

CONFLICT OF INTEREST

1. Obligations of Trustees and Employees

Trustees and employees of the Southold Free Library (SFL) have an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. This policy establishes only the framework within which the SFL wishes its business to operate. The purpose of these guidelines is to provide general direction so that employees and trustees can seek further clarification on issues related to the subject of acceptable standards of operation.

2. Duty to Disclose

If an employee or trustee has any influence on transactions involving purchases, contracts, or leases from which he/she may gain financially in a material amount, he/she has a duty to disclose to the President or other trustee on the Board the existence of any *actual or potential conflict of interest*.

3. What Constitutes Conflict of Interest

An actual or potential conflict of interest occurs when an employee or trustee is in a position to influence a decision that may result in a personal gain for the employee or trustee or for a family member as a result of the SFL's business dealings. For the purposes of this policy, a trustee or employee has an interest in a proposed transaction if he/she has a financial interest in it in a material amount, or has a financial interest in any organization involved in the proposed transaction, or holds a position as trustee, director, or principal officer in any such organization or receives any indirect remuneration or gifts or favors.

4. Determining Whether a Conflict of Interest Exists

1. A prospective trustee or employee shall complete an application or disclosure which requests information regarding past or present business dealings with the SFL. If the applicant responds in the affirmative, the Board shall be notified by the Nominating Committee or Director prior to appointment.
2. After disclosure by a current trustee or employee of an interest in a proposed transaction, the interested person shall leave the board or committee meeting while the nature and amount of the financial interest is discussed. The remaining disinterested board or committee members shall determine by a majority vote if a conflict of interest exists.

5. Procedures for Addressing the Conflict of Interest

1. If it is decided that a conflict of interest exists, the Board shall determine by a majority vote of the disinterested directors whether the transaction is in the SFL's best interest and is fair and reasonable to the SFL. The Board shall also make its decision as to whether to enter into the transaction or arrangement in any event.
2. If the Board determines that the transaction is not in the SFL's best interest, members of the Board may explore an alternative arrangement which would not give rise to a conflict of interest.

6. Violations of the Conflicts of Interest Policy

If the Board has reasonable cause to believe that a trustee, officer or employee has failed to disclose actual or possible conflicts of interest, it shall inform the person of the basis for its belief and allow the person an opportunity to explain the alleged failure to disclose.

7. Annual Statements

Each trustee and employee shall annually sign a statement which affirms that such person has received a copy of the conflict of interest policy; has read the policy and has agreed to comply with the policy.

Adopted by the Board of Trustees April 29, 2021