

CeNCOOS Conflict of Interest Policy

[Adopted January 14, 2014]

Article I: Purpose

The purpose of the conflict of interest policy is to protect the interests of CeNCOOS when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a member of the governing council of the program. This policy is intended to reduce or mitigate real or perceived conflicts of interest in CeNCOOS funding decision making. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to CeNCOOS.

Article II: Definitions

1. Interested Person

Any governing council member, or member of a committee with governing council delegated powers, who has a financial or other interest which conflicts with the service of the individual because it (1) could significantly impair the individual's objectivity (2) could create an unfair competitive advantage for any person or organization or (3) could create an unfair discriminatory disadvantage for another person or organization is an interested person.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, family, or close personal relationship:

- a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement
- b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization 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 appropriate governing council or committee decides that a conflict of interest exists.

Article III: Procedures

1. Duty to Disclose

Governing council members have a duty to disclose relevant financial interests annually and when new financial or non-financial interests arise. Additionally, in connection with any actual or possible conflict of interest, an interested person must disclose the existence of the interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing council delegated powers considering the proposed transaction or arrangement.

2. Procedures for Addressing a Conflict of Interest

- a. The CeNCOOS Executive Committee will review all annual disclosure statements to keep abreast of potential conflicts.
- b. After disclosure of the interest and all material facts by the interested person, and after any discussion with the interested person, (s)he shall leave the governing council or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining disinterested council or committee members shall decide if a conflict of interest exists.
- c. An interested person may make a presentation at the governing council or committee meeting, but after the presentation, (s)he shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- d. The chairperson of the governing council or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- e. After exercising due diligence, the governing council or committee shall determine whether the Organization 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.
- f. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing council or committee shall determine by a majority vote of the disinterested members whether the transaction or arrangement is in the Organization'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.
- g. In all cases, a council member with an actual or potential conflict of interest in a matter proposed for action by the governing council or committee may be counted for a quorum.

3. Violations of the Conflicts of Interest Policy

- a. If the governing council or committee 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.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing council or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV: Records of Proceedings

The minutes of the governing council and all committees with council delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a personal interest in connection with an actual or possible conflict of interest, the nature of the interest, any action taken to determine whether a conflict of interest was present, and the governing council's or committee'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: Annual Statements

Each governing council member and member of a committee with governing council delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Has agreed to disclose all relevant financial interests annually and whenever new interests arise—financial or otherwise.