

HENDRICK HUDSON FREE LIBRARY CONFLICT OF INTEREST POLICY

ARTICLE 1. PURPOSE

The purpose of this conflict of interest policy (the "Policy") is to protect the interests of Hendrick Hudson Free Library (the "Corporation") when the Corporation is contemplating entering into, or contemplating causing an Affiliate to enter into, a transaction, agreement or other arrangement that might benefit the private interest of a Related Party or when a Trustee, Officer or Key Person may otherwise have a Conflict of Interest.

The Corporation recognizes that sound, ethical standards of conduct serve to increase the effectiveness of its Board of Trustees, employees and volunteers. Actions based on an ethical code of conduct promote public confidence and the attainment of the Corporation's goals. The Board also recognizes its obligation under the provisions of the New York General Municipal Law to adopt a code of ethics setting forth the standards of conduct required of all of the Corporation's Trustees and employees. The adoption of a conflicts of interest policy is also required under the New York State Not-for-Profit Corporations Law. All Trustees, Officers, or Key Persons owe a duty of loyalty to the Corporation that requires them to act in good faith and in the best interests of the Corporation.

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

This Policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to not-for-profit and charitable organizations.

Definitions of capitalized terms used in this Policy can be found in Article 9 below.

ARTICLE 2. CONFIDENTIAL INFORMATION

2.1. No Trustee or employee 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 of the Board of Trustees regardless of whether or not such information is deemed confidential.

ARTICLE 3. RESTRICTIONS TO AVOID CONFLICTS

3.1. No Trustee or employee shall receive or enter into any agreement, express or implied, with another person for compensation for services to be rendered in relation to any matter before the Board of Trustees.

3.2. No Trustee or employee shall invest or hold any investment directly or indirectly in any financial, business, commercial or private transaction that creates a conflict with his or her official duties.

3.3. No Trustee or employee who has an interest in any property, either individually or as a director, officer, trustee or employee of a corporation or partnership, shall participate in the acquisition or plan for acquisition of said property or any property adjacent to said property by the Corporation. The term "participate" shall include the promotion of the site as well as the negotiation of terms of the acquisition.

3.4. No employee shall hire or directly supervise, evaluate, promote, review or discipline any other employee who is a Relative, without the prior approval of the Board of Trustees.

3.5. No Trustee or employee shall engage in, solicit, negotiate for or promise to accept private employment or render services to private interests when such employment or service creates a conflict with or impairs the proper discharge of his or her official duties.

3.6. No Trustee or employee shall, after the termination of service or employment with the Corporation, 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 section, however, shall not bar or prevent the timely filing by a present or former Trustee or employee of any claim, account, demand or suit against the Corporation on his or her own behalf or on the 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.

3.7. No Trustee or employee shall use or permit the use of property, owned by or leased to the Corporation for anything other than official purposes or for activities not otherwise approved by the Director or Board of Trustees.

3.8. It is incumbent upon any Trustee or employee, whether paid or unpaid, to disqualify himself or herself immediately whenever the appearance of a Conflict of Interest exists.

ARTICLE 4. DUTY TO DISCLOSE

4.1. Any Trustee, Key Person or employee who becomes aware of any actual or possible Conflict of Interest must promptly disclose in writing, in good faith, to the Board, the material facts concerning such actual or possible Conflict of Interest.

4.2. Without limiting the generality of Section 4.1, at any time that the Corporation is contemplating entering into, or contemplating causing an Affiliate to enter into, a Related Party Transaction, any Trustee, Officer or Key Person who has a Financial Interest in such transaction must promptly disclose the material facts concerning such Financial Interest in accordance with Section 4.1. Furthermore, if to the best of any Trustee's, Officer's or Key Person's knowledge, their Relative (or any other individual who is a Related Party by virtue of their connection with such Trustee, Officer or Key Person), has a Financial Interest in such transaction, such Trustee, Officer or Key Person shall make a like disclosure to the Board concerning such person's Financial Interest.

4.3. Failure to disclose to the Board a known actual or possible Conflict of Interest may be grounds for removal from the Board or termination of employment (or other relationship with the Corporation) by the Corporation.

4.4. Each Trustee, Officer, or Key Person must sign and submit to the Board a Conflict-of-Interest Policy Statement (the "**Statement**"), substantially in the same form as Exhibit A hereto. This Statement confirms that the person (a) has received a copy of this policy; (b) has read and understood the policy; and (c) has agreed to comply with the policy.

4.5. Each Trustee, Officer, or Key Person must sign and deliver to the Board a completed Potential Conflict of Interest Disclosure Form, substantially in the form of Exhibit B hereto (the "**Disclosure Statement**"). To the best of each Person's knowledge, they must disclose to the Board among other things:

(a) Any entity in which they or a Relative are an Officer, Director, trustee, member, owner (either as a sole proprietor or a partner) or employee, and with which the Corporation has a relationship; and

(b) Any Financial Interest they or a Relative may have in any corporation, organization, partnership, or other entity which provides goods or services to the Corporation for a fee or other compensation; and

(c) Any position or other material relationship they have or a Relative may have with any not-for-profit corporation with which the Corporation has a business relationship.

4.6. If at any time during a Key Person's term of service as a Trustee, Director, Officer, the individual acquires a Financial Interest in a transaction in which the Corporation has a Financial Interest, they must promptly disclose that Financial Interest or potential Related Party Transaction to either the Board or Committee. The disclosure must be in writing and include all material facts. Failure to disclose a: (a) Known Financial Interest; or (b) known Related Party Transaction; or (c) Known conflict of interest, to the Board or Committee may be grounds for removal from the Board or termination from the Corporation.

ARTICLE 5. PROCEDURES

5.1. Review. All disclosures of actual or possible Conflicts of Interest shall be reviewed by the Board. In this Article 5, "transaction" refers to a Related Party Transaction and to any other transaction or arrangement giving rise to an actual or possible Conflict of Interest.

5.2. Non-Participation.

(a) Present at the Meeting: In General. An individual with an interest in a transaction giving rise to an actual or possible Conflict of Interest may not be present at or participate in deliberations or voting on such a transaction. The Board may, however, request that such an interested individual provide information as background, or answer questions, at a Board meeting at which the transaction is reviewed, and an individual who does so but leaves the meeting prior to deliberations and voting on such transaction will not be considered "present at the meeting" for the purpose of such deliberations and voting.

(b) Present at the Meeting: In Respect of Compensation for Services. Without limiting the generality of paragraph 5.2(a), any voting member of the Board who receives compensation directly or indirectly from the Corporation for services, and any Officer who receives compensation, likewise, is precluded from deliberating or voting on matters pertaining to that Trustee's or Officer's compensation. Neither a voting member of the Board nor an Officer who receives compensation directly or indirectly from the Corporation for services, is prohibited from providing information as background, or answering questions, at a Board meeting at which such compensation is reviewed, and an individual who does so but leaves the meeting prior to deliberations and voting on such compensation will not be considered "present at the meeting" for the purpose of such deliberations and voting.

5.3. Comparability Prior to entering into a Related Party Transaction the Board shall consider alternative transactions to the extent available.

5.4. Voting on Fair and Reasonable Transaction. The Board shall determine by not less than a majority vote of the Non-Conflicted Trustees present at the meeting (where

“present at the meeting” has the meaning set forth in Section 5.2) whether a transaction is fair, reasonable and in the Corporation’s best interest at the time of such determination. If the Board determines that a transaction is not fair, reasonable and in the Corporation’s best interest at the time of such determination, (a) the Corporation shall neither enter into nor cause an Affiliate to enter into such transaction and/or (b) the Board shall prohibit the Trustee, Officer or Key Person involved in such transaction from entering into such transaction.

5.5. Documentation. The Board shall contemporaneously document in writing the basis for the Board’s approval of a transaction in accordance with Article 6 of this Policy.

5.6. Improper Influence. An individual with an interest in a transaction or other arrangement giving rise to an actual or possible Conflict of Interest shall not attempt to influence improperly the deliberations or voting on the matter. Any attempt to do so by such an individual may be grounds for removal from the Board or termination of employment (or other relationship with the Corporation) by the Corporation.

ARTICLE 6. RECORDS OF PROCEEDINGS

Every decision by the Board regarding a Related Party Transaction or any other transaction or arrangement giving rise to an actual or possible Conflict of Interest (any of these, a “transaction” for the purposes of this Article 6) shall be documented adequately and contemporaneously. Accordingly, the minutes of all meetings of the Board at which such a transaction is considered shall contain:

- (a) the names of the parties to the transaction and the terms of the transaction;
- (b) the name of any individual who disclosed, or was otherwise determined to have, a possible or actual Conflict of Interest in respect of the transaction; the nature of such possible or actual Conflict of Interest; any action taken to determine whether a Conflict of Interest exists; the Board’s determination as to whether a Conflict of Interest exists; and any actions taken by such an individual with respect to the Board’s consideration of the transaction;
- (c) any comparability data obtained and relied upon by the Board pursuant to Section 5.3;
- (d) whether the Board determined that the transaction was fair, reasonable and in the Corporation’s best interest at the time of such determination, and the basis for such determination, with a description of the alternative transactions the Board considered in the course of making such determination, or an explanation of the Board’s determination that no alternative transactions were available;

- (e) the names of the individuals who were present during debate on the transaction and those who voted on it, as well as the names of individuals who left the room during such debate and voting; and
- (f) the date the transaction was approved.

For a decision to be documented “contemporaneously,” the Board’s records must be prepared before the later of the next meeting of the Board or 60 days after the final action or actions of the Board are taken. Records must be reviewed and approved by the Board as reasonable, accurate and complete within a reasonable time period thereafter.

ARTICLE 7. DISTRIBUTIONS AND ANNUAL WRITTEN DISCLOSURES

The Board shall cause a copy of this Code of Ethics and Conflict of Interest Policy to be provided to every Trustee, Key Person and employee before entering upon the duties of his or her office or employment. Prior to a Trustee’s initial election to the Board, or an Officer’s or Key Person’s employment by the Corporation (in the case of any Key Person who is an employee), or at an appropriate point in time (in the case of any Key Person who is not an employee) and thereafter on an annual basis, all Trustees, Officers, and Key Persons shall submit to the Director a written statement identifying:

- (a) all entities in which such person, or to the best of such person’s knowledge, a Relative or any other individual who is a Related Party by virtue of their connection with such person, holds a position as an officer, director, trustee, member, owner (either as a sole proprietor or a partner), or employee and with which the Corporation has a relationship; and
- (b) any transaction in which the Corporation is a participant and in which such person, or to the best of such person’s knowledge, a Relative or any other individual who is a Related Party by virtue of their connection with such person, has a Financial Interest.

A copy of each disclosure statement shall be kept in the Corporation’s files and made available to any Trustee, Officer or Key Person upon request.

ARTICLE 8. ANNUAL STATEMENTS

Each Trustee, Officer, and Key Person shall annually sign and submit to the Director a statement which affirms such person: (a) has received a copy of this Policy, (b) has read and understands this Policy, and (c) has agreed to comply with this Policy.

ARTICLE 9. DEFINITIONS

9.1. Affiliate. An affiliate of the Corporation is any entity controlled by, or in control of, the Corporation.

9.2. Board of Trustees or Board means the body responsible for the management of the Corporation.

9.3. Conflict of Interest. In general terms, a conflict of interest occurs when a Trustee, Officer, or Key Person, or that person's Relative, stands to gain financially from a transaction the Corporation enters into. Any of the following circumstances presents a possible conflict of interest:

- (a) any Related Party Transaction (as defined below);
- (b) participation by a Trustee, Officer or Key Person in another organization (as an officer, director, trustee, member, owner or employee of such other organization) that competes with the Corporation or an Affiliate;
- (c) participation by a Trustee, Officer or Key Person in another organization (as an officer, director, trustee, member, owner or employee of such other organization) that contributes funding to, or receives funding from, the Corporation or an Affiliate;
- (d) acceptance by a Trustee, Officer or Key Person of any gift, entertainment or other favor where such acceptance might influence, or create the appearance of influencing, the recipient's actions with respect to the Corporation or an Affiliate (disregarding gifts of nominal value of \$75 or less that are clearly tokens of respect and friendship and not intended to influence the recipient);
- (e) lending of money by the Corporation or an Affiliate to a Key Person (the lending of money to a Trustee or officer being generally prohibited by law), other than for amounts due for ordinary travel and expense advances;
- (f) a transaction when the Related Party or Related Party's business has an ownership interest in an entity with which the Corporation is doing business;
- (g) a transaction where a Related Party may receive compensation, either directly or indirectly, as a result of the transaction; or
- (h) holding any other position or interest (including any Financial Interest), whether direct or indirect, that may make it difficult for a Trustee, Officer or Key Person to exercise objective judgment, act in the Corporation's best interests or otherwise perform his or her duties effectively.

The following transactions shall not be considered Conflicts of Interest:

(a) The transaction is *de minimis*. There is no fixed definition of what constitutes a *de minimis* transaction. The **Board** can determine a transaction is *de minimis* based on the size of the **Corporation's** assets, its income or its expenses. This decision should be documented – either in the **Board** minutes or in a resolution.

(b) The benefit being provided to the **Related Party** by the **Corporation** is a benefit that the **Corporation** provides as part of its mission and that benefit is provided to other similarly situated beneficiaries on the same terms.

(c) The transaction is not the type of transaction that the **Board** of the **Corporation**, or the board of a similarly situated nonprofit, would ordinarily consider in the ordinary course of business, and is available to others on the same terms.

9.4. Director. The person appointed by the Board to be the Director of the Corporation.

9.5. Financial Interest. An individual or entity has a Financial Interest if such individual or entity would receive an economic benefit, directly or indirectly, from any transaction, agreement, compensation agreement (including direct or indirect remuneration as well as gifts or favors that are not insubstantial) or other arrangement involving the Corporation.

9.6. Key Person. With respect to the Corporation, any individual or entity, other than a Trustee or Officer, whether or not an employee of the Corporation, who:

(a) has responsibilities, or exercises power or influence over the Corporation as a whole similar to the responsibilities, power, or influence of Trustees and Officers;

(b) manages a segment or activity of the Corporation that represents a substantial portion of the activities, assets, income or expenses of the Corporation, as compared to the Corporation as a whole; or

(c) alone or with others controls or determines a substantial portion of the Corporation's (i) capital expenditures, (ii) operating budget or (iii) compensation for non-Trustee and non-officer employees.

9.7 Non-Conflicted Trustee. A Trustee who does not have a conflict of interest with respect to a Related Party Transaction. The absence of a conflict of interest includes but is not limited to:

(a) the Trustee is not a Related Party participating in or economically benefiting from the Related Party Transaction, and is not a Relative of any such Related Party;

(b) the Trustee is not in an employment relationship subject to the direction or control of any Related Party participating in or economically benefiting from the Related Party Transaction;

(c) the Trustee does not receive compensation or other payments subject to approval by any Related Party participating in or economically benefiting from the Related Party Transaction;

(d) the Trustee has no material Financial Interest affected by the Related Party Transaction;

(e) the Trustee does not approve a transaction providing economic benefits to any Related Party participating in the Related Party Transaction, who in turn has approved or will approve a transaction providing economic benefits to the Trustee.

9.8 Officer. A person who is designated as an officer in the bylaws of the Corporation.

9.9 Related Party. With respect to any transaction, any individual or entity who was in a position to exercise substantial influence over the affairs of the Corporation at any time during the five-year period ending on the date of the transaction. Each of the following is deemed to be a Related Party:

(a) any Trustee, Officer or Key Person of the Corporation or of an Affiliate of the Corporation;

(b) any Relative of any individual in clause (a) of this definition; or

(c) any entity in which an individual in (a) or (b) has a 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 5%.

9.10 Related Party Transaction. Any transaction, agreement or any other arrangement in which the Corporation or any Affiliate of the Corporation participates, whether directly or indirectly, and in which a Related Party has a Financial Interest.

9.11 Relative. A Relative is an individual's spouse or domestic partner (as defined in § 2994-A of the New York State Public Health Law), ancestor, sibling (whether whole or half-blood), child (whether natural or adopted), grandchild or great-grandchild, or the spouse or domestic partner of an individual's sibling, child, grandchild or great-grandchild.

ARTICLE 10. PENALTIES

10.1 A Trustee, Key Person or employee who shall knowingly and intentionally violate any of the provisions of this Code of Ethics and Conflict of Interest Policy is subject to any penalty contained in any provision of law. In addition to any penalty continued in any provision of law a Trustee, Key Person or employee 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, as determined by the Director and/or Board of Trustees as appropriate.

EXHIBIT A

Hendrick Hudson Free Library Conflict of Interest Policy Certificate

This certificate must be signed and delivered to the Secretary pursuant to the Hendrick Hudson Free Library Conflict of Interest Policy (the “**Policy**”) adopted by the **Board of Directors** on 06.25.18, at such times as specified in the **Policy**.

(a) _____ (initial) I have received a copy of the **Policy**;

(b) _____ (initial) I have read and understand the **Policy**; and

(c) _____ (initial) I agree to comply with the **Policy**;

Signature

Printed Name

Title/Position

Date

EXHIBIT B

Hendrick Hudson Free Library Potential Conflict of Interest Disclosure Statement

This Disclosure Form must be signed and delivered to the Secretary pursuant to the Hendrick Hudson Free Library Conflict of Interest Policy (the "**Policy**") adopted by the Board on 06.25.18, at such times as specified in the **Policy**.^[1]

Name: _____

Title/Position: _____

In responding to these questions, please answer these questions to the best of **Your** knowledge. Also, note that a "yes" answer does not imply that the relationship or transaction is necessarily inappropriate or prohibited.

1. Are **You** or any of your **Relatives** an **Officer, Director**, trustee, member, owner (either as a sole proprietor or a partner), or employee of any entity with which the **Corporation** has a relationship?

Yes _____ No _____

If the answer is "yes" please list:

- Whether **You** or your **Relative** are the person with the relationship;
- The names of such entities;
- Your affiliation with that entity;
- And the approximate dollar amount of business involved with the **Corporation** in the past year:

2. Do **You** or any of your **Relatives** have a **Financial Interest** in any corporation, organization, partnership, or any other entity which provides goods or services to the **Corporation** for a fee or other compensation?

Yes _____ No _____

If the answer is "yes" please list:

- Whether **You** or your **Relative** are the person with the **Financial Interest**;
- The names of such entities;
- The nature of **Your Financial Interest**;
- And the approximate dollar amount of business involved with the **Corporation** in the past year:

3. Do **You** or any of your **Relatives** hold a position or have some other material relationship with any not-for-profit corporation with which the **Corporation** has a business relationship?

Yes _____ No _____

If the answer is "yes" please list:

- Whether the person with the position or material relationship is **You** or your **Relative**;
- The names of such entities;
- The nature of your relationship or the relationship of your **Relative** (e.g. employee, board member);
- And the approximate dollar amount of business involved with the **Corporation** i the past year:

4. Are **You** aware of any other transaction in which the **Corporation** is a participant, or any other relationship not already described herein, that creates or may result in a conflict of interest (as such term is described in the **Policy**).

Yes _____ No _____

If the answer is "yes" please identify the transaction and describe the potential conflict of interest:

I affirm that the foregoing information is true and complete to the best of my knowledge and that should any of my responses to this questionnaire change at any time, I will notify the **Corporation's Board**.

Name

Date

Signature

[1] Unless otherwise defined, all capitalized terms used in this Potential Conflict of Interest Disclosure Statement have the meanings ascribed to them in the Definitional Glossary of the **Policy**.