

CONFLICT OF INTEREST POLICY

1. **Purpose.** The purpose of this conflict of interest policy (the “Policy”) is to protect Run Minnesota (“the Corporation”) during times when it considers entering into transactions that might benefit the private interest of an officer or director or that might result in a possible excess benefit transaction. The Policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to the Corporation.
2. **Interested Person.** Any director, officer, employee, or member of a committee with board-delegated powers, who has either a) a direct or indirect financial interest, as defined below (“Financial Interest”); or b) a fiduciary responsibility to another Corporation, as defined below (“Fiduciary Responsibility”), is an Interested Person.
3. **Financial Interest.** A person has a financial interest if the person, directly or indirectly, through business, investment, family, or domestic partnership, has any of the following:
 - a. An ownership or investment interest in any entity which Run Minnesota has or will enter into a transaction or arrangement with.
 - b. A compensation arrangement with Run Minnesota or with any entity or individual that Run Minnesota has or will enter into a transaction or arrangement with.
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual that Run Minnesota is negotiating a transaction or arrangement with.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature. Gifts and favors include any gratuitous service, loan, discount, money or article of value, but does not include loans from financial institutional on customary terms, articles of nominal value ordinarily used for sales promotion, ordinary “business lunches” or reasonable entertainment consistent with local social or business customs.

A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest, if the governing board or committee decides that a conflict exists.

4. **Fiduciary Responsibility.** A person has a Fiduciary Responsibility towards the Corporation or an individual if they:
 - a. Holds a position of special confidence towards such Corporation or individual;
 - b. Holds property in trust for another person with an ownership interest, or who receives and controls the income of another; or

- c. Has a duty of loyalty or duty of care to the Corporation (by virtue of serving as an officer or director of the Corporation or another position with similar responsibilities). A duty of loyalty requires the person to avoid taking actions (or helping others take actions) that are adverse to the Corporation and to avoid competing with the Corporation. A duty of care requires the person to discharge his or her duties in good faith and in a manner they reasonably believe to be in the best interests of the Corporation.
 - d. A Fiduciary Responsibility is not necessarily a conflict of interest. A person who has a Fiduciary Responsibility may have a conflict of interest only if the board or appropriate committee decides that a conflict of interest exists.
- 5. **Member of the Family Defined.** A member of the family of a director or officer is a spouse; domestic partner; parent; child; spouse of a child; brother; sister; or, spouse of a brother or sister.
- 6. **Procedures.**
 - a. **Discharge of Duties.** It is the responsibility of each director, officer, employee, and member of a committee with board-delegated powers to discharge his or her duties as a director, officer, employee, or committee member in good faith, in a manner the person reasonably believes to be in the best interests of Run Minnesota, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.
 - b. **Duty to Disclose.** An interested person must disclose the existence of their financial interest in writing to the Governance Committee and Executive Director (“Notice Parties”). An email to the Notice Parties is an acceptable form of disclosure. Such written notice must be within 10 business days of the discovery or emergence of their financial interest. An interested person must be given the opportunity to disclose all material facts to the Governance Committee, the Board-delegated committee with authority to consider the proposed transaction or arrangement.
 - c. **Determining Whether a Conflict of Interest Exists.** The interested person must leave the Governance Committee Meeting and/or Board Meeting after disclosure of the financial interest and all material facts, including any necessary discussion with the interested person for fact finding. The interested person must not return to the meeting while the determination of a conflict of interest is discussed and voted on. The remaining members at the meeting will decide if a conflict of interest exists.
 - d. **Addressing a Conflict of Interest**
 - i. An Interested Person may make a factual presentation at the board or committee meeting, but after the presentation, they must leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest. An Interested Person must not actively participate in the discussion of, or vote on, the transaction or arrangement that results in the conflict of interest, either formally at a board or committee

meeting or informally through contact with individual board or committee members. In addition, the Interested Person will not be counted in determining whether a quorum is present for the board or committee meeting at which the transaction or arrangement that results in the conflict of interest is to be voted upon.

- ii. The chairperson of the Governance Committee considering the financial interest has discretion to appoint the Executive Director or other disinterested person to investigate alternatives to the proposed transaction or arrangement with anticipated monetary value under \$1000.

For all matters with anticipated monetary value of \$1001 - \$3,000, the Governance Committee may appoint the Executive Director, a disinterested person, or to create a taskforce to collect alternative bids to the proposed transaction or arrangement.

The Governance Committee considering any proposed transaction or arrangement with a monetary value of \$3,001 or more must appoint an individual or task force to secure alternative bids to the proposed transaction or arrangement. Such bids or reports from the taskforce, designated individual, and/or Executive Director will be provided to the Board for review.

- iii. The Governance Committee will meet to evaluate the proposed transaction or arrangement after exercising due diligence to make a determination whether a conflict of interest exists and if so, whether the Corporation can, with reasonable efforts, secure a more advantageous transaction with a person or entity that would not give rise to a conflict of interest. The Governance Committee has full authority to make final determinations for any transactions or arrangements with anticipated financial value of no more than \$3,000.

For all transactions or arrangements exceeding 3,000, the Governance Committee shall make a report with a recommendation to the full Board of Directors after fully evaluating the matter. This report will occur at the next scheduled full Board of Directors meeting for a final vote on the matter. At such meeting, the Board of Directors will make a final determination as to whether a conflict of interest exists, and if so, whether the Corporation can, with reasonable efforts, secure a more advantageous transaction with a person or entity that would not give rise to a conflict of interest.

- iv. If a more advantageous transaction or arrangement without a conflict of interest is not reasonably possible, then the Board or Governance

Committee will determine by a majority vote of the disinterested directors whether the transaction or arrangement is:

1. In the Corporation's best interest
2. For the Corporation's own benefit
3. Whether the terms or overall arrangement reflect fair market value
4. Whether the terms or overall arrangement are reasonable.
5. Accounts for or otherwise advances Run Minnesota's mission and values including but not limited to, diversity, equity, and inclusion.

Using that determination as a guide, the board or committee will then make a decision to enter into the transaction or arrangement or not.

7. **Violations of the Conflict of Interest Policy.** If the Board or committee has reasonable cause to believe an interested person failed to disclose actual or possible conflicts of interest, then it will inform the interested person of the basis for their belief and afford them an opportunity to explain the alleged failure to disclose. If, after hearing the interested person's response and after making further investigation as warranted by the circumstances, the Board or committee determines the interested person has failed to disclose an actual or possible conflict of interest, it will take appropriate disciplinary and corrective action.
8. **Records of Proceedings.** The minutes of all actions taken on such matters will clearly reflect the following:
 - a. Names of the person(s) with a financial interest related to an actual or possible conflict
 - b. Description of the financial interest
 - c. Description of any action(s) taken to determine whether a conflict of interest was present
 - d. Governing body's decision as to whether a conflict of interest in fact existed
 - e. Names of the persons present for discussions and votes relating to the transaction
 - f. Summary of the discussion, including any discussed alternatives to the proposed transaction
 - g. A record of any votes taken
9. **Compensation Conflicts.** A director, officer, or voting member of any committee or task force with Board delegated powers who receives compensation, directly or indirectly, from the Corporation for services may not vote on issues relating to their own compensation.
10. **Annual Statements.** Each director, officer, and voting member of a committee or task force with Board delegated powers will annually sign a statement which affirms the person:
 - a. Received a copy of the policy
 - b. Read and understands the policy
 - c. Agrees to comply with the policy

- d. Requires that they disclose any Financial Interest of Fiduciary Responsibility to another person or entity that could potentially form a conflict with Run Minnesota in the upcoming year.
 - e. Acknowledges that Run Minnesota is a charitable corporation, and in order to maintain its federal tax exemption, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.
11. **Periodic Reviews.** Periodic reviews will be conducted to ensure that Run Minnesota operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as the Corporation exempt from federal income tax. The periodic reviews will, 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 any grants are made to disqualified persons, or otherwise result in an excess benefit transaction.
 - c. Whether arrangements with other Corporations 1) comply with Run Minnesota's written policies, 2) are properly recorded, 3) reflect reasonable payments for goods and services, if any; and 4) further RUN MINNESOTA's charitable purposes and do not result in inurement or impermissible private benefit.
 - d. Run Minnesota may, at its option, use outside experts to conduct periodic reviews. If outside experts are used, their use does not relieve the board of its responsibility for ensuring that the reviews are conducted.

Approved by the Board of Directors on _____.