercatus has received a pledge of support from The BB&T Foundation ("the Donor") to create a Professorship at the Mercatus Center at George Mason University ("Professorship"); and

Whereas Mercatus deems it in its interest to support the academic excellence and advancement of the University, and

Whereas the University deems it in its interest to attract a qualified faculty member to their department of Economics to fulfill the objectives of the Professorship (as herein described),

Mercatus and the University enter into this Agreement to create a tenured or tenure-track faculty position within George Mason University ("GMU Faculty Position") to be occupied by the initial holder of the Professorship (that is, the candidate selected as a result of the procedures detailed in this document, the "Professor"). In consideration of the University's creation of the GMU Faculty Position, Mercatus agrees to contribute \$1,000,000 to the George Mason University Foundation as scheduled in Section 5, infra.

The final say in all faculty appointments lies in specified GMU procedures, involving academic approval and final approval by the Board of Visitors. Nothing in this document shall be construed as overriding such procedures. Alterations in the terms or conditions of this Agreement can be instituted only upon mutual agreement of the parties to the agreement and acceptance of any changes is likewise subject to the rules and procedures of George Mason University.

1. Objectives and Requirements of the Professorship. The objective of the Professorship is to advance the understanding, acceptance and practice of those free market processes and principles which promote individual freedom, opportunity and prosperity including the rule of law, constitutional government, private property and the laws, regulations, organizations, institutions and social norms upon which they rely. The occupant of the Professorship ("Professor") shall hold a doctorate degree and shall be qualified in and committed to the foregoing principles. The objectives of the Professorship shall be accomplished through teaching, research, publishing, print and electronic media and such other means as may reasonably be deemed to comport with the mission of Mercatus. The primary academic affiliations of the Professor will be GMU and Mercatus. At the conclusion of each academic year, the occupant shall provide the Selection Committee and the Advisory Board with a brief summary of the principal activities, accomplishments and expenditures of the Professorship for the previous year and a budget and plan for the subsequent academic year. Any additional objectives or

requirements for the Professorship shall be decided by unanimous vote of the Selection Committee (Section 2, infra).

In addition to an annual report by the Professor to the Selection Committee and Advisory Board, the president of Mercatus will report to these same bodies on how the Professor has contributed to the mission of Mercatus, as well as the purposes defined in the grant underwriting the Professorship. Substantive contributions to Mercatus programs include 5 or more per year of the following:

- Teaching in a Capitol Hill Campus course or event;
- Producing a research product (e.g., an article published in a refereed journal, a working paper of suitable quality, a useful database, a public interest comment), decided jointly with the President and General Director of Mercatus, and which is closely related to the Center's mission of producing highly credible research about the underlying sources of prosperity and poverty;
- Participating in a minimum of three Mercatus fundraising or public relations events;
- Supervising a student supported by Mercatus on a research project related to the Mercatus mission (e.g., a research project in Regulatory Studies, a dissertation, other research likely to significantly advance the student's knowledge and skills).

Substituting these contributions with alternative activities is allowable upon unanimous approval of the selection committee.

2. Selection Committee. The selection committee for the professorship will be made up of three members. All three will be members of the GMU faculty of economics. One must occupy the BB&T professorship at the Mercatus Center at George Mason University and the other must be a member of the Mercatus Center Board of Directors. The third member will be chosen by the first two. Should both of the BB&T professorships at the Mercatus Center at George Mason University be vacant at the same time, the position on the selection committee reserved for the existing BB&T professor will be filled by the chairman of the economics department. The decision of the selection committee must be unanimous in order to recommend a candidate to the faculty for consideration for the Professorship.
3. Structure of Professorship. The Professorship will exist at Mercatus in perpetuity in accordance with the terms and conditions of the agreement between Mercatus and the Donor (Appendix A). An invitation to occupy the Professorship will require a majority vote of the Selection Committee. Through this Agreement, the University agrees to provide the Initial Professor with a tenured faculty position at George Mason University ("GMU Faculty Position"), with all the privileges and protections associated with that title, at an annual salary of the appropriate amount. The University agrees to pay the university salary and provide full university benefits for the GMU Faculty Position as long as an Initial Professor qualifies for a tenured faculty position at George Mason University and otherwise remains qualified for the Professorship (as determined by the Advisory Board at its sole discretion). For purposes of this agreement and the separate

agreement in Appendix A, Initial Professor shall refer to any individuals chosen by the Initial Selection Committee and ratified by GMU to occupy both the Professorship and the GMU Faculty Position prior to September 1, 2016.

The Professorship shall be operated exclusively for charitable and educational purposes within the purview of Section 501(c)3 of the Internal Revenue Code of 1954 or such section or comparable section as hereinafter amended. No part of the funds shall inure to the benefit of any private individual and/or business corporation and no part of the activities of the Professorship shall consist of carrying on or otherwise attempting to influence legislation or participating or intervening in any political campaign on behalf of any candidate for public office.

4. Advisory Board. Through the attached agreement of the Mercatus Center (Appendix A), an Advisory Board shall be created to receive an annual summary of the activities, accomplishments, and expenditures of the Professorship and to review the administration of the agreement and a budget and plan for the subsequent academic year. In doing so, it shall have the right to:

- Consult with the Selection Committee or the Mercatus Center or the grantor regarding the qualifications of candidates for the Professorship;
- Discuss with the Grantees and their representatives/affiliates, their administrative officers or trustees, the appointment of an occupant of the Professorship and any other matters relating to carrying out the purposes for which the Professorship is established;
- Ensure compliance with the terms of this agreement through appropriate administrative or legal channels;
- Make periodic assessments of the Professor's performance and/or activities; and
- Make a determination (based on the individual's performance or otherwise) that the professor filling the Professorship is no longer qualified to do so, and upon this determination will submit in writing to Mercatus a recommendation that the professor be removed from the Professorship.

The Advisory Board shall have no authority or control, either directly or indirectly over the funds received by Mercatus, over the administration of the Professorship or the selection of the occupant of the Professorship except through its determination of an occupant's continued qualification to fill the professorship and shall only act as a body that has a continuing interest in seeing that the terms and conditions of this agreement and the obligations of Mercatus, GMU and their representatives/affiliates are carried out..

5. Payment Schedule. Mercatus will make the first payment of \$100,000 to the George Mason University Foundation on or before August 31, 2007. Each of the additional nine (9) annual payments (\$100,000) shall be paid on or before the last day in August each year beginning in 2008 and ending in 2016. In the event that the Professorship may be vacant during any portion of this period, payments may be suspended during such period of vacancy. When the vacancy is filled, payments will then be resumed and the payment schedule extended correspondingly so that the total amount to be paid will remain the

same. The payment schedule will be as follows:


| <u>On or before</u> | <u>Amount</u> |
|---------------------|---------------|
| August 31, 2007 | \$100,000 |
| August 31, 2008 | \$100,000 |
| August 31, 2009 | \$100,000 |
| August 31, 2010 | \$100,000 |
| August 31, 2011 | \$100,000 |
| August 31, 2012 | \$100,000 |
| August 31, 2013 | \$100,000 |
| August 31, 2014 | \$100,000 |
| August 31, 2015 | \$100,000 |
| August 31, 2016 | \$100,000 |

No additional service fee or tax will be applied to this contribution.


6. State Law Provisions. This Agreement shall be governed by the laws of the state of Virginia. In addition, to the extent an amendment does not conflict with federal law, the agreement may be amended by mutual agreement of the parties.

IN WITNESS WHEREOF, the Mercatus Center and the University have executed this Agreement on the date first stated above.

George Mason University

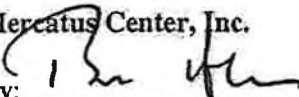
By: 
Peter N. Stearns - Provost

Date: 6/6/07

By: 
Jack Censer - Dean, College of Arts & Sciences

Date: June 6, 2007

Mercatus Center, Inc.

By: 
Brian Hooks - COO

Date: 6/11/07

By: 
Tyler Cowen - General Director

Date: 6/11/07