

TRUST FUNDING POLICY AND GUIDELINES

I. Policy and Purpose

The Nobles Rural Electric Trust will be funded by Operation Round Up[®] voluntary contributions from members of Nobles Cooperative Electric and from other sources of funds available to the Trust, including unclaimed capital credits. Operation Round Up[®] contributions will be used primarily in the local area served by the Cooperative for charitable and educational purposes, including emergency energy assistance. Unclaimed capital credits will be used primarily for school scholarship funds and other educational purposes.

II. Major Funding Categories

Although there are many worthy charitable and educational projects and community needs in our local area, the limited availability of funds requires us to establish funding priority categories as follows, with annual budget allocation ranges for each category:

A. Community Service (20% to 40%)

1. Programs, projects and organizations which are important components of a community's overall quality of life, with emphasis on public safety, health care, self-sufficiency, and basic human needs.
2. Programs and projects which enhance the cultural environment of communities in our local area.

B. Economic Development (0% to 10%)

1. Community leadership programs designed to improve problem-solving skills and empower people to become self-reliant in identifying solutions to local economic and social problems.

C. Education and Youth (10% to 30%)

1. School scholarships and other programs and projects with a preference for Nobles Cooperative Electric member households and cooperative educational programs.
2. Programs that are designed to combat critical social problems affecting our children and youth, with an emphasis on children and teens at risk.
3. Programs and projects which promote wellness and encourage youth participation in athletics and physical fitness activities.
4. Unclaimed capital credits which may be distributed to a tax-exempt organization pursuant to Minnesota Statutes Section 308A.711 shall be allocated under this funding category.

D. Environment (5% to 15%)

1. Programs and projects that promote community recycling and natural resource preservation.
2. Community-based environmental quality education programs.
3. Environmentally sensitive agricultural research programs and projects.

E. Disaster Relief (5% to 15%)

Programs and projects to provide disaster relief and food, clothing, shelter, medical care, clean-up and repairs and reconstruction in an emergency following an accident, a severe storm or other causes.

III. Geographic Focus

Contributions will be focused geographically within the area served by the Cooperative and adjacent areas. Organizations which provide programs and benefits to people who live in this geographic area are eligible for funding consideration, even though the organization is located elsewhere.

IV. Funding Restrictions

1. Contributions will generally be made only to non-profit organizations, which have been granted tax-exempt status under Internal Revenue Code Section 501(c) (3).
2. Contributions will generally not be made for:
 - a. Lobbying, political, and religious organizations;
 - b. Veteran, fraternal, and labor organizations;
 - c. Fund-raising dinners, raffles and other events;
 - d. Individuals (except school scholarships and disaster relief);
 - e. Capital fund campaigns;
 - f. National fund drives; and
 - g. Advertising.

V. Evaluation Factors

1. The following factors will be considered in the evaluation of all funding requests:
 - a. Potential benefit to area residents and the entire community;

- b. Level of community support for the program or project or the organization requesting the funds;
 - c. Fiscal and administrative capability of the organization to deliver a quality service or program; and
 - d. Results that are predictable and can be evaluated.
2. It shall be the responsibility of all Trust Directors to evaluate funding requests and allocate contributions to accomplish the purposes and intent of this policy and these guidelines.