

**LYONS REGIONAL LIBRARY DISTRICT
CONFLICT OF INTEREST POLICY**

Article 1 – Purpose

The Lyons Regional Library District (the “District”) depends on the trust of the community to achieve its mission. As a result, trustees and employees must strive to maintain the highest ethical standards when conducting business on behalf of the District. The standard of behavior is that all trustees and employees shall avoid any conflict of interest between the interests of the District on one hand and personal, professional, and business interests on the other. This includes avoiding actual conflicts of interest and perceived conflicts of interest.

The purpose of this policy is to protect the District’s interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a trustee of the District or result in a possible excess benefit transaction. This policy is intended to supplement but not replace applicable state and federal laws governing conflicts of interest relevant to governmental entities.

Article 2 – Definitions

1. Interested Person – Any trustee, principal officer, or committee member with governing board-delegated powers.
2. Financial Interest – A 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 the District has a transaction or arrangement;
 - b. A compensation arrangement with the District or with any entity or individual with which the District has a transaction or arrangement; or
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the District is negotiating a transaction or arrangement.

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

A financial interest is not necessarily a conflict of interest. As outlined in Article 3, Section 2 of this policy, the governing board or committee must determine whether a conflict exists.

3. Related Party – A “related party” includes, but is not limited to, the following relationships:
 - a. A family member (as defined below) of an interested person;
 - b. Any organization (whether for-profit or non-profit) in which an interested person or a related party serves as an officer, director, trustee, general partner, or employee (or in a similar capacity), whether paid or unpaid;

- c. Any organization (whether for-profit or non-profit) in which an interested person or a related party has a material financial interest; or
 - d. Any estate or trust in which an interested person or related party has a beneficial interest.
- 4. Family Member – A family member of an interested person includes that person's (i) spouse or domestic partner, (ii) children and their spouses or domestic partners, (iii) parents and their spouses or domestic partners, (iv) descendants and their spouses or domestic partners, and (v) siblings and their spouses or domestic partners and descendants; in each case, whether by blood, marriage, or adoption.
- 5. Conflict of Interest – A "Conflict of Interest" occurs when an interested person's private interest interferes in any way – or even appears to interfere – with the interest of the District. Therefore, a conflict of interest may arise when an interested person or a related party receives an improper personal benefit (financial or otherwise) due to the interested person's position with the District. It may also arise, however, when an interested person or a related party takes an action or has an interest that may make it difficult for the interested person to perform that person's duties for the District objectively and effectively, even if there is no improper personal benefit.

The following are situations in which a conflict of interest may arise. The examples are not exhaustive, however, and each interested person must identify any other situation in which that person may be unable to act in the best interests of the District:

- i. The District enters into a contract, transaction, or financial relationship of any kind with an interested person or related party, including, without limitation, (i) supplying goods or services to the District, (ii) leasing property or equipment; (ii) purchasing or selling real estate, securities or other property; (iv) making a gift or grant; or (v) extending or receiving credit.
- ii. An interested person or a related party obtains a non-financial benefit that would not be available absent the interested person's relationship with the District, such as (i) preferential treatment by the District, (ii) access to or use of nonpublic information obtained from the District for personal benefit, or (iii) adoption by the District of a policy providing significant personal benefits.
- iii. An interested person or a related party accepts gifts, entertainment, or other favors from any individual or entity that (i) does or is seeking to do business with the District or (ii) has received, is receiving, or is seeking to receive a grant or loan to secure other financial commitments from the District under circumstances where it might be inferred that such action was intended to influence or possibly would influence the interested person in the performance of that person's duties.

Article 3 – Procedures

1. Duty to Disclose – In connection with any actual or possible conflict of interest, an interested person must disclose all material facts relating to the existence of any financial interest involving the District and disclose all material facts to the trustees and members of committees with governing board-delegated powers considering the proposed transaction or arrangement.
2. Determining Whether a Conflict of Interest Exists – After disclosure of the financial interest and all material facts and any discussion with the interested person, the interested person shall leave the governing board or committee meeting while a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.
3. Procedures for Addressing the Conflict of Interest:
 - a. An interested person may present at the governing board or committee meeting, but after the presentation, the person must leave the meeting during the discussion and vote on the transaction or arrangement involving the possible conflict of interest.
 - b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - c. After exercising due diligence, the governing board or committee shall determine whether the District can, with reasonable efforts, obtain 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 the circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested trustees whether the transaction or arrangement is in the District's best interest, for its benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall decide whether to enter into the transaction or arrangement.
 - e. The District board of trustees has the final decision-making authority regarding any possible conflict of interest and reviews any committee decision regarding a potential conflict of interest.
4. Violations of the Conflicts of Interest Policy
 - a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and allow the member to explain the alleged failure.
 - b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee

determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article 4 – Compensation

1. The District's by-laws provide that board members will not receive compensation from the District for their services. Should such by-laws be amended to allow for such compensation, a voting member of the governing board who receives compensation, directly or indirectly, from the District for services other than Board membership is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the District for services is precluded from voting on the issues pertaining to that member's compensation.
3. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly from the District, individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article 5 – Annual Statements

Each trustee, principal officer, and member of a committee with governing board-delegated powers shall annually sign a statement that affirms such person:

- a. Has received a copy of the conflict of interest policy;
- b. Has read and understands the policy; and
- c. Has agreed to comply with the policy.

Article 6 – Periodic Reviews

To ensure the District operates consistently with the public trust and does not engage in activities that could jeopardize the public trust, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the District's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further the statutory purposes of the District, and do not result in inurement, impermissible private benefit, an excess benefit transaction or jeopardize the reputation of the District as a public entity.

Article 7—Use of Outside Experts

When conducting the periodic reviews provided in Article 6, the District may, but need not, use outside experts. However, using outside experts does not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

Article 8 – Transparency and Recordkeeping

1. Meeting Minutes and Documentation

- a. All disclosures of actual or potential conflicts of interest and discussions and decisions regarding such conflicts shall be documented in the governing board's or relevant committee's meeting minutes.
- b. The minutes shall reflect the following:
 - i. The names of the persons who disclosed financial or other interests;
 - ii. The nature of the interest disclosed;
 - iii. And actions taken to address the conflict, including whether the person recused themselves from discussions or voting; and
 - iv. The Board or committee's final determination on the matter.
- c. Retention of Conflict of Interest Forms
 - i. Signed annual Conflict of Interest Disclosure Statements (as required in Article 5) shall be maintained in the District's official records.
 - ii. These records shall be maintained for at least five years and made available for audit or legal review as necessary.
- d. Public Disclosure
 - i. The Conflict of Interest Policy shall be available where all other policies are posted for public view.
 - ii. The District will ensure trustees and key personnel know the policy and their responsibility to comply with it.

Article 9 – Reporting and Whistleblower Protections

1. Reporting a Concern

- a. Any trustee, employee, or volunteer who becomes aware of a potential conflict of interest may report the concern to:
 - i. The Board President if the concern involves a trustee.
 - ii. The Library Director if the concern involves an employee or staff-related matter.
- b. Reports may also be submitted anonymously in writing to ensure confidentiality.

2. Non-Retaliation

- a. No trustee, officer, employee, or volunteer who reports a conflict of interest in good faith shall suffer retaliation, including termination, demotion, or any adverse employment or volunteer action.
- b. Retaliation against individuals reporting concerns will result in disciplinary action, including removal from the board or termination of employment.

3. Investigation Process

- a. Upon receiving a report of a potential conflict of interest, the Board President or designated committee shall:
 - i. Conduct a confidential and impartial investigation into the matter;
 - ii. Allow the involved individual(s) an opportunity to respond to the concern; and
 - iii. Present findings to the governing board for further action, if necessary.

- b. If a violation is confirmed, the board will take appropriate corrective action, including voiding transactions, requiring financial restitution, or removal from the board.

Approved and Adopted by the Lyons Regional Library District: February 8, 2025