

# Conflict of Interest Policy

*Adopted July 7, 2009*

*Revised and Approved June 13, 2016*

The effectiveness of the Kinderhook Memorial Library (KML) depends on its credibility and reputation for objectivity and fairness. At the same time, it is predictable that interested persons or related parties, as active community members, business people and service providers, will from time to time have interests that may, or do, conflict with those of KML. It is therefore appropriate for the Board of Trustees to articulate the library's policies and procedures for dealing with conflicts or possible conflicts when and if they arise. This policy is intended to supplement but not replace any federal, state or local laws governing conflicts of interest applicable to nonprofit and charitable corporations.

## 1. DEFINITIONS

The following definitions apply to this policy:

An ***interested person*** is a Board Trustee, staff member, Friend of the Library, substantial contributor, member of a board delegated committee, or any person who has an ability to exercise substantial influence over decisions of the organization and/or who has access to information not available to the general public (as in certain volunteers), or any person related to one of the above.

A ***related party*** includes a spouse or domestic partner, (step)parent, (step) grandparent, (step) child, (step) grandchild, (step) sibling, (step) father-in-law, (step) mother-in-law, or spouses of any of the above.

An interested person or related party is ***affiliated*** with an organization or business if the interested person or related party is an officer, employee, partner, trustee, or owner, or has a material financial interest in the organization or business.

A ***conflict of interest*** exists whenever there is a transaction, project or activity, or a proposed transaction, project or activity, to which the KML is or may be a party and in which one or more interested persons or related parties, or any organization or business entity with which an interested person or related party is affiliated, has a material, financial, or professional interest.

## 2. TRUSTEES

### A. TRUSTEES' DUTY OF LOYALTY

Members of the Kinderhook Memorial Library Board of Trustees have a duty of undivided loyalty to the organization. It is not appropriate for a Trustee, at the expense of KML, to use his or her position on the Board or information obtained in his or her capacity as a Trustee to profit personally, or for the profit of a member's related party, or to benefit the professional or financial interest of any other organization or business entity with which the Trustee or a Trustee's related party is affiliated.

The duty of loyalty prohibits a Trustee from usurping for his or her personal advantage or that of a Trustee's related party any opportunity that rightfully belongs to KML and from entering into unfair transactions or contracts with KML. In addition, a Trustee must perform his or her duties in good faith and in a manner he or she reasonably believes to be in the best interest of the organization.

## **B. DISCLOSURE**

In the event the Board of Trustees is considering any transaction, project or activity for KML with respect to which one or more trustees knows or becomes aware that a conflict of interest exists or may arise, the trustee, at his or her first knowledge of the possible transaction or of the circumstances giving rise to a conflict or possible conflict, whichever is earlier, shall disclose fully to the President of the KML Board of Trustees or Chair of the Operations Committee the facts and circumstances giving rise to the conflict or possible conflict. A Trustee who is uncertain about the existence of a possible conflict of interest with respect to any matter should request the President to determine whether a conflict exists. If the Trustee whose conflict or possible conflict is the President, he or she shall make disclosure to the Vice President of KML who, in consultation with the Library Director, shall resolve and/or document the possible conflict.

## **C. DETERMINATION WHETHER THERE IS A CONFLICT**

In any case where there is a question or disagreement whether a conflict of interest exists, the question shall be resolved by a majority vote of the Board of Trustees. The Board may, at its option, seek the advice of counsel before making a determination. A Trustee whose possible conflict is at issue may be present for but shall not participate in any deliberations, except and to the extent specifically requested to do so, and shall not in any event participate in the vote.

## **D. DOCUMENTATION OF CONFLICT NOTIFICATIONS, INQUIRIES AND DETERMINATIONS**

The President of the Board shall be responsible to insure that there is a written record of all conflict notifications, inquiries and determinations. The Director of the Library shall maintain a file that reflects all such materials.

## **E. NOTIFICATION TO BOARD**

ALL KML Trustees shall be informed of any conflict that has been determined to exist in such a manner, by no later than the next regularly scheduled board meeting in such detail as determined to be appropriate by the President of KML.

## **F. RESTRAINT OF PARTICIPATION INVOLVING TRUSTEES**

Trustees who have declared or been found to have a conflict of interest with respect to any matter before the Board shall refrain from participating in such matter, except and to the extent specifically requested to provide information or input by the Board, and shall in any event, not be present at the deliberations or participate in the vote on such matter. When a conflict has been identified, the Board may determine that it would be appropriate in the circumstances to request the Trustee to take a leave of absence from the Board until such time as the matter giving rise to the conflict has been resolved.

## **G. BOARD'S OBLIGATION WHERE A CONFLICT HAS BEEN IDENTIFIED**

In any case in which a conflict of interest has been identified, the Board shall not approve the transaction, project or activity unless: the Board concludes that the transaction, project or activity is fair and reasonable and entered into for the benefit of KML; that the Board was aware of the economic and other benefit to one or more Trustees that gave rise to the conflict of interest; and that the Trustee or Trustees involved in the conflict of interest did not participate in the vote approving the transaction, project or activity and did not participate in the deliberations except to the extent specifically requested to do so by the Board.

## **H. RECORDS OF PROCEEDINGS**

The minutes of the Board and all committees with board-delegated powers 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; (b) the nature of the financial interest; (c) any action taken to determine whether a conflict of interest was present; (d) the Board's or Executive Committee's decision as to whether a conflict of interest in fact existed; (e) the names of the persons who were present for discussions and votes relating to the transaction or arrangement; (f) the content of the discussion, including any alternatives to the proposed transaction or arrangement; and (g) a record of any votes taken in connection with the proceedings.

## **3. OTHER INTERESTED PERSONS**

### **A. RESTRAINT OF PARTICIPATION INVOLVING INTERESTED PERSONS OTHER THAN TRUSTEES**

With the exception of Trustees and related parties, the Director of the Library and Board President will determine if an interested person (such as a staff member or volunteer) has a conflict of interest with respect to any transaction, project or activity. If a conflict of interest is determined to exist, the interested person shall refrain from participating in consideration of the matter to the extent specified by the Board of Trustees to protect the best interests of the organization. If appropriate, the Board shall insure that there is a written record documenting a conflict involving an interested person, other than Trustees and related parties, and maintain a file that reflects all applicable correspondence and related materials.

### **4. CERTAIN INTEREST PROHIBITED**

No interested person of the Library who has an interest in any real property, either individually or as an officer or employee of a corporation or partnership shall participate in the acquisition or plan for acquisition of said property adjacent to said property by the Library. The term participation shall include the promotion of the site as well as the negotiation of the terms of acquisition.

### **5. RESTRICTIONS OF PROPERTY USE**

No interested person shall use or permit the use of property owned or leased to the Library for other than official purposes or for activities not otherwise officially approved.

## **6. VIOLATIONS OF THE CONFLICT OF INTEREST POLICY**

A. If the Board of Trustees has reasonable cause to believe an interested person has failed to disclose actual or possible conflicts of interest, it shall inform the 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 member's response and after making further investigation as warranted by the circumstances, the Board of Trustees determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

## **7. COMPENSATION**

A covered or interested person who receives compensation, directly or indirectly, from the Library, is precluded from voting on matters pertaining to the compensation.

## **8. STATEMENT OF UNDERSTANDING**

Each trustee, staff, or member of a Board-delegated committee shall sign a statement annually which affirms that 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 understands that the Kinderhook Memorial Library is a non-profit organization and that in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax exempt purposes.