

# BYLAWS OF THE BOARD

BHA(1)

## BOARD OPERATIONS CONFLICT OF INTEREST

June 20, 1988

This policy is intended to govern each Board member in the conduct of the business of the school district. Public Act 606 of the Michigan School Code provides direction to assure appropriate actions on behalf of School Board members related to potential conflicts of interest. As outlined in P.A. 606, any Board member who believes or has reason to believe that he or she has a conflict of interest with regard to a contract or other financial transaction that requires the approval of the Board shall abstain from voting on the contract or other financial transaction and shall disclose the specific conflict of interest. A member of the Board is presumed to have a conflict of interest if the member or his or her family member has a financial interest, or a competing financial interest, in the contract or other financial transaction or is an employee or recommended for hire by the school district.

For the purposes of this section, an individual is not considered to have a financial interest in any of the following instances:

- (a) A contract or other financial transaction between the school district, intermediate school district, or public school academy and any of the following:
  - (i) A corporation in which the individual is a stockholder owning 1% or less of the total stock outstanding in any class if the stock is not listed on a stock exchange or owning stock that has a present market value of \$25,000.00 or less if the stock is listed on a stock exchange.
  - (ii) A corporation in which a trust, if the individual is a beneficiary under the trust, owns 1% or less of the total stock outstanding in any class if the stock is not listed on a stock exchange or owns stock that has a present market value of \$25,000.00 or less if the stock is listed on a stock exchange.
  - (iii) A professional limited liability company organized pursuant to the Michigan limited liability company act, 1993 PA 23, MCL 450.4101 to 450.5200, if the individual is an employee but not a member of the company.
- (b) A contract or other financial transaction between the school district, intermediate school district, or public school academy and any of the following:
  - (i) A corporation in which the individual is not a director, officer, or employee.
  - (ii) A firm, partnership, or other unincorporated association, in which the individual is not a partner, member, or employee.
  - (iii) A corporation or firm that has an indebtedness owed to the individual.

- (c) A contract between an intermediate school district and a constituent district.
- (d) A contract awarded to the lowest qualified bidder, upon receipt of sealed bids pursuant to a published notice for bids if the notice does not bar, except as authorized by law, any qualified person, firm, corporation, or trust from bidding. This subdivision does not apply to amendments or renegotiations of a contract or to additional payments under the contract that were not authorized by the contract at the time of award.

If a majority of the members of the Board of a school district or intermediate school district or of the board of directors of a public school academy are required to abstain from voting on a contract or other financial transaction due to the operation of this section, then, notwithstanding any other provision of law or any bylaw, for the purposes of that contract or other financial transaction, the members who are not required to abstain constitute a quorum of the board or board of directors and a majority of those members eligible to vote is required for approval of the question.

As used in this section, "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; or a person's parent or parent's spouse, and includes these relationships as created by adoption or marriage.

In addition, no elected official of Livonia Public Schools shall become employed by the school district until that individual has been out of office at least one full year from the date of official separation from office.

Board members will not only abide by the requirements under P.A. 606, but any other disclosures and voting requirements on conflict of interest for public contracts as required by law.

In addition, Board of Education members will not involve themselves in the administrative process of developing recommendations or making decisions and will not influence staff for same when there is a conflict of interest. This includes any familial or acquaintance relationship. Board members are expected to hold each other accountable to this standard as outlined in Board operating procedures.

Also, no member of the immediate family of a person holding the title of superintendent or director shall become employed by the district.