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RESOLUTION

Whereas, Section 3 of Public Chapter No. 405 of the Tennessee Public Acts provides that a [utility district] [water, wastewater or gas authority] has the power to adopt ethical standards for its officials and employees;

Whereas, Section 3 of Public Chapter No. 405 of the Tennessee Public Acts directed the Tennessee Association of Utility Districts (TAUD) to prepare a model of ethical standards for the employees of utility districts and of water, wastewater and gas authorities in Tennessee and to submit such model of ethical standards to the Utility Management Review Board (UMRB) for its approval;

Whereas, a utility district or water, wastewater or gas authority cannot adopt the TAUD model of ethical standards until the TAUD model is approved by the UMRB;

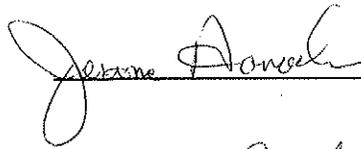
Whereas, the UMRB approved the TAUD model of ethical standards by Order dated August 2, 2007; and

Whereas, the [Harbor Utility District] desires to adopt the TAUD model of ethical standards approved by the UMRB for the officials and employees of [ Harbor Utility District] [Of Benton County, Tennessee Authority].

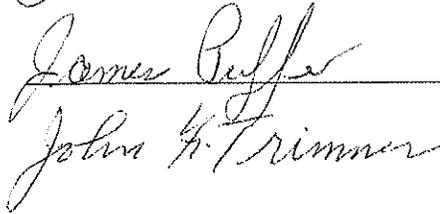
**Wherefore, Premises Considered, Be It Hereby Resolved by the Board of [Commissioners] [Directors]** that [Harbor Utility District] [Of Benton County, Tennessee Authority] adopts the TAUD model of ethical standards for officials and employees of utility districts and water, wastewater and gas authorities as the ethical standards for the officials and employees of [Harbor Utility District] [Of Benton County, Tennessee Authority] effective immediately and that the [President] [Chairman] of the Board is directed to write a letter to the Tennessee Ethics Commission to inform the Commission that the [Harbor Utility District] [Of Benton County, Tennessee Authority] has adopted the TAUD model of ethical standards and shall enclose a copy of this Resolution with such letter showing the date of the adoption of the TAUD model of ethical standards. Attached to this Resolution are the ethical standards adopted for [Harbor Utility District] [Of Benton County, Tennessee Authority] using the TAUD model of ethical standards.

Dated this 18 day of November, 2010.

Commissioner



Commissioner



**Commissioner** LETTER DRAFT TO TENNESSEE ETHICS COMMISSION ON ADOPTION OF TAUD  
MODEL OF ETHICAL STANDARDS

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

Re: Adoption of Model Ethical Standards of the Tennessee Association of Utility Districts by [Harbor Utility District] [Of Benton County Authority] District

Dear Ms. Bradley:

I am writing you as [President] [Chairman] of the Board of [Commissioners] [Directors] of [Harbor Utility District] [of Benton County Authority] to inform you that Harbor Utility District has adopted the model of ethical standards prepared by the Tennessee Association of Utility Districts (TAUD) as the ethical standards for [Harbor Utility District] [Of Benton County Authority]. The TAUD model was adopted by the Board of Commissioners on November 18, 2010. I have enclosed a copy of the Board's Resolution adopting the TAUD model.

Thank you for your assistance in this matter.

Sincerely yours,  
**CODE OF ETHICS**

**HARBOR UTILITY DISTRICT]**

**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

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

HARBOR UTILITY DISTRICT CODE OF ETHICS  
CONFLICT OF INTEREST DISCLOSURE STATEMENT

**Instructions:** This form is for reporting personal interests required to be disclosed under Section 3 of the Code of Ethics of this utility district. Officials and employees are required to disclose personal interests in matters that affect or would lead a reasonable person to infer that it would affect the exercise of discretion of an official or employee.

1. Date of disclosure:

November 18, 2010

2. Name of official or employee:

Jerome Hancock

3. Office and position:

President/Chairman

4. Description of personal interest (describe below in detail):

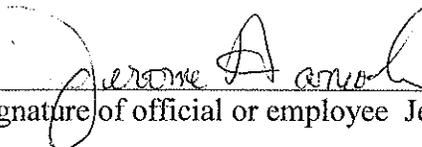
None

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Signature of official or employee Jerome Hancock