
Troy Community Land Bank Corporation

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Troy Community Land Bank Corporation

Board of Directors

Policy on Conflict of Interest

Introduction:

Troy Community Land Bank Corporation was approved by New York State Urban Development Corporation d/b/a Empire State Development, pursuant to Article 16 of the New York State Not-for Profit Corporation Law in May 2014. Troy Community Land Bank Corporation is a not-for-profit formed in 2014 by the Troy City Council to facilitate the return of vacant and abandoned properties to productive use. The Land Bank's work will include the acquisition and resale of properties to qualified buyers/investors, Land Bank-managed renovation of properties to sell in move-in or rehab ready condition, and long-term holding and assembly of certain properties to facilitate future development projects.

Definitions

- a. Board of Directors – also known as Board Members or the body responsible for the governance of the Land Bank.
- b. Financial Interest – a person has a financial interest if the person has, directly or indirectly, through business, investment or family relative:
 - 1.) an ownership or investment interest in any entity with which the Land Bank has a transaction or arrangement; or
 - 2.) A compensation arrangement with the Land Bank or with any entity or individual with which the Land Bank has a transaction or arrangement; or
 - 3.) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Land Bank is negotiating a transaction, agreement or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

- c.** Interested Person – any Director, Principal Officer, Key Employee or member of a committee with board delegated powers who has a direct or indirect financial interest, is an interested person.
- d.** Key Employee – a Key Employee is a person who is in a position to exercise substantial influence over the affairs of the Land Bank. This includes, but is not limited to:
 - 1.) Voting members of the Board;
 - 2.) Presidents, Officers or employees of any other title with similar responsibilities;
 - 3.) Treasurers, Officers or employees of any other title with similar responsibilities; or
 - 4.) An employee who is in a position to exercise substantial influence over the affairs of the Land Bank.
- e.** Officer – A person designated as such in the Land Bank by-laws.
- f.** Related Party – Persons who may be considered a Related Party of the Land Bank under this Policy include:
 - 1.) Directors, Officers or Key Employees of the Land Bank;
 - 2.) Relatives of Directors, Officer or Key Employees of the Land Bank;
 - 3.) Any entity in which a person in (1) or (2) has a 35% or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of 5%.
- g.** Related Party Transaction – any transaction, agreement or any other arrangement with the Land Bank in which a Related Party has a Financial Interest. Any Related Party Transaction will be considered a conflict of interest for the purposes of this Policy.
- h.** Relative – a Relative is a spouse, ancestor, child (whether natural or adopted), grandchild, great grandchild, or sibling (whether whole or half-blood).
- i.** Independent Board Member as defined by Section 2825(2) of the Public Authorities law - A board member is considered to be independent if all of the following criteria are met:

- (1) The board member is not currently an employee of the public authority in an executive position, nor was an employee of the public authority in an executive position in the past two years;
- (2) The board member is not or has not been in the previous two years, employed by an entity that received a payment valued at more than fifteen thousand dollars for goods and services provided to the public authority, as well as any other form of financial assistance valued at more than fifteen thousand dollars from the public authority;
- (3) The board member is not a relative of an executive officer or employee in an executive position of the public authority or an affiliate;
- (4) The board member is not a lobbyist registered under a state or local law and paid by a client to influence the management decisions, contract awards, rate determinations or any other similar actions of the public authority or affiliate.

Responsibilities:

The individual Director is responsible for disclosure to the Board of any potential conflict of interest. The President of the Board has the responsibility of informing each Director-elect of such policy and receiving assurance of compliance should such Director-elect agree to serve as a member of the Board.

Purpose:

The purpose of this policy is to provide a systematic and ongoing method of assisting members of the Board of Directors in disclosing and resolving potential conflicts of interest, thus assuring the community and the public at large of the good faith and integrity of the officers and members of the Board of Directors in the management of the Land Bank. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

General Conflict of Interest Procedure:

1. Each newly-elected Director, prior to taking his/her position on the Board, and all present Directors as soon as practicable after the adoption of this policy, shall disclose, in writing, on the Disclosure Statement, which is attached, to the Audit Committee of the Board of Directors, the nature of any external interests that potentially conflict with his/her interest as a Director. Such conflict of interest includes, but is not limited to, directorship, management, consultation, or material

business with the Land Bank, or where there is great likelihood that such concern will be doing business with the Land Bank. Such conflict of interest also includes financial interests, defined as any person having directly or indirectly, through business, investment, or family: a) an ownership or investment interest in any entity with which the Land Bank have a transaction or arrangement, or b) a compensation arrangement with the Land Bank or with any entity or individual with which the organization 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 Land Bank is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature. Other areas requiring disclosure include the purchase or sale of property or property rights and interests potentially in competition with the Land Bank, and/or the involvement with organizations providing services similar to the Land Bank.

2. Whenever a Director assumes new external interests that potentially conflict with his/her role as a Director of the Land Bank, such individual will disclose, in writing, the nature of such external interests to the Audit Committee.
3. Questions relating to the possible existence of a conflict of interest may be directed to the Land Bank's legal consultant for his/her review and determination.
4. Whenever a matter being deliberated by the Board of Directors, or any committee or subcommittee of the Board, creates a potential conflict of interest for any Director, such Director will neither vote nor influence the decision of the Board or committee, nor be counted in determining the quorum for the meeting. The foregoing will not be construed as preventing any Director from stating his position on any Board matter, nor from providing information to other Directors on any Board matter. It is expected that following a Director's statement of his position on a given issue, that he/she will leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest. The minutes of the meeting will record the name of the person(s) who disclosed conflicting interests, the nature of the conflicting interests and note their abstentia from the discussion and vote. The minutes of the meeting will also reflect the justification for determining the quorum.
5. If the Audit committee has reasonable cause to believe that a director has failed to disclose actual or possible conflicts of interest, it shall inform the director of the basis for such belief and afford the director an opportunity to explain the alleged failure to disclose.

6. If, after hearing the response of the director and making such further investigation as may be warranted under the circumstances, the Audit committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate corrective action.

7. If the Audit committee has reasonable cause to believe that a director has failed to disclose an actual or possible conflict of interest, then the Audit committee shall consider whether another discussion and/or vote on the matter is necessary or appropriate, and management/the Board of Directors shall refrain to the extent practical from acting on the basis of the initial Audit committee action until such reconsideration has occurred.

Related Party Transaction and Whistleblower Policy

The board of the Land Bank also requires that all directors of the Land Bank review and acknowledge corresponding policies to this conflict of interest policy which include the Land Bank's Whistleblower Policy (Appendix A), the Land Bank's Related Party Transaction Policy (Appendix B), and the Land Bank's Code of Ethics Policy (Appendix C). Copies of Said Policies are attached hereto and are intended to be incorporated herein.

/s/ Monica Kurzejeski

Executive Director

Troy Community Land Bank Corporation Date

/s/ Heather King

Board President

Date

Troy Community Land Bank Corporation
BOARD OF DIRECTORS CONFLICT OF INTEREST
DISCLOSURE STATEMENT

Pursuant to the purposes and intent of the policy on conflicts of interest requiring disclosure of certain interests, adopted by the Board of Directors, a copy of which has been furnished to me, I hereby state that I have read and understand the policy and agree to comply with the policy. I understand that the policy applies to all committees and subcommittees having board-delegated powers. I understand that the Land Bank is a Public Authority and a charitable organization that must engage primarily in activities that accomplish one or more of its tax-exempt purposes to maintain its tax-exempt status. I hereby state that I and/or members of my immediate family have no affiliations or interests and have taken part in no transaction which, when considered in conjunction with my relation to the Land Bank, might constitute a conflict of interest, except as is noted below. (If none, write "None". Please use additional paper if more space is needed.)

I also agree to report to the Audit Committee of any situations that may develop in the above areas before completion of the next annual disclosure statement.

Printed Name: _____ Date: _____

Signature: _____

APPENDIX A

Troy Community Land Bank Corporation Whistleblower Policy

General

The Land Bank requires directors, key volunteers, and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. Employees and representatives of the organization must practice honesty and integrity in fulfilling their responsibilities and comply with all applicable laws and regulations.

The objectives of the Land Bank's Whistleblower Policy are to establish policies and procedures for:

- The submission of concerns regarding questionable accounting or audit matters by employees, directors, officers, and key volunteers of the organization, on a confidential and anonymous basis;
- The receipt, retention, and treatment of complaints received by the organization regarding accounting, internal controls, or auditing matters.;
- The protection of directors, volunteers and employees reporting concerns from retaliatory actions.

Reporting Responsibility

Each director, key volunteer, and employee of the Land Bank has an obligation to report in accordance with this Whistleblower Policy: (a) questionable or improper accounting or auditing matters, and (b) violations and suspected violations of the Land Bank's Code of Ethics and/or Conflicts of Interest Policy (hereinafter collectively referred to as Concerns).

Authority of Audit Committee

All reported Concerns will be forwarded to the Audit Committee in accordance with the procedures set forth herein. The Audit Committee shall be responsible for investigating, and making appropriate recommendations to the Board of Directors, with respect to all reported Concerns.

No Retaliation

This Whistleblower Policy is intended to encourage and enable directors, key volunteers, and employees to raise Concerns within the Organization for investigation and appropriate action. With this goal in mind, no director, volunteer, or employee who, in good faith, reports a Concern shall be subject to retaliation or, in the case of an employee, adverse employment consequences. Moreover, a volunteer or employee who retaliates against someone who has

reported a Concern in good faith is subject to discipline up to and including dismissal from the volunteer position or termination of employment.

Reporting Concerns

Employees

Employees should first discuss their Concern with their immediate supervisor. If, after speaking with his or her supervisor, the individual continues to have reasonable grounds to believe the Concern is valid, the individual should report the Concern to the Audit Committee. In addition, if the individual is uncomfortable speaking with his or her supervisor, or the supervisor is a subject of the Concern, the individual should report his or her Concern directly to the Audit Committee.

If the Concern was reported verbally to the employee's immediate supervisor, the reporting individual, with assistance from the supervisor, shall reduce the Concern to writing. The supervisor is required to promptly report the Concern to the Chair of the Audit Committee, who has specific and exclusive responsibility to investigate all Concerns. Contact information for the Chair of the Audit Committee may be obtained through the Executive Director or Board Chairman/President. Concerns may be also be submitted anonymously. Such anonymous Concerns should be in writing and sent directly to the Chair of the Audit Committee.

Directors and Other Volunteers

Directors and other Key Volunteers should submit Concerns in writing directly to the Chair of the Audit Committee. Contact information for the Chair of the Audit Committee may be obtained from the Executive Director.

Handling of Reported Violations

The Audit Committee shall address all reported Concerns. The Chair of the Audit Committee shall immediately notify the Audit Committee, the Chairman/President, and the Executive Director, of any such report. The Chair of the Audit Committee will notify the sender and acknowledge receipt of the Concern within five business days, if possible. It will not be possible to acknowledge receipt of anonymously submitted Concerns.

All reports will be promptly investigated by the Audit Committee, and appropriate corrective action will be recommended to the Board of Directors, if warranted by the investigation. In addition, action taken must include a conclusion and/or follow-up with the complainant for complete closure of the Concern.

The Audit Committee has the authority to retain outside legal counsel, accountants, private investigators, or any other resource deemed necessary to conduct a full and complete investigation of the allegations.

Acting in Good Faith

Anyone reporting a Concern must act in good faith and have reasonable grounds for believing the information disclosed indicates an improper accounting or auditing practice, or a violation of the Code of Ethics and/or Conflict of Interest Policy. The act of making allegations that prove to be unsubstantiated, and that prove to have been made maliciously, recklessly, or with the foreknowledge that the allegations are false, will be viewed as a serious disciplinary offense and may result in discipline, up to and including dismissal from the volunteer position, termination of employment, or termination of board service. Such conduct may also give rise to other actions, including civil lawsuits.

Confidentiality

Reports of Concerns, and investigations pertaining thereto, shall be kept confidential and to the extent possible, consistent with the need to conduct an adequate investigation. Disclosure of reports of Concerns to individuals not involved in the investigation will be viewed as a serious disciplinary offense and may result in discipline, up to and including termination of employment, volunteer opportunity or Board service. Such conduct may also give rise to other actions, including civil lawsuits.

APPENDIX B
Troy Community Land Bank Corporation
Related Party Transaction Policy

The Land Bank shall not enter into any related party transaction unless the transaction is determined by the board to be fair, reasonable and in the corporation's best interest at the time of such determination. Any director, officer or key employee who has an interest in a related party transaction shall disclose in good faith to the board, or an authorized committee thereof, the material facts concerning such interest.

Definitions

The term "Independent director" pursuant to the New York State Not-For-Profit Law, means a director who: (i) is not, and has not been within the last three years, an employee of the corporation or an affiliate of the corporation, and does not have a relative who is, or has been within the last three years, a key employee of the corporation or an affiliate of the corporation; (ii) has not received, and does not have a relative who has received, in any of the last three fiscal years, more than ten thousand dollars in direct compensation from the corporation or an affiliate of the corporation (other than reimbursement for expenses reasonably incurred as a director or reasonable compensation for service as a director as permitted by paragraph (a) of section 202 (General and special powers)); and (iii) is not a current employee of or does not have a substantial financial interest in, and does not have a relative who is a current officer of or has a substantial financial interest in, any entity that has made payments to, or received payments from, the corporation or an affiliate of the corporation for property or services in an amount which, in any of the last three fiscal years, exceeds the lesser of twenty-five thousand dollars or two percent of such entity's consolidated gross revenues. For purposes of this subparagraph, "payment" does not include charitable contributions.

The Term "Relative" pursuant to the New York State Not-For-Profit Law, of an individual means his or her (i) spouse, ancestors, brothers and sisters (whether whole or half-blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren; or (ii) domestic partner as defined in section twenty-nine hundred ninety-four-a of the public health law.

The term "Related Party" pursuant to the New York State Not-For-Profit Law, means (i) any director, officer or key employee of the corporation or any affiliate of the corporation; (ii) any relative of any director, officer or key employee of the corporation or any affiliate of the corporation; or (iii) any entity in which any individual described in clauses (i) and (ii) of this subparagraph has a thirty-five percent or greater ownership or

beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of five percent.

The term "Related Party Transaction" pursuant to the New York State Not-For-Profit Law, means any transaction, agreement or any other arrangement in which a related party has a financial interest and in which the corporation or any affiliate of the corporation is a participant.

The term "Key employee" pursuant to the New York State Not-For-Profit Law, means any person who is in a position to exercise substantial influence over the affairs of the corporation.

Reporting Responsibility

Each director, Key Volunteer, and employee of the Land Bank has an obligation to report and in accordance with this Policy.

Authority of Audit Committee

All reported Concerns will be forwarded to the Audit Committee in accordance with the procedures set forth herein. The Audit Committee shall be responsible for investigating, and making appropriate recommendations to the Board of Directors, with respect to all reported Concerns.

Procedure

With respect to any related party in which a related party has a substantial financial interest, the Audit and Finance committee of the Land Bank shall:

- (1) Prior to entering into the transaction, consider alternative transactions to the extent available;
- (2) Approve or Decline the transaction by not less than a majority vote of the directors or committee members present at the meeting; and
- (3) Contemporaneously document in writing the basis for the board or authorized committee's approval or decline, including its consideration of any alternative transactions.
- (4) Keep all matters discussed before the Board and/or Audit committee confidential.

APPENDIX C
Troy Community Land Bank Corporation
CODE OF ETHICS

It is the intent of the Land Bank to strive for the highest ethical conduct from all board and staff. The leadership is particularly sensitive to individuals who hold management and governance positions of trust and confidence in fulfilling the mission and goals of the organization. These sensitive positions include officers, key senior staff members designated by the chief executive, and members of the board.

In an effort to achieve the highest standards of conduct, each officer, key staff member, key volunteer, and board member is requested to acknowledge (by signing) the following adopted Code of Ethics each year.

This Code of Ethics shall apply to all directors of the Board and employees of Troy Community Land Bank Corporation (“Land Bank”). These policies shall serve as a guide for official conduct and are intended to enhance the ethical and professional performance of the directors and employees and to preserve public confidence in the Land Bank’s mission. This code is adopted pursuant to New York Public Authorities Law section 2824(1)(d) and section 73 and 74 of the New York Public Officers Law.

DEFINITIONS

As used in this policy:

“**Director**” shall mean a member of the Board of Directors of Troy Community Land Bank Corporation who in this capacity is also deemed to be a state director of a local public authority under section 1605(l) of the Not-for-Profit Law (“the Land Bank Act”) and as such is subject to the ethical responsibilities of section 73 and 74 of the Public Officers Law and also New York Public Authorities Law section 2824(1)(d).

“**Employee**” shall mean a non-volunteer employee of Troy Community Land Bank Corporation who in this capacity is also deemed to be a state employee of a local public authority under section 1605(l) of the Not-for-Profit Law (“the Land Bank Act”) and as such is subject to the ethical responsibilities of section 73 and 74 of the Public Officers Law and also New York Public Authorities Law section 2824(1)(d).

No director or employee of the Land Bank should have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his or her duties in the public interest.

STANDARDS

1. Directors and employees shall perform their duties with transparency, without favor and refrain from engaging in outside matters of financial or personal interest, including other employment, that could impair independence of judgment, or prevent the proper exercise of one's official duties.
2. Directors and employees shall not directly or indirectly, make, advise, or assist any person to make any financial investment based upon information available through the director's or employees' official position that could create any conflict between their public duties and interests and their private interests.
3. Directors and employees shall not accept or receive any gift or gratuities where the circumstances would permit the inference that: (a) the gift is intended to influence the individual in the performance of official business or (b) the gift constitutes a tip, reward, or sign of appreciation for any official act by the individual. This prohibition extends to any form of financial payments, services, loans, travel reimbursement, entertain, hospitality, or thing or promise from any entity doing business with or before the Land Bank.
4. Directors and employees shall not use or attempt to use their official position with the Land Bank to secure unwarranted privileges for themselves, members of their family or others, including employment with the Land Bank or contracts for materials or services with the Land Bank.
5. Directors and employees must conduct themselves at all times in a manner that avoids any appearance that they can be improperly or unduly influenced that they could be affected by the position of or relationship with any other party, or that they are acting in violation of their public trust.
6. Directors and employees may not engage in any official transaction with an outside entity in which they have a director or indirect financial interest that may reasonably conflict with the proper discharge of their official duties.
7. Directors and employees shall manage all matters within the scope of the Land Bank's mission independent of any other affiliations or employment. Directors, and employees employed by more than entity shall strict to fulfill their professional responsibility to the Land Bank without bias and shall support the Land Bank's mission to the fullest.
8. Directors and employees shall not use Land Bank property, including equipment, telephones, vehicles, computers, or other resources, or disclose information acquired in the course of their official duties in a

manner inconsistent with State or local law or policy and the Land Bank's mission and goals.

9. Directors and employees are prohibited from appearing or practicing before the Land Bank for two (2) years following employment with the Land Bank, consistent with the provisions of Public Officers Law.

IMPLEMENTATION

This Code of Ethics shall be provided to all directors and employees upon commencement of employment or appointment and shall be reviewed annually by the Governance Committee.

The board may designate an Ethics Officers who shall report to the board and shall the following duties:

- Counsel in confidence with the Land Bank directors and employees who seek advice about ethical behavior.
- Receive and investigation complaints about possible ethics violations.
- Dismiss complaints found to be without substance.
- Prepare an investigation report of their findings for action buy the Executive Director or the board.
- Record the receipt of gifts or gratuities of any kind received by a director or employee who shall notify the Ethics Officer within 48 hours of receipt of such gifts and gratuities.

PENALTIES

In addition to any penalty contained in any other provision of the law, directors or employees who knowingly and intentionally violates any of the provisions of this code many be removed in the manner provided for in law, rules or regulations, and the Land Bank Bylaws.

REPORTING UNETHICAL BEHAVIOR

Directors and employees are required to report possible ethical behavior by a direction or employee of Land Bank to the Ethics Officer, if one has been appointed, or to the Chairman of the Board, or the Vice Chairman of the Board. Directors and employees may file ethics complaints anonymously and protection from retaliation by the policies adopted by the Land Bank.