

**SUBJECT:** CONFLICT OF INTEREST POLICY

**EFFECTIVE DATE:** January 1, 2018

**REVISION DATE(S):** June 20, 2023

**REVIEW DATE(S):** January 1, 2018; January 1, 2019; December 20, 2019; February 9, 2021; July 28, 2022; June 20, 2023; August 20, 2024; August 19, 2025

**POLICY STATEMENT:** The purpose of this policy is to protect the interests and perception of CHA when entering into a transaction or arrangement that might benefit the private interest of one of its Board members. Board members must also adhere to Section No. Admn. 006 of the CHA Corporate Resolution regarding Conflict of Interest. This Policy is intended to supplement, but in no way replace, any applicable federal and state laws governing conflicts of interest.

The Public Health Authority of Cabarrus County d/b/a Cabarrus Health Alliance (“CHA”) requires the members of its Board of Commissioners (the “Board”) and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. CHA depends on the active involvement and leadership of its Board, staff and employees to accomplish its mission and it is essential that the public have confidence in the integrity of CHA as its local public health authority to maintain its credibility as a valued resource. It is expected that staff and employees of CHA and Board members will not use their position(s) for their own personal benefit, whether direct or indirect, in any manner, and shall avoid Conflicts of Interest (defined below) and any conduct which may create or even suggests a Conflict of Interest. This policy is specifically for the Board.

All shall carefully avoid any conflict between their own respective personal, professional, or business interests and the interest of CHA, in any and all actions taken by them in their respective capacities on behalf of CHA. CHA strives to avoid conflicts of interest to ensure that it preserves the highest standards of integrity and ethical principles. When in a leadership position, CHA requires that leaders conduct themselves with honesty and integrity. The Board of CHA, recognizing that it is entrusted with resources devoted to public health, has adopted this Conflict of Interest Policy (the “Policy”).

In the course of performing their duties, a Board member’s participation may be conflicted, biased, or illegal when one promotes or advocates decisions that are based on expected personal gain or benefits other than the best interest of CHA. For this purpose, the term "Conflict of Interest" means any financial interest or potential for gain that (1) could impair the individual's objectivity; or, (2) could create an unfair competitive advantage.

#### **PROCEDURES TO BE FOLLOWED:**

##### **1. CONTRACT FOR PERSONAL BENEFIT**

- 1.1. Board members should ensure that contracting, purchasing, and other decisions are made in a neutral, objective way based on what is in CHA's interest and not in consideration of actual or potential benefit to the decision maker.
- 1.2. N.C.G.S. §14-234, prohibits a Board member from deriving a direct benefit from any contract, including purchase contracts, in which he or she is involved on behalf of the public agency he or she serves. Even if a Board member is not involved in making a contract from which he or she will derive a direct benefit, the Board member is prohibited from influencing or attempting to influence anyone in CHA who is involved in making the contract/decision/purchase.

- 1.3. A person "derives a direct benefit" from a contract/purchase if the person or his or her spouse:
  - 1.3.1. Has more than a 10% interest in the company that is a party to the contract/purchase,
  - 1.3.2. Derives any income or commission directly from the contract/purchase, or
  - 1.3.3. Acquires property under the contract.
- 1.4. Although the statutory definition does not extend to other family members, friends, or to unmarried partners, Board members should still consider the public perception of such transactions/decisions.
- 1.5. Board members who are involved in the disposal of surplus property are prohibited from purchasing said property from CHA unless the property is purchased via publicly advertised and publicly available sale, such as sales made through GovDeals.
- 1.6. A person is assumed to be involved in the "making or administering" of the contract if they:
  - 1.6.1. Participate in the development of specifications or contract terms,
  - 1.6.2. Participate in the preparation or award of the contract,
  - 1.6.3. Have the authority to make decisions about or interpret the contract.
- 1.7. A Board member is considered to be involved in making the contract when the Board takes action on the contract, even if said Board member does not participate unless an exception applies. Being excused from voting on the contract does not absolve a Board member with a conflict of interest from potential criminal liability.
- 1.8. Board members may legally benefit from a contract with CHA as long as they are not involved in making or administering it.
- 1.9. All Board members are prohibited from soliciting or receiving any gift, reward, or promise of reward, including a promise of future employment, in exchange for recommending, influencing, or attempting to influence the award of a contract, even if they do not derive a direct benefit under the contract.

## **2. GIFTS AND FAVORS**

- 2.1. N.C.G.S. § 133-32 prevents the use of gifts and favors to influence the award and administration of public contracts. Violation of this statute is a Class 1 misdemeanor.
- 2.2. N.C.G.S. § 133-32 prohibits a current contractor, a contractor who has performed under a contract with CHA within the past year, or a person who anticipates bidding on a contract in the future to give any gift or favor to Board members who have responsibility for preparing, awarding, or overseeing contracts.
- 2.3. A gift or favor is defined as anything of value acquired or received without fair compensation, unless it is covered by a statutory exception. Exceptions include:
  - 2.3.1. Advertising items or souvenirs of nominal value including inexpensive pens, mugs, and calendars bearing the name of the donor film, etc.
  - 2.3.2. Honoraria for participating in meetings, and meals at banquets.
- 2.4. Although meals at banquets are allowed, free meals offered by contractors under other circumstances, such as lunch, should be refused.
- 2.5. Any gift that is allowed under local law must still be refused if it violates state law.

- 2.6. Board members may accept customary gifts or favors from friends and relatives as long as the existing relationship, rather than the desire to do business with CHA, is the motivation for the gift.
- 2.7. A contractor/vendor may donate goods and services for use by CHA, but not to a Board member for their personal use.

### 3. MISUSE OF CONFIDENTIAL INFORMATION

- 3.1. N.C.G.S. §14-2341 makes it a Class 1 misdemeanor for a Board member to use Confidential Information (defined below) for personal gain, to acquire a pecuniary benefit in anticipation of his or her own official action, or to help another person acquire a pecuniary benefit from such actions.
- 3.2. "Confidential Information" is defined as any non-public information that the Board member has learned in the course of performing his or her duties on behalf of and for CHA.

### 4. PROCEDURES TO DISCLOSE AND RESOLVE CONFLICTS

- 4.1. *Duty to Self-Disclose* - The primary obligation of any person subject to this Policy who may be involved in a Conflict of Interest situation is to bring it promptly to the attention of those designated under the disclosure procedures so that the potential conflict can be evaluated and addressed.
- 4.2. *Duty of Loyalty* - The duty of loyalty requires that Board member act in the best interest of CHA despite potential conflicting interests.
- 4.3. *Disclosure of Conflicts of Others* - If a Board Member becomes aware of a situation in which an individual is potentially taking advantage of his or her position and acting for his or her own interest, they should inform the individual of the basis of such a belief and afford the person an opportunity to explain the alleged failure to disclose.
- 4.4. *Recusal of Self* - Any Board member may recuse himself or herself at any time from involvement in any decision or discussion in which the individual believes he or she has or may have a conflict of interest, without going through the process for determining whether a conflict of interest exists, as long as they are not involved in the making of the contract as per clause 1.7 of this Policy.
- 4.5. *Evaluation of Potential Conflict* - After disclosure of all material facts and any follow-up discussion with the Board member with a potential Conflict of Interest, a determination must be made about whether a material financial interest, self-dealing transaction or other kind of actual conflict exists.
  - 4.5.1. If the potential conflict is first disclosed during a Board meeting at which the Board member with the potential conflict is in attendance, that person shall leave the meeting while the determination of whether a Conflict of Interest exists is discussed and voted upon. The chairman of the Board (the "Chairman") will evaluate the disclosures by the Board member and will determine on a case-by-case basis whether the disclosed activities constitute an actual conflict of interest. The Board Chairman should consider the proximity of the Board member to the decision-making authority of the other entity involved in the transaction, and the degree to which the Board member might benefit

personally if a particular transaction were approved when determining whether an actual conflict exists.

4.5.2. If the disclosure is made outside of the context of a Board meeting, then the determination of whether a conflict exists will be directed to the CEO for discussion, decision and action. The CEO may, as needed, consult with the Chairman or legal team of CHA.

4.5.3. Where it is determined that an actual Conflict of Interest exists, the Chairman or CEO will recommend an appropriate course of action to protect the interests of CHA. All disclosures and the outcome of the deliberation about whether a conflict of interest exists will be recorded in the meeting minutes.

**5. RECORDS OF PROCEEDINGS**

5.1. The minutes of the Board meeting or other meeting shall contain:

5.1.1. The name(s) of the Board member who disclosed or who otherwise were found to have a financial or other interest in connection with an actual or possible Conflict of Interest, the nature of the financial or other interest, any action taken to determine whether a Conflict of Interest was present, and the Board's decision as to whether a Conflict of Interest in fact existed.

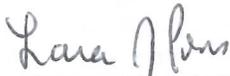
5.1.2. The name(s) of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

**6. ANNUAL STATEMENTS**

6.1. Persons who shall be asked to annually sign a statement on the Conflict-of-Interest Acknowledgement form or such other form as the Board adopts include all Board members. This activity, at a minimum, affirms that such a person:

- 6.1.1. has received a copy of the Policy,
- 6.1.2. has read and understands the Policy,
- 6.1.3. has agreed to comply with the Policy,
- 6.1.4. and discloses personal financial interests and family relationships that could give rise to Conflict of Interest.

6.2. Record of Potential or Actual Conflict of Interest forms will be submitted when appropriate, at or prior to action on relevant business transactions.



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Dr. Lara J. Pons, M.D.  
Board Chairman,  
Cabarrus Health Alliance

August 19, 2025  
Date



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Erin Shoe  
Chief Executive Officer

August 19, 2025  
Date

Cabarrus Health Alliance

**RECORD OF POTENTIAL OR ACTUAL CONFLICT OF INTEREST**

As a CHA Board member, the following is a record of my disclosure of a potential or actual conflict of interest as per clause 6.2 of the Conflict of Interest Policy.

CONFLICT OF INTEREST:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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Signature

Date