

Glastonbury Landowners Association
Conflict of Interest Policy
For Directors and Officers
May 7, 2018

The community and the board may have competing interests when it comes to taking advantage of the expertise of board members. Clearly, the issue of conflict-of-interest is important and the board and board members must be very careful to avoid even the appearance of a conflict-of-interest. The board needs to protect the financial interests of the Glastonbury Landowners Association.

1) Purpose. The purpose of this Conflict of Interest Policy is to protect the GLA's interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of a GLA director or officer, or might result in a possible excess benefit transaction.

This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to non-profit organizations.

This policy is also intended to clarify the definition of an "independent" director.

1. Definitions.

Interested Person. Any director, officer, or member of a Committee of the Directors, who has a direct or indirect financial interest or nonfinancial interest, an organizational or personal interest as defined below, is an interested person.

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 GLA has a transaction or arrangement,
- b. A compensation arrangement with the GLA or with any entity or individual with which the GLA 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 GLA is negotiating a transaction or arrangement.

Compensation to Directors: includes direct and indirect remuneration, as well as gifts or favors, none of which is allowed.

A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest, only if the Board decides that a conflict of interest exists, in accordance with this policy. All Board members, as landowners, have an inherent financial interest at stake in the operation of the GLA. However, acting as board members, financial interests are subject to the board member acting in the best interest of the GLA per federal law, state law and the governing documents of the Association.

Automatic Financial Conflict-of-Interest

Board members who help design, advocate for, or vote on a solution must be excluded from bidding for that work. Similarly, board members cannot attempt to expedite a process when they will be involved in the solution.

Organizational Conflict-of-Interest/Appearance of Conflict of Interest

Organizational Conflict-of-Interest means that because of other activities or relationships with other groups or serving on other Boards, a person is unable or potentially unable, to render impartial assistance or advice or vote or provide total loyalty to *the GLA* over the other entity.

Personal Conflict-of-Interest:

Every person must avoid any interest, activity, or relationship, which creates or appears to create a conflict with the interests of *the GLA*. The choice of individuals or corporations with whom *the GLA* may have a business relationship, must be determined solely based on the best interests of *the GLA*.

A personal conflict-of-interest arises when a GLA board member, or Committee Member, is playing an important role for another entity (which might be another organization, or it might be a family or particular landowner) when there is a conflict between that entity and the GLA, or an unusual benefit that entity may receive.

Independent Director. For the purposes of this policy, a director shall be considered “independent,” if the director:

- a. is not, and has not been for a period of at least three years, an employee of the GLA or any entity in which GLA has a financial interest;
- b. does not directly or indirectly have a significant business relationship with the GLA, which might affect independence in decision-making; and
- c. does not have an immediate family member who is a director, officer, or employee of the GLA, or who holds a position that has a significant financial relationship with the GLA.

Nonfinancial interest—is a nonfinancial interest that might influence an officer's, director's, or committee member's participation or vote in an action of the officer's, director's, or committee member's duties:

- a. The person's relationship as an unpaid volunteer, officer, or director of an organization that may be affected, directly or indirectly, by action to be taken, or not taken by the GLA.
- b. The person's personal, political, religious, friendship, or personal relationships which may be affected by an action taken, or not taken by the GLA.

2. Procedures.

Duty to Disclose. In connection with any actual or possible conflict of interest, an interested person must immediately disclose the existence of the financial, nonfinancial, personal, or organizational interest, and be given the opportunity to disclose relevant material facts to the Board.

Recusal of Self. Any director must recuse himself or herself at any time from involvement in any vote or discussion, in which the director believes he or she has or may have a conflict of interest, without going through a formal process for determining whether a conflict of interest exists.

Determining Whether a Conflict of Interest Exists. After disclosure of the potential financial, nonfinancial, personal, or organizational conflict of interest and relevant material facts, and after any discussion with the interested person/parties, the remaining Board members shall decide if a conflict of interest exists.

Avoidance of Conflict of Interest. Board members are prohibited from receiving gifts, fees, loans, favors, or insider information from landowners, suppliers or other third parties, which could potentially obligate or induce Board members to compromise responsibilities to make decisions and/or vote in the best interest of GLA.

3. Procedures for Addressing the Conflict of Interest.

A. Any interested person may join in discussions at the Board meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

- i. The Board or committee member will not be counted toward the quorum of the meeting for that vote.

B. After exercising due diligence, the Board shall determine whether the GLA 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.

C. The GLA President shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

D. If a more advantageous transaction or arrangement is not reasonably possible under the circumstances producing a conflict of interest, the Board shall determine by a majority vote of the disinterested directors, whether the transaction or arrangement is in the GLA'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.

4. Handling Conflicts-of-Interest and Insider Knowledge

When a board member has or may have a conflict-of-interest, the board needs to decide if the conflict or a potential conflict exists. As a rule, the board needs to err on the side of avoiding the appearance of a conflict-of-interest.

For example: In designing a solution to a road problem, if a board member wishes to bid on the job, that person should not be involved in the analysis, planning of the solution or voting on actions. When possible solutions are discussed and voted on, any board member(s) who wishes to bid, must leave the room. Once a solution has been voted on, they may return to the room.

GLA cannot require board members to drop all outside activities. However, when a board member has an official role with an outside entity that is involved with the GLA, they must be excluded from all committee and board level votes affecting that entity, and their participation in discussions must be limited.

5. Violations of the Conflicts of Interest Policy.

E. If the Board or President of the GLA Board has reasonable cause to believe a director/officer/committee member has failed to disclose actual or possible conflicts of interest, it shall inform the director/officer/committee member of the basis for such belief, and afford the member an opportunity to explain the alleged failure to disclose.

F. If, after hearing the response of the director/officer/committee member, and after making further investigation as warranted by the circumstances, the Board determines the director/officer/committee member has failed to disclose an actual or possible conflict of interest, it shall take corrective action(s).

G. 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, will be recorded in the official meeting minutes.

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6. Records of Proceedings.

The minutes of the Board and all Committees of the Board shall contain, above and beyond, what the minutes normally contain:

- a.** The name of any person who discloses, or otherwise is found to have a conflict of interest, the nature of the conflict, and the action taken to determine whether a conflict of interest, and the Board's or Committee's decision.
- b.** List the alternatives reviewed by the Board or committee to the proposed transaction or arrangement

7. Compensation

A voting member of the Board or Committee who receives compensation, directly or indirectly, from the GLA for services, is precluded from voting on matters pertaining to that member's compensation.

No member of the Board or any committee, whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the GLA, either individually or collectively, is prohibited from providing information to the Board or any committee, regarding compensation.

9. Conflict of Interest Statements

1. Each Director, Principal Officer and Expert Committee Member with Board-delegated powers, shall annually sign a statement which affirms such person they:
 - a. Has received a copy of this Conflict Of Interest Policy,
 - b. Has read and understands the policy,
 - c. Has agreed to comply with the policy,
 - d. Has read, understands, and agrees to comply with State Standards for Directors in statute 35-2-416 and Standards of Conduct for Officers in statute 35-2-441.
 - e. Has read, understands, and accepts all the "Duties" listed in Bylaw VI (B), General Powers and Duties.
2. Each voting member of the Board shall annually sign a statement which declares whether such person is an independent director.

3. If at any time during the year, the information in the annual **Conflict of Interest** Statement changes materially, the director shall disclose such changes and revise the annual disclosure form.
4. The GLA President shall regularly and consistently monitor and enforce compliance with this policy, by reviewing annual Conflict of Interest Statements of Directors and Experts on Committees of Directors and taking such other actions as are necessary for effective oversight.

Glastonbury Landowners Association, Inc.

Conflict of Interest Statement

Name: _____ **Date:** _____

Position: ____ Director ____ Officer ____ Expert on Committee of Directors

I affirm, that I have received, read, and understand, the GLA Conflict of Interest Policy, which may be real, potential, or perceived.

Disclosures:

- List current, past, or potential financial, organizational, or personal interests, including a compensation arrangement, per this Conflict of Interest Policy:

Has the conflict(s) been disclosed previously? ____ Yes ____ No

a. Are you an independent director, per this Conflict of Interest policy? ____ Yes ____ No

b. If you are not independent, why? _____

Signature **Date:** _____