

## TEAMBROWNSVILLE, INC.

### CONFLICT OF INTEREST POLICY

#### ARTICLE I. PURPOSE

The purpose of this Conflict of Interest Policy is to protect the interests of TeamBrownsville, Inc. ("TBI") when TBI is contemplating entering into a transaction or arrangement that might benefit the private interest of a TBI director or officer. This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to non-profit and charitable organizations.

#### ARTICLE II. CONFLICTS OF INTEREST; DIRECT OR INDIRECT INTERESTS

2.1. Conflict of Interest. A "conflict of interest" may arise when a TBI director or officer or a spouse or other family member of any of the foregoing, enters into or proposes to enter into, or has any direct or indirect interest in, or relationship with, any individual or organization which enters into or proposes to enter into, any transaction with TBI, including but not limited to transactions involving:

- a. the sale, purchase, lease, rental or other transfer of any property or other asset;
- b. employment, or rendition of services, personal or otherwise;
- c. the award of contract or subcontract, for example, a construction or vendor contract with another organization; or
- d. a partnership, joint venture or other similar transaction or arrangement.

2.2. Direct or Indirect Interest. A "direct or indirect interest" includes actual or potential:

- a. ownership or control, directly or indirectly, of the voting interests or securities, or beneficial interests, of an organization or the power to control, directly or indirectly, the election of a majority of an organization's directors or other governing body;
- b. service as a director, officer, manager, executor, administrator, trustee, employee, independent contractor, consultant, volunteer or other similar position; or
- c. compensation arrangements, including direct or indirect remuneration and substantial gifts or favors.



**ARTICLE III.  
DISCLOSURE; EVALUATION PROCEDURES**

3.1. Duty to Self-Disclose. In connection with any actual or possible conflict of interest, a TBI director or officer shall disclose to the Board of Directors the existence of such conflict of interest, together with all material facts with respect to such conflict of interest.

3.2. Duty to Disclose Conflicts of Others. If a TBI director or officer becomes aware of an actual or possible conflict of interest involving another person, such director or officer shall disclose to a member of the Board of Directors the possible existence of a conflict of interest, together with all known facts as to such conflict of interest. Any such disclosure may be made anonymously in writing.

3.3. Determining Whether a Conflict of Interest Exists.

a. The Board of Directors, or its disinterested designees, shall evaluate the actual or possible conflict of interest. Such evaluation shall include analysis of material facts as to the relationship or interest and as to the transaction or arrangement and may include obtaining, in writing or by discussion, additional information from the affected TBI director or officer; however, the affected TBI director or officer shall be prohibited from providing to the Board of Directors his or her evaluation of the actual or possible conflict of interest and, except for discussion to provide factual information, shall not be present for any discussion of, or vote on, the transaction or arrangement involving the possible conflict of interest.

b. After completion of the due diligence phase described above, the Board of Directors shall determine whether TBI can obtain, with reasonable efforts, a more advantageous transaction or arrangement from a person or entity without giving rise to a conflict of interest.

c. 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 of Directors shall determine, in good faith and with due care, by a majority vote of the disinterested directors, whether the transaction or arrangement is in TBI's best interest and whether the transaction is fair and reasonable to TBI.

d. If the disinterested members of the Board of Directors determine that the transaction or arrangement is in TBI's best interest and is fair and reasonable to TBI, the disinterested members of the Board of Directors shall vote upon whether to enter into or continue, as applicable, the transaction or arrangement.

**ARTICLE IV.  
VIOLATIONS OF THE CONFLICTS OF INTEREST POLICY**

4.1. Notification. If the Board of Directors learns or has reasonable cause to believe that a TBI director or officer has failed to disclose an actual or possible conflict of interest, the Board of Directors shall notify the affected TBI director or officer in writing of the basis for such belief and afford such person an opportunity to explain the alleged failure to disclose.



4.2. Disciplinary or Corrective Action. If, after receiving the response of the affected TBI director or officer and making such further investigation as may be warranted in the circumstances, the Board of Directors determines that such TBI director, officer or committee member has in fact failed to disclose an actual or possible conflict of interest, the Board of Directors shall take appropriate disciplinary and corrective action.

## **ARTICLE V. RECORDS OF PROCEEDINGS**

The minutes of the Board of Directors and all committees charged with investigation of an actual or possible conflict of interest shall contain:

a. the names and titles of the persons who disclosed or otherwise were found to have an actual or possible conflict of interest, the nature of the conflict of interest, any action taken to determine whether a conflict of interest was present and the Board of Directors' decision as to whether a conflict of interest in fact existed; and

b. 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.

## **ARTICLE VI. COMPENSATION**

a. A voting member of the TBI Board of Directors who receives compensation, directly or indirectly, from TBI for services is precluded from voting on matters pertaining to his or her compensation.

b. No voting member of TBI Board of Directors or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from TBI, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

## **ARTICLE VII. ANNUAL STATEMENTS**

Each TBI director and officer shall sign a statement each year confirming that such person:

a. has received a copy of this Conflict of Interest Policy, as it may be amended from time to time;

b. has read and understands the Conflict of Interest Policy;

c. has complied and agrees to comply in the future with the Conflict of Interest Policy; and



d. understands that TBI 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 tax-exempt purposes.

### ARTICLE VIII. PERIODIC REVIEWS

8.1. Covered Subjects. To ensure that TBI 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:

a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.

b. Whether partnerships, joint ventures, services contracts and other similar transactions or arrangements result in TBI operating for the benefit of private interests or inurement of the net earnings of TBI to the benefit of any person having a personal and private interest in the activities of TBI, in violation of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or the regulations promulgated thereunder.

c. Whether partnerships, joint ventures, services contracts and other similar transactions or arrangements conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further TBI's charitable purposes and do not result in TBI operating for the benefit of private interests or inurement as described in b. above.

CAF 5-19-19

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