

**CONFLICT OF INTEREST POLICY
OF
NATIONAL COUNCIL FOR
STATE AUTHORIZATION RECIPROCITY AGREEMENTS
Revised April, 2018 (New text underlined.)**

**ARTICLE I
Purpose**

The purpose of this Conflict of Interest Policy (this “***Policy***”) is to protect National Council for State Authorization Reciprocity Agreements, a Colorado nonprofit corporation (“***NC-SARA***”), when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or Council Member of NC-SARA 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 and charitable corporations.

**ARTICLE II
Definitions**

- 1. Interested Person.** Any Council Member, officer, or member of a committee designated by the National Council (the “***Council***”), 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 NC-SARA has a transaction or arrangement;
 - b. a compensation arrangement with NC-SARA or with any entity or individual with which NC-SARA has a transaction or arrangement; or
 - c. 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.

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 Article III, Section 2, a person who has a Financial Interest may have a conflict of interest only if the Council decides that a conflict of interest exists.

ARTICLE III
Procedures

1. **Duty to Disclose.** In connection with any actual or possible conflict of interest, an Interested Person must disclose to the NC-SARA Executive Committee the existence of a Financial Interest and be given the opportunity to disclose all material facts to the Council.

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 Council meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Council 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 to the Council, 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 Council shall, if appropriate, appoint a disinterested person to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the Council 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 Council shall determine by a majority vote of the disinterested Council Members 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, it shall make its decision as to whether to enter into the transaction or arrangement.

4. **Violations of the Conflicts of Interest Policy.**

- a. If the Council has reasonable cause to believe an Interested Person has failed to disclose actual or possible conflicts of interest, it 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 Council determines the Interested Person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action, including possible dismissal from the Council or its employ.

ARTICLE IV
Records of Proceedings

The minutes of the Council shall contain:

- a. 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 Council's decision as to whether a conflict of interest in fact existed.
- 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 V
Compensation

A Council Member 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 Council Member is precluded from voting on matters pertaining to such person's compensation.

ARTICLE VI
Annual Statements

Each Council Member 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 NC-SARA is charitable and educational 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.

ARTICLE VII
Periodic Reviews

To ensure NC-SARA operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

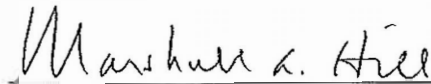
- a. whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's-length bargaining.
- b. whether partnerships, joint ventures, and arrangements with management corporations conform NC-SARA's written policies, are properly recorded, reflect 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.

ARTICLE VIII
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, NC-SARA may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Council of its responsibility for ensuring periodic reviews are conducted.

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The foregoing Conflict of Interest Policy was adopted by the Council effective as of May 7, 2015.



Marshall A. Hill
Executive Director, NC-SARA

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Revisions

Revisions to: 1) specify how Financial Interests are to be disclosed (Article III, 1); and 2) state that failure to disclose an actual or possible conflict of interest may lead to dismissal from the Council or its employ (Article III, 46).

_____ Date _____

Marshall A. Hill
Executive Director, NC-SARA

CONFLICT OF INTEREST STATEMENT

The undersigned Council Member or Executive Director of the National Council for State Authorization Reciprocity Agreements, a Colorado nonprofit corporation ("**NC-SARA**") hereby acknowledges and agrees that he or she:

- A. has received a copy of the Conflict of Interest Policy (the "**Policy**") of NC-SARA;
- B. has read and understands the Policy;
- C. has agreed to comply with the Policy; and
- D. understands that NC-SARA is charitable and educational, 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.

This Conflict of Interest Statement is effective as of _____,
20 ____.

Printed Name

Signature

Exhibit A

FORM OF COUNCIL MEMBER'S CONFLICT OF INTEREST STATEMENT

(see attached)