

**CONFLICT OF INTEREST POLICY
OF THE EDEN LIBRARY
(ADOPTED AS OF THE 1st DAY OF JULY, 2014)**

**ARTICLE I
Purpose**

The purpose of this Conflict of Interest Policy is to protect the Eden Library when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, trustee, or Key Employee of the Eden Library, including situations that may give rise to Conflicts of Interest and Related Party Transactions.

**ARTICLE II
Definitions**

Section 2.1. Interested Person. An Interested Person is any trustee, officer, employee or member of a committee with powers delegated by the Board of Trustees, who (1) has a direct or indirect Financial Interest, as defined below, and/or (2) is a Related Party, as defined below.

Section 2.2. Relative. A Relative of an individual means his or her spouse or domestic partner, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren and great-grandchildren.

Section 2.3. Financial Interest. A person has a Financial Interest if the person has, directly or indirectly, through business, investment, or a Relative:

- (A) An ownership or investment interest in any entity with which the Eden Library has a transaction or arrangement;
- (B) A compensation arrangement with the Eden Library or with any entity or individual with which the Eden Library 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 Eden Library is negotiating a transaction or arrangement.

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

Section 2.4. Substantial Financial Interest. A Financial Interest in a Related Party Transaction is a "Substantial Financial Interest" if, in the discretion of the Board after giving due consideration to the material facts and circumstances of the Financial Interest as presented, the Board determines that such Financial Interest is substantial.

Section 2.5. Related Party. A Related Party includes:

(A) any trustee, officer or Key Employee of the Eden Library or any Affiliate of the Eden Library;

(B) any Relative of any trustee, officer or Key Employee of the Eden Library or any Affiliate of the Eden Library; or

(C) any entity in which any individual described in clauses (A) and (B) of this section has a thirty-five percent or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of five percent.

Section 2.6. Key Employee. A Key Employee is any person who is in a position to exercise substantial influence over the affairs of the Eden Library.

Section 2.7. Affiliate of the Eden Library. An Affiliate of the Eden Library means any entity controlled by, in control of, or under common control with the Eden Library.

Section 2.8. Related Party Transaction. A Related Party Transaction means any transaction, agreement or any other arrangement in which a Related Party has a Financial Interest and in which the Eden Library or any Affiliate of the Eden Library is a participant.

Section 2.9. Conflict of Interest. A Conflict of Interest exists if an outside interest or activity influences or appears to influence the ability of an individual to exercise objectivity or impair the individual's ability to perform his or her responsibility in the best interests of the Eden Library.

ARTICLE III Disclosure

Section 3.1. Disclosure Statement. Prior to the initial appointment or hiring, and annually thereafter, a trustee, officer, member of a committee with powers delegated by the Board, or Key Employee shall complete, sign and submit to the secretary of the Eden Library, a written Disclosure Statement, attached as Appendix A, identifying, to the best of his or her knowledge, the following information:

(A) any entity of which such person is an officer, trustee, member, owner (either as a sole proprietor or a partner), or employee and with which the Eden Library has a relationship; and

(B) any transaction in which the Eden Library is a participant and in which such person might have a Financial Interest that may give rise to a Conflict of Interest or Related Party Transaction.

The secretary shall provide a copy of all completed Disclosure Statements to the Chair of the Overseeing Committee or, if there is no such committee, to the President of the Board.

Section 3.2 Continuing Duty. All trustees, officers, committee members, and Key Employees have a continuing duty to disclose by oral or written statement the existence of and material facts surrounding any Financial Interest at the time an actual or possible Conflict of Interest or Related Party Transaction arises.

Section 3.3 Violations. Any trustee, officer, committee member, or Key Employee who fails to comply with the disclosure obligations under this Article III or otherwise violates this Conflict of Interest Policy, may be subject to appropriate disciplinary and corrective action, up to and including referral to the New York State Board of Regents for possible removal of a Trustee, pursuant to New York State Education Law section 226.

ARTICLE IV Procedures

Section 4.1. General Prohibitions. An Interested Person shall not:

(A) be present at or participate in any Board deliberation or vote related to the transaction or arrangement giving rise to a Conflict of Interest or Related Party Transaction; nor

(B) directly or indirectly attempt to influence improperly the deliberation or voting on the transaction or arrangement giving rise to the conflict.

Notwithstanding the foregoing, the Board of Trustees may request that an Interested Person present information to the Board prior to the commencement of deliberations or voting relating thereto.

Section 4.2. Initial Determination. After the disclosure required under Article III, the remaining Board shall decide and document in the meeting minutes whether the transaction or arrangement is a Related Party Transaction, including whether any such transaction involves a Substantial Financial Interest, or a Conflict of Interest.

Section 4.3. Consideration of Alternatives. If the transaction or arrangement is a Related Party Transaction in which the Related Party has a Substantial Financial Interest, then the Board must consider alternatives to the proposed transaction or arrangement. If the transaction or arrangement is a Conflict of Interest, then the Board may, but is not required, to consider alternatives.

Section 4.4. Board Decision. The Board of Trustees shall compare the alternatives, if any, with the proposed transaction or arrangement and determine whether the Eden Library 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 or Related Party Transaction. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a Conflict of Interest or Related Party Transaction, the

Board of Trustees shall determine:

(A) by a majority vote of the Board, whether the proposed transaction or arrangement is in the Eden Library's best interest, for the Eden Library's own benefit, and whether it is fair and reasonable; and if so, then

(B) whether to enter into the transaction or arrangement, in accordance with the Eden Library's bylaws. Note that if the transaction or arrangement involves a Related Party Transaction in which the Related Party has a Substantial Financial Interest, then at least a majority of the Board members present at the meeting is required to approve such transaction.

Section 4.5. Documentation Required. The Board of Trustees shall document in the minutes of the meeting at which such determinations are made the following:

(A) The existence of a Conflict of Interest or Related Party Transaction;

(B) The resolution of the Board with respect to such Conflict of Interest or Related Party Transaction, including the determination as to whether the transaction or arrangement is fair, reasonable and in the Eden Library's best interest.

(C) The basis for approving the transaction or arrangement which gives rise to the Conflict of Interest or Related Party Transaction, including consideration of any alternatives.

ARTICLE V

Oversight

All trustees, officers, committee members and Key Employees shall abide by the Conflict of Interest Policy adopted by the Board and as amended from time to time. The Board shall oversee the adoption of, implementation of, and compliance with this Conflict of Interest Policy; provided that only those trustees who qualify as Independent Trustees, as defined below, shall be eligible to deliberate and vote on matters relating to the Policy.

DEFINITION OF INDEPENDENT TRUSTEE

"Independent Trustee" means a Trustee who:

- (i) is not, and has not been within the last three years, an employee of the Eden Library or an Affiliate of the Eden Library, and does not have a Relative who is, or has been within the last three years, a Key Employee of the Eden Library or an Affiliate of the Eden Library;
- (ii) has not received, and does not have a Relative who has received, in any of the last three fiscal years, more than \$10,000.00 in direct compensation from the Eden Library or an Affiliate of the Eden Library (other than reimbursement for expenses reasonably incurred as a Trustee or reasonable compensation for service as a Trustee); or
- (iii) is not a current employee of or does not have a Substantial Financial Interest in, and does not have a Relative who is a current officer of or has a Substantial Financial Interest in, any entity that has made Payments to, or received payments from, the Eden Library or an Affiliate of the Eden Library for property or services in an amount which, in any of the last three fiscal years, exceeds the lesser of \$25,000.00 or 2% of such entity's consolidated gross revenues.

For purposes of this paragraph:

- (1) "Payment" does not include charitable contributions;
- (2) "Affiliate" of the Eden Library means any entity controlled by, in control of, or under common control with the Eden Library;
- (3) "Key Employee" includes all employees of the Eden Library who are in a position to exercise substantial influence over the affairs of the Eden Library;
- (4) "Relative" means his or her (i) spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren; or (ii) domestic partner; and
- (5) "Substantial Financial Interest" includes all forms of direct or indirect financial interests, which in the discretion of the Board constitutes a substantial interest, given due consideration to the material facts and circumstances of the interest as disclosed by the Trustee.

Appendix A

DISCLOSURE STATEMENT

OF THE

EDEN LIBRARY

The undersigned, being a trustee, officer, committee member or Key Employee of the Eden Library, hereby acknowledges and confirms the following:

(1) I have received, read and understand the Eden Library's Conflict of Interest Policy in effect as of the date written below, and I agree to comply with the Conflict of Interest Policy.

(2) I understand that the Eden Library 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.

(3) **Personal Interests & Relationships.** I am an officer, director, trustee, member, owner (either as a sole proprietor or a partner), or an employee of the following entities with which the Eden Library has a relationship: *[If none, please write "None." If such interests exist, please specify the capacity in which you hold such an interest (for example, employee, director, or owner). If an owner, please specify your percentage ownership].*

(4) **Interests & Relationships of Relatives.** A Relative (spouse or domestic partner, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren and great-grandchildren) of mine is an officer, director, trustee, member, owner (either as a sole proprietor or a partner), or an employee of the following entities with which the Eden Library has a relationship: *[If none, please write "None." If such interests exist, please specify the Relative (for example, sibling or spouse) and the Relative's position (for example, employee, director, or owner). If an owner, please specify the percentage ownership].*

(5) **Transactions.** The Eden Library is a participant in the following transactions in which I or my Relative may have a Financial Interest that may give rise to a Conflict of Interest or Related Party Transaction, as defined in the Conflict of Interest Policy. *[If none, please write "None." If such transaction(s) exists, please specify the transaction and the potential financial interest involved and whether you or a Relative has such an interest for any such transaction(s). Please specify the Relative and their position, if applicable.]*

I certify that the above statements are true and correct to the best of my knowledge.

Name: _____

Position: _____

Signature: _____

Date: _____