

BROOKLYN PUBLIC LIBRARY
CONFLICTS OF INTEREST AND DISCLOSURE POLICY
FOR TRUSTEES, OFFICERS, KEY EMPLOYEES

I. Introduction: Purposes of Ethics and Conflicts Policy.

Library Trustees, Officers, and Key Employees (collectively "Covered Persons") must act with integrity in accordance with the highest ethical standards. The purpose of this Policy is to protect Brooklyn Public Library ("BPL" or the "Library") when it is contemplating entering into a transaction or arrangement that might benefit the personal interest of a Covered Person or one of their Family Members. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to non-profit and charitable organizations, including the New York Not-for-Profit Corporation Law as revised by the Non-profit Revitalization Act of 2013.

It is critical for the Library to avoid any impropriety or even the appearance of impropriety in its business relationships. Covered Persons shall exercise care to ensure that no harm to the Library's interests results from a conflict of interest between the Library's interests and any personal, business or other interests that they or any Related Party might have.

BPL Business transactions in which a Covered Person or one of their Family Members has an interest shall not be prohibited, but they shall be subject to close scrutiny by and prior approval by the Board of Trustees ("Board") or the Audit Committee of the Board of Trustees ("Audit Committee"), in accordance with this policy.

II. Interpretation.

This Policy cannot describe all potential conflicts of interest that may arise, and its application may be uncertain at times. Covered Persons should exercise the highest standards of ethical judgment and err on the side of caution. Covered Persons are encouraged to consult with the General Counsel if they have any questions as to the applicability of this Policy to a particular situation. In case of any conflict or inconsistency between this Policy and any other relevant ethical standards, Covered Persons should comply with the most stringent provision in order to ensure the highest level of integrity.

The Audit Committee shall oversee the adoption, implementation of and compliance with any conflict of interest policy or whistleblower policy adopted by the Board. Only Independent Trustees may participate in any Board or committee deliberations or voting relating to matters set forth in this section, including all matters covered by this Policy.

IV. Conflicts of Interest Defined.

A conflict of interest exists (i) when there is any current or proposed transaction, agreement, or arrangement involving the Library, including but not limited to grants, business transactions, compensation arrangements, or investments, in which a Covered Person or their Family Member has any actual or potential involvement, interest, or relationship, either directly or indirectly; or (ii) when a Covered Person or their Family Member receives a personal, business or other benefit as a result of such person's affiliation with the Library.

V. Disclosure of Conflicts

- A. Duty to Disclose. If any Covered Person or Family Member of such person has, or reasonably expects to have, interests or affiliations that could be construed as creating a potential conflict or the appearance of a conflict, the Covered Person must promptly and in good faith disclose such potential conflict to the Audit Committee or the Board of Trustees.
- B. Duty to Complete and Update Annual Disclosure Questionnaire.
 - i. Annual Disclosure Questionnaire. Each Covered Person shall be provided with a copy of this Policy on an annual basis. Prior to appointment to the Board and annually thereafter, each board member is required to complete a "Board Member, Officer, and Key Employee Disclosure Questionnaire." Key Employees must complete the Disclosure Questionnaire upon the commencement of their employment as a Key Employee and annually thereafter. The associated Questionnaire must include a requirement that each Covered Person disclose in writing to the best of his or her knowledge: (i) any entity of which such Covered Person is an officer, director, trustee, member, owner (either as a sole proprietor or partner), or employee and with which the Library has a relationship, and (ii) any transaction in which the Library is a participant and in which such Covered Person might have a conflicting interest. Covered Persons must submit their completed questionnaires to the General Counsel who will share them with the Audit Committee.
 - ii. Duty to Update Questionnaire. In the event that a Covered Person obtains information that would change their answers to the Questionnaire, they are required to inform the Audit Committee of these changes and amend or correct their questionnaire.
 - iii. Annual Statements. Each Covered Person shall annually sign a statement that affirms such person: (1) has received a copy of the conflicts of interest policy; (2) has read and understands the policy; (3) has agreed to comply with the policy; and (4) understands that BPL is a

charitable organization and in order to maintain its federal tax exemption, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

VI. Determining Whether a Conflict of Interest Exists if Not Involving a Related Party Transaction.

- A. The Audit Committee or the Board of Trustees, as the case may be, shall review the information relating to any potential or actual conflict of interest and shall take one of the following actions as it deems appropriate:
 - i. Conclude that no conflict or potential conflict exists;
 - ii. Conclude that a conflict or potential conflict exists and that the transaction, agreement, or arrangement resulting in such conflict should cease or not be permitted to proceed; or
 - iii. Conclude that, although a conflict or potential conflict exists, the transaction, agreement, or arrangement can be permitted to proceed in a manner satisfactory to the Audit Committee or the Board of Trustees.
- B. The Audit Committee or the Board may request that the Covered Person associated with an actual or potential conflict present more information about the conflict at a meeting of the Board or the Audit Committee prior to the commencement of deliberations or voting relating to such transaction.
- C. The determination that a conflict exists will be decided by a majority vote of the Audit Committee or Board of Trustees. Neither the Covered Person nor a Family Member associated with the potential conflict of interest may be present at either the deliberation or the vote on this question.

VII. Addressing Conflicts of Interest Not Involving a Related Party Transaction.

Any proposed transaction in which a Covered Person or their Family Member has a conflict of interest must be approved by the vote of a majority of the members of the Audit Committee or the Board of Trustees, not including the Covered Person with the conflict of interest. The Audit Committee or the Board of Trustees must make a determination that the transaction is fair, reasonable, and in the Library's best interest.

Once a conflict has been found, the Covered Person with the conflict of interest shall not be permitted to be present at or participate in board or committee deliberation or a vote on the matter giving rise to such conflict. Any attempt by the individual to improperly influence the deliberation or voting is strictly prohibited.

VIII. Addressing Related Party Transactions.

Any Related Party who has an interest in a Related Party Transaction shall disclose in good faith to the Board, or an Authorized Committee of the Board, the material facts concerning such interest. No Related Party may participate in deliberations or voting relating to such matter; provided, however, that nothing in this Policy shall prohibit the Board or any Authorized Committee from requesting that a Related Party present information concerning a Related Party Transaction at a meeting of the Board or such Authorized Committee prior to the commencement of deliberations or voting relating to such transaction. The Library shall not enter into any Related Party Transaction unless the transaction is determined by the Independent Trustees on the Board, or an Authorized Committee, to be fair, reasonable and in the Library's best interest at the time of such determination.

In addition to the procedures set forth in the prior paragraph, if the Related Party has a substantial Financial Interest in a Related Party Transaction, the Independent Trustees on the Board, or an Authorized Committee, shall:

- A. Prior to entering into the transaction, consider alternative transactions to the extent available;
- B. Approve the transaction by not less than a majority vote of the Trustees or committee members present at a meeting; and
- C. Contemporaneously document in writing the basis for the Board's (or such Authorized Committee's) approval, including its consideration of any alternative transactions.

Any transaction in violation of this Section shall be voidable by the Library.

IX. Documenting Existence and Resolution of a Conflict.

Minutes shall be made of the Board of Trustees meeting, as well as any Audit Committee meeting, that addresses conflicts of interest.

- A. In all cases, the minutes of the meeting shall reflect:
 - i. That the conflict of interest was disclosed;
 - ii. The names of the persons who were present for discussions;
 - iii. That the Covered Person with the potential conflict was not present during the deliberations or any vote;
 - iv. The Board or Audit Committee's determination; and

- v. A record of any vote(s).
- B. If alternative transactions were required to be considered due to the presence of a "substantial financial interest," the minutes shall document such consideration as well.
- C. Copies of all written decisions and/or recommendations shall be provided to the Covered Person with the conflict and promptly forwarded to BPL's General Counsel, who shall maintain a central repository for all such written decisions and/or recommendations.

X. Violations of the Conflicts of Interest Policy.

If the Board or Audit Committee has reasonable cause to believe that a Covered Person has failed to disclose an actual or potential conflict of interest, it shall inform them of the basis for such belief and afford them opportunity to explain the alleged failure to disclose. If, after hearing the response and after making further investigation as warranted by the circumstances, the Board of Trustees or Audit Committee determines that individual has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

XI. Ethical Compliance with Laws and Other BPL Policies.

Covered Persons are expected to comply with all applicable laws, the ethical standards set forth in this Policy and other Library policies, and any additional standards set forth by organizations relevant to the particular profession(s) of each Covered Person. Failure to comply with the standards contained in applicable laws, this Policy and in other BPL policies may result in disciplinary action, including referral for criminal prosecution, and reimbursement to the organization for any losses or damage resulting from the violation, or in the case of BPL employees, termination.

- A. Trustee-Staff Relationships The conduct of personal business between trustees and BPL employees, other than transaction with minimal financial benefit to either party, should be reported to the Audit Committee for its review. In the event that such personal business is of clear and immediate necessity, e.g. medical services or legal defense, personal business should be disclosed as soon as practicable.
- B. Compensation. No member of the Board of Trustees shall receive any compensation, either directly or indirectly, from BPL for their services.

C. Gifts.

- i. General Statement. Covered Persons shall avoid activity, including the giving or acceptance of gifts, which could be construed as illegal, improper or corrupt.
- ii. Receipt of Gifts. In order to avoid the appearance of impropriety, Covered Persons and their Family Members may not knowingly accept, in connection with their official relationship with the Library or their performance of any duty to the Library, lavish gifts (including a discount or special price on personal purchases) from any individual or organization that does business with, or that wishes to do business with, the Library. However, trivial gifts in the nature of mementos need not be returned nor a friendly dinner invitation declined if it would cause unnecessary offense. Lunches, dinners or other customary entertainment that would be appropriate to be reimbursed as a business expense may be accepted, except where the acceptance would compromise, or could reasonably be perceived to compromise, the judgment of the Covered Person or the reputation of the Library. Gifts of cash or cash equivalents (e.g., gift cards) may never be accepted.
- iii. Gifts. Under no circumstances may a Covered Person, acting in that professional capacity, offer, give, or promise to offer or give, directly or indirectly, any money, gratuities or other thing of value, including lavish entertainment, to any person with a current or potential professional service relationship with the Library, government official or independent grantor employee. The term "payment" includes cash payments and substantial non-cash gifts that might be seen as an attempt to influence a business situation. Inexpensive promotional items bearing the BPL logo are not considered "payment" for the purposes of this policy.

D. Political Contributions. No funds or assets of BPL may be contributed to any political party or organization or to any individual who either holds public office or is a candidate for public office. The direct or indirect use of any funds or other assets of BPL for political contributions in any form, whether in cash or other property, services, or the use of facilities, is strictly prohibited.

E. Disclosure of Confidential Information. Unless otherwise required by law, Covered Persons shall not disclose confidential information obtained in the course of their duties for the Library. Confidential information is any information that is not generally available to the public. The obligation to keep such information confidential shall continue after the cessation of the individual's official relationship with the Library (i.e., the cessation of a Trustee's term on the Board of Trustees, the cessation of an Officer's term as

an officer of the Library, or the cessation of a Key Employee's employment at or other relationship with the Library).

- F. Library Resources. Covered Persons should not use their position to obtain unreasonable or excessive services or expertise from Library staff. Covered Persons shall use Library resources for Library business only and not for personal gain or at the expense of patrons unless disclosed to and cleared by the Audit Committee or by Independent Trustees on the Board of Trustees, provided, however, that they may use Library resources in the same manner as any member of the general public. Library resources include, but are not limited to, the Library's collections, supplies, equipment, staff and premises. In addition, the name, reputation and goodwill of the Library are valuable assets and should not be used by Trustees and BPL employees for personal advantage or for the advantage of any other person or entity.

APPENDIX A: DEFINITIONS

"Employee" shall mean any person employed by BPL in either a full- or part-time capacity.

"Family Members" shall, in the case of an individual, mean:

- A. The individual's spouse or domestic partner. A **"domestic partner"** includes any person:
 - i. with which the Covered Person is in a domestic partnership or similar relationship pursuant to any federal, state or local law or law of a foreign jurisdiction or registered as a domestic partner of the Covered Person under any employer registry or registry of any state, municipality or foreign jurisdiction;
 - ii. who is recognized as a beneficiary or Covered Person under the Covered Person's employment benefits or health insurance or under whose employment benefits or health insurance the Covered Person is recognized as a beneficiary or Covered Person;
 - iii. with whom the Covered Person shares living quarters under circumstances that closely resemble a marital or familial relationship; or
 - iv. who is dependent or mutually interdependent on the Covered Person for support or upon whom the Covered Person is dependent or mutually interdependent for support.
- B. Ancestors, including parents and step-parents and grandparents and step-grandparents;
- C. Siblings, whether whole or half blood or by adoption or stepsiblings;
- D. Descendants, including children, grandchildren, and great grandchildren whether natural or adopted;
- E. Spouses (or domestic partners) of ancestors, siblings and descendants;
- F. An individual's in-laws, including father-, mother-, brother- or sister-in-law;

"Independent Trustee" shall mean a Trustee who: (i) is not, and has not been within the last three years, an employee of the Library, and does not have a Relative who is, or has been within the last three years, a Key Employee of the Library; (ii) has not

received, and does not have a Relative who has received, in any of the last three fiscal years, more than \$10,000 in direct compensation from the Library (other than reimbursement for expenses reasonably incurred as a Trustee); and (iii) is not a current employee of or does not have a substantial financial interest in, and does not have a relative who is a current officer of or has a substantial financial interest in, any entity that has made payments to, or received payments from, the Library for property or services in an amount which, in any of the last three fiscal years, exceeds the lesser of \$25,000 or 2% of such entity's consolidated gross revenues, excluding charitable contributions.

"Key Employee" shall mean any person who is in a position to exercise substantial influence over the affairs of the Library within the meaning of Section 4958(f)(1)(A) of the Internal Revenue Code and Sections 53.4958-3(c), (d), and (e) of the Treasury Regulations. "Key Employees" also includes any employee of the Library (other than an Officer or Director) who (i) receives reportable compensation from the Library in excess of \$150,000 for the calendar year ending with or within the Library's tax year; (ii) either (a) has responsibilities, powers or influence over the organization as a whole that are similar to those of Officers or Directors, (b) manages a discrete segment or activity of the organization that represents 10% or more of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole, or (c) has or shares authority to control or determine 10% or more of the organization's capital expenditures, operating budget, or compensation for employees; and (iii) is one of the 20 employees with the highest reportable compensation from the Library for the calendar year ending with or within the organization's tax year.

"Officers" shall mean individuals elected or appointed officers of the BPL Board of Trustees.

"Related Party" shall mean any of the following:

- A. Covered Persons;
- B. A Family Member of a Covered Person;
- C. Any entity or trust in which a Covered Person or Family Members of a Covered Person serve as a director, trustee, officer, or employee; or
- D. Any entity or trust in which a Covered Person or Family Members of a Covered Person have a 35% or greater ownership or beneficial interest in, or in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of 5%.

"Related Party Transaction" shall mean any transaction in which a Related Party has a Financial Interest and in which the Library is a participant. A Related Party Transaction is a type of Conflict of Interest.

"Trustee" shall mean the Library's Elected and Appointed Trustees, *ex officio* Trustees or their representatives, as well as any other person serving as a member of a Committee of the Board of Trustees.