

450 Park Place
Lexington, KY 40511
Phone: (859) 422-4100
FCPS.net

Board of Education:
Tyler Murphy, Chair
Amy Green, Vice Chair
Amanda Ferguson
Monica Mundy, PhD
Penny Christian

Superintendent:
Demetrus Liggins, PhD

An Equal Opportunity
School District

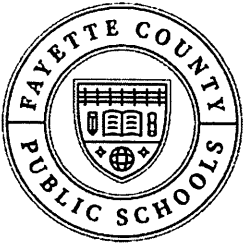
July 28, 2025

This document outlines the evolution of the Fayette County Public Education Foundation, from its establishment in 2014 under the Blue Grass Community Foundation (BGCF) to the formation of the independent Fayette Education Foundation (FEF) in 2020. It details the transition of responsibilities, including the School Board's financial commitment to FEF's initial operations and the signing of a memorandum of understanding. The document also describes the current status of FEF, having obtained 501(c)(3) status, and the next steps: officially naming FEF as the beneficiary of the endowment fund at BGCF, transferring the funds to a new Fayette Education Foundation Endowment, and establishing a new Advisory Committee to govern future distributions.

Background: Evolution of the Fayette County Public Education Foundation

In December 2014, the Fayette County Board of Education ("School Board") entered into an agreement with Blue Grass Community Foundation ("BGCF") to create a permanently endowed charitable fund called the Fayette County Public Education Foundation ("Fund"), to enhance, support and promote Fayette County Public Schools ("FCPS"). In addition to establishing the charitable fund, the Fayette County Public Education Foundation Agreement ("Agreement") laid out the donation types, gift acceptance policies, services provided by BGCF as well as established an advisory committee structure and procedure to take primary responsibility for raising provide donations and recommend distributions of funds consistent with the purpose of the endowed fund. It was recommended that the advisory committee be made up of no fewer than five people including school board chair or his/her designee; one FCPS principal; and three community volunteers.

A significant shift occurred in 2020 when Superintendent Manny Caulk and various stakeholders envisioned a new public-school foundation. This led to the formation of the Fayette County Public Schools Education Foundation Corporation d/b/a The Fayette Education Foundation ("FEF") on November 2, 2020. FEF was established as an independent legal entity with its own Board of Directors, aiming for 501(c)(3) status to solicit donations, provide funding to provide services to or benefit the District, its teachers or students that align with district strategic priorities, including needs for which various laws limit direct expenditures by boards of education.

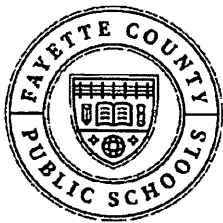


The School Board committed \$100,000 annually to cover administrative and start-up costs only for FEF's first three years, with the final payment received on June 7, 2023. To formalize the relationship, a memorandum of understanding (MOU) was signed between the School Board and FEF on March 21, 2022. This MOU acknowledged their respective obligations and rights and stipulated that BGCF would hold all endowed assets as a fiduciary until FEF achieved 501(c)(3) status and filed its first Form 990. An amendment drafted in 2021 to add FEF as an oversight group for the endowment funds was never signed, likely due to Superintendent Caulk's passing.

Present: Next Steps for the Fayette Education Foundation

FEF successfully obtained its 501(c)(3) status in April 2024 and has stabilized operations. The next crucial step is to officially name FEF as the beneficiary of the Fayette County Public Education Foundation endowment fund at BGCF. This will involve transferring the current endowment funds from the original Advisory Committee to a new fund, which will provide annual payouts directly to the Fayette Education Foundation. These funds will be used for charitable purposes that align with FCPS's strategic objectives and original donor intent as stated in legal documentation at the time of the original donations. The new fund will be named the Fayette Education Foundation Endowment. Upon this transfer, FCPS requests the dissolution of the existing Fayette County Public Education Foundation held at BGCF. All future distributions will then be administered by the newly established Fayette Education Foundation Endowment under the terms of a new agreement.

To ensure effective oversight, FEF will form a new Advisory Committee composed of at least five members. This committee shall include, but is not limited to, the Board of Education Chair (or designee), representatives from FCPS, and the Foundation Board Chair (or designee). The Advisory Committee's role is to review and recommend distributions and ensure alignment with donor intent and the District's strategic priorities.



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Fayette Education Foundation Endowment Agreement

BLUE GRASS COMMUNITY FOUNDATION

499 East High Street, Suite 112
Lexington, Kentucky 40507
(859) 225-3343

ESTABLISHMENT OF A NONPROFIT ORGANIZATION ENDOWMENT FUND

This NONPROFIT ORGANIZATION ENDOWMENT FUND AGREEMENT ("Agreement") is made this ____ day of _____ 2025, between Blue Grass Community Foundation, Inc., a charitable community foundation, ("BGCF") and Fayette County Public Schools ("FCPS") and the Fayette Education Foundation, a nonprofit corporation, ("the Foundation") to create a permanent endowment fund of the Foundation ("Fund").

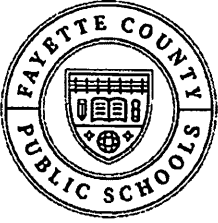
1) Name of the Fund. The name of the Fund created hereby is: Fayette Education Foundation Endowment.

2) Initial Contribution. FCPS requests the distribution of the full balance of the Fayette County Public Education Foundation, a field of interest endowment fund established at Foundation on the 15th of December 2014.

Upon this transfer, FCPS requests the dissolution of the Fayette County Public Education Foundation held at BGCF and all further distributions be administered by this established Fayette Education Foundation Endowment according to the terms herein.

The Fund shall be the property of the Foundation held by it in perpetuity as a component fund of BGCF and shall not be deemed a trust fund held by it in a trustee capacity.

A comprehensive accounting report shall be submitted to FCPS detailing all disbursements from Trust Funds revenue after the initial deposit in 2015. This report must reconcile funds received by FCPS and transferred to the Foundation; specifically delineating expenditures directly attributable to the original donor-designated purpose for annual utilization by FCPS.



3) Donor Contact.

Executive Director of the Fayette Education Foundation, currently:
Carrie Boling
P.O. Box 910951
Lexington, KY 40591
c.boling@fayettefoundation.org
859-489-3805

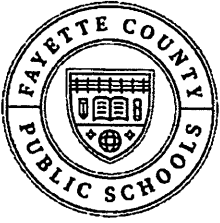
4) Asset Investment. Donor hereby requests that the Fund and any and all assets contributed to the Fund be placed in BGCF's Diversified Investment Portfolio. BGCF shall have the right to make any and all investment decisions regarding the Fund. All income and capital gains or losses will be allocated to the Fund monthly.

Endowment Portfolio: The objective of the endowment portfolio is to provide a relatively stable, inflation adjusted annual payout to support BGCF's defined spending rate.

ESG (Environmental, Social, Governance) Endowment Portfolio: This endowment portfolio offers an investment allocation that is sensitive to environmental, social and governance (ESG) issues and follows a socially responsible investment strategy. The portfolio will have approximately the same overall stock/bond allocation as the standard Endowment Portfolio.

5) Purposes. The purposes of the Fund are to further or carry out the charitable and educational purposes of BGCF and to support any one or more of the charitable purposes of the Foundation in alignment with the strategic priorities of FCPS.

6) Management. BGCF hereby agrees to accept cash and other valuable property transferred to it by Donor and others who wish to participate in the Fund. Gifts to the Fund shall be subject to the same policies for investment, determination of current distribution amount, and allocation to cover BGCF's administrative costs, as shall be adopted from time to time for such funds. The Fund is open-ended and can be added to at any time.



It is acknowledged by FCPS and the Foundation that contributions to the Fund, in the absence of contrary written expression, are presumed to be a gift to the permanent endowment subject to the spending policy in effect and as amended from time to time by BGCF.

7) Distributions. Distributions from the Fund shall be made in accordance with the procedures for the administration and operation of such funds of BGCF as may be in effect from time to time. Distributions from the Fund shall be made in the name of the Fund. Distributions may only be expended for charitable purposes as described in the Internal Revenue Code.

Distributions to the Foundation shall be used by the Foundation to further the strategic priorities of FCPS. The Foundation shall provide an annual report to FCPS outlining grant distributions and detailing their alignment with said priorities.

8) Other Distributions. The Foundation, based on unusual and extreme circumstances of need or opportunity deemed sufficient to it, may request payment to it of amounts in excess of BGCF's current spending policy in effect and as amended from time to time by BGCF. BGCF will grant such a request only if it concludes, in its sole judgement, that such distribution is reasonable and consistent with the charitable purposes of BGCF and the Foundation, and in accordance with BGCF's policies and procedures. If in the discretion of BGCF, it is necessary or desirable, any payment requested by the Foundation in excess of the current spending policy may be deferred for such period as BGCF deems necessary or desirable in order to permit orderly and timely liquidation of assets to meet the request in a manner to avoid or minimize loss of value to the remainder of the Fund.

9) Compensation to BGCF. As compensation for its services, BGCF shall charge an annual community support fee according to the fee schedule in effect at the time of the Agreement and as amended from time to time by Foundation. Investment fees are charged separately. FCPS and the Foundation hereby acknowledges receipt of the Fee Schedule in effect at the time of the signing of this Agreement.

10) Variance Power. BGCF shall use and apply said funds only in accordance with the expressed wishes of the donor, grantor or other transferor; provided,



however, BGCF's Board of Directors shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to any specified organization if in the sole judgment of the Board of Directors such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community or area served. Upon such determination, the Board of Directors shall exercise its judgment to select a similar use for the funds that will most nearly fulfill the original charitable intent of the Fund and may re-direct the funds to those purposes most closely related to the donors, grantors or other transferor's original intent.

It is intended that nothing in this Agreement shall affect the status of BGCF as a 501(c)(3) organization, as defined in the Internal Revenue Code. This Agreement shall be interpreted in a manner consistent with the foregoing intention and to conform to the provisions of any and all applicable law or government regulation. BGCF shall have all the powers provided in its charter, Articles of Incorporation and Bylaws or otherwise by law in connection with its administration of the Fund.

Board of Education of Fayette County, Kentucky

By: _____ Date: _____
Tyler Murphy, Chair

Board of Directors of the Fayette Education Foundation Corporation, d/b/a Fayette Education Foundation

By: _____ Date: _____
Kaelyn Query Caldwell, Chair

Blue Grass Community Foundation

By: _____ Date: _____
Lisa Ashner Adkins,
President/CEO