The purpose of this conflict of interest policy is to protect the American Agricultural Law Association ("AALA"), an exempt, non-profit corporation organized and chartered pursuant to the State of Iowa’s non-profit corporation laws and the federal requirements found in Internal Revenue Code § 501(c)(6) governing exempt organizations, when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the AALA or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit organizations.

1. Interested Person - Any director or officer who has a direct or indirect financial interest, as defined below, is an Interested Person.

2. Financial Interest - A person has a Financial Interest if the person has, directly or indirectly, through business, investment, or family:
   a. An ownership or investment interest in any entity with which the AALA has a transaction or arrangement,
   b. A compensation arrangement with the AALA or with any entity or individual with which the AALA 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 AALA is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A Financial Interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a Financial Interest may have a conflict of interest only if the Board decides that a conflict of interest exists.

1. Duty to Disclose - In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of the Financial Interest and be given the opportunity to disclose all material facts to the Directors, in order for the Directors to consider the proposed transaction or arrangement.
2. Determining Whether a Conflict of Interest Exists - After disclosure of the Financial Interest and all material facts, and after any discussion with the Interested Person, he/she shall leave the Board meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest – In the event the Board determines that a conflict of interest exists, the Board shall adhere to the following procedures to address the conflict of interest:
   a. An Interested Person may make a presentation at the Board meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
   b. The Board Chairman, if appropriate, will appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
   c. After exercising due diligence, the governing board or committee shall determine whether the AALA can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
   d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the AALA’s best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, the Board shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy - In the event the Board determines that a violation of the conflict of interest policy has occurred, the Board shall adhere to the following procedures to address the violation of the conflict of interest policy:
   a. If a Board member has reasonable cause to believe another Board Member is an Interested Person and has failed to disclose actual or possible conflicts of interest, that Board Member shall inform the other Board Member, and potentially Interested Person, of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
   b. If, after hearing the response of the Board Member who may be an Interested Person, and after making further investigation as warranted by the circumstances, the Board does determine that such other Board Member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

ARTICLE IV
Records of Proceedings

The minutes of the Board, with regard to any type of Conflict of Interest proceedings, shall contain:
   a. The names of the persons who disclosed or otherwise were found to have a Financial Interest in connection with an actual or possible conflict of interest, the nature of the
Financial Interest, any action taken to determine whether a conflict of interest was present, and the Board’s decision as to whether a conflict of interest in fact existed. 

b. 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 with the proceedings.

ARTICLE V
Annual Statements

Each Board of Director Member and Officer of the AALA shall annually sign a statement which affirms such person:

a. Has received a copy of the conflicts of interest policy,
b. Has read and understands the policy,
c. Has agreed to comply with the policy, and
d. Understands the AALA is a private, non-profit organization, 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.

ARTICLE VI
Periodic Reviews

To ensure the AALA operates in a manner consistent with educational and charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects: 

a. Whether compensation arrangements and benefits, if any, are reasonable, based on competent survey information, and the result of arm’s length bargaining.
b. Whether partnerships, joint ventures, and arrangements with management organizations, if any, conform to the AALA’s written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further educational and charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

ARTICLE VII
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VI, the AALA may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.