

NEW HAMPSHIRE ELECTRIC CO-OP FOUNDATION

BOARD OF TRUSTEES

Policy No. 1

TITLE: Conflicts of Interest Policy

ORIGINATION DATE: June 6, 2005

CURRENT REVISION DATE: September 26, 2017

AUTHORIZED: _____
Secretary

Section 1 - Purpose

The purpose of this Conflicts of Interest Policy is to ensure that the operating procedures of New Hampshire Electric Co-op Foundation conform to the requirements of New Hampshire Revised Statutes Annotated ("RSA") 7:19-a. This Policy shall be construed in accordance with, and in all respects consistent with, such law.

Section 2 - Definitions

The following definitions shall have the meanings attributed to them in this Section for all purposes of this Conflicts of Interest Policy:

- (a) Corporation. "Corporation" shall mean New Hampshire Electric Co-op Foundation, a New Hampshire voluntary corporation.
- (b) Policy. "Policy" shall mean this Conflicts of Interest Policy, as duly adopted and amended by the Corporation.
- (c) Trustee or Officer. "Trustee or Officer" shall mean a trustee or officer of the Corporation; as such terms are defined in the By-Laws of the Corporation. The terms shall also include a member of the immediate family of a Trustee or Officer.
- (d) Financial Interest. "Financial Interest" means an interest, which benefits a Trustee or Officer, in a transaction in which the Corporation is a party, which exceeds \$500.00 in value on an annual aggregate basis for the interested Trustee or Officer. This term includes an indirect interest, which means a Financial Interest that arises from a transaction in which a Trustee or Officer is a proprietor, partner, employee, trustee, or officer of one of the parties to the transaction other than the Corporation.
- (e) Pecuniary Benefit Transaction. "Pecuniary Benefit Transaction" means a transaction in which a Trustee or Officer has a Financial Interest. However, the following shall not be considered a Pecuniary Benefit Transaction:

- (1) reasonable compensation for the services of the executive director for the Corporation;
 - (2) reasonable expenses incurred in connection with the official duties of a Trustee or Officer for the Corporation;
 - (3) a benefit provided to a Trustee or Officer if:
 - (A) the benefits are provided or paid as part of programs, benefits, or payments to members of the general public; and
 - (B) the programs, benefits or payments are provided or paid by the Corporation to a Trustee or Officer under the same conditions and based upon the same criteria as such programs, benefits or payments are made available to members of the general public; or
 - (4) a continuing transaction entered into by the Corporation, where a person with a Financial Interest in the transaction becomes a Trustee or Officer after the Corporation enters into the transaction.
- (f) All capitalized terms that are not defined in this Policy shall have the meanings attributed to them in the Corporation's Articles of Agreement or By-Laws.

Section 3 - Pecuniary Benefit Transactions

- (a) General Rule. The Corporation shall not enter into a Pecuniary Benefit Transaction, unless such transaction meets the requirements of paragraph (b) of this Section.
- (b) Requirements for a Valid Pecuniary Benefit Transaction. The Corporation may enter into a Pecuniary Benefit Transaction only if:
 - (1) the transaction is in the best interest of the Corporation;
 - (2) the transaction is for goods or services purchased or benefits provided in the ordinary course of the business of the Corporation, for the actual or reasonable value of the goods or services or for a discounted value, and the transaction is fair to the Corporation; and
 - (3) the transaction is approved by a two-thirds vote of the Board of Trustees:
 - (A) after full and fair disclosure of the material facts of the transaction to the Board and after notice and full discussion of the transaction by the Board;
 - (B) without the participation, voting, or presence of any Trustee or Officer who has a Financial Interest in the transaction, or who has had a Pecuniary Benefit Transaction with the Corporation in the same fiscal year, except as the Board may require to answer questions regarding the transaction; and
 - (C) a record of the action of the Board is made and recorded in the minutes of the meeting in which the transaction is discussed and approved.
- (c) Disclosure List. The Corporation shall maintain a list disclosing every Pecuniary Benefit Transaction that the Corporation enters into in a given year, which shall include the names of the Trustee(s) or Officer(s) to whom the benefit accrued and the amount of the benefit (the "Disclosure List"). The Corporation shall keep the Disclosure List available for inspection by its Sole Member, the Board of Trustees, and other contributors to the Corporation. The Corporation shall provide a copy of the Disclosure List to the director of charitable trusts of the State of New Hampshire each year as part of the Corporation's annual report.
- (d) Benefit Exceeds \$5,000.00. If a Pecuniary Benefit Transaction (or the aggregate of such transactions with the same Trustee or Officer) will equal or exceed \$5,000.00 within the fiscal year, then, prior to consummating such transaction (or the transaction that causes the

aggregate to equal or exceed \$5,000.00), the Corporation must satisfy the following requirements:

- (1) the Corporation shall publish a notice of the Pecuniary Benefit Transaction (or the transaction that caused the aggregate of the benefits to exceed \$5,000.00) in a newspaper of general circulation in the community in which the Corporation's principal New Hampshire office is located;
 - (2) the notice required by paragraph (d)(1) of this Section shall state:
 - (A) the name of the Corporation;
 - (B) that it is given in compliance with RSA 7:19-a;
 - (C) the name of the Trustee or Officer involved in the transaction;
 - (D) the nature of the transaction; and
 - (E) the specific dollar amount of the transaction; and
 - (3) the Corporation shall give written notice (which shall contain the same information specified in paragraph (d)(2) of this Section) to the director of charitable trusts of the State of New Hampshire.
- (e) Disclosure of Documents. Each Trustee or Officer who engages in a Pecuniary Benefit Transaction shall provide copies of all contracts, payment records, vouchers, and other financial records to the director of charitable trusts of the State of New Hampshire upon the director's request in accordance with RSA 7:24. All documents so provided may be disclosed to the public for inspection and copying, subject to applicable confidentiality laws.

Section 4 - Loans

The Corporation shall not lend money or property to a Trustee or Officer. Any Trustee or Officer who assents to or participates in the making of any such loan shall be jointly and severally liable to the Corporation for the amount of such loan until it is repaid.

Section 5 - Property Transactions

The Corporation shall not sell or lease for a term of greater than 5 years, purchase, or convey any real estate or interest in real estate to or from a Trustee or Officer without the prior approval of the proper court of the State of New Hampshire, in which the court finds that the sale or lease is fair to the Corporation. However, this Section shall not apply to a bona fide gift of an interest in real estate to the Corporation by a Trustee or Officer.