

CONFLICT OF INTEREST POLICY FOR THE COLLEYVILLE PUBLIC LIBRARY FOUNDATION

PURPOSE

The purpose of the conflict of interest policy is to protect The Colleyville Public Library Foundation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Foundation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

PROCEDURES

- **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 directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.
- An interested person may make a presentation to the Board of Directors, but after the presentation, he or she shall not participate in voting on the transaction or arrangement involving the possible conflict of interest.
- The President of the board shall, if appropriate, appoint a disinterested person to investigate alternatives to the proposed transaction or arrangement.
- After exercising due diligence, the Board of Directors shall determine whether the Foundation 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.
- If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Directors shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Foundation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

VIOLATIONS

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

RECORDS

The minutes of the Board meeting shall contain all circumstances, names, and decisions pertaining to any issue concerning a conflict of interest.

POLICY

Each person serving on the Board of Directors shall sign a statement affirming such person:

- received a copy of the conflicts of interest policy,
- has read and understands the policy,
- has agreed to comply with the policy, and
- understands that the Foundation 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

DEFINITIONS

- **Interested Person-** Any director or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.
- **Financial Interest** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
 - An ownership or investment interest in any entity with which the Foundation has a transaction or arrangement,
 - A compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a
 - transaction or arrangement, or
 - A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.