

## CONFLICT OF INTEREST POLICY

### The Lowell Parks & Conservation Trust

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#### Article I PURPOSE

The Lowell Parks & Conservation Trust's effectiveness depends upon maintaining the highest levels of credibility, confidence and trust with the community it serves and all parties with which it works. For this reason, it is crucial that the Lowell Parks & Conservation Trust have responsible, well-conceived conflict of interest policies and procedures to avoid real or perceived Conflicts of Interest.

All persons associated with the Lowell Parks & Conservation Trust are reminded that the decisions and activities of the board of directors and staff, whether or not addressed in this policy, are governed by an overriding requirement of honesty, good faith and fiduciary responsibility for the organization and to the community it serves.

This policy is intended to supplement but not replace any applicable state or federal laws governing Conflicts of Interest applicable to charitable trusts.

#### Article II DEFINITIONS

**Conflict of Interest:** A Conflict of Interest exists where a Covered Person (as defined below) has a material Financial Interest (as defined below) in a transaction or project under consideration by a board or committee of the Lowell Parks & Conservation Trust, or when that person proposes to act on any issue, matter or transaction in which the Lowell Parks & Conservation Trust has an interest, and in which the Covered Person may have an interest separate from that of the Lowell Parks & Conservation Trust.

A Conflict of Interest may also exist in situations in which there is an appearance that a Covered Person is utilizing, for his or her own benefit, inside information that is proprietary to the Lowell Parks & Conservation Trust, is acting in his or her own interest rather than the best interest of the Lowell Parks & Conservation Trust, has the ability to exercise undue influence over the Lowell Parks & Conservation Trust decisions, or is receiving favorable treatment by the Lowell Parks & Conservation Trust because of his or her status as a Covered Person.

**Self Dealing:** a direct financial transaction between a disqualified person and the land trust.

##### Examples of Self Dealing

- A land trust board or staff member (or his or her friends or family) sells land or a conservation easement to the land trust, including "side deals."
- A board member who holds an interest in a business that could benefit from the land trust's work (e.g., president of a realty company that might handle resale of a land trust's restricted lands).
- A board member renders professional services needed by the trust -- legal, land planning, appraisal or financial -- and who is compensated for doing so.
- The land trust provides a house to the executive director rent-free.
- The land trust rents its office space from the board chair at above fair market value.

**Opposing Loyalties:** A board member must give undivided allegiance when making decisions affecting the organization. A board member is subject to opposing loyalties when he or she makes decisions for personal gain.

##### Examples of Opposing Loyalties

- A realtor on a land trust board uses the information that a potential conservation easement may be placed on land next to a property on the market to encourage potential buyers and thereby increase his/her business.

### **Covered Persons:**

Any director or officer of the Lowell Parks & Conservation Trust.

Any staff member of the Lowell Parks & Conservation Trust.

Substantial contributors (>\$5,000).

Parties related to the above.

Key volunteers, donors or others who:

- Have an ability to influence decisions of the organization
- Have access to information not available to the general public

### Examples of Covered Persons:

- Are in positions to influence major financial or transactional decisions
- Have access to information about our land trust that others might not have
- Are involved in other civic or professional activities within the community in which our land trust does business that pose potential conflicts with our activities, including serving on the board of a “competing organization”

**Financial Interest:** A Covered Person has a Financial Interest if the person has, directly or indirectly, through business, investment or family (including a spouse or domestic partner, or a child, sibling or parent [and the spouses of them]):

An ownership or investment interest in any entity with which the Lowell Parks & Conservation Trust has a transaction or arrangement; or

A compensation arrangement with the Lowell Parks & Conservation Trust or with any entity or individual with which the Lowell Parks & Conservation Trust has a transaction or arrangement; or

A potential ownership or investment interest in, or compensation arrangement with any entity or individual with which the Lowell Parks & Conservation Trust is negotiating a transaction or arrangement.

## **Article III PROCEDURES**

**General Guidelines:** All Covered Persons shall avoid Conflicts of Interest involving their duties to the Lowell Parks & Conservation Trust and any other interest or organization to which they have a duty, or any activity in which they are financially or otherwise interested. It is expected that all Covered Persons will conduct themselves under strict rules of honesty and fair dealing between themselves and the Lowell Parks & Conservation Trust. Such persons shall not use their position or knowledge gained during their association with the Lowell Parks & Conservation Trust for their private benefit (or the benefit of their family) nor to obtain an unfair advantage over any aspect of their dealings with the Lowell Parks & Conservation Trust.

**Duty to Disclose:** In connection with any actual or possible Conflicts of Interest, a Covered Person must disclose the matter **according to the following guidelines:**

1. Disclose to the president, staff supervisor, Board, or committee of the Board on which he or she serves, the existence of any actual, potential, or perceived conflict of interest.
2. Abstain from discussion with board members, employees, or committee members any issue,

matter, or transaction in which he or she has an actual, potential or perceived conflict of interest unless specifically asked by the Board or a Board committee to give information on the issue, matter, or transaction.

3. Absent himself or herself from Board and committee discussions on any issue, matter or transaction involving a conflict of interest, unless requested by by the Board or committee to give information on the issue, matter, or transaction. The minutes of any such meetings or discussions shall note the covered person's absence.
4. Abstain from voting on such issue, matter, or transaction The minutes of any such meetings or discussions shall note the covered person's abstention.
5. If requested by the Board, to resign from the Board of Directors, advisory board or committee until such time as the matter giving rise to the conflict of interest has been resolved. When, in the opinion of the Board Chairman, the matter has been sufficiently resolved, the director may be invited to rejoin the Board, advisory board or committee.
6. Disclose to the appropriate officer, or supervisor or Board committee chair any attempt by another covered person to influence him/her on a matter that may be of personal interest to that person.

**Determining Whether a Conflict of Interest Exists:** After disclosure of the actual or potential Conflict of Interest, and after any discussion with the disclosing person, he or she shall leave the board or committee meeting while the determination of a Conflict of Interest is discussed and voted on by the remaining board or committee members.

**Procedures for Addressing the Conflict of Interest:** When a transaction or arrangement of the Lowell Parks & Conservation Trust involves an actual, potential or perceived Conflict of Interest with a Covered Person, the board or committee shall act as follows:

The President of the Board of Directors shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the Board of Directors shall determine whether the Lowell Parks & Conservation Trust 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.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Directors shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the land trust'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.

The conflicted party may not be present during this discussion, unless asked to provide information, and may not vote on an issue where he or she is conflicted.

**Violations of the Conflict of Interest Policy:**

a. If the Board of Directors (or Executive Director with respect to staff conflicts) has reasonable cause to believe that a Covered Person has failed to disclose actual or potential conflicts of interest, it shall inform the Covered Person of the basis for such belief and afford the interested person 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 Board of Directors 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 board and all committees with board delegated powers shall contain:

- a.** 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.
- 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 PERIODIC REVIEWS**

To ensure the Lowell Parks & Conservation Trust operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, the board shall conduct periodic reviews of any arrangements made under this policy and of the policy itself. The periodic reviews shall, at a minimum, include the following subjects:

- Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- Whether partnerships, joint ventures, and arrangements with management organizations conform to the land 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.

### **Article VI ANNUAL STATEMENTS**

Each director, principal officer and member of a committee with governing board 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.** Understands the Lowell Parks & Conservation 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.

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

Signature: \_\_\_\_\_

Date: \_\_\_\_\_