

CHEBEAGUE & CUMBERLAND LAND TRUST CONFLICT OF INTEREST POLICY

I. POLICY

It is the policy of the Chebeague and Cumberland Land Trust (“CCLT”) to identify and disclose real or perceived conflicts of interest involving the Trust and to address such conflicts in a manner that will fully protect the integrity and reputation of the Trust as well as related parties.

II. PURPOSE

The effectiveness of the CCLT is dependent on its credibility and capacity to maintain the highest level of confidence with all parties with whom it works. Both the perception and reality of entering into transactions that create conflicts of interest can be damaging to the integrity and reputation of the Trust. For this reason, the CCLT undertakes to implement this Conflict of Interest Policy as an integral part of all its operations.

The Conflict of Interest Policy also helps the Trust comply with the Better Business Bureau’s Standards for Charity Accountability, the Maine conflict of interest guidelines and the Internal Revenue Service rules against private inurement and private benefit. This policy is intended to supplement, but not replace, any Maine or federal law governing conflicts of interest applicable to non-profit and charitable organizations.

One of the principal purposes of this Conflict of Interest Policy is to help CCLT Board members identify, avoid, manage or resolve conflicts of interest. CCLT expects that all covered persons will conduct themselves under strict rules of honesty and fair dealing in their relations and on behalf of CCLT with other parties. CCLT is organized and operates exclusively for charitable purposes, and CCLT and all insiders must avoid participation in any transaction involving private inurement or impermissible private benefit. Board members have a duty to act in the interest of the corporation.

III. CONFLICT CONCEPTS AND DEFINITIONS

- A. **Conflict of Interest**: A conflict exists when a Covered Person (as defined below) proposes to act on any issue, matter or transaction in which the Trust has an interest and the Covered Person may have an interest separate from the Trust, especially a financial interest. A conflict of interest also exists in situations in which there is an appearance that a Covered Person is utilizing inside information (as defined below) that is propriety to the Trust for his or her benefit, is acting in his or her own interests rather than the best interests of the Trust, has the ability to exercise undue influence over the Trust decisions, or is receiving favorable treatment by the Trust because of his or her status as a Covered Person.
- B. **Covered Persons/Insiders**: All Board members, employees (including those on limited contracts), and, as defined below; major donors, close relatives of Board

members, staff and major donors, those who have an ability to influence decisions of the organization (such as committee members), those with access to information not available to the general public (such as volunteers, contractors, consultants, etc), and related organizations.

- C. Close Relative: Spouse, child, (natural and adopted), parent, and step-parent, in-laws, grandchild, grandparent, brother or sister of a Covered Person, and any person with whom a covered person shares living quarters under circumstances that closely resemble a marital relationship or who is financially dependent upon the Covered Person.
- D. Financial Interest: A Covered Person is considered to have a financial interest if the person has, directly or indirectly, through business, investment or family:
1. An ownership or investment interest in any entity with which CCLT has a transaction or arrangement;
 2. A compensation agreement with CCLT, or with any entity or individual with which CCLT has a transaction or arrangement;
 3. A potential ownership or investment interest in, or compensation arrangement with, any individual with which CCLT is negotiating a transaction or arrangement.

A financial interest is not necessarily a conflict of interest. A Covered Person who has a financial interest will be deemed to have a conflict of interest only if the Board of Directors decides that a conflict of interest exists after following the procedures in Section V of this Policy.

- E. Inside Information: Any material information that is identified as confidential and propriety, pertaining to the business and affairs of the Trust, whether related to a specific transaction or to matters pertaining to the Trust's interests, activities and policies.
- F. "Interest in a Transaction": A person has an interest in a transaction when they stand to gain some direct or indirect financial benefit if a transaction is consummated. Any person acting as buyer's or seller's agent, attorney, consultant, surveyor or banker in a transaction (or in any other transaction or potential transaction that is related to or which in any way would be benefited by a Transaction) shall be deemed to have an "Interest".
- G. Major Donors: An individual, corporation or foundation that makes a gift or a pledge of \$10,000 in any one year or cumulatively \$50,000 within a 5 year period prior to the occurrence of the conflict;
- H. Related Organizations: Any organization, corporation, partnership, trust, estate, joint venture and unincorporated affiliation of any kind, as well as public boards and commissions and not-for-profit entities in which a covered person directly or indirectly:

1. owns or controls 5% or more of any voting security; or
2. is a director, executive officer, executor, administrator, trustee, beneficiary, controlling partner, otherwise serves in a fiduciary capacity or holds a substantial interest; or
3. has legal or de facto power to control the election of a majority of directors; or
4. has legal or de facto power to exercise a controlling influence over the management or policies.

- I. Compensation: Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

IV. DISCLOSURE AND PROCEDURAL REQUIREMENTS

The principal purpose of this policy is to help the Trust and Covered Persons avoid any real or perceived conflicts of interest with the Trust, and to properly disclose and manage the conflicts that cannot be avoided. No Covered Person shall derive any economic benefit by reason of his or her association with CCLT. This rule shall apply even in instances where an individual's conduct may not be legally proscribed, because the CCLT Board recognizes that personal relationships or competing interests may create an appearance of impropriety sufficient to undermine public confidence in the fairness and honesty of CCLT and its activities.

For that reason, the Board Members and Employees will be held accountable to read, understand and fully comply with this Policy. Annually, all Board members and Employees will complete and submit an updated copy of the Conflict of Interest Disclosure Form acknowledging they have read and understood the Policy, listing their membership in other organizations, and stating any aspect of the Trust's work where they may have a conflict of interest. Board Members and employees also have an ongoing duty to disclose any conflict of interest at the earliest stages of consideration of a transaction, project or property.

The CCLT will make this policy accessible at all times to Covered Persons and the general public by keeping a copy on its website, www.ccltmaine.org.

A. Board Members and Employees

1. In General. All Board Members and Employees are charged with the following responsibilities and obligations:
 - a. Ongoing Disclosure. To disclose on an on-going basis the existence of any real, apparent or possible conflict of interest concerning himself, herself, another covered person, including major donors, related organizations and other insiders. The disclosing party shall identify his or her interest or affiliation with such person or party and shall inform CCLT of the nature of such interest at the earliest stages of consideration of such transaction, project or property. The disclosure shall be made in writing to the President,

communicated to the Board of Directors at a subsequent meeting, and recorded in the minutes.

- b. Annual Disclosure Statement. At least once annually, to disclose on the Conflict of Interest Disclosure Form any real or apparent conflict of interest which he or she may have in any matter pending before CCLT. Such disclosure shall identify in particular any individual who is:
 - 1. An officer, board member, or staff member of an organization with which CCLT is doing or intends to do business, or
 - 2. Holds any property or real estate interest that is being considered for purchase or sale by CCLT, or
 - 3. Holds any real estate interest that is contiguous to any property or real estate interest being considered for purchase or sale by CCLT, or donation to CCLT, or
 - 4. Receives any direct or indirect compensation for professional services to the Trust or receives substantial gifts or favors related to their position with the Trust.
- c. Abstain from Discussions. The person with the conflict of interest shall not be present in Board or committee discussions regarding any such transaction or project involving the conflict of interest, unless requested by the Board or committee to provide information. In general, the person will also abstain from discussing any issue that involves the conflict of interest, unless requested by the Board or committee.
- d. Abstain from Voting. In all circumstances, the person with the conflict of interest will abstain from voting on any such issue.
- e. Temporary Leave of Absence. If so requested by the Board, the person with the conflict of interest will take a temporary leave of absence until such matter has been concluded.

B. Major Donors, Related Organizations and Other Insiders

1. Policy Shared. All those who have an ability to influence the decisions of the organization and those involved in the Trust who by virtue of their involvement may have access to information not available to the general public are covered by this policy, even if they are not members of the Board of Directors. This includes all major donors, volunteers, contractors, consultants, related organizations and other insiders. The Conflict of Interest Policy will be made accessible to all parties at all times by keeping a copy on the CCLT website.

2. Duty of Directors to Raise Conflicts of Other Parties. It is the duty of members of the Board of Directors to raise potential conflict of interest questions for all interested parties in the review of CCLT transactions, and especially in the instance where a property is under consideration by the Trust for protection. For any Covered Person who is also a

real estate professional, the Board shall apply a heightened sense of awareness to the potential for actual or perceived conflicts.

V. ADMINISTRATION

A. Determining Whether a Conflict of Interest Exists

1. All matters regarding conflicts of interest shall be taken up by the Board. If a possible conflict is discovered by or reported to a Board Member or Employee, the possible conflict shall be referred to the Board.
2. After disclosure of the potential conflict of interest and all material facts, and after any discussion with the Covered Person, he/she shall not be present at the Board meeting while the determination of a conflict of interest is discussed and voted upon.

B. Procedures for Addressing Conflicts of Interest

1. The Board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
2. After exercising due diligence, the Board shall determine whether CCLT 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.
3. If under the circumstances, a more advantageous transaction or arrangement is not reasonably possible to avoid producing a conflict of interest, the Board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in CCLT's best interest, for its own benefit, that there is no private inurement or impermissible private 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.
4. The Trust shall keep records of the proceedings regarding conflicts of interest with minutes of Board Meetings, disclosure forms and other documents. The minutes and documents should reflect:
 - a. The names of the persons who disclosed or otherwise were found to have an actual or possible conflict of interest, the relevant facts, 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.
 - 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.

C. Compensation to Board Members and Insider Land Transactions

1. Board Members Who Are Contractors. From time to time, CCLT may find it advantageous to engage Board members as paid professional contractors. If such a situation arises, the Board Member will make full disclosure to the Board to avoid the potential for conflicts and the appearance of private inurement or self-dealing. The Board shall discuss and vote upon the business arrangement, in the absence of the member to be compensated. In approving transactions, the Board shall consider the following:

- a. The Board finds that the arrangement is more advantageous to the Land Trust and cannot be obtained with reasonable effort under the circumstances (documented by comparable data of hourly or flat rates for similar services, competitive bid results or other market analysis),
- b. The Board will not compensate the Presiding President or Treasurer of the Board for professional services, and/or the firms, companies or entities for whom they work if the individual's compensation from the workplace is based in whole or in part on distributions of its profits, and shall never be retained to conduct a financial compilation, review or audit of the Trust's financial records.
- c. The Board either avoids or appropriately manages potential conflicts arising from attorney board members who represent landowners in land transactions with the organization through disclosure of dual role and that the Board member was not present for board discussion (unless asked to provide information) and not present for the board vote.
- d. The Board approves the written contract outlining the terms, compensation and required deliverables,
- e. The Board is confident of the person's ability to exercise independent judgment and ensure timely and quality service,
- f. The Board believes that engaging the Board member in a professional capacity will not create a perception in the community that will be detrimental to the Trust.

2. Reimbursement of Board Members and Employee Expenses. Board members and employees are entitled to reimbursement of expenses incurred in the normal course of Trust activities.

3. Loans. Maine law prohibits loans from charitable organizations to its directors or officers.

4. Land Transactions with a Board Member or other Insider. On rare occasions, CCLT may engage in a land transaction with a Board Member or other insider. When engaging in a land transaction with an insider, the Board shall take care to ensure that the project meets CCLT's mission and project criteria, that the terms are fair and reasonable, and that the Conflict of Interest Policy and standard transaction policies and procedures are followed. For purchases of land from an insider, the Trust shall obtain an independent appraisal from a qualified appraiser. If selling land to an insider, that the property is marketed widely prior to the sale.

