

Conflict of Interest

PURPOSE:

This policy establishes a definition of “Insider” and conflict of interest, and provides a procedure that will allow a transaction to be treated as valid and binding, even though an insider has or may have a conflict of interest in a transaction. .

POLICY:

The board ensures that any conflicts of interest or the appearance thereof are either avoided or appropriately managed through disclosure, recusal or other means. The effectiveness of the Land Trust depends upon its credibility and reputation for fairness. Identifying and addressing conflicts of interest also protects the Land Trust’s tax-exempt non-profit standing. Conflicts of interest generally arise when an action or association with the Land Trust benefits not only the Land Trust, but also an Insider of the land trust as defined below. This policy follows federal and state conflict disclosure laws.

Definition of Insider

“Insider” for the purpose of this policy means persons who, at any time during the five-year period ending on the date of the transaction in question, were a:

- Board member, staff person or volunteer committee member,
- Major donor who individually, as a couple, family, partnership or corporation donated \$10,000 or more in cash, stock, land or other asset, or
- A related party to the above including spouse or domestic partner, and parents, siblings, children, grandchildren, and their spouses.

Definition of Conflict of Interest

Conflicts of interest generally arise when an action or association with the Land Trust exists where there is a real or perceived appearance that:

- An action could benefit an Insider of the Land Trust.
- An Insider could utilize proprietary Land Trust information for his or her benefit.
- An Insider has the ability to exercise undue influence over Land Trust decisions.
- Someone could receive favorable treatment by the Land Trust because of his or her Insider status.

Insider Restrictions

1. **Insiders shall not receive financial benefits, including loans, from the Land Trust** nor profit from the Land Trust, its name or operations, except for reasonable compensation for services or expenses in accordance with *Policy 4.2 Insider Compensation*.
2. **Insiders shall not use property owned or managed by the Land Trust** unless it is directly related to supporting the organization, or is a privilege available to the public or members in good standing.

3. **Transactions with Insiders, including land and easement donations or acquisitions and other sales or purchases**, will be handled using the process outlined in this policy.

Conflict of Interest Process and Documentation

1. **Board and staff members shall immediately fully disclose to the Executive Committee** when they are aware of a personal conflict of interest or the possible appearance thereof, or of any Insider who has a personal interest in an issue that comes before the Land Trust.
2. **The Board will discuss and take steps during board meetings** to avoid and handle conflicts of interest appropriately and in a timely manner.
3. **The Board will approve actions involving a potential conflict of interest only if:**
 - *The decision is made in accordance with this policy;*
 - *The affected Insider has not been present during board discussions or votes on the project, nor have they influenced the decision on the action;*
 - *There is full knowledge of the benefit to the Insider involved,;*
 - *The Land Trust was represented in the transaction by an individual without a conflict of interest in the issue; and*
 - *There is a finding by the board that a more advantageous arrangement could not have been obtained with reasonable effort under the circumstances.*
4. **When engaging in land and easement transactions with Insiders, the Board will:**
 - *Follow all transaction and acquisition policies and procedures on projects.*
 - *Ensure that there is no private inurement or impermissible private benefit.*
 - *For purchases, sales or trades, ensure that a qualified independent appraisal is obtained in compliance with the Uniform Standards of Professional Appraisal Practice by a state-licensed or state-certified appraiser who has verifiable conservation easement or conservation real estate appraisal experience.*
 - *When selling property, ensure that the property is marketed widely in a manner sufficient to ensure that the property is sold at or above market value.*
 - *When accepting donations of conservation easements or land, ensure that the Insider is not part of the board discussions or votes relative to the acceptance of the donation or subsequent stewardship actions such as easement releases, amendments, subdivisions, or house site relocations.*
 - *Keep thorough records so that the transaction is transparent and upholds the Land Trust's credibility.*
 - *Complete a disclosure statement as part of the approval process that describes:*
 - *The nature of the transaction.*
 - *Its public conservation benefit and whether the parcel meets the Land Trust's selection criteria.*
 - *For conservation easements, if there are any significant variations in the easement's terms from the Land Trust's base documents.*
 - *A description of any significant variation in the treatment of expenses and the stewardship donation typically underwritten by the landowner.*

- *For purchases, substantiation that the Land Trust is not paying more than fair market value for the property interest.*
- *Require a two-thirds (2/3) vote of the Board to approve transactions with Insiders.*

5. Document in the board minutes the following for conflict of interest issues:

- *disclosure of the specifics of an Insider's potential conflict of interest,*
- *that there is full knowledge of the benefit to the Insider involved,*
- *a finding by the board that a more advantageous arrangement could not have been obtained with reasonable effort under the circumstances,*
- *the Insider's absence, including board and staff members, from all board discussions and votes on the issue.*

Board & Staff Member Responsibilities

Board and staff members shall:

1. **Fully disclose their direct or indirect interest immediately to the Executive Committee**, if a board member, staff members or a related party has a personal interest in an issue that comes before the Land Trust.
2. **Excuse themselves from the room during any board discussions or votes**, on an issue that the board identifies as a conflict of interest for them, and shall not attempt to influence the board on the issue.
3. **Fully disclose their organizational interests** if they serve on another organization where they have a conflict in organizational loyalties.
4. **Keep confidential information learned during the course of Land Trust business** when the information concerns administration and activities of the Land Trust that are generally not a matter of public record.
5. **Not accept gifts or gratuities** from individuals or corporations doing business or seeking to do business with the Land Trust, unless they are of nominal value, and receipt of the gift is immediately disclosed to the Board.
6. **Not participate in any hiring process regarding a person related to them**, including involvement in board discussions and voting, nor attempt to influence the board on the issue.
7. **Be prohibited from using the Land Trust for personal purposes**, including the use of the Land Trust's name, or their Land Trust position to promote a personal viewpoint while engaged in non-Land Trust activities.
8. **Be prohibited from using the Land Trust for political purposes**, including the use of the Land Trust's name, facilities and property for partisan political activities.

Additional Board Responsibilities

1. **Include in the board manual** comprehensive information on the Land Trust's policy and procedures for conflicts of interest.
2. **Provide board training during board orientation sessions** on the Land Trust's policy and procedures for conflicts of interest.

3. **Ensure through its Board recruitment practices** (*Policy 3.2 Recruitment of New Board Members*) that the potential for conflicts of interest is identified and discussed with prospective board members, and that the board is sufficiently large and diverse so that a broad range of interests is represented.
4. **Ensure through its Personnel Policies** (*Policy 7.5.1 Personnel Policy Handbook*) that **potential staff conflicts of interest** are identified, discussed and addressed appropriately.
5. **Ensure through its policies on volunteers** (*Policy 7.2 Volunteers, Policy 7.2.1 Volunteer Committee Members*) that potential conflicts of interest are identified, discussed and addressed appropriately.
6. **Evaluate whether a Board member should continue to serve on the board** if the conflict of interest policy is invoked on more than an infrequent basis.

Rev.2 Approved: March 06, 2006

President, Board of Directors