

Book	Policy Manual
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6465 - RELATED PARTY TRANSACTION

The Governing Authority recognizes that related party transactions involving public contracts may be necessary to meet the needs of the Academy. However, the Board shall approve related party transactions involving public contracts only to the extent permitted by law and only in accordance with this Policy. Any public contract that is entered into in violation of this Policy and/or the applicable law shall be void and unenforceable.

The term "public contract" for purposes of this Policy means any of the following: (1) the purchase or acquisition, or a contract for the purchase or acquisition, of property or services by or for the use of the Academy and/or the Governing Authority, including the employment of an individual by the Academy and/or the Governing Authority; or (2) a contract for the design, construction, alteration, repair, or maintenance of any property owned by the Academy and/or the Governing Authority.

Pursuant to R.C. 3314.03(A)(11)(e), the Academy and the Governing Authority are expressly required to comply with R.C. Chapter 102 and R.C. 2921.42. Accordingly, no Governing Authority member or Academy employee shall do any of the following:

- A. Authorize, or employ the authority or influence of his/her office or employment to secure authorization of any public contract in which s/he, a member of his/her family, or any of his/her business associates has an interest;
- B. Authorize, or employ the authority or influence of his/her office or employment to secure the investment of Academy funds in any share, bond, mortgage, or other security, with respect to which s/he, a member of his/her family, or any of his/her business associates either has an interest, is an underwriter, or receives any brokerage, origination, or servicing fees;
- C. During his/her term of office or employment or within one (1) year thereafter, occupy any position of profit in the prosecution of a public contract authorized by him/her or by the Governing Authority during his/her term of office or employment, unless the contract was let by competitive bidding to the lowest and best bidder;
- D. Have an interest in the profits or benefits of a public contract entered into by or for the use of the Academy and/or the Governing Authority; or
- E. Have an interest in the profits or benefits of a public contract that is not let by competitive bidding if required by law and that involves more than \$150.00.

Notwithstanding the foregoing, the aforementioned prohibitions shall not apply to a public contract in which a Governing Authority member, an Academy employee, a Governing Authority member's or Academy employee's family member, or a Governing Authority member's or Academy employee's business associates has an interest when all of the following apply:

- A. The subject of the public contract is necessary supplies or services for the Academy and/or the Governing Authority;
- B. The supplies or services are unobtainable elsewhere for the same or lower cost, or are being furnished to the Academy and/or the Governing Authority as part of a continuing course of dealing established prior to the Governing Authority member or Academy employee at issue becoming associated with the Academy and/or the Governing Authority;
- C. The treatment accorded the Academy and the Governing Authority is either preferential to or the same as that accorded other customers or clients in similar transactions; and

D. The entire transaction is conducted at arm's length, with full knowledge by the Governing Authority of the interest of the Governing Authority member, the Academy employee, the Governing Authority member's or Academy employee's family member, or the Governing Authority member's or Academy employee's business associate, and the Governing Authority member or Academy employee at issue takes no part in any discussions, deliberations, decisions, or votes with respect to the public contract.

Furthermore, in the absence of bribery or a purpose to defraud, a Governing Authority member, an Academy employee, a Governing Authority member's or Academy employee's family member, or a Governing Authority member's or Academy employee's business associate shall not be considered as having an interest in a public contract or the investment of public funds, if all of the following apply:

- A. The interest of that person is limited to owning or controlling shares of the corporation, or being a creditor of the corporation or other organization, that is the contractor on the public contract involved or that is the issuer of the security in which public funds are invested;
- B. The shares owned or controlled by that person do not exceed five percent (5%) of the outstanding shares of the corporation, and the amount due that person as creditor does not exceed five percent (5%) of the total indebtedness of the corporation or other organization; and
- C. That person, prior to the time the public contract is entered into, files with the Governing Authority an affidavit giving that person's exact status in connection with the corporation or other organization.

Finally, a Governing Authority member's family member may be employed by and/or work for the Academy and the Governing Authority, provided the Governing Authority member at issue does not participate in any discussions, deliberations, decisions, or votes regarding such employment. However, no Academy employee shall be placed in a position in which s/he is responsible for directly supervising a member of his/her family.

Last Modified by Evalyn A Shroyer on July 13, 2023