

ANNUAL CERTIFICATE

INTERESTED PERSONS TRANSACTION POLICY

I, _____, a principal officer or director of the Nonprofit Corporation hereby certify that I:

- a. have received a copy of the Nonprofit Corporation Interested Persons Transaction Policy dated _____, as amended;
- b. have read and understand the policy; and
- c. agree to comply with the policy.

In addition, I have _____ have not _____ reported to the Internal Revenue Service an Excess Benefit Transaction with respect to the Nonprofit Corporation or any Affiliate during the immediately preceding 12 month period. If such a report has been filed, a copy of the report is attached hereto.

Date: _____

Signature

Name: _____

Title: _____

RESOLUTION OF THE BOARD OF DIRECTORS
OF
BIRMINGHAM ZOO, INC.

WHEREAS, Birmingham Zoo, Inc. (the "Nonprofit Corporation") has submitted an Application for Recognition of Exemption with the Internal Revenue Service in order to obtain tax exempt status under Section 501 (c)(3) of the Internal Revenue Code;

WHEREAS, the Board of Directors of the Nonprofit Corporation deems it advisable and generally to the benefit and welfare of the Nonprofit Corporation to adopt a Conflicts of Interest Policy (attached hereto as Exhibit A) in anticipation of its recognition as a tax exempt organization; and

WHEREAS, the Board of Directors of the Nonprofit Corporation deems it advisable and generally to the benefit and welfare of the Nonprofit Corporation to adopt an Interested Person Transaction Policy (attached hereto as Exhibit B) in anticipation of its recognition as a tax exempt organization; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Nonprofit Corporation that the form, terms and provisions of the Conflicts of Interest Policy be, and they are hereby, recommended, adopted and approved and that the President of the Nonprofit Corporation is hereby authorized to make such changes therein or additions thereto as may be required by the Internal Revenue Service in order to obtain tax exempt status for the Nonprofit Corporation:

BE IT FURTHER RESOLVED by the Board of Directors of the Nonprofit Corporation that the form, terms and provisions of the Interested Persons Transaction Policy and be, and they are hereby, recommended, adopted and approved and that the President of the Nonprofit Corporation is hereby authorized to make such changes therein or additions thereto as may be required by the Internal Revenue Service in order to obtain tax exempt status for the Nonprofit Corporation.

Exhibit A

BIRMINGHAM ZOO, INC.

CONFLICTS OF INTEREST POLICY

Article I

Purpose

The purpose of the conflicts of interest policy is to protect the interest of the Birmingham Zoo, Inc. (the "Nonprofit Corporation") when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Nonprofit Corporation. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

Article II.

Definitions

1. Interested Person

Any director, 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.

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 Nonprofit Corporation has a transaction or arrangement, or
- b. A compensation arrangement with the Nonprofit Corporation or with any entity or individual with which the Nonprofit Corporation 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 Nonprofit Corporation 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 appropriate board 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 all material facts to the directors and members of committees with board delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interests Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he or she 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 or committee meeting, but after such presentation, he/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 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 Nonprofit Corporation 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 directors whether the transaction or arrangement is in the Nonprofit Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Nonprofit Corporation 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 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 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.

Article. IV

Records of Proceedings

The minutes of the board and all committees 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 persons who are 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 Committees

1. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Nonprofit Corporation for services is precluded from voting on matters pertaining to that member's compensation.
2. Directors who receive compensation, directly or indirectly, from the Nonprofit Corporation, whether as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation

matters. No director either individually or collectively, is prohibited from providing information to any committee regarding physician compensation.

Article VI

Annual Statements

Each director, principal officer and member of a committee with board delegated powers shall annually sign a statement which affirms that such person —

1. Has received a copy of the conflicts of interest policy,
2. Has read and understands the policy,
3. Has agreed to comply with the policy, and
4. Understands that the Nonprofit Corporation 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 Nonprofit Corporation 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:

1. Whether compensation arrangements and benefits are reasonable and are the result of arm's length bargaining.
2. Whether acquisitions result in inurement or impermissible private benefit.
3. Whether partnership or joint venture arrangements and arrangements conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Nonprofit Corporation's charitable purposes and do not result in inurement or impermissible private benefit.
4. Whether agreements further the Nonprofit Corporation'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 Nonprofit Corporation may, but need not, use outside advisors, If outside experts are used their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.

Exhibit B

BIRMINGHAM ZOO, INC.

INTERESTED PERSONS TRANSACTION POLICY

OVERVIEW

Birmingham Zoo, Inc. (the "Nonprofit Corporation") is committed to operating in compliance with all applicable laws and regulations, and the use of its assets solely in furtherance of its nonprofit values and purposes. In connection therewith, the Nonprofit Corporation does not engage in an Excess Benefit Transaction, as defined below, and that the Nonprofit Corporation complies with Section 4958 of the Internal Revenue Code.

DEFINITIONS

Applicable Transaction — means any transaction in which an economic benefit is provided by the Nonprofit Corporation to an Interested Person: (a) in exchange for services rendered, (b) in connection with the purchase or sale of one or more assets or services, or (c) in connection with any partnership, joint venture or revenue sharing arrangement. However, the Board of the Nonprofit Corporation may, and expects to, provide parameters from time to time defining transactions that are not subject to this policy to the extent that the authorized officers of the Nonprofit Corporation or an Affiliate comply with the parameters set forth in such policy, in which case such transaction will not be considered an Applicable Transaction. —

Code — means the Internal Revenue Code of 1986.

Excess Benefit Transaction — means an Applicable Transaction that is determined by an Organizational Manager, Interested Person or the Internal Revenue Service to be an Excess Benefit Transaction as defined in Code Section 4958(c).

Governing Body — means the governing board of directors (or committee thereof with jurisdiction over the Applicable Transaction) or comparable board of the Nonprofit Corporation or any Affiliate with respect to which the Interested Person described in (a) and (d) below has or had a direct relationship and/or is providing an economic benefit to any Interested Person.

Interested Person — means:

- a. Any person who was at any time during the five (5) year period ending on the date of an Applicable Transaction in a position to exercise substantial influence over the affairs of the Nonprofit Corporation, including, but not limited to any current or former member of the Board of Directors of the Nonprofit Corporation or any Affiliate, or any officer holding the position of vice-president or higher at the Nonprofit Corporation or any Affiliate;
- b. Any siblings (whether by the whole or half blood), the ancestors, children, grandchildren, great grandchildren, and the spouse, and the spouse of children, grandchildren, and great grandchildren of a person described in (a) above;
- c. Any entity, trust or estate with respect to which any person described in (a) or (b) above owns more than 35% of the total combined voting power or more than 35% of the beneficial interests in such entity, trust or estate; or

Organizational Manager — any director, officer, or other individual with powers or responsibilities similar to those of an officer or director.

Affiliate — means any corporation, limited liability company, or partnership controlled directly or indirectly by, or under common control with the Nonprofit Corporation.

POLICY STATEMENT

1. Duty to Disclose — Each interested Person shall comply with the procedures of the nonprofit Corporation Conflicts of Interest Policy with respect to all Applicable Transaction by providing to all Governing Boards, as the case may be, the facts, which if known to such Governing Boards, would require application of this policy.
2. Approval of Applicable Transactions — Except as otherwise provided pursuant to the Nonprofit Corporation policy, all Applicable Transactions must be approved by the affirmative vote of a majority of a quorum of each Governing Board involved in such Applicable. Transaction in advance in accordance with the following procedures:
 - a. Disinterested Board — Any Interested Person (and all persons controlled by such Interested Person) that will benefit, directly or indirectly from such Applicable Transaction, that is a member of such Governing Board shall not participate in any discussions with respect to the Applicable

Transaction, except to the extent of the disclosure required hereunder and in the Conflicts of Interest Policy and in response to inquiries of the disinterested members of such Governing Body, and shall leave the room before the Governing Body votes to approve or disapprove the Applicable Transaction.

- b. Acquisition of Relevant Data — The Governing Body shall determine and obtain sufficient comparable data, including, but not limited to asset or business valuation appraisals, compensation surveys, copies of third-party bids or offers, and such other data necessary for the Governing Body to determine, in good faith, that the value of the economic benefits provided to the Interested Person are fair in comparison to the assets, services or other consideration to be provided by the Interested Person to the Nonprofit Corporation or the applicable Affiliate.
- c. Records of Proceedings — The Governing Body shall document, before the implementation of the Applicable Transaction:
 - (1) The names of the Interested Person, the nature of the Applicable Transaction, a summary of the comparable data reviewed, a summary of any other action taken to determine the economic fairness of the Applicable Transaction to the Nonprofit Corporation or such Affiliate, and the Governing Body's decision as to whether such Applicable Transaction is approved; and
 - (2) The names of the persons who were present for discussions and votes-relating to the Applicable Transaction, the content of the discussion, and a record of any votes taken in connection therewith.

INDEMNIFICATION

Indemnification — The Nonprofit Corporation shall indemnify and hold harmless any Organizational manager who was or is a party to or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Nonprofit Corporation) by reason of the fact that he/she approved an Applicable Transaction that is determined to be an Excess Benefit Transaction, against expenses (including attorney's fees reasonable for the metropolitan area in which the Organizational Manager resides), losses, costs, damages, judgments, fines, including excise taxes under Code Section 4958 and amounts paid in settlement actually and reasonably incurred by him/her in connection with such action, suit or proceeding if he/she acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interest of the Nonprofit Corporation, and, with respect to any Applicable Transaction which is required to be

approved hereunder, such Applicable Transaction was approved under the procedures set forth above and the Organizational Manager had no reasonable cause to believe his/her conduct was unlawful or that the Applicable Transaction constituted an Excess Benefit Transaction. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he/she reasonably believed to be in or not opposed to the Nonprofit Corporation's best interests. Notwithstanding anything to the contrary herein, in no event will the Nonprofit Corporation indemnify an Organization Manager with respect to any amount payable under Code Section 4958 by an Interested Person with respect to an Excess Benefit Transaction.

To the extent that an Organizational Manager is successful on the merits or otherwise in defense of any action, suit or proceeding referred to herein he/she shall be indemnified against expenses, including attorney's fees reasonable for the metropolitan area in which the Organizational Manager resides, actually and reasonably incurred by him/her in connection with the action, suit, or proceeding and not otherwise reimbursed.

Authorization by the Board of Directors- Any indemnification hereunder shall be made upon the occurrence of either one of the following: (a) authorization in the specific-case upon a determination-that indemnification of the-Organizational Manager is proper in the circumstances because he/she has met the applicable standard of conduct set forth in this policy; or (b) issuance of a final court judgment or order requiring indemnification. The determination described in (a) shall be made (i) by the Board of Directors by majority vote or a quorum consisting of directors who were not parties to such action, suit, or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion.

Cooperation of Indemnatee- Any person seeking indemnification pursuant to this policy shall promptly notify the Nonprofit Corporation of any notice of deficiency, action, suit or proceeding for which indemnification is sought and shall in all ways cooperate fully with the Nonprofit Corporation and its insurer, if any, in their efforts to determine whether or not indemnification is proper in the circumstances, given the applicable standard of conduct set forth in this policy.

Any person seeking indemnification pursuant to this policy shall (i) allow the Nonprofit Corporation and/or its insurer the right to assume direction and control of the defense thereof, if they elect to do so, including the right to select or approve defense counsel, (ii) allow the Nonprofit Corporation and/or its insurer the right to settle such actions, suits, or proceedings at the sole discretion of the Nonprofit Corporation and/or its insurer, and (iii) cooperate fully with the Nonprofit Corporation and its insurer in defending against, and settling such actions, suits or proceedings.

Advance of Expenses- Expenses incurred in defending an administrative, civil, or criminal action, suit or proceeding brought other than by the Nonprofit Corporation shall be paid by the Nonprofit Corporation in advance until the earlier to occur of (a) the final disposition of the action, suit or proceeding in the specific case, or (b) a determination by the Board that indemnification is not proper under the circumstances because the applicable standard of conduct set forth in this policy has not been met. Expenses incurred in defending a civil or criminal action, suit or proceeding brought by the Nonprofit Corporation may be paid by the Nonprofit Corporation in advance of the final disposition of the action, suit or proceeding, as authorized by the Board in its sole discretion in the specific case. Any advance of expenses shall not commence until receipt by the Board of an undertaking by or on behalf of the individual seeking such advance to repay any advanced amount unless, it shall ultimately be determined that he/she is entitled to be indemnified by the Nonprofit Corporation as authorized in this policy.

Insurance- The Nonprofit Corporation may purchase and maintain insurance on behalf of any person who is or was an Organization Manager against any-liability-to be indemnified hereunder.

Compensatory Treatment — The Nonprofit Corporation will include the amount of all indemnification provided hereunder, and the amount of any premiums incurred for insurance coverage on behalf of such person with respect to matters to be indemnified hereunder, in the taxable compensation of such person and report it as such to the Internal Revenue Service. By acceptance of such indemnification or insurance coverage, the beneficiary hereby agrees the Nonprofit Corporation may withhold from any other cash compensation payable to such person the amount of all applicable withholding and employment taxes required under applicable law.

Set-off — The Nonprofit Corporation's indemnify hereunder shall be reduced by any amounts such person may collect as indemnification with respect thereto (a) under any policy of insurance purchased and maintained in his/her behalf by the Nonprofit Corporation, or (b) from any other limited liability company, Nonprofit Corporation, partnership, joint venture, trust or other enterprise, or from insurance purchased by any of them.

RETURN OF EXCESS BENEFITS

All Interested Persons who benefit from an Excess Benefit Transaction shall return to the Nonprofit Corporation or the applicable Affiliate, immediately upon a determination that an Applicable Transaction constituted an Excess Benefit Transaction, the amount of such excess benefit with interest thereon at an annual percentage rate of twelve percent (12%) accrued since the date of the transaction; provided, however, if the Excess Benefit transaction was approved in good faith in accordance with the procedures set forth in this policy, the annual percentage rate of interest shall be equal to the applicable federal rate under Code Section 1274 as of the date of the transaction. In

addition thereto, the Interested Person shall return to the Nonprofit Corporation, all earnings and profits realized in connection with such asset required from the Nonprofit Corporation, if any in such transaction to the extent such earnings exceed the interest payable hereunder.

ANNUAL REPORTING

Each director and principal officer of the Nonprofit Corporation shall annually sign a statement in the form attached which affirms that such person –

- a. Has received a copy of the Interested Person Transaction Policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Has not participated in or reported to the IRS an Excess Benefit Transaction with respect to the Nonprofit Corporation or any Affiliate (or if such a transaction has been reported a copy of the Form 4720 or other applicable IRS form, filed by such person with the IRS).