

**CONFLICTS OF INTEREST POLICY
OF
THE BOARD OF DIRECTORS
OF
SOUTH CENTRAL LIBRARY SYSTEM FOUNDATION, INC.**

WHEREAS, South Central Library System Foundation, Inc. (the “Corporation”) is a Chapter 181 Wisconsin nonstock corporation exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, duly organized and validly existing under the laws of the State of Wisconsin, and is organized and operated for charitable and educational purposes, rather than for the personal and private benefit of any person; and

WHEREAS, the Board of Directors (referred to herein as the “Board”) of the Corporation seek to ensure that any and all persons serving thereupon fully understand the nature, extent and implications of these principles, which at all times shall be deemed fundamental to the existence of the Corporation, and that such persons manifest a complete understanding and acceptance of, and commitment to, these principles;

NOW, THEREFORE, the Board hereby adopts the following Conflicts of Interest Policy:

**ARTICLE I
DEFINITIONS**

1.1 Interested Person. With regard to any proposed transaction, any person serving as a member or advisor to the Board who, as of the date of discussion or action by the Board related to such proposed transaction, either (i) has a direct or indirect Financial Interest, as defined in Section 1.2 below in such proposed transaction, or (ii) intends, or understands it to be more probable than not, that he or she will acquire such a direct or indirect Financial Interest at any time in such proposed transaction during the pendency of the proposed transaction or arrangement.

1.2 Financial Interest. An interest or potential interest, whether through business, investment, or immediate family (spouse, children and parents), which can be described as one or more of the following:

- (i) an ownership or investment interest in any entity with which the Corporation has an arrangement or proposes to have a transaction, or
- (ii) a Compensation Arrangement with the Corporation or with any entity or individual with which the Corporation has an arrangement or proposes to have a transaction.

A Financial Interest need not be held as of the date of discussion or action by the Board; rather, it is sufficient, for purposes of this Policy, if, as of the date of discussion or action by the Board, the Interested Person intends, or understands it to be more probable than not, that he or she will acquire a Financial Interest at any time during the pendency of the proposed transaction or

arrangement that is the subject of discussion or action by the Board. For purposes of this Policy, a person shall be deemed to have a Financial Interest with respect to the Corporation if such person has a Financial Interest with respect to any other organization that controls, is controlled by, or is under common control with any entity involved in the proposed transaction.

1.3 Compensation Arrangement. Any agreement or understanding pursuant to which a person may or shall receive, either directly or indirectly, money or property from another person or entity, irrespective of whether such money or property is paid in consideration for the performance of services or the provision of other value.

1.4 Conflict of Interest. With respect to a matter for discussion or action by the Board, any circumstance under which an Interested Person, by virtue of a Financial Interest, may be influenced, or may appear to be influenced, either in whole or in part by any purpose or motive other than the success and well-being of the Corporation and the achievement of its public charitable purposes.

ARTICLE II

DISCLOSURE OF FINANCIAL INTEREST

AND DETERMINATION OF CONFLICT

2.1 Disclosure of Financial Interest. If, at any time, an Interested Person becomes aware that the Board may or shall discuss or act upon any transaction or arrangement which may have any bearing of any kind upon, or may relate in any manner to, a Financial Interest of the Interested Person, such Interested Person shall disclose such Financial Interest to the Board as follows:

- (i) the Interested Person shall provide to the Board, in advance of such discussion or action by the Board, written disclosure of the existence, nature and extent of the Interested Person's Financial Interest, or
- (ii) if written disclosure cannot be provided in advance, e.g., in situations in which the Interested Person does not realize the nature of the transaction or arrangement to be discussed or acted upon until discussions have already begun, the Interested Person shall orally inform the Board immediately upon such Interested Person's realization that the transaction or arrangement may bear upon or relate to a Financial Interest of the Interested Person, and shall provide such written disclosure to the Board at the soonest practicable time thereafter.

Any and all written or oral disclosures of Financial Interests shall be made a formal part of the minutes of the Board. Notwithstanding the foregoing, an Interested Person shall not be required to disclose pursuant to this Article 2.1 any Financial Interest that, in the exercise of such Interested Person's reasonable judgment, is so de minimis that it would not under any circumstances influence, or appear to influence, the Interested Person's judgment or actions with respect to the proposed transaction or arrangement to be discussed and/or acted upon by the Board.

2.2 Recusal by Interested Person. In connection with an Interested Person's disclosure of a Financial Interest pursuant to Section 2.1 above, an Interested Person may determine that such Financial Interest creates a Conflict of Interest with respect to the proposed transaction or arrangement to be discussed or acted upon by the Board. In such circumstances, the Interested Person may voluntarily recuse himself or herself from discussion or action by the Board.

2.3 Determination of Conflict of Interest. Where an Interested Person has provided advance written disclosure of a Financial Interest but has not voluntarily recused himself or herself from discussion of or action upon the proposed transaction or arrangement, the remaining Board members present shall, prior to commencing its discussion or taking action, determine by a majority vote whether the Financial Interest creates a Conflict of Interest, as defined above. The Interested Person shall not participate in any discussions or vote related to this determination, except to the extent necessary to fully explain the Financial Interest and the manner in which the proposed transaction or arrangement to be discussed or acted upon by the Board may or will bear upon or relate to the Financial Interest.

ARTICLE III

PROCEDURES UPON DETERMINATION OF A CONFLICT OF INTEREST

3.1 Exclusion from Discussion and Vote. In circumstances where the Board has determined that a Conflict of Interest exists, the Interested Person shall not participate in any discussion or vote regarding the transaction or arrangement at issue, and shall not be present in the meeting room for any part of the discussion or vote relating to the transaction or arrangement.

3.2 Action by Board. With respect to any transaction or arrangement with regard to which the Board has determined that a Conflict of Interest exists, the Board shall discuss such transaction or arrangement as appropriate, but shall not formally approve such transaction or arrangement unless and until the non-interested members of the Board have decided, by unanimous vote, that the transaction or arrangement is in the best interests of and for the benefit of the Corporation, and is fair and reasonable thereto in all respects. In complying with this Section 3.2, the Board shall recognize that, under certain circumstances, a decision made pursuant to this Section may necessitate an investigation of alternatives to the proposed transaction or arrangement, and/or a determination as to whether a more advantageous transaction or arrangement might be obtained with reasonable efforts under the circumstances. In those instances where all members of the Board are Interested or Related Persons to a transaction or arrangement, the matter shall be given to the management committee of Wegner CPAs & Consultants, LLP.

3.3 Determination of Compensation of Interested Persons. In addition to the standards set forth in Section 3.2 above, before the Board may approve of the payment of any amount as compensation, such amount shall first have been determined by and recommended to the Board by the respective Treasurer. The respective Treasurer shall submit in writing its compensation determinations, along with a written explanation of the basis for its determinations, to the Board for final approval by the Board.

ARTICLE IV
DOCUMENTATION OF DISCLOSURE AND PROCEDURES

4.1 Meeting Minutes. Minutes of meetings of the Board shall include copies of all written disclosures of Financial Interests, and shall describe all oral disclosures thereof. Such minutes shall further reflect the determination of the Board as to whether a Conflict of Interest exists, and the objection of the Interested Person, if any, to such determination. When a Conflict of Interest has been determined to exist, the minutes should reflect in significant detail the Board's compliance with the procedures described in Sections 3.1 and 3.2 above. With respect to any transaction or arrangement with regard to which a Conflict of Interest has been determined to exist, meeting minutes shall describe the substance of the discussions relating to the transaction or arrangement, and who was present for such discussions. In addition, minutes should identify the members who were present for any and all votes upon such transaction or arrangement, along with a record of the final vote.

ARTICLE V
PERIODIC REVIEW

5.1 Periodic Review of Transactions and Arrangements. The management committee of Wegner CPAs & Consultants, LLP shall periodically review the actions taken by the Board on behalf of the Corporation. Such review is intended to ensure that the Corporation continues at all times to be operated exclusively for the achievement of its public charitable purposes, rather than for the benefit of one or more private persons. Such review shall be conducted with the recognition that certain types of transactions or arrangements create unique possibilities for certain private individuals to derive excessive private benefit.

ARTICLE VI
WRITTEN ASSENT BY MEMBERS

6.1 Written Acceptance. At the first annual meeting of the Board, and each year thereafter, each member of the Board and each Board advisor shall sign a written statement certifying to all of the following:

- (i) he or she has received a copy of this Policy;
- (ii) he or she has read and understands this Policy;
- (iii) he or she agrees to comply with this Policy;
- (iv) he or she understands that this Policy applies to all committees and subcommittees having Board-delegated powers; and
- (v) he or she understands that the Corporation is a charitable organization, and that, in order to maintain the tax-exempt status of the Corporation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, the Corporation must continuously engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Any member of the Board who refuses or fails to sign such a statement shall be prohibited from participating in discussion or action by the Board until such statement is signed.

6.2 Failure to Disclose Financial Interests. If it is determined at any time that an Interested Person has negligently or intentionally failed to disclose a Financial Interest, the remaining disinterested members of the Board shall consider the imposition of such sanctions as they may deem appropriate.