

Conflict of Interest Policy The Cooperative Foundation

RECITALS:

A. The Cooperative Foundation is a Minnesota nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The Cooperative Foundation is organized and operated for charitable purposes.

B. As a Minnesota nonprofit corporation, The Cooperative Foundation and its Board of Trustees and officers are required to operate in compliance with the conflicts of interest provisions of the Minnesota Nonprofit Corporation Act.

C. To facilitate and further compliance with these principles, the Board of Trustees has determined that it is in the best interests of The Cooperative Foundation to adopt by resolution a written conflicts of interest policy that conforms to state and federal law, in order to guide and govern the actions and activities of The Cooperative Foundation, its Board of Trustees, and its officers, staff and committee members, in discharging their duties in good faith in certain circumstances in which a conflict of interest does or may exist. This policy is not a comprehensive statement of how any particular duties of a Trustee or other person are to be discharged, but discharge of a Trustee’s duties does require compliance in good faith with this policy.

D. This policy is intended for the benefit of The Cooperative Foundation. The Board of Trustees of The Cooperative Foundation has the exclusive authority to administer, interpret and enforce this policy. Violation of or failure to comply with this policy will not render a decision or transaction void or voidable, except as provided under Minnesota law.

NOW, THEREFORE, BE IT RESOLVED, that the following conflicts of interest policy is hereby adopted effective as of the date hereof.

ARTICLE I PURPOSE

The purpose of the conflicts of interest policy is to protect The Cooperative Foundation's interests when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or Trustee of The Cooperative Foundation. This policy is intended to supplement but not replace Minnesota law governing conflicts of interest applicable to nonprofit and charitable corporations.

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ARTICLE II DEFINITIONS

1. Interested Person

Any Trustee, principal officer, or member of a committee with Board-delegated powers who has a direct or indirect financial interest, as defined below, is an interested person. If a person is an interested person with respect to a organization that is a “related organization” to



The Cooperative Foundation within the meaning of Minnesota Statutes Section 317A.011, subd. 16, then he or she is an interested person with respect to The Cooperative Foundation.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment or family—

- a. an ownership or investment interest in any entity with which The Cooperative Foundation has a transaction or arrangement, or
- b. a compensation arrangement with The Cooperative Foundation or with any entity or individual with which The Cooperative 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 Cooperative Foundation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the Board of Trustees or committee decides that a conflict of interest exists.

ARTICLE III PROCEDURES

1. Duty to Disclose

In connection with any actual or possible conflicts of interest, an interested person must disclose the existence of his or her financial interest and must be given the opportunity to disclose all material facts to the Board of Trustees and members of committees with Board-delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

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After disclosure of the financial interest and all material facts, and after any discussion with the interested person, the interested person shall leave the Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the Board of Trustees or committee meeting, but after such presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.



b. The Chair of the Board of Trustees 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 of Trustees or committee shall determine whether The Cooperative Foundation can obtain a more advantageous transaction or arrangement with reasonable efforts 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 attainable under circumstances that would not give rise to a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested Trustees whether the transaction or arrangement is in The Cooperative Foundation's best interest and for its own benefit and whether the transaction is fair and reasonable to The Cooperative Foundation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

4. Violations of the Conflicts of Interest Policy

a. If the Board of Trustees or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

b. If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the Board of Trustees or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

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ARTICLE IV RECORDS OF PROCEEDINGS

The minutes of the Board of Trustees and all committee with Board-delegated powers shall contain—

1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed.

2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

ARTICLE V COMPENSATION

1. A voting member of the Board of Trustees who receives compensation, directly or indirectly, from The Cooperative Foundation for services is precluded from voting on



matters pertaining to that member's compensation.

2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from The Cooperative Foundation for services is precluded from voting on matters pertaining to that member's compensation.

ARTICLE VI ANNUAL STATEMENTS

Each Trustee, principal officer and member of a committee with Board-delegated powers shall annually sign a statement which affirms that such person--

- a. has received a copy of the conflicts of interest policy,
- b. has read and understands the policy,
- c. has agreed to comply with the policy, and
- d. understands that The Cooperative Foundation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

ARTICLE VII PERIODIC REVIEWS

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

- a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
- b. Whether arrangements with other organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further The Cooperative Foundation's charitable purposes and do not result in inurement or impermissible private benefit.

ARTICLE VIII USE OF OUTSIDE EXPERTS

In conducting the periodic reviews provided for in Article VII, The Cooperative Foundation may, but need not, use outside advisors. If outside experts are used their use shall not relieve the Board of Trustees of its responsibility for ensuring that periodic reviews are conducted.

ARTICLE IX OTHER REQUIREMENTS

1. This policy is intended to supplement the provisions of the Bylaws of The Cooperative



**The
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Foundation and the Minnesota Nonprofit Corporation Act regarding Trustees' and officers' fiduciary duties and conflicts of interest. Issues regarding the validity and enforceability of contracts and transactions between The Cooperative Foundation and a person who has or may have a conflict of interest shall be determined in accordance with the provisions of the Minnesota Nonprofit Corporation Act.

2. The Board of Trustees or management of The Cooperative Foundation may adopt additional procedures for addressing potential or actual conflicts of interest from time to time.