

TOWN OF NORTH COLLINS PUBLIC LIBRARY

CONFLICT OF INTEREST POLICY

ARTICLE I – Purpose

The purpose of this Conflict of Interest Policy is to protect the Town of North Collins Public 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 Town of North Collins Public 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 conflicts of interest applicable to nonprofit and charitable organizations.

ARTICLE II – Definitions

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.

2.2. Disinterested Trustee

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

2.3. Relative

A Relative of an individual means the individual's 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.

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 Town of North Collins Public Library has a transaction or arrangement;

(B) A compensation arrangement with the Town of North Collins Public Library or with any entity or individual with which the Town of North Collins Public Library has a transaction or arrangement, except for compensation payable to a Trustee of the Town of North Collins Public Library for service on the Board that is made available or provided to all Trustees of the Town of North Collins Public 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 Town of North Collins Public Library is negotiating a transaction or arrangement.

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

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 of Trustees, after giving due consideration to the material facts and circumstances presented, the Board determines that such Financial Interest is substantial.

2.6. Related Party

A Related Party includes:

(A) Any trustee, officer, or Key Person of the Town of North Collins Public Library or any affiliate thereof, or any other person who exercises the powers of trustees, officers, or Key Persons over the affairs of the Town of North Collins Public Library or any affiliate thereof;

(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) or (B) of this section has a thirty-five percent (35%) 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 (5%).

2.7. Key Person

A Key Person means any person, other than a director or officer, whether or not an employee of the Town of North Collins Public Library, who:

(A) Has responsibilities or exercises powers or influence over the Town of North Collins Public Library as a whole similar to the responsibilities, powers, or influence of directors and officers;

(B) Manages the Town of North Collins Public Library, or a segment thereof 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 Town of North Collins Public Library's capital expenditures or operating budget.

2.8. Affiliate

An Affiliate of the Town of North Collins Public Library means any entity controlled by, or in control of, the Town of North Collins Public Library.

2.9. Related Party Transaction

A Related Party Transaction means any transaction, agreement, or other arrangement in which a Related Party has a Financial Interest and in which the Town of North Collins Public Library or any Affiliate thereof 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 therein is de minimis;

(B) The transaction would not customarily be reviewed by the Board of Trustees, 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 Town of North Collins 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.

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 impairs the individual's ability to perform their responsibilities in the best interests of the Town of North Collins Public Library.

ARTICLE III – Disclosure

3.1. Initial Disclosure

Prior to the initial election of any trustee, officer, or member of a committee with powers delegated by the Board of Trustees, or the hiring of any Key Person, the prospective trustee, officer, committee member, or Key Person shall complete, sign, and submit to the President of

the Board of Trustees a written Disclosure Statement, attached as Appendix A, identifying, to the best of their knowledge:

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

(B) Any transaction in which the Town of North Collins Public 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 President of the Board.

3.2. Annual Disclosure

Each trustee, officer, member of a committee with powers delegated by the Board of Trustees, and Key Person shall annually submit to the Chair of the Governance Committee a written Disclosure Statement, attached as Appendix A, in which such person:

(A) Identifies, to the best of their knowledge, the information specified in Section 3.1(A) and (B); and

(B) Affirms that they have received a copy of this Conflict of Interest Policy; have read and understand the policy; agree to comply with the policy; and understand that the Town of North Collins Public Library is a charitable organization and, in order to maintain its federal tax exemption, must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

3.3. Continuing Duty to Disclose

In connection with any actual or possible Conflict of Interest or Related Party Transaction that may arise during the year, 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.

Such disclosure may be made in writing or orally at a meeting of the Board; however, any oral disclosure must be documented in the minutes of the meeting and provided to the Board for review in accordance with Article IV, Section 4.2.

ARTICLE IV – General Procedures

4.1. General Prohibitions

(A) An Interested Person may not be present at or participate in any Board deliberation or vote related to a transaction or arrangement giving rise to a Conflict of Interest or Related Party Transaction. The Board may request that the Interested Person present information prior to deliberation.

(B) An Interested Person shall not directly or indirectly attempt to improperly influence the Board's deliberation or vote.

4.2. Determining Whether a Conflict of Interest or Related Party Transaction Exists

(A) After an Interested Person discloses the existence of, and all material facts relating to, their Financial Interest as required under Article III, the remaining members of the Board of Trustees shall discuss the facts and circumstances. If the Financial Interest arises during a Board meeting, the Board may make determinations directly, provided the Interested Person leaves the meeting while the Board discusses the matter.

(B) The Board of Trustees shall decide and document in the meeting minutes whether the transaction or arrangement constitutes a Related Party Transaction, as defined in Article II, Section 2.9. If so, the Board shall also determine and document whether the Related Party has a Substantial Financial Interest, as defined in Article II, Section 2.5.

(C) If the transaction or arrangement does not constitute a Related Party Transaction, the Board shall, in its discretion, determine whether a Conflict of Interest exists, as defined in Article II, Section 2.10, and document the determination.

(D) Regardless of whether a Related Party Transaction or Conflict of Interest exists, any transaction or arrangement identified as such shall follow the procedures set forth in Article V

ARTICLE V – Procedures for Addressing Conflicts of Interest and Related Party Transactions

5.1. Consideration of Alternatives

(A) If the transaction or arrangement is a Related Party Transaction in which the Related Party has a Substantial Financial Interest, consideration of alternatives in accordance with this section is mandatory. For Conflicts of Interest, consideration of alternatives is within the discretion of the Board of Trustees.

After disclosure and discussion with the Interested Person, the Board of Trustees may appoint a Disinterested Trustee or a committee of Disinterested Trustees to investigate alternatives to the proposed transaction or arrangement. Any alternatives must be presented to the Board of Trustees and documented in the minutes of the meeting at which the determination is made.

(B) If alternatives are investigated and presented to the Board of Trustees, then, after exercising due diligence and giving due consideration to any such alternative transactions presented, the Board of Trustees shall determine whether the Town of North Collins Public 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.

5.2. Board Decision

(A) If alternatives are considered, whether mandatory or discretionary, and the Board of Trustees determines that 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, by a majority vote of the Board, whether the transaction or arrangement is in the Town of North Collins Public Library's best interest, for its own benefit, and is fair and reasonable.

(B) In conformity with the above determination and in accordance with the Town of North Collins Public Library's Bylaws, the Board of Trustees shall make its decision as to whether to enter into the transaction or arrangement.

(C) If the transaction or arrangement involves a Related Party Transaction in which the Related Party has a Substantial Financial Interest, a majority of the members of the Board of Trustees present at the meeting shall be required to approve such transaction.

5.3. Documentation Required

In connection with all actual or possible Conflicts of Interest and Related Party Transactions, the Board of Trustees shall document in the minutes of the meeting at which such determinations are made the following:

(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 or Related Party Transaction; the nature of the Financial Interest; any action taken to determine whether a Conflict of Interest or Related Party Transaction was present; and the Board's decision as to whether a Conflict of Interest, Related Party Transaction, or Substantial Financial Interest in a Related Party Transaction in fact existed;

(B) The names of the persons who were present for discussions and votes relating to the transaction or arrangement;

- (C) The content of the discussions regarding the proposed transaction or arrangement, including any alternatives considered;
- (D) The determination as to whether the transaction or arrangement is fair, reasonable, and in the Town of North Collins Public Library's best interest;
- (E) The determination as to whether to enter into the transaction or arrangement giving rise to the Conflict of Interest or Related Party Transaction. If the Board of Trustees approves a Related Party Transaction in which the Related Party has a Substantial Financial Interest, the minutes must also include the basis for such approval; and
- (F) A record of any votes taken in connection with the proceedings.
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ARTICLE VI – Oversight and Reviews

6.1. Oversight Responsibility

The Board of Trustees shall oversee the adoption, implementation, and compliance with this Conflict of Interest Policy in accordance with the procedures contained herein and the authority granted under the Library's Bylaws.

6.2. Violation of the Conflict of Interest Policy

(A) If the Board has reasonable cause to believe that a trustee, officer, or Key Person has failed to disclose an actual or possible Conflict of Interest or Related Party Transaction, the Board shall inform the individual of the basis for such belief and provide an opportunity to explain the alleged failure to disclose.

(B) If, after considering the individual's response and conducting any further investigation warranted by the circumstances, the Board determines that a trustee, officer, or Key Person failed to disclose an actual or possible Conflict of Interest or Related Party Transaction, the Board may take appropriate disciplinary or corrective action, up to and including dismissal or termination, and may refer matters to the New York State Board of Regents for possible removal of a trustee pursuant to New York State Education Law Section 226.

6.3. Periodic Reviews

To ensure that the Town of North Collins Public Library operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, the Board shall conduct periodic reviews. At a minimum, these reviews shall include:

(A) Whether compensation arrangements and benefits are reasonable, based on competent survey information and arm's-length bargaining; and

(B) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Library's written policies, are properly documented, reflect reasonable investment or payment for goods and services, further charitable purposes, and do not result in impermissible or excessive benefit.

6.4. Use of Outside Experts

When conducting periodic reviews as provided in Section 6.3, the Board may, but is not required to, use outside advisors. The use of outside experts shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

Amended March 4, 2026

Adopted July 1, 2014