

AMERICAN QUARTER HORSE FOUNDATION EQUINE RESEARCH GRANT AGREEMENT

This Equine Research Grant Agreement (this “Agreement”) is entered into as of the 1st day of October, [insert year], by and between the American Quarter Horse Foundation (“**Foundation**”), a nonprofit corporation organized and existing pursuant to the laws of the state of Texas, with its principle place of business at 2601 East I-40, Amarillo, Texas, 79104 and [insert name of University], an educational institution with offices in [insert City & State] (“**University**”).

RECITALS

WHEREAS, the American Quarter Horse Association is the official breed registry of an equine breed known as the American Quarter Horse;

WHEREAS, the **Foundation** is the related philanthropic organization of the American Quarter Horse Association and is classified under the Internal Revenue Service Code as a tax-exempt 501(c)(3), it is further classified as a 509(a)(3) Type 1 supporting organization. The Foundation is incorporated to encourage, by public contribution, the support of worthwhile educational, charitable and research projects of interest and benefit to the devotees of the American Quarter Horse;

WHEREAS, the **Foundation** is desirous of making grant funds for charitable purpose available to non-profit institutions such as **University** to facilitate research for improved knowledge to enhance the health, welfare and utility of the horse, and to possibly discover, design, develop, manufacture, market and/or otherwise make available both patentable and non-patentable products and procedures for the benefit of the horse;

WHEREAS, **University** is desirous of conducting research for improved public knowledge and the benefit of the equine as contemplated by the **Foundation**;

WHEREAS, pursuant to the terms and conditions of this Agreement, the **Foundation** is willing to agree to make grant funds available to **University** (the “Grant”) to complete that certain equine research project, [insert Project Title] described in Exhibit “A” attached hereto and incorporated herein by reference (the “Research Project”); and

WHEREAS, pursuant to the terms and conditions of this Agreement, **University** is willing to agree to complete the Research Project.

NOW THEREFORE, in consideration of the premises, the Parties hereby agree as follows:

1. **Research Project.** **University** shall complete the Research Project pursuant to the scientific protocol, with the personnel indicated, by application of the proceeds of the Grant indicated, and within the time limits provided in the Research Project.

2. **Grant.** The **Foundation** shall pay to **University** the Grant in the aggregate sum of [type amount in words] Dollars (\$ _____), payable as follows:

- (a) \$[insert number = to 25% of total Grant] on October 1, [insert year];
- (b) \$[insert number = to 25% of total Grant] on April 1, [insert year] pending a written report submitted by **University** specifying progress of the Research Project; and
- (c) the remaining amount of the total Grant (\$[insert number = to 50% of total Grant]) less the amount of any offsets pursuant to Section 3.(d)(ii) below shall be paid within 30 days of Foundation receiving the:
 - (i) research reports required by Section 3.(d)(i) below; and
 - (ii) accounting required by Section 3.(d)(ii) below.

3. **University Representation/Covenant/Agreement.** **University** further represents, covenants, and agrees as follows:

(a) Until completion of the Research Project by **University**, **University** will make no change in the professional personnel, nor shall **University** make any material change in the scientific protocol as described in the Research Project, without the prior written consent of the Foundation, which consent shall not be unreasonably withheld;

(b) Not less than thirty (30) days prior to any publication to a third party of the findings resulting from all or any portion of the Research Project, a proposed manuscript describing such findings shall be submitted to the **Foundation** for its review of confidential information and comments or suggestions;

(c) In all publications of the findings resulting from all or any portion of the Research Project, **University** shall acknowledge that the Research Project has been funded in whole or in part (as the case may be) by a research grant from the **Foundation**;

(d) Within ninety (90) days of the time of the completion of the Research Project as provided in the Research Project, or upon earlier termination of this Agreement, **University** shall:

(i) Submit to the **Foundation** digital copies of each of two reports on the Research Project, one of which reports shall be in laymen's terms suitable for publication, and the other of which reports shall be a scientific report to be reviewed for comments and suggestions as contemplated by Section 3.(b) above; and

(ii) Provide to the **Foundation** an accounting showing **University's** application, allocation, and use of all proceeds of the Grant. In the event the proceeds of the Grant have not been applied, allocated and/or used as contemplated by the Research Project, **University** shall pay to the **Foundation** the amount of the Grant over \$50 which **University** has not applied, allocated and/or used as contemplated by the Research Project and has not been previously offset from the funds to be paid by **Foundation** pursuant to Section 2.

(e) In conducting research under this Grant, **University** is an independent contractor, free from routine supervision by the **Foundation** as to the methods, procedures, and selection of personnel. However, **University** does hereby agree and represent that its research shall be conducted according to **University's** application and other documents previously filed with the **Foundation** to obtain the Grant and in accordance with acceptable scientific procedures and controls required by the highest caliber of

scientific research protocol specified in the environment of research conducted at an institution of higher education.

4. **Subject Invention(s).** Inventorship of inventions first conceived and actually reduced to practice as a result of this Agreement and/or the grant made hereunder (hereafter referred to as "the Subject Inventions") shall be determined in accordance with then-prevailing U.S. patent law. Ownership of the patent or patents resulting from the Subject Invention shall be owned by **University** when the inventors are solely the employees or independent contractors of **University**, or owned by **Foundation** when the inventors are solely the employees or independent contractors of **Foundation**, and shall be jointly owned by **University** and **Foundation** when some of the inventors are employees or independent contractors of **University** and some of the inventors are employees or independent contractors of **Foundation**. **University** and **Foundation** agree that any employees or independent contractors involved in the inventive process hereunder shall have first agreed in writing, or otherwise be legally bound, to assign any and all interests in and to any inventions, and to any patents granted as a result thereof, respectively to **University** or **Foundation**.

5. **Disclosure.** **University** will promptly disclose to **Foundation** any Subject Inventions resulting from the Research Project. **Foundation** will hold such disclosures in confidence and will not reveal the disclosures to any third party without the consent of the **University**.

6. **Commercialization.** **University** shall timely inform **Foundation** if **University** intends to commercialize Subject Inventions. The parties agree that **University** will have the lead in commercialization of Subject Inventions consistent with **University's** policies, applicable state and/or federal regulations and this Section 6. **University** agrees to provide the **Foundation** an opportunity for input regarding the commercialization process and objectives.

Regardless of the ownership of patents that result from the Subject Inventions, the parties agree to negotiate in good faith a separate written Income Sharing Agreement concerning profits, license fees and/or royalties derived from the commercialization of the Subject Invention ("Income"). Such income sharing agreement shall take into consideration the contribution of the **Foundation** and the **University** towards the project and the Subject Invention.

With respect to **Foundation's** share of Income, if any, that results from an Income Sharing Agreement, **Foundation** agrees to reinvest such Income in additional **University** humane equine research. However, prior to such reinvestment, the parties shall mutually agree on the specifics and objectives of such additional humane equine research via a separate written agreement, failing which, **Foundation** shall not be obligated to reinvest in additional **University** humane equine research.

7. **Default.** Upon a default by either Party of any of its material obligations hereunder, the non-defaulting Party may terminate this Agreement by giving the defaulting Party written notice of the default and its intention to terminate, sent by email, express mail delivery service or United States mail, certified, return receipt requested. Upon receipt of such notice, the defaulting Party shall have a period of thirty (30) days from receipt of such notice within which to cure such default to the reasonable satisfaction of the non-defaulting Party, failing which, the non-defaulting Party has the option to suspend any further grant payments under this Agreement and terminate this Agreement at the expiration of said period by sending a notice of termination in the manner set forth in the first sentence of this Section. Such

termination if exercised shall, however, in no event, excuse the defaulting Party from liability for payment of consideration due as of the date of such termination, and the non-defaulting Party may enforce the collection thereof and seek the remedy of specific performance. Should **Foundation** terminate this Agreement due to a default of the **University**, including but not limited to failing to complete the Research Project and/or provide required reporting referenced herein, **University** shall identify and report to **Foundation** any Grant funds not expended or contractually obligated by **University** in connection with the project prior to the date of termination, and **University** shall either return such unused Grant funds to **Foundation** or utilize such unused Grant funds in a manner which is approved by **Foundation**.

8. Entire Agreement. This Agreement shall constitute the entire agreement between the parties and supersedes all negotiations, representations, warranties, commitments, offers, contracts and writings executed prior to the date hereof. This Agreement may be altered, amended, or modified only by a writing signed by the persons authorized to sign agreements on behalf of the **Foundation** and the **University**. Requests for amendments/modifications must be received by **Foundation** prior to September 30, [insert year] and are subject to the review and approval of the **Foundation's** Equine Research Committee.

9. Assignment. This Agreement shall be binding upon the Parties hereto and their successors and assigns; however, it may not be assigned by either Party without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed.

10. Waiver. No waiver, termination or discharge of this Agreement, or any of the terms or provisions hereof, shall be binding upon either Party unless confirmed in writing by the other Party. No waiver by either Party hereto of any term or provision of this Agreement or of any default hereunder shall affect such Party's rights thereafter to enforce such term or provision or to exercise any right or remedy in the event of any other default, whether or not similar. This Agreement may not be modified or amended except by a writing executed by both Parties hereto.

11. Severability. If any provision of this Agreement shall be held void, voidable, invalid or inoperative, no other provision of this Agreement shall be affected as a result thereof, and, accordingly, the remaining provisions of this Agreement shall remain in full force and effect as though such void, voidable, invalid or inoperative provision had not been contained herein.

12. Notices. Any notices to be given pursuant to this Agreement shall be deemed given and received seven (7) days after any such notice has been mailed by United States certified or registered mail, postage prepaid, and addressed as follows:

If to the Foundation:

American Quarter Horse Foundation
Attn: Laura Owens, Programs Manager
PO Box 32111
Amarillo, Texas 79120
lowens@aqha.org

If to University:

13. Authority. Each of the individuals who sign this Agreement on behalf of the **Foundation** and **University** hereby personally represents that each such individual is a duly appointed agent authorized by all proceedings required by law to sign this Agreement on behalf of the undersigned principal of each such individual.

14. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date herein first above written.

AMERICAN QUARTER HORSE FOUNDATION

By: _____

Name: Karl Stressman

Title: Chief Executive Officer

UNIVERSITY

By: _____

Name: _____

Title: _____