



## CONFLICTS OF INTEREST POLICY

The actions of Library employees, officers and trustees shall be governed by the applicable provisions of General Municipal Law and any other relevant law, as well as the Library's Code of Ethics and other policies. The General Municipal Law defines prohibited conflicts of interest for Library's trustees, officers and employees, whether paid or unpaid. Library officers and employees shall include, without limitation, the Library's Board of Trustees.

Under the General Municipal Law, no school officer or employee may have an interest, direct or indirect, in any contract with the Library, when such trustee, officer or employee, individually or as a member of the Board, has the power or duty to (a) negotiate, prepare, authorize or approve the contract, or authorize or approve payment under the contract; (b) audit bills or claims under the contract; or (c) appoint an officer or employee who has any of the powers or duties set forth above. No Chief Financial Officer, Treasurer, or his/her deputy or employee, may have an interest, direct or indirect, in a bank or trust company designated as a depository, paying agent, registration agent, or for investment of funds of his/her Library. This, however, does not preclude payment of lawful compensation and necessary expenses of a school employee in one or more public offices or positions of employment, the holding of which is not prohibited by law.

"Interest", as defined by New York's General Municipal Law, means a direct or indirect pecuniary or material benefit accruing to a municipal officer or employee as the result of a contract with the municipality which such officer or employee serves. A municipal officer or employee shall be deemed to have an interest in the contract of (a) his spouse, minor children and dependents, except a contract of employment with the municipality which such officer or employee serves, (b) a firm, partnership or association of which such officer or employee is a member or employee, (c) a corporation of which such officer or employee is an officer, director or employee and (d) a corporation any stock of which is owned or controlled directly or indirectly by such officer or employee.

### Exceptions to Law

The General Municipal Law enumerates a number of exceptions to its general rule prohibiting conflicts. Specifically, the statute provides that its prohibitions on conflict of interest do NOT apply to:

- a) The designation of a bank or trust company as a depository, paying agent, registration agent or for investment of funds of a municipality except when the chief fiscal officer, treasurer, or his/her deputy or employee, has an interest in such bank or trust company; provided, however, that where designation of a bank or trust company outside the municipality would

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be required because of the foregoing restriction, a bank or trust company within the municipality may nevertheless be so designated;

- b) A contract with a person, firm, corporation or association in which a municipal officer or employee has an interest which is prohibited solely by reason of employment as an officer or employee thereof, if the remuneration of such employment will not be directly affected as a result of such contract and the duties of such employment do not directly involve the procurement, preparation or performance of any part of such contract;
- c) The designation of a newspaper, including but not limited to an official newspaper, for the publication of any notice, resolution, ordinance or other proceeding where such publication is required or authorized by law;
- d) The purchase by a municipality of real property or an interest therein, provided the purchase and the consideration therefore is approved by order of the supreme court upon petition of the governing board;
- e) The acquisition of real property or an interest therein, through condemnation proceedings according to law;
- f) A contract with a membership corporation or other voluntary non-profit corporation or association;
- g) The sale of lands and notes pursuant to Section 60.10 of the local finance law;
- h) A contract in which an officer or employee has an interest if such contract was entered into prior to the time he/she was elected or appointed as such officer or employee, but this does not authorize a renewal of any such contract;
- i) Employment of a licensed physician as school physician for a school upon authorization by a two-thirds vote of the board of trustees;
- j) A contract with a corporation in which an officer or employee has an interest by reason of stockholdings when less than five percent of the outstanding stock of the corporation is owned or controlled directly or indirectly by such officer or employee;
- k) A contract for the furnishing of public utility services when the rates or charges therefore are fixed or regulated by the public service commission;

- l) A contract for the payment of a reasonable rental of a room or rooms owned or leased by an officer or employee when the same are used in the performance of his/her official duties and are so designated as an office;
- m) A contract for the payment of a portion of the compensation of a private employee of an officer when such employee performs part-time service in the official duties of the office;
- n) A contract in which a Library officer or employee has an interest if the total consideration payable thereunder, when added to the aggregate amount of all consideration payable under contracts in which such person had an interest during the fiscal year, does not exceed the sum of seven hundred and fifty dollars;
- o) A contract with a member of private industry council established in accordance with the federal job training partnership act or any firm, corporation or association in which such member holds an interest, provided the member discloses such interest to the council and the member does not vote on the contract.

## **Express Prohibitions**

In addition, an officer or employee may not:

- a) Directly or indirectly, solicit any gift, or accept or receive any gift having a value of \$75 or more, or gifts from the same source having a cumulative value of \$75 or more over a twelve month period, whether in the form of money, service, loan, travel, entertainment, hospitality, thing, or promise, or in any other form, under circumstances in which it could reasonably be inferred that the gift was intended to or could reasonably be expected to influence him/her in the performance of his/her official duties, or was intended as a reward for any official action on his/her part;
- b) Disclose confidential information acquired in the course of his/her official duties or use such information to further his/her personal interests;
- c) Receive, or enter into any agreement, express or implied, for compensation for services to be rendered in relation to any matter before the Board; or
- d) Receive, or enter into any agreement, express or implied, for compensation for services to be rendered in relation to any matter before the Board whereby the compensation is to be dependent or contingent upon any action by the agency with respect to such matter. This does not prohibit the fixing of fees based upon the reasonable value of services rendered.



## **Related Party Transactions**

(a) It is the policy of the Corporation that it shall not enter into a Related Party Transaction, as defined by NY N-PCL as such statute may be amended or superseded, unless the transaction is determined by the Board to be fair, reasonable, and in the Corporation's best interest. A Related Party Transaction is any transaction, agreement or other arrangement in which a related party has a financial interest, and in which the Corporation or any Affiliate is a participant.

"Related party" means (i) any director, officer or key employee of the corporation or any affiliate of the corporation; (ii) any relative of any director, officer or key employee of the corporation or any affiliate of the corporation; or (iii) any entity in which any individual as described in the NY N-PCL 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

(b) Any related party, including a Director, officer or key employee who has an interest in a potential Related Party Transaction shall disclose in good faith all material facts concerning such interest, to the Board of the Corporation, which shall consider the transaction in the manner set forth in the Corporation's Charter, applicable policy, and the law. The Board shall report its findings to the Board and approval of any Related Party Transaction must be made by a majority vote of the entire Board.

(c) With respect to any related party transaction involving a charitable corporation and in which a related party has a substantial financial interest, the Board shall (i) prior to entering into the transaction, consider alternative transactions to the extent available; (ii) approve the transaction by not less than a majority vote; and (iii) contemporaneously document in writing the basis for the Board's approval, including its consideration of any alternative transactions.

## **Penalties**

Any contract willfully entered into by or with the Library in which there is a prohibited interest is void and unenforceable. Moreover, any trustee, officer or employee who willfully and knowingly violates the foregoing provisions shall be guilty of a misdemeanor. In addition to any other applicable penalty under law, any person who knowingly and intentionally violates the aforementioned prohibitions, may be fined, suspended or removed from office or employment in the manner provided by law.

It should be noted that competitive bidding does not cure the prohibition against having any interest in a contract when the trustee, officer or the employee has the power to approve the contract.



## **Disclosure of Interests**

The Legislature has also enacted various disclosure requirements with respect to conflicts of interest.

Prior to the initial election of any Trustee, and annually thereafter, such Trustee shall complete, sign and submit to the Secretary of the Board a written statement identifying, to the best of the Trustee's knowledge, any entity of which such Trustee is an Officer, Director, Trustee, Member, Owner (whether as a sole proprietor or a partner), or employee and with which the Library has a relationship, and any transaction in which the Library is a participant and in which the Trustee might have a conflicting interest. Each Trustee shall annually resubmit such written statement. The Secretary of the Board shall provide a copy of all completed statements to the Chairperson of the Board.

Any officer or employee who has, will have, or later acquires an interest in any actual or proposed contract with the Board must publicly disclose the nature and extent of such interest in writing to his/her immediate supervisor, where applicable, and to the Board as soon as he/she has knowledge of it. Disclosure is not required, but is encouraged, if the interest is exempted under GML §803(2). Although certain interests may not be expressly prohibited by law, disclosure may still be warranted. Such disclosure shall be documented in the Library's minutes, including meetings where the conflict was discussed and voted on. Indeed, the law requires that written disclosure and resolution to a conflict be made part of and set forth in the minutes of the Board. Legal counsel should be sought concerning any question regarding disclosure of specific items.

As per NY N-PCL, the person with the conflict of interest shall not be present at or participate in Board or committee deliberation or vote on the matter giving rise to such conflict. Individuals with the conflict may not improperly influence the deliberation or voting on the matter giving rise to such conflict.

### References:

*General Municipal Law §§800 et. seq.*

*Policy # \_\_\_\_\_, Code of Ethics*

*Not for Profit Corporation Law §§715-a, 715*