



Douglass Community Land Trust
Conflict of Interest Policy
adopted October 17, 2019

ARTICLE I: PURPOSE

The purpose of this Conflict of Interest Policy ("Policy") is to protect the interests of the Douglass Community Land Trust (herein referred to as the "Corporation"), when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a Douglass Community Land Trust an officer or director of the Corporation or might result in an "excess benefit transaction" as defined in section 4958 of the Internal Revenue Code of 1986, as amended (the "Code"). This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

ARTICLE II: DEFINITIONS

1. Responsible Person. Every Director, Officer, or member of a committee with board-delegated powers shall make decisions and carry out his or her oversight responsibilities in the best interests of the Corporation.
2. Interested Person. Any Director, Officer, or member of a committee with board-delegated powers who has a direct or indirect financial interest, as defined below, is an interested person. If a person is an interested person with respect to the Corporation directly or any entity controlled by the Corporation, he or she is an interested person with respect to the Corporation.
3. Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
 - a. An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement, including a home or other improvement located on land owned by or property stewarded by the Corporation;
 - b. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement; or
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation 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 III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate board or committee decides that a conflict of interest exists.

ARTICLE III: PROCEDURES

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and must be given the opportunity to disclose all material facts to the directors and members of committees with board-delegated powers considering the impact of the potential conflict of interest on the proposed transaction or arrangement.

Upon joining the Board of Directors or a committee with powers delegated by the Board of Directors, each new member shall be given a copy of the Corporation's conflict of interest policy and shall sign a document stating that they have read and understood the policy and agree to comply with it. Each Board member shall annually provide a listing all of his or her professional, financial, and personal affiliations that might affect his or her independent decision-making capacity during board service.

2. Voluntary Recusal

If a member believes his or her interest in a matter constitutes either a conflict of interest or the appearance of a conflict of interest, he or she shall recuse herself or himself from any discussion related to the matter and from voting on the matter.

3. Recusal by Board or Committee

If the member does not voluntarily recuse herself or himself, any Board member or committee member may request that the Board or committee determine whether such member should be recused.

4. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, that interested person shall leave the board or committee meeting while the determination of whether a conflict of interest exists is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists. If the remaining board or committee members do decide that a conflict of interest exists, the procedures set forth in Article 3, Section 3 shall be followed.

5. Procedures for Addressing the Conflict of Interest

- a. The interested person may be invited back into the board or committee meeting to make a presentation, but after such presentation, he/she shall again leave the meeting during the discussion of, and any vote on, the transaction or arrangement involving the possible conflict of interest. The body that considers the proposed transaction or arrangement shall be composed entirely of individuals without a conflict of interest with respect to the proposed transaction or arrangement.
- b. The president or chairperson of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the board or committee shall determine whether the Corporation 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.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether the transaction is fair and reasonable. The Corporation shall make its decision as to whether to enter into the transaction or arrangement in conformity with the above determination.

6. Violations of the Conflict of Interest Policy

- a. If the board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform that member of the basis for such belief and afford the member 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 or committee determines the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

7. Excess Benefit Transactions

The Corporation expects to be classified by the Internal Revenue Service as a public charity and is therefore subject to the "intermediate sanctions" rules contained in section 4958 of the Code and the accompanying Treasury Regulations. These rules in general subject individuals who are in a position to exercise substantial influence over the Corporation's affairs (including officers, directors and in certain instances substantial contributors) as well as their Family Members and entities in which the aforementioned parties own a greater than 35 percent interest ("Disqualified Persons") to excise taxes if an excess benefit transaction has occurred. For purposes of this Policy, "Family Members" include an individual's spouse, ancestors, brothers, sisters, children, grandchildren, great grandchildren, and spouses of brothers, sisters,

children, grandchildren, and great grandchildren. The Corporation's directors and members of committees with board-delegated powers who knowingly approve an excess benefit transaction are also subject to excise taxes.

An excess benefit transaction has occurred if the economic benefit provided by the Corporation to a Disqualified Person, either directly or indirectly, exceeds the value of the consideration provided by the Disqualified Person to the Corporation in return. Examples of excess benefit transactions include payment of excessive compensation for services and a payment for property that exceeds fair market value.

The Corporation does not intend to engage in any excess benefit transactions. In its review of financial interests, the board of directors or appropriate committee shall consider whether such financial interests could constitute an excess benefit transaction and shall in no event pursue an arrangement or transaction that would constitute an excess benefit transaction.

ARTICLE IV: RECORDS OF PROCEEDINGS

The minutes of the board and all committees with board-delegated powers shall contain:

1. 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 board's or committee's decision as to whether a conflict of interest in fact existed.
2. 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, the terms of the transaction or arrangement and the date it was approved, any action taken with respect to consideration of the transaction or arrangement by any member of the board or committee with a conflict of interest, and a record of any votes taken in connection with the proceedings.

ARTICLE V: COMPENSATION

1. A voting member of the board of directors who receives compensation, directly or indirectly, from the Corporation for services (other than reimbursement for incidental expenses incurred in the course of performing the member's duties to the Corporation) is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
3. No voting member of the board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

ARTICLE VI: ANNUAL STATEMENTS

Each director, officer and member of a committee with board-delegated powers shall annually sign a statement which affirms such person:

1. Has received a copy of the conflict of interest policy,
2. Has read and understands the policy,
3. Has agreed to comply with the policy, and
4. Understands that the Corporation is a charitable organization and that in order to maintain its state and federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

ARTICLE VII: PERIODIC REVIEWS

To ensure that the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, the Corporation shall conduct periodic reviews. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and are the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations and other entities, conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in private inurement, or impermissible private benefit.
- c. Whether agreements to provide education, training or other services and agreements with other organizations or their employees, further the Corporation's charitable purposes and do not result in an excess private inurement or impermissible benefit transaction.

ARTICLE VIII: USE OF OUTSIDE EXPERTS

In conducting the periodic reviews provided for in Article VII, the Corporation may, but need not, use outside advisors. If outside advisors are used, their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.