

BYLAWS
OF
TRAVERSE CITY TRACK CLUB, INC.
a Michigan Nonprofit Corporation

ARTICLE I

NAME AND ORGANIZATION

The name of this Michigan nonprofit corporation shall be Traverse City Track Club, Inc. (the "Corporation"). The Corporation is organized upon a directorship basis.

ARTICLE II

PURPOSE

Section 1. Purpose. The Corporation is organized exclusively as a charitable organization within the meaning of Internal Revenue Service Code (the "Code") Section 501(c)(3), or the corresponding section of any future federal tax code, for the purpose of (1) promoting and encouraging health, fitness, family recreation and competition for all individuals in the counties of Grand Traverse, Kalkaska, Leelanau, Antrim and Benzie, through the activities of running, racewalking, and walking; (2) promoting and conducting competitive races or other running/walking events; (3) educating the public as to the health benefits of running and walking; (4) presentation of awards; (5) granting of educational scholarships and community grants; (6) participation in and/or institution of research projects relating to its exempt activities; (7) maintaining membership in the Road Runners Club of America, Inc., a nonprofit corporation exempt from taxation under Section 501(c)(3) of the Code; and (8) doing all other things and exercising all corporate powers necessary to carry out its purpose, with all the powers conferred upon it by the provisions of the Michigan Nonprofit Corporation Act, being Act 162 of the Public Acts of 1982, as amended (the "Act"), provided all such activities shall be in furtherance of the Corporation's exempt activities as defined by Section 501(c)(3) of the Code and the regulations promulgated thereunder.

The Corporation, including all activities incident to its purposes, shall at all times be conducted so as to be an organization described in Section 501(c)(3) of the Code. Notwithstanding any other provision of these Bylaws, the Corporation shall not carry on any activities not permitted to be carried on (a) by a Corporation exempt from federal income tax under Section 501(c)(3) of the Code; (b) by a Corporation, contributions to which are deductible under Section 170(c)(2), Section 2055(a)(2) or Section 2522(a)(2) of the Code; or (c) by a nonprofit corporation organized under the laws of the State of Michigan pursuant to the provisions of the Act, as amended.

No parts of the assets or net earnings of the Corporation shall inure to the benefit of or be distributable to its Directors, officers or other private persons, except that the Corporation shall be

authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in these Bylaws.

No substantial part of the activities of the Corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.

Section 2. Rules of Order. Parliamentary Procedure contained in the current edition of Robert's Rules of Order Newly Revised shall govern the Corporation in all Board Meetings, Annual Meeting, Committee Meetings, Special Committee Meetings and Standing Committee Meetings to which they apply and in which they are consistent with these bylaws and any special rules of order which the Board of Directors may from time to time adopt. Meetings will use agendas and record and approve Minutes. All Agendas and Minutes shall be delivered to the Secretary for deposit in the Corporation's Records.

ARTICLE III

MEMBERS

Section 1. Eligibility for Membership. Membership in the Corporation shall be open to any individual, without regard to race, creed, color, age, gender, sexual orientation, disability, national origin or level of physical fitness, provided the individual satisfies the following requirements:

- a. Has an interest in the purposes and goals of the Corporation;
- b. Complies with all of the Corporation's bylaws, rules, policies and procedures governing membership.

Section 2. Termination of Membership. Membership may be terminated by the Board of Directors in the event an individual fails to satisfy the requirements of Section 1 above.

Section 3. List of Members. The Membership Coordinator shall keep and maintain a complete list of the rostered Members.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number and Qualification. The property, business and affairs of the Corporation shall be managed under the direction of its Board of Directors (the "Board"), which shall consist of a minimum of seven (7) and a maximum of fifteen (15) voting members, natural persons, consisting of the Executive Committee (President, the Vice-President, the Treasurer and the Secretary), and eleven (11) at-large directors (collectively, the "Directors").

Section 2. Tenure and Election. The term of all elected positions is two (2) years. Executive Committee and Directors shall be elected by an affirmative vote of the majority of the members voting. Directors may serve more than one (1) consecutive term. An Executive Committee or Director may be elected to the same office or to a different office. However, the Executive Committee can only serve three (3) consecutive elected terms in one position.

Alternate year elections:

Board elections will be divided into two groups:

Group 1: President, Vice-President, up to six (6) at large directors are elected in even numbered years.

Group 2: Treasurer, Secretary, up to five (5) at large directors are elected in odd numbered years.

Section 3. Vacancies. Whenever an unexpected vacancy occurs in the Executive Committee and/or Director(s) resulting in an unexpired term, the President shall make a recommendation to fill such vacancy for the unexpired term. Any appointment shall be ratified by the Board. A Resolution of the Board confirming the election or appointment of the Executive Committee and/or Director(s) shall be filed with the minutes of the next meeting.

Section 4. Resignation and Removal. A Board Member Director may be removed with or without cause at any time upon the affirmative vote of the majority of the Board then in office. A Board Member may resign at any time upon providing the Corporation with a written notice of resignation, which resignation shall be effective upon receipt by the Corporation or at a subsequent time as set forth in the notice.

Section 5. Annual Meeting. An annual meeting of the Board shall be held each year within the third (3rd) quarter, at such time and place as the Board may designate. Annual meetings shall be announced no less than thirty (30) days prior to the scheduled meeting.

Section 6. Regular Meetings. Regular meetings of the Board may be held at least quarterly at a time and place as determined by a Board resolution. All regular meetings of the Board shall be open to the public. The place, date and time, and agenda of the meeting shall be posted on the Corporation's website three (3) calendar days prior to each meeting. Minutes of all regular meetings of the Board shall be posted on the Corporation's website.

Section 7. Special Meetings. Special meetings of the Board may be called by the President or any two Board Members at a time and place as determined by those persons authorized to call special meetings. All special meetings of the Board shall be open to the public. The place, date and time, and agenda of the meeting shall be posted on the Corporation's website three (3) calendar days prior to each meeting. Minutes of all special meetings of the Board shall be posted on the Corporation's website. Notice of the time and place of special meetings shall be given to each Board Member by confirmed communication at least three days before the meeting. The

three day requirement can be waived in the case of emergent situations as determined by at least two (2) members of the Executive Committee.

Section 8. Meeting by Telephone or Similar Equipment. A Board Member may participate in a meeting by electronic communications through which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section constitutes presence in person at the meeting.

Section 9. Closed Sessions. The Board may hold a closed session only upon a motion made and adopted at a regular and/or special meeting. The Board may hold a closed session and exclude the public only for the following purposes:

- (1) To consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of employment of any Board Member or contract employee or prospective Board Member or contract employee; or to hear or investigate a complaint, charge, or grievance by or against any Board Member or contract employee. Final action making an appointment or discharge or removal of any Board Member or contract employee shall be taken in an open meeting.
- (2) To plan, conduct, or hear reports concerning investigations of alleged criminal misconduct. To consult with an attorney retained by the Board on these related matters in order to preserve the attorney-client privilege between the attorney and the Board.

Section 10. Quorum. A majority of the Board Members then in office constitutes a quorum for the transaction of any business at any meeting of the Board, other than for the purposes of the removal of a Board Member. Actions voted on by a majority of the Board Members present at a meeting where a quorum is present shall constitute authorized actions of the Board. Proxies are not permitted at the Board level.

Section 11. General Powers as to Negotiable Paper. The Board shall, from time to time, prescribe the manner of making signature or endorsement of checks, drafts, notes, acceptances, bills of exchange, obligations and other negotiable paper or other instruments for the payment of money and designate the officer or officers, agent or agents, who shall from time to time be authorized to make, sign or endorse the same on behalf of the Corporation.

Section 12. Powers as to Other Documents. The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute or deliver any conveyance or other instrument in the name of the Corporation, and such authority may be general or confined to specific instances. When the execution of any contract, conveyance or other instruments has been authorized without specification of the officers authorized to execute, the same may be executed on behalf of Corporation by the Executive Director.

Section 13. Contract Employees. The Board shall employ contract employees to perform such duties as specified by the Board. Such contract employees shall be reasonably

compensated for services rendered to the Corporation, as determined by the Board. The Board shall conduct performance evaluations and salary reviews of such contract employees per their contract.

Section 14. Compensation. Board Members shall serve without compensation, other than complimentary entries into all of the Corporation's race events and waiving of TCTC membership fee during their tenure. All Presidents serving a full term shall receive a lifetime membership to TCTC. Board Members may also be contract employees. Board Members may be reimbursed for actual, reasonable, and necessary expenses incurred in their capacity as a Board Member. The Board will determine appropriate expenses.

ARTICLE V

EXECUTIVE COMMITTEE OFFICERS

Section 1. Executive Committee. The officers of the Corporation shall be the President, Vice President, Secretary, and Treasurer. Criminal background checks shall be performed on an ongoing basis throughout the year on members of the Executive Committee. The President or a duly authorized official should manage any criminal background check procedure on behalf of the Corporation. The results of the criminal background checks shall be kept strictly confidential and only if a background check discloses a criminal conviction of a theft related or fraudulent crime within a fifteen (15) year period, this person shall be disqualified from a position involving the handling of funds.

Section 2. Elections. All officers of the Executive Committee and Board Members shall be elected by a majority vote of the members in good standing via either electronic voting or a hand ballot.

The Nominating Committee (hereafter "NC") nominates candidates for elective office (Board of Directors) with the aim of building a Board that will effectively govern the TCTC.

Procedure: (BAM = Before the start of the Annual Meeting)

- (1) 90 days BAM the NC advises the TCTC membership as to which Board positions will be open at the next annual meeting. At the same time, it solicits nominations, to be submitted in writing to the NC chair of the names and qualifications of individuals to fill the expiring terms.
- (2) 60 days BAM: NC presents its slate of recommended candidates, consisting of at least one candidate for each position to the TCTC membership through all appropriate means. The Board may take no action to change the recommendations of the committee.
- (3) 45 days BAM: Deadline for non-slate nominations which must be submitted to the TCTC. NC non-slate nominees require two (2) additional members in good standing to

support the nomination in writing, along with a brief statement from the nominee (250 words or less) of how they meet the eligibility criteria of the office.

Section 3. Terms of Office. The term of office of all officers shall commence at the beginning of the Fiscal Year and shall continue until the end of the Fiscal Year, and thereafter until their respective successors are elected or until their resignation or removal. An officer may resign by written notice to the Corporation. The resignation shall be effective upon its receipt by the Corporation or at a subsequent time specified in the notice of the resignation. The Board shall have the power to fill any vacancy in any office occurring for whatever reason.

Section 4. Removal. An Executive Committee member may be removed with or without cause at any time upon the affirmative vote of a majority of the Board then in office.

Section 5. Duties of the president. The president (a) provides leadership to the board by proposing policies and practices, (b) presides at all board meetings and membership meetings, (c) oversees all of the TCTC provisions, objects and purposes, (d) appoints the members (including chairpersons) of committees and task forces (e) recommends to the board the creation and disbanding of temporary committees, (f) is an ex- officio member of each committee except the Nominating Committee, (g) serves as a liaison (along with Executive Director Advisory Committee) between the board and the executive director (h) delegates or assigns specific functions or program responsibilities to other members of the board or to the executive director (although the board may overrule any particular such action), and (j) performs all other duties that pertain to the office or that may be specified in these bylaws or specified by the board.

Section 6. Vice President. The Vice President shall, in the absence, disability, resignation, or removal of the President, perform the duties and exercise the powers of the President, and shall generally assist the President and perform other duties as the Board shall prescribe. One of the duties of Vice President is to manage the process and maintenance of the Conflict of Interest Policy (See Addendum B).

Section 7. Secretary. The Secretary shall attend all meetings of the Board and shall cause to document all votes, minutes, contracts, agreements, policies, and procedures. The Secretary shall further cause to be performed like duties for the standing committee(s) when required. The Secretary shall give or cause to be given, notice of all meetings of the Board. The Secretary shall see that all documents are archived in a secure place for future reference.

Section 8. Treasurer. The Treasurer shall oversee the care and custody of the funds of the Corporation utilizing a Board approved external Certified Public Accountant, and other valuable effects, including inventory. The Treasurer shall ensure that full and accurate accounts of receipts

and disbursements in books belonging to the Corporation are kept. The Treasurer shall render to the President and Board at Regular Meetings of the Board, or whenever it may request, an account of all financial transactions of the Corporation and of the financial condition of the Corporation. Any and all funds received by the Corporation shall immediately be deposited in the name and to the credit of the Corporation in such accounts as may be designated by the Board. The Treasurer shall perform such other duties as may be prescribed by the Board, or the President under whose supervision the Treasurer shall act. One of the duties of the Treasurer is to manage the development and monitoring of the annual budget.

Article VI – Executive Director

The executive director (ED) serves as the chief executive officer (CEO). The board hires the ED, who in turn is accountable to the Board. The ED (a) presides over the day-to-day management and daily affairs of the TCTC, (b) advises the board and ensures that its actions are carried out, and (c) performs or ensures the performance of all other duties that are assigned or delegated by the board. The Executive Director shall serve as a non-voting (ex-officio) member of the Board of Directors.

The Board can dismiss the Executive Director according to the terms of the Executive Directors contract.

ARTICLE VII

COMMITTEES OF THE BOARD

Section 1. Nominating Committee. The Nominating Committee shall consist of not less than three (3) Board Members who shall be responsible for nominating qualified candidates for election or appointment to the Board, and to make such recommendations to the Corporation.

Section 2. Standing Committees. The Board shall maintain the Charitable Gifts Committee, Bay Shore Committee, and Girls on the Run Committee as Standing Committees. Members of these committees shall be approved by a majority vote of the Board.

Section 3. Other Committees. The Board may designate other Standing and temporary committees as it shall deem appropriate. Committees shall have such authority as shall be delegated to them by the Board.

Section 4. Procedure. All committees and each committee member thereof, shall serve at the pleasure of the Board. The Board shall have the power at any time to increase or decrease

the number of committee members. All committees shall keep minutes of all meetings, which shall be submitted to the succeeding meeting of the Board.

ARTICLE VIII

INDEMNIFICATION

Section 1. Indemnification. The Corporation shall, to the fullest extent now or hereafter permitted by law, indemnify any Board Member or Officer of the Corporation (and, to the extent provided in a resolution of the Board or by contract, may indemnify any Board Member or non-Board Member volunteer, Officer, employee or agent of the Corporation) who was or is a party to or threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that such person is or was a Board Member, Officer, non-Board Member, volunteer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Board Member, Officer, non-Board Member, volunteer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorney fees (which expenses may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as provided by law), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted (or refrained from acting) in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The indemnification herein provided for shall continue as to a person who has ceased to be a Board Member or Officer of the Corporation and to the extent provided in a resolution of the Board or in any contract between the Corporation and such person, may continue as to the person who has ceased to be a non-Board Member, volunteer, employee or agent of the Corporation. Any indemnification of a person who was entitled to indemnification after such person ceased to be a Board Member, Officer, non-Board Member, volunteer, employee or agent of the Corporation shall continue to inure to the benefit of that person and to the benefit of the heirs and personal representatives of such person.

Section 2. Determination. The determination as to whether a Board Member, Officer, employee, or agent is entitled to indemnification as provided for in Section 1 hereinabove shall be made in any of the following ways:

- a. By the Board, by a majority vote of a quorum consisting of Board Members who were not parties to the action, suit or proceeding.
- b. If the quorum described in subdivision (a) is not obtainable, by majority vote of a committee designated by the Board, in which Board Members who are parties may participate, consisting solely of two or more Board Members not parties to the action or proceeding.
- c. By independent legal counsel in a written opinion.

ARTICLE IX

FISCAL AND ADMINISTRATIVE PROVISIONS

Section 1. Fiscal Year. The fiscal year of the Corporation shall be January 1 through December 31.

Section 2. Financial Records. The Corporation's financial records shall be examined annually by an external certified public accountant. All financial reports shall be submitted to the Board for approval. The Board shall vote at least every three (3) years as to whether to authorize an audit of the Corporation.

Section 3. Contracts. The Board may authorize by resolution any officer or officers, agent or agents, to enter into any contract on behalf of the corporation and such authority may be general or confined to specific instances.

Section 4. Loans. No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

Section 5. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board.

Section 6. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select.

Section 7. Reserve Fund. It is the goal of the Corporation to maintain a reserve fund for contingency purposes with a targeted balance of Twenty Thousand Dollars (\$20,000).

Section 8. Charitable Gifts. Requests for charitable gifts must be submitted to The Grand Traverse Regional Community Foundation or other agency as determined by the Board on a charitable gifts request form on a scheduled basis. The Board will be guided by recommendations from the Charitable Gifts Committee subject to approval of the Board. Charitable gifts will be limited to non-profit organizations. In making its determination, the Board shall be guided by the Corporation's purposes and past donations.

Section 9. Areas Served. The Corporation shall generally serve the counties of Grand Traverse, Kalkaska, Leelanau, Antrim and Benzie. Charitable gifts and services will generally be limited to these areas, except upon a special vote of the Board.

ARTICLE X

DISSOLUTION

Upon the termination, dissolution or winding up of the Corporation, the Board shall, after paying or making provision for the payment of all liabilities of the Corporation, distribute all assets of the Corporation to a new entity established by the Corporation, provided such organization is organized and operated exclusively for one or more exempt purposes within the meaning of Section 501(c)(3) of the Code, or its successor statute. If no such organization is formed, then all assets of the Corporation shall be distributed to the Grand Traverse Regional Community Foundation, a Michigan nonprofit corporation exempt from taxation under Section 501(c)(3) of the Code, provided it is then in good standing, and if not, to an organization in good standing designated by the Board that is organized and operated exclusively for one or more exempt purposes within the meaning of Section 501(c)(3) of the Code, or its successor statute.

ARTICLE XI

NOTICES

Any notice or communication required or permitted to be given by mail, except as required by law, may be mailed by registered, certified or other first class mail to the person to whom it is directed at the address designated by the person for that purpose or, if none is designated, at the last known address of the person. Any notice or communication given to the Corporation shall be directed to the resident agent of the Corporation at the registered office of the Corporation. The notice or communication shall be deemed to have been given when deposited, with postage thereon prepaid, in a post office or official depository under the exclusive care and custody of the United States Postal Service.

ARTICLE XII

AMENDMENTS

These Bylaws may be amended, repealed, or new Bylaws may be adopted in lieu thereof by a vote of the Board of the Corporation, provided such amendment does not alter the tax-exempt purpose of the Corporation or otherwise cause the Corporation to relinquish its status as an exempt organization under Section 501(c)(3) of the Code, or its successor statute. The Board shall consider by vote at least every three (3) years whether to establish a temporary committee to review Bylaws for possible amendments.

Proposed amendments to the Bylaws require a two-thirds (2/3) vote of the Board for consideration. All proposed amendments to the Bylaws require a period of not less than thirty (30) calendar days before ratification. All proposed amendments to the Bylaws' changes shall be disseminated to the general membership at least thirty (30) days prior to ratification. A three-fourths (3/4) vote of the Board is required for ratification.

ARTICLE XIII

POLICIES AND PROCEDURES

The Board shall have the authority to create policies and procedures for the purpose of implementing Bylaws.

ARTICLE XIV

STATEMENT OF ETHICS AND CONFLICT OF INTEREST

To encourage service in the true sense and to promote and maintain the highest standards among members, the Traverse City Track Club Board of Directors adopts and abides by a Code of Ethics and Conflict of Interest Policy. See Addendum A and B.

Approved: _____, 2012

Traverse City Track Club, Inc.

By: _____

Its: _____

Addendum A

**CODE OF ETHICS POLICY OF
TRAVERSE CITY TRACK CLUB, INC.**

a Michigan nonprofit corporation

This Code of Ethics sets forth standards of behavior for Board Members of Traverse City Track Club. It is intended to assist them in fulfilling their duties under the law.

1. Be Informed.

Board Members owe the nonprofit Corporation they serve a duty of care. The duty of care requires them to exercise their authority to make decisions for the Corporation with the prudence that an ordinary person would exercise. To be able to fulfill this fiduciary duty of care, it is necessary that the Board Member be well informed about the organization, its mission, its operations and the transactions in which it proposes to engage.

The Board Member shall require financial reports and information adequate for the Board Member to understand the assets, liabilities, revenues, and expenses of the Corporation. The information

should be adequate to allow the Board Member to make informed and prudent decisions about the budget, the operations and balancing the short term and long term needs of the Corporation.

2. Participate.

Each Board Member must regularly attend and participate in the Board meetings. It is not possible to satisfy the duty of care without doing so. In addition, the Board must meet regularly. If the Board is not meeting regularly, it is incumbent upon the Board Members to request such meetings.

3. Use independent judgment.

As a Board Member votes on matters before the board, the Board Member must exercise independent judgment on the matter at hand. The Board Member may seek advice and input from consultants and other Board Members; however, ultimately the Board Member must decide independently based upon their understanding of the situation. A Board Member should not vote yes or no merely because someone else is doing so. A Board Member should not “rubber stamp” the recommendations of others. A Board Member should not vote on something they do not understand.

4. Act in best interests of the Corporation.

A Board Member also has a duty of loyalty to the Corporation, i.e., the Board Member must act in the best interests of the Corporation and not their own personal interest or even the interest of some third party.

5. Disclose conflicts.

Because a Board Member must act in the best interest of the Corporation, it is necessary that the Board Member disclose any facts that may cause the Board Member to be unable or appear to be unable to fully fulfill their duty of loyalty. As circumstances arise, the Board Member should disclose any actual or potential conflict when the Board (or committee) considers a transaction. The Board Members should be certain that the procedure designed to deal with any such transaction is fully implemented each time a conflict arises.

6. Recuse.

After disclosing an actual or potential conflict of interest, the Board Member should leave the room while the matter is discussed and should not vote on the matter. Notwithstanding the fact that some state laws allow the conflicted Board Member to be considered for purposes of ascertaining a quorum, the better practice is to assure that a quorum consisting of unconflicted Board Members is available. The conflicted Board Member should not attempt to influence the decision in any way, but may provide information requested by the Board.

7. Maintain confidences.

A Board Member will frequently receive confidential information about the Corporation. For example, the Board Member will be familiar with the Corporation’s strategic plan, growth plans, litigation, etc. The Board Member is obligated to keep such information confidential. The Board Member should not be discussing such information with non-Board Members unless specifically instructed by the Board to do so. The Board Member should be alert to circumstances where confidentiality obligations may create a conflict. For example, a Board Member employed by a body that funds the Corporation on whose Board the Board Member serves may not share with their employer confidential information about the Corporation.

8. Support the Corporation.

The Board Member should support the Corporation they serve. The support should include public support of the mission of the organization.

Addendum B

**CONFLICT OF INTEREST POLICY OF
TRAVERSE CITY TRACK CLUB, INC.**

a Michigan nonprofit corporation

ARTICLE I

Purpose

The purpose of this Conflict of Interest Policy (the “Policy”) is to protect the interests of Traverse City Track Club, Inc., a Michigan nonprofit corporation (the “Corporation”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a Board Member of the Corporation. The Policy is intended to supplement but not replace any applicable federal and state laws governing conflicts of interest applicable to a nonprofit corporation organized under the Michigan Nonprofit Corporation Act, as amended (the “Act”) that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code (the “Code”).

ARTICLE II

Definitions

1. Interested Person. Any Board Member 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 Corporation has a transaction or arrangement; or
 - b. a compensation arrangement with the Corporation or with any entity or individual with which the 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 Corporation is negotiating a transaction or arrangement.

A “financial interest” is not necessarily a conflict of interest. Under Article III, Section 2 below, 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.
3. Compensation. “Compensation” includes, but is not necessarily limited to, direct and indirect remuneration as well as gifts or favors that are substantial in nature.

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 their financial interest and must be given the opportunity to disclose all material facts to the Board and members of committees with board delegated powers considering the proposed transaction or arrangement.
2. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, they 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, they 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 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 Board Members whether the transaction or arrangement is in the Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the 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 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. 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. Board of Directors. A voting member of the Board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation, excepting a reasonable fixed sum that a member may receive for attendance at each regular or special meeting of the Board.

2. Committees. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
3. Compensation Information. No voting member of the Board of Directors or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

ARTICLE VI
Annual Statements

Each Board Member and member of a committee of the Corporation with board-delegated powers shall sign a statement which affirms that such person:

- a. has received a copy of the Policy;
- b. has read and understands the Policy;
- c. has agreed to comply with the Policy;
- d. understands that the Corporation is a charitable organization within the meaning of Section 501(c)(3) of the Code 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; and
- e. make an annual written disclosure of the relationships that might constitute a conflict, such as where the Board Member is employed and what their significant ownership interests are and other boards on which they serve.

ARTICLE VII
Periodic Reviews

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

- a. Whether compensation arrangements and benefits, if any, are reasonable, based on competent survey information and are the results of arm's-length bargaining.
- b. Whether partnership and joint venture arrangements and arrangements with management organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporation's tax-exempt purposes and do not result in inurement, an impermissible private benefit, or an excess benefit transaction.

ARTICLE VIII
Use of Outside Experts

In conducting the periodic reviews provided for in Article VII above, the 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.