

Stanford Free Library Conflict of Interest Policy

Article I -- Purpose

1. The purpose of this conflict of interest policy is to protect the Stanford Free Library's interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of a covered person or might result in a possible excess benefit transaction.
2. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

Article II -- Definitions

1. **Covered Person:** any member of the Stanford Free Library Board of Trustees and any Stanford Free Library employee.
2. **Interested person:** any member of the Stanford Free Library Board of Trustees and any Stanford Free Library employee who has a direct or indirect financial interest, as defined in Article II, Section 3.
3. **Financial interest:** a covered person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
 - a. An ownership or investment interest in any entity with which Stanford Free Library has a transaction or arrangement;
 - b. A compensation arrangement with Stanford Free Library or with any entity or individual with which Stanford Free Library has a transaction or arrangement;
 - i. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which Stanford Free Library is negotiating a transaction or arrangement.

Article III -- Procedures

1. **Duty to Disclose:** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Stanford Free Library Board of Trustees.
2. **Recusal of Self:** Any covered person may recuse at any time from involvement in any decision or discussion in which the covered person believes he or she has or may have a conflict of interest, without going through the process for determining whether a conflict of interest exists.
3. **Determining Whether a Conflict of Interest Exists:** After disclosure of the financial interest and all material facts, and after any discussion with the Stanford Free Library Board of Trustees, the covered person shall leave the Board meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Trustees shall decide if a conflict of interest exists.
4. **Procedures for Addressing the Conflict of Interest**
 - a. An interested person may make a presentation at a Stanford Free Library Board of Trustees meeting, but after the presentation, the interested person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
 - b. The Board President shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

- c. After exercising due diligence, the Stanford Free Library Board of Trustees shall determine whether Stanford Free Library can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Stanford Free Library Board of Trustees shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in Stanford Free Library best interest, for its own benefit, and whether it is fair and reasonable. Pursuant to that determination, the party seeking the determination shall be free to enter into the proposed arrangement or transaction.

5. Violations of the Conflicts of Interest Policy

- a. If the Stanford Free Library Board of Trustees has reasonable cause to believe a covered person has failed to disclose actual or possible conflicts of interest, it shall inform the covered person of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Stanford Free Library Board of Trustees determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV – 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 interest in connection with an actual or possible conflict of interest; (b) the nature of the financial interest; (c) any action taken to determine whether a conflict of interest was present; (d) the Board's or Executive Committee's decision as to whether a conflict of interest in fact existed; (e) the names of the persons who were present for discussions and votes relating to the transaction or arrangement; (f) the content of the discussion, including any alternatives to the proposed transaction or arrangement; and (g) a record of any votes taken in connection with the proceedings.

Article V – Compensation

A covered or interested person who receives compensation, directly or indirectly, from Stanford Free Library is precluded from voting on matters pertaining to the compensation.

Adopted by the Stanford Free Library Board of Trustees on 9/9/2014

Revised 2/9/21

Stanford Free Library Conflict of Interest Policy Disclosure Statement

The undersigned, being a trustee, officer, and/or Employee of the Stanford Free Library, hereby acknowledges and confirms the following:

- (1) I have received, read, and understood the Stanford Free Library Conflict of Interest Policy in effect as of the date written below, and I agree to comply with the Conflict of Interest Policy.
- (2) I understand that the Stanford Free Library is nonprofit 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.
- (3) **Personal Interests & Relationships.** I am an officer, director, trustee, member, owner (either as a sole proprietor or a partner), or an employee of the following entities with which the Stanford Free Library has a relationship: *[If none, please write "None." If such interests exist, please specify the capacity in which you hold such an interest (for example, employee, director, or owner). If an owner, please specify your percentage ownership].*

- (4) **Interests & Relationships of Relatives.** A Relative (spouse or domestic partner, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren and great-grandchildren) of mine is an officer, director, trustee, member, owner (either as a sole proprietor or a partner), or an employee of the following entities with which the Stanford Free Library has a relationship: *[If none, please write "None." If such interests exist, please specify the Relative (for example, sibling or spouse) and the Relative's position (for example, employee, director, or owner). If an owner, please specify the percentage ownership].*

(5) **Transactions.** The Stanford Free Library is a participant in the following transactions in which I or my Relative may have a Financial Interest that may give rise to a Conflict of Interest or Related Party Transaction, as defined in the Conflict of Interest Policy. ***[If none, please write "None." If such transaction(s) exist, please specify the transaction(s) and the potential financial interest involved and whether you or a Relative has such an interest for any such transaction(s). Please specify the Relative and their position, if applicable.]***

I certify that the above statements are true and correct to the best of my knowledge>

Name: _____

Position: _____

Signature: _____

Date: _____