

**MEMORANDUM OF UNDERSTANDING
REGARDING MINISTRY PARTNERSHIP
BETWEEN
KENTUCKY BAPTIST CONVENTION, INC.
AND
GEORGETOWN COLLEGE, INC.**

COME, KENTUCKY BAPTIST CONVENTION, INC. (KBC), a not for profit Kentucky corporation, 13420 Eastpoint Centre Drive, Louisville, Kentucky 40223, Party of the First Part, and GEORGETOWN COLLEGE, INC. (Georgetown), a not for profit Kentucky corporation of Georgetown, Kentucky, Party of the Second Part;

WHEREAS, the Board of Trustees of Georgetown College has determined that the college needs a self-perpetuating Board of Trustees in order to achieve the financial needs and long-range mission and objectives of the college; and

WHEREAS, the Board of Trustees of Georgetown College has notified the KBC that it desires to terminate the current Covenant Agreement between KBC and Georgetown in order to make the trustee change; and

WHEREAS, the Kentucky Baptist Convention expresses its deep regret that the Covenant Agreement is being terminated, but expresses its understanding and appreciation for the need to take such action; and

WHEREAS, the Kentucky Baptist Convention and Georgetown College have long enjoyed a close relationship and desire to continue a ministry relationship which will further the ministry of the KBC and Georgetown:

THEREFORE, the Kentucky Baptist Convention and Georgetown College enter into this Memorandum Of Understanding Regarding Ministry Partnership in order to (1) outline the process and understanding between the parties with regard to the termination of the Covenant Agreement dated April 3, 1987, and (2) state the terms of the new Ministry Partnership desired by KBC and Georgetown.

The parties of the First Part and Second Part hereby enter into this following Memorandum of Understanding regarding Ministry Partnership.

PREAMBLE

Kentucky Baptist Convention is a medium through which the churches in their sovereign capacity can work together in promoting all denomination enterprises which they deem necessary in carrying out the Great Commission.

GENERAL PURPOSE

The purpose of Kentucky Baptist educational institutions is both educational and religious, namely, to prepare persons to live and function in today's world and to produce well-rounded individuals who acknowledge their duty to God, the communities, and their places of work. Christian higher education has its source of authority and reason for being in the Great Commission of Jesus. The relationship of Georgetown College and the Kentucky Baptist Convention has clearly fulfilled a denominational and religious purpose.

Georgetown College exists for the purpose of maintaining an institution of higher learning under Christian influences, historically related to the Kentucky Baptist Convention, for the education of men and women in all branches of useful knowledge, and especially in

the liberal arts and sciences with healthy interest in preparation for the professions, which education is designed to foster the discovery, development and critical appraisal of knowledge, to promote the understanding of knowledge, and to promote the understanding and communication of ethical, moral, and spiritual values.

HISTORICAL RELATIONSHIP

On January 15, 1829, an act of the Thirty-Seventh General Assembly of the Commonwealth of Kentucky was approved which incorporated the trustees of the Kentucky Baptist Education Society. Acting on the legal authority thus granted, "The Trustees of the Kentucky Baptist Education Society" founded Georgetown College, the first Baptist College west of the Allegheny Mountains. This event occurred eight years prior to the formation of the General Association of Baptists in Kentucky in 1837. (In 1961 the name was changed to the Kentucky Baptist Convention.)

The original charter provided for twenty-four trustees who were to be self-perpetuating and to exercise control over the affairs of this educational institution.

From 1829 until 1851 the trustees of the Kentucky Baptist Education Society were the trustees of Georgetown College. However, in 1851 when the membership of the Society was enlarged, the Society was given the power to elect the Board of Trustees which consisted of twenty-four persons drawn from the Society's membership.

In 1906 a change was made in the method of selecting trustees when the Baptist Education Society of Kentucky was formed to promote Baptist education in the state. A change in the charter gave this latter body the power to elect trustees of Georgetown College on suitable nominations made by the Kentucky Baptist Education Society.

At the 1941 annual meeting of the General Association, an extensive report was made concerning Christian education which provided for the General Association to elect the trustees of institutions which received Cooperative Program funds. In subsequent sessions, various formulas for distribution of funds, approval of changes in the status of institutions, and many other matters have been discussed, but no essential change has been made in the recommendation in 1941.

The action of 1941 stated: "That each school or college participating in the proceeds of the Cooperative Program present annually for the nominating committee of the General Association two names for each vacancy on its Board of Trustees; that said nominating committee may nominate one of these for each vacancy to the General Association, that such nomination shall not preclude the making of other nominations in the sessions of the General Association."

In 1942, a change was made in the charter of Georgetown College to allow the General Association of Baptists in Kentucky to elect the trustees of the college.

Since 1942, Georgetown College and the Kentucky Baptist Convention have enjoyed a close relationship with the trustees of the college being nominated by the Committee on Nominations of the Kentucky Baptist Convention and being elected in accordance with Convention bylaws and committee guidelines.

PURPOSE

The primary purpose of the Kentucky Baptist Convention in entering into a Memorandum of Understanding regarding Ministry Partnership with Georgetown College is to advance the Kingdom of God in the area of Christian higher education. Such purpose should at all times be recognizable within the ministry of Georgetown College.

BAPTIST CHARACTER

It is the intent of the Kentucky Baptist Convention and of Georgetown College that Georgetown College shall maintain its Baptist character as set forth in its purpose; and the Memorandum of Understanding regarding Ministry Partnership between the Kentucky Baptist Convention and Georgetown College is based upon faithful adherence to that purpose.

TERMINATION of COVENANT AGREEMENT

The Kentucky Baptist Convention and Georgetown College mutually agree that the Covenant Agreement dated April 3, 1987, will be terminated in the following manner:

1. Governance --
 - Georgetown College Trustees shall be elected by the 2005 Annual Meeting of the KBC to fill current openings on the board.
 - The Kentucky Baptist Convention shall not elect any trustees after the 2005 annual meeting.
2. Funding --
 - Cooperative Program and Restricted Kentucky Only (RKO) support shall be phased out over four fiscal years as follows: Current year (KBC Fiscal year 2005-2006) = 100% of the amount Georgetown College would have otherwise received under the distribution formula in use at the time of the termination of the Covenant Agreement dated April 3, 1987; Second year (KBC Fiscal year 2006-2007)= 75% of the amount Georgetown College would have otherwise received under the distribution formula in use at the time of the termination of the Covenant Agreement dated April 3, 1987; Third year (KBC Fiscal year 2007-2008)-= 50% of the amount Georgetown College would have otherwise received under the distribution formula in use at the time of the termination of the Covenant Agreement dated April 3, 1987; and Fourth Year (KBC Fiscal year 2008-2009) = 25% of the amount Georgetown College would have otherwise received under the distribution formula in use at the time of the termination of the Covenant Agreement dated April 3, 1987.
3. Reporting Relationship --
 - Georgetown College shall provide a copy of its annual Audit Report to the KBC as provided in the Covenant Agreement as long as Georgetown receives Cooperative Program funds.
 - Georgetown College shall provide a report each year to the Mission Board of the KBC during the phase out period for Cooperative Program funds.
4. Termination of Covenant --
 - The Kentucky Baptist Convention and Georgetown College agreed that the Covenant Agreement has been terminated on the basis of items 1, 2, and 3 above and that there are no separate oral agreements.
5. Indebtedness Insertion -
 - In creating any indebtedness, in which the Kentucky Baptist

Convention has not specifically joined, Georgetown College agrees that the loan is not made upon reliance of the Kentucky Baptist Convention, its Mission Board, or any agencies or institutions related to the Kentucky Baptist Convention and in the event of default, the lending institution will look solely to the assets of Georgetown College for satisfaction. Both parties recognize that Georgetown College has absolute authority to deal with others in the conduct of its business and in dealing is solely responsible for its own acts, debts and obligations and will make this clear to others at any time any questions thereto arises.

[A letter stating the desire of the Georgetown Board of Trustees to terminate the current covenant agreement is attached.]

MINISTRY PARTNERSHIP

The Kentucky Baptist Convention and Georgetown College are pleased to enter into the following Memorandum of Understanding regarding Ministry Partnership:

- (1) Relationship —
 - The KBC and Georgetown greatly value their long historical relationship and covenant together in a new ministry partnership in order to mutually advance Kingdom Work and the ministry of each entity, in keeping with the Great Commission of our Savior and Lord, Jesus Christ.
 - Relationships between the Kentucky Baptist Convention and Georgetown College shall exist as relationships of mutual purposes, mutual interests, mutual concerns, and mutual programs that may be desired. In no relationship shall there be fiscal or other liability implied or expressed unless specifically stated in contracts and/or supportive documentation between the two entities. Under no circumstances shall one entity be held liable and/or responsible for or be bound by the acts of the other unless each entity expressly agrees in writing to accept such liability and/or responsibility or to be so bound. The parties acknowledge that it is not their intent to create a partnership as defined in KRS 362.175 or as described under the common law of Kentucky or any other jurisdiction. Specifically, the parties are not creating a business or any other form of relationship with the intention of making a profit, and neither party is undertaking any fiduciary duties with respect to the other party. To avoid the creation of a partnership by estoppel under KRS 362.225, neither party shall, by words spoken or written or by conduct, represent itself, or consent to another representing it to anyone, as a partner in an existing partnership.
- (2) Governance --
 - Georgetown College shall provide in its Articles of Incorporation that "seventy-five (75%) of the members of the Board shall be Kentucky Baptists."
- (3) Funding --
 - Georgetown College students shall be eligible for KBC's existing scholarship program(s).

- Georgetown College students shall be eligible to participate in Baptist scholarship funds and Kentucky Baptist Higher Education Institution scholarships and/or similar funds, unless otherwise excluded by trust documents at the Kentucky Baptist Foundation.
 - Kentucky Baptist Churches may designate funds through the KBC for Georgetown College.
- (4) Campus Minister --
- The Kentucky Baptist Convention and Georgetown College shall jointly hire and fund a Campus Minister position for Georgetown. The Campus Minister shall be an employee of the KBC with guidelines for the Campus Minister relationship covered by agreement between the KBC's Collegiate Ministries Department and Georgetown College.
- (5) Reporting, Public Relations, and Promotion --
- Georgetown College President, or his designee, shall report each year to the Mission Board of the KBC.
 - Georgetown College shall be provided space for exhibits or promotions at KBC's Annual Meeting and other events, when appropriate.
 - The Kentucky Baptist Convention and Georgetown College shall promote their mutual ministries.
 - By the terms of this agreement, Georgetown College shall be considered an officially sanctioned entity in its relationship with the Kentucky Baptist Convention and the Kentucky Baptist Foundation. Georgetown College shall be eligible for all Kentucky Baptist Foundation services.
- (6) Future Relationship --
- It is the desire of the Kentucky Baptist Convention and Georgetown College to enhance their ministry relationship in the future, and mutually work to fulfill the mission statements of each entity.
- (7) Dissolution --
- Georgetown College will in accordance with the United States Internal Revenue Code 1954 as amended prepare a satisfactory dissolution clause so that its assets not otherwise required to be distributed upon said dissolution to others will be distributed to the Kentucky Baptist Convention
- (8) Termination--
- The Memorandum of Understanding regarding Ministry Partnership may be terminated by either party on one year written notice to the President of the respective parties.
- (9) Amendments
- It is agreed between the parties hereto, that all amendments, revisions, and/or changes shall be made as follows: Requests for amendments may originate with the KBC or Georgetown and be approved by majority vote of Georgetown's Trustees and the Mission Board of the KBC or messengers to its annual meeting. All such amendments shall be in writing and signed by a duly authorized

representative of each party to this Agreement.

This ministry relationship is built on many years of faithful commitment and trust by many individuals, and by millions of dollars contributed by Kentucky Baptists in support of Georgetown College and by the support of many Georgetown graduates to the Kentucky Baptist Convention. It is based on this mutual trust and spirit that the Kentucky Baptist Convention and Georgetown College enters into the Memorandum of Understanding regarding Ministry Partnership on this ____ day of _____, 2005.

KENTUCKY BAPTIST CONVENTION

GEORGETOWN COLLEGE

By: _____
Hershael York, President

Janice Shelton, Chairman, Board of Trustees

Bill F. Mackey, Executive Director-Treasurer

Bill Crouch, President