

INDEPENDENT SCHOOL DISTRICT 719
PRIOR LAKE - SAVAGE AREA SCHOOLS**210 CONFLICT OF INTEREST - SCHOOL BOARD MEMBERS****I. PURPOSE**

The purpose of this policy is to observe state statutes regarding conflicts of interest and to engage in school district business activities in a fashion designed to avoid any conflict of interest or the appearance of impropriety.

II. DEFINITION**III. GENERAL STATEMENT OF POLICY**

The school district contracts for goods and services in conformance with statutory conflict of interest laws and in a manner that will avoid any conflict of interest or the appearance of a conflict of interest.

A. General Prohibitions and Recognized Statutory Exceptions

1. A school board member who is authorized to take part in any manner in making a sale, lease, or contract in his or her official capacity must not have a personal financial interest in that sale, lease, or contract or personally benefit financially from that interest
2. In the following circumstances, however, the school board may, as an exception, by unanimous vote, contract for goods or services with a school board member of the school district:
3. In the designation of a bank or savings association, in which a school board member is interested, as an authorized depository for school district funds and as a source of borrowing, provided such deposited funds are protected in accordance with MN Statute. A school board member having an interest must disclose that interest and the disclosed interest will be entered upon the minutes of the school board. Disclosure must be made when the bank or savings association is first designated as a depository or source of borrowing, or when the school board member is elected, whichever is later. Disclosure serves as notice of the interest and must only be made once
4. The designation of an official newspaper, or publication of official matters in the newspaper, in which the school board member is interested when it is the only newspaper complying with statutory requirements relating to the designation or publication;
5. A contract with a cooperative association of which the school board member is a shareholder or stockholder but not an officer or manager;
6. A contract for which competitive bids are not required by law. A contract made under this exception will be void unless the following procedures are observed:

7. The school board must authorize the contract in advance of its performance by adopting a resolution setting out the essential facts and determining that the contract price is as low as or lower than the price at which the goods or services could be obtained elsewhere.
8. In the case of an emergency when the contract cannot be authorized in advance, payment of the claims must be authorized by a like resolution in which the facts of the emergency are also stated.
 - a) The name of the school board member and the office held;
 - b) An itemization of the goods or services furnished;
 - c) The contract price;
 - d) The reasonable value;
 - e) The interest of the school board member in the contract; and
 - f) That to the best of the school board member's knowledge and belief, the contract price is as low as, or lower than, the price at which the goods or services could be obtained from other sources.
9. A school board member may rent space in a public facility at a rate commensurate with that paid by other members of the public.
10. In the following circumstances, the school board may as an exception, by majority vote at a meeting where all school board members are present, contract for services with a school board member of the school district: A school board member may be newly employed or may continue to be employed by the school district as an employee where there is a reasonable expectation on July 1, or at the time the contract is entered into or extended, that the amount to be earned by that school board member under that contract or employment relationship, will not exceed \$8,000 in that fiscal year. If the school board member does not receive majority approval to be initially employed or to continue in employment at a meeting where all school board members are present, that employment must be immediately terminated and that school board member will have no further rights to employment while serving as a school board member in the school district.
11. The school board may contract with a class of school district employees, such as teachers or custodians, where the spouse of a school board member is a member of the class of employees contracting with the school board and the employee spouse receives no special monetary or other benefit that is substantially different from the benefits that other members of the class receive under the employment contract. In order for the school board to invoke this exception, it must have a majority of disinterested school board members vote to approve the contract, direct the school board member spouse to abstain from voting to approve the contract, and publicly set out the essential facts of the contract at the meeting where the contract is approved.

B. Limitations of Related Employees

1. The school board can hire or dismiss employees only at duly called meetings. Where a husband and wife, brother and sister, or two brothers or sisters, constitute a quorum, no contract employing a teacher may be made or authorized except upon the unanimous vote of the full school board.
2. The school board may not hire any employee related by blood or marriage to a school board member, within the fourth degree as computed by the civil law, except

by a unanimous vote of the full school board.

C. Conflicts Prior to Taking Office

A school board member with personal financial interest in a sale, lease, or contract with the school district that was entered before the school board member took office and presents an actual or potential conflict of interest, must immediately notify the school board of this interest. It is the responsibility of the school board member to refrain from participating in an action relating to the sale, lease, or contract. At the time of renewal of any such sale, lease, or contract, the school board may enter into or renew such sale, lease, or contract only if it falls within one of the enumerated exceptions for contracts relating to goods or services provided above and if the procedures provided in this policy are followed.

D. Determination as to Whether a Conflict of Interest Exists

The determination as to whether a conflict of interest exists is to be made by the school board. A school board member who has an actual or potential conflict must notify the school board of the conflict immediately. The school board member must cooperate with the school board as necessary for the school board to make its determination.