

BAYOU CITY ROAD RUNNERS CONFLICT OF INTERST POLICY

Approved by the Board of Directors on July 2, 2024

1. **Purpose.** The purpose of this conflict of interest policy (“*Policy*”) is to protect the interest of the Bayou City Road Runners (“*BCRR*”), which is affiliated with a tax-exempt organization, when *BCRR* is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or a member of the Board of Directors of *BCRR* or that might result in a possible excess benefit transaction. This Policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

2. **Definitions.**

2.1 “*Interested Person*” means any officer or member of the Board of Directors of *BCRR* who has a direct or indirect Financial Interest in a transaction or arrangement.

2.2 “*Financial Interest*” means if a person has, directly or indirectly, through business, investment, or family: (a) an ownership or investment interest in any entity with which *BCRR* has or is considering a transaction or arrangement, or (b) a compensation arrangement with any entity or individual with which *BCRR* has or is considering a transaction or arrangement, or (c) a potential ownership or investment interest in, or potential compensation arrangement with, any entity or individual with which *BCRR* has or is considering a transaction or arrangement, or (d) a position as an officer, director, manager, trustee, or employee of any entity with which *BCRR* has or is considering a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A Financial Interest is not necessarily a conflict of interest. Under Section 3.2 of this Policy, a person who has a Financial Interest may have a conflict of interest only if the Board of Directors decides that a conflict of interest exists.

3. **Procedures.**

3.1 **Duty to Disclose.** In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of the Financial Interest and must disclose all material facts regarding the Financial Interest and the transaction or arrangement or proposed transaction or arrangement to the Board of Directors.

3.2 **Determining Whether a Conflict of Interest Exists.** After disclosure of all material facts regarding the Financial Interest and the transaction or arrangement or proposed transaction or arrangement by the Interested Person, and after any discussion with the Interested Person, the Interested Person shall leave the Board of Director’s meeting while the determination of a conflict of interest is discussed and voted upon. The remaining members of the Board of Directors shall decide if a conflict of interest exists.

3.3 **Procedures for Addressing the Conflict of Interest.** If the Board of Directors

determines that a conflict of interest exists pursuant to the procedures set forth in Section 3.2, then after exercising due diligence, the Board of Directors shall determine whether BCRR can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity other than the Interested Party that would not give rise to a conflict of interest. In the exercise of its due diligence, the Board of Directors may, if appropriate, appoint a disinterested officer or member of the Board of Directors, or a committee of the Board of Directors, or an outside expert, to investigate alternatives to the proposed transaction or arrangement. If the Board of Directors determines that a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Directors shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in BCRR's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

3.4 *Violations of the Conflicts of Interest Policy.* If the Board of Directors has reasonable cause to believe 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. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board of Directors determines that the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

4. *Records of Proceedings.* The minutes of the Board of Directors and all committees with board delegated powers shall contain: (a) the name of any Interested Person who disclosed or other person who was found to be an Interested Person and the nature of the Financial Interest, (b) the disclosures made in connection with an actual or possible conflict of interest, (c) any discussions and action taken to determine whether a conflict of interest was present, and the Board of Director's decision as to whether a conflict of interest in fact existed, and (d) 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 with the proceedings.

5. *Compensation.* Any member of the Board of Directors who receives compensation, directly or indirectly, from BCRR for services is precluded from voting on matters pertaining to that member's compensation.

6. *Annual Disclosure Statements.* Each member of the Board of Directors or officer of BCRR shall annually sign a statement which affirms such person: (a) has received a copy of this Policy, (b) has read and understands this Policy, (c) has agreed to comply with this Policy, and (d) understands that BCRR is affiliated with a charitable organization and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

7. *Periodic Reviews.* To ensure that BCRR operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its affiliates tax-

exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects: (a) whether all compensation arrangements and benefits are reasonable, based on the exercise of reasonable due diligence, and the result of arm's length bargaining, (b) whether partnerships, joint ventures, and arrangements with management organizations conform to BCRR's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

8. ***Use of Outside Experts.*** When conducting the periodic reviews as provided for in Section 7, BCRR may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Directors of its responsibility for ensuring periodic reviews are conducted.

BAYOU CITY ROAD RUNNERS
CONFLICTS OF INTEREST ANNUAL DISCLOSURE STATEMENT

1. ***Acknowledgment.*** I acknowledge that I: (a) have received a copy of the Bayou City Road Runners (“BCRR”) Conflicts of Interest Policy (the “Policy”), (b) have read and understand the Policy, (c) have agreed to comply with the Policy, and (d) understand that BCRR is affiliated with a charitable organization and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

2. ***Interested Person.*** I am not aware of any transaction or arrangement, or potential transaction or arrangement, in which I would be considered an Interested Person under the Policy, other than as previously disclosed to the Board of Directors.

3. ***Relationships.*** The following are relationships, interests, or situations involving me or a member of my family which I consider might result in or appear to be an actual, apparent or potential conflict of interest between such family members or myself on one hand and BCRR on the other.

My primary business or occupation at this time is:

My employer is:

I also am an officer, director, manager, partner, member, or employee of the following organizations (profit or non-profit):

I have contracts, business relations, or investments in the following organizations (other than investments in public companies):

Signature

Printed Name

Date