

HERKIMER COUNTY LAND BANK CORPORATION

CONFLICT OF INTEREST POLICY

Section 1

Introduction

The Herkimer County Land Bank Corporation ("Land Bank") was approved by New York State Department of State, pursuant to Article 16 of the New York State Not-for Profit Corporation Law ("NPCL") in May of 2024. The Land Bank is a not-for-profit corporation formed by the Herkimer County Legislature to facilitate the return of vacant and abandoned properties to productive use. The Land Bank's work includes the acquisition and resale of properties to qualified buyers and investors, Land Bank-managed renovation and sale of properties in move-in or rehab ready condition, and long-term holding and assembly of certain properties to facilitate future development projects.

Section 2

Definitions

Except as set forth in the NYS NPCL:

1. **"Conflict of Interest"** – Any Related Party Transaction, as defined herein, will be considered a Conflict of Interest for purposes of this Policy. Subject to determination by the Board of Directors, or an authorized committee thereof, in accordance with the procedures set forth in this Policy, a Conflict of Interest may also arise where an Interested Person has a Financial Interest.
2. **"Key Person"** - (a) Member of the Board of Directors and/or committees thereof, (b) an Officer of the Land Bank, (c) an Employee of the Land Bank, (d) a person with a financial interest, (e) a related party, (f) a related party transaction, (g) a relative; or (h), any individual who; (i) has responsibilities, or exercises powers or influence over the corporation as a whole similar to the responsibilities, powers, or influence of directors and officers; (ii) manages the corporation, or a segment of the corporation that represents a substantial portion of the activities, assets, income or expenses of the corporation; or (iii) alone or with others controls or determines a substantial portion of the corporation's capital expenditures or operating budget.
3. **"Director"** shall mean a member of the Board of the Land Bank, 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 sections 73 and 74 of the Public Officers Law and of section 2824(1)(d) of the New York Public Authorities Law.
4. **"Officer"** – means a person designated as such in the Land Bank by-laws.
5. **"Employee"** shall mean a non-volunteer employee of the Land Bank, who in this capacity is also deemed to be a state employee of a local public authority under section 1605(l) of the Land Bank Act and as such is subject to the ethical responsibilities of sections 73 and 74 of the Public Officers Law and of section 2824(1)(d) of the New York Public Authorities Law.
6. **"Related Party"** – shall mean: (a) any director, officer, or Key Person of the Land Bank or an Affiliate of the Land Bank; (b) a Relative (as such term is defined below) of any director, officer, or Key Person of the Land Bank or an Affiliate of the Corporation; or (c) any entity in which a person in (a) or (b) has a Financial Interest.
7. **"Relative"** – a Relative of an individual means any person living in the same household as the individual, any person who is a direct descendant of that individual's grandparents (whether whole or half-blood) or the spouse of such descendant.

8. **“Financial Interest”** – A person has a Financial Interest if such person would receive an economic benefit, directly or indirectly, from any transaction, agreement, or compensation agreement, involving the Land Bank. By way of example, and not limitation, a person has a Financial Interest if such person has, directly or indirectly, through business, investment, or family:

- (a) An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement;
- (b) A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement (for purposes hereof, the term “compensation” includes direct and indirect remuneration as well as gifts or favors that are not insubstantial).
- (c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.
- (d) Any related party transaction, agreement or any other arrangement by and between the Land Bank and any Related Party, or any entity in which a Related Party has a Financial Interest, or any individual with which a Related Party has a Financial Interest.

Section 3

Responsibilities

No Director, Employee, Officer, Key Person 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. All are responsible for disclosure to the Board of Directors of any potential Conflict of Interest. The Board Chair has the responsibility of informing each Director-elect and Key Person of such policy and receiving assurance of compliance.

Section 4

Purpose

The purpose of this Conflict-of-Interest Policy (“Policy”) is to provide a systematic and ongoing method of assisting Key Persons 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 management team of the Land Bank. This Policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to not for profit and charitable corporations.

Section 5

General Conflict of Interest Procedure

1. Duty to Disclose

(a) Each Key Person, prior to taking his or her position with the Land Bank, and all present Key Persons shall disclose, in writing, on the Disclosure Statement, which is attached hereto as Exhibit A, to the Governance Committee of the Board of Directors (the “Governance Committee”), the nature of any potential Conflicts of Interest. Such Conflicts of Interest include, but are not limited to, Related Party Transactions. Other areas requiring disclosure include the purchase or sale of property or property rights and interests (i) to or from the Land Bank; (ii) potentially in competition with the Land Bank, and/or (iii) the involvement with organizations providing services similar to the Land Bank.

(b) The Key Person must also affirm on the Disclosure Statement that such Key Person: (i) has received a copy of this Policy; (ii) has read and understands this Policy; (iii) agrees to comply with this Policy; (iv) understands 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; and (v) reports and agrees to report any potential Conflicts of Interest.

(c) Each Key Person must annually complete the Annual Disclosure Statement in writing.

(d) Whenever a Key Person or a Relative has Financial Interests that present any actual or potential Conflict of Interest, such Key Person must disclose, in writing, the nature of such Conflict of Interest to the Governance Committee.

2. Determining Whether a Conflict of Interest Exists

(a) All actual or potential Conflicts of Interest will be forwarded to the Governance Committee. The Governance Committee shall be responsible for investigating, and making appropriate recommendations to the Board of Directors, with respect to all reported Conflicts of Interest. The chairperson of the Governance Committee shall, if appropriate, appoint a disinterested person or authorized committee to investigate alternatives to the proposed transaction or arrangement. The Governance Committee may direct questions relating to the possible existence of a Conflict of Interest to the Land Bank's legal counsel for review

(b) After review and commendation by the Governance Committee, the Board of Directors will then vote to determine if a Conflict of Interest exists.

(c) The Interested Person will neither vote nor influence the decision of the Board of Directors or any Committee. The foregoing will not be construed as preventing any Interested Person from stating their position on any matter, nor from providing all material facts to the Board of Directors. It is expected that following an Interested Person's presentation of the material facts and their position on a given issue, he/she will leave the meeting during the discussion of, and the vote on, whether a Conflict of Interest exists. The minutes of the meeting will record the name of the Interested Person(s) who disclosed the Conflicting of Interest, the nature of the Conflict of Interest, and note their absence from the discussion and vote. The minutes of the meeting will also reflect the justification for determining the quorum.

3. Notwithstanding the foregoing, no member of the Board of Directors or Employee of the Land Bank shall acquire any interest, direct or indirect, in real property of the Land Bank, in any real property to be acquired by the Land Bank or in any real property to be acquired from Land Bank. No member of the Board of Directors or employee the Land Bank shall have any interest, direct or indirect, in any contract or proposed contract for materials or services to be furnished or used by the Land Bank.

4. Violations of the Conflicts of Interest Policy

(a) If the Governance Committee has reasonable cause to believe that an Interested Person failed to disclose actual or possible conflicts of interest, it shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.

(b) If, after hearing the response of the Interested Person and making such further investigation as may be warranted under the circumstances, the Governance Committee determines that the Interested Person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate corrective action, which may include removal from the Board of Directors or termination from the Land Bank.

Section 6

Annual Review

To ensure the Land Bank operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, an annual review shall be conducted Governance Committee. The annual review shall, at a minimum, include the following subjects:

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

(b) Whether partnerships, joint ventures, or other arrangements conform to the Land Bank'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. When conducting the periodic reviews, the Land Bank may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Directors of its responsibility for ensuring periodic reviews are conducted.

Section 7

Related Party Transactions

1. In General

The Land Bank shall not enter into a Related Party Transaction, unless such transaction is determined by the Board of Directors, or an authorized committee thereof, to be fair, reasonable and in the Corporation's best interest at the time of such determination. Any director, officer or Key Person who has an interest in a Related Party Transaction shall disclose in good faith to the Board of Directors, or an authorized committee thereof, the material facts concerning such interest.

2. Procedure

Except as otherwise provided herein, the procedure for disclosing, addressing and documenting a Related Party Transaction shall be in accordance with the procedures set forth for Conflicts of Interest in this Policy.

3. Extraordinary Related Party Transactions

With respect to any Related Party Transaction in which a Related Party has a substantial Financial Interest, the Board of Directors or an authorized committee thereof, shall:

(a) Prior to entering into the transaction, consider alternative transactions to the extent available;

(b) Approve the transaction by not less than a majority vote of the Board of Directors or committee members present at the meeting (so long as there is a quorum); and

(c) Contemporaneously document in writing the basis for the Board of Director's or authorized committee's approval, including its consideration of any alternative transactions.

4. Failure to Comply; Ratification of Related Party Transactions

With respect to any Related Party Transaction not approved in accordance with the procedures set forth above in this Policy at the time such Related Party Transaction was entered into, the Board of Directors, or an authorized committee thereof may subsequently ratify the transaction if the Board of Directors or authorized committee thereof:

(a) Finds in good faith that the Related Party Transaction was fair, reasonable and in the Corporation's best interest at the time the Corporation approved the transaction, and with respect to any Related Party Transaction in which a Related Party has a substantial Financial Interest, the Board of Directors or authorized committee thereof considers alternative transactions to the extent available and approves the transaction by not less than a majority vote of the Board of Directors or committee members present at the meeting (so long as there is a quorum);

(b) Documents in writing the nature of the violation of this Section 4 and the basis for the Board of Directors' or authorized committee's ratification of the transaction; and

(c) Implements procedures to ensure that the Corporation complies with this Policy with respect to Related Party Transactions in the future. Related Party Transaction, Code of Ethics and Whistleblower Policies. The Board of

Directors also requires that Key Persons of the Land Bank review and acknowledge corresponding policies to this Policy including, the Land Bank's Whistleblower Policy, and the Land Bank's Code of Ethics Policy.

HCLB Conflict of Interest Policy

Adopted: December 12, 2024

Amendments: None

HERKIMER COUNTY LAND BANK CORPORATION
CONFLICT OF INTEREST DISCLOSURE STATEMENT

This Conflict-of-Interest Disclosure Statement shall be completed annually by all “Key Persons” as listed in Section 2 of the Herkimer County Land Bank Corporation Conflict of Interest Policy

In the space below, please list: (a) all entities with which the Herkimer County Land Bank Corporation (the “Organization”) has a relationship and in which you or a Relative holds a position as a Key Person; Officer, Director, Trustee, Member, Owner, or Employee, and (b) all entities with which the Organization has a relationship and in which you or a Relative has a material Financial Interest, i.e., ownership interest or managerial control, and (c) any transaction in which the Organization is a participant and in which you may have a conflicting interest:

(1) All entities with which the Organization has a relationship and in which you or a Relative holds a position as officer, director, trustee, member, owner, or employee:

(List name of Relative and relationship (if applicable), name of entity and position held, and relationship with Organization.)

(2) All entities with which the Organization has a relationship and in which you or a Relative has a material Financial Interest, i.e., ownership interest, compensation arrangement, or managerial control.

(List name of Relative and relationship (if applicable), name of entity, nature of interest, and relationship with Organization.)

(3) All transactions in which the Organization is a participant and in which you may have a conflicting interest:

The above information is correct and complete to the best of my knowledge.

HERKIMER COUNTY LAND BANK CORPORATION

CONFLICT OF INTEREST POLICY ACKNOWLEDGEMENT

The undersigned, a director, officer, Key Person and/or member of a committee with Board-delegated powers, affirms that:

- a. I have received a copy of the Organization's Conflict of Interest Policy ("Policy");
- b. I have read and understand the Policy;
- c. I agree to comply with the Policy;
- d. I have completed the Disclosure Statement with respect to any potential Conflicts of Interest to the best of my knowledge; and
- e. I understand the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Signature

Print Name

Date

This form is required to be completed annually and directed to the Secretary of the organization or designated compliance officer, who must; keep this document on file and provide a copy to the Chair of the organizations Governance Committee.