

## Conflict of Interest Policy for Pine Island Farm Board of Directors (PIF)

### Article I. Purpose

The purpose of this conflict of interest policy is to protect PIF Board and members from potential conflicts of interest that may benefit the private interest of a board member or that could create an inadvertent payment or other benefit to a board member (or their delegate) that is not otherwise in the best interest of the association and its members.

### Article II. Definitions

#### 1. Interested Person

PIF defines directors, board members or committee members with any voting powers by the board or delegated by the board who have a direct or indirect Financial Interest, as defined below.

#### 2. Financial Interest

A person has a financial interest when they have any actual or potential ownership, investment or compensation agreement with PIF, either directly or indirectly.

A person with a Financial Interest may have a conflict only if the governing board or committee (if delegated by the board to the committee) after thoroughly reviewing the conflict, determines that the board member / committee member has an interest / profit in the transaction, would receive compensation or reimbursement AND the payment is not in the best interest of the association members.

### Article III. Procedures

#### 1. Duty to Disclose

Related to any actual or potential conflict of interest, an Interested Person must disclose the existence of a Financial Interest. The board of directors shall provide the Interested Person with an opportunity to disclose all material facts to the board and committees with governing board-delegated powers considering the proposed transaction or arrangement that poses a potential conflict.

To aid the disclosure and serve as documentation, each board member shall discuss such possible conflicts and this policy at a meeting at least once per year at a duly called meeting.

Making a Determination of Conflict of Interest and managing a possible conflict

The board shall review each possible conflict and the board member's disclosures about the possible conflict and any other submitted disclosures for each board member or committee member governing powers. After an Interested Person discloses a potential conflict of interest, the board should request that person to leave the meeting. The remaining board directors shall

then discuss the potential conflict of interest and vote on its existence. If the board determines that a possible conflict exists, the board can take one of two actions:

- I. Cancel the endeavor and transaction that caused the possible conflict

Or

- II. Determine that the transaction has the following attributes:
  1. Is still in the best interest of the association and its members
  2. The transaction and effort are fair and reasonable
  3. The payment to the board member or committee member represents predominantly re-imbusement of expenses incurred and or re-imbusement of wear and tear on tools / vehicle or the like
  4. Alternative efforts and transactions would cost the association more than the transaction that is creating the possible conflict.

If the board determines the option II above exists, the board and the affected member or committee member with the possible conflict can continue to proceed with the transaction and effort.

#### 4. Disciplinary Action

If the governing board or committee reasonably believes that an Interested person failed to disclose an actual or potential conflict of interest, they will inform the member and provide an opportunity for the Interested Person to offer an explanation about why he or she failed to disclose the conflict or potential conflict of interest. The governing board or committee shall take necessary action if they continue to believe that a conflict of interest still exists.

## Article IV. Records of Proceedings

The minutes of the governing board and all committees with delegated powers shall contain all pertinent details regarding possible conflicts including board discussions and votes on possible conflicts.