

# VILLAGE OF SHERMAN, NY

## CONFLICT OF INTEREST POLICY

### ARTICLE I: PURPOSE

The purpose of the Conflict of Interest Policy is to protect the Village of Sherman's (hereinafter the "Village") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an elected official, appointed official, or department head of the Village 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 conflicts of interest applicable to government and nonprofit organizations.

### ARTICLE II: DEFINITIONS

1. **Interested Person** - Any official, department head, or member of a board or committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.
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, other than de minimis, in any entity with which the Village has a transaction or arrangement,
  - b. A compensation arrangement with the Village or with any entity or individual with which the Village has a transaction or arrangement, or
  - c. A potential ownership or investment interest, other than de minimis, in, or compensation arrangement with, any entity or individual with which the Village is negotiating a transaction or arrangement.
3. **Compensation** - includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

### ARTICLE III: PROCEDURES

1. **Duty to Disclose** - In connection with any actual or possible conflict of interest, an interested person must disclose the existence of financial interest and be given the opportunity to disclose all material facts to the Board of Trustees and members of boards and committees with governing board delegated powers considering the proposed transaction or arrangement.

**2. Determining Whether a Conflict of Interest Exists** - 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. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall recuse himself the governing board or committee meeting while the determination of 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 a Conflict of Interest**

- a. An interested person may make a presentation at the governing board or committee 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.
- b. The mayor or 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 Village 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.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested members whether the transaction or arrangement is in the Village'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.

### **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 afford the member an opportunity to explain the alleged failure to disclose.
- 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 IV: RECORDS OF PROCEEDINGS**

The minutes of the governing board and all committees with board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

#### **ARTICLE V: COMPENSATION**

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Village for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Village for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Village, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

#### **ARTICLE VI: ANNUAL STATEMENTS**

Each elected official, appointed official, department head, and member of a board or committee with governing board delegated powers shall annually sign a statement which 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.

This includes, but is not limited to:

Mayor, Trustees, Municipal Zoning Board Members, Planning Board Members, Members of the Zoning Board of Appeals, Department Heads (Sewer, Streets and Water), the Code Enforcement Officer, Zoning Enforcement Officer, and the Clerk-Treasurer.

**ARTICLE VII: PERIODIC REVIEWS**

To ensure the Village operates in a manner consistent with Village governance purposes, 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 agreements with other organizations conform to the Village’s written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

**ARTICLE VIII: USE OF OUTSIDE EXPERTS**

When conducting the periodic reviews as provided for in Article VII, the Village may, but need not, use outside advisors or auditors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

(See Conflict of Interest Disclosure Statement on following page)