

Otter Tail Corporation Foundation

Guidelines for Grant Seekers

August 2018

The Otter Tail Corporation Foundation (the “Foundation”) has been established to provide financial support to primarily Arizona, Georgia, Illinois, Minnesota, North Dakota and South Dakota organizations that are a public charity described in section 501(c)(3) of the Internal Revenue Code.

Geographic Focus

The principal focus of the Foundation includes those communities in Arizona, Georgia, Illinois, Minnesota, North Dakota and South Dakota where Otter Tail Corporation and its subsidiaries have a business presence.

Eligibility

The Foundation awards grants to innovative projects and activities creating measurable impact in four major fields of interest:

- **Health & Human Services** – Initiatives and programs that help individuals and families struggling to meet the challenges of everyday living, including hunger, poverty, domestic violence, homelessness and disabilities.
- **Community, Civic and Cultural Development** – Programs and projects that focus on economic and cultural development at the local, regional or statewide level, including efforts that increase awareness of culture and the arts and encourage their growth, particularly for regions or populations that would otherwise be unable to participate.
- **Education** - Early childhood education initiatives and programs that primarily support schools of higher learning with special interest in curricula and capital improvements in the study of business, political science, economics, engineering and natural/physical sciences as they relate to the energy and industrial industries.
- **Environment** - Programs that emphasize sustainability, preservation, environmental education and stewardship of our communities’ land, water and air with an emphasis on collaborative programs that strengthen ties between businesses and communities.

The Foundation will consider requests from qualified organizations to support operating budgets and capital fund programs for the construction, refurbishment or purchase of buildings, structures, equipment or physical enhancements. Normally, the Foundation will not contribute to endowments.

Limitations

The Foundation does not support the following:

- individuals
- individual scholarships
- individual sponsorships related to fund-raising

- organizations that are not described in Section 501(c)(3) of the Internal Revenue Code as a public charity including, but not limited to:
 - o labor or veteran's organizations
 - o fraternal orders
 - o social clubs
 - o loans for small business
 - o political organizations and political campaigns
- organizations that practice discrimination based on sex, age, height, weight, marital status, race, religion, sexual orientation, creed, color, national origin, ancestry, disability, handicap, or veteran status
- religious organizations when the contribution will be used for denominational or sectarian purposes
- debt reduction campaigns
- sports tournaments
- talent or beauty contests

The Foundation does not purchase tickets or make payments to events or celebrations to raise funds for charitable purposes, nor does it sponsor advertising supporting these efforts.

Charity Choice

Charity Choice a matching gifts program designed to support the causes favored by Otter Tail Corporation and its subsidiaries employees who volunteer their time, talent and money to improve the quality of life in their communities. Through the Charity Choice Program, the Foundation awards matching gifts of up to \$500 to the employee's organization of choice which qualifies as an organization described in Section 501(c)(3) of the Internal Revenue Code. Each employee is eligible for one donation to one such organization each year.

An employee who donates at least \$100 or volunteers at least 24 hours of personal time between January 1 and December 31 may apply for up to \$500 to that organization in a matching gift.

Higher Education

The Foundation also administers a matching gift program for employees of Otter Tail Corporation and the Otter Tail Corporation board of directors. This program supports qualifying colleges and universities that are described in Section 501(c)(3) of the Internal Revenue Code of 1986. Contributions are matched dollar for dollar up to \$1,000 per employee/board member and 50 percent per retiree up to \$1,000 in any calendar year. The minimum gift is \$25.

GRANT RESTRICTION AGREEMENT

This **GRANT RESTRICTION AGREEMENT** (the "Agreement") is made and entered into this ____ day of _____, 20____, by **[name and legal structure of grantee]** ("Grantee") to induce the Otter Tail Corporation Foundation (the "Foundation"), a Minnesota nonprofit corporation described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), to make a grant in the amount of \$[] to Grantee to further the Foundation's purposes as described in Section 1 below. Grantee acknowledges that the Foundation is subject to certain requirements and restrictions imposed by the Code on private foundations and that the Foundation requires, as a condition of making the grant, that Grantee provide the representations, warranties and covenants contained in this Agreement. Accordingly, Grantee represents to and agrees with the Foundation, its successors and assigns, as follows:

1. Use of Funds. Grantee shall use the grant funds received from the Foundation, and income thereon, only for the purposes and in the manner provided herein and shall repay any amounts not so used. Specifically, grant funds shall be used **[describe terms of grant, including intended use, charitable/educational/scientific purpose(s) and time within which funds must be expended]**. Pending such use, the grant funds shall be maintained in a separate fund dedicated to the purposes of the grant. This grant is designated for the project identified above. It is not earmarked for transmittal to any other entity or person, even if Grantee's proposal or other correspondence expresses expenditure intentions. Rather, Grantee accepts and will discharge full control of the grant and its disposition and responsibility for complying with this Agreement's terms and conditions. Any changes to the project will require prior written approval of the Foundation.

2. Prohibitions. No grant funds (or income thereon) shall be used to undertake any activity for any purpose other than one specified in Section 170(c)(2)(B) of the Code.
3. Annual Reports. Grantee shall submit full and complete annual reports on the manner in which grant funds, and any income thereon, are used (specifically indicating amounts used for salaries, travel or supplies), on both a current and a cumulative basis, and the progress made in accomplishing the purpose for which the Foundation's grant is made. Such reports shall be made as of the end of each of Grantee's annual accounting periods within which the grant, or any portion, thereof is received and all such subsequent periods until the grant funds are expended in full. Such reports shall be furnished to the Foundation within sixty (60) days after the close of the accounting periods to which they relate.

Such reports shall include a certification by Grantee of compliance with these representations. Following the close of its annual accounting period during which the use of all grant funds (and income thereon) is completed, Grantee shall make a final report with respect to all expenditures made from grant funds (including specific information concerning amounts used for salaries, travel, and supplies), and indicating the progress made toward achieving the purpose of the Foundation's grant.

4. Books and Records. Grantee shall maintain complete records of receipts and expenditures, and shall account separately for funds received from the Foundation, and income thereon. Records of expenditures, as well as copies of the reports submitted to the Foundation, shall be kept for at least four (4) years after completion of the use of all grant funds. Grantee's books and records shall be available to the Foundation and its representatives for inspection and copying at all reasonable times.

5. [USA Patriot Act Executive Order 13224 Certification]. Grantee certifies that it does not employ or deal with any individuals or entities who appear on the list of the individuals and entities designated by the U.S. Department of State under Executive Order 13224.¹ Grantee also agrees to undertake reasonable steps to ensure that funds provided by the Grantor are not ultimately distributed to terrorist organizations and to periodically apprise the steps Grantee has taken to meet this goal.] **[Draft Note: This section should only be included for international grants].**
6. Foreign Corrupt Practices Act. Grantee understands that it must comply with all applicable laws, statutes, regulations and codes relating to anti-corruption, both domestically and otherwise, including, but not limited to, the Foreign Corrupt Practices Act.
7. Remedies. In addition to any other remedies that the Foundation may have, Grantee agrees that the Foundation may withhold grant funds or terminate any grant commitment that the Foundation may have made to Grantee if Grantee fails to comply with the terms of these representations.
8. Reversion of Funds. In addition to the remedy in Section 7, Grantee agrees to repay grant funds under the following conditions and time periods:
- (a) Immediately, in the event of Grantee's dissolution, any unspent portion of the amount granted as required under Minnesota law.
 - (b) Within sixty (60) days of written request by Foundation, in the event any portion of the amount granted is used for any purpose other than for the expressed purpose for which the grant was requested and approved by Foundation.

¹ <http://www.state.gov/j/ct/rls/other/des/143210.htm>

(c) Within sixty (60) days of written request by Foundation, in the event this grant was made for a specific grant period, any amount not expended for the project, unless Foundation agrees in writing to Grantee's written request for carryover of the funds for a new grant period.

9. Press Release. Grantee agrees that it will not issue any press release with respect to the grant or the activities funded by the grant, or otherwise make any oral or written statements or disclosures with respect to the grant or such activities, without the prior written consent of the Foundation, except to those of Grantee's employees and representatives as may need to know such information for purposes of such activities, and except as may be required by applicable law or by obligations pursuant to any listing agreement with or rules of any national or international securities exchange. In the event of any such required disclosure, Grantee will provide the Foundation with written notice of the required disclosure at least forty-eight (48) hours in advance of such disclosure, and will limit such disclosure to the minimum required under the applicable law or obligations.

IN WITNESS WHEREOF, Grantee has caused these representations to be made as of the day and year first written above.

[NAME OF GRANTEE]

By _____

Its _____