

Ethics Policy and Conflict of Interest

The conduct of public officials, including KUB commissioners, is governed by provisions of Tennessee law. Accordingly, KUB's Board has adopted an Ethics Policy establishing standards of conduct for KUB commissioners, officers, and employees.

Tennessee law prohibits a public entity such as KUB from entering into contracts or buying goods and services from businesses in which a member of the Board of Commissioners has a "Direct Interest." A "Direct Interest" is an interest in a business as an owner, partner, or one having other controlling interest. A controlling interest arises when no other shareholder owns more shares of stock in the corporation than you.

The law also prohibits KUB Commissioners from being indirectly interested in any contract to which KUB is a party unless the Commissioner publicly acknowledges his interest. "Indirect interest" means any contract in which the Commissioner is interested but not directly so, or includes contracts where the officer is otherwise directly interested but is the sole supplier of the goods or services to KUB.

Please review additional information on the pages below.

KUB Board of Commissioners

Resolution No. 1

March 14, 1939

Whereas, it appears that the spirit, as well as the purpose, of the law creating the Knoxville Electric Power and Water Board is that the electric and water properties of the city of Knoxville shall be managed as a non-political business and in an efficient, economical and business-like manner; and

Whereas, we feel this can be accomplished only by the complete elimination from the management of any sentiment or any political or personal friendship influence;

Now, therefore, be it resolved, as our first official act, that we pledge ourselves to carry out the spirit and purpose of this law as we understand it, to the best of our abilities; and

Be it further resolved that we will require a similar pledge from the General Manager and all his appointees.

Excerpt from By-Laws of the Knoxville Utilities Board

XI. ETHICS AND CONFLICTS OF INTEREST

As a public body, the Board recognizes its responsibility to operate KUB in an ethical manner. Toward that end, Board members shall abide by the tenets expressed by the first KUB Board in Resolution 1, which provided that KUB be managed in a non-political manner with the elimination of any sentiment or influence from political or personal friendship. In addition to the requirements defined in Charter Section 1102, a Board member may not be an employee or retiree of an energy, water or wastewater utility or energy company. Additional provisions include state laws regarding conflict of interest and the Ethics Policy adopted by the Board in Resolution 1152, by future amendment, or by successor resolutions and incorporated by reference herein.

RESOLUTION NO. 1160

A RESOLUTION AMENDING THE ETHICS POLICY OF THE BOARD MEMBERS, OFFICERS, AND EMPLOYEES OF THE KNOXVILLE UTILITIES BOARD

WHEREAS, Pursuant to T.C.A. § 8-17-103, the KUB Board previously adopted Resolution 1152, establishing an Ethics Policy for the Board members, officers, and employees of the Knoxville Utilities Board; and

WHEREAS, since that time City Council has adopted a Code of Ethics providing that the ethics policies adopted by City agencies shall, at a minimum, comply with the provisions of the City's Code of Ethics; and

WHEREAS, the City's Code of Ethics states that individuals "shall" recuse themselves from voting when personal interests are disclosed; and

WHEREAS, the KUB Policy provides that individuals "may" recuse themselves from voting when personal interests are disclosed; and

WHEREAS, KUB Staff and General Counsel have determined it is necessary and appropriate to amend KUB's Ethics Policy to conform to the City's ordinance.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE KNOXVILLE UTILITIES BOARD:

SECTION 1. That the KUB Ethics Policy is hereby amended by replacing the word "may" with "shall" in the last sentence of Section 3.

SECTION 2. That pursuant to T.C.A. § 8-17-104, the Board directs the President and CEO to file the amended KUB Ethics Policy, attached as "Exhibit A" to this Resolution, with the state Ethics Commission.

SECTION 3. That this Resolution shall take effect from and after its passage.

J. Thomas Jones/s
Chair

L. R. Trotter/s
Board Secretary

APPROVED ON 1st
& FINAL READING: 6-21-07
EFFECTIVE DATE: 6-21-07
MINUTE BOOK 23 PAGE 1390-1394

KUB Ethics Policy

SECTION 1. Applicability. This Ethics Policy (Policy) is applicable to all Board members, officers, and employees of the Knoxville Utilities Board (KUB) whether compensated or not.

SECTION 2. Definition of “personal interest.”

(a) For purposes of Sections 3 and 4, “personal interest” means:

- (i) Any financial, ownership, or employment interest in the subject of a vote by the KUB Board not otherwise regulated by state statutes on conflicts of interests; or
- (ii) Any financial, ownership, or employment interest in a matter to be regulated or supervised; or
- (iii) Any such financial, ownership, or employment interest of the Board member’s, officer’s, or employee’s spouse, parent(s), step parent(s), grandparent(s), sibling(s), child(ren), or step child(ren).

(b) The words “employment interest” include a situation in which a Board member, officer, or employee or a designated family member is negotiating possible employment with a person or organization that is the subject of the vote or that is to be regulated or supervised.

(c) In any situation in which a personal interest is also a conflict of interest under state law, the provisions of the state law take precedence over the provisions of this Policy.

SECTION 3. Disclosure of personal interest by official with vote. A Board member with the responsibility to vote on a measure shall disclose during the meeting at which the vote takes place, before the vote and so it appears in the minutes, any personal interest that affects or that would lead a reasonable person to infer that it affects the official’s vote on the measure. In addition, the Board member shall recuse himself¹ from voting on the measure.

SECTION 4. Disclosure of personal interest in non-voting matters. A Board member, officer, 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 a form provided by and filed with the Board secretary. In addition, the officer or employee may, to the extent allowed by law, charter, resolution, or policy, recuse himself from the exercise of discretion in the matter.

¹ Masculine pronouns include the feminine. Only masculine pronouns have been used for convenience and readability.

SECTION 5. Acceptance of gratuities, etc. A Board member, officer, or employee of KUB may not accept, directly or indirectly, any money, gift, gratuity, or other consideration or favor of any kind from anyone other than KUB:

- (a) 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
- (b) That might reasonably be interpreted as an attempt to influence his action, or reward him for past action, in executing KUB business.

SECTION 6. Use of information.

- (a) A Board member, officer, or employee may not disclose any information obtained in his official capacity or position of employment that is made confidential under state or federal law except as authorized by law.
- (b) A Board member, officer, or employee may not use or disclose information obtained in his official capacity or position of employment with the intent to result in financial gain for himself or any other person or entity.

SECTION 7. Use of KUB time, facilities, etc.

- (a) A Board member, officer, or employee may not use or authorize the use of KUB time, facilities, equipment, or supplies for private gain or advantage to himself.
- (b) A Board member, officer, or employee may not use or authorize the use of KUB time, facilities, equipment, or supplies for private gain or advantage to any private person or entity, except as authorized by legitimate contract or lease that is determined by the KUB Board to be in the best interests of KUB.

SECTION 8. Use of position or authority.

- (a) A Board member, official, or employee may not make or attempt to make private purchases, for cash or otherwise, in the name of KUB.
- (b) A Board member, officer, or employee may not use or attempt to use his position to secure any privilege or exemption for himself or others that is not authorized by the charter, general law, resolution, Bylaws, or policy of KUB.

SECTION 9. Outside employment. A Board member, officer or employee may not accept or continue any outside employment if the work unreasonably inhibits the performance of any affirmative duty of the KUB position or conflicts with any provision of the KUB charter or any KUB Resolution, Bylaw, or policy.

SECTION 10. Ethics complaints.

- (a) The Board's General Counsel is designated as the ethics officer of KUB. Upon the written request of a Board member, officer, or employee potentially affected by a provision of this code of ethics, the General Counsel may render an oral or written advisory ethics opinion based upon this code of ethics and other applicable law.

(b) Investigations

- (i) Except as otherwise provided in this subsection, the KUB General Counsel shall direct the investigation of any credible complaint against a Board member, officer, or employee charging any violation of this Policy, or may undertake an investigation on his own initiative when he acquires information indicating a possible violation, and make recommendations for action to end or seek retribution for any activity that, in the General Counsel's judgment, constitutes a violation of this Policy.
 - (ii) The General Counsel may request the KUB Board to hire another attorney, individual, or entity to act as ethics officer when he has or will have a conflict of interest in a particular matter.
 - (iii) When a complaint of a violation of any provision of this Policy is lodged against a member of the KUB Board, the Board shall either determine that the complaint has merit, determine that the complaint does not have merit, or determine that the complaint warrants further investigation. If the KUB Board determines that a complaint warrants further investigation, it shall authorize an investigation by the General Counsel or another individual or entity chosen by the Board.
- (c) The interpretation that a reasonable person in the circumstances would apply shall be used in interpreting and enforcing this Policy.
- (d) When a violation of this Policy also constitutes a violation of a personnel policy, rule, or regulation, or a KUB merit system policy rule or regulation, the violation shall be dealt with as a violation of the personnel or merit system provisions rather than as a violation of this Policy.

SECTION 11. Other Provisions Governing the Ethical Conduct of KUB Board members, officers, and employees. In addition to this Policy, there are other provisions of State statutes, the City of Knoxville Charter, KUB Resolutions and Bylaws and KUB Official Policies that govern the ethical behavior of KUB Board members, officers, and employees. These provisions include, but are not limited to the following:

- (a) Campaign finance – T.C.A. Title 2, Chapter 10
- (b) Conflict of interests – T.C.A. §§ 6-54-107, 108; 12-4-101, 102
- (c) Conflict of interests disclosure statements – T.C.A. § 8-50-501 and the following sections
- (d) Consulting fee prohibition for elected municipal officials – T.C.A. §§ 2-10-122, 124
- (e) Crimes involving public officials (bribery, soliciting unlawful compensation, buying and selling in regard to office) – T.C.A. § 39-16-101 and the following sections
- (f) Crimes of official misconduct, official oppression, misuse of official information – T.C.A. § 39-16-401 and the following sections
- (g) Ouster law – T.C.A. § 8-47-101 and the following sections
- (h) City of Knoxville Charter – Article XI. Knoxville Utilities Board
- (i) Knoxville Utilities Board Bylaws – Section X. Conflicts of Interest
- (j) KUB Board Resolutions 1 and 586
- (k) KUB's Official Employee Policies – Section D. Employee Conduct

SECTION 12. Violations. A member of the KUB Board who violates any provision of this Policy is subject to punishment, censure, and/or other actions as provided by the KUB Charter Section 1112 and T.C.A. § 8-47-101. An officer or employee who violates any provision of this Policy is subject to disciplinary action up to and including termination.

RESOLUTION NO. 1288

A Resolution Adopting an Annual Certification of Ethics Compliance for Board Members of the Knoxville Utilities Board

Whereas, KUB has established standards of ethical conduct for its Board members, officers, and employees; and

Whereas, all Board members, officers, and employees are governed by ethical statutes and guidelines including, among others, KUB Resolution 1, KUB Ethics Policy, KUB Employee Conflict of Interest and Employment of Relatives Policies, the Knoxville City Charter, KUB By-laws, and various provisions of State law; and

Whereas, the KUB Employee Conflict of Interest Policy assists officers and employees in avoiding real or perceived conflicts by requiring a signed annual disclosure statement; and

Whereas, the KUB Ethics Policy states that Board members shall disclose any personal interest which would lead a reasonable person to infer that it affects the official's vote on the measure and recuse themselves from voting on such matters; and

Whereas, it is the Board's opinion that real or perceived conflicts could exist outside of voting matters, and therefore annual certification and disclosure should be made by each Board member; and

Whereas, KUB Staff and General Counsel have developed a Commissioner Conflict of Interest form to be completed annually, after the first regular meeting in which a Commissioner takes an oath of office.

Now, Therefore, Be it Hereby Resolved by the Board of Commissioners of the Knoxville Utilities Board:

Section 1. That the KUB Board of Commissioners hereby adopts a practice to annually certify compliance with the above referenced statutes and guidelines.

Section 2. That the Board directs the President and CEO to file and maintain signed certifications.

Section 3. That this Resolution shall take effect from and after its passage.

Bruce Anderson/s
Bruce Anderson, Chair

Mark Walker/s
Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: 3-21-13
EFFECTIVE DATE: 3-21-13
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