

DOUGLAS-CHEROKEE ECONOMIC AUTHORITY, INC.

CODE OF CONDUCT

Preamble

The Douglas-Cherokee Economic Authority, Inc. (DCEA) is committed to maintaining the highest level of integrity and the highest standards of ethical conduct in all of its activities and dealings. It is important for DCEA board members and employees to be aware that both real and apparent conflicts of interest or dualities of interest sometimes occur in the course of conducting the affairs of the organization and that the appearance of conflict can be troublesome even though there is in fact no legal conflict of interest.

Conflicts occur because the many persons associated with DCEA should be expected to have, and do in fact generally have multiple interests and affiliations and various positions of responsibility within the community. In these situations, a person will sometimes owe identical duties of loyalty to two or more organizations. Conflicts are undesirable because they potentially place the interests of others ahead of DCEA's obligations to the public interest. Conflicts are also undesirable because they often reflect adversely upon the person involved and upon the institutions with which they are affiliated, regardless of the actual facts or motivations of the parties.

The purpose of the Code of Conduct is to provide guidance to DCEA's board members and employees so the Agency can maintain the highest level of integrity and the highest standards of ethical conduct. Each board member and employee of DCEA is urged to review carefully this Code of Conduct and make every effort to adhere to it. Certain provisions of this Code of Conduct, as indicated, apply only to board members.

I. Gifts to Board Members and Employees.

The acceptance by any board member, or employee, of money, services or any other thing of value offered by a representative, person or entity which (1) does business with DCEA (or any person or entity which potentially could do business with DCEA) or (2) has applied for a grant or potentially could apply for an upcoming grant from DCEA is prohibited. The offer of any such benefit must be reported immediately to the Board Chair for board members and to the Executive Director or Human Resources for employees. Notwithstanding the forgoing, it is understood that a board member or employee of DCEA may receive unsolicited gifts of modest value from persons doing business with DCEA, such as Christmas gifts of modest value not to exceed \$50. If the value of a gift exceeds \$50, the gift must be returned to the donor. If the gift is not easily returned, the gift shall be donated to a local charitable agency or organization in the name of the donor. Said donor shall be notified of such, as well as, notified of DCEA's gift prohibition policy. It is also expressly understood that this policy does not preclude business meals or nominal entertainment on an infrequent basis.

II. Confidentiality of Information.

DCEA's board members and employees owe a duty of loyalty to DCEA. The duty of loyalty requires each board member and employee of DCEA to respect the confidentiality of information gained in the course of board activities or employment. No board member or employee shall use information received in the course of serving DCEA if the personal use of such information would be detrimental in any way to the Agency.

III. Conflicts of Interest.

A. Board Members.

Any possible conflict of interest of any board member (or member of the board member's immediate family) shall be fully disclosed to the other board members and made a matter of record. For the purpose of this policy, a member of an immediate family shall include any of the following persons: spouse, parent, grandparent, child, sibling, grandchild, in-law (parent, child, sibling) and step-(parent, child, sibling). When any such possible conflict of interest becomes relevant to any matter requiring Board of Directors or committee action, it shall be called to the attention of the board or committee and, if any question is raised as to whether a conflict of interest exists, the potentially interested person shall leave the meeting while the matter is discussed and voted upon. The remaining members shall decide if a conflict of interest exists. If the remaining members determine that a conflict of interest exists, or if no such vote is taken because a conflict of interest clearly exists, the board member shall not vote on the matter in which he or she (or a member of his or her immediate family) has a possible conflict of interest, shall not use personal influence to affect the vote and shall leave the room during the final discussion and vote on the matter. However, any board member who is excluded from voting because of such possible conflict of interest may answer any pertinent questions of other board members or committee members when the board member's knowledge of the matter may assist the board or committee in making its determination. *Any vote approving a transaction that involves a possible conflict of interest should include a determination by the disinterested board members that the transaction is in the best interest of CAA and is fair in all respects to DCEA.* The minutes of the meeting shall reflect that a disclosure was made and the nature of the disclosure, that the interested board member abstained from voting and left the room for the final discussion and vote, and that the interested board member abstained from the action taken to determine whether a conflict of interest existed, if any.

Board members are prohibited from receiving compensation for serving on the board or providing services to the Agency, and board members and their immediate family are prohibited from being employed by the Agency.

Board members must operate independent of staff employed at the Agency.

B. Committee Members.

The provisions of this policy applying to board members also shall apply to any person who is not a board member but who is at any time serving as a member of any committee or Policy Council.

C. Employees.

Each employee has a duty to make full disclosure to the Board of Directors of any possible conflict of interest (or that of a member of his or her immediately family) regarding any matter as to which the employee provides recommendations or advice to the Board of Directors.

D. Types of Conflicts of Interest.

A particularly important type of possible conflict of interest arises when a board member holds a direct or indirect financial interest in (or will receive a benefit from) a business firm furnishing services, materials, or supplies to DCEA or that is seeking grant funds from DCEA. *Board of Directors are prohibited from having a direct or indirect financial interest with DCEA.* A direct financial interest is the receipt of remuneration of any sort. An indirect financial interest exists if a party transacting business with DCEA is an entity:

- (1) in which DCEA's board member (or a member of his or her immediate family) has a material financial interest;
- (2) with which DCEA's board member (or a member of his or her immediate family) has a substantial business relationship; or
- (3) of which DCEA's board member (or a member of his or her immediate family) is an officer, director, general partner.

Board members are prohibited from having a financial conflict of interest with DCEA. If a financial conflict of interest exists and is not eliminated, the board member must resign.

A direct or financial interest does not exist when an eligible board member or employee receives benefits or services through programs administered by DCEA. Board members or employees are not excluded from being clients of the Agency and receiving program services for which they are eligible; however, they should not receive preferential treatment in the nature or timing of these services.

IV. Use of CAA's Services, Property or Facilities for Personal Purposes.

No board member or employee shall make use of DCEA's services, property or facilities for any purpose that is not related to the Agency.

V. Political Activities.

No board member or employee of DCEA in the name of the Agency or under the color of the official capacity or authority of DCEA shall:

- (1) participate or become actively involved in any political campaign or in any other type of political activity, or
- (2) provide financial support for, or make contributions to or for the benefit of any political candidate, political party, or political action committee or provide financial support for or make contributions in support of any other political objective.

Notwithstanding the foregoing, DCEA recognizes that each of its board members and employees has the right as a citizen to become involved in his or her individual capacity in the political process in Tennessee and on a national and local basis. Any such participation or involvement by any person in a political campaign or other type of political activity or any contribution to or any other financial support of a political candidate or any other type of political contribution or support shall only be carried on or provided in an individual capacity.

VI. Compliance with Code of Conduct.

Each board member and employee of DCEA shall receive a copy of the Code of Conduct. *Each such person shall be required to complete the disclosure statement and also shall certify that he or she has read the Code and agrees to comply with all standards and requirements set forth herein.*

All employees will be given the Code of Conduct to read on their first day of work. They will be encouraged to ask questions about the Code as it pertains to their unique work situation. Board members will be given the Code upon their election to the Board of Directors and will be encouraged to ask questions.

Failure to comply with the Code of Conduct may result in warnings, probation and /or termination.