

Friends of the Newburyport Public Library
Standards of Conduct
for
Board members, Officers and Members of Any Committee

1. Purpose

The purpose of this conflicts of interest policy and standards of conduct is to provide safeguards to prevent members and officers of the Board of Directors, or any committee of the **Friends of the Newburyport Public Library** ("the Corporation") from

- Entering into a transaction or arrangement that might benefit the private interest of the Board member, committee member or officer,
- Using their positions for purposes that are, or give the appearance of being, motivated by a desire for private financial gain for themselves or others such as those with whom they have family, business or other ties, and,
- From violating their duty to the Corporation by inappropriately disclosing confidential information about the Corporation or otherwise.

2. Conflicts of Interest

A conflict of interest arises in any situation in which a member or officer of the Board of Directors, or a member of any committee or related party is directly or indirectly, involved in an activity that could adversely affect his or her judgment with respect to the Corporation's business or otherwise diminish the Corporation's interest.

Generally, a related party includes one's immediate family members and those of his or her spouse; a person with whom one is living; or a business entity, trust or estate in which one has an interest.

Some examples of situations in which a conflict of interest may be present include, but are not limited to:

- An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement;
- A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement; or
- A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Any conflict of interest situation must be disclosed to the Board of Directors immediately and such interested member or officer of the Board of Directors or a member of any committee will be required to refrain from participating in any discussion or action

concerning such conflicted situation in accordance with the section entitled Addressing the Potential Conflict of Interest set forth in Section II (B) below.

2.1. Disclosure of Conflict of Interest

The Corporation requires that all members and officers of the Board of Directors of the Corporation and any member of any committee disclose in writing (and update at least annually) all business and other relationships which might potentially create a conflict of interest and all conflicts of interest as defined herein. The written disclosure shall include an itemization of any substantive conflict of interest for such officer or member of the Board of Directors and any member of a committee by virtue of his or her activities or that of related parties.

If a member or an officer of the Board of Directors or a member of any committee believes that he/she, or a related party, has a conflict of interest, he/she must immediately disclose this in writing to the Executive Director. Disclosures by members and officers of the Board of Directors and a member of any committee must also be made to the President (and if it is the President who has the conflict of interest, he or she must make disclosure to the Treasurer).

If, after providing the written disclosure, an actual or potential conflict arises, the member or officer of the Board of Directors and any member of any committee with the conflict shall immediately notify the Corporation in writing. The notification shall be directed to the Executive Director and to the President for conflicts of interest involving members and officers of the Board of Directors and any member of any committee.

2.2 Addressing the Potential Conflict of Interest

Members and officers of the Board of Directors and members of any committee have special fiduciary responsibilities that require them to discuss and make decisions concerning transactions or arrangements undertaken by the Corporation. Members and officers of the Board of Directors and any members of a committee who have declared or have been deemed by the Board of Directors to have a conflict of interest (the "Interested Person") must refrain from consideration of proposed transactions or arrangements, unless for special reason the Board of Directors or administration requests information or interpretations. The Board of Directors shall follow the following procedure for addressing potential conflicts of interest:

An Interested Person may make a presentation at the Board of Directors meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest. The President shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the Board of Directors shall determine whether the Corporation 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 and officers whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, the Board of Directors shall make its decision as to whether to enter into the transaction or arrangement.

The Board of Directors shall retain detailed minutes of any proceedings involving a potential conflict of interest transaction or arrangement.

3. Standards of Conduct

3.1. Financial Interests in Government Contracts

No officer or member of the Board of Directors or member of any committee of the Corporation may participate in the selection, award or administration of a contract in which Federal funds are used, in which he/she or a related person has a financial interest or with whom he/she is negotiating or has any arrangement concerning prospective employment.

3.2. Compensation to Members of the Board of Directors

In the administration and operation of the Corporation, the following acts shall be prohibited: (a) engaging in any act that the Internal Revenue Service determines constitutes an "excess benefit transaction" under section 4958 of the Internal Revenue Code; (b) engaging in any act that would constitute an "excess benefit transaction" under the standards of section 4958 of the Internal Revenue Code; and (c) engaging in any act that would constitute "self-dealing" under Chapter Sixty-Eight A, Section (1)(a) of the Massachusetts General Laws.

No voting member of the Board of Directors or any committee, shall be financially reimbursed by the Corporation. Minimal payments for expenses incurred, such as baby-sitting and transportation to attend Board of Director meetings will be allowed.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not substantial.

3.3. Gifts/Gratuities

Members and officers of the Board of Directors and members of any committee, and related persons may not solicit or accept gratuities, favors or anything of value from contractors or potential contractors of the Corporation.

A gift means anything offered directly by or on behalf of a contractor other than promotional materials of little value such as pens, calendars and other items intended for wide distribution. Gifts include (but are not limited to): personal gifts, such as sporting goods, household furnishings and liquor; social entertainment or sporting events tickets; personal loans or privileges to obtain discounted merchandise, and the like.

Without limitation, any officer or member of the Board of Directors or any member of any committee of the Corporation shall decline or return any gift and notify the President of such gift.

3.4. Competition

It is the policy of the Corporation to conduct all procurement transactions in a manner to provide, to the maximum extent practical, open and free competition. The Corporation will be sensitive to, and seek to avoid, organizational conflicts of interest or non-competitive practices among contractors. Consultants who want to bid for a contract from the Corporation are prohibited from drafting the contract's specifications, request for proposals and the like. Awards will be made to the bidder whose bid is responsive to the solicitation and most advantageous to the Corporation, price and other factors considered.

The Corporation always retains the right to reject any and all bids when it is in the Corporation's best interest to do so. The Corporation retains the right to determine with respect to any particular procurement that sole source procurement is justified.

3.5. Bribery

The Corporation will immediately remove any member or officer of the Board of Directors or any member of any committee and terminate the contract of any consultant/contractor found to have offered or accepted a bribe to secure funding from the Corporation.

4. Confidential Information

Members and officers of the Board of Directors and a member of any committee may gain access to confidential (i.e. nonpublic) information by virtue of being an officer or member of the Board of Directors or a member of any committee of the Corporation.

Members and officers of the Board of Directors and members of any committee may not communicate confidential information about the Corporation to anyone who is not also an officer or member of the Board of Directors or a member of a committee, absent the explicit authorization of the full Board of Directors. If, as a result of negotiations in which the Corporation is engaged, a member or officer of the Board of Directors or a member of any committee gains access to confidential information of another entity, the member and officer of the Board of Directors or a member of any committee may not communicate this information about the other entity to anyone who is not also a member or officer of the Board of Directors or a member of a committee without the authorization of the full Board of Directors. If the Corporation executes an agreement with another entity which agreement includes provisions governing confidentiality of information, all members and officers of the Board of Directors and members of any committee are bound by those provisions and required to comply with them.

5. Other

5.1 Political Activities

No officer or member of the Board of Directors or any member of any committee may use the Corporation's name or resources in connection with political activities.

The members and officers of the Corporation's Board of Directors and any member of any committee should exercise extreme caution whenever it may appear that they are engaging in certain political activities on behalf of the Corporation and should consult with the Executive Director prior to any such activity and shall never engage in such activities without explicit permission from the Executive Director and the President. Members and officers of the Board of Directors and members of any committee should be aware that engaging in such activities could threaten the Corporation's tax-exempt status. Among these activities are: (i) engaging in substantial lobbying on the Corporation's behalf; and (ii) engaging in any political campaign activity on the Corporation's behalf.

Members and officers of the Board of Directors or a member of any committee may not solicit political support in any manner, which might suggest that the Corporation supports any political party or candidates.

6. Violations of Standards of Conduct

Violations of this conflict of interest policy or standards of conduct must be reported promptly to the President. If the President has violated this conflict of interest policy or standards of conduct, notice must be given to the Treasurer.

Members and officers of the Board of Directors who violate this conflict of interest policy or standards of conduct may, depending on the severity of the violation, be subject to oral admonishment or removal from the Board of Directors in accordance with the Corporation's bylaws.

The Board of Directors has the responsibility for and determines changes to this conflict of interest policy and standards of conduct. The President is responsible for the implementation of and the Corporation's adherence to this conflict of interest policy and standards of conduct. The Corporation's legal counsel will be consulted on matters of interpretation and shall be asked to review this conflict of interest policy and standards of conduct periodically for appropriate modifications.