

PALISADES FREE LIBRARY CONFLICT OF INTEREST POLICY

INTENT

The purpose of this Conflict of Interest Policy is to better inform the Board Members, Director and Staff as to their responsibility to avoid a conflict of interest concerning the Palisades Free Library ("Library"). It applies to board members, the director, and staff, as well as members of their immediate families, partners and business associates each of whom are referred to as an "Interested Person." A conflict of interest may exist when the Library is contemplating entering into a transaction or arrangement that may affect the personal or professional interests of an interested Person or that might result in a possible excess benefit transaction or that is potentially at odds with the best interests of the Library. This policy is intended to supplement but not replace any applicable federal, state or local laws governing conflicts of interest applicable to nonprofit and charitable organizations.

DEFINITION OF CONFLICT OF INTEREST

The situations that raise conflict of interest concerns include, but are not limited to, the following:

Financial Interests – A conflict may exist where an Interested Person directly or indirectly benefits or profits (deemed a Financial Interest) in more than a de minimis amount through business, investment, or family as a result of a decision, policy or transaction made by the Library. A Financial Interest may arise when an Interested Person has:

- ❑ An ownership or investment interest in any entity with which the Library has or contemplates a transaction or arrangement.
- ❑ A compensation arrangement with or contemplated with the Library or with any entity or individual with which the Library has a transaction or arrangement.
- ❑ A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Library is negotiating a transaction or arrangement.
- ❑ Contracted to sell/lease goods, services, or property to the Library.
- ❑ Used their relationship with the Library to obtain employment, a contract or other benefit.
- ❑ Been provided use of the facilities, property, or services of the Library in a manner that would not be available to other community members.
- ❑ Directly benefited financially from a newly created Library policy.

Compensation includes direct and indirect remuneration as well as gifts or favors that are more than de minimis. The Library Board shall determine whether a financial interest is more than de minimis.

Other Interests – A conflict also may exist when an Interested Person obtains a non-financial benefit or advantage that is more than de minimis that he/she would not have obtained absent his/her relationship with the Library.

Examples include, but are not limited to, the following:

- ❑ An Interested Person seeks to make use of confidential information obtained from the Library for his/her own benefit (not necessarily financial).
- ❑ The Library adopts a policy that provides a significant nonfinancial benefit to an Interested Person.
- ❑ Advancing a personal agenda or agenda from another organization.

The Library Board shall determine whether a non-financial benefit or advantage is more than de minimis.

A conflict of interest also exists when a Board member is interested in applying for employment by the Library. A Board member shall not apply for or be considered for employment by the Library without resigning from the Board prior to embarking upon any step in the application process. If the Board member is not hired, he/she may not be reconsidered for a position within the Board for at least 12 months. Former employees of the Library may not be considered for Board membership until at least 12 months after departing from employment at the Library.

DUTY TO DISCLOSE

An Interested Person is under a continuing obligation to disclose any actual or potential conflict of interest as soon as it is known or reasonably should be known.

Board members, Library staff, and the Director must complete an Affirmation of Compliance form when they join the Board or staff and annually thereafter.

The signed statement will affirm that such person:

- ❑ Has received a copy of the Conflict of Interest Policy,
- ❑ Has read and understands the policy,
- ❑ Has agreed to comply with the policy; and
- ❑ Understands that the Library exists for charitable purposes and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Board members, Library staff, and the Director must complete the Disclosure of Potential Conflict of Interest Statement to disclose any potential conflict of interest.

Disclosure Statements and Affirmations of Compliance will be submitted as follows:

- ❑ A Board member will provide the disclosure statement and affirmation to the Board Secretary.
- ❑ The Director will provide the disclosure statement and affirmation to the President of the Board.
- ❑ Staff, consultants and volunteers will provide the disclosure statement and affirmation to the Director.

The Secretary of the Board and the Director are responsible for:

- ❑ Reviewing all Disclosure Statements and Affirmation of Compliance forms
- ❑ Bringing potential conflicts to the attention of the Board, and
- ❑ Filing copies of all Disclosure Statements and Affirmation of Compliance forms with the official corporate records of the Library.

PROCEDURES FOR REVIEW OF POTENTIAL CONFLICTS

Whenever there is a reason to believe that a potential conflict of interest exists between the Library and a Board member or the Director, the Board shall determine the appropriate response. The Secretary and/or Director have the responsibility to bring a potential conflict of interest to the attention of the Board for action at the next regular meeting of the Board or during a special meeting called specifically to review the potential conflict of interest. The Library shall refrain from acting until such time as the proposed action, policy, or transaction has been reviewed by the Board.

Whenever there is reason to believe that a potential conflict of interest exists between the Library and a staff member, consultant or volunteer, the Director shall determine the appropriate response. The Director shall report to the Board the results of any review and the action taken. The Board will determine whether any further Board review or action is required.

PROCEDURES FOR ADDRESSING CONFLICTS OF INTEREST

The following procedures shall apply:

- ❑ An Interested Person who has a potential conflict of interest with respect to a proposed action, policy or transaction of the Library shall not participate in any way in, or be present during, the deliberations and decision-making vote of the Library as to said issue. However, the Interested Person shall have an opportunity to provide factual information about the proposed conflict and/or action, policy or transaction. Also, the Board may request that the Interested Person be available to answer questions.
- ❑ After disclosure of the conflict of 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. The Board President may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- ❑ After exercising due diligence, the Board shall determine whether the Library can obtain with reasonable efforts a non-conflict transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

- ❑ If a non-conflict 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 trustees whether the transaction or arrangement is in the Library's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.
- ❑ Approval by the disinterested members of the Board shall be by vote of a majority of trustees in attendance at a meeting at which a quorum is present. An Interested Person shall not be counted for purposes of determining whether a quorum is present, or for purposes of determining what constitutes a majority vote of trustees in attendance.

RECORDS OF PROCEEDINGS

The minutes of the Board meeting shall contain:

- ❑ The names of the persons who disclosed or otherwise were found to have a financial or other interest in connection with an actual or possible conflict of interest, the nature of the financial or other 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.
- ❑ The names of the persons who were present for discussions and votes relating to the transactions or arrangement, the content of the discussion, including any alternatives to the proposed transactions or arrangement.
- ❑ A record of the votes taken in connection with the proceedings and, where applicable, the abstention from voting and participation by the Interested Person. Whenever possible, the minutes should frame the decision of the Board in such a way to provide guidance for consideration of future conflict of interest situations.

VIOLATIONS OF CONFLICT OF INTEREST POLICY

If the Board or Director (for staff/volunteers) has reasonable cause to believe that an Interested Person has failed to disclose an actual or potential conflict of interest, it shall inform the person of the basis for such belief and allow the person an opportunity to explain the alleged failure to disclose.

If, after hearing the person's response and after making further investigation as warranted by the circumstances, the Board or Director (for staff/volunteers) decides that the Interested Person has in fact failed to disclose an actual or possible conflict of interest, the Board shall take appropriate disciplinary and corrective action.

Adopted by Board on February 12, 2014

Reviewed on June 9, 2021

**PALISADES FREE LIBRARY
CONFLICT OF INTEREST POLICY
AFFIRMATION OF COMPLIANCE**

I have received and carefully read the Conflict of Interest Policy for Board members, the Director, and staff as well as members of their immediate families, partners and business associates (the "Policy").

I have considered not only the literal expression of the Policy, but also its intent.

By signing this affirmation of compliance, I hereby affirm that I understand and agree to comply with the Policy. I further understand that the Palisades Free Library ("Library") is a nonprofit organization and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes without personal benefit to Board members, the Director, consultants/volunteers or staff (other than by salary or benefits).

I hereby state that I do not have any conflict of interest, financial or otherwise, that may reasonably be seen as competing with the interests of the Library, nor does any member of my immediate family, partner, or business associate who is an Interested Person under the Policy have such a conflict of interest.

If any situation should arise in the future that I think may involve me or members of my immediate family, partner or business associate, in a conflict of interest, I will promptly and fully disclose in writing the circumstances to the Board Secretary or to the Director, in accordance with the Policy.

Name (Please print) _____

Position _____

Signature _____ Date _____

Annual Review and Reaffirmation

Signature _____ Date _____

**PALISADES FREE LIBRARY
POTENTIAL CONFLICT OF INTEREST DISCLOSURE STATEMENT**

I have received and carefully read the Conflict of Interest Policy for Board members, the Director, and staff as well as members of their immediate families, partners and business associates (the "Policy"). I have considered not only the literal expression of the policy, but also its intent.

In accordance with this Policy, I have specified below the nature of any actual or potential conflicts of interest between myself, as the Interested Person, and the Palisades Free Library, "Library". I have provided a written description of the details of the actual or potential conflict of interest. (Attach additional sheets as needed.)

Please check all that apply:

- The Library proposed to contract or contracted to purchase or lease goods, services, or property from me or from a member of my immediate family, my partner and/or business associate.
- Board members/ Director only: The Library offered employment to me or to a member of my immediate family, my partner and/or business associate.
- I have used my relationship with the Library to obtain a contract, employment for myself or a member of my immediate family, my partner and/or business associate or, from a person or entity that does business with the Library.
- I or a member of my immediate family, my partner and/or business associate has been provided use of the facilities, property, or services of the Library in a way that is not available to others who benefit from the Library's services.
- I or a member of my immediate family, my partner and/or business associates has been in a position to benefit financially from an action, policy or transaction made by the Library.
- Other issues or situations not addressed above _____

I certify that the information set forth in this Disclosure Statement and attachments, if any, is true, complete and correct to the best of my knowledge, information and belief.

Name (Please print) _____

Position _____

Signature _____

Date _____