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**CONFLICT OF INTEREST POLICY
OF
NATIONAL COUNCIL FOR STATE AUTHORIZATION AGREEMENT (NC-SARA)**

ARTICLE I

Purpose

The purpose of this Conflict of Interest Policy (Policy) is to protect The National Council for State Authorization Agreements (NC-SARA) when it is contemplating entering into a transaction or arrangement¹ that might benefit the private interest of a board director, officer, or member of a committee designated by the NC-SARA Board or might result in a possible excess benefit transaction. This Policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit entities.

ARTICLE II

Definitions

1. Interested Person. Any board director, officer, or member of a committee designated by the NC-SARA Board (Board/board), 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, directly or indirectly, through business, investment, or family:

- a. has an ownership or investment interest in any entity with which NC-SARA has a transaction or arrangement;
- b. has a compensation arrangement with NC-SARA; ~~or with any entity or individual with which NC-SARA has a transaction or arrangement;~~ or
- c. has a potential ownership or investment interest in, or compensation arrangement with any entity or individual with which NC-SARA is negotiating a transaction or arrangement; or
- d. serves on the board for NC-SARA and another entity with which NC-SARA has engaged or intends to engage in a contract, transaction, or other financial relationship with the other entity, or has a financial Interest in the other entity.²

¹ As stated in the Unified Agreement, there is a partnership relationship between the regional compacts and NC-SARA.

² This would not preclude directors from serving on state boards or state commissions.

e. receives compensation that includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

3. Family. Includes spouse, domestic partner, children (including adopted and step), parents (including stepparents), and siblings.

ARTICLE III

Procedures

1. Duty to Disclose. In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of a Financial Interest and be given the opportunity to disclose all material facts to the board chair.

2. Determining Whether a Conflict of Interest Exists. ~~After disclosure of a Financial Interest and all material facts, and after any discussion with the Interested Person, he/she shall leave the meeting of the board while the determination of a conflict of interest is discussed and voted upon. The remaining board directors shall decide if a conflict of interest exists.~~

A Financial Interest is not necessarily a conflict of interest. A person who has a Financial Interest may have a conflict of interest only if the ~~executive committee, in consultation with general counsel, board~~ decides that a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest.

a. An Interested Person may make a presentation to the board, ~~but recuse himself prior to a vote related to the area of conflict. but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.~~

b. The board shall, if appropriate, appoint a disinterested person to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the board shall determine whether NC-SARA can obtain, with reasonable efforts, a more advantageous transaction or arrangement 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 possible under circumstances not producing a conflict of interest, the board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in NC-SARA's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, the board shall make its decision as to whether to enter the transaction or arrangement.

4. Violations of the Conflict of Interest Policy.

- a. If the board has reasonable cause to believe an Interested Person has failed to disclose actual or possible conflicts of interest, the board shall inform such Interested Person of the basis for such belief and afford the interested person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the Interested Person's response and after making further investigation as warranted by the circumstances, the board determines the Interested Person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

ARTICLE IV

Compensation

A board director who receives compensation, directly or indirectly, from NC-SARA for services provided to NC-SARA in a capacity other than his or her capacity as a director is precluded from voting on matters pertaining to such person's compensation.

ARTICLE V

Annual Statements

Each board director shall annually sign a statement (substantially in the form of **Exhibit A** attached hereto) 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 to maintain NC-SARA's federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

The foregoing Conflict of Interest Policy was adopted by the NC-SARA Board effective _____, 2026.

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Exhibit A

Form of Conflict of Interest Statement

CONFLICT OF INTEREST STATEMENT

The undersigned) hereby acknowledges and agrees that he or she:

A. has received a copy of the Conflict of Interest Policy;

B. has read and understands the Policy;

C. has agreed to comply with the Policy.

D. understands that for NC-SARA to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

This Conflict of Interest Statement is effective as of _____, 2026.

Printed Name

Signature

Date

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