

Section 1000 – Board Bylaws

1. The Board shall not approve a contract in which a Board member, the family member of a Board member (Family Member), or a member of the Board member's household (Household Member) is a party or has a financial interest unless the following disclosure, voting, and recording requirements are met:

Definitions:

- a. Family Member: Family Member means a person's spouse or spouse's sibling or child; a person's sibling or sibling's spouse or child; a person's child or child's spouse; a person's parent or parent's spouse, and includes these relationships created by adoption or marriage.
- b. Household Member: Household Member means anyone living in the Board member's household at the time the contract will be voted on by the Board.
- c. Financial Interest: Financial interest means any contract or financial transaction with the District in which any of the following apply:
 - i. The Board member, Family Member, or Household Member is a direct party to the contract or financial transaction, or
 - ii. The contract or financial transaction is with any firm, partnership or other unincorporated association, in which the Board member, Family Member, or Household Member, is a partner, member, or employee, or
 - ii. The contract or financial transaction is with a professional limited liability company organized pursuant to the Michigan Limited Liability Company Act, if the Board member, Family Member, or Household Member, is a member (not merely an employee) of the company, or
 - iii. The contract or financial transaction is with any corporation in which the Board member, Family Member, or Household Member is a stockholder owning more than 1% of the total stock outstanding in any class if the stock is not listed on a stock

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- exchange, or owns stock that has a present market value in excess of \$25,000.00 if the stock is listed on a stock exchange, or
- iv. The contract or financial transaction is with a corporation in which the Board Member, Family Member, or Household Member is a director, officer, or employee; or
 - v. The contract or financial transaction is with a corporation in which a trust, if the board member, Family Member or Household Member, is a beneficiary, owns more than 1% of total stock outstanding in any class if the stock is not listed on a stock exchange, or owns stock with a present market value in excess of \$25,000 if the stock is listed on a stock exchange.
 - vi. Any trust of which the Board member, Family Member or Household Member is a beneficiary or trustee.

Disclosure Requirements

A Board member shall promptly disclose any financial interest in the contract or financial transaction to the Board of Education, which disclosure shall be a matter of record in its official proceedings. This disclosure shall be made in the following ways:

- a. If the contract or financial transaction is for emergency repairs or services, the Board member must promptly disclose any financial interest in the contract or financial transaction by filing a sworn affidavit with the Secretary of the Board. The disclosure shall be made a matter of record in the Board's official meeting minutes as outlined in c. below.
- b. If the Board member, Family Member, or Household Member will directly benefit from a contract or financial transaction in an amount less than \$250.00 and less than 5% of the public cost of the contract or financial transaction, the Board member must disclose the financial interest in the contract or financial transaction by filing a sworn affidavit with the Secretary of the Board. The disclosure shall be made a matter of record in the Board's official meeting minutes as outlined in c. below.

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- c. If the Board member, Family Member, or Household Member will benefit by \$250.00 or more, or 5% or more of the public cost of the contract or financial transaction the financial interest must be disclosed in one of two ways:
 - i. By notifying, in writing, the President of the Board of the financial interest at least seven (7) calendar days before the meeting at which a decision regarding the contract will be made. If the President of the Board is the individual with the conflict of interest, disclosure must be made to the Secretary of the Board. The disclosure shall be made public in the same manner as in public meeting notice, or
 - ii. By disclosing the financial interest in the contract or financial transaction at a Board meeting. Under this option, the Board may not vote on the relevant contract or financial transaction until a subsequent Board meeting convened not sooner than seven (7) calendar days after the meeting at which the disclosure was made.
- d. If the Board member, Family Member, or Household Member's financial interest in the contract or financial transaction exceeds \$5,000.00, the Board member must disclose the financial interest in the contract or financial transaction at a Board meeting, and the Board may not vote on the contract or financial transaction until a subsequent Board meeting convened not sooner than seven (7) calendar days after the meeting at which the disclosure was made.

Amendments or re-negotiations of a contract or financial transaction or additional payments under a contract or financial transaction, which were not authorized by the contract or financial transaction at the time initially approved or awarded are also subject to the disclosure and recording requirements of this policy.
2. The Board of Education must disclose the following summary information in its official minutes:
 - a. The name of each party involved in the contract or financial transaction,

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- b. The terms of the contract or financial transaction, including duration, financial consideration between parties, facilities or services of the school District included in the contract, and the nature and degree of assignment of employee of the District for fulfillment of the contract, and
 - c. The nature of the financial interest.
3. Voting Requirements
- The contract or financial transaction must be approved by a vote of not less than 2/3rds of the full membership of the Board in open session without the vote of the Board member making the disclosure. However, that if 2/3rds of a majority of the members of the Board are required to abstain from voting based on this policy, then for purposes of that contract or financial transaction, the Board members who are not required to abstain constitute a quorum of the board and are eligible to vote. This does not apply where the contract or financial transaction is between the District and a trust in which the Board member is a beneficiary or a trustee. In that case, a 2/3 vote of the full Board is required.
4. This policy shall not apply to:
- a. Contracts between the school District and another public entity,
 - b. Contracts awarded to the lowest qualified bidder, other than a Board member (or an entity in which a Board member has a financial interest as defined in this policy), upon receipt of sealed bids pursuant to a published notice provided such notice does not bar, except as authorized by law, any qualified person, firm, corporation or trust from bidding.
 - c. Contracts for public utility services where the rates are regulated by the state or federal government.

See also Policy 3610-Purchasing Goods and Services.

Approved: June 29, 2009

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LEGAL REF: MCL 15.321, *et seq* and MCL 380.1203