

THE FRIENDS OF THE WALTHAM PUBLIC LIBRARY

CONFLICT OF INTEREST POLICY

Adopted April 14, 2011

ARTICLE I – PURPOSE

In order for the Friends of the Waltham Public Library (“the Corporation”) to fulfill its charitable mission, its board of directors, officers, committee members and other persons who make decisions on behalf of the Corporation (collectively “decision makers”) must enter into decisions honestly and loyally to serve the best interests of the Corporation.

The purpose of this conflict of interest policy (the “Policy”) is to protect the interests of the Corporation when the Corporation or any decision maker(s), acting on behalf of the Corporation, is/are contemplating entering into a transaction or arrangement that might benefit his/her/their private interest(s). The Policy requires decision makers to serve the best interests of the Corporation to the exclusion of other interests and activities that are injurious to, or may be inconsistent with, the best interests of the Corporation.

The Policy does not necessarily forbid any particular arrangement or transaction, nor does it necessarily disqualify any person from serving the Corporation by reason of any particular arrangement or transaction. Rather, it requires that decision makers disclose Financial and/or Personal Interests (defined below) to the Board or a committee with Board delegated powers (a “Committee”), who can decide whether the Financial and/or Personal Interest constitutes a conflict of interest. In the event that the Board or Committee determines that a conflict of interest exists the Board or Committee must then determine whether the arrangement or transaction in fact is in the Corporation’s best interest and consistent with its charitable mission in accordance with the procedures set out in this Policy.

ARTICLE II – DEFINITIONS

1. **“Interested Person.”** Any director, officer, or member of a committee of the board of directors who has a direct or indirect Personal or Financial Interest (as defined below) in a proposed transaction or arrangement involving the Corporation.
2. **“Family Member.”** A spouse (other than a spouse who is legally divorced from the individual or who is residing apart under a decree of separate maintenance), parent, grandparent, child (including legally adopted children), grandchild or sibling of such person.
3. **“Household Member.”** Any person (whether or not related by blood or marriage) who resides with such person.

4. **“Financial Interest.”** A person has a Financial Interest if the person has or anticipates having, directly or indirectly, through business, investment or a family member or household member of such person:

- a. ownership or an investment interest in any entity with which the Corporation has or is contemplating an agreement or transaction;
- b. a relationship as an officer, director, partner or lender of any entity with which the Corporation has or is contemplating a transaction or arrangement; or
- c. a compensation arrangement with any entity or individual with which the Corporation has or is contemplating a transaction or arrangement.

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

A Financial Interest is not necessarily a conflict of interest and therefore does not necessarily preclude an arrangement or transaction, nor does it necessarily disqualify any person from serving the Corporation. Under Article III, Section 4 of this policy, a person who has a Financial Interest does not have a conflict of interest unless the Board or a Committee decides that a conflict of interest exists.

5. **“Personal Interest.”** A conflict also may exist where an interested party obtains a non-financial benefit or advantage that he/she would not have obtained absent his/her relationship with the Corporation. Examples include where:

- a. an interested party seeks to make use of confidential information obtained from the Corporation for his/her own benefit (not necessarily financial) or for the benefit of another interested party;
- b. an interested party seeks to take advantage of an opportunity or enables another interested person or other organization to take advantage of an opportunity that he/she has reason to believe would be of interest to the Corporation; or
- c. the Corporation adopts a policy that provides a significant nonfinancial benefit to an interested party.

ARTICLE III – PROCEDURES OF DISCLOSURE

1. Distribution and Timing. The Secretary shall distribute this Policy and the Disclosure Form to each decision maker at least annually. This policy may be modified or amended by the Board from time to time. The Disclosure Form may be modified or amended by either the Board or a Committee of the Board.

Each person covered by this policy shall be required to promptly complete the Disclosure Form and return the completed form to the Secretary by whatever deadline the Secretary deems appropriate. Persons covered by this policy who thereafter become aware of any information warranting disclosure must promptly file an amended or supplemental Disclosure Form.

2. Record Keeping. The Secretary shall maintain all disclosure forms provided by decision makers. The Secretary shall review the forms promptly and provide the Board or Committee with any form that discloses an actual or potential conflict of interest or any other matter that warrants review.

3. Duty of Interested Person to Disclose. An Interested Person must disclose the existence of his/her Financial and/or Personal Interest(s) in, and the material facts relating to, a proposed transaction or arrangement to the Board or Committee.

4. Determination of the Existence of a Conflict. After disclosure of a Financial or Personal Interest and all material facts to the Board or Committee, and after any necessary discussion with the Interested Person has taken place at a Board or Committee meeting, the Interested Person shall leave the Board or Committee meeting. After the Interested Person has left the meeting it is the duty of the remaining Board or Committee members to determine whether a conflict of interest exists or could reasonably be construed to exist. A majority vote (excluding the Interested Person) shall be required to determine that a conflict of interest exists or could reasonably be construed to exist.

5. Procedures for Addressing a Conflict of Interest. In the event that a determination is made under Section 4 of this Article III that a proposed transaction or arrangement presents, or could reasonably be construed as presenting, a conflict of interest, the Corporation shall not enter into or otherwise approve the transaction or arrangement except in compliance with the following procedures:

- (a) an Interested Person may have the opportunity to make a presentation at the Board or Committee meeting, but after the presentation, the Interested Person shall leave the meeting while the board discusses and votes on the transaction or arrangement under review;
- (b) upon a majority vote of the Board or Committee members, the Board or Committee shall, if appropriate, appoint a disinterested Person or Committee to investigate alternatives to the proposed transaction;
- (c) after exercising due diligence, the disinterested members of the Board or Committee shall determine whether the Corporation can obtain, with reasonable efforts, a more

advantageous transaction or arrangement from a person or entity such that the transaction or arrangement would not give rise to a conflict of interest;

(d) if a more advantageous transaction or arrangement is not reasonably possible under the circumstances, the Board or Committee, after consideration of relevant factors, including without limitation, the charitable mission of the Corporation, shall determine by a majority vote of the disinterested members whether the transaction or arrangement is in the Corporation's best interest and to its benefit and whether the transaction is fair and reasonable to the Corporation; and

(e) if the Board or Committee determines that the arrangement is fair and reasonable and in the best interest of the Corporation it shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination; provided, however, that a Committee shall make such determination only if such determination is included in the power and authority delegated to the Committee by the Board.

6. Failure to Disclose and Violations of the Conflict of Interest Policy. In the event that the Board or Committee has reasonable cause to believe that an Interested Person has failed to disclose an actual or possible conflict of interest, it shall inform such person of the basis for such belief and afford such person an opportunity to explain the alleged failure to disclose. If, after hearing the response of such person and making any further investigation that may be warranted under the circumstances, the Board or Committee determines that such person has in fact failed to disclose an actual conflict of interest, it may, at its discretion, take (or, in the case of a Committee lacking such authority, recommend that the Board take):

(a) appropriate corrective action including ratifying or nullifying the transaction or arrangement;

(b) appropriate disciplinary action, if any, against the Interested Person, up to and including termination; and

(c) any other action the Board reasonably deems to be in the best interest of the Corporation.

7. Quorum. Interested Persons may be counted in determining whether there is a quorum at a meeting of the Board or Committee which authorizes, approves or ratifies a transaction or arrangement pursuant to this policy.

ARTICLE IV – RECORDS OF PROCEEDINGS

1. Records of Proceedings. The minutes of the Board and all Committees with Board delegated powers shall contain:

(a) the names of the persons who disclosed or otherwise were found to have a Financial or Personal Interest in connection with an actual or possible conflict of interest,

the nature of the Financial or Personal Interest, a description of any action taken to determine whether a conflict of interest was present, and the Board's or Committee's decision as to whether a conflict of interest in fact existed or could reasonably have been construed to exist; and

(b) the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

ARTICLE V – ENFORCEMENT, SANCTIONS AND NON-RETALIATION

1. Enforcement and Sanctions. Any person who believes in good faith that a decision maker covered by this policy has failed to comply with this policy shall report the matter to the Board for consideration. If the Board finds that a violation has occurred, the Board may take such action(s) as it deems appropriate, including, without limitation, reprimand or dismissal.

2. Non-Retaliation. No persons covered by this policy shall retaliate in any way against any person who in good faith reports a violation or potential violation of this policy. Any such retaliation shall constitute a violation of this policy.

ARTICLE VI – ANNUAL STATEMENTS

1. Annual Statements. Each decision maker shall annually sign a statement which affirms that he/she:

- (a) has received a copy of the conflict of interest policy;
- (b) has read and understands the policy;
- (c) has agreed to comply with the policy; and
- (d) understands the Corporation 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.