

**Agricultural Health Benefit Alliance Educational Foundation, LLC**  
**Scholarship Program**  
**Amended February 7, 2024**

**I. Introduction: Scope and Intent**

The Agricultural Health Benefit Alliance Educational Foundation, LLC, (“AHBAEF”) a California nonprofit public benefit limited liability company is formed exclusively for the charitable purposes of maintaining a Qualified Scholarship Program and to be owned, operated and administered exclusively by a nonprofit organization, its Managing Member, California Winegrower Foundation (“CWF”), a California nonprofit corporation, doing business as Ag Health Benefits Alliance of Northern California as administrator, (“AHBA”), providing Scholarship Awards to Participants, their Spouses, and their Children/Grandchildren as defined below in Section II, (the “Program”).

AHBAEF will hold and administer certain funds (the “Funds”) used to provide scholarship grants to Participants, their Spouses, and their Children/Grandchildren 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, or to attend various education programs for vocational or other training, or to provide post training or vocational certification support as defined hereinbelow. Grants made from such Funds shall be referred to as “Scholarship Grants”.

AHBAEF has established the procedures described in this Program pursuant to which Scholarship Grants will be awarded from Funds. The procedures shall be interpreted so as to ensure AHBAEF’s compliance with all applicable requirements of the Internal Revenue Code accompanying the Treasure Regulations and guidance from the Internal Revenue Service, and these procedures may be amended from time to time.

The Program will ensure that its procedures and award grants are made on an objective and non-discriminatory basis, are reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance, and AHBAEF will supervise grants to determine whether grantees have fulfilled the grant terms.

Donors of Funds may be involved, with others in developing criteria for awards, serving on grant selection committees and recommending others for places on selection committees. However, in no event will any donor, including anyone related to the donor, directly or indirectly, appoint any member of the scholarship committee, control the development or selection of criteria or the selection or oversight of the grantees.

**II. Definitions**

- A. “Funds” shall be those donations made by a donor to AHBAEF, whether in the form of cash, check, credit card, and publicly traded securities made with charitable intent on the part of the donor. Noncash gifts may be considered funds if in accordance with the current AHBAEF gift policy.
- B. “Scholarship Award(s)” refer to grants that (1), pay for individuals to attend an educational institution, including but not limited to study in or at an undergraduate or graduate education in the field of their choice at the college or graduate school of their choice, or (2) to attend various education programs for vocational or other training; or (3) to provide post training or vocational support as defined in Section IV (3) following a grant(s) made under Section II. B. (2)

- C. “Participant” means an Eligible Employee of an Employer Member of the CWF d/b/a AHBA as evidenced by a then current Membership Agreement who is covered under one or more Plans. AHBA shall verify that any applicant to the Program is a current Participant, Spouse of a current Participant, or Child/Grandchild of a Participant at the time of their Application, prior to any Scholarship Award, and upon completion of the terms, if any, of the Scholarship Award.
- D. “Spouse” means a then current legally married spouse of a Participant.
- E. “Child”/“Children/Grandchild/Grandchildren” of a Participant means a biological or adopted child or grandchild of the Participant under the age of 25.
- F. “Eligible Employees” means those employees, as specifically defined in the Group Benefit Application of an Employer Member of the CWF d/b/a AHBA.
- G. “Employer” means a business owner, partner, sole proprietor or corporation (and any other employer related to Employer through ownership or affiliation) that employs one or more Eligible Employees.
- H. “Membership Agreement” means a then valid Membership Agreement between CWF d/b/a AHBA and an Employer under which Employer retains the services of CWF to provide, secure, and/or administer for its Eligible Employees those Plans selected in the Group Benefit Applications attached to their Membership Agreement.
- I. “Grantee” shall mean a recipient of a Scholarship Award.
- J. “Eligible Applicant” shall be a Participant, Spouse, or Child/Children/Grandchild/Grandchildren as defined in Section I.C, D, and E; provided however, in no event shall Employees or the Spouse of Child/Grandchild of employees of CWF d/b/a AHBA be eligible to apply for or received a grant of Scholarship award.

### **III. Selection of Grantees**

Grantees are to be selected on an objective and nondiscriminatory basis. The group from which Grantees are selected shall 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 Grantees 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. No grants will be permitted to disqualified persons, including but not limited to substantial contributors, managers, and family members of disqualified persons.

### **IV. Criteria for Selection**

The criteria to be used in selecting Grantees from AHBAEF shall be based on criteria that are appropriate to accomplishing the underlying purpose of the grant.

- Prior academic performance,
- 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,

- Financial need and conclusions which the grant selection committee may draw as to the applicant's motivation, character, ability, or potential.

Recipients of Scholarship Grants may be

(1) 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

(2) students – whether full-time or part-time – or aspiring students at an educational institution that provides an educational program acceptable for full credit toward an associate's or bachelor's or higher degree, or to a vocational school or other program that 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; or

(3) Previous Scholarship Grant recipients under Section IV (2) above who have completed a vocational school or other program that 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. All Scholarship Grants made under this Section IV (3) may be made, in the discretion of the Grant Selection Committee directly to a Section IV (3) grant recipient following the completion of the program for which the grant under Section IV (2) was authorized, for the purpose of funding the pursuit of the chosen field for such expenses as business start up, equipment or other supplies, for the tools of the trade, license fees, or such other expenses as the Grant Selection Committee, in its sole discretion shall authorize.

All Scholarship Grants made under Section IV (1) and (2) above must be used for tuition and related expenses.

AHBAEF reserves the right to impose additional, minor reasonable restrictions and/or requirements upon Scholarship Awards and the administration of such grants. Any substantial or material changes will be made only with approval of the AHBAEF's Managing Member.

In connection with Scholarship Grants, AHBAEF shall contact Eligible Applicants, to advertise the availability of the AHBAEF Scholarship Grants and to request that Participants nominate potential candidates or encourage potential awardees to submit applications for scholarship aid.

#### **V. Grant Selection Committees**

No primary donor, if any, nor related persons, of AHBAEF shall not control the Selection Committee directly or indirectly. No representatives from a corporation that provides funds for Scholarship Awards to Participants and their dependents shall be allowed to serve on a Selection Committee for those awards.

AHBAEF shall appoint all members of any Selection Committee charged with the evaluation of candidates for Scholarship Awards. Appointments shall be made by AHBA or a committee duly appointed by AHBA.

No combination of Donors, persons recommended or designated by Donor (or persons related to any of these persons) to the Fund that makes Scholarship Grants may, directly or indirectly, control any Selection Committee established in connection with the Fund. For example, Donors, persons recommended or designated by Donors and persons related to any of these persons shall not constitute a majority of the Selection Committee (persons may include individuals, partnerships, corporations or trusts). Where a Donor 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. Donors and related persons may provide advice with respect to the selection of Grantees solely as members of a Selection Committee.

Every member of any Selection Committee charged with the evaluation of candidates for Scholarship Awards shall adhere to the relevant policies of AHBAEF 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 Scholarship Awards shall be obligated to disclose any personal knowledge of and relationship with any potential grantee under consideration and shall recuse him/herself and refrain from participation in the award process in a circumstance where (i) he or she would derive, directly or indirectly, a private benefit if any potential grantee or grantees are selected over others, or (ii) where the Applicant is an employee of, or related to an employee of the Selection Committee member, or (iii) where the Applicant is related to that member of the Selection Committee. No grant covered by this policy may be awarded to any member of the AHBAEF, any substantial contributor to the AHBAEF, any employee of the AHBAEF, or any other disqualified person as defined in IRC § 4946(a) with respect to AHBAEF, or, any Donor or substantial contributor to the Fund or any member of a Selection Committee, 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 AHBAEF's staff in such form and on such schedule as the staff shall establish.

AHBAEF shall approve each award made under this policy.

## **VI. Application and Nomination Process**

Applicants for Scholarship Grants shall be required to submit such application forms and supporting materials as the AHBAEF may deem appropriate on a schedule to be determined by the AHBAEF. Applicants may qualify for up to two Scholarship Grants.

### **Grant Renewals**

Grants will ordinarily be awarded for a one-year period, but may be for a shorter or longer period. A Scholarship Award may NOT be renewable; the applicant must submit a new application for a period appropriate to the purposes established by AHBAEF.

## **VII. Supervision of Scholarship Grants**

### **A. General Procedures - Scholarship Award Made Under Sections IV (1) or (2)**

Each Scholarship Award made under Sections IV (1) or (2) shall be paid by AHBAEF directly to the educational institution for the use of the Grantee. Each educational

institution must agree in writing to use the grant funds to defray the Grantee's expenses or to pay the funds (or a portion thereof) to the Grantee only if the Grantee 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 Award, a condition of each Scholarship Award 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 Award 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 Award shall be used as payment for teaching, research, or other services by the Grantee required as a condition for receiving the scholarship.

AHBAEF will track Scholarships by requesting that a recipient to whom a check is made out forward a verified copy the Applicant's transcript. Grants that are not used for educational purposes should be refunded to AHBAEF.

#### **A. General Procedures - Scholarship Award Made Under Sections IV (3)**

Each Scholarship Award made under Sections IV (3) shall be paid by AHBAEF directly to the Grantee for the authorized uses described in Section IV (3) and or any purpose which the Scholarship Committee so authorize. Each Grantee must agree in writing to use the grant funds to defray the Grantee's expenses as authorized by the Scholarship Committee. AHBAEF must receive a report on the progress of each recipient of such a Scholarship Award at least once each year. This report must include a summary of the use of the funds awarded.

#### **B. Special Procedures**

If for any reason, a Scholarship Award made under Sections IV (1) or (2) is paid to a person other than the educational institution attended by the Grantee or if the Scholarship Award is used for expenses other than qualified tuition and related expenses within the meaning of IRC § 117(b)(2) or for room and board, AHBAEF must receive a report on the progress of each recipient of such a Scholarship Award 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 any Scholarship Grant reports submitted, or other information (including the failure to submit reports) indicate that all or any part of any Scholarship Award is not being used in furtherance of the purposes of such grant, AHBAEF is under a duty to investigate. While conducting its investigation, AHBAEF shall withhold further payments to the extent possible until any delinquent reports required under the foregoing provisions of these procedures have been submitted.

If AHBAEF learns that all or any part of any grant is not being used in furtherance of the purposes of the grant, AHBAEF 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, AHBAEF 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.

Where a Grantee has previously diverted funds received from AHBAEF and AHBAEF determines that any part of a grant has again been used for improper purposes, AHBAEF 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. In such case, AHBAEF shall withhold further payments until: (1) the diverted funds are in fact recovered or restored; (2) AHBAEF has received the Grantee's assurances that future diversions will not occur; and (3) AHBAEF requires 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.

### **IX. Recordkeeping**

AHBAEF shall maintain adequate records and case histories to show the name and address of each recipient of aid; the amount distributed to each; the purpose for which the aid was given; the manner in which the recipient was selected and the relationship, if any, between the recipient and (1) members, officers, or trustees of the organization, (2) a grantor or substantial contributor to the organization or a member of the family of either, and (3) a corporation controlled by a grantor or substantial contributor, in order that any or all distributions made to individuals can be substantiated upon request by the Internal Revenue Service.

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 AHBAEF's annual tax return for the period in which the last installment of such grant was paid.

*Rebecca Barlow*

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Rebecca Barlow, President

2/7/24