

**MEMORANDUM OF UNDERSTANDING AND JOINT RESOLUTION OF THE
BOARD OF TRUSTEES OF
SAN FELIPE DEL RIO CONSOLIDATED SCHOOL DISTRICT AND
SAN FELIPE DEL RIO CISD EDUCATION FOUNDATION**

On this 24th day of August, 2012, this Memorandum of Understanding and Resolution is entered into by and between San Felipe Del Rio Consolidated Independent School District and its Board of Trustees (the "District") and the San Felipe Del Rio CISD Education Foundation (the "Foundation"), desiring to memorialize the nature of their relationship and mutually acknowledge, for the future, the respective obligations and rights of the parties. This agreement is entered into pursuant to Texas Education Code Section 45.105(c) and based on the District Board's determination that this agreement is in the best interest of the District's students.

WHEREAS, the Board of Trustees has identified the following educational public purposes for the Foundation's support of the District:

1. Because of the uncertainty and restrictions inherent in the Texas public school finance system, the District must seek alternative sources of revenue in order to continue and/or enhance its quality education programs; and
2. Strong community support to assist the District in maximizing alternative revenue sources requires reciprocal commitment and support from the District; and
3. Continuation of the momentum achieved in maximizing alternative revenue sources through the Foundation requires a continual commitment from the District; and
4. Business and Community involvement in raising money for educational programs of the District achieves a concurrent psychological, philosophical and philanthropic investment in the District; and
5. The Foundation is a nonprofit corporation originally organized by directive of the District in 2012, located in Del Rio, Texas, for educational and charitable purposes in support of the District and its students and staff; and
6. The Foundation will apply for 501(c)(3) tax exempt status with the Internal Revenue Service in 2012; and
7. The Foundation, through its officers and volunteers, invests time and resources to generate and improve community support for creating alternative revenue sources that benefit the District, its staff and ultimately its students; and

8. In that the Foundation serves the best interest of the District's students, the District supports the Foundation through the Foundation's reasonable use of personnel, office space, meeting and event facilities, office supplies and equipment, and transportation pursuant to Board policy and related administrative procedures adopted consistent with the applicable law and rule; and
9. Solicitations of additional support for the District, including revenue, funds and good will by the Foundation aids and enhances the District's community-relations, fund-raising and philanthropic endeavors and relieves and assists the District's Superintendent, administrators, teachers and staff in this regard, leaving them free to focus on the District's educational mission; and
10. Revenues generated and obtained by the Foundation will be utilized, as directed by the Foundation's Board, to be provided for the betterment of the District's educational program, to enhance and improve employee morale, to facilitate and encourage student achievement and skill development, and to encourage excellence and provide opportunities for District staff.

BE IT THEREFORE RESOLVED THAT:

The Board of Trustees of the District has determined that there is a legitimate public and educational purpose served by supporting the Foundation as described below.

The District agrees to provide the following support to the Foundation, provided that the educational public purpose continues to be met and the controls, described below, continue to be implemented, and subject to the District's Board's authority to appropriate budget funds in any budget year. All District contributions to the Foundation shall be within the discretion of the District's Board and/or as delegated to the Superintendent, which contribution shall be monitored by the Superintendent and recorded in the District's accounting records as donations to the Foundation, or as otherwise recommended by the District's accounting and audit professionals:

Responsibilities of the District:

1. Salary and benefits for the employee(s) of the District assigned to support the Foundation, if any, which employee(s) shall be assigned at the sole discretion of the District. This may include assignment of an employee to serve as the Coordinator or Executive Director of the Foundation.
2. Office space, facilities, equipment, supplies, materials, and utilities for the employee(s) of the District serving the Foundation. The Foundation may and is encouraged to additionally procure, by donation or otherwise, various computers and other equipment for use by such employee(s) and

the Foundation, which equipment shall remain the property of the Foundation.

Responsibilities of the Foundation:

1. The Foundation agrees that, during the term of this Memorandum of Understanding, the Foundation will use its best efforts to solicit, collect, invest and administer funds and support for the Foundation in accordance with prudent investment requirements under applicable state law for nonprofit corporations, and that revenues realized shall be used, as directed by the Foundation's Board, to enrich the educational environment of the District, to support the educational, volunteer and community efforts of the District, and in the best interest of the District's students.
2. For purposes of this Memorandum of Understanding, amounts contributed for the benefit of the District, may include all grants to teachers, scholarships, support of educational programs, and all payments to the Foundation's endowment fund(s).
3. The Foundation agrees that it will require its officers, volunteers and personnel to follow all applicable policies and procedures of the District when representing the District or the Foundation in any capacity.
4. The Foundation agrees that during the term of this Memorandum of Understanding, it will recognize the District and the District's students, as the sole beneficiaries of its charitable endeavors and that it shall not distribute any funds raised or property acquired by the Foundation directly or indirectly to any Board member or employee of the District unless so agreed upon by the District's Board and the Foundation's Board through a separate resolution adopted by each Board; however, the Foundation may directly or indirectly distribute, to an individual student or group of students, a scholarship award or grant as part of any scholarship program, endowment or fund created by the Foundation for the students of the District.

Controls and Oversight:

The District's Board and the Foundation's Board agree on the following controls, to ensure that a proper public educational purpose is served by this Memorandum of Understanding:

1. The Foundation shall provide the District's Board with an annual report, as requested by the District's Board, which shall be presented at a regularly scheduled public meeting. The Foundation shall provide a report involving

all activities and efforts of the Foundation and the Foundation's use of its revenues for educational and public purposes in support of the District.

2. The Foundation shall abide by all applicable policies and procedures of the District related to facility and equipment use, personnel, public information, and all other applicable policies.
3. The Foundation shall procure an annual independent audit of its finances and accounts and shall make the auditor's report available to the District and, once it is granted 501(c)(3) tax exemption, shall provide an IRS Form 990 annually to the District's Board, which shall reflect the District's contributions to the Foundation and which shall be reviewed against the District's accounting records to ensure accuracy.
4. The Foundation understands that, as a result of the District's support of the Foundation, the documents of the Foundation may be subject to the Texas Public Information Act.
5. The District's Board shall appoint and fill one of the Foundation's board positions. This District appointed Foundation Board member shall be a member of the Foundation's executive committee, shall have voting rights and shall serve at the District's sole discretion.

AGREED TO this 29 day of October, 2012.


SAN FELIPE DEL RIO CISD

ATTEST:

By:



President



Secretary

SAN FELIPE DEL RIO CISD EDUCATION FOUNDATION

By:



Chairman of the Board