

WRITTEN ACTION OF THE BOARD OF DIRECTORS
OF
DAAN FOUNDATION
TAKEN IN LIEU OF AN ORGANIZATIONAL MEETING

The undersigned, being the sole director of the DAAN FOUNDATION, a Minnesota nonprofit corporation, (“Foundation”) acting pursuant to the provisions of Minnesota Statutes, Section 317A.239, does hereby adopt the following resolution by authorizing the same in writing effective as of the 17th day of July, 2006:

RESOLVED, that the Conflict of Interest Policy attached hereto as Exhibit A hereby is adopted on behalf of the Foundation.

Barbara A. King

EXHIBIT A

SÄJAI™ FOUNDATION

CONFLICT OF INTEREST POLICY

Article I Purpose

The purpose of this conflict of interest policy (“Policy”) is to protect Säjai Foundation’s (“**Foundation**”) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Foundation or might result in a possible excess benefit transaction. This policy is intended to supplement, not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

Article II Definitions

1. Interested Person

Any director, officer, or member of a committee with board-delegated powers (“Person”) who has a “financial interest in a transaction or arrangement,” as defined below, is an “Interested Person.”

2. Financial Interest

A Person has a “financial interest in a transaction or arrangement” if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Foundation has a transaction or arrangement;
- b. A compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement; or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest in a transaction or arrangement is not necessarily a conflict of interest. Under Article III, Section 2, an interested person may have a conflict of interest only if the appropriate governing board or committee decides that a material conflict of interest exists.

Article III **Procedures**

1. Duty to Disclose

An Interested Person must disclose in writing the existence of the financial interest in a transaction or arrangement and be given the opportunity to disclose all material facts to the directors and members of committees with board- delegated powers considering the proposed transaction or arrangement. Such disclosure must be given within a reasonable time after the Person becomes aware that they are an Interested Person.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest in a transaction or arrangement and all material facts, and after any discussion with the Interested Person, the Interested Person shall leave the governing board or committee meeting while the question whether a material conflict of interest shall be deemed to exist is discussed and voted upon. A majority of the remaining board or committee members shall decide if a material conflict of interest shall be deemed to exist.

3. Procedures for Addressing the Conflict of Interest

- a. An Interested Person may make a presentation at the governing board or committee meeting, but after the presentation, the Interested Person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the board or committee shall determine whether the Foundation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the board or committee shall determine by a majority vote of the board or committee members whether the Foundation should enter into the transaction or arrangement taking into account whether the proposed transaction or arrangement is in the Foundation's best interest, for the Foundation's own benefit, whether the proposed transaction

or arrangement is fair and reasonable, and such other factors as the board or committee deems to be relevant.

4. Violations of the Conflicts of Interest Policy

- a. If the board or committee has reasonable cause to believe a Person has failed to disclose the Person's status or potential status as an Interested Person or any actual or possible conflicts of interest, the board or committee shall inform the Person in writing of the basis for such belief and afford the Person a reasonable opportunity to explain the alleged failure to disclose.
- b. If, after hearing the Person's response and after making further investigation as the board or committee determines is warranted by the circumstances, the governing board or committee determines the Person has failed to disclose an actual or possible conflict of interest, the board or committee shall take whatever action, if any, the board or committee deems to be appropriate.

Article IV **Records of Proceedings**

The minutes of the board and all committees with board-delegated powers shall contain:

- a. The names of the Persons who disclosed or otherwise were found to be Interested Person's, the nature of the Interested Person's financial interest, any action taken to determine whether a material conflict of interest exists, and the board's or committee's decision as to whether a material conflict of interest in fact exists.
- b. The names of the persons who were present for discussions and votes relating to the proposed transaction or arrangement, a summary of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V **Compensation**

- a. A voting member of the board who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation unless such voting member of the board is the only one board member then serving.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that

member's compensation unless such voting member of the committee is the only committee member then serving.

- c. No voting member of the board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation, either individually or collectively, is prohibited from providing information to the board or any committee regarding compensation.

Article VI **Statements**

Each Person shall sign a statement when requested which affirms that such Person:

- a. Has received a copy of this Policy,
- b. Has read and understands this Policy,
- c. Agrees to comply with the Policy, and
- d. Understands the Foundation is charitable and, in order to maintain its federal tax exemption, must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII **Periodic Reviews**

To ensure the Foundation operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Foundation's policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in impermissible private benefit or in an excess benefit transaction.

The Foundation may, but need not, use outside advisor when conducting the periodic reviews.