

**CONFLICT OF INTEREST POLICY
OF
WAKE COUNTY CONTINUUM OF CARE**

ARTICLE I

Purpose

The purpose of the Conflict of Interest Policy (this “Policy”) is to protect the interests of Wake County Continuum of Care (the “Corporation”), in situations that might benefit an individual’s private interest. This Policy is intended to supplement but not replace any laws or regulations of the State of North Carolina applicable to nonprofit corporations.

ARTICLE II

Definitions and Rules of Construction

For purposes of this Policy, the following definitions and rules of construction shall apply:

1. “Interested Person” shall mean a Director, Officer, or Key Employee, who has an Individual Interest in a Proposed Transaction.
2. “Director” shall mean a director of the Corporation.
3. “Officer” shall mean an officer of the Corporation whose office is described in the bylaws of the Corporation.
4. “Key Employee” shall mean an employee of the Corporation who meets both of the following tests:
 - a. is one of the 5 employees with the highest reportable compensation from the Corporation and related organizations; and
 - b. has responsibilities, powers or influence over the Corporation as a whole that is similar to those of officers, directors, or trustees.
5. “Individual Interest” shall mean a Financial Interest or a Duality of Interest.
6. An Interested Person has a “Duality of Interest” with respect to a Proposed Transaction if he or she (or his or her Family Member) is associated with a Party to a Proposed Transaction, but he or she (or his or her Family Member) has no Financial Interest in the Proposed Transaction. An Interested Person also has a “Duality of Interest” if others could reasonably perceive that his or her independent judgment with respect to a Proposed Transaction was likely to be impaired or influenced under the circumstances.

7. An Interested Person has a “Financial Interest” with respect to a Proposed Transaction if he or she (or his or her Family Member):
 - a. is a Party to the Proposed Transaction; or
 - b. has, directly or indirectly, through business, investment or a Family Member:
 - i. an ownership or investment interest in any Party to the Proposed Transaction; or
 - ii. a compensation arrangement with any Party to the Proposed Transaction; or
 - iii. a potential ownership or investment interest in, or compensation arrangement with, any Party to the Proposed Transaction.

For purposes of this section, a compensation arrangement shall include without limitation an arrangement by means of which an independent contractor is paid for services rendered.

8. “Party to a Proposed Transaction” shall mean an individual or a Legal Entity (other than the Corporation) that is a party to, or will or may derive a Material Benefit from, a Proposed Transaction.
9. “Proposed Transaction” shall mean a transaction, arrangement, contract or agreement, that has been proposed to the Corporation or that the Corporation has proposed or is considering.
10. “Material Benefit” shall mean a financial or economic benefit that is both (a) more than *de minimis* in value (for purposes of this Policy, any value that is Fifty Dollars (\$50.00) or less is considered *de minimis*) and (b) more than remotely likely to occur.
11. “Family Member” of an individual shall mean: (1) spouse, (2) ancestor, (3) brother, (4) half-brother, (5) sister, (6) half-sister, (7) child (whether by birth or by adoption), (8) grandchild, (9) great grandchild, or (10) spouse of brother, half-brother, sister, half-sister, child, grandchild, or great grandchild. For purposes of this definition, “spouse” shall include husband, wife, domestic partner, and any person not otherwise included in the definition of “Family Member” with whom the individual resides and shares financial obligations and/or property ownership.
12. “Legal Entity” shall be deemed to include, but shall not be limited to, nonprofit corporations, unincorporated nonprofit associations, and governmental units and subdivisions or agencies of government; provided, however, that an Interested Person who has an Individual Interest in a subdivision or agency of government shall not be deemed solely by virtue of such Individual Interest to have an Individual Interest in other subdivisions or agencies of such government that are

not subject to the control of the subdivision or agency of government with respect to which the Interested Person has an Individual Interest.

ARTICLE III

Procedures Where Individual Interest Exists

1. If an Interested Person has an Individual Interest with regard to a Proposed Transaction, he or she shall not vote on, discuss, evaluate, implement or take any other action with respect to the Proposed Transaction (except as expressly permitted herein).
2. An Interested Person shall disclose the existence and nature of his or her Individual Interest, and shall disclose all material facts relating to his or her Individual Interest, to those individuals who are considering or implementing the Proposed Transaction.
3. If an Interested Person has a Financial Interest in a Proposed Transaction and is present at a meeting at which the Proposed Transaction is being considered, after he or she discloses the Individual Interest and (unless privileged or confidential) all material facts relating to the Individual Interest, he or she shall leave the meeting room while the remaining persons participating in the meeting consider, discuss and/or vote upon the Proposed Transaction.
4. If an Interested Person has a Duality of Interest in a Proposed Transaction, he or she shall not be required to leave the meeting room while the remaining persons participating in the meeting consider, discuss and/or vote upon the Proposed Transaction.

ARTICLE IV

Records of Proceedings

The minutes of meetings of the Board of Directors, all standing committees, and all special committees shall include:

1. The names of all persons who have disclosed or otherwise were found to have an Individual Interest, and (unless privileged or confidential) the nature of the Individual Interest; and
2. The names of the persons who were present at the meeting for discussions and votes relating to the Proposed Transaction, the content of these discussions, and a record of the vote.

ARTICLE V

Prohibition on Acceptance of Personal Gifts

1. No Director, Officer, or Key Employee shall solicit or accept for his or her individual benefit any Material Benefit from a Party to a Proposed Transaction or from any vendor, contractor, or other party to an existing contract or arrangement with the Corporation. For purposes of this Article, a Material Benefit shall be deemed to include, without limitation: (1) a gift, (2) a loan of cash or property without consideration or on terms less than fair market value, or (3) any other good or service of value. For purposes of this Article, a Director, Officer, or Key Employee shall be deemed to have solicited or accepted a Material Benefit if the Material Benefit was solicited for or accepted by a Family Member.
2. No Director, Officer, or Key Employee shall solicit or accept for his or her individual benefit cash or cash equivalent in any amount, even if *de minimis*, from a Party to a Proposed Transaction or from any vendor, contractor, or other party to an existing contract or arrangement with the Corporation. For purposes of this Article, cash or cash equivalent shall be deemed to have been solicited or accepted by the Director, Officer, or Key Employee if the cash or cash equivalent was solicited for or accepted by a Family Member.
3. This Article shall be deemed not to preclude Directors, Officers, or Key Employees from accepting personal benefit from a third party provided that the personal benefit is incidental to compensation (or payment or reimbursement of expenses) paid by the third party to the Corporation for services rendered by the Corporation.
4. This Article shall be deemed not to preclude Directors, Officers, or Key Employees from: (1) accepting a Material Benefit or cash or cash equivalent to the extent that such Material Benefit or cash or cash equivalent is earned income for personal services that are customarily provided in connection with a bona fide business, trade or profession, or (2) receiving fair market value in consideration for the sale, lease or other conveyance of goods or other property.

ARTICLE VI

Compensation Matters

A Director, Officer, or Key Employee who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to his or her compensation.

ARTICLE VII

Provisions Relating to ESG Assisted Activities

1. *Organizational conflicts of interest.* The provision of any type or amount of federally funded Emergency Service Grants (“ESG”) assistance may not be conditioned on an individual’s or family’s acceptance or occupancy of emergency shelter or housing owned by the recipient, the Corporation, or a parent or subsidiary of the Corporation. The Corporation as subrecipient shall not, with respect to individuals or families occupying housing owned by the Corporation, or any parent or subsidiary of the Corporation, carry out the initial evaluation required under 24 CFR 576.401 or administer homelessness prevention assistance under 24 CFR 576.103. The Corporation as subrecipient shall maintain written standards of conduct covering organizational conflicts of interest required under 2 CFR 200.318. See Appendix B for the text of relevant federal regulations as of the date of adoption of this Policy.

2. *Individual conflicts of interest.* For the procurement of goods and services with respect to activities assisted under the ESG program, the Corporation as subrecipient shall comply with 2 CFR 200.317 and 2 CFR 200.318. For all other transactions and activities with respect to activities assisted under the ESG program, no person who is an employee, agent, consultant, officer, or elected or appointed official of the recipient or of the Corporation or of other subrecipients, who exercises or has exercised any functions or responsibilities with respect to activities assisted under the ESG program, or who is in a position to participate in a decision-making process or gain inside information with regard to activities assisted under the program, may: obtain a financial interest or benefit from an assisted activity; have a financial interest in any contract, subcontract, or agreement with respect to an assisted activity; or have a financial interest in the proceeds derived from an assisted activity, either for him or herself or for those with whom he or she has family or business ties, during his or her tenure or during the one-year period following his or her tenure.

ARTICLE VIII

Annual Statements

Each Director, Officer, and Key Employee shall annually sign a statement in the form attached hereto as Appendix A.

ARTICLE IX

Periodic Reviews

The Corporation shall conduct periodic reviews of its activities to ensure that it is operating in a manner consistent with accomplishing its charitable purposes and that it is not engaging in activities that could jeopardize its status as an organization exempt from federal income tax. In conducting such reviews, the Corporation shall evaluate the following:

1. Whether the Corporation’s compensation arrangements and benefits are reasonable and the result of arm’s length negotiations; and

2. Whether contractual arrangements with providers of goods or services conform to written policies, are properly recorded, reflect reasonable payments for goods or services, further charitable purposes, and do not result in private inurement or impermissible private benefit.

In conducting its periodic reviews, the Board of Directors may in its discretion engage outside advisors, but the Board of Directors shall at all times retain responsibility for ensuring that periodic reviews are conducted.

ARTICLE X

Violations of Conflicts of Interest Policy

1. The failure of a Director, Officer, or Key Employee to disclose an Individual Interest of such Director, Officer, or Key Employee that was known by or that with reasonable due diligence should have been known by such Director, Officer, or Key Employee shall constitute a violation of this Policy. The solicitation or acceptance of an individual benefit in violation of the prohibitions imposed by Article V, or the prohibitions imposed by Section 2 of Article VII, shall also constitute a violation of this Policy.
2. If the Board has reasonable cause to believe that a Director, Officer, or Key Employee has committed a violation of this Policy, the Board shall inform such person of the basis for such belief and afford such person an opportunity to explain the alleged violation. If, after hearing the response of such person and making such further investigation as may be warranted under the circumstances, the Board determines that such person has in fact violated this Policy, the Board shall take appropriate action. In the case of an Officer or Key Employee, such action may include appropriate disciplinary or corrective action, including but not limited to removal of such Officer or termination of the employment of such Key Employee. In the case of a Director, such action may include directing the Chair of the Board or the Vice Chair of the Board to notify the public official occupying the office that appointed such Director of the Board's determination that a violation of this Policy has occurred. If the Board has determined that the conduct of the Director constitutes cause for removal from the Board, the Board may recommend that the public official remove the Director for cause.
3. A Director, Officer, or Key Employee who in good faith conducts reasonable due diligence to determine whether he or she has an Individual Interest in a Proposed Transaction and who, despite such reasonable due diligence, fails to discover an existing Individual Interest shall be deemed not to have violated this Policy even where it is later determined that he or she participated in the consideration or implementation of the Proposed Transaction with respect to which he or she had the undiscovered Individual Interest.

ACKNOWLEDGMENT AND DISCLOSURE FORM

I, the undersigned officer, director or key employee of Wake County Continuum of Care (the “Corporation”), hereby confirm that I have read and understand the Corporation’s Conflict of Interest Policy (the “Policy) and that I have received a copy of the Policy for present and future reference.

I agree to comply in all respects with the Policy.

I acknowledge that the Corporation is a charitable organization, and that in order to maintain its tax-exempt status the Corporation must continuously engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Consistent with the foregoing, I make the following disclosure in accordance with the Policy (if none, please write “NONE”.)

Name: _____

Signature: _____

Date: _____

Adopted on November 16, 2018

TEXT OF APPLICABLE FEDERAL REGULATIONS

[to be completed]