

# EASTSIDE UTILITY DISTRICT

MUNICIPAL WATERWORKS

P.O. BOX 22037

7206 LEE HIGHWAY, N.E.

CHATTANOOGA, TENNESSEE 37422

PHONE 892-2890

FAX 892-0656

BOARD OF COMMISSIONERS

HAROLD D. AUSTIN, Chairman

EDDIE ROBINSON, Secretary

PAUL PARKER, Commissioner

DON STAFFORD,  
Treasurer & Gen. Mgr.

August 29, 2007

Tennessee Ethics Commission  
SunTrust Bank Building  
201 4<sup>th</sup> Avenue North, Suite 1820  
Nashville, TN 37243

**Re: Adoption of Model Ethical Standards of the Tennessee Association of  
Utility Districts by Eastside Utility District of Hamilton and Bradley  
Counties, Tennessee**

Dear Sir:

I am writing you as President of the Board of Commissioners of Eastside Utility District of Hamilton and Bradley Counties, Tennessee, to inform you that this District has adopted the model of ethical standards prepared by the Tennessee Association of Utility Districts (TAUD) as ethical standards for Eastside Utility District of Hamilton and Bradley Counties, Tennessee. The TAUD model was adopted by the Board of Commissioners on August 7, 2007. I have enclosed a copy of the Board's Resolution adopting the TAUD model.

Thank you for your assistance in this matter.

Sincerely yours,



Harold D. Austin  
Commissioner and President of  
Eastside Utility District

Enclosure

RECEIVED  
2007 SEP -7 PM 2:11  
TENNESSEE  
ETHICS COMMISSION

**EASTSIDE UTILITY DISTRICT  
OF HAMILTON AND BRADLEY COUNTIES, TENNESSEE**

**REGULAR MEETING OF BOARD OF COMMISSIONERS**

**August 7, 2007**

The Commissioners of Eastside Utility District held their regular meeting on August 7, 2007, at 5:30 p.m. All commissioners were present in addition to Don Stafford, General Manager.

Harold Austin served as Chairman, and Eddie Robinson served as Secretary.

The minutes of the prior meeting held on July 11, 2007 were read, ratified and approved.

The Bank statement for the prior month was presented and approved.

The leak adjustment report for the prior month was presented and approved.

The upgrading of the Filter Plant is about 95% complete. Still must install two pumps and a chemical feeder system.

Mayse Construction Co. is installing the 24" waterline in Bradley County and has now put in ground between nine and ten thousand feet.

The Tennessee Legislature adopted an act which required the different governmental agencies to adopt a standard of ethics and directed the TAUD to prepare a model which the various Districts could adopt if it was first approved by the Utility Management Review Board. This model was approved by the UMRB on August 2, 2007, and, after an extended discussion, and, upon motion duly made and seconded, the resolution attached as Exhibit A was unanimously adopted.

Bids have been received for Generators Annual Maintenance. Stowers was the low bidder under Cummins and was unanimously awarded the contract for one year.

The District Commissioners and Don had previously discussed some unhappiness with Scott Scouten because he was so late in delivering the monthly reports and annual audit. Don presented a resume from Scott and his proposal for his services for another year. This was taken under advisement and final action delayed.

A roster of all employees and their current salaries and wages and various options for changes was presented and, after an extended discussion, the increases were made per the attached Exhibit B. The insurance premiums have increased, and the Commissioners unanimously voted for the District to absorb the increase, but it was taken into consideration in making the adjustments in salaries and wages.

**Eastside Utility District of Hamilton  
and Bradley Counties, Tennessee  
Regular Meeting of the Board of  
Commissioners**

**August 7, 2007**

**Page Two --**

Paul had obtained an estimate of value for the Davis Mill and Concord Road property, and it was generally felt that the property should be sold at auction or by sealed bids.

The TVA agreement and order requires Eastside to provide an estimated amount of water that will be needed to meet demand, and J.J. & G. is working on it.

The Chattanooga Electrical Power Board has asked Eastside Utility District for a plot of ground 100 feet square on which to build a power station. The District is agreeable, but it was felt that our deed from GSA might first require approval from GSA.

The Certification Board meets on August 9 in Murfreesboro, and the TAUD Seminar meets in Gatlinburg on August 22-24, 2007. Don's attendance was approved.

  
\_\_\_\_\_  
Secretary

APPROVED:

  
\_\_\_\_\_  
Chairman

**EASTSIDE UTILITY DISTRICT  
OF HAMILTON AND BRADLEY COUNTIES, TENNESSEE  
CODE OF ETHICS**

**Section 1. Definitions.**

- (1) "Board of Commissioners" means the governing board of a utility district.
- (2) "Officials and employees" means and includes any official, whether elected or appointed, officer, employee or servant (whether compensated or not) of the utility district.
- (3) For the purpose of the disclosure of personal interests in accordance with this Code of Ethics, "personal interest" means a financial interest of the official or employee, or a financial interest of the official's or employee's spouse or child living in the same household, in the matter to be voted upon, regulated, supervised, or otherwise acted upon in an official capacity.

**Section 2. Disclosure of personal interest in voting matters.** An official or employee with the responsibility to vote on a measure shall disclose during the meeting at which the vote takes place, before the vote and to be included in the minutes, any personal interest that affects or that would lead a reasonable person to infer that it affects the official's or employee's vote on the measure. In addition, the official or employee may, to the extent allowed by law, recuse himself or herself from voting on the measure.

**Section 3. Disclosure of personal interest in non-voting matters.** An official or employee who must exercise discretion relative to any matter other than casting a vote and who has a personal interest in the matter that affects or that would lead a reasonable person to infer that it affects the exercise of the discretion shall disclose, before the exercise of the discretion when possible, the interest on the attached disclosure form and file the disclosure form with the Board of Commissioners. In addition, the official or employee may, to the extent allowed by law, recuse himself or herself from the exercise of discretion in the matter.

**Section 4. Acceptance of gifts and other things of value.** An official or employee, or an official's or employee's spouse or child living in the same household, may not accept, directly or indirectly, any gift, money, gratuity, or other consideration or favor of any kind from anyone other than the utility:

- (1) For the performance of an act, or refraining from performance of an act, that he would be expected to perform, or refrain from performing, in the regular course of his duties; or
- (2) That a reasonable person would understand was intended to influence the vote, official action or judgment of the official or employee in executing utility business.

**Section 5. Ethics Complaints.** Questions and complaints regarding violations of this Code of Ethics or of any violation of state law governing ethical conduct should be directed to the President of the Board of Commissioners of the utility district. If a question or complaint involves the President of the utility district's Board, the question or complaint should be directed to the Secretary of the Board of Commissioners. Complaints shall be in writing and signed by the person lodging the complaint and shall set forth in reasonable detail the facts upon which the complaint is based.

The President or Secretary of the Board of Commissioners shall direct the utility district's retained attorney to investigate any credible complaint against an official or employee charging any violation of this Code of Ethics and may request a legal opinion or recommendation for action. The utility district's attorney may request the Board of Commissioners to hire another attorney to conduct the investigation or to give a legal opinion or recommendation when he or she has or will have a conflict of interest on a particular complaint. The investigating attorney shall report the results of his or her investigation and any legal opinion or recommendation requested to the utility district's Board of Commissioners. If a member of the Board of Commissioners is the subject of a complaint, such member shall recuse himself or herself from all proceedings involving such a complaint. The Board of Commissioners may:

- (1) in the case of a member of the Board of Commissioners, publicly censure such member if the Board of Commissioners finds such action warranted;
- (2) in the case of a member of the Board of Commissioners, report the complaint and actions taken by the Board to the Utility Management Review Board;
- (3) in the case of an employee, refer the matter to the official responsible for supervision of the employee for possible disciplinary action if the official finds discipline warranted; or
- (4) in a case involving possible violation of state statutes, refer the matter to the district attorney for possible ouster or criminal prosecution.

The interpretation of reasonable person in the circumstances shall be used in interpreting and enforcing this Code of Ethics. When a violation of this Code of Ethics constitutes a violation of a utility district's personnel policy, the violation shall be dealt with as a violation of the personnel policy rather than as a violation of this Code of Ethics.

**Section 6. Applicable State Laws.** In addition to the ethical principles set out in this Code of Ethics, state laws also provide a framework for the ethical behavior of utility district officials and employees in the performance of their duties. Officials and employees should familiarize themselves with the state laws applicable to their office or position and the performance of their duties. To the extent that an issue is addressed by state law (law of general application, public law of local application, local option law, or private act), the provisions of that state law, to the extent they are more restrictive, shall control. Following is a brief summary

of selected state laws concerning ethics for utility district officers and employees. For the full text of these statutes, see the Tennessee Code Annotated (T.C.A.) sections indicated.

Campaign finance -- T.C.A. Title 2, Chapter 10. Part One (campaign financial disclosure) requires candidates for public office to disclose contributions and contributors to their campaigns. Part Three (campaign contribution limits) limits the total amount of campaign contributions a candidate may receive from an individual and sets limits on the amount a candidate may receive in cash.

Conflict of interest -- T.C.A. § 12-4-101 is the general conflict of interest statute that applies in all counties. It prohibits anyone who votes for, lets out, or in any manner supervises any work or contract from having a direct financial interest in that contract, purchase or work, and it requires disclosures of indirect financial interests by public acknowledgement.

Conflict of interest disclosure statements -- T.C.A. §8-50-501 and the following sections require candidates and appointees to local public offices who are elected to file a disclosure statement with the state ethics commission listing major sources of income, investments, lobbying activities, professional services provided, bankruptcies, certain loans, and other information, and to keep these statements up to date.

Honoraria -- T.C.A. §2-10-116 prohibits elected officials from accepting an honorarium (including money or anything of value, but not including reimbursement for actual expenses) for an appearance, speech, or article in their official capacity.

Crimes involving public officials -- T.C.A. § 39-16-101 and the following sections prohibit bribery, soliciting unlawful compensation, and buying and selling in regard to offices.

Official misconduct -- T.C.A. §39-16-402 applies to public servants and candidates for office and prohibits unauthorized exercise of official power, acting in an official capacity exceeding the servant's power, refusal to perform a duty imposed by law, violating a law relating to the servant's office or employment, and receiving a benefit not provided by law.

Official oppression -- T.C.A. §29-16-403 prohibits abuse of power by a public servant.

Bribery for votes -- T.C.A. §§2-19-121, 2-19-126, and 2-19-127 prohibit bribery of voters in elections.

Misuse of official information -- T.C.A. §39-16-404 prohibits a public servant from attaining a benefit or aiding another person in attaining a benefit from information which was obtained in an official capacity and is not available to the public.

Ouster law -- T.C.A. §8-47-101 sets out conduct that is punishable by ouster from office, including misconduct in office and neglect of duty.

Personnel not to benefit from water service agreements -- T.C.A. § 7-82-310 prohibits utility district commissioners and employees from receiving money or other goods or services of value for the installation of water service within the utility district or the sale of materials to be installed within the utility district.

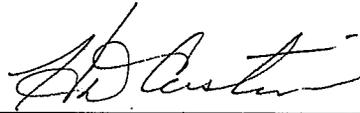
EXHIBIT A

**RESOLUTION**

**WHEREAS**, the Eastside Utility District of Hamilton and Bradley Counties, Tennessee desires to adopt the TAUD model of ethical standards approved by the UMRB for the officials and employees of Eastside Utility District of Hamilton and Bradley Counties, Tennessee;

**WHEREFORE, PREMISES CONSIDERED, BE IT HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS**, that Eastside Utility District of Hamilton and Bradley Counties, Tennessee, adopts the TAUD model of ethical standards for officials and employees of utility districts and water, wastewater and gas authorities as the ethical standards for the officials and employees of Eastside Utility District of Hamilton and Bradley Counties, Tennessee, effective immediately, and that the President of the Board is directed to write a letter to the Tennessee Ethics Commission to inform the Commission that Eastside Utility District of Hamilton and Bradley Counties, Tennessee, has adopted the TAUD model of ethical standards and shall enclose a copy of this Resolution with such letter showing the date of adoption of the TAUD model of ethical standards. Attached to this Resolution are the ethical standards adopted for Eastside Utility District of Hamilton and Bradley Counties, Tennessee using the TAUD model of ethical standards.

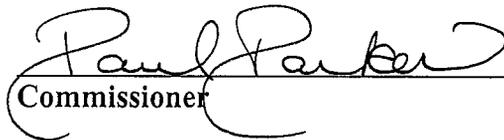
Dated this 7<sup>th</sup> day of August, 2007.



\_\_\_\_\_  
Commissioner



\_\_\_\_\_  
Commissioner



\_\_\_\_\_  
Commissioner