

THE HOWARD G. BUFFETT FOUNDATION

TERMS AND POLICIES AGREEMENT

In order for the Howard G. Buffett Foundation (HGBF) to initiate a transfer of funds to a Grantee, the Grantee is required to accept the terms of the grant set forth and agree to all HGBF policies.

Grantee acknowledges receipt and agreement to all HGBF terms and policies provided herein. This includes but is not limited to:

- a) Terms of the Grant
- b) Distribution of Proceeds Policy
- c) Budget Flexibility Policy
- d) Budget Revision Policy
- e) Conflict Revisions Policy
- f) Reporting Requirements Policy
- g) Acknowledgment of Charitable Contribution

An appropriate officer must **complete, sign, and return** this form, indicating acceptance of all terms and policies. Following the return of this completed form via facsimile, or email to the Vice President of Operations, HGBF will initiate a transfer of funds based on the approved and agreed upon project budget. The original completed and signed form must be returned by US mail, courier, or a scanned email attachment. The Acknowledgment of Charitable Contribution Form must be returned within five (5) business days following the receipt of HGBF Funds.

Please print or type information.

The Howard G. Buffett Foundation
ATTN: Vice President of Operations
145 N. Merchant St.
Decatur, IL 62523
Fax: (217) 423-9287
tac@hgbfoundation.org

ORGANIZATION NAME: County of Hidalgo

PROJECT TITLE: The Howard G. Buffett Foundation (HGBF)-McCain Institute for International Leadership at Arizona State University

ESTIMATED TIMELINE OF PROJECT: 04/01/2020 - 05/31/2020

NAME OF REPRESENTATIVE: Richard Cortez

TITLE OF REPRESENTATIVE: County Judge

SIGNATURE: _____

DATE: _____

THE HOWARD G. BUFFETT FOUNDATION

TERMS OF THE GRANT

The following terms govern the agreement between HGBF and Grantee:

- a) HGBF's disbursement of payment is contingent upon Grantee compliance with all terms and conditions of this grant agreement and HGBF's policies contained herein.
- b) The transfer of any cash may only be used in support of the activities described in the Grantee's proposal approved by HGBF. Any income earned from any investment of the grant funds and all funds not used for the purposes of the grant within the grant period shall be governed pursuant to HGBF policies.
- c) HGBF may terminate this grant agreement at any time for convenience by written notice to Grantee. Grantee will return all unspent and uncommitted funds including accumulated interest, as soon as possible and no later than fifteen (15) days after the effective date of termination. In addition, all refunds from other contractual parties shall be returned to HGBF promptly upon receipt. The Grantee may terminate this grant agreement for reason of material breach by HGBF if the breach remains uncured thirty (30) days after written notice to HGBF of the specific nature of the material breach.
- d) By signing this agreement, Grantee acknowledges that HGBF has not designated or earmarked any part of the grant funds (a) for facilitating and/or publishing propaganda or attempting to influence legislation (within the meaning of U.S. Internal Revenue Code Sections 501(h), 4945(d)(1) and 4945(e) and related regulations; these provisions include state, federal or foreign legislation); (b) to influence the outcome of any specific public election of any candidate for public office or (c) to carry on, directly or indirectly, any other activity that is prohibited by a public charity.
- e) The Grantee agrees to maintain adequate records for the Project to enable HGBF to easily determine how the grant funds were expended for up to three (3) years after the termination of the Grant Agreement. The Grantee also agrees to make the books and records available for inspection by HGBF or its designee at reasonable times and to permit HGBF to monitor and conduct an evaluation of operations under this grant, which may include: upon advance notice, a visit by our personnel or our designee to observe your organization, a discussion of the Project with your organization's staff, and a review of financial and other records connected with this grant and the Project.
- f) The Grantee may determine that, in carrying out the project funded in part by this grant, there will be an attempt to influence governmental action. In the event that the Grantee uses any of the proceeds of the grant to influence a government organization for the specific purpose of the grant, the Grantee may have lobby reporting requirements under the laws of a particular state; note further that state law may include influencing state administrative agencies within the definition of lobbying. It is the responsibility of the Grantee to comply with any applicable lobby reporting requirements or other laws governing the content of this section.
- g) The Grantee shall immediately notify HGBF of any organizational changes during the term of the grant that may impact the implementation or the results of the project, including, but not limited to, **changes in key personnel in the project**, key personnel of the Grantee's organization, changes in tax status, or other substantive changes in the project or the organization which could impact the project. **Based on any of these changes and at the sole discretion of the HGBF, the grant may be terminated immediately and the funds will be returned to HGBF in accordance with (c) above.**

- h) Grantee agrees to comply with all provisions of the USA Patriot Act (Public Law Pub. L. 107-56) and in doing so, will not provide material to support any person or entity that engages in violent or terrorist activities.
- i) Prior to using HGBF's name or logo in any publication or webpage, a Grantee must submit the proposed publication to the Vice President of Operations and secure written approval for use.
- j) Grantee will comply with HGBF Reporting Requirements as detailed herein and as directed by HGBF.
- k) Budgets approved by HGBF will not exceed five (5) percent overhead for in-country expenses and five (5) percent overhead for headquarters expenses. Overhead is defined as indirect cost recovery that is not a cost associated with a specific budget line item in a project.
- l) All grant funds or interest earned on HGBF grant funds must be used in a manner that is consistent with the United States Internal Revenue Service regulations and the laws of the United States Government. It is the obligation of the Grantee to understand these regulations and laws.
- m) Grantee agrees to conduct all activities related to its use of the grant funds in compliance with all applicable U.S. export controls and trade sanctions laws and regulations.
- n) All intellectual property and/or research created through the support of an HGBF grant must be made available for public benefit with prior HGBF approval and cannot be used for personal or commercial financial gain.

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DISTRIBUTION OF PROCEEDS POLICY

HGBF, at its discretion, will fund projects by check or wire transfer. HGBF requires that Grantees complete and return the enclosed Acknowledgement of Charitable Contribution form within five (5) days of the confirmation of the stock proceeds. This form also confirms that no goods or services were received in exchange for the donation.

Establishing a HGBF Restricted Account

- All Grantees are required to establish an HGBF Restricted Account or a system to track and segregate HGBF funds to account for HGBF principal in the HGBF Account.
- Grantees are required to hold HGBF Restricted Account funds in financial investments which protect the value of the funds. Return on principal is a secondary objective. Examples of such investments include FDIC-insured bank accounts, certificates of deposit, U.S. Treasury bonds, and U.S. Government-insured equity instruments. Losses to the HGBF Restricted Account must be communicated and explained immediately upon occurrence. HGBF does not guarantee the replacement of losses.
- At times, HGBF will provide full funding upfront for a multiple-year proposal. In such cases, the same investment and reporting policies apply.
- All HGBF grants are based on United States currency (USD) budgets. Where a grantee's implementation requires conversion to one or more foreign currencies, the grantee is solely responsible for managing exchange rate fluctuations. Any exchange rate gains or losses should be noted in the grantee's required reporting. The grantee must absorb any exchange losses and return to HGBF any exchange rate gains at the project's conclusion.

Reporting on Accrued Interest

- Grantees are required to track all interest proceeds which accrue on the HGBF grant principal.
- Grantees must submit accrued interest reports on all fund balances to HGBF's Vice President of Operations every six (6) months on a June/December cycle.

Project Fund Balances

- Within sixty (60) days' of project conclusion, Grantees must deposit any unspent fund balances into the HGBF Restricted Account and provide an accounting of these funds.
- Grantees must notify HGBF's Vice President of Operations of any project fund balances via the project's Final Report.

Access to Excess HGBF Restricted Funds

- In some cases, HGBF may direct a Grantee to access the restricted funds for a specified project or initiative.
- Grantees must receive written approval from HGBF's Vice President of Operations prior to accessing any restricted funds.
- HGBF reserves the right to require Grantees at any time to return some or all of the restricted fund. In such cases, Grantees must comply with this request within sixty (60) days.
- Grantees shall not solicit HGBF to use the restricted funds for other projects.

THE HOWARD G. BUFFETT FOUNDATION

BUDGET FLEXIBILITY POLICY

In order to allow Grantees to respond quickly and flexibly to changing realities in the field, HGBF has established the following policies on budget flexibility and budget revisions.

Budget Flexibility

Grantees have the following preapproved budget management flexibility for the life of the project, provided adjustments are consistent with the approved project framework (objectives, outcomes, etc.) and that there is no change to the total budget cost as approved by HGBF:

- For all projects, Grantees have full line item flexibility on spending *within* each country's budget categories.
- For projects up to \$1 million of HGBF funding, Grantees have ten (10) percent flexibility on spending *within* each separate country's annual direct cost budget categories, excluding overhead.
- For projects exceeding \$1 million of HGBF funding, Grantees have seven (7) percent flexibility on spending *within* each separate country's annual direct cost budget categories, excluding overhead.
- Grantees have the flexibility to approve budget revisions for their sub-Grantees without requiring prior approval from HGBF, provided that such revisions do not cause the Grantee to exceed their total grant flexibility limits and are consistent with the objectives and outcomes of the grant.
- Any potential adjustments which exceed these limits must be addressed through the HGBF Budget Revision policy for written approval by HGBF.
- Grantees may not spend over their approved budget for indirect costs (overhead).
- For multi-year grants, any request to rollover funds from one year to the next must be addressed through the Budget Revision process. Requests to rollover funds are not guaranteed to be approved.
- In the final year of a multi-year project, any unspent funds must be addressed through the Budget Revision process or returned to HGBF if requested.
- In multi-country projects, if funds are remaining from one country's program budget, Grantees are not allowed at any time to transfer those funds to another country's program budget.

This policy on budget flexibility does not release Grantees from their responsibilities to ensure proper project planning and implementation. Budget flexibility is a privilege and not a right. HGBF may revoke or suspend this privilege at any time, for any project, and for any Grantee. HGBF will provide Grantees a sixty (60) day period in order to adjust the programming to accommodate this revocation, cease activities or to find other funding sources. Violations of these policies and/or inadequate justification of variances by Grantees may negatively affect future funding opportunities with HGBF.

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BUDGET REVISIONS POLICY

Budget Revisions

If a Grantee determines that there is a justifiable need to manage funds in a way that does not conform to the Budget Flexibility Policy, there is an option to submit a Budget Revision Request per the following guidelines:

- Requests must clearly show the proposed increases and decreases for each budget category (in terms of dollars and percentage change), along with sufficient explanation and justification.
- Any reallocation of funds across budget categories or from year to year must be consistent with the approved project framework, unless specific changes are authorized in writing by HGBF.
- Requests can be submitted at any time during the project cycle using the Budget Revision Request Form only, and sent to the assigned HGBF program contact, with a copy to the Vice President of Operations, and a courtesy copy to compliance@hgbfoundation.org.
- A Grantee does not have a right to budget revisions. HGBF will approve or deny requests on a case-by-case basis, depending on the strength of the justification and the extent to which project recipients will benefit from a revision.
- HGBF must provide written approval *prior* to a Grantee incurring such requested project expenses from any approved budget revision. **Under no circumstances, may Grantees request for retroactive approval for budget revisions.**
- If approved by HGBF, a revised budget becomes the new standard against which the budget flexibility policy applies.

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CONFLICT REVISION POLICY

Conflict Adjustments

In conflict countries or countries emerging from conflict, HGBF will allow a greater degree of variance in category revisions. In conflict countries where HGBF operates or expects to operate, HGBF will allow a fifteen percent (15%) variance within individual budget categories with the exception of indirect costs (as defined in Terms of the Grant). All other budget adjustments are subject to the Budget Revisions Policy. The Conflict Revision Policy applies to the following countries: Algeria, Central African Republic, Chad, Colombia, Democratic Republic of Congo, Mauritania, Somalia, South Sudan, and Zimbabwe.

Conflict Extensions

Specifically, in the countries listed above, when project interruptions occur due to increased insecurity, a project may be postponed after consultation with HGBF. HGBF reserves the right to terminate the project and the funding, at any time, if it determines the insecurity is increased to a level that impacts the project. The funds designated for the project are to be returned to HGBF within sixty (60) days after project termination.

HGBF understands that in conflict areas, there can be on-going challenges with staff hiring and retention, delivery of equipment, and travel which may delay a project in a variety of ways. Any request for an extension of time on use of funds is subject to the Budget Revisions Policy. If a project is suspended, the Grantee must provide a plan for how the project will be discontinued, including a timeline.

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REPORTING REQUIREMENTS POLICY

HGBF Grantees are required to provide reports as directed by HGBF when grant funds are awarded. Grantees must use HGBF reporting templates to document a grant's progress unless another reporting template has been preapproved:

Interim Reports are due every six (6) months from project start date, within thirty (30) days of the six (6) month interval. A project's second interim report is replaced by a Final Report when the project timeline is twelve (12) months or shorter. Each six (6) month report shall include the following information:

1. Executive Summary (2 pages maximum)
2. Goals and Objectives
3. Outcomes to Date (progress of activities against project objectives)
4. Challenges Encountered
5. Lessons Learned
6. Advocacy Opportunities
7. Work Plan
8. Budget Summary (consolidated) for all financial expenditures to date and a calculation of budget category variances from the original budget. Please include a detailed explanation of the line item costs responsible for all variances exceeding +/- 5% of budget plan. The budget must be summarized into the following categories:
 - a. Salaries
 - b. Fringe Benefits
 - c. Travel
 - d. Consultants
 - e. Supplies
 - f. Contracted Services
 - g. Other Direct Costs
 - h. Capital Equipment
 - i. Field-level Program Interventions (These are on the ground activities that directly involve and benefit the project beneficiaries.)
 - j. Overhead
9. Other relevant project information

Annual Reports (multiple-year projects only; replaces project's second Interim Report) are due every twelve (12) months from project start date, within thirty (30) days of the twelve (12) month interval. Each report shall include the following information for the twelve (12) month period:

- 1 - 7. Same as Interim Report

8. Budget summary that includes an Annual Financial Accounting and provides line-item expense detail and cost drivers against original proposed budget for all financial expenditures to date, calculates variances from the original budget and provides a detailed explanation for those variances. Budget summary must be consolidated and provided by country in the following categories:

- a. Salaries
- b. Fringe Benefits
- c. Travel
- d. Consultants
- e. Supplies
- f. Contracted Services
- g. Other Direct Costs
- h. Capital Equipment
- i. Field-level Program Interventions (These are on the ground activities that directly involve and benefit the project beneficiaries.)
- j. Overhead

9. Other relevant project information

Final Reports are due within sixty (60) days of the completion of the project, and shall include the following information for the entire grant period:

1. Executive summary (2 pages maximum)
2. Goals and objectives
3. Achieved Outcomes and Results to Date
4. Lessons learned
5. Advocacy Opportunities
6. Completed Work Plan
7. Budget summary that includes a Final Financial Accounting and provides line-item expense detail and cost drivers against original proposed budget for all financial expenditures to date, calculates variances from the original budget and provides a detailed explanation for those variances. Budget summary must be consolidated and provided by country in the following categories:
 - a. Salaries
 - b. Fringe Benefits
 - c. Travel
 - d. Consultants
 - e. Supplies
 - f. Contracted Services
 - g. Other Direct Costs
 - h. Capital Equipment
 - i. Field-level Program Interventions
 - j. Overhead

Grantees may request approval to extend the Interim and Annual Report deadlines from 30 to 60 days for multi-country and multi-partner projects or other projects that are complex in nature. All reports must be submitted electronically to their program staff contact with a copy to compliance@hgbfoundation.org.