

CHEBEAGUE & CUMBERLAND LAND TRUST CONFLICT OF INTEREST AND INSIDER TRANSACTION POLICY

I. INTRODUCTION

The effectiveness of Chebeague & Cumberland Land Trust (“CCLT”) is dependent on its credibility. It is essential for CCLT to maintain a reputation for acting at all times with objectivity and fairness. The purpose of this conflict of interest policy is to protect this tax-exempt organization’s interest when it is contemplating entering into a transaction or arrangement that might benefit the financial interest of an officer or director of CCLT or might result in a possible excess benefit transaction.¹ This policy is intended to supplement but not replace any applicable Maine or federal law governing conflicts of interest applicable to non-profit and charitable organizations.

NOTE: In every place where the acronym “CCLT” appears, this policy shall be read to apply just as fully to CCLT’s collaborative partner, the Portland North Land Trust Collaborative (“PNLTC”).

II. APPLICABILITY

This policy applies to: (1) active members of the Board of Directors (the “Board”), including but not limited to the Officers, (2) members of the Advisory Committee and (3) members of all CCLT Committees, standing or *ad hoc*. The persons to whom this policy applies shall be referred to collectively herein as “Land Trust Officials.”

This policy also applies to transactions and arrangements with Interested Persons, as that term is defined below. All Land Trust Officials also shall be considered Interested Persons.

III. DEFINITIONS

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

B. Conflict of Interest. A conflict of interest arises whenever a Land Trust Official or Interested Person has a Financial Interest, or is perceived to have a Financial Interest, in any transaction or arrangement with CCLT.

C. Financial Interest. A person is considered to have a financial interest if the person has, directly or indirectly, through business, investment or family:

¹ An excess benefit transaction is a transaction in which an economic benefit is provided by an tax-exempt organization, directly or indirectly, to or for the use of an interested person, and the value of the economic benefit provided by the organization exceeds the value of the consideration received by the organization.

1. An ownership or investment interest in any entity with which CCLT has a transaction or arrangement;
2. A compensation arrangement with CCLT, or with any entity or individual with which CCLT has a transaction or arrangement, or
3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which CCLT is negotiating a transaction or arrangement.

A financial interest is not necessarily a conflict of interest. A 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.

D. Interested Person. The term "Interested Person" shall be understood to mean Land Trust Officials as well as CCLT staff members, substantial contributors, family members of Land Trust Officials and staff members ("family members" being defined as spouse, domestic partner, parent, child or spouse of a child, brother, sister, or spouse of a brother or sister), and those with access to information not available to the general public.

IV. POLICY

No Interested 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.

A. Land Trust Officials' Obligations; Compensation.

1. In General. Every Land Trust Official is charged with the following responsibilities and obligations:
 - a. To disclose on an on-going basis the existence of any real, apparent or possible conflict of interest concerning himself, herself or another Land Trust Official.
 - b. To abstain from discussing any issue that involves an actual or perceived conflict of interest, unless requested by the Board or committee.
 - c. The person with conflict of interest will not participate in Board or committee discussions on any such transaction or project involving a conflict of interest, unless requested by the board or committee.
 - d. In all circumstances, to abstain from voting on any such issue.
 - e. If so requested by the Board, to take a temporary leave of absence until such matter has been concluded.

2. Compensation.

a. Any Land Trust Official who receives compensation, directly or indirectly, for services provided to CCLT is precluded from voting on matters pertaining to his or her compensation.

b. No Land Trust Official who receives compensation, directly or indirectly, from CCLT shall be required to disclose information to any committee regarding compensation.

B. 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 Land Trust Official, 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 Interested Person, he/she shall leave the Board meeting while the determination of a conflict of interest is discussed and voted upon.

C. 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 a more advantageous transaction or arrangement is not reasonably possible under circumstances not 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, 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.

D. Violations of Conflict of Interest Policy by Land Trust Officials.

1. If the Board has reasonable cause to believe a Land Trust Official has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

2. If after hearing the Land Trust Official's response and after making further investigation as warranted by the circumstances the Board determines the Land Trust Official has failed to disclose an actual or possible conflict of interest, the Board shall take appropriate disciplinary and corrective action.

E. **Maintenance of Records of Proceedings**

The minutes of the Board shall contain:

1. 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.

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, and a record of any votes taken in connection with the proceedings.

F. **Annual Disclosure Statement** At least once annually, all Land Trust Officials shall disclose in writing any real or apparent conflict of interest which he or she may have in any matter pending before CCLT and shall refrain from participation in any CCLT decision on such matter. 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

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.

G. **Board Response to Disclosure Statements.** If any Land Trust Official discloses a transaction or arrangement that involves a conflict of interest, whether actual or perceived, the Board may choose to do the following:

1. Approve of such transaction or project only if the Board makes specific findings that:

- (a) The transaction or project
 - (i) is fair and benefits CCLT and its objectives, and
 - (ii) is approved with knowledge of the economic benefit to the Land Trust Official involved in the conflict of interest; and

(b) The affected director has not participated in the vote approving the transaction or project and was in fact absent during the discussion of the transaction or project, and at the time the Board voted on it.

2. If the Board determines that the nature and magnitude of the conflict of interest warrants, the Board shall request that the affected director take a temporary leave of absence from the board.

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

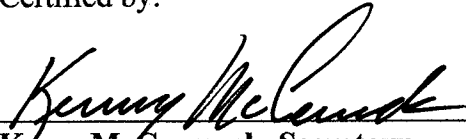
1. Whether CCLT's compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.

2. Whether partnerships and arrangements with other organizations, formal or informal, conform to CCLT'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, impermissible private benefit or in an excess benefit transaction.

3. When conducting the periodic reviews as provided for herein, CCLT may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted

I. **Solicitation.** Land Trust Officials shall refrain from obtaining or relying upon any list of CCLT members for personal or private solicitation purposes at any time during the term of their affiliation with CCLT.

Certified by:


Kerry McCormack, Secretary


Date