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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

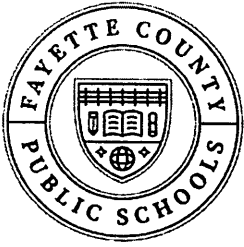
July 28, 2025

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.

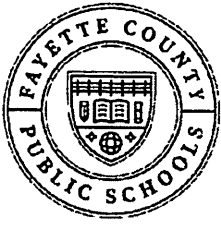


The School Board committed \$100,000 annually to cover administrative and start-up costs only for FEF's first three years, with the final payment received on June 7, 2023. To formalize the relationship, a memorandum of understanding (MOU) was signed between the School Board and FEF on March 21, 2022. 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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Memorandum of Understanding (MOU)

Between:

The Fayette County Board of Education, Kentucky (hereinafter referred to as "School Board") of Fayette County Public Schools (hereinafter referred to as "FCPS")

And:

The Board of Directors (hereinafter referred to as "Foundation Board") of the Fayette Education Foundation Corporation, d/b/a Fayette Education Foundation (hereinafter referred to as "the Foundation")

Date: August 4, 2025

Purpose:

This Memorandum of Understanding (MOU) establishes a framework for collaboration and partnership between the School Board and the Foundation Board to enhance educational opportunities for students and staff in Fayette County Public Schools. The Foundation, as a separate 501(c)(3) entity, will support the School Board's strategic initiatives by raising and managing private funds to supplement public funding, fostering community partnerships, and managing alumni relations.

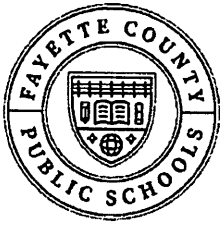
WHEREAS:

- The School Board is committed to providing a high-quality education for all students in Fayette County, Kentucky.
- The Foundation is dedicated to supporting the School Board's mission and enhancing educational opportunities through private fundraising and community engagement.
- Both the School Board and the Foundation Board recognize the importance of a strong partnership to achieve their respective goals.

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

1. Roles and Responsibilities of the Foundation:

The School Board has identified the following educational public purposes for its support of the Foundation:



1.1. Support of Strategic Initiatives: The Foundation will actively support the School Board's strategic initiatives as defined and agreed upon by the District's leadership, provided that such support is consistent with the Foundation's own mission, strategic goals, and obligations as a 501(c)(3) charitable organization.

1.2. Programmatic Collaboration: The Foundation agrees to consult with appropriate FCPS personnel, including but not limited to the Superintendent or the Superintendent's designee, on programmatic decisions involving funds that impact students or staff within the District. The purpose of such consultation is to ensure alignment with FCPS priorities while also meeting the Foundation's mission and legal obligations.

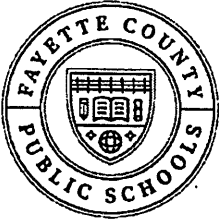
1.3. Bridging Budget Gaps: The Foundation will prioritize fundraising efforts to address budget gaps in areas such as arts, STEM, technology, extracurricular activities, special events, and professional learning opportunities as identified and agreed upon by the District and in alignment with the Foundation's strategic focus.

1.4. Community Partnerships: The Foundation will actively cultivate and strengthen business and community partnerships through mutually beneficial collaborations and fundraising initiatives as identified and agreed upon by the District and consistent with the Foundation's goals.

1.5. Alumni Engagement: The Foundation will foster alumni engagement and develop alumni-focused fundraising campaigns that support FCPS. These efforts will be designed to build long-term support for public education and connect alumni with opportunities to give back to their community.

1.6. Foundation-Initiated Fundraising: The Foundation will engage in independent philanthropic fundraising by the Foundation including outreach to individuals, corporations, and private foundations ("Foundation-Initiated Fundraising"). Funds raised through these efforts will be used to support programs aligned with the Foundation's mission and with the District's priorities. Oversight, management, and disbursement of these funds shall remain solely with the Foundation Board of Directors.

1.7. Financial Oversight and Management of Foundation-Initiated Fundraising: The Foundation Board of Directors shall retain exclusive authority and



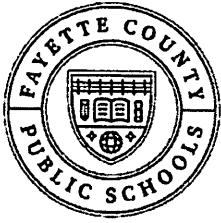
responsibility over the management, investment, and distribution of all funds raised or received by the Foundation through Foundation-Initiated Fundraising. This includes all contributions, donations, grants, and restricted or unrestricted gifts, which shall be used in accordance with donor intent, Foundation policy, and applicable legal requirements.

1.8. Endowed Funds: The Foundation acknowledges and agrees that any trust funds, endowments, or similarly restricted accounts established through donations or bequests for the benefit of Fayette County Public Schools, where the School Board or FCPS is a named or intended beneficiary, will only be distributed, reallocated, or otherwise expended with the consent of the School Board's designated representative. The Foundation shall adhere strictly to the terms and conditions of such trust instruments and applicable Kentucky law regarding the management and distribution of these funds.

1.9. Financial Oversight and Management of Endowed Fund: For endowed funds, trust funds, or other donor-restricted contributions held by the Foundation for the benefit of FCPS, the Foundation shall maintain an Advisory Committee composed of at least five members to provide guidance and oversight. 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. Final decision-making authority for such funds remains with the Foundation Board, consistent with fiduciary and legal responsibilities.

1.10. School Board Approval: Except as otherwise expressly provided herein, the Foundation will not execute any agreement or commit to any expenditure involving FCPS without the prior written approval of the School Board's designated representative.

1.11. Grant Program Management: Grant programs currently managed by the Foundation will continue to be managed by the Foundation until their respective expiration dates. Upon expiration, renewal of such grant programs will be reviewed by both parties, and final approval for renewal must come from the Foundation's Board of Directors with authorization or input from relevant District personnel.



1.12. Reporting: The Foundation will provide quarterly financial and programmatic reports to the School Board, as mutually agreed upon. If not already on file, a comprehensive accounting report shall be submitted to FCPS detailing all disbursements from trust funds revenue after the initial deposit in 2015 – this must come from BGCF. 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. FEF will reconcile funds beginning July 1, 2024.

2. Roles and Responsibilities of the School Board:

The School Board agrees to continue providing the following to the Foundation, provided the public purposes continue to be met and the controls continue to be implemented. The School Board shall, at its sole discretion, determine the amount of support it provides to the Foundation, monitor such support, and record all contributions and grants in the District's accounting records.

2.1. Strategic Guidance: The School Board will provide the Foundation with clear communication regarding its strategic plan, institutional priorities and projects, resource requirements, and funding priorities for the District so that the Foundation may present the direction and needs of the District to donor prospects and align its programs and fundraising campaigns to be consistent with the strategic objectives of the District.

2.2. Collaboration and Support: The School Board will collaborate with the Foundation to facilitate fundraising efforts and community partnerships.

2.3. Board Participation: The Superintendent and/or a designee to serve in an ex-officio capacity as a non-voting member of the Foundation Board. The individual shall:

- Serve as the official point of contact for communication between FCPS and the Foundation; and
 - Provide input on programmatic alignment between Foundation-funded initiatives and District priorities; and
 - Ensure timely review and response to requests for authorization or input from the Foundation in coordination with other relevant District personnel.
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This role is consultative and administrative and is not intended to transfer decision-making authority from the School Board as a whole, unless specifically authorized in writing.

2.4. Designated Representative for the Advisory Committee for Endowment and Trust Funds: The School Board shall appoint a designated representative to serve as the primary liaison between the School Board and the Foundation. This individual shall:

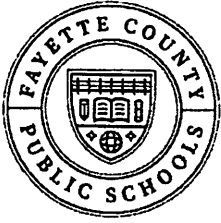
- Serve as the official point of contact for communication between FCPS and the Foundation specifically on trust funds, endowed funds, or other donor-restricted accounts established as part of the Fayette Education Foundation Endowment.
- Provide guidance, oversight, and input on District priorities specifically on trust funds, endowed funds, or other donor-restricted accounts established as part of the Fayette Education Foundation Endowment.
- Review, on behalf of the School Board, proposals for programmatic collaboration, initiatives, and the use of endowed funds benefiting FCPS, consistent with this MOU.
- Ensure timely review and response to requests for authorization or input from the Foundation in coordination with other relevant District personnel specifically on trust funds, endowed funds, or other donor-restricted accounts established as part of the Fayette Education Foundation Endowment.

This role is consultative and administrative and is not intended to transfer decision-making authority from the School Board as a whole, unless specifically authorized in writing.

2.5. Information Sharing: The School Board will provide the Foundation with access to relevant information and resources, consistent with applicable laws and policies, to support its fundraising and programmatic activities.

3. Governance and Administration:

3.1. Separate Legal Entity: The Foundation acknowledges that it is a separate 501(c)(3) entity with its own independent Foundation Board.



3.2. Non-Voting Board Seat: The School Board's Superintendent or designee will serve as a non-voting member of the Foundation Board to facilitate communication and collaboration.

3.3. Mutual Respect and Transparency: Both parties agree to maintain open communication, transparency, and mutual respect in all interactions.

3.4. Conflict of Interest: Both parties agree to disclose and address any potential conflicts of interest in a timely and transparent manner.

4. Indirect Costs and Administrative Fees:

4.1. Foundation-Raised Funds: For all Foundation-Initiated Fundraising—whether for programs administered by the District or for programs aligned with District goals but operated outside of the District—the administrative or management fee shall be determined by the Foundation Board of Directors and/or the funder. These fees will be disclosed District's Chief Financial Officer and shall be reasonable, transparent, and consistent with Foundation policy and standard nonprofit practices.

4.2. District-Initiated Contributions (Pass-Through):

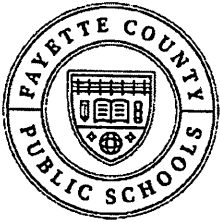
In cases where District personnel solicit or initiate donations, grants, or funding and request the Foundation to serve as a pass-through or fiscal agent, the Foundation may assess a separate administrative fee for processing, holding, or disbursing such funds. The amount and structure of this fee shall be communicated to and approved by the District's Chief Financial Officer prior to any transaction.

4.3. Programmatic Review Requirement:

The programmatic nature, purpose, and intended use of any such district-initiated donations, grants, or funding must be disclosed in writing to the Foundation in advance of the Foundation agreeing to serve as fiscal agent. All such initiatives must fall within the scope of the Foundation's mission and be subject to the Foundation's internal review and approval process.

4.4. Transparency and Documentation:

All indirect costs—whether on Foundation-initiated funds or District-initiated pass-throughs—must be clearly documented in related agreements or funding memos. Upon request, the Foundation shall provide the School Board with an



itemized breakdown of indirect costs, the rationale for such fees, and the corresponding use of those funds.

5. Term and Termination:

5.1. Term: This MOU will commence on the date of execution and will remain in effect for a period of [Insert Number] years unless terminated earlier as provided herein.

5.2. Termination: This MOU may be terminated at any time upon the mutual agreement of the School Board and the Foundation, or upon written notice by either party at least 90 days prior to such specified date of termination, absent of malfeasance at the Foundation warranting immediate disassociation, in the School Board's sole judgment.

5.3. Amendment: This MOU may be amended in writing by mutual agreement of both parties.

5.4. If any part of this MOU is held to be void, against public policy, or illegal, the balance of this MOU shall continue to be valid and binding.

5.5. This MOU shall be governed and construed in accordance with the laws of the Commonwealth of Kentucky, including but not limited to the Open Records Act. Foundation shall cause its applicable records (both in its possession or in its control at BGCF) to be accessible for review by the School Board, its counsel or auditor in the event of any District or State audit or Open Records request. Any dispute arising from, under or pursuant to this MOU shall be brought in the Fayette County, Kentucky, Circuit Court.

5.6. No delay or omission by either party in exercising any right under this MOU shall operate as a waiver of that or any other right or prevent a similar subsequent act from constituting a violation of this MOU.

5.7. Neither party to this MOU shall assign the rights or delegate the duties or obligations of this MOU or any portion hereof without the prior written consent of the other party.



Entire Agreement: This MOU constitutes the entire understanding between the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, whether written or oral.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Understanding as of the date first above written.

AGREED TO as of _____, 2025 by the Fayette County Board of Education and by the Board of Directors of the Fayette Education Foundation.

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Board of Education of Fayette County, Kentucky

By: _____
Tyler Murphy, Chair

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

By: _____
Kaelyn Query Caldwell, Chair
