



Meridian Library District

CONFLICT OF INTEREST POLICY

PURPOSE

The purpose of this Conflict of Interest Policy (this “Policy”) is to provide guidelines for identifying, evaluating, and managing potential or actual conflicts of interest. Conceptually, a conflict of interest occurs when a person’s private interests compete with their professional obligations to the District to a degree that an independent observer might reasonably question whether the person’s professional actions or decisions are materially affected by personal considerations, including but not limited to personal gain, financial, favoritism or otherwise.

Meridian Library District (“District”) trustees (“Trustees”) and employees shall be familiar with and comply with this Policy as well as the statutes cited herein.

BOARD OF TRUSTEES

Trustees have a duty of loyalty which requires that Trustees act in the best interest of the District, and not their self-interest. Conflicts of interest may cause a Trustee to breach this duty of loyalty, resulting in damage to the District and potential civil or criminal liability to the Trustee. See, e.g., Idaho Code §§ 18-1351 *et seq.*; Idaho Code §§ 74-401 *et seq.*; and Idaho Code §§ 74-501 *et seq.* This Policy is intended to ensure that all decisions of the District Board of Trustees (the “Board”) are made solely to promote the best interests of the District by setting forth the policy for identifying and resolving conflict of interest situations. This Policy is intended to supplement, and not replace, applicable laws governing the conduct of Trustees.

Consistent with applicable law and Trustees’ fiduciary duties, a Trustee shall not participate in any Board discussion, decision, or action in which the Trustee has a conflict of interest unless such conflict has been fully disclosed and resolved consistent with this Policy and applicable law, including but not limited to, the Idaho Ethics in Government Act, Idaho Code §§ 74-401 *et seq.*

- A. **Conflict of Interest.** A conflict of interest generally means any situation in which a Trustee’s official decision, action, participation, recommendation, or influence could result in a private benefit to, or adversely affect the private interests of, the Trustee, the Trustee’s immediate family (i.e., members of the Trustee’s household^[1]), or any entity in which the Trustee or their family has a significant ownership or other beneficial interest. See generally Idaho Code § 74-403(4). The following are examples of potential conflict of interest situations—

- i. The Board is considering a contract, transaction, or policy that affects the economic interests of the Trustee or the Trustee's immediate family member.
 - ii. The Board or the District is considering employing the Trustee's wife, child, or other immediate family member.
 - iii. A Trustee has access to confidential information that the Trustee could use for personal gain.
 - iv. A Trustee has a financial relationship with a District vendor or contractor, or the vendor or contractor offers a gift to the Trustee.
 - v. Any other situation where a Trustee's private interests diverge from the best interests of the District.
- B. **Disclosure of Conflict.** A Trustee who has a conflict of interest must disclose the existence of the conflict of interest to the Board before receiving confidential information, participating in any discussion, or taking any action on the issue that gives rise to the conflict. See Idaho Code § 74-404. The disclosure must be in writing or otherwise fully disclosed in the Board minutes. A Trustee may seek legal advice concerning whether a conflict of interest exists as set forth below.
- C. **Abstention.** Unless and until the Board has waived the conflict, a Trustee who has a conflict of interest must not knowingly receive confidential information, participate in any discussion, or take any action relevant to the issue giving rise to the conflict. See Idaho Code § 74-404. The Trustee should ensure that the Board minutes reflect the Trustee's abstention.
- D. **Board Consideration.** The remaining non-interested members of the Board shall consider and respond to any disclosed conflict of interest situation consistent with this Policy and applicable law. The interested Trustee may be excluded from the deliberations.
- E. **Waiver.** The Board, acting by vote of a majority of disinterested Trustees, may waive the conflict of interest only if the Board determines that the disclosed conflict of interest is insignificant or will not materially impair or adversely affect the interested Trustee's duty to act in the best interests of the District. The waiver shall be documented in the Board minutes. The waiver shall only apply to the issues or facts that were disclosed relevant to the conflict of interest situation. Failure to fully disclose facts relevant to the conflict of interest may negate the waiver. The Board may withdraw the waiver at any time and, if withdrawn, the interested Trustee shall abstain from future participation or action concerning the issue.
- F. **Determining Whether a Conflict of Interest Exists.** Consistent with Idaho Code § 74-404, as it shall be amended:

- i. A Trustee who believes that he or she may be in a conflict of interest situation may seek legal advice from the District's attorney, the attorney general, or an independent attorney to determine whether a conflict of interest exists.
 - ii. If the attorney concludes that there is no actual or potential conflict of interest, then the Trustee may rely on the advice and proceed as if no conflict of interest exists. In the event of a challenge, the Trustee shall have the burden of proving the advice given by the attorney.
 - iii. If the attorney concludes that there is an actual or potential conflict of interest, then the Trustee shall prepare a written statement describing the conflict, including a description of the matter required to be acted upon and the nature of the potential conflict. The Trustee shall deliver the disclosure to the Board prior to participating in any discussion or action relevant to the issue giving rise to the conflict.
- G. **Application.** This Policy shall apply during the Trustee's term on the Board. This Policy shall apply to any discussion, recommendation, vote, participation, or other action that the interested Trustee takes in the Trustee's official capacity, whether on the Board as a whole, through participation on any committee, or through any individual action that the Trustee takes in the Trustee's official capacity.
- H. **Other Laws.** Idaho statutes impose additional requirements on public officials, including Trustees, to ensure that they act in the utmost good faith and that they do not misuse their official position. See, e.g., Idaho Code §§ 18-1351 *et seq.*; Idaho Code §§ 74-401 *et seq.*; and Idaho Code §§ 74-501 *et seq.* Trustees shall be familiar with and comply with these additional laws.
- I. **Remedies.** When the Board determines that a conflict of interest exists, it should select an appropriate remedy to manage the conflict. Conflicts of interest are not all of equal materiality, and the remedy for each conflict should match the materiality of the conflict; provided, however, that at a minimum the affected Trustee shall abstain from voting on any matter where a conflict of interest exists. For example, when a conflict is immaterial, the affected Trustee could merely be asked to refrain from reviewing certain information or from voting on certain subjects. But when the conflict is material, the Trustee could be barred from receiving certain information or asked to leave the room for certain discussions and votes. In rare cases of a very severe or continuous conflict, the Trustee could be asked to resign.
- J. **Reporting.** Trustees shall report to the Board any known conflict of interest situations involving themselves or other Trustees so that appropriate action may be taken.

- K. **Certification**. As a condition to their service, Trustees shall certify that they will comply with this Policy by executing the attached form. Each Trustee shall execute an updated certification annually.
- L. **Campaign Contributions**. Campaign contributions are governed by Idaho's "Sunshine" laws, and soliciting or receiving campaign contributions or other activities related to political campaigns are excluded from this Policy.

DISTRICT EMPLOYEES

District employees conducting normal and usual duties on behalf of the District are considered "public officials" subject to Idaho law on conflicts of interest, bribery and corrupt practices, and nepotism. In the employee context, a conflict of interest generally arises when an employee has a personal interest that may compromise the employee's professional judgment. This personal interest is often identified as a financial interest, where an employee or an immediate family member of the employee receives a financial benefit from dealings with an entity or person conducting business with the District. However, personal interests giving rise to a conflict of interest may also involve family, social, or outside professional interests, including membership in or commitments to other organizations, which do not necessarily result in financial benefit.

Conflicts of interest may be direct, where the employee benefits personally, or they may be indirect, where immediate family members or closely associated businesses of the employee benefit. Additionally, conflicts may be actual or potential and, in some cases, the conflict could present as an apparent conflict of interest, which can be just as harmful to the District's reputation. All conflicts of interest, whether actual or potential, real or apparent, must be avoided in order to preserve and maintain public trust.

Other than compensation, no employee, immediate family member or business with which the employee or an immediate family member is associated shall derive any personal profit or gain, directly or indirectly, by reason of their employment by the District except as provided in Idaho Code and through activities that may facilitate professional advancement or contribute to the profession such as publications and professional service and have been fully disclosed to the Board. An employee may not use or disclose confidential information gained by reason of the employee's District-related activities with the intent to obtain a financial benefit for the employee or for any other person or entity, or for any purpose which may be detrimental to the District.

This Policy cannot address every situation in which a conflict of interest may arise. However, the guidelines in this policy provide examples of prohibited behavior that can assist employees to become aware of when an actual or potential conflict of interest is present.^[2] This policy also provides links to resources addressing unethical behaviors which are prohibited by law, and which carry civil and criminal penalties. Without limitation, an actual or perceived conflict of interest or violation of Idaho ethics law may exist when any of the following occur:

1. An employee's personal activities, relationships, interests in outside businesses, or financial affairs adversely impact their ability to exercise good judgment and/or act in the best interest of the District. An employee is considered to have an interest in an outside business if the employee or an immediate family member holds ownership in the business or its property; furnishes goods or services to the business; is a creditor, employee, agent, officer, director, or consultant of the business. Outside businesses include any person, firm, corporation, or government agency that sells or provides a service to or purchases from the District.
2. When an employee is in a position to influence a District decision that may result in a personal gain for that employee or an immediate family member as a result of the District's business dealing.
3. When an employee is romantically involved and/or dating a subordinate staff member. No dating or romantic relationship is permitted where one of the employees reports either directly or indirectly to the other person involved in the dating/romantic relationship.
4. When an employee accepts special favors or gifts offered based upon the employee's relationship to the District.
5. When an employee appoints or votes for the appointment of any person related to them by blood or marriage within the second degree to any compensated office, position, employment, or duty. This means no one related within the second degree to anyone involved in any way in the hiring process can be hired and/or that no one related to an applicant within the second degree can take part in the hiring process. This extends to practices that involve employee promotion and transfer. However, family members may be employed by the District, provided they are not supervised by the relative. An employee whose relative is subsequently elected as a Trustee may be eligible to retain their position and pay increases as allowed by relevant provisions of Idaho law, including Idaho Code § **18-1359(5)**. No person will be employed by the District when the employment would result in a violation of provisions found in Idaho Code, including but not limited to, Idaho Code §§ **74-401 through 74-406** (Ethics in Government), Idaho Code § **18-1359** (Bribery and Corruption), and their successors. Any such employment made in violation of these sections may be void.
6. When an employee prepares or obtains a mailing list of library patrons with the intent to obtain a financial benefit for the employee or for any other person or entity, or for any purpose which may be detrimental to the District or otherwise in violation of Idaho Code § **74-120** (Prohibition on Distribution and Sale of Mailing or Telephone Number Lists) and Idaho Code § **74-108(4)** (Public Records Act – Exemptions from Disclosure).
7. When an employee uses District resources for personal gain.
8. When an employee has a conflict of commitment such that the employee's outside activities, including private consulting, business activities, external professional endeavors, pro bono work, or outside employment compromise or may compromise the employee's ability to meet their obligations to the District.

While all care should be taken to avoid a conflict of interest, the District has provided a process by which employees can disclose actual or potential conflicts of interest. By disclosing the actual or potential conflict of interest, the District can provide a management plan that allows the District to

continue its business transactions and other community relationships with the integrity and public trust that is essential to the effective operations of a public institution.

All employees must submit a notification to their supervisor, Human Resources, the Library Director, or the Board if an actual or potential conflict of interest arises as soon as becoming aware of the actual or potential conflict of interest and no later than thirty (30) days after becoming aware of the actual or potential conflict of interest. A determination will then be made as to whether a conflict actually exists as well as what measures will be taken to resolve the conflict. District legal counsel will be consulted when the legality of a transaction is in question. The individual(s) with the potential conflict shall also refrain from participation in any decision on such matter.

The District reserves the right to apply this Policy to situations where there is a conflict or the potential for conflict, even if there is no direct-reporting relationship or authority involved.

If there is reasonable cause to believe that a potential conflict of interest may exist, an investigation will be conducted. Violations of this Policy, including failure to disclose a conflict, may result in disciplinary action, up to and including termination or removal from position. Additional sanctions may apply under applicable state and federal law and regulations. Employees must comply with all applicable statutes and rules governing conflicts of interest.

RESOURCES

Bribery and Corrupt Influence Act, Idaho Code §§ 18-1351 *et seq.*

Prohibitions Against Contracts with Officers, Idaho Code §§ 74-501 *et seq.*

Idaho Ethics in Government Act, Idaho Code §§ 74-401 *et seq.*

Office of the Attorney General, Idaho Ethics in Government Manual

^[1] I.C. § 74-403(7) defines “members of a household” mean the spouse and dependent children of the public official and/or persons whom the public official is legally obligated to support.

^[2] These examples likewise apply to Trustees.