

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“Memorandum”) is entered into by and between the Board of Trustees of Red Oak Independent School District (“Red Oak ISD” or “District”) and the Board of Directors of Red Oak Education Foundation, Inc. (the “Foundation”). Red Oak ISD and the Foundation by this Memorandum memorialize their relationship, ratify and approve past activities, and mutually acknowledge, for the future, the respective obligations and rights of the parties.

Public Purposes

Red Oak ISD has identified the following public educational purposes supporting the establishment of the Foundation:

1. Because of the uncertainty and restrictions inherent in the Texas public school finance system, alternative sources of revenue are important in order to continue and enhance its quality education programs;
2. Maximization of alternative revenue sources requires strong community support, which can be achieved by reciprocal commitment and support of an independent, non-profit education foundation to raise and manage private resources supporting the mission and priorities of the District;
3. The important role played by an independent foundation warrants the support of the District through both monetary and non-monetary resources;
4. The District has already realized gains from its investment of support in the establishment of a public education foundation in the form of several designated grants and the substantial monetary contributions of the Foundation to the District during the foundation’s existence;
5. The Foundation has committed to provide funds to the District and staff for creative and innovative instructional needs in alignment with the District’s mission and strategic plan ;
6. Continuation of the momentum already achieved by the Foundation will only occur if Red Oak ISD continues to support the Foundation by providing some resources for its work;
7. The community’s legitimate expectation is that Red Oak ISD should support the Foundation by allowing the Foundation limited use of facilities, equipment and personnel in exchange for the Foundation’s commitment to provide monetary resources to the District;
8. Allowing the Foundation limited use of facilities, equipment and personnel promotes involvement in the Foundation by more members of the community and serves public purposes because Red Oak ISD Facilities are conveniently located and its personnel and equipment are suited for the purposes needed by the Foundation.

9. Solicitations of additional revenue by Foundation directors and personnel relieves, to some extent, the fundraising burden of the Red Oak ISD's Superintendent, administrators, teachers and staff, leaving them free to focus on the District's educational mission.
10. All additional revenues obtained by the Foundation will be provided by the Foundation for the betterment of the District and its educational programs.
11. It is essential that the District have some oversight over any individual who represents Red Oak ISD or the Foundation, especially individuals involved in seeking additional revenue sources for the District.

Commitment

The Red Oak ISD Board of Trustees agrees to continue to provide the following resources to the Foundation, provided that the public purposes continue to be met and the controls continue to be implemented, and subject to the Red Oak ISD Board of Trustee's continuing right to refuse to appropriate the necessary funds at any time. All Red Oak ISD contributions to the Foundation shall be within the sole discretion of Red Oak ISD through its Board of Trustees. Red Oak ISD will disclose all resources provided to the Foundation on its financial statements as donations to the Foundation. The following resources will be provided under the terms of this paragraph:

1. The salary and benefits for one part-time salaried employee of the District to serve the Foundation as its executive director.
2. The salary and benefits for one part-time administrative coordinator.
3. Clerical and administrative services, from time-to-time, for the Foundation, if any; however, employees of the District serving the Foundation from time-to-time will not be entitled to receive supplemental compensation directly from the Foundation
4. In-kind support such as office space, facilities and utilities for the Foundation.
5. All or a portion of the equipment used by the employees of the District serving the Foundation.

Responsibilities of the Foundation

The Foundation agrees to the following responsibilities in connection with its work for Red Oak ISD:

1. The Foundation is, and shall continue to operate, as a separate nonprofit 501 (c) (3) educational corporation organized in 2002 for educational and charitable purposes for the benefit of Red Oak ISD and its students and former students.
2. 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 for the Foundation, which shall be used to enrich the educational environment of Red Oak ISD and its students.

3. The Foundation agrees that, in each of the Foundation's fiscal years, the Foundation shall contribute more to the District than the value of the District's contribution to the Foundation or else Red Oak ISD funding may, in the Red Oak ISD Board's discretion, either cease or be decreased for the coming fiscal year. For purposes of this Agreement, amounts contributed to the District by the Foundation in any fiscal year shall include all Foundation grants to teachers, designated grants from outside sources provided to the District through the Foundation, funds provided by the Foundation for District initiatives, employee and teacher of the month recognitions, and all payments to the Endowment Fund made in that fiscal year, but shall not include monies deposited into retained earnings until those retained earnings are spent for the benefit of the District through a grant or an Endowment Fund payment.
4. The Foundation agrees to provide reimbursement of at least 20% of the foundation's previous fiscal year's fundraising efforts to help offset operating expenses of the Foundation. This amount will be provided to ROISD Superintendent in letter each February stating contribution amount.
5. The Foundation agrees that it will require its personnel and the District personnel providing services to the Foundation to follow all policies and procedures of the District when representing the District or the Foundation in any capacity.
6. The Foundation agrees that it will continue to recognize the District as the beneficiary of its solicitation program.

Controls

Red Oak ISD and the Foundation agree on the following controls to ensure that a proper public educational purpose is served by this arrangement:

1. The executive director and any support personnel serving the Foundation shall be at-will employees of Red Oak ISD, under the direct supervision and control of the Superintendent of Schools. The Foundation may consult with the Superintendent regarding the executive director's and support personnel's job performance.
2. The Foundation shall abide by all policies and procedures of the District related to facility and equipment use, personnel, public information, and all other applicable policies.
3. The Red Oak ISD Board of Trustees and the Foundation Board designate the executive director of the Foundation as the fiscal agent with the authority to accept grants on behalf of the Foundation for the benefit of Red Oak ISD. The executive director shall report all grants awarded to the District and the Foundation to the Red Oak ISD Superintendent of Schools. The executive director as fiscal agent is responsible for the prudent management of all gifts consistent with donor intent.
4. The Foundation shall provide an IRS Form 990 annually to the Red Oak ISD Board reflecting the District's contributions to the Foundation, which may be reviewed against the District's accounting records to ensure accuracy. The completed Form 990 may also be posted on the Foundation's website at the discretion of the Foundation's Board of Directors.

The Foundation will also provide a copy of the current annual audit that is conducted by an outside accounting firm to the District.

5. The District shall determine each year, at the time of development of the District's budget, whether adequate consideration has been received from the Foundation in the previous fiscal year and will likely be received in the following fiscal year, to assist the Board in determining funding for the coming fiscal year.
6. The Foundation understands that, as a result of the District's investment in the Foundation, the documents of the Foundation are likely subject to the Texas Public Information Act absent any specific exemption, and the Foundation agrees to abide by the Texas Public Information Act.
7. This agreement is governed by the laws of the State of Texas. Venue for any dispute arising hereunder shall be in Ellis County, Texas. If any provision of this Agreement is held to be in violation of the Constitution of the State of Texas or any laws of the State of Texas, such provision shall be fully severable and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by any illegal, invalid or unenforceable provision or by its severance. The District does not waive or relinquish any immunity or defense on behalf of itself, its trustees, officers, employees, and agents as a result of the execution and performance of this Agreement.
8. The relationship of District and Foundation is limited to that which is set forth herein. No action(s) or undertaking(s) of either party will be construed to create or suggest a partnership, expressed or implied. As separately incorporated organizations, neither District nor Foundation intends nor will either District or Foundation profess a right to obligate or bind the other party; any suggestion of such, orally or in writing, will be considered void and of no further legal effect.
9. Either party may, upon ninety (90) days prior written notice to the other, terminate this Agreement in the event the other party defaults in the performance of its obligations and fails to cure the default within a reasonable time after receiving written notice. Should the Foundation cease to exist or cease to be a 501(c)(3) organization, the Foundation shall transfer its assets and property to the District, to a reincorporated successor foundation, or to the state government for public purposes in accordance with the law and donor intent.

This Memorandum is effective June _____ 2025.

RED OAK ISD BOARD OF TRUSTEES

**RED OAK ISD EDUCATION
FOUNDATION**

Melanie Petersen, President

Donny Lutrick, President

ATTEST:

Sean Kelly, Secretary

RECOMMENDED:

Brenda Sanford, Superintendent

Updated: June 2025

ATTEST:

Ms. Monique Ballard, Secretary

RECOMMENDED:

Ms. Karen Anderson, Executive Director