



SCHOLARSHIP POLICY

MERC Scholarship and Grant Prizes

Introduction: Scope and Intent of the Policy

The Minnesota Employee Relocation Council Community Cares Committee (MERC) from time to time holds and administers certain funds (the “Funds”) that provide scholarship grants to individuals, including high school, college and graduate school students, to enable the recipients to complete an undergraduate or graduate education in the field of their choice at the college or graduate school of their choice. MERC also holds and may administer certain Funds that make grants to students in primary and secondary school to attend various educational programs and to other individuals for vocational or other training. Grants made from such Funds shall be referred to as “Scholarship Grants.”

MERC also from time to time holds and administers certain funds that make grants to individuals to achieve a specific objective, produce a report or other similar product, or improve or enhance our community as it relates to MERC’s mission and the greater mission of the relocation industry. Eligible individuals may include graduate students, scholars, professionals, individuals with specialized skills or knowledge and charity organizations that give back to our communities.

Grants made from such Funds shall be referred to as “Awards and Prizes to Achieve a Specific Objective.”

MERC has established the following procedures pursuant to which Scholarship Grants and Awards and Prizes to Achieve a Specific Objective will be awarded from funds where Donor-advisers have any advisory privileges or participation in the selection of grant or award recipients. The following procedures shall be interpreted to ensure MERC’s compliance with all applicable requirements of the Internal Revenue Code, including Section 4966, accompanying Treasury Regulations and guidance from the Internal Revenue Service, and these procedures may be amended from time to time.

For purposes of these procedures, a Donor-adviser will be defined as an individual or organization, including a corporation, partnership or trust, that makes a contribution to a Fund where such Fund is separately identified by reference to contributions of the Donor-adviser and

with respect to which the Donor-adviser (or any person appointed or designated by such Donor-adviser) has, or reasonably expects to have, advisory privileges with respect to the distribution or investment of amounts held in such Fund by reason of the Donor-adviser's status as a donor.

MERC values and encourages the interest and involvement of donors to funds established to make Scholarship Grants and Awards and Prizes to Achieve Specific Objectives. Such involvement may include developing criteria for awards, serving on grant selection committees and recommending others for places on selection committees.

I. Selection of Grantees

Grantees are to be selected on an objective and nondiscriminatory basis. The group from which grant recipients are selected must be sufficiently broad so that giving grants to one or more members of the group fulfills a charitable purpose; however, selection from such a group is not necessary if one or more grant recipients are selected on the basis of their exceptional qualifications to carry out the purposes of the grant or it is otherwise evident that the selection is particularly calculated to effectuate the charitable purpose of the grant rather than to benefit particular persons or a particular class of persons. For example, selection of a qualified research scientist to work on a particular project does not violate the requirements of this paragraph if the scientist is selected from a group of three scientists who are experts in that field.

A. Scholarship Grants

- In connection with Scholarship Grants, MERC members or selection committees established for such awards shall contact high school, college and graduate school administrators as well as managers of other relevant community institutions to advertise the availability of MERC's Scholarship Grants and to request that these administrators nominate potential candidates or encourage potential awardees to submit applications for scholarship aid.

B. Awards and Prizes to Achieve a Specific Objective

- In connection with Awards and Prizes to Achieve a Specific Objective, MERC members shall develop application or nomination procedures that are appropriate to accomplish the purposes of the Fund under which any such award is established.

II. Criteria for Selection

The criteria to be used in selecting grant recipients from the fund established by MERC and its donors must be based on criteria that are appropriate to accomplishing the purpose of MERC's mission. MERC will advise donors of the potential grant opportunities and MERC will establish clear selection or nomination criteria for such grants.

A. Scholarship Grants

- For Scholarship Grants, such criteria may include, but are not limited to, the following: prior academic performance, performance of each applicant on tests designed to measure ability and aptitude for educational work; recommendations from instructors of such applicant and any others who have knowledge of the applicant's capabilities, additional biographical information regarding an applicant's career, academic and other relevant experiences such as relocation, financial need and conclusions which the grant selection committee may draw as to the applicant's motivation, character, ability, or potential. Criteria may also include the applicant's place of residence, past or future attendance at a school, past or proposed course of study or evidence of his or her artistic, scientific or other special talent and experience in the relocation industry.
- Recipients of Scholarship Grants must be (1) primary or secondary school students; (2) undergraduate or graduate students at a college or university who are pursuing studies or conducting research to meet the requirements for an academic or professional degree; or (3) students – whether full-time or part-time – who receive a scholarship for study at an educational institution that provides an educational program acceptable for full credit toward a bachelor's or higher degree, or offers a training program to prepare students for gainful employment in a recognized occupation and is authorized under federal or state law to provide such a program and is accredited by a national recognized accreditation agency and all Scholarship Grants must be used for tuition and related expenses (as further described in Section VII following) 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 are carried on. MERC reserves the right to impose additional, minor reasonable restrictions and/or requirements upon the awarding of Scholarship Grants and the administration of such grants. Any substantial or material changes will be made only with approval of MERC's Board of Directors.

B. Awards and Prizes to Achieve a Specific Objective

- In connection with grants to individuals to achieve a specific objective, produce a report or other similar product, or improve or enhance our community as it relates to MERC's mission and the greater mission of the relocation industry, recipients may include graduate students, scholars, professionals or other individuals with specialized skills or knowledge or charitable organizations that are supporting our community. Criteria shall be related to the purpose of the Fund under which the award is established and may include prior experience, contributions to the field, demonstrated academic achievement, financial need, character, ability, motivation and potential or community need. In connection with scholarships awarded to pay for a course of study leading to a certificate or a higher skill level, criteria shall be related to the purpose of the Fund under which the award is established and may include financial need, character, ability, motivation, potential and the relevance of the candidate's course of study and career objectives to the charitable purposes of the Fund.

III. Grant Selection Committees

MERC shall appoint all members of any selection committee charged with the evaluation of candidates for Scholarship Grants and Awards and Prizes to Achieve a Specific Objective. Appointments shall be made by a committee duly appointed by the Board of Directors or by the Board of Directors directly.

No combination of Donor-advisers, persons recommended or designated by Donor-advisers (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-advisers, persons recommended or designated by Donor-advisers and persons related to any of these persons shall not constitute a majority of any such selection committee (persons may include individuals, partnerships, corporations or trusts). Where a Donor-adviser recommends a person for appointment to a 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-adviser.

Donor-advisers and related persons may provide advice with respect to the selection of grant or award recipients solely as members of a selection committee.

Every member of any selection committee charged with the evaluation of candidates for grants shall adhere to the relevant policies of MERC 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 selection committee charged with the evaluation of candidates for grants shall 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 MERC's Board of Directors, any substantial contributor to the funds, or any other disqualified person as defined in IRC § 4946(a) with respect to MERC, or, with respect to grants from a particular Fund, any Donor-adviser 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 selection committee established under this policy shall forward its recommendations to the MERC Board of Directors in such form and on such schedule as establish.

The MERC Board shall approve each award made under this policy.

IV. Application and Nomination Process

Applicants for Scholarship Grants and Awards and Prizes to Achieve a Specific Objective shall be required to submit such application forms and supporting materials as MERC may deem appropriate on a schedule to be determined by MERC.

V. Grant Renewals

Grants will ordinarily be awarded on a one-time basis. However, a Scholarship Grant or an Award or Prize to Achieve a Specific Objective may be renewable for a period appropriate to the purposes of the Fund under which the award is established and MERC may consider renewing a grant on a case-by-case basis according to the status of the grantee's project and the purposes of the grant.

VI. Supervision of Scholarship Grants

A. General Procedures

- Unless otherwise provided in the fund agreement establishing a Scholarship Grant, each Scholarship Grant shall be paid by MERC directly to the educational institution for the use of the scholarship recipient. Each educational institution must be described in IRC §170(b)(1)(A)(ii) and must agree in writing to use the grant funds to defray the scholarship recipient's expenses or to pay the funds (or a portion thereof) to the recipient only if the recipient is enrolled at such educational institution and his or her standing at such educational institution is consistent with the purposes and conditions of the grant.
- Unless otherwise provided in the fund agreement establishing a Scholarship Grant, a condition of each Scholarship Grant is that it will be used only for qualified tuition and related expenses within the meaning of IRC § 117(b)(2), and for room and board. Accordingly, a Scholarship Grant can be used only for: (1) tuition and fees required for the enrollment or attendance of the student at a qualifying institution; (2) fees, books, supplies, and equipment required for courses of instruction at such an educational institution; and (3) room and board. An additional condition is that no part of the Scholarship Grant shall be used as payment for teaching, research, or other services by the scholarship recipient required as a condition for receiving the scholarship.

B. Special Procedures

- If for any reason, a Scholarship Grant is paid to a person other than the educational institution attended by the scholarship recipient or if the Scholarship Grant is used for expenses other than qualified tuition and related expenses within the meaning of IRC § 117(b)(2) or for room and board, then MERC must receive a report on the progress of each recipient of such a Scholarship Grant at least once each year. This report must include a summary of the use of the funds awarded, and the grantee's courses taken (if any) and grades received (if any) in each academic period. This report must be verified by the educational institution. A final report is also required.
- Where the reports submitted, or other information (including the failure to submit reports) indicate that all or any part of a scholarship grant is not being used in furtherance of the purposes of such grant, MERC is under a duty to investigate. While conducting its investigation, MERC shall withhold further payments to the extent possible until any delinquent reports required under the foregoing provisions of these procedures have been submitted.

- If MERC learns that all or any part of a grant is not being used in furtherance of the purposes of the grant, MERC shall take all reasonable and appropriate steps to recover the grant funds and/or ensure restoration of the diverted funds to the purposes of the grant. If such a diversion occurs and the grantee has not previously diverted grant funds to any use not in furtherance of the purposes of the grant, MERC shall withhold any further payments to the grantee until it has received the grantee's assurance that future diversions shall not occur and shall require the grantee to take extraordinary precautions to prevent future diversions from occurring.
- The phrase "all reasonable and appropriate steps," as used above, shall include legal action where appropriate, but need not include legal action if such action would in all probability not result in the satisfaction of execution on a judgment.

VII. Supervision of Awards and Prizes to Achieve a Specific Objective

Recipients of Awards and Prizes to Achieve a Specific Objective or, if appropriate, the organization supervising the grantee's work, will be required to provide a written report to MERC about their activities and use of funds at the end of the grant period. If the grant is for a term of longer than one-year, periodic written reports will be required at least annually. Any funds not expended for the purpose of the award must be returned to MERC for use in furtherance of its mission and the charitable purposes of the Fund under which such award was made.

VIII. Record keeping Requirements

MERC shall retain the following records in connection with all Scholarship Grants and Awards and Prizes to Achieve a Specific Objective: all information obtained by MERC to evaluate the qualifications of potential grantees, the identification of grantees (including any relationship of any grantee to MERC or to a director or officer of MERC), the purpose and amount of each grant, and any additional information MERC obtains in complying with its grants administration procedures. Information pertaining to unsuccessful applicants for awards shall be kept along with information on successful applicants.

Records pertaining to any grant made pursuant to this policy shall be kept for no less than three years after the filing of MERC's annual tax return for the period in which the last installment of such grant was paid.