



**COMMUNITY  
FOUNDATION**  
of the  
**TEXAS HILL COUNTRY**

## SCHOLARSHIP FUND AGREEMENT

**THIS AGREEMENT** made and entered into on this \_\_\_\_\_, 202\_\_\_\_, by and between the **Community Foundation of the Texas Hill Country, Inc.** (the "Foundation"), a Texas nonprofit corporation and public charitable organization, and \_\_\_\_\_, hereinafter referred to as the "Donor." The Donor has delivered a gift of \$ \_\_\_\_\_ described in Exhibit A, to the Foundation. This constitutes an **outright and irrevocable** gift by the Donor to the Foundation to be used in carrying out the Foundation's general charitable purposes as set forth in the Foundation's Articles of Incorporation and Bylaws and for the purposes and under the conditions set forth in this agreement. The purpose of this gift is to establish a scholarship fund of the Foundation which will be known as the \_\_\_\_\_ **Scholarship Fund** (the "Fund"). The Fund will be distributed upon the following terms and conditions.

1. The Fund is established to primarily benefit the geographical area served by the Foundation, unless otherwise specified in Section 5 below, through grants made to deserving and qualified scholarship recipients;
2. The Fund will include the property received from Donor, such property as has been or as may be, from time to time, transferred to the Foundation by the Donor for inclusion in the Fund, such property as may, from time to time, be received by the Foundation from any other source and accepted by it for inclusion in the Fund, and all income from the foregoing property;
3. The Fund will be the property of the Foundation held by it in its normal corporate capacity, subject to its governing documents and written policies and any future amendments to the instruments and policies of the Foundation, all of which are incorporated by reference; it will not be deemed a trust fund held by it in a trustee capacity.

4. Assets of the Fund may be commingled for purposes of investment with other assets of the Foundation. Control over the investment or reinvestment of such assets and the asset management of the Fund will be exercised exclusively by the Foundation. Upon signing of this fund agreement the donor wishes the monies to be invested in the:

\_\_\_\_\_ Fully Diversified Investment Account, or the  
\_\_\_\_\_ Fixed Income/Cash Equivalents Account

5. The Fund will provide grants for scholarships to \_\_\_\_\_.

Scholarship recipients may be nominated by the Advisory Selection Committee. The Advisory Selection Committee members and process for selecting and replacing members are attached as Exhibit B. The procedures and guidelines for selection of scholarship recipients are attached as Exhibit C.

The scholarship program established by this Fund and recommendations of scholarship disbursements by the Advisory Selection Committee will be consistent with the Foundation's *Policies and Procedures for Scholarship Programs* as may be amended from time to time. Recommendations of the Committee are advisory, and final authority rests with the Board of Trustees.

6. The Board of Trustees will have the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose(s) or to any specified organization(s), if in the sole judgment of the Board, such restriction or condition becomes: (i) unnecessary, (ii) incapable of fulfillment, or (iii) inconsistent with the charitable needs of the community or area served.
7. The Foundation will provide all appropriate accounting and related financial management services associated with the Fund. The Fund will periodically be assessed the Foundation's administrative fee, which is currently calculated as a percentage of the Fund's market value as provided by the Foundation's *Investment and Spending Policies*. The Fund will periodically be assessed an investment management fee that is in accordance with the fees charged by the investment managers and advisors used by the Foundation. Fees are reviewed periodically and may increase or decrease from time to time. In addition, the Foundation may require to be reimbursed from the Fund for legal, accounting, or other professional fees incurred on behalf of the Fund.

8. It is intended that the Fund will be a component part of the Foundation and not a separate trust and nothing in this agreement will affect the status of the Foundation as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, and as an organization which is not a private foundation within the meaning of Section 509(a) of the Code. This agreement will be interpreted in a manner consistent with the foregoing intention and so as to conform to the requirement of the foregoing provisions of the federal tax laws and regulations issued pursuant thereto. The Foundation is authorized to amend this agreement to conform to the provisions of any applicable law or government regulation in order to carry out the foregoing intention. References herein to provisions of the Internal Revenue Code of 1986 will be deemed references to the corresponding provisions of any future Internal Revenue Law;

I HEREBY ACKNOWLEDGE THAT THIS AGREEMENT and the gifts it represents are absolute and irrevocable and that, after the execution of this fund agreement, we will have no right, title, interest, or incidents of ownership in the property described in Exhibit A or any additional property transferred to the Fund. Further, we will have not unilateral right to alter, amend, or terminate this fund agreement.

\_\_\_\_\_  
Donor

\_\_\_\_\_  
Date

I HEREBY ACKNOWLEDGE RECEIPT OF THE ABOVE GIFT, and agree to administer this Fund in accordance with the terms and conditions set forth in this fund agreement under the provisions of the Articles of Incorporation and Bylaws of the Community Foundation of the Texas Hill Country.

\_\_\_\_\_  
Austin Dickson  
Executive Director  
Community Foundation of the Texas Hill Country

\_\_\_\_\_  
Date

**EXHIBIT A**

The \_\_\_\_\_ Scholarship Fund

**Description of property donated:** \_\_\_\_\_.

SAMPLE

**EXHIBIT B**

**ADVISORY SELECTION COMMITTEE**

The Community Foundation will appoint all members of the advisory selection committee charged with the evaluation of candidates for Scholarship Grants. Appointments will be made by the Board of Trustees.

No combination of Donor advisors, persons recommended or designated by Donor advisors (or persons related to any of these persons) to a Fund that makes Scholarship Grants may, directly or indirectly, control any selection committee established in connection with such Fund. For example, Donor advisors, persons recommended or designated by Donor advisors and persons related to any of these persons will not constitute a majority of any such advisory selection committee (persons may include individuals, partnerships, corporations or trusts). Where a Donor advisor recommends a person for appointment to an advisory selection committee based on objective criteria related to the expertise of such person, such person will not be deemed to be appointed or designated by the Donor advisor. Donor advisors and related persons may provide advice with respect to the selection of grant or award recipients solely as members of an advisory selection committee.

Every member of any advisory selection committee charged with the evaluation of candidates for Scholarship Grants will adhere to the relevant policies of the Community Foundation as they may be adopted and amended from time to time, including without limitation a conflict of interest and confidentiality policy. Every member of any advisory selection committee charged with the evaluation of candidates for Scholarship Grants will be obligated to disclose any personal knowledge of and relationship with any potential grantee under consideration and to refrain from participation in the award process in a circumstance where he or she would derive, directly or indirectly, a private benefit if any potential grantee or grantees are selected over others. No grant covered by this policy may be awarded to any member of the Community Foundation's Board of Trustees, any substantial contributor to the Community Foundation, any employee of the Community Foundation, or any other disqualified person as defined in IRC § 4946 (a) with respect to the Community Foundation, or, with respect to grants from a particular Fund, any Donor advisor or substantial contributor to such Fund or any member of a selection committee to such Fund, or for a purpose that is inconsistent with the purposes described in IRC § 170(c)(2)(B).

Each advisory selection committee established under this policy will forward its recommendations to the Community Foundation in such a form and on such schedule as

the staff will establish. The Community Foundation's Board of Trustees will approve each award made under this policy.

SAMPLE

**EXHIBIT C**

**PROCEDURES AND GUIDELINES FOR ADMINISTRATION OF  
\_\_\_\_\_ SCHOLARSHIP FUND**

1. The \_\_\_\_\_ Fund will support the education of students who are \_\_\_\_\_.
2. The scholarship award amount will vary dependent upon available funds, investment return, and preferences of the Donor. Any income not distributed in a given year will be added to the Fund's corpus.
3. All Scholarships will be used for tuition and related expenses at an educational institution described in IRC § 170(b)(1)(A)(ii), i.e., such institution must normally maintain a regular faculty and curriculum and must normally have a regularly organized body of students in attendance at the place where the educational activities occur.
4. The Community Foundation reserves the right to impose additional, minor reasonable restrictions and/or requirements upon the awarding of Scholarships and the administration of such grants. Any substantial or material changes will be made only with approval of the Foundation's Board of Trustees.
5. The Community Foundation will publicize the availability of this Scholarship in its printed materials and with relevant school staff, will serve as a resource for the Advisory Selection Committee, and will distribute payments to the appropriate institutions; scholarships may not be paid to individuals.