**SAMPLE** **LAND** **TRUST,** **INC.** **(SLT)**

**CONFLICT** **OF** **INTEREST** **POLICY**

PURPOSE

With this policy, the Board intends to uphold its dedication to public service and protect the non- profit status of Sample Land Trust, Inc. (“SLT”). This policy is intended to supplement but not replace any state laws governing conflicts of interest applicable to non-profit and charitable corporations.

DEFINITIONS

1. Conflict of Interest. A conflict of interest exists when an Insider (as defined below) proposes to act on any issue, matter, or transaction in which SLT has an interest and the Insider has an interest separate from SLT, or where the Insider finds him or herself in a position to benefit by virtue of the Insider’s relationship to SLT. A conflict of interest also exists in situations in which there is an appearance that an Insider is utilizing information that is proprietary to SLT for personal benefit, is acting in pursuit of personal interests rather than the best interests of SLT or is receiving favorable treatment by SLT because of Insider status.
2. Fiduciary Duty. When conducting SLT business, Board members must act exclusively in SLT’s interests rather than in the interest of other parties including themselves. If a Board member learns of an opportunity related to SLT’s purposes and if it is reasonably likely that (i) SLT has or could raise the necessary funds to pursue the opportunity or (ii) it is reasonably likely that an owner might consider making a gift of the land or real property interest under consideration, then the Board member must make the opportunity available to SLT before pursuing it personally or suggesting its pursuit to a third party.
3. Insiders. This policy applies to SLT insiders (“Insiders”) including:
4. any Board member, committee member (not on the Board), key volunteer (a volunteer with access to information not readily available to the public) and/or major donor (any person, couple, family, partnership or corporation that has made a single donation to SLT of $5,000 or more within the current calendar year in cash, stock, land or other asset);
5. family members of the persons described above, including spouse or domestic partner, parents, grandparents, great-grandparents, siblings (whether by whole or half blood), children, grandchildren, and great-grandchildren; similar step-relations, the spouses or domestic partners of same, and any other relative residing within his or her household;
6. any trust or estate of which one of the persons described above is a substantial beneficiary, or of which one of the persons described above is a fiduciary;
7. any business or organization of which one of the persons described above holds a 35 percent or more controlling interest or voting power;
8. any employee or consultant who provides services to SLT; and
9. any person or party who fits one of the above descriptions within the five years prior to the date of the transaction in question.

SLT’s major contracts shall include provisions obligating contractors to follow procedures in connection with conflicts of interest consistent with those applicable to Insiders pursuant to this policy.

PROCEDURES

The following procedures are intended to help SLT avoid or manage conflicts of interest as a part of its accustomed operations.

1. Disclosure and Recusal

Upon beginning to discuss each substantive item on a meeting agenda, or promptly upon realizing that a potential, actual, or perceived conflict of interest exists, any Insider who believes that he or she has an actual, potential or perceived conflict must affirmatively and fully disclose that conflict to the Board or to the committee that is meeting. Insiders must recuse themselves from discussion and voting on any matter where a conflict exists. The minutes must record the names of those who disclose actual, potential or perceived conflicts of interest and all Insider recusals from the discussion. If the conflict of interest stems from a relationship under which the Insider is under a duty of confidentiality, the Insider may disclose this limitation instead of other details describing the nature of the conflict of interest. The Board or committee before which the matter is pending may ask a person who has disclosed an actual, potential or perceived conflict of interest to provide information or interpretation describing the conflict before that person recuses him or herself from the Board or committee’s discussion and a vote on the conflict.

Any Insider or other person who is uncertain about a possible conflict of interest in any matter may ask the Board to determine whether a conflict exists. The Board shall resolve the question by vote, excluding any Insider who is the subject of the vote.

1. Procedures for All Transactions with Insiders
The Board shall:
	1. record (within minutes and in any other appropriate documentation) all steps taken to manage the conflict of interest,
	2. ensure that there is no impermissible private benefit or private inurement (when a private benefit (a) accrues to an individual rather than the public at large and (b) is not incidental to the public benefit of the transaction),
	3. follow all SLT policies and procedures,
	4. after exercising due diligence, determine whether SLT 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, and
	5. if a more advantageous transaction or arrangement is not reasonably possible under the circumstances that would avoid producing a conflict of interest, determine by a majority vote of the disinterested directors whether the transaction or arrangement is in SLT’s best interests and for its own benefit and whether it is fair and reasonable.

To avoid violating the private inurement prohibition, SLT must pay no more than reasonable compensation for services provided by Insiders; pay no more than fair market value for assets purchased from Insiders; receive no less than fair market value for assets sold to Insiders; and receive no less than fair market value for services provided to Insiders.

In conformity with the above determination, the Board may determine whether it is permissible for SLT to enter into the transaction or arrangement. The Board may also determine to refer the issue to legal counsel for advice, suspend its determination in order to gather more information, or reject the transaction.

If the transaction is pursued, no Insider having an actual or perceived conflict of interest may participate in its initiation, negotiation, preparation and completion.

1. Procedures for Land Transactions with Insiders
Land transactions include, but are not limited to, the purchase, sale, transfer, or lease of any interest in real property.
2. For purchases and sales of any interest in real property, SLT shall obtain a qualified, independent appraisal of value. For leases or sales of any interest in real property, SLT shall widely and openly market the property in a manner sufficient to avoid the reality or perception that the lease or sale inappropriately benefits an Insider. The Board may consider selling or leasing property SLT owns at below fair market value only if the sale or lease is documented to align with SLT’s mission.
3. Before proceeding with an Insider land transaction, and concurrent with the procedures described above in paragraph B, the Board shall:
	1. review and evaluate the parcel’s conservation values, public benefit, and alignment with SLT’s Property Selection Criteria,
	2. focus its discussions, review and evaluation on the parcel’s conservation merits rather than on the conflict of interest issues (including public perception) related to the transaction,
	3. determine that the possibility of a negative public perception of the conflict of interest does not outweigh the value of the transaction in achieving SLT’s mission and
	4. include in the Board minutes descriptions of : the nature of the transaction; the conservation values of the transaction and other factors relating to the parcel’s conformance with any Board-adopted property selection criteria; any significant variation in the applicable document from SLT’s base and template documents if SLT has adopted any such base or template document; if applicable, any significant variation in the project’s income or expense budget, especially the treatment of expenses typically underwritten by the landowner; and in the case of a land or conservation restriction purchase, the basis for the conclusion that SLT would not be paying more than fair market value.
4. Procedures for Stewardship Issues with Insiders
Stewardship issues include, but are not limited to, conservation restriction releases, amendments, violations, exercises of reserved rights, and regular monitoring.
5. Before proceeding with an Insider stewardship-related matter, the Board shall:
	1. review and evaluate the potential benefit or detriment, if any, to the conservation values of the parcel,
	2. focus its discussions, review, and evaluation on the matter’s conservation merits rather than on the conflict of interest issues (including public perception) related to the matter,
	3. determine that the possibility of a negative public perception of the conflict of interest does not outweigh the value of the desired action in achieving SLT’s mission, and
	4. include in the Board minutes descriptions of: the nature of the issue; the potential benefit or detriment, if any, to the conservation values of the parcel; and any significant variation in the proposed action from SLT’s customary course of action in connection with other stewardship issues.
6. The proposed action must be consistent with all SLT stewardship policies.
7. Procedures for Other SLT Matters
Other SLT matters include, but are not limited to, confidentiality, conducting business or professional transactions with Insiders, and accepting gifts from Insiders.
8. Confidentiality. Unless expressly authorized by the Board, an Insider shall not:
	1. use knowledge of SLT’s financial operations, potential acquisitions, deal structuring and negotiating strategies, fundraising and donor identities, stewardship program including enforcement and defense, and any other information that is not generally available to the public, for personal and/or business use and/or for the use of other parties; or
	2. discuss confidential issues considered at Board and SLT committee meetings with individuals outside SLT.
9. Conducting business or professional transactions with Insiders. If engaging in transactions for products or services with Insiders, SLT shall:
	1. document that the transaction is necessary to SLT’s purposes;
	2. undertake competitive bidding, comparison shopping or other benchmarking;
	3. develop a letter of engagement or written scope of work to be performed, to clarify the terms and compensation;
	4. ensure that compensation paid to Insiders is no more than fair market value, document support for this decision in the records of the conflict of interest management an share the relevant information with the Board; and
	5. approve the transaction by a vote of the full Board, without the presence of the Insider.

If SLT finds itself using the services for compensation of a Board member repeatedly, the Board will disclose this finding within its minutes and discuss whether there are compelling reasons for the Board member to remain a director, or whether he or she can best serve SLT in only a professional capacity. The Board will vote upon which role or roles the individual should hold. The Board President and Treasurer shall not be compensated for any business or professional services to SLT, but may be reimbursed for expenses incurred by them in conducting SLT business.

VIOLATION OF THE CONFLICTS OF INTEREST POLICY

1. If the Board of Directors has reasonable cause to believe that an Insider has failed to disclose a conflict of interest, it shall inform the Insider of the basis for such belief and afford the Insider an opportunity to explain the alleged failure to disclose.
2. If, after hearing the Insider’s response and after further investigation as warranted by the circumstances, the Board of Directors determines that the Insider has failed to disclose a conflict of interest, it shall take appropriate disciplinary and corrective action.

ANNUAL AFFIRMATIONS

The Board shall require each director to annually sign a statement which shall affirm that such person:

1. has received a copy of this Conflict of Interest policy;
2. has read and understands the policy;
3. has agreed to comply and is in compliance with the policy;
4. shall disclose to the Board the existence of any previously undisclosed conflict of interest; and
5. understands that SLT is a charitable organization and that, in order to maintain its federal tax exemption, it must engage solely in activities which accomplish one or more of its tax-exempted purposes, without private inurement or impermissible private benefit.

PERIODIC REVIEWS

In order to ensure that SLT operates in a manner consistent with its charitable purposes and does not engage in activities which could jeopardize its tax-exempt status, the Board or a committee of Board members authorized to perform this function shall conduct periodic reviews of SLT’s management of conflicts of interest including review of written records of all conflicts within that period.

REFERENCES

General Statutes of Connecticut, Chapter 602, Sections 33-1127 through 33-1130 US Internal Revenue Code (26 USC), Sections 501(c)(3), 507(d)(2), 4946, and 4958 Land Trust Alliance, *Land* *Trust* *Standards* *and* *Practices*

*Adopted* *by* *the* *SLT* *Board* *of* *Directors* *on* *\_\_\_\_\_\_\_\_\_\_\_*

*Amended* *on \_\_\_\_\_\_\_\_\_*

***SAMPLE*** ***LAND*** ***TRUST,*** ***INC.***

Annual Conflict of Interest Affirmation

 I, the undersigned, being a member of the Board of Directors (the “*Board*”) of Sample Land Trust, Inc. (“*SLT*”), hereby make the following representations to SLT in accordance with the requirements of the Conflict of Interest Policy (the “*Conflict* *of* *Interest* *Policy*”) adopted by the Board on \_\_\_\_\_\_\_\_\_\_\_\_:

* 1. I have received a copy of the Conflict of Interest Policy;
	2. I have read and understand the Conflict of Interest Policy;
	3. I agree to comply with, and am in compliance with, the Conflict of Interest Policy;
	4. I shall disclose to the Board the existence of any previously undisclosed conflict of interest;
	5. I understand that SLT is a charitable organization and that, in order to maintain its federal tax exemption, it must engage solely in activities which accomplish one or more of its tax-exempted purposes, without private inurement or impermissible private benefit; and
	6. [if applicable] attached hereto is a statement describing either an actual or potential conflict of interest or another situation of which the Board should be aware.

Dated this \_\_ day of \_\_\_\_\_\_\_\_, 20\_\_.

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Name:

Member of the SLT Board