



Mattituck-Laurel
LIBRARY

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Conflict of Interest and Code of Ethics Policy

Trustee, Officer, and Employee:

The Library Board of Trustees recognizes that sound, ethical standards of conduct serve to increase the effectiveness of the Library Board of Trustees, library staff and volunteers. Actions based on an ethical code of conduct promote public confidence and the attainment of library goals. The Board of Trustees also recognizes its discretion under the provisions of the Nonprofit Revitalization Act (Not-for-Profit Corporation Law Section 715-A), to adopt a code of ethics setting forth the standards of conduct required of all library trustees, officers, employees and volunteers.

The Library Board of Trustees is also committed to avoiding any situation in which the existence of simultaneous, conflicting interests of any library trustee, officer or employee may call into question the integrity of the management or operation of the library, The Board affirms its commitment to adhere scrupulously to all applicable provisions of law regarding material conflicts of interest.

The Library is also committed to avoiding any circumstance in which the existence of conflicting interests of any Library Trustee, officer or employee may call into question the integrity of the management or operation of the Library. The Board affirms its commitment to adhere scrupulously to all applicable provisions of law regarding material conflicts of interest.

Article I

Preamble

The Library Board of Trustees is also committed to avoiding any situations in which the existence of simultaneous, conflicting interests of any Board Member, Board Employee or staff member may call into question the integrity of the management or operation of the Library. The Board affirms its commitment to adhere scrupulously to all applicable provisions of law regarding material conflicts of interest. This policy is intended to supplement but not replace any applicable state and federal laws governing Conflicts of Interest applicable to the Library.

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

An ownership or investment interest in any entity with which the Library has a transaction or arrangement;

A compensation arrangement with the Library or with any entity or individual with which the Library has a transaction or arrangement; or

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.

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: any Trustee, officer or Key Employee of the Library or any Affiliate of the Library; any Relative of any Trustee, officer or Key Employee of the Library or any Affiliate of the Library; or 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 Employee. A Key Employee is any person who is in a position to exercise substantial influence over the affairs of the Library.

Section 2.8. Affiliate of the Library. An Affiliate of the Library means any entity controlled by, in control of, or under common control with the 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 Library or any Affiliate of the Library is a participant.

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 Library.

Article III **Disclosure**

Section 3.1. Initial Disclosure. Prior to the initial election of any Trustee, officer, or member of a committee with powers delegated by the Board or hiring of any Key Employee, the prospective Trustee, officer, committee member, or Key Employee 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 his or her knowledge, the following information:

- a) any entity of which such prospective Trustee, officer, committee member, or Key Employee is an officer, Trustee, member, owner (either as a sole proprietor or a partner), or employee and with which the Library has a relationship; and
- b) any transaction in which the Library is a participant and in which the prospective Trustee, officer, committee member, or Key Employee might have a Financial Interest that may give rise to a Conflict of Interest or Related Party Transaction.

Section 3.2 Annual Disclosure. Each Trustee officer, member of a committee with powers delegated by the Board of Trustees, and Key Employee shall annually submit to the President of the Board of Trustees the written Disclosure Statement, attached as Appendix A, in which such person:

- a) identifies, to the best of his or her knowledge, the information specified in Paragraphs (A) and (B) of Section 3.1 of this Article;
- b) affirms that he or she has received a copy of the Conflict-of-Interest Policy, read and understands the policy, agrees to comply with the policy, and understands the 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.

Section 3.3 Continuing Duty to Disclose. 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. 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.

Article IV
General Procedures

Section 4.1. General Prohibitions.

- a) An Interested Person is precluded from being present at or participating 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. 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.
- b) An Interested Person shall not directly or indirectly attempt to influence improperly the deliberation or voting on the transaction or arrangement giving rise to the conflict.

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

- a) After the Interested Person's disclosure of the existence of and all material facts relating to his or her Financial Interest as required under Article III, and after any discussion among the remaining members of the Board of Trustees and the Interested Person regarding the facts and circumstances of the Financial Interest, the Board of Trustees shall make the determinations required by Paragraph (B) and (C) of this Section 4.2, provided the Interested Person leaves the meeting while the remaining members of the Board of Trustees discusses the information disclosed.
- b) Upon discussion, the remaining Board members shall decide and document in the meeting minutes if the transaction or arrangement constitutes a Related Party Transaction as defined in Article II, Section 2.9. If so, then the Board of Trustees must also determine and document in the meeting minutes whether the Related Party has a Substantial Financial Interest, as defined in Article II, Section 2.5, in the proposed Related Party Transaction. Regardless of whether or not the Financial Interest is a Substantial Financial Interest, a Related Party Transaction is subject to the procedures set forth in Article V.
- c) If the transaction or arrangement does not constitute a Related Party Transaction as defined in Article II, Section 2.9, then the remaining Board members in their discretion shall decide if a Conflict of Interest, as defined in Article II, Section 2.10, exists nonetheless, after giving due consideration to the material facts and circumstances presented. If the Board determines that the transaction or arrangement involves a Conflict of Interest, then such transaction or arrangement is subject to the procedures set forth in Article V.
- d) No trustee, officer or employee of the Library shall hire, supervise, evaluate,

promote, review or discipline any employee who is a member of his/her family. In the event that marriage, promotion, or reorganization results in a situation not in compliance with this policy, reassignment or transfer will be effected in accordance with the applicable provisions of any collective bargaining agreement to correct the situation.

- e) Private Employment: No trustee, officer or employee of the Library shall engage in, solicit, negotiate for or promise to accept private employment or render services for private interests when such employment or service creates a conflict with or impairs the proper discharge of his or her official duties.
- f) Future Employment: No trustee, officer or employee of the Library shall, after the termination of service or employment with the Library Board, appear before the Board or any panel or committee of the Board, in relation to any case, proceeding, or application in which he or she personally participated during the period of his or her service or employment or that was under his or her active consideration. This shall not bar or prevent the timely filing by a present or former Library officer or employee of any claim, account, demand or suit against the Library on his or her own behalf or on behalf of any member of his or her family arising out of any personal injury or property damage or for any lawful benefit authorized or permitted by law.
- g) Use of Library Property: No library trustee, officer or employee shall use or permit the use of property, owned or leased to the Library, for anything other than official purposes or for activities not otherwise officially approved by the Library Board of Trustees.
- h) Duty to Disqualify: It is incumbent upon any library trustee, officer or employee, whether paid or unpaid, to disqualify himself or herself immediately whenever the appearance of a conflict of interest exists.
- i) Duty to Report Conflicts of Interest: In the event that any library trustee, officer or employee knows of or perceives a direct or indirect conflict of interest, he or she shall report it to the Library Board of Trustees.
- j) Duty to Report Violations of this Policy: Any library trustee, officer or employee or any member of the public noting or suspecting a violation of this policy shall report the matter to the Library Board of Trustees.
- k) Prohibition Against Improperly Attempting to Influence: No trustee, officer or employee of the Library with a conflict of interest shall attempt to influence improperly the deliberations and voting by the Board of Trustees on the matter giving rise to the conflict of interest. Any such person shall not be present at or participate in Board or committee deliberations or vote on any matter giving rise to such conflict.

ARTICLE V

Procedures for Addressing Conflicts of Interest & Related Party Transactions

Section 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, then consideration of alternatives in accordance with this section is mandatory. For all other Conflicts of Interest, consideration of alternatives is within the discretion of the Board of Trustees.
- b) After disclosure and discussions with the Interested Person, the Board of Trustees may appoint a Disinterested Trustee or committee of Disinterested Trustees to investigate alternatives to the proposed transaction or arrangement. Alternatives must be presented to the Board of Trustees and must be documented in the minutes of the meeting at which the determination is made.
- c) If alternatives are investigated and presented to the Board, then after exercising due diligence and giving due consideration for any such alternative transactions presented, the Board of Trustees shall determine whether the 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.

Section 5.2. Board Decision

- a. If alternatives are considered, whether mandatory or discretionary, and if 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 Library's best interest, for the Library's own benefit, and whether it is fair and reasonable.
- b. In conformity with the above determination, 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, then a majority of the Board members present at the meeting is required to approve such transaction.

Section 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, the content of the discussions at the meeting regarding the proposed transaction or arrangement, including the alternatives to the proposed transaction or arrangement considered, if any.
- c) The determination as to whether the transaction or arrangement is fair, reasonable and in the Library's best interest.
- d) The determination as to whether to enter into the transaction or arrangement which gives 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, then the minutes must also include the basis for such approval.
- e) A record of any votes taken in connection with the proceedings.

ARTICLE VI

Oversight & Reviews

Section 6.1. Violation of the Conflict of Interest Policy

- a. If the Board of Trustees has reasonable cause to believe a Trustee, officer or Key Employee has failed to disclose an actual or possible Conflict of Interest or Related Party Transaction, it shall inform such person of the basis for such belief and afford such person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the response of the Trustee, officer or Key Employee and after making further investigation as warranted by the circumstances, the Board of Trustees determines that the Trustee, officer or Key Employee has failed to disclose an actual or possible Conflict of Interest or Related Party Transaction, it may take appropriate disciplinary and corrective action, up to and including dismissal or termination.

Section 6.2. Periodic Reviews

To ensure the Library operates in a manner consistent with its educational and/or charitable purposes, the Board shall conduct periodic reviews. The periodic reviews shall, at a minimum, include the following subjects:

- a) Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
- b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Library's written policies, are properly recorded reflect reasonable investment or payments for goods and services, further

educational and/or charitable purposes and do not result in impermissible or excessive benefit.

Section 6.3. Use of Outside Experts

When conducting the periodic reviews as provided for in Article VI, Section 6.3, the Library may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Trustees of its responsibility for ensuring periodic reviews are conducted.

Article VII **Miscellaneous**

Section 7.1 Gifts

No Board Member, Board Employee or staff member shall directly or indirectly solicit, accept or receive any money or gifts, whether in the form of cash, check, loan, credit, services, travel, entertainment, hospitality, object or promise, or any other form, under circumstances in which it could reasonably be inferred that the money or gift was intended to influence him or her in the performance of his or her official duties or was intended as a reward for any official action on his or her part. However, the Board welcomes and encourages the writing of letters or notes expressing gratitude or appreciation to staff members.

Section 7.2 Confidential Information

No Board Member, Board Employee or staff member shall disclose confidential information acquired by him or her in the course of his or her official duties or use such information to further his or her personal interest. In addition, he or she shall not disclose information regarding any matters discussed in an executive session.

Section 7.3 Communication

The Open Meetings Law is intended to provide the public with the right to observe the performance of public officials in their deliberations. That intent cannot be realized if members of a public body conduct public business by vote, email or phone.

There is nothing in the Open Meetings Law that would preclude members of a public body from conferring individually, by email or telephone. However, a series of communications between individual members of telephone calls among the members which results in a collective decision, a meeting held by means of a telephone conference or a vote taken by email would be inconsistent with the Law. Voting and action by a public body may only occur at a meeting during which a quorum has physically convened.

Allowable uses of email include:

- Communication from the Library Director and/or Business Manager to the President of the Board to Trustees/Committee Members to set up and confirm committee meetings

and then to reconfirm the date;

- Periodic updates between Board and/or Committee meetings from the Library Director and/or Business Manager to the President of the Board to Trustees/Committee Members;
- Background information for committee meetings/discussions from the Library Director and/or Business Manager to the President of the Board to Trustees/Committee Members;
- Follow-up emails from the Library Director and/or Business Manager to the Board of Trustees about outstanding issues.

Email between Trustees to discuss outstanding issues is not appropriate.

Distribution of the Library Officer and Employee Code of Ethics and Conflict of Interest Policy

The Library Director shall cause a copy of this Code of Ethics and Conflict of Interest Policy to be distributed to every Trustee, officer and employee of the Library. Each Trustee, officer and employee elected or appointed thereafter shall be furnished a copy before entering upon the duties of his or her office or employment. In addition, the Board shall ensure that a copy of this Policy shall be kept posted in the Library in a place conspicuous to the Library's Trustees, officers and employees.

Penalties

In addition to any penalty contained in any other provision of law, a Library Trustee, officer or employee of the Library who shall knowingly and intentionally violate any of the provisions of this Code of Ethics and Conflict of Interest Policy may be subject to disciplinary action up to and including dismissal, in the manner provided by law.

Conflict of Interest Policy Acknowledgement The standard of behavior at the Library is that all Trustees, officers and employees, whether paid or unpaid, scrupulously avoid any conflict of interest between the interests of the Library and their personal, professional, business interests. This includes avoiding actual conflicts of interest as well as potential or perceived conflicts of interest. All employees, Trustees, and/or officers will receive a Conflict of Interest Policy Acknowledgment in accordance with hiring and continued employment.

Adopted 08/14/2023