

CONFLICTS OF INTEREST POLICY

Sheepscot Valley Conservation Association

Adopted by Board of Directors on: May 15, 2008
Amended: October 15, 2009

A. Dealing with Conflicts of Interest:

This Conflict of Interest Policy is intended to ensure that any conflicts of interest are avoided or appropriately managed through disclosure, recusal or other means. The Conflict of Interest Policy applies to Board, Staff, Committee members and other Insiders, including parties related to the above, major donors, those who have the ability to influence decisions of the organization and those with access to information not available to the general public. This policy complies with Federal and state conflict disclosure laws.

SVCA requires its Board members, Staff and Committee members to complete and submit Conflict of Interest Disclosure forms annually or more frequently if circumstances require.

Conflict of Interest Policy for SVCA Board of Directors

It is essential that SVCA maintain a reputation for objectivity, fairness and impartiality. The SVCA's strength is dependent upon its credibility. At the same time, the strength of the SVCA also derives in large part from the wide range of experiences and perspectives of its directors.

The Board encourages and expects full participation in SVCA business by its directors, and further expects that directors may be active in other organizations dedicated to advancing interests similar to those of the SVCA. In addition, because directors volunteer their time to the SVCA, they necessarily have outside activities, which at times may conflict with the interests of the SVCA.

For all these reasons, SVCA directors must maintain an awareness of potential conflicts of interest between the SVCA and their other activities, disclose those conflicts to the Board when they arise, and take appropriate steps to resolve each conflict.

Each Director of SVCA is a fiduciary of the corporation. As fiduciaries, corporate directors and officers are required to act at all times in the best interest of the corporation. The basic principle to be observed is that a director should not use his or her position as a director of SVCA to make a personal profit, avoid a loss, or gain other personal advantage. In any transaction involving the SVCA, the fairness of the transaction to SVCA should be the primary concern of all directors.

The Board desires to limit participation by any director in SVCA business in

which a conflict exists, or in which the appearance of impropriety could arise, thereby protecting the SVCA, its directors and its staff from the detrimental impacts that may arise in conflict situations.

Definitions:

For purposes of this Conflict of Interest Policy, the term “related party” (as in a “director or related party”, or a “staff member or related party”) shall include: spouse, brothers and sisters and their spouses, and ancestors, children, grandchildren and great grandchildren and their spouses.

A “material financial interest” in a business or in real estate shall be any interest in the ownership or profits of the entity of 5% or more.

For SVCA Board Members, a conflict of interest exists or the appearance of impropriety could arise whenever:

1. A decision made or to be made by the SVCA, or a position taken or to be taken by the SVCA, would or might result in a benefit to or a negative impact (financial or otherwise) on a director or a related party to the director, a person with whom a director has an intimate personal relationship, a director's employer or client, or a business or other entity in which the director is in a position of authority or has a material financial interest.

2. A director, or a related party to the director, is paid by the SVCA for performing personal services (statute wording). A director in these circumstances is identified as a “financially interested person” under Maine law (Title 13-B §713-A). The SVCA board may be composed of no more than 49% financially interested persons at any one time. A director is a financially interested person if he or she, or any related party:

1. Receives compensation from the SVCA for performing personal services; or
2. Is entitled to receive a portion of the net income of a business that provides personal services to the SVCA.

The Board must vote to accept or reject each agreement involving financially interested persons after appropriate disclosure.

Board Member’s Obligations:

Each Board Member affected by a potential conflict of interest shall have the following responsibilities and obligations:

1. To disclose to the Board the existence of any such potential conflict of interest by completing and submitting an updated Conflict of Interest disclosure form.
2. To abstain from participation in the Board's discussions concerning the transaction or project giving rise to such conflict of interest, unless information is requested by the Board or a committee of the Board concerning such transaction or project.

3. To abstain from voting on the transaction or project giving rise to such conflict of interest.

4. If so requested by the Board, to take a temporary leave of absence from the Board until such time as the transaction or project giving rise to the conflict of interest has been concluded.

Board's Obligations

If a transaction or project of SVCA gives rise to a potential conflict of interest by a Board Member, the Board shall do the following:

1. Approve such transaction or project only if the Board makes the following specific findings:
 - a. That the transaction or project is in the best interests of SVCA and is consistent with the conservation purposes and mission of SVCA;
 - b. That the transaction or project has been considered on its merits after full and complete disclosure of the conflict of interest by such Board Member or Board Members; and
 - c. That any Board Member affected by such conflict of interest has not participated in either the Board's discussion or vote concerning the transaction or project giving rise to the conflict of interest.
2. If the Board determines that the nature and magnitude of the conflict of interest warrants action to avoid an appearance of impropriety, the Board shall request that the Board Member affected by such conflict of interest take a leave of absence from the Board until such time as the transaction or project giving rise to the conflict of interest has been concluded.

Conflict of Interest Policy for SVCA Staff and Committee Members:

It is predictable that individual members of the staff or of SVCA's committees, as landowners, lawyers, business people or agriculturalists, may be potential participants in the programs of SVCA or may have a financial interest in business entities or firms which represent clients who may be potential participants in the programs of SVCA. Therefore, it is appropriate for SVCA to adopt specific policies and guidelines to deal with potential conflicts of interest which may affect a staff member or a committee member.

For staff and committee members, a conflict of interest exists, or the appearance of impropriety could arise whenever:

1. A staff member or committee member, or related party to the staff member or committee member has a material financial interest in the real property which is the subject of a transaction or project under consideration by SVCA;
2. A staff member or committee member, or a related party to the staff member or committee member has a material financial interest in a business entity having a financial interest in the real property which is the subject of a transaction or project under consideration by SVCA; or
3. A staff member or committee member, or a related party to the staff member or committee member has a material financial interest in any business entity which is representing a client who has a financial interest in the real property which is the subject of a transaction or project under consideration by SVCA.

Staff /Committee Member's Obligations

Each staff member/committee member affected by a potential conflict of interest shall have the following responsibilities and obligations:

1. To disclose to the Executive Director the existence of any such potential conflict of interest by completing and submitting an updated Conflict of Interest disclosure form.
2. To abstain from participation in SVCA's discussions concerning the transaction or project giving rise to such conflict of interest, unless information is requested by the Board or a committee of the Board concerning such transaction or project.
3. To abstain from working on the transaction or project giving rise to such conflict of interest.
4. If so requested by the Board, to take a temporary leave of absence from SVCA until such time as the transaction or project giving rise to the conflict of interest has been concluded.

Board's Obligations

If a transaction or project of SVCA gives rise to a potential conflict of interest by a staff member/committee member, the Board shall do the following:

1. Approve such transaction or project only if the Board makes the following specific findings:
 - a. That the transaction or project is in the best interests of SVCA and is consistent with the conservation purposes and mission of SVCA;
 - b. That the transaction or project has been considered on its merits after full and complete disclosure of the conflict of interest by such staff member(s)/ committee member(s); and

c. That any staff member or committee member affected by such conflict of interest has not participated in either the Board's discussion or vote concerning the transaction or project giving rise to the conflict of interest.

Documentation:

1. Each Board member, staff member and committee member shall complete a Conflict of Interest form annually, or more frequently should circumstances require.
2. The Board shall document in its meeting minutes all disclosures of potential conflicts by board members, staff and committee members, and all actions taken to manage each conflict. The board shall also document in its meeting minutes the findings it is required to make under this policy prior to final approval of any transaction subject to potential or actual conflict.

B. Board Compensation:

Directors shall not be compensated for their services as directors to the corporation, but may be reimbursed for expenses incurred on behalf of the corporation or for limited professional services that would otherwise be contracted out. Any compensation shall be in compliance with charitable trust laws. However, in no event shall the President or the Treasurer be compensated for professional services in performing their roles as officers of SVCA. Directors may serve as employees of the corporation and may be compensated for their services as employees of the corporation. SVCA does not permit personal loans to its Directors, Officers or employees.

C. Transactions with insiders:

When engaging in land or easement transactions, or any other transfer of assets with Insiders as defined below, SVCA follows its Conflict of Interest policy, documents that the project meets SVCA's mission, follows all project and transaction policies and procedures, and ensures that there is no private inurement or impermissible private benefit. For all transactions with Insiders, SVCA obtains an independent appraisal of the property that is the subject of the transaction. For purchases and sales of real property or easements to Insiders, SVCA obtains a qualified, independent appraisal prepared in compliance with the Uniform Standards of Professional Appraisal Practice by a state-licensed appraiser who has verifiable conservation easement or conservation real estate experience. When selling property to Insiders, SVCA widely markets the property in a manner sufficient to ensure that the property is sold at or above fair market value and to avoid the reality or perception that the sale inappropriately benefited an Insider.

Definitions:

“Insider” for the purpose of this policy means:

- 1) any current Board member, employee or committee member as of the date of the first consideration of the proposed transaction by the Board or any SVCA committee, or
- 2) any person who was formerly a Board member, employee or committee member at any time during the twelve months preceding the first consideration of the proposed transaction by the Board or any SVCA committee, or who by virtue of their continued involvement with SVCA either has access to inside information that could place them in a conflicted situation or could give the appearance of having the ability to unduly influence the SVCA, or
- 3) any major donor to the SVCA, or
- 4) any related party of any persons included in 1), 2) or 3) above, or
- 4) any organization with which any persons included in 1), 2), 3) or 4) above is affiliated.

A “major donor” for the limited purpose of this policy is any person, couple, family, partnership or corporation which has ever donated \$5,000 or more to SVCA (cash, stock, land or other asset) in one lump sum not in the aggregate of total donations .

Procedure:

Before SVCA commits to a transaction with an Insider, the Board must be notified that the individual is an Insider. This notification must occur before signing a Conservation Plan on an easement donation, signing a purchase and sale agreement or option agreement on a purchase, signing a pledge agreement on a deferred easement donation, or agreeing in any manner to a transfer of other assets. Before seeking Board ratification of an Insider transaction, the Executive Director, with the assistance of the Lands Committee, will prepare and send to the President a brief disclosure statement describing:

1. The nature of the transaction.
2. The public conservation benefit of the transaction and whether the target parcel meets SVCA’s project selection criteria.
3. A description of any significant variation in the conservation easement terms and conditions from SVCA’s base documents.
4. A description of any significant variation in the income or expense budget, especially focused on the treatment of expenses typically underwritten by the landowner.

5. In the case of a land, easement or other property purchase, the basis for concluding that SVCA is paying not more than the fair market value of the property interest. In the case of the sale of property to an Insider, the basis for concluding that SVCA is being paid at least the fair market value of the property interest.

Certain stewardship decisions could also trigger apparent or actual conflict issues. Examples are easement releases, other amendments, subdivisions and house site relocations. The Executive Director should use her/his judgment in declaring such decisions as Insider transactions, and any such action on behalf of an Insider should follow the policies outlined above.

The Board may approve Insider transactions only after making the following specific findings:

- a. That the transaction or project is in the best interests of SVCA and is consistent with the conservation purposes and mission of SVCA;
- b. That the transaction or project has been considered on its merits after full and complete disclosure of the conflict of interest by such Insider; and
- c. That any Insider affected by such conflict of interest has not participated in either the Board's discussion or vote concerning the transaction or project giving rise to the conflict of interest.

Documentation:

1. Board ratification of all insider transactions must be documented in the board's meeting minutes. Such documentation shall include the identity of the Insider, the nature of their relationship to SVCA, the disclosure statement outlined in this section C and the specific findings required.