

## Conflict of Interest

1. Purpose. The purpose of this Conflict of Interest Policy (the “Policy”) is to protect the interests of Northwestern Michigan College (the “College”), when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a member of the Board of Trustees. The policy is intended to supplement, but not replace, any applicable federal and state laws governing conflicts of interest applicable to a community college organized under the Michigan Community College Act of 1966, as amended (the “Act”). Further, this policy is intended to be consistent with those portions of the Michigan Public Conflict of Interest law, Public Acts 317 and 318 of 1968, found at MCL 15.301 et seq., and MGL 15.321 et seq. which may be applicable to community colleges.
2. Definitions.
  - a. *Public Servant.* A Public Servant of Northwestern Michigan College shall mean any current trustee, officer, or member of a committee of the Board of Trustees with delegated powers.
  - b. *Financial Interest.* A Public Servant has a “Financial Interest” in a contract if the contract is between the College and any of the following:
    - i. The Public Servant, him or herself;
    - ii. Any firm, meaning a co-partnership or other unincorporated association, of which he or she is a partner, member or employee;
    - iii. Any private corporation in which he or she is a stockholder owning more than 1% of the total outstanding stock of any class if the stock is not listed on the stock exchange, or stock with a present total market value in excess of \$25,000 if the stock is listed on a stock exchange, or of which he or she is a director, officer or employee;
    - iv. Any trust of which he or she is a beneficiary or a trustee.
3. Procedures.
  - a. *Prohibited Conduct.* In regard to any contract in which a Public Servant has a Financial Interest, a Public Servant shall not do either of the following:
    - i. Take any part in the negotiations for such a contract, or the renegotiation or amendments of the contract, or in the approval of the contract;
    - ii. Represent either party in the transaction;
  - b. *Duty to Disclose.* In connection with any contact where a Public Servant may have a Financial Interest, the Public Servant must disclose the existence of his or her Financial Interest as a matter of record in College’s official proceedings in advance

of the College board voting to approve the contract. The disclosure shall be made in either of the following manners:

- i. The Public Servant must promptly disclose in writing to the President of the College (or if the President of the College is a Public Servant who is a party to the contract, to the chair of the Board of Trustees), the Financial Interest in the contract at least seven days prior to the meeting at which a vote will be taken. The written disclosure shall be made public in the same manner as a public meeting notice; or
  - ii. The Public Servant shall disclose the Financial Interest at a public meeting of the College board. The vote either approving or disapproving the contract shall be taken at a meeting of the College Board of Trustees held at least seven days after the meeting at which the disclosure is made. If the financial Interest to the Public Servant is more than \$5,000 in value, disclosure must be made as provided under this subparagraph.
- c. *Procedures for consideration of a Contract where a Public Servant has a Financial Interest.*
- i. The Public Servant may not be involved in any official presentation to the College board or any committee of the College board;
  - ii. The contract must be approved by a vote of not less than  $\frac{2}{3}$  of the total number of trustees (and not just  $\frac{2}{3}$  of a quorum) in an open session;
  - iii. The Public Servant with a Financial Interest shall not vote;
  - iv. The minutes of the meeting of the College board of Trustees must contain the following information:
    - a) The name of the Public Servant involved in the contract;
    - b) The terms of the contract, including duration, financial considerations between the parties, facilities or services of the public entity included in the contract, and the nature and degree of assignment of employees of the public entity for fulfillment of the contract.
    - c) The nature of any Financial Interest by a Public Servant.
  - v. In the following situation only, disclosure may be made in the form of a sworn affidavit signed by the Public Servant with the Financial Interest; the direct benefit to the Public Servant is less than \$250; the direct benefit to the Public Servant is less than 5% of the public cost of the contract; and the contract is for emergency repairs or services.
- d. *Violation of the conflict of Interest Policy.*
- i. If the College board, or a committee thereof, has reasonable cause to believe that a Public Servant has failed to disclose actual or possible conflicts of interest, it shall inform the Public Servant of the basis for such belief and afford the Public Servant an opportunity to explain the alleged failure to disclose.

- ii. If, after hearing the response of the Public Servant and making such further investigation as may be warranted in the circumstances, the board or committee determines that the Public Servant has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.
4. Annual Statements. Each Public Servant shall sign a statement, on an annual basis, which affirms that such Public Servant:
    - a. Has received a copy of the Policy;
    - b. Has read and understands the Policy;
    - c. Has agreed to comply with the Policy; and
    - d. Discloses any ownership that it may have with any entity that is involved in a contract with the College or reasonably anticipates may be involved in a contract with the College in the future.

*Adopted by the Northwestern Michigan College Board of Trustees November 19, 2007*