

BENTON HARBOR AREA SCHOOLS
COMMUNITY ENGAGEMENT ADVISORY COMMITTEE

WEDNESDAY, OCTOBER 30, 2019 at 5:30 PM

Benton Harbor High School
Library
870 Colfax Ave.
Benton Harbor, MI 49022

- I. Introductions
- II. Signing of Memorandum of Understanding
- III. Election of Officers
 - a Chair
 - b Vice Chair
 - c Secretary
- IV. Discussion and Approval of Rules and Procedures
 - a Resolution 2019-1 Adopting Rules of Procedure
- V. Discussion and Approval of Meeting Schedule and Location
 - a Bi-Weekly
 - b Meeting Time
 - c Length of Meeting
- VI. Public Comment
- VII. Questions/Comments from Advisory Committee Members
- VIII. Other Items for Discussion
- IX. Adjournment

MEMORANDUM OF UNDERSTANDING
BETWEEN THE MICHIGAN DEPARTMENT OF TREASURY
AND BENTON HARBOR AREA SCHOOLS

WHEREAS, Benton Harbor Area Schools (the “District”), has experienced financial and academic challenges over a prolonged period despite the diligent efforts of its officials to mitigate such challenges; And

WHEREAS, the District continues to confront daunting challenges characterized by, among other things, declining student enrollments, academic underperformance, a diminished tax base and attendant resources, ongoing shortages of full-time teachers, and an aging infrastructure; And

WHEREAS, a financially stable and academically successful District is important to the residents of the District, and of the State of Michigan as a whole; And

WHEREAS, fundamentally changing the current financial and academic trajectory of the District can serve as a catalyst to restore the quality of life which families, businesses, and visitors of the District have a right to expect and enjoy; And

WHEREAS, officials of the District wish to continue to pursue a long-term vision by achieving, first, financial stability for the District, and, second, a sustainable and stable platform for growth that will ensure the District's financial integrity in a manner that enables the District to grow, prosper, and thrive; And

WHEREAS, the Michigan Department of Treasury is a principal department of State government under Article V, Section 3 of the Michigan Constitution and the State Treasurer, as a constitutional officer appointed by the Governor with the advice and consent of the Michigan Senate (the “State Treasurer”), serves as the head of the Department which is vested with responsibilities under State law related to finance, budgeting, and administration matters for local units, including school districts; And

WHEREAS, the District is a political subdivision of the State of Michigan organized under Public Act 451 of 1976, the Revised School Code, MCL 380.1 to 380.1853; And

WHEREAS, the Department desires to continue to assist and encourage District officials in their performance of certain restructuring efforts intended to promote the betterment of the students and residents of the District; And

WHEREAS, as evidence of the Department’s commitment to a long-term cooperative process with District officials, the Department hereby adopts this Memorandum of Understanding (the “Memorandum”).

NOW, THEREFORE, the Department and the District (the “Parties”) agree as follows:

1. COMMUNITY ENGAGEMENT AND ADVISORY COMMITTEE

- 1.1. **Establishment and Purpose.** Pursuant to this Memorandum, a Community Engagement and Advisory Committee (the "Advisory Committee") is established to achieve the purposes set out in Section 2 of this Memorandum and to facilitate the ongoing provision and exchange of information between District officials and State officials concerning operational, financial, budgetary, and other matters affecting the District that are essential to its long-term viability.
- 1.2. **Composition.** The Advisory Committee shall consist of the following eleven members:
 - (a) The Deputy State Treasurer for State and Local Finance, or her designee.
 - (b) A member of the District School Board selected by the School Board.
 - (c) The Superintendent of Public Instruction, or his designee.
 - (d) A staff person of the Office of School Review and Financial Accountability in the Department selected by the Deputy State Treasurer for State and Local Finance.
 - (e) The Superintendent, or Interim Superintendent, of the District.
 - (f) A resident of the District who has at least one child enrolled in the District during the period this Memorandum is in effect selected by a parent-teacher association or a similar organization within the District.
 - (g) A member of the clergy selected by the Benton Harbor Ministerial Alliance.
 - (h) A teacher employed by the District during the period this Memorandum is in effect selected by the Michigan Education Association.
 - (i) A student enrolled in the District during the period this Memorandum is in effect selected by the student council or a similar organization within the District.
 - (j) A member of the business community selected by Cornerstone Alliance.
 - (k) A member of the Berrien Community Foundation selected by the Foundation.
- 1.3. **Non-Voting Member.** In addition to the foregoing eleven members, the Advisory Committee shall include a twelfth member, who shall serve without vote, selected by mutual agreement of the Parties.

2. ASSESSMENT AND OPERATING PLAN

- 2.1. **Financial and Academic Assessment.** Not later than 90 days after its establishment,

the Advisory Committee shall submit to the State Treasurer and School Board a written report that assesses the District's financial and academic condition. In conducting the assessment, the Advisory Committee shall establish a process to afford District parents, students, teachers, officials, and other residents of the Benton Harbor community an opportunity to provide input.

- 2.2. **Operating Plan**. In addition to the assessment required by this Memorandum, not later than six months after its establishment, or March 31, 2020, whichever shall first occur, the Advisory Committee shall produce a written operating plan that contains recommendations to address any deficiencies identified in its assessment. Not later than 30 days after the operating plan is completed, the Advisory Committee shall submit it to the State Treasurer and School Board for their review and approval, without which the operating plan shall not take effect. The State Treasurer and School Board shall approve the operating plan, if at all, not later than 45 days after it is submitted to them.

3. AMENDMENT; WAIVER OF PROVISIONS

- 3.1. **Amendment**. This Memorandum may be amended only in writing by mutual agreement of the State Treasurer and the School Board. The effective date of an amendment to this Memorandum shall be the date on which the last of the following occurs:
- (a) The amendment is approved and executed by the School Board.
 - (b) The amendment is approved and executed by the State Treasurer.
- 3.2. **Waiver**. Upon approval by the State Treasurer, the Advisory Committee may waive or forbear from a provision of this Memorandum that requires an act by the District. However, no waiver of or forbearance from any provision of this Memorandum shall be deemed to arise from any inaction by the State Treasurer.

4. SEVERABILITY

If a provision of this Memorandum, or its application to any person, party or circumstance, is determined to be invalid or unenforceable for any reason, the remainder of this Memorandum and its application to other persons, entities, or circumstances shall not be affected and shall remain enforceable to the full extent permitted by law. Given the important public purpose sought to be accomplished by this Memorandum, it is the intent of the Parties to continue to implement the provisions of this Memorandum, in whole or in part, to the fullest extent possible.

5. COUNTERPARTS

This Memorandum may be executed in separate counterparts, each of which when executed shall be deemed an original, but all of which when taken together shall constitute one and the same Memorandum. Execution may be accomplished by delivery of original or electronic copies of the signature page.

6. DURATION OF MEMORANDUM

This Memorandum shall terminate at noon on the 365th day after its effective date, unless the State Treasurer earlier terminates the Memorandum or the Memorandum is extended by joint written action of the Department and the District in the form of an amendment as provided in this Memorandum.

7. EFFECTIVE DATE

The effective date of this Memorandum shall be the date by which all Advisory Committee members have filed with the Office of the Great Seal of the Secretary of State of the State of Michigan their Oath of Office pursuant to Article XI, Section 1 of the Constitution of Michigan.

IN WITNESS WHEREOF, the Parties, or their designees, and the additional Advisory Committee Members, have signed and executed this Memorandum on: _____, 2019.

FOR THE MICHIGAN DEPARTMENT OF TREASURY:

By _____
Member Designated by Section 1.2(a) of this Memorandum

FOR BENTON HARBOR AREA SCHOOLS:

By _____
Member Designated by Section 1.2(b) of this Memorandum

ADDITIONAL ADVISORY COMMITTEE MEMBERS:

By _____
Member Designated by Section 1.2(c) of this Memorandum

By _____
Member Designated by Section 1.2(d) of this Memorandum

By _____
Member Designated by Section 1.2(e) of this Memorandum

By _____
Member Designated by Section 1.2(f) of this Memorandum

By _____
Member Designated by Section 1.2(g) of this Memorandum

By _____
Member Designated by Section 1.2(h) of this Memorandum

By _____
Member Designated by Section 1.2(i) of this Memorandum

By _____
Member Designated by Section 1.2(j) of this Memorandum

By _____
Member Designated by Section 1.2(k) of this Memorandum

**COMMUNITY ENGAGEMENT ADVISORY COMMITTEE
FOR BENTON HARBOR AREA SCHOOLS**

Rules of Procedure

Resolution 2019-1

ARTICLE I

Adoption and Purpose

The Community Engagement and Advisory Committee for Benton Harbor Area Schools (the “Advisory Committee”) adopts these Rules of Procedure (“Rules”) to govern its organization and operations.

The purpose of the Advisory Committee is to achieve the objectives set out in a Memorandum of Understanding between the Michigan Department of Treasury (the “Department”), MDE, and Benton Harbor Area Schools (the “District”) dated October __, 2019.

ARTICLE II

Members - Term of Office

The term of office of each Advisory Committee member shall be coterminous with the existence of the Advisory Committee, unless a member vacates his or her office. A vacancy on the Advisory Committee shall be filled in the same manner by which the original selection was made. Each Advisory Committee member, before undertaking his or her service, shall take and subscribe the constitutional oath of office under Article XI, Section 1 of the Constitution of Michigan as if he or she were a State officer. The oath shall be filed with the Office of the Great Seal of the Secretary of State of the State of Michigan.

ARTICLE III

Officers

Section 1. Officers. The officers of the Advisory Committee shall be a Chairperson and, if applicable, a Vice-Chairperson, and one or more other officers, all of whom shall be selected by the Advisory Committee. The Chairperson shall be selected by a majority vote of Advisory Committee members at the first meeting of the Advisory Committee. The Deputy State Treasurer for State and Local Finance shall serve as temporary Chairperson at the first meeting of the Advisory Committee until a permanent Chairperson has been selected.

Section 2. Chairperson. The Chairperson shall preside at all meetings of the Advisory Committee, unless absent.

Section 3. Vice-Chairperson. The Vice-Chairperson shall preside at all meetings of the Advisory Committee upon request of the Chairperson, including in the absence of the Chairperson.

The Vice-Chairperson shall have the other duties and responsibilities as delegated by the Chairperson as permitted by law.

Section 4. Absence of Chairperson and Vice-Chairperson. Whenever the Chairperson, and Vice-Chairperson if one has been selected, are unable to attend a meeting of the Advisory Committee, the members present at that meeting shall designate a temporary presiding officer from among the members present, who shall preside at the meeting.

Section 5. Vice Chairperson Vacancy. Should the office of Vice-Chairperson become vacant and the Advisory Committee desires to appoint a replacement, the Advisory Committee shall select a successor from among the Advisory Committee membership.

Section 6. Sub-Committees. The Chairperson may establish and appoint Advisory Committee members to one or more sub-committees to assist the Advisory Committee. The Chairperson shall name a chairperson for each sub-committee who shall preside at all meetings of that sub-committee.

Section 7. Retention of Professionals. The Advisory Committee may request from the Department professional services it considers necessary. If a request is authorized by the Department, the Department shall determine the qualifications necessary. "Professional services" means services that require a high degree of intellectual skill, an advanced degree, or professional licensing or certification. Those providing the professional services are distinguished based on their specialized knowledge, experience, and expertise. Professional services include, but are not limited to, accounting, actuarial, appraisal, auditing, investment advisor, and legal services. Any use of or contract for legal services requires prior approval by the Department of Attorney General.

Section 8. Reimbursement. Advisory Committee members shall serve without compensation for their service on the Advisory Committee. However, a member may request from the Department reimbursement for actual and necessary expenses, including customary expenses related to travel, meals, and lodging which are incurred in connection with his or her official duties. A member shall provide original copies of all receipts for meals, lodging, and travel with any request for reimbursement. Any reimbursement for expenses shall be reviewed and approved in writing by the Advisory Committee before being submitted to the Department.

ARTICLE IV

Meetings

Section 1. Public Meetings. A meeting of the Advisory Committee shall be open to the public in accordance with notice posted in advance at the Department and at a location within the District selected by the Advisory Committee. To the extent practicable, within 30 days after its initial meeting in a given calendar year, the Advisory Committee shall post at the Department and at a location within the District selected by the Advisory Committee a schedule of its Regular Meetings for the remainder of that calendar year.

Section 2. Regular and Special Meetings. Regular Meetings of the Advisory Committee shall be held monthly, or at the call of the Chairperson, at the times and places determined by the Chairperson. Special Meetings of the Advisory Committee shall be held at such times and such

places as may be determined by the Advisory Committee at any Regular or Special Meeting, or at any other times and places as determined by the Chairperson. The call for a Regular Meeting, specifying the time and place of the meeting and the suggested agenda shall be delivered in person, mailed, faxed, or emailed to each Advisory Committee member prior to the date of the meeting. The call for a Special Meeting specifying the time and place for the meeting may be emailed or given by telephone to the business or home address or cell phone of each Advisory Committee member not less than 18 hours before the time of the meeting.

Section 3. Quorum. A majority of Advisory Committee members shall constitute a quorum of the Advisory Committee for the transaction of business at a meeting, but a lesser number may adjourn a meeting of the Advisory Committee.

Section 4. Attendance. Advisory Committee members shall make all reasonable efforts to attend meetings of the Advisory Committee or of a subcommittee to which they are appointed. If a member is unable to attend a Regular Meeting or Special Meeting, he or she shall inform the Chairperson prior to that meeting. An absence shall be noted in the minutes for that meeting. A member who is present at a meeting may by motion request that one or more members who are unable to attend the meeting be granted an excused absence from that meeting. An Advisory Committee member must be physically present at a meeting of the Advisory Committee in order to participate in that meeting.

Section 5. Action by the Advisory Committee. The Advisory Committee shall only take the actions approved by a resolution or motion of the Advisory Committee which had a concurring vote of a majority of Advisory Committee members.

Section 6. Manner of Voting. Voting on all questions at a meeting of the Advisory Committee shall be by voice vote, unless a member requests a roll call vote, in which case the individual yeas and nays shall be entered in the minutes of that meeting.

Section 7. Minutes. Minutes of all the Advisory Committee meetings, including all votes, shall be kept on file by the Department. Proposed minutes for an Advisory Committee meeting shall be prepared within eight business days of the meeting. The minutes shall be corrected and approved at the succeeding meeting. If corrected, the minutes shall show both the original entry and the correction. The minutes for each meeting of the Advisory Committee shall be available to the public upon approval by the Advisory Committee.

Section 8. Submission of Agenda Items. Any Advisory Committee member may propose items for placement on an agenda by submitting the items to the Chairperson at least five calendar days prior to the Advisory Committee meeting at which the item is to be considered. An item not submitted in accordance with the preceding sentence may be added to an agenda at the discretion of the Advisory Committee.

Section 9. Resolutions and Effective Date. All resolutions shall be in writing, be numbered sequentially by year, and be kept on file at the Department and at a location within the District selected by the Advisory Committee. A resolution shall become effective on the day of its adoption immediately upon adjournment of the meeting at which it was adopted, unless otherwise stated in the resolution.

Section 11. Public Comment. Each Advisory Committee agenda shall provide for public comment. The Advisory Committee may by motion establish a uniform maximum amount of time each member of the public shall have to offer comment and such motion, if approved by the Advisory Committee, shall remain in effect at subsequent Regular and Special Meetings until modified or rescinded by the Advisory Committee. No person shall have the right to speak more than once upon the same subject until all other persons wishing to speak upon that subject have had the opportunity to do so. Public comment in the form of written correspondence submitted to the Advisory Committee shall be noted on the record by the Chairperson during public comment, but only after all members of the public wishing to speak have done so.

ARTICLE V

Miscellaneous Provisions

Section 1. Parliamentary Procedure. To the extent practicable, the Advisory Committee shall conduct its meetings procedurally in accordance with the latest edition of *Roberts Rules of Order*.

Section 2. Ethical Duties. Advisory Committee members shall be subject to the provisions of Public Act 196 of 1973, the State Ethics Act, as well as any ethics policy adopted by the Advisory Committee.

Section 3. Conflict of Interest. Advisory Committee members shall be subject to the provisions of Public Act 317 of 1968 and Public Act 318 of 1968, as well as any ethics policy adopted by the Advisory Committee.

Section 4. Adoption of Policies. The Advisory Committee may adopt one or more policies supplementary to these Rules to govern the conduct of Advisory Committee members concerning standards of conduct, conflicts of interest, and ethics. A policy shall be identified by the year of its adoption and a sequential number.

ARTICLE VI

Amendment and Suspension of Rules of Procedure

Section 1. Amendment. These Rules may be amended by resolution adopted by the affirmative vote of a majority of Advisory Committee members. A proposed amendment shall be in writing, shall specify the words to be added to or stricken from these Rules by the proposed amendment, and be provided to Advisory Committee members in advance of the meeting at which the proposed amendment is to be considered.

Date: _____
Benton Harbor, Michigan

Community Engagement Advisory Committee for Benton Harbor Area Schools

RESOLUTION 2019-1

ADOPTING RULES OF PROCEDURE

WHEREAS, on October __, 2019, the Michigan Department of Treasury (the “Department”), the Michigan Department of Education (“MDE”), and Benton Harbor Area Schools (the “District”) executed a Memorandum of Understanding (the “Memorandum”) to achieve the objectives set out in that Memorandum; And

WHEREAS, pursuant to the Memorandum, the Department, MDE, and the District established a Community Engagement and Advisory Committee (the “Advisory Committee”); And

WHEREAS, it is anticipated that the Advisory Committee will hold meetings on an ongoing basis and it is important that those meetings be conducted in an orderly, efficient, and predictably regular manner; And

WHEREAS, the members of the Advisory Committee wish to adopt Rules of Procedure to govern the conduct, meetings, and work of the Advisory Committee.

NOW THEREFORE, be it resolved by the Advisory Committee as follows:

1. That the Rules of Procedure presented to the Advisory Committee at its first meeting on October __, 2019, hereby are adopted.
2. That the minutes of the Advisory Committee meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.

IN WITNESS WHEREOF, the members of the Advisory Committee, or their designees, have signed and adopted this Resolution.

FOR THE MICHIGAN DEPARTMENT OF TREASURY:

By _____
Member Designated by Section 1.2(a) of the Memorandum

FOR THE MICHIGAN DEPARTMENT OF EDUCATION

By _____
Member Designated by Section 1.2(b) of the Memorandum

FOR BENTON HARBOR AREA SCHOOLS:

By _____
Member Designated by Section 1.2(c) of the Memorandum

ADDITIONAL ADVISORY COMMITTEE MEMBERS:

By _____
Member Designated by Section 1.2(d) of the Memorandum

By _____
Member Designated by Section 1.2(e) of the Memorandum

By _____
Member Designated by Section 1.2(f) of the Memorandum

By _____
Member Designated by Section 1.2(g) of the Memorandum

By _____
Member Designated by Section 1.2(h) of the Memorandum

By _____
Member Designated by Section 1.2(i) of the Memorandum

By _____
Member Designated by Section 1.2(j) of the Memorandum

By _____
Member Designated by Section 1.2(k) of the Memorandum

By _____
Member Designated by Section 1.3 of the Memorandum

Date: _____
Benton Harbor, Michigan

STANDARDS OF CONDUCT FOR PUBLIC OFFICERS AND EMPLOYEES
Act 196 of 1973

AN ACT to prescribe standards of conduct for public officers and employees; to create a state board of ethics and prescribe its powers and duties; and to prescribe remedies and penalties.

History: 1973, Act 196, Imd. Eff. Jan. 8, 1974;—Am. 1980, Act 481, Eff. Mar. 31, 1981.

The People of the State of Michigan enact:

15.341 Definitions.

Sec. 1. As used in this act:

- (a) "Board" means the board of ethics.
- (b) "Employee" means an employee, classified or unclassified, of the executive branch of this state. For the purpose of section 2b, employee shall include an employee of this state or a political subdivision of this state.
- (c) "Public officer" means a person appointed by the governor or another executive department official. For the purpose of section 2b, public officer shall include an elected or appointed official of this state or a political subdivision of this state.
- (d) "Unethical conduct" means a violation of the standards in section 2.

History: 1973, Act 196, Imd. Eff. Jan. 8, 1974;—Am. 1980, Act 481, Eff. Mar. 31, 1981.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.342 Public officer or employee; prohibited conduct.

Sec. 2. (1) A public officer or employee shall not divulge to an unauthorized person, confidential information acquired in the course of employment in advance of the time prescribed for its authorized release to the public.

- (2) A public officer or employee shall not represent his or her personal opinion as that of an agency.
- (3) A public officer or employee shall use personnel resources, property, and funds under the officer or employee's official care and control judiciously and solely in accordance with prescribed constitutional, statutory, and regulatory procedures and not for personal gain or benefit.
- (4) A public officer or employee shall not solicit or accept a gift or loan of money, goods, services, or other thing of value for the benefit of a person or organization, other than the state, which tends to influence the manner in which the public officer or employee or another public officer or employee performs official duties.
- (5) A public officer or employee shall not engage in a business transaction in which the public officer or employee may profit from his or her official position or authority or benefit financially from confidential information which the public officer or employee has obtained or may obtain by reason of that position or authority. Instruction which is not done during regularly scheduled working hours except for annual leave or vacation time shall not be considered a business transaction pursuant to this subsection if the instructor does not have any direct dealing with or influence on the employing or contracting facility associated with his or her course of employment with this state.
- (6) Except as provided in section 2a, a public officer or employee shall not engage in or accept employment or render services for a private or public interest when that employment or service is incompatible or in conflict with the discharge of the officer or employee's official duties or when that employment may tend to impair his or her independence of judgment or action in the performance of official duties.
- (7) Except as provided in section 2a, a public officer or employee shall not participate in the negotiation or execution of contracts, making of loans, granting of subsidies, fixing of rates, issuance of permits or certificates, or other regulation or supervision relating to a business entity in which the public officer or employee has a financial or personal interest.

History: 1973, Act 196, Imd. Eff. Jan. 8, 1974;—Am. 1978, Act 352, Imd. Eff. July 12, 1978;—Am. 1984, Act 53, Imd. Eff. Apr. 12, 1984.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.342a MCL 15.301 to 15.310 and MCL 15.321 to 15.330 not amended or modified; purpose

of act; validity of contract in violation of act; voting on, making, or participating in governmental decisions; “governmental decision” defined.

Sec. 2a. (1) This act shall not in any manner amend or modify the terms of Act No. 317 of the Public Acts of 1968, being sections 15.321 to 15.330 of the Michigan Compiled Laws and Act No. 318 of the Public Acts of 1968, being sections 15.301 to 15.310 of the Michigan Compiled Laws.

(2) This act is intended as a code of ethics for public officers and employees and not as a rule of law for public contracts. A contract in respect to which a public officer or employee acts in violation of this act, shall not be considered to be void or voidable unless the contract is a violation of another statute which specifically provides for the remedy.

(3) Subject to subsection (4), section 2(6) and (7) shall not apply and a public officer shall be permitted to vote on, make, or participate in making a governmental decision if all of the following occur:

(a) The requisite quorum necessary for official action on the governmental decision by the public entity to which the public officer has been elected or appointed is not available because the participation of the public officer in the official action would otherwise violate section 2(6) or (7).

(b) The public officer is not paid for working more than 25 hours per week for this state or a political subdivision of this state.

(c) The public officer promptly discloses any personal, contractual, financial, business, or employment interest he or she may have in the governmental decision and the disclosure is made part of the public record of the official action on the governmental decision.

(4) If a governmental decision involves the awarding of a contract, section 2(6) and (7) shall not apply and a public officer shall be permitted to vote on, make, or participate in making the governmental decision if all of the following occur:

(a) All of the conditions of subsection (3) are fulfilled.

(b) The public officer will directly benefit from the contract in an amount less than \$250.00 or less than 5% of the public cost of the contract, whichever is less.

(c) The public officer files a sworn affidavit containing the information described in subdivision (b) with the legislative or governing body making the governmental decision.

(d) The affidavit required by subdivision (c) is made a part of the public record of the official action on the governmental decision.

(5) As used in this section, “governmental decision” means a determination, action, vote, or disposition upon a motion, proposal, recommendation, resolution, ordinance, or measure on which a vote by the members of a legislative or governing body of a public entity is required and by which a public entity formulates or effectuates public policy.

History: 1973, Act 196, Imd. Eff. Jan. 8, 1974;—Am. 1984, Act 53, Imd. Eff. Apr. 12, 1984.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed §§4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.342b Report of violation; applicability of sanctions; civil fine.

Sec. 2b. (1) A public officer or employee who has knowledge that another public officer or employee has violated section 2 may report the existence of the violation to a supervisor, person, agency, or organization. A public officer or employee who reports or is about to report a violation of section 2 shall not be subject to any of the following sanctions because they reported or were about to report a violation of section 2.

(a) Dismissal from employment or office.

(b) Withholding of salary increases that are ordinarily forthcoming to the employee.

(c) Withholding of promotions that are ordinarily forthcoming to the employee.

(d) Demotion in employment status.

(e) Transfer of employment location.

(2) Whenever a public officer or employee who has reported or who intends to report a violation of section 2 may be subject to any of the sanctions under this section for reasons other than the public officer's or employee's actions in reporting or intending to report a violation of section 2, the appointing or supervisory authority before the imposition of a sanction shall establish by a preponderance of evidence that the sanction to be imposed is not imposed because the public officer or employee reported or intended to report a violation of section 2.

(3) A person who violates this section is liable for a civil fine of not more than \$500.00.

(4) A civil fine recovered under this section shall be submitted to the state treasurer for deposit in the general fund of this state.

History: Add. 1978, Act 352, Imd. Eff. July 12, 1978;—Am. 1980, Act 481, Eff. Mar. 31, 1981.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.342c Civil action; commencement of action; “damages” defined.

Sec. 2c. (1) A person who alleges a violation of section 2b may bring a civil action for appropriate injunctive relief, or actual damages, or both within 90 days after the occurrence of the alleged violation of this act.

(2) An action commenced pursuant to subsection (1) may be brought in the circuit court for the county where the alleged violation occurred, the county where the complainant resides, or the county where the person against whom the civil complaint is filed resides.

(3) As used in subsection (1), “damages” means damages for injury or loss caused by each violation of section 2b, including reasonable attorney fees.

History: Add. 1980, Act 481, Eff. Mar. 31, 1981.

15.342d Court order; costs.

Sec. 2d. A court, in rendering a judgment in an action brought pursuant to section 2b, shall order, as the court considers appropriate, reinstatement of the employee, the payment of back wages, full reinstatement of fringe benefits and seniority rights, actual damages, or any combination of these remedies. A court may also award the complainant all or a portion of the costs of litigation, including reasonable attorney fees and witness fees, if the court determines that the award is appropriate.

History: Add. 1980, Act 481, Eff. Mar. 31, 1981.

15.342e Posting notices of protections and obligations.

Sec. 2e. An employer shall post notices and use other appropriate means to keep his or her employees informed of their protections and obligations under this act.

History: Add. 1980, Act 481, Eff. Mar. 31, 1981.

15.343 Board of ethics; creation; function.

Sec. 3. (1) There is hereby created within the executive office of the governor a board of ethics.

(2) The function of the board shall be advisory and investigatory and the board is not empowered to take direct action against any person or agency.

History: 1973, Act 196, Imd. Eff. Jan. 8, 1974.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.344 Board of ethics; appointment, qualifications, and terms of members; vacancies; ex officio members; quorum; action by board; compensation; executive secretary; clerical or administrative assistance.

Sec. 4. (1) The board of ethics shall consist of 7 members appointed by the governor, with the advice and consent of the senate, 1 of whom shall be designated as chairman and all of whom shall be residents of the state and not associated with public employment. Not more than 4 members of the board shall be members of the same political party. Initial appointments shall be made for terms commencing 30 days after the effective date of this act. Of those first appointed 2 shall serve for 1 year, 2 shall serve for 2 years, and 3 shall serve for 3 years. For the 1 year, 2 year and 3 year terms, at least 1 member for each such term shall be of the same political party. In the event of a vacancy, the governor shall fill the vacancy for the remainder of the term. Subsequent to the initial appointments, members shall be appointed for terms of 4 years.

(2) The attorney general and the state personnel director shall serve ex officio without the right to vote.

(3) Four members of the board shall constitute a quorum and the affirmative vote of 4 members shall be necessary for any action. Members of the board shall serve without compensation but shall be reimbursed for their actual and necessary expenses incurred in the performance of their duties. With the consent of the civil service commission, the state personnel director shall designate an employee of the department of civil service, acceptable to the board, to act as executive secretary of the board and shall provide clerical or administrative assistance from the department of civil service as the board may, from time to time, request.

History: 1973, Act 196, Imd. Eff. Jan. 8, 1974.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.345 Board of ethics; powers and duties.

Sec. 5. (1) The board shall:

- (a) Receive complaints concerning alleged unethical conduct by a public officer or employee from any person or entity, inquire into the circumstances surrounding the alleged unethical conduct, and make recommendations concerning individual cases to the appointing authority with supervisory responsibility for the person whose activities have been investigated. All departments of state government shall cooperate with the board of ethics in the conduct of its investigations.
 - (b) Initiate investigations of practices that could affect ethical conduct of a public officer or employee.
 - (c) Hold public hearings.
 - (d) Administer oaths and receive sworn testimony.
 - (e) Issue and publish advisory opinions upon request from a public officer or employee or their appointing or supervisory authority relating to matters affecting ethical conduct of a public officer or employee.
- (2) In the issuance of investigative reports and recommendations and advisory opinions, the board shall be advised as to legal matters by the attorney general.
- (3) When a recommendation to an appointing authority is made by the board which affects a classified employee, the appointing authority shall initiate appropriate proceedings in accordance with such recommendation and pursuant to the rules of the civil service commission.
- (4) When a recommendation to an appointing authority is made by the board concerning an unclassified employee or appointee, the appointing authority shall take appropriate disciplinary action which may include dismissal.

History: 1973, Act 196, Imd. Eff. Jan. 8, 1974.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.346 Rules.

Sec. 6. The board may promulgate rules governing its own procedures pursuant to Act No. 306 of the Public Acts of 1969, as amended, being sections 24.201 to 24.315 of the Michigan Compiled Laws. For a period of 1 year following the effective date of this act the board shall have full authority to exercise all of its functions in accordance with temporary rules of procedure promulgated by the board. Both the temporary and permanent rules of the board shall provide that:

- (a) The board may request the attendance of any witness whose testimony, in the judgment of the board, will aid in the conduct of its investigations.
- (b) A person appearing before the board shall submit either sworn or unsworn testimony as the board may decide and may at all times be represented and accompanied by counsel.
- (c) A record of testimony taken before the board or a hearing officer designated by it shall be made in the manner prescribed by the board.
- (d) The board may, when it appears necessary for the protection of individual rights, hold its meetings and hearings in private. All other meetings and hearings shall be open to the public.

History: 1973, Act 196, Imd. Eff. Jan. 8, 1974.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

Administrative rules: R 15.1 et seq. of the Michigan Administrative Code.

15.347 Appropriation.

Sec. 7. There is appropriated from the general fund of the state an amount necessary to implement this act but not to exceed \$10,000.00 for the fiscal year ending June 30, 1974.

History: 1973, Act 196, Imd. Eff. Jan. 8, 1974.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.348 Other acts not superseded; interpretation and administration of act.

Sec. 8. The provisions of this act shall not supersede the provisions of any other acts heretofore or hereinafter enacted and shall be interpreted and administered to the extent not inconsistent with other acts.

History: 1973, Act 196, Imd. Eff. Jan. 8, 1974.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

CONTRACTS OF PUBLIC SERVANTS WITH PUBLIC ENTITIES
Act 317 of 1968

AN ACT relating to the conduct of public servants in respect to governmental decisions and contracts with public entities; to provide penalties for the violation of this act; to repeal certain acts and parts of acts; and to validate certain contracts.

History: 1968, Act 317, Eff. Sept. 1, 1968;—Am. 1984, Act 81, Imd. Eff. Apr. 18, 1984.

The People of the State of Michigan enact:

15.321 Public servants, contracts with public entities; definitions.

Sec. 1. As used in this act:

(a) "Public servant" includes all persons serving any public entity, except members of the legislature and state officers who are within the provisions of section 10 of article 4 of the state constitution as implemented by legislative act.

(b) "Public entity" means the state including all agencies thereof, any public body corporate within the state, including all agencies thereof, or any non-incorporated public body within the state of whatever nature, including all agencies thereof.

History: 1968, Act 317, Eff. Sept. 1, 1968.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.322 Public servant; soliciting, negotiating, renegotiating, approving, or representing a party to a contract with public entity prohibited.

Sec. 2. (1) Except as provided in sections 3 and 3a, a public servant shall not be a party, directly or indirectly, to any contract between himself or herself and the public entity of which he or she is an officer or employee.

(2) Except as provided in section 3, a public servant shall not directly or indirectly solicit any contract between the public entity of which he or she is an officer or employee and any of the following:

(a) Him or herself.

(b) Any firm, meaning a co-partnership or other unincorporated association, of which he or she is a partner, member, or employee.

(c) 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 a stock exchange, or stock with a present total market value in excess of \$25,000.00 if the stock is listed on a stock exchange or of which he or she is a director, officer, or employee.

(d) Any trust of which he or she is a beneficiary or trustee.

(3) In regard to a contract described in subsection (2), a public servant shall not do either of the following:

(a) Take any part in the negotiations for such a contract or the renegotiation or amendment of the contract, or in the approval of the contract.

(b) Represent either party in the transaction.

History: 1968, Act 317, Eff. Sept. 1, 1968;—Am. 1992, Act 9, Imd. Eff. Mar. 10, 1992.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.323 Applicability of MCL 15.322 to public servants; requirements of contract; making or participating in governmental decision; counting members for purposes of quorum; voting; affidavit; "governmental decision" defined.

Sec. 3. (1) Section 2 does not apply to either of the following:

(a) A public servant who is paid for working an average of 25 hours per week or less for a public entity.

(b) A public servant who is an employee of a public community college, junior college, or state college or university.

(2) A contract as defined in and limited by section 2 involving a public entity and a public servant described in subsection (1) shall meet all of the following requirements:

(a) The public servant promptly discloses any pecuniary interest in the contract to the official body that has

power to approve the contract, which disclosure shall be made a matter of record in its official proceedings. Unless the public servant making the disclosure will directly benefit from the contract in an amount less than \$250.00 and less than 5% of the public cost of the contract and the public servant files a sworn affidavit to that effect with the official body or the contract is for emergency repairs or services, the disclosure shall be made in either of the following manners:

(i) The public servant promptly discloses in writing to the presiding officer, or if the presiding officer is the public servant who is a party to the contract, to the clerk, the pecuniary interest in the contract at least 7 days prior to the meeting at which a vote will be taken. The disclosure shall be made public in the same manner as a public meeting notice.

(ii) The public servant discloses the pecuniary interest at a public meeting of the official body. The vote shall be taken at a meeting of the official body held at least 7 days after the meeting at which the disclosure is made. If the amount of the direct benefit to the public servant is more than \$5,000.00, disclosure must be made as provided under this subparagraph.

(b) The contract is approved by a vote of not less than 2/3 of the full membership of the approving body in open session without the vote of the public servant making the disclosure.

(c) The official body discloses the following summary information in its official minutes:

(i) The name of each party involved in the contract.

(ii) The terms of the contract, including duration, financial consideration between 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.

(iii) The nature of any pecuniary interest.

(3) This section and section 2 do not prevent a public servant from making or participating in making a governmental decision to the extent that the public servant's participation is required by law. If 2/3 of the members are not eligible under this act to vote on a contract or to constitute a quorum, a member may be counted for purposes of a quorum and may vote on the contract if the member will directly benefit from the contract in an amount less than \$250.00 and less than 5% of the public cost of the contract and the member files a sworn affidavit to that effect with the official body. The affidavit shall be made a part of the public record of the official proceedings. As used in this subsection, "governmental decision" means a determination, action, vote, or disposition upon a motion, proposal, recommendation, resolution, ordinance, order, or measure on which a vote by members of a local legislative or governing body of a public entity is required and by which a public body effectuates or formulates public policy.

History: 1968, Act 317, Eff. Sept. 1, 1968;—Am. 1981, Act 100, Imd. Eff. July 15, 1981;—Am. 1982, Act 207, Imd. Eff. July 1, 1982;—Am. 1984, Act 81, Imd. Eff. Apr. 18, 1984;—Am. 1984, Act 184, Imd. Eff. July 3, 1984;—Am. 1997, Act 145, Eff. Mar. 2, 1998

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.323a Construction of MCL 15.322.

Sec. 3a. Section 2 shall not be construed to do any of the following:

(a) Prohibit public servants of a city, village, township, or county with a population of less than 25,000 from serving, with or without compensation, as emergency medical services personnel as defined in section 20904 of the public health code, 1978 PA 368, MCL 333.20904.

(b) Prohibit public servants of a city, village, township, or county with a population of less than 25,000 from serving, with or without compensation, as a firefighter in that city, village, township, or county if that firefighter is not any of the following:

(i) A full-time firefighter.

(ii) A fire chief.

(iii) A person who negotiates with the city, village, township, or county on behalf of the firefighters.

(c) Limit the authority of the governing body of a city, village, township, or county with a population of less than 25,000 to authorize a public servant to perform, with or without compensation, other additional services for the unit of local government.

(d) Prohibit public servants of this state from purchasing at a tax sale lands returned as delinquent for taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, unless otherwise prohibited by the rules of the Michigan civil service commission or the department or agency of which that public servant is an employee.

(e) Prohibit a superintendent of an intermediate school district from serving simultaneously as

superintendent of a local school district, or prohibit an intermediate school district from contracting with another person to serve as superintendent of a local school district, even if the local school district is a constituent district of the intermediate school district. As used in this subdivision, "constituent district" means that term as defined in section 3 of the revised school code, 1976 PA 451, MCL 380.3.

History: Add. 1992, Act 9, Imd. Eff. Mar. 10, 1992;—Am. 1996, Act 203, Imd. Eff. May 17, 1996;—Am. 2011, Act 106, Imd. Eff. July 19, 2011.

15.324 Public servants; contracts excepted; violation as felony.

Sec. 4. (1) The prohibitions of section 2 shall not apply to any of the following:

(a) Contracts between public entities.

(b) Contracts awarded to the lowest qualified bidder, other than a public servant, upon receipt of sealed bids pursuant to a published notice. Except as authorized by law, the notice shall not bar any qualified person, firm, corporation, or trust from bidding. This subsection shall not apply to amendments or renegotiations of a contract nor to additional payments made under a contract which were not authorized by the contract at the time of award.

(c) Contracts for public utility services where the rates are regulated by the state or federal government.

(d) Contracts to purchase residential property. A public servant of a city or village may purchase 1 to 4 parcels not less than 18 months between each purchase. This subdivision does not apply to public servants of a city or village who have been appointed or elected to their position or whose employment responsibilities include the purchase or selling of property for the city or village. This subdivision shall apply only to a city or village that has adopted an ethics ordinance which was in effect at the time the residential property was purchased.

(2) A person that violates subsection (1)(d) is guilty of a felony punishable by imprisonment for not more than 1 year or a fine of not less than \$1,000.00 or more than 3 times the value of the property purchased.

History: 1968, Act 317, Eff. Sept. 1, 1968;—Am. 2005, Act 198, Imd. Eff. Nov. 9, 2005.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.325 Public servants, voidability of contracts; procedure, knowledge, limitation, reimbursement, settlements, evidences of indebtedness.

Sec. 5. (1) This act is aimed to prevent public servants from engaging in certain activities and is not intended to penalize innocent persons. Therefore, no contract shall be absolutely void by reason of this act. Contracts involving prohibited activities on the part of public servants shall be voidable only by decree of a court of proper jurisdiction in an action by the public entity, which is a party thereto, as to any person, firm, corporation or trust that entered into the contract or took any assignment thereof, with actual knowledge of the prohibited activity. In the case of the corporation, the actual knowledge must be that of a person or body finally approving the contract for the corporation. All actions to avoid any contract hereunder shall be brought within 1 year after discovery of circumstances suggesting a violation of this act. In order to meet the ends of justice any such decree shall provide for the reimbursement of any person, firm, corporation or trust for the reasonable value of all moneys, goods, materials, labor or services furnished under the contract, to the extent that the public entity has benefited thereby. This provision shall not prohibit the parties from arriving at an amicable settlement.

(2) Negotiable and nonnegotiable bonds, notes or evidences of indebtedness, whether heretofore or hereafter issued, in the hands of purchasers for value, shall not be void or voidable by reason of this act or of any previous statute, charter or rule of law.

History: 1968, Act 317, Eff. Sept. 1, 1968.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.326 Public servants, validity of existing contracts.

Sec. 6. If any public entity has, prior to the effective date of this act, entered into any contract under which moneys, goods, materials, labor or services have been actually received by the public entity, which was void or voidable under any act, charter or rule of law because of a conflict of interest on the part of a public servant at the time of the execution thereof, such contract shall be fully enforceable notwithstanding such conflict of interest, by any party thereto other than such public servant.

History: 1968, Act 317, Eff. Sept. 1, 1968.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.327 Penalty for violation.

Sec. 7. Any person violating the provisions of this act is guilty of a misdemeanor.

History: 1968, Act 317, Eff. Sept. 1, 1968.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.328 Other laws superseded; local ordinances.

Sec. 8. It is the intention that this act shall constitute the sole law in this state and shall supersede all other acts in respect to conflicts of interest relative to public contracts, involving public servants other than members of the legislature and state officers, including but not limited to section 30 of 1851 PA 156, MCL 46.30. This act does not prohibit a unit of local government from adopting an ordinance or enforcing an existing ordinance relating to conflict of interest in subjects other than public contracts involving public servants.

History: 1968, Act 317, Eff. Sept. 1, 1968;—Am. 1997, Act 145, Eff. Mar. 2, 1998.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.329 Repeal.

Sec. 9. The following acts and parts of acts are repealed:

Year of act	Public Act No.	Section numbers 6 of chapter 5	Compiled Law sections (1948)
1895	3		65.6
1895	215	16 of chapter 8	88.16
1931	328	122	750.122
1955	269	969	340.969
1966	317		15.161 to 15.172

History: 1968, Act 317, Eff. Sept. 1, 1968.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.330 Effective date.

Sec. 10. This act shall take effect September 1, 1968.

History: 1968, Act 317, Eff. Sept. 1, 1968.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

CONFLICT OF INTEREST
Act 318 of 1968

AN ACT to implement the provisions of section 10 of article 4 of the constitution relating to substantial conflicts of interest on the part of members of the legislature and state officers in respect to contracts with the state and the political subdivisions thereof; to provide for penalties for the violation thereof; to repeal all acts and parts of acts in conflict with this act; and to validate certain contracts.

History: 1968, Act 318, Eff. Sept. 1, 1968.

The People of the State of Michigan enact:

15.301 Conflict of interest; purpose.

Sec. 1. This statute is enacted for the purpose of implementing the provisions of section 10 of article 4 of the constitution. Therefore, this act shall be taken into consideration in determining the construction and effect to be given the constitutional section, insofar as the same is constitutionally possible.

History: 1968, Act 318, Eff. Sept. 1, 1968.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.302 Direct or indirect interest in state contracts prohibited.

Sec. 2. No member of the legislature, herein referred to as a "legislator", nor any state officer shall be interested directly or indirectly in any contract with the state or any political subdivision thereof which shall cause a substantial conflict of interest.

History: 1968, Act 318, Eff. Sept. 1, 1968.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.303 Definitions.

Sec. 3. As used in this act:

(a) The term "state officer" means only a person occupying one of the following offices established by the constitution: governor; lieutenant governor; secretary of state; state treasurer; attorney general; auditor general; superintendent of public instruction; member of the state board of education; regent of the university of Michigan; trustee of Michigan State University; governor of Wayne State University; member of a board of control of one of the other institutions of higher education named in section 4 of article 8 of the constitution or established by law as therein provided; president of each of the foregoing universities and institutions of higher learning; member of the state board for public community and junior colleges; member of the supreme court; member of the court of appeals; member of the state highway commission; director of the state highway commission; member of the liquor control commission; member of the board of state canvassers; member of the commission on legislative apportionment; member of the civil service commission; state personnel director; or member of the civil rights commission; together with his principal deputy who by law under specified circumstances, may exercise independently some or all of the sovereign powers of his principal whenever the deputy is actually exercising such powers.

(b) "Political subdivision" includes all public bodies corporate within but not including the state, including all agencies thereof or any non-incorporated body within the state of whatever nature, including all agencies thereof.

History: 1968, Act 318, Eff. Sept. 1, 1968.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.304 Pecuniary interest; cases in which there is no substantial conflict of interest.

Sec. 4. (1) As used in section 2, "interested" means a pecuniary interest.

(2) If there is a conflict of interest on the part of a legislator or state officer in respect to a contract with the state or a political subdivision of the state, to be prohibited by this act his or her personal interest must be of such substance as to induce action on his or her part to promote the contract for his or her own personal

benefit.

(3) In the following cases, there is no substantial conflict of interest:

(a) A contract between the state or a political subdivision of the state and any of the following:

(i) A corporation in which a legislator or state officer 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 the stock 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, where a legislator or state officer 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 the stock 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, Act No. 23 of the Public Acts of 1993, being sections 450.5101 to 450.6200 of the Michigan Compiled Laws, if a legislator or state officer is an employee but not a member of the company.

(b) A contract between the state or a political subdivision of the state and any of the following:

(i) A corporation in which a legislator or state officer is a stockholder owning more than 1% of the total stock outstanding in any class if the stock is not listed on a stock exchange or the stock has a present market value in excess of \$25,000.00 if the stock is listed on a stock exchange or a director, officer, or employee.

(ii) A firm, partnership, or other unincorporated association, in which a legislator or state officer is a partner, member, or employee.

(iii) A corporation or firm that has an indebtedness owed to a legislator or state officer.

(iv) A trustee or trustees under a trust in which a legislator or state officer is a beneficiary or trustee or a corporation in whose stock the trust funds are invested, if the investment includes more than 1% of the total stock outstanding in any class if the stock is not listed on a stock exchange or if the stock has a present market value in excess of \$25,000.00 if the stock is listed on a stock exchange, if the legislator or state officer does not solicit the contract, takes no part in the negotiations for or in the approval of the contract or any amendment to the contract, and does not in any way represent either party in the transaction and the contract is not with or authorized by the department or agency of the state or a political subdivision with which the state officer is connected.

(c) A contract between the state and a political subdivision of the state or between political subdivisions of the state.

(d) A contract awarded to the lowest qualified bidder, upon receipt of sealed bids pursuant to a published notice for bids provided 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 which were not authorized by the contract at the time of award.

(e) A contract for public utility services where the rates for the services are regulated by the state or federal government.

History: 1968, Act 318, Eff. Sept. 1, 1968;—Am. 1994, Act 292, Imd. Eff. July 14, 1994.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.304a Contract arising from status of being both student and member of governing board.

Sec. 4a. In addition to the cases set forth in section 4, there shall not be deemed to be a conflict of interest with respect to a contract arising out of the status of being a student at an institution of higher education granting baccalaureate degrees or an institution established pursuant to section 7 of article 8 of the state constitution of 1963 where the student is elected or appointed to the governing board of the institution of higher education.

History: Add. 1974, Act 317, Imd. Eff. Dec. 15, 1974;—Am. 1976, Act 423, Imd. Eff. Jan. 11, 1977.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.305 Voidability of contracts; procedure; knowledge; limitation on actions; reimbursement; amicable settlement; evidences of indebtedness.

Sec. 5. (1) This act, following the evident intent of section 10 of article 4 of the constitution, is aimed to prevent legislators and state officers from engaging in certain activities under circumstances creating a substantial conflict of interest and is not intended to penalize innocent persons. Therefore, no contract shall be

absolutely void by reason of this act or the constitutional provision which it implements. Contracts involving a prohibited conflict of interest under this act and said constitutional provision shall be voidable only by decree of a court of proper jurisdiction in an action by the state or a political subdivision which is a party thereto, as to any person, firm, corporation or trust that entered into said contract or took any assignment thereof, with actual knowledge of such prohibited conflict. In the case of a corporation, the actual knowledge must be that of a person or body finally approving the contract for the corporation. All actions to avoid any contract hereunder shall be brought within 1 year after discovery of circumstances suggesting the existence of a violation of the constitutional provision as implemented by this act. In order to meet the ends of justice any such decree shall provide for the reimbursement of any person, firm, corporation or trust for the reasonable value of all moneys, goods, materials, labor or services furnished under the contract, to the extent that the state or political subdivision has benefited thereby. This provision shall not prohibit the parties from arriving at an amicable settlement.

(2) Negotiable and nonnegotiable bonds, notes or evidences of indebtedness, whether heretofore or hereafter issued, in the hands of purchasers for value, shall not be void or voidable by reason of this act or of the constitutional provision which it implements or of any previous statute, charter or rule of law.

History: 1968, Act 318, Eff. Sept. 1, 1968.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.306 Existing contracts; validity.

Sec. 6. If the state or any political subdivision thereof has, prior to the effective date of this act, entered into any contract under which moneys, goods, materials, labor or services, have been actually received by the state or the political subdivision, which was void or voidable under any act, charter or rule of law because of conflict of interest on the part of a legislator or state officer at the time of the execution thereof, such contract shall be fully enforceable notwithstanding such conflict of interest, by any party thereto other than such legislator or state officer.

History: 1968, Act 318, Eff. Sept. 1, 1968.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.307 Legislative committee on conflict of interest; appointment, duties and powers; prohibitions; violations.

Sec. 7. There is created a special committee of the legislature on conflict of interest (herein referred to as the committee) to consist of 3 members of the senate and 3 members of the house of representatives, at least 1 of whom from each house shall be a member of the minority party, to be appointed in the same manner as standing committees of the senate and the house. The committee shall have the following duties and powers:

(a) It shall establish, by majority vote, its rules and procedures;

(b) Its members shall serve without compensation, but shall be entitled to actual and necessary expenses while on the business of the committee;

(c) It may, upon the request of any member of the legislature, render advisory opinions to legislators as to whether under the facts and circumstances of a particular case a legislator is interested directly or indirectly in a contract with the state or any political subdivision thereof which shall cause a substantial conflict of interest;

(d) It may insure that the identity of persons involved in any request for advisory opinions shall not be disclosed in the request, advisory opinion or otherwise.

Any member of the legislature who is licensed as an attorney is prohibited from appearing in any nonadversary or nonministerial proceeding before any state department, office, board or commission of the executive branch of government.

Any member of the legislature willfully violating the provisions of this act shall be subject to appropriate disciplinary action by the house of which he is a member.

History: 1968, Act 318, Eff. Sept. 1, 1968.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.308 Conflicts of interest; state officers, violations.

Sec. 8. Any state officer willfully violating the provisions of this act shall be subject to appropriate disciplinary action by the governor if he is an administrative officer of the state or if he be a judicial officer of the state, then by the governor on a concurrent resolution adopted by 2/3 of the members elected to and serving in each house of the legislature.

History: 1968, Act 318, Eff. Sept. 1, 1968.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.309 Conflicts of interest; controlling law.

Sec. 9. All acts and parts of acts in conflict herewith are hereby repealed, it being the intention hereof that the provisions of said section 10 of article 4 of the constitution as implemented by this act, shall constitute the sole law in respect to conflicts of interest involving legislators and state officers in contracts with the state or its political subdivisions.

History: 1968, Act 318, Eff. Sept. 1, 1968.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.

15.310 Effective date.

Section 10. This act shall take effect September 1, 1968.

History: 1968, Act 318, Eff. Sept. 1, 1968.

Compiler's note: Section 191 of Act 227 of the Public Acts of 1975 repealed MCL 4.401 to 4.410, 168.901 to 168.929, 15.321 to 15.330, 15.301 to 15.310, and 15.341 to 15.348. The Michigan Supreme Court, however, in Advisory Opinion on Constitutionality of 1975 PA 227, 396 Mich. 123, 240 N.W.2d 193 (1976), held Act 227 of the Public Acts of 1975 unconstitutional for being in violation of Mich. Const., Art. 4, § 24.