

GREAT POND MOUNTAIN CONSERVATION TRUST



Conflicts of Interest Policy

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Adopted: October 10, 2011

Revised: August 19, 2013

December 6, 2016

Due for Review: _____

See Also: Land Transaction Policy

This policy complies with the LTA Standard 4, Practice A.

Purpose of Policy:

1. To maintain GPMCT's reputation of objectivity and high standards of business practice.
2. To implement By Law Article V. Section 8 which provides:

Section 8. Prohibition Against Private Gain. No Director shall receive any pay, compensation or benefit from GPMCT, directly or indirectly, for performing such duties. Directors may be allowed reimbursement for authorized incidental expenses actually and reasonably incurred on behalf of GPMCT. Nothing in this section shall be interpreted to prevent a Director from performing bona fide work not related to his or her role as director for fair compensation, subject to all applicable conflict of interest rules.

3. To comply with the requirements of the Internal Revenue Service on conflicts of interest pursuant to Section 501(C) (3) of The Internal Revenue Code.
4. To protect GPMCT's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a Covered Person (defined below) of GPMCT 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 conflict of interest of nonprofit and charitable organizations.
5. To ensure GPMCT operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status.

Responsible Committee: Board of Directors or Committee with Board delegated powers

I. Definitions:

- a. Covered Person – Covered Person means:
 - i. Any employee, board member, officer or major donor,
 - ii. Any member of a board member's or employee's family (defined to mean spouse, parents, siblings, children, and any other relative residing within the household),

- iii. Any organization with which an employee or board member is affiliated,
- iv. Any member of a committee with board delegated powers who has a direct or indirect financial interest,
- v. Any past officer, director, staff member or independent contractor who served or performed services within two years preceding the proposed transaction or arrangement.
- vi. A major donor (for the limited purpose of this policy) is any person, couple, family partnership, family foundation or corporation which has ever donated \$1000 or more to GPMCT (cash, stock, land, or other asset) in one lump sum not in the aggregate.

b. Financial Interest

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

- i. An ownership or investment interest in any entity with which GPMCT has a transaction or arrangement,
- ii. A compensation arrangement with GPMCT or with any entity or individual with which GPMCT has a transaction or arrangement, or
- iii. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which GPMCT 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 II, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

c. Conflict of Interest

Covered Persons may have a conflict of interest when they have a private interest, financial or otherwise, in a transaction or project under consideration by the Board or committee of GPMCT or when they propose to act on any issue, matter or transaction in which GPMCT has an interest, and in which they may have an interest separate from that of GPMCT. The private interest may be a direct benefit to the Covered Person, or an indirect benefit through another party to whom the Covered Person has a family, business or other affiliation. Other affiliations include entities in which the Covered Person serves on the Board or has a decision-making position, such as other nonprofits, funders, municipalities or state or federal governments. It is the responsibility of the Board or committee to determine if a potential conflict of interest constitutes an actual conflict of interest.

II. Obligations of Covered Persons

a. General Guidelines

Covered Persons must conduct themselves under strict rules of honesty and fair dealing between themselves and GPMCT. Such persons shall not use their position or knowledge gained during their association with GPMCT for their private benefit.

b. Procedures

i. Duty to Disclose

In connection with any actual or possible conflict of interest, a Covered Person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

ii. Determining Whether a Conflict of Interest and/or Impermissible Private Benefit Exists

After disclosure of the financial interest and all material facts, and after any discussion with the Covered Person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest and/or impermissible private benefit exists.

Whenever an action proposed by GPMCT benefits a Covered Person, the Board or committee must be certain that the private benefit is incidental and that the primary purpose of the action is to advance the mission of GPMCT. (Example: While fundraising is an essential activity for achieving the mission, it is not one of the charitable purposes of the organization. GPMCT is not permitted to subordinate its mission to the need to raise funds. A decision taken primarily to accommodate a major donor in order to ensure further donations is likely to be found to confer an impermissible private benefit.)

iii. Addressing the Conflict of Interest

1. A Covered Person may make a presentation at the governing board or committee meeting, 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.
2. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
3. After exercising due diligence, the governing board or committee shall determine whether GPMCT 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.

4. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in GPMCT 's best interest, for its own benefit, whether it is fair and reasonable and that the Covered Person involved did not receive special treatment. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.
- iv. Violations of the Conflicts of Interest Policy
 1. If the governing board or committee has reasonable cause to believe a Covered Person has failed to disclose actual or possible conflicts of interest, it shall inform the Covered Person of the basis for such belief and afford the Covered Person an opportunity to explain the alleged failure to disclose.
 2. If, after hearing the Covered Person's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the Covered Person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action

III. Land Transactions with "Covered Persons"

For purchases and sales of property to Covered Persons, GPMCT ensures that the sale is conducted in accordance with Section IX of the Land Transaction policy in all respects.

IV. Documentation

- a. Each Board Member, Officer and Non Board member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:
 - i. Has received a copy of the conflicts of interest policy,
 - ii. Has read and understands the policy,
 - iii. Has agreed to comply with the policy, and
 - iv. Understands the Trust is charitable 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.
- b. Implementations of the Conflict of Interest Policy will be recorded in the minutes of the Board and all committees with board delegated powers, including any action taken or recommended to resolve the conflict. The minutes of the board and all committees with board delegated powers shall contain:
 - i. 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 governing board's or committee's decision as to whether a conflict of interest in fact existed.

- ii. 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.

c. Documentation of Land Transactions with Covered Persons

GPMCT maintains documents of land transactions as outlined in the GPMCT Land Transaction Policy, taking special care in transactions with Covered Persons to clearly document the following:

- i. The nature of the transaction;
- ii. Its public conservation benefit and whether the parcel meets GPMCT's selection criteria;
- iii. If a conservation easement, any significant variation in the easement's terms from GPMCT's base documents;
- iv. Any significant variation in the income or expense budget of the project, especially of those expenses typically underwritten by the landowner; and
- v. If a purchase, substantiation that GPMCT is not paying more than fair market value for the property of interest.

V. Periodic Reviews

- a. To ensure the Trust operates in a manner consistent with 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:
 - i. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
 - ii. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Trust'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.
- b. When conducting the periodic reviews as provided for in Article V, the Trust may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

VI. Adoption

Revised as approved by the Board of Directors of Great Pond Mountain Conservation Trust on the 6th day of December, 2016.

Signature of authorized officer

Date