

**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.
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.