

7.1 Conflict of Interest Policy

I. Purpose

The purpose of this Conflict of Interest Policy (“Policy”) is to protect the interest of the Traverse Area District Library (“TADL”) when it is contemplating entering into a transaction, contract, or other arrangement that could benefit the private interest of an officer, director, or employee of TADL. The Policy is intended to be consistent with Michigan’s Contract of Public Servants with Public Entities Law found at MCL 15.321 et seq., and the Incompatible Public Offices Act, MCL 15.181 et seq. This Policy is intended to supplement, but not replace, any requirements of those statutes. In the event of any inconsistency between the Policy and the statute, the statute shall control.

II. Definitions

- A. **Public Servant.** A Public Servant of TADL shall mean any current member of the Board of Trustees, officer, member of a committee with board delegated powers, or employee.
- B. **Financial Interest.** A Public Servant has a “Financial Interest” in a contract if the contract is between TADL and any of the following:
 - 1. The Public Servant, him or herself;
 - 2. Any firm, meaning a co-partnership or other unincorporated association, of which the Public Servant is a partner, member, or employee;
 - 3. Any private corporation in which the Public Servant is a stockholder owning more than 1% of the total outstanding stock of any class if the stock is not listed on the stock exchange, or stock with a present total market value in excess of \$25,000 if the stock is listed on a stock exchange, or of which the Public Servant or his/her spouse or child is a director, officer, or employee;
 - 4. Any trust of which the Public Servant is a beneficiary or trustee.

III. Procedure

- A. **Prohibited Conduct.** When a Public Servant has a Financial Interest in a contract or other arrangement with TADL; or when a Public Servant believes that his/her judgment could be impaired based upon his/her relationship with a person or company who has business before the TADL; then in such circumstances, a Public Servant shall not:
 - 1. Take any part in the negotiations for the contract, or the renegotiation or amendment of the contract, or in the approval of the contract; or
 - 2. Represent either party in the transaction.
- B. **Duty to Disclose.** When a Public Servant could be interpreted to have a Financial Interest in a contract or other arrangement with TADL, or when his/her

independent judgment could be impaired in deciding matters pending before the TADL, then the Public Servant must disclose the existence of his/her Interest or Financial Interest as a matter of record in TADL's official proceedings in advance of the TADL Board voting to approve the contract. If a Public Servant is uncertain whether independent judgment can be exercised, he/she should contact the TADL's appointed legal counsel for assistance with such a review. The disclosure shall be made in one of two ways:

1. Disclose in writing to the TADL Board (or if the President is a Public Servant who is a party to the contract, to the Vice President), the relationship, Interest or Financial Interest in the contract at least seven days prior to the meeting at which a vote will be taken. The written disclosure shall be made public in the same manner as a public meeting notice; or
2. Disclose the Financial Interest at a public meeting of the TADL Board. The vote either approving or disapproving the contract shall be taken at a meeting of the TADL held at least seven days after the meeting at which the disclosure is made. If the Financial Interest to the Public Servant is more than \$5,000 in value, disclosure must be made as provided under this subparagraph.

C. Procedures for Consideration of a Contract where a Public Servant has a Financial Interest.

1. The Public Servant may not be involved in any official presentation to the TADL Board or any committee of the TADL.
2. The contract must be approved by a vote of not less than 2/3rds of the total number of trustees (and not just 2/3rds of a quorum) in an open session.
3. The Public Servant with a Financial Interest shall not vote.
4. The minutes of the meeting of the TADL must contain the following information:
 - (a) The name of the Public Servant involved in the contract.
 - (b) The terms of the contract, including duration, financial terms, facilities, or services of the public entity included in the contract, and the nature and degree of assignment of employees of the public entity for fulfillment of the contract.
 - (c) The nature of any Financial Interest by a Public Servant.
5. Disclosure may be made in the form of a sworn affidavit signed by the Public Servant with the Financial Interest if the following exist:
 - (a) The direct benefit to the Public Servant is less than \$250;

(b) The direct benefit to the Public Servant is less than 5% of the public cost of the contract; and

(c) The contract is for emergency repairs or services.

6. Notwithstanding the above provisions, sealed bid procedures may be used as provided under MCL 15.324(1).

D. Procedures for consideration of a matter or action where a Public Servant's judgment will be impaired due to a relationship or Interest (which is not otherwise defined as a Financial Interest) with a matter or action pending.

1. After declaring the impairment of interest, the Public Servant will not:

(a) Take part in the discussion; and

(b) Shall not vote.

E. Violation of the Conflict of Interest Policy.

1. If the TADL has reasonable cause to believe that a Public Servant has failed to disclose actual or possible conflicts of interest, it shall inform the Public Servant of the basis for such belief and afford the Public Servant an opportunity to explain.

2. If, after hearing the response of the Public Servant and making any further investigation that may be warranted, the Board determines that the Public Servant has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

IV. Confirmation

A. Each Public Servant shall be provided with a copy of this policy ^{AND} shall comply with its terms.

Adopted September 13, 2007 / Revised April 18, 2013

Motion by: LUYT

Support by: BEASLEY

Adopted: (Y) N

Date: 04/18/13



Jason Gillman, Board Secretary