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May 16, 2007

Tennessee Ethics Commission
SunTrust Bank Building
201 4th Ave N.
Suite 1820
Nashville, Tennessee 37243

Re: The Industrial Development Board of the City of Knoxville

Ladies and Gentlemen:

I represent The Industrial Development Board of the City of Knoxville (the "IDB"). Pursuant to the terms of Tenn. Code Ann. §8-17-104, I attach for your records a copy of the Code of Ethical Standards adopted by the IDB at its May 14, 2007 meeting. Please call me if you have any questions about these matters.

Very truly yours,



R. Culver Schmid

cc: Mr. Don Parnell
Ms. Robin Holt

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TENNESSEE
ETHICS COMMISSION

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF KNOXVILLE
(ETHICS STANDARDS)**

May 14, 2007

I hereby certify that attached hereto is a resolution of The Industrial Development Board of the City of Knoxville duly and lawfully adopted by its Board of Directors on May 14, 2007, at a meeting at which a quorum was acting throughout, and I furthermore certify that such resolution has not been amended or modified in any respect.

THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF KNOXVILLE

By: _____

Kath P. Ginn
Secretary

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF KNOXVILLE
(ETHICS STANDARDS)**

May 14, 2007

WHEREAS, The Industrial Development Board of the City of Knoxville (the "IDB") is a public, non-profit corporation and a public instrumentality of the City of Knoxville, Tennessee (the "City") and is authorized under Tenn. Code Ann. § 7-53-101 et seq. (the "Act") to acquire, whether by purchase, exchange, gift, lease or otherwise, and to own, lease and dispose of properties for certain purposes identified in the Act;

WHEREAS, pursuant to Tenn. Code Ann. § 8-17-101 et seq., the State of Tennessee requires the IDB by June 30, 2007 to implement ethical standards applicable to the IDB and its Board of Directors;

WHEREAS, it is the intention of the Board of Directors of the IDB to adopt ethical standards as required by state law;

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF KNOXVILLE:

1. The Chairman of the Board of Directors, Vice Chairman or Secretary of the IDB, or any of them, is authorized and directed to adopt the ethical standards applicable to the IDB and its Board of Directors in the form attached hereto as **Exhibit A**.
2. The ethical standards adopted by the IDB shall serve as the ethical standards for the IDB and its Board of Directors until the Board of Directors shall act pursuant to applicable law and its bylaws to adopt different ethical standards.
3. The IDB shall maintain a copy of the ethical standards adopted by the IDB at its principal office available for public inspection and file a copy with the Tennessee Ethics Commission as required by state law.
4. All other acts of the representatives of the IDB which are in conformity with the purposes and intent of this resolution are hereby approved and confirmed.

EXHIBIT A

**CODE OF ETHICAL STANDARDS OF
THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF KNOXVILLE**

Section 1. Code of ethical standards.

(a) Applicability.

This section is the code of ethical standards for personnel of The Industrial Development Board of the City of Knoxville (the "IDB"). It applies to all full-time and part-time appointed officials and employees, whether compensated or not, including those of any separate board, commission, committee, authority, corporation, or other instrumentality appointed or created by the IDB. For the purposes of this section, the word "IDB" includes these separate entities.

(b) Definition of "personal interest."

(1) For purposes of this section, "personal interest" means:

(A) Any financial, ownership, or employment interest in the subject of a vote by the IDB not otherwise regulated by state statutes on conflicts of interests; or

(B) Any financial, ownership, or employment interest in a matter to be regulated or supervised; or

(C) Any such financial, ownership, or employment interest of the official's or employee's spouse, parent(s), stepparent(s), grandparent(s), sibling(s), child(ren), or stepchild(ren).

(2) The words "employment interest" include a situation in which an official 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.

(3) 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 section.

(c) Disclosure of personal interest by official with a vote.

An official 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 official may recuse himself or herself from voting on the measure.

- (d) Disclosure of personal interest in nonvoting 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 to the Board of Directors of the IDB. In addition, the official or employee may, to the extent allowed by law, charter, ordinance, or policy, recuse himself or herself from the exercise of discretion in the matter.
- (e) Acceptance of money, gifts and gratuities.
An official or employee may not accept, directly or indirectly, any money, gift, gratuity, or other consideration or favor of any kind from anyone other than the IDB:
- (1) For the performance of an act, or refraining from performance of an act, that he or she would be expected to perform, or refrain from performing, in the regular course of his or her duties; or
 - (2) That might reasonably be interpreted as an attempt to influence his or her action, or reward him or her for past action, in executing IDB business; provided, however, that a gift or gratuity that is not cash or a cash equivalent (such as a check or gift card), and which has a value of twenty-five dollars (\$25.00) or less, shall not be interpreted as an attempt to influence the action of an official or employee.
- (f) Use of information.
- (1) An official or employee may not disclose any information obtained in his or her official capacity or position of employment that is made confidential under state or federal law except as authorized by law.
 - (2) An official or employee may not use or disclose information obtained in his or her official capacity or position of employment with the intent to result in financial gain for himself or herself or any other person or entity.
- (g) Use of municipal time, facilities, and other assets.
- (1) An official or employee may not use or authorize the use of municipal time, facilities, equipment, or supplies for private gain or advantage to himself or herself.
 - (2) An official or employee may not use or authorize the use of IDB time, facilities, equipment, or supplies for private gain or advantage to any private person or entity, except as authorized by legitimate contract or lease approved in accordance with the provisions of this Code.

(h) Use of position or authority.

- (1) An official or employee may not make or attempt to make private purchases, for cash or otherwise, in the name of the IDB.
- (2) An official or employee may not use or attempt to use his or her position to secure any privilege or exemption for himself or herself or others that is not authorized by the charter, general law, or ordinance or policy of the IDB.

(i) Outside employment.

An official or employee may not accept or continue any outside employment if the work unreasonably inhibits the performance of any affirmative duty of the IDB position or conflicts with any provision of the IDB's charter or any policy.

(j) Ethics complaints.

- (1) Legal counsel to the IDB is designated as the ethics officer of the IDB. Upon the written request of an official or employee potentially affected by a provision of this section, the legal counsel may render an oral or written advisory ethics opinion based upon this section and other applicable law.
 - (A) Except as otherwise provided in this subsection, the legal counsel shall investigate any credible complaint against an appointed official or employee charging any violation of this section, or may undertake an investigation on his or her own initiative when he or she acquires information indicating a possible violation and make recommendations for action to end or seek retribution for any activity that, in the legal counsel's judgment, constitutes a violation of this code of ethical standards.
 - (B) The legal counsel may request that the IDB hire another attorney, individual, or entity to act as ethics officer when he or she has or will have a conflict of interests in a particular matter.
 - (C) When a complaint of a violation of any provision of this section is lodged against a member of the IDB, the IDB Board of Directors (exclusive of any director subject to a complaint) shall either determine that the complaint has merit, determine that the complaint does not have merit, or determine that the complaint has sufficient merit to warrant further investigation. If the IDB determines that a complaint warrants further investigation, it shall authorize an investigation by the legal counsel or another individual or entity chosen by the IDB.

- (2) The interpretation that a reasonable person in the circumstances would apply shall be used in interpreting and enforcing this code of ethical standards.
- (3) When a violation of this code of ethical standards also constitutes a violation of a personnel policy, rule, or regulation or a civil service policy, rule, or regulation, the violation shall be dealt with as a violation of the personnel or civil service provisions rather than as a violation of this code of ethical standards.

(k) Violations.

An appointed member of the IDB, or a board, commission, committee, authority, corporation, or other instrumentality of the IDB who violates any provision of this section is subject to punishment as provided including but not limited to chapter 1, section 1-9 of the Knoxville City Code or any other applicable law, and in addition is subject to censure by the IDB Board of Directors and also is subject to disciplinary action.