

CONFLICT OF INTEREST POLICY
OF THE
MARILLA FREE LIBRARY

ARTICLE I
Purpose

The purpose of this Conflict of Interest Policy is to protect the Marilla Free Library when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, trustee, or Key Person of the Marilla Free Library. It provides guidelines for handling perceived, potential or actual Conflicts of Interest and addresses procedures and disclosures of Related Party Transactions. This policy is intended to supplement but not replace any applicable state and federal laws governing Conflict of Interest applicable to nonprofit and charitable organizations.

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. Disinterested Trustee. A Disinterested Trustee is any trustee who is not an Interested Person.

Section 2.3. Relative. A Relative of an individual means his or her spouse or domestic partner as defined in Section 2994-a of the Public Health Law, ancestors, brothers and sisters (whether whole or half-blood), children (whether natural or adopted), grandchildren; great-grandchildren, and spouses or domestic partners of brothers, sisters, children, grandchildren and great-grandchildren.

Section 2.4. 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 Marilla Free Library has a transaction or arrangement;

(B) A compensation arrangement with the Marilla Free Library or with any entity or individual with which the Marilla Free Library has a transaction or arrangement, except for compensation payable to a Trustee of the Marilla Free Library for service on the Board that is to be made available or provided to all Trustees of the Marilla Free Library on the same or substantially similar terms; or

(C) A potential ownership or investment interest in, or compensation

arrangement with, any entity or individual with which the Marilla Free Library is negotiating a transaction or arrangement.

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

Section 2.5. 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 2.6. Related Party. A Related Party includes:

(A) any trustee, officer or Key Person of the Marilla Free Library or any Affiliate of the Marilla Free Library or any other person who exercises the powers of trustees, officers or Key Persons over the affairs of the Marilla Free Library any Affiliate of the Marilla Free Library;

(B) any Relative of an individual described in clause (A) of this section; 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 2.7. Key Person means any person, other than a director or officer, whether or not an employee of the Marilla Free Library, who:

(A) has responsibilities, or exercises powers or influence over the Marilla Free Library as a whole similar to the responsibilities, powers, or influence of directors and officers;

(B) manages the Marilla Free Library, or a segment of the Library that represents a substantial portion of its activities, assets, income or expenses; or

(C) Alone or with others controls or determines a substantial portion of the Marilla Free Library's capital expenditures or operating budget.

Section 2.8. Affiliate of the Marilla Free Library. An Affiliate of the Marilla Free Library means any entity controlled by or in control of the Marilla Free Library.

Section 2.9. 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 Marilla Free Library or any Affiliate of the Marilla Free Library is a participant, except that a transaction shall not be a Related Party Transaction if:

(A) the transaction or the Related Party's Financial Interest in the transaction is de minimis;

(B) the transaction would not customarily be reviewed by the board or boards of similar organizations in the ordinary course of business and is available to others on the same or similar terms; or

(C) the transaction constitutes a benefit provided to a Related Party solely as a member of a class of beneficiaries that the Buffalo & Erie County Public Library intends to benefit as part of the accomplishment of its mission, which benefit is available to all similarly situated members of the same class on the same terms.

Section 2.10. 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 Marilla Free 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 Person shall complete, sign and submit to the secretary of the Marilla Free 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 Marilla Free Library has a relationship; and

(B) any transaction in which the Marilla Free 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. In connection with any actual or possible Conflict of Interest or Related Party Transaction which may arise in the ordinary course of the year and within Board or committee meetings, an Interested Person must disclose the existence of the Financial Interest and be given the opportunity to disclose all material facts to the Board of Trustees or the Governance Committee. Such disclosure may be made in a written statement or orally at a meeting of the Board, provided that such oral disclosure must be documented in the minutes of the meeting at which such disclosure is made and given to the Governance Committee for review in accordance with Article IV, Section 4.2.

Section 3.3 Violations. Any trustee, officer, committee member, or Key Person 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 or committee 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 or the committee may request that an Interested Person present information to the Board or committee 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 or committee members 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 or committee must consider alternatives to the proposed transaction or arrangement. If the transaction or arrangement is a Conflict of Interest, then the Board or committee may, but is not required, to consider alternatives.

Section 4.4. Board or Committee Decision. The Board of Trustees or the committee shall compare the alternatives, if any, with the proposed transaction or arrangement and determine whether the Marilla Free 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 or the committee shall determine:

(A) by a majority vote of the Board, whether the proposed transaction or arrangement is in the Marilla Free Library's best interest, for the Marilla Free 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 Marilla Free 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 or committee members present at the meeting is required to approve such transaction.

Section 4.5. Documentation Required. The Board of Trustees or committee 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 or committee 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 Marilla Free 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

A designated Committee of the Board comprised solely of Independent Trustees, as defined in the New York Not-For-Profit Corporation Law (the "Overseeing Committee") shall oversee the adoption of, implementation of, and compliance with this Conflict of Interest policy. If there is no such Overseeing Committee, then the Board, shall oversee the adoption of, implementation of, and compliance with this Conflict of Interest policy, and only those trustees who qualify as Independent Trustees shall be eligible to deliberate and vote on matters relating to the Policy.

ADOPTED AS OF THE 1st DAY OF JULY, 2014

Amended November 14, 2016

Amended January 21, 2020

Appendix A

**DISCLOSURE STATEMENT
OF THE
MARILLA FREE LIBRARY**

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

(1) I have received, read and understand the Marilla Free 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 Marilla Free 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 Marilla Free 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 or domestic partners 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 Marilla Free 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 Marilla Free 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: _____