



Wallowa Land Trust
CONFLICT OF INTEREST POLICY
Adopted by the Board of Directors 2012/11/08

Land Trust Alliance Practice 4

This policy is posted on the Wallowa Land Trust's website.

POLICY STATEMENT AND PURPOSE

The mission of the Wallowa Land Trust is to protect the rural nature of the Wallowa Valley and surrounding landscape by working cooperatively with landowners, governmental entities, Indian tribes and a variety of community organizations.

Wallowa Land Trust (Trust) is a non-profit organization. As such, Wallowa Land Trust (WLT) Board Members, Officers, and Staff hold their positions for the benefit of the public and must always be conscious of public scrutiny and public perception. The appearance of a conflict of interest, or an actual conflict of interest, can arise in situations in which a duty to act in the public interest conflicts with an individual's opportunity to advance his or her own interest, or that of a family member, close friend, or business associate. An individual who perceives the likelihood of serious conflicts between a duty to serve the public benefit and that person's individual interests should not become a staff or board member of the Wallowa Land Trust, both for legal reasons and to preserve the land trust's credibility.

Wallowa Land Trust's effectiveness depends upon maintaining the highest levels of credibility, confidence and trust with the community it serves and all parties with which it works. For this reason, the Board of Directors is responsible for protecting the interests of the Trust in all the Trust's activities and adopts this Conflict of Interest policy.

All persons associated with Wallowa Land Trust are reminded that the decisions and activities of the board of directors and staff, whether or not addressed in this policy, are governed by an overriding requirement of duty to act in the public interest.

This policy is intended to supplement but not replace any applicable state or federal laws governing Conflicts of Interest applicable to charitable trusts.

DEFINITIONS

Conflict of Interest: A Conflict of Interest exists when an Insider (as defined below) has a Material Financial Interest (as defined below) in a transaction or project under consideration

by a board or committee of Wallowa Land Trust, or when that person proposes to act on any issue, matter or transaction in which Wallowa Land Trust has an interest, and in which that person may have an interest separate from that of Wallowa Land Trust.

A Conflict of Interest may also exist in situations in which there is an appearance that an Insider is utilizing, for his or her own benefit, inside information that is proprietary to Wallowa Land Trust, is acting in his or her own interest rather than the best interest of Wallowa Land Trust, has the ability to exercise undue influence over Wallowa Land Trust decisions, or is receiving favorable treatment by Wallowa Land Trust because of his or her status as an Insider.

Still another potential for Conflict of Interest is when an Insider is involved in other civic or professional activities, within the community in which Wallowa Land Trust does business, that pose potential conflict with Wallowa Land Trust activities, including serving on the board of organizations working on related issues.

A Conflict of Interest may also exist when an Insider has interests or information as described above that pertains to a person who is related to the Insider. In such cases, Insiders are responsible for identifying conflicts that arise from the interests of Related Persons (defined below) and for following this policy.

Examples of conflicts of interest include, but are not limited to, the situations shown in Appendix A.

Insider:

A person who is in a position to influence major financial or transactional decisions or who has access to information about the Wallowa Land Trust that others might not have, or who could give the appearance of having the ability to unduly influence the Trust. This includes:

- All directors, officers and staff members of Wallowa Land Trust,
- All members of committees of the Wallowa Land Trust with board delegated powers,
- Key volunteers, contractors, donors and other individuals who have an ability to influence the operations and decisions of the organization and/or have access to information not available to the general public,
- Substantial contributors to the Wallowa Land Trust,

For the purposes of this policy, an individual's status as an Insider continues for a period of 5 years past the end of their active service and relationship with Wallowa Land Trust.

Related Person:

Parties related to an Insider, including a spouse, brothers and sisters, parents, grandparents, children (adopted and natural), grandchildren, great-grandchildren; and spouses of brothers and sisters, parents, grandparents, children (adopted and natural), grandchildren and great-grandchildren.

Material Financial Interest:

A financial interest of any kind (including a financial interest held by a Related Person), which, in view of all the circumstances, is substantial enough that it would, or reasonably could, affect an Insider's judgement with respect to Contracts or Transactions to which the Wallowa Land Trust is a party. This includes all forms of employment and compensation, ownership interests of greater than five percent in aggregate whether direct or indirect, and situations where an Insider or Related Person may have his or her own property value enhanced by a Trust project on neighbouring land. It also includes gifts or pledges by a donor of \$50,000 or more at any one time or cumulatively within the previous five years (Major Donor).

PROCEDURES

General Guidelines: All Insiders shall seek to avoid Conflicts of Interest in their dealings with the Wallowa Land Trust. It is expected that all Insiders will conduct themselves under strict rules of honesty and fair dealing between themselves and Wallowa Land Trust. Such persons shall not use their position or knowledge gained during their association with Wallowa Land Trust for their private benefit, or for the benefit of a Related Person or close friend or business associate, nor to obtain an unfair advantage through any aspect of their dealings with Wallowa Land Trust.

Duty to Disclose: In connection with any actual or possible Conflicts of Interest, an Insider must disclose the matter according to the following guidelines:

- Any real or potential conflict of interest should be disclosed at the time he/she becomes an Insider, at the time such actual or potential conflict arises, or annually through the Conflict of Interest Questionnaire provided to certain Insiders as required below. Potential conflicts of interest should be disclosed to the Chair of the Board, the chair of the committee on which the Insider serves or to the Executive Director.
- The Land Trust person receiving disclosure of the actual or potential conflict of interest shall promptly refer it to the Chair of the Board or the Executive Director as follows. The Chair of the Board shall be responsible for the application and interpretation of this Policy as it relates to officers of the Land Trust, members of the Board of Directors and Board committees, and the Executive Director. The Executive Director shall be responsible for the application and interpretation of the Policy as it relates to Land Trust employees, contractors, volunteers and Major Donors.
- Once received, The Chair of the Board or Executive Director shall ensure that the disclosure of an actual or potential conflict of interest is described in writing and filed with Wallowa Land Trust records.

Determining Whether a Conflict of Interest Exists: An Insider who is doubtful as to the existence of a conflict of interest is encouraged to disclose all facts pertaining to the

transaction or arrangement before undertaking the transaction or arrangement or making any decision in the matter. If it is not clear to the Chair of the Board or the Executive Director, as the case may be, that a conflict exists, the matter shall be referred to the Executive Committee, which shall then act as a “Conflict of Interest” committee. The Executive Committee shall review the facts and determine if a conflict does indeed exist and recommend a course of action to the Board of Directors. If the conflict in question involves a member of the Executive Committee, that person shall withdraw from all consideration and discussion, excuse themselves and not participate in the decision. See Appendix B for guidance on determining if a conflict of interest exists.

Procedures for Addressing the Conflict of Interest:

In developing responses to conflicts, every effort will be made to avoid the conflict. In cases where it is not possible to completely avoid a conflict or the appearance of a conflict, reasonable efforts will be made to mitigate the effects of the conflict. At a minimum, the individual involved in the conflict must disclose the situation to the relevant parties and recuse and absent him/herself from any involvement in decisions pertaining to the conflict or the appearance of conflict.

When a formal transaction or services arrangement of Wallowa Land Trust involves an actual, potential or perceived Conflict of Interest with an Insider, approval of such transaction shall occur only if the Board makes specific findings that the transaction or contract:

- Is consistent with Trust policies and procedures and is in keeping with the Trust’s mission
- Is fair and benefits the Trust and its objectives
- Does not result in private inurement, impermissible private benefit, or an excess benefit transaction under laws applicable to organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code
- Is approved with the full knowledge of the benefit to the Insider involved in the conflict of interest, and
- A good faith effort was made to review the range of options and costs for the provision of said services

The chairperson of the governing board (or committee) may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement before reaching a decision.

The conflicted party may not be present during discussion, unless asked to provide information, and may not vote on an issue where he or she is conflicted. This fact shall be recorded in minutes.

Transactions with Insiders

Transactions with Insiders follow this Conflict of Interest policy. Like all other projects, the Trust staff documents that these projects meet the Trust’s mission, ensures that the transactions follow all standard practices and procedures, and makes certain that there is no

private inurement, excess benefit or impermissible private benefit. Appendix A shows examples of potential transactions with Insiders and Related Persons.

In any arrangement or transaction involving compensation, remuneration or other economic or financial benefit to the Insider, the Board of Directors relies upon appropriate comparability data, such as an independent appraisal or an independent compensation study, in reaching its determination as to the fairness and reasonableness of the transaction or arrangement to the Trust. The Board's Chair and Treasurer, and/or firms, companies, or entities they work for, are never compensated for professional services.

For purchases of property or property interests from Insiders or sales of property to Insiders, the Trust obtains a qualified independent appraisal prepared in compliance with the Uniform Standards of Professional Appraisal Practice by a state-licensed/certified appraiser who has verifiable conservation easement or conservation real estate experience. The Trust documents that the project meets the organization's land protection criteria.

When selling property to Insiders, the land trust 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.

The Trust either avoids or appropriately manages potential conflicts arising from attorney board members who represent landowners in land transactions with the Trust.

Violations of the Conflict of Interest Policy: If the board or committee (or other person responsible for administering the policy, such as the Executive Director with respect to staff conflicts) has reasonable cause to believe that an Insider has failed to disclose actual or potential conflicts of interest, it shall inform the Insider of the basis for such belief and afford the interested person an opportunity to explain the alleged failure to disclose.

If, after hearing the response of the Insider and making such further investigation as may be warranted under the circumstances, the board or committee determines that the Insider has in fact failed to disclose an actual or potential Conflict of Interest, the Trust will respond as follows:

- If the Board determines that a Board member has violated this policy, the Board may remove the Board member from the Board, in accordance with the applicable provisions of the Bylaws.
- If the Board determines that the Executive Director has violated this policy he or she may be removed in accordance with the appointment agreement.
- If the Board or Executive Director determines that a staff member has violated this policy he or she may be terminated in accordance with Trust personnel policies and practices.
- If the Board determines that an Insider with a contract with the Trust has violated this policy, the Board may void the contract in accordance with the terms of the contract.

RECORDS OF PROCEEDINGS

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

- The names of the persons who disclosed or otherwise were found to have a conflict of interest, the nature of the conflict of 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; and
- 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 therewith.

The minutes of any meeting described above shall be prepared by the earlier of the next succeeding meeting of the Board or committee, or sixty (60) days after the final action on the matter is taken by the Board or committee.

PERIODIC REVIEWS

To ensure Wallowa Land Trust operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, the board shall conduct periodic reviews of any arrangements made under this policy and of the policy itself. The periodic reviews shall, at a minimum, include the following subjects:

- Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- Whether partnerships, joint ventures, and arrangements with management organizations conform to the land trust's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.
- The policy and its application will be reviewed and revised at least every two years.

ANNUAL STATEMENT

During their active service with the Trust, all Insiders who are:

- employees,
- Board members,
- officers,
- members of a committee with Board delegated powers of the Wallowa Land Trust,

and

- any other individual Insider (such as a key volunteer or contractor) specifically identified by the Wallowa Land Trust Board or the Executive Director, who may exercise substantial influence over the operations of the Trust and/or have access to Trust information that is proprietary to the Trust, or could give the appearance of having the ability to unduly influence the Trust,

shall sign a statement that he or she has received a copy of this Policy, has read and understands it, and has agreed to comply with it, and shall complete the questionnaire attached to the statement disclosing his or her actual and potential conflicts of interest on an annual basis.

CERTIFICATE OF ADOPTION

The foregoing Conflict of Interest Policy was adopted by the Board of Directors of the Wallowa Land Trust on the 8th day of November, 2012.

By: _____

_____, Secretary

APPENDIX A

The following non-comprehensive list of examples of conflicts of interest are articulated here to encourage a complete understanding of possible conflicts of interest that may arise in conducting the work of the Wallowa Land Trust:

Self Dealing: a direct financial transaction between Wallowa Land Trust and an Insider or a Related Person.

- A land trust board or staff member (or his or her friends or family) sells land or a conservation easement to the land trust, including “side deals.”
- A board member holds an interest in a business that could benefit from the land trust’s work (e.g., a realty company that might handle resale of a land trust’s restricted lands).
- A board member renders professional services needed by the trust -- legal, administrative, land planning, appraisal or financial -- and is compensated for doing so.
- The land trust rents its office space from a board member.
- A key donor makes an easement donation that has no relevance to the WLT mission and commits WLT to enforcement expenses.

Opposing Loyalties – A board member must give undivided allegiance when making decisions affecting the organization. A board member is subject to opposing loyalties when he or she makes decisions for personal gain or gain of a Related Person.

- A realtor on a land trust board uses the information that a potential conservation easement may be placed on land next to a property on the market to encourage potential buyers and thereby increase his/her business.
- A staff member or board member serves as a director for another non-profit organization that is competing for the same funding
- A staff member or board member engages in activities that may cause a loss of public credibility or for the Land Trust or create a public impression of impropriety
- A board member who owns property protected by a Land Trust easement asks for unusual concessions regarding a possible easement violation.
- A major donor asks the staff to consider hiring a relative.
- The Land Trust sells land or other property to a board member or other Related Person.
- A staff member negotiating a conservation easement tells a relative about the transaction and the relative suggests purchasing adjacent property.

- A staff member uses confidential donor information obtained while working with the Land Trust to help raise funds for another organization.
- A board member asks if a nephew can use an empty Land Trust office to set up his own appraisal business.
- A staff member who selects service providers is given unsolicited expensive gifts by potential suppliers

APPENDIX B

In evaluating conflict situations in order to determine an appropriate course of action, the Wallowa Land Trust shall be guided by the following criteria and considerations:

- Compliance with the letter and the spirit of all applicable laws relevant to all parties to the transaction;
- Adherence to Trust policies and procedures;
- Ability to act within the scope of the Trust's values, such as “integrity beyond reproach;”
- Avoidance of private benefit and inurement;
- Transparency;
- Conservation benefits likely to be achieved;
- Consequence to the Trust from declining to participate;
- Financial or other benefit to the Trust;
- Nature and extent of risk to the Trust's reputation;
- Availability of other alternatives;
- Ability to mitigate reputational risks; and
- Financial or other benefits to the other party.

When evaluating real or potential conflicts of interest, the Board of Directors may consider the following questions to assure that decisions are made in the best interest of the Trust.

1. Hiring individuals who are close relatives of Insiders.

- Is this job integral to the success of the Trust?
- Have all Trust policies and procedures relevant to employment been followed?
- Can this position be structured so that the conflicted party has no supervisory responsibilities with the employee without disrupting the Trust’s business practices?
- Will the conflicted party play any role in the hiring process?
- Has the Trust assessed the public relations and political environment at all scales to be sure that this hire will not damage the Trust’s reputation?
- Does this person have a unique expertise that the service cannot be obtained anywhere else?
- What are the alternatives if this person is not employed by the Trust?
- Has the Trust balanced the financial benefits to the Trust with the reputational risk to the Trust of the hire?
- How will this appear in the eyes of the public when tested against the value of "integrity beyond reproach?"

2. Contracting for products or services with Insiders or Related Persons.

- Is this product or service integral to the success of the Trust?
- Has the Trust taken appropriate measures to ensure that the Trust obtains the best market price for the work or services?
- Has the Trust received information from parties other than the conflicted party that address the quality of the service or products being acquired or provided?

- Has the Trust accessed the local public relations and political environment to be sure that this hire will not damage the Trust's reputation?
- Will the management of the delivery of the service or product within the Trust be done by someone other than the conflicted party or other than someone who is supervised by the conflicted party?
- How will this appear in the eyes of the public when tested against the value of "integrity beyond reproach?"

3. Purchases or Gifts of Interests in Land from or Sales of Interests in Land to Insiders or Related Persons.

- For acquisitions, has the Trust determined that this is an interest in land that would be acquired by The Trust regardless of ownership?
- Has the proposed transaction been characterized accurately in the legal documents and with the public?
- Have appropriate independent valuations been obtained in compliance with the Trusts procedures for transactions?
- Has the proposed transaction been reviewed to ensure that appropriate conservation benefits are obtained?
- Are the terms and conditions of the purchase sufficient to protect the land and on terms favorable to the Trust?
- Will the Insider or Related Person obtain any direct or indirect economic benefit from the transaction and, if so, have such benefits have been properly reflected in pricing the transaction and determining values?
- Has the transaction been structured to ensure that the Trust's standards of transparency will be achieved?
- For sales, has the Trust marketed the property in an open, equitable, and transparent marketing process?
- Has the Trust done a political and public relations assessment of the impact of this donation, purchase, or sale on the Trust's reputation.
- How will this transaction appear in the eyes of the public when tested against the value of "integrity beyond reproach?"

4. An Insider serving on public and/or private boards, commissions, or councils transacting business with the Trust or with which the Trust may have a potential adverse interest.

- Is the Insider serving on the board of that entity as part of his or her job responsibility for the Trust?
- Was there an advance disclosure and have the Trust and the Insider agreed that, in cases of conflict or where there was a direct and adverse interest/competition, there would be a mechanism for recusal, disclosure, or any other safeguards to protect the Trust?
- Is there a plan in place for how staff will conduct themselves when serving on other Boards?
- Will the individual's time spent working on issues for the other board take away from his or her ability to perform his or her job for the Trust and if so, what is the benefit to the Trust?

- What impact will this service have on the Trust's ability to do its business and on the Trust's reputation?
- Will any decisions made by the individual working for the other organization be made with regard to the Trust's best interests?
- What are the costs and benefits to the Trust?
- What are the alternatives, if any?
- How will this appear in the eyes of the public when tested against the value of "integrity beyond reproach?"

5. Use of inside information by an Insider.

- Is the information proprietary to the Trust?
- What steps have been taken to protect the information?
- What are the costs and benefits to the Trust?
- Is there any private benefit or private inurement?
- What are the alternatives, if any?
- How will this appear in the eyes of the public when tested against the value of "integrity beyond reproach?"

APPENDIX C

WALLOWA LAND TRUST

CONFLICT OF INTEREST QUESTIONNAIRE

This Questionnaire is to be completed annually by all Wallowa Land Trust Insiders (as detailed above under the Annual Statement).

NAME AND BACKGROUND INFORMATION

Name: _____

Address: _____

Telephone Number: _____

Relationship to WLT: _____

CONFLICT OF INTEREST INFORMATION

Investments. Identify any investments* that you or a member of your family has or had during the last two (2) years in any organization that has, does, or is likely to provide goods or services to the Trust:

None

* "Investments" for purposes of this disclosure do not include securities of a publicly traded company if: (a) such securities are less than 5% of the outstanding securities of the publicly traded company, and (b) the fair market value of such securities is less than 5% of the owner's annual gross income.

Director or Other Services. Identify any services that you or a member of your family provides or has provided within the last five (5) years as a director, partner, principal, manager, employee or consultant to any organization that does provide, has provided, or is likely to provide goods or services to the Trust:

None

Interests in Transactions. Identify any interest that you or a member of your family or any organization in which you have an interest (e.g., a corporation or partnership) has had in any transaction during the last five (5) years, to which the Trust or any related organization, was a party (e.g., loans, sales of goods or services, guarantees).

None

Other. Identify any other circumstances affecting you or members of your family that might appear to involve a conflict of interest, actual or potential, and any circumstances that could be viewed as use of information relating to the Trust's business for personal profit or advantage.

None

ACKNOWLEDGMENT AND SIGNATURE

To the best of my knowledge and belief, the above information is true and accurate. I have received a copy of the Trust's Conflict of Interest Policy, which I have read and understand, and I hereby agree to comply with it.

DATED this ____ day of _____, 201__.

By _____

Print Name: _____

Last reviewed: 2012-11-08

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