

GUIDELINES REGARDING CONFLICTS OF INTEREST AND ETHICAL STANDARDS

As a public entity, the Authority has a responsibility for maintaining the highest level of honesty, ethical conduct, and public trust in all of its activities. To meet this responsibility, this Conflict of Interest Policy has been adopted concerning important aspects of ethical conduct.

This policy states in specific form the Authority's position on conflicts of interest. Personal integrity is the cornerstone of this policy. Each employee has the primary responsibility for avoiding financial and other interests that could create a conflict or the appearance of a conflict with his or her job.

When an employee, regardless of level or job assignment, is in a position where his or her financial interest or involvement in a transaction may present a conflict of interest or the appearance of such a conflict, the employee must immediately notify the Authority's Ethics Officer (the "Ethics Officer") and disqualify himself or herself from participation in the transaction until advised in writing that he or she may continue to participate in the transaction.

Any person who has a question as to whether a prospective personal or business transaction, or relationship with a contractor, vendor, or consultant, may be a violation of this policy or of the Public Officers Law should consult with the Ethics Officer and may also request in writing, where appropriate, a formal or informal opinion of the New York State Joint Commission on Public Ethics ("JCOPE").

Each State agency has an obligation under the Public Officer's Law to appoint an ethics officer. The Ethics Officer has duties that include, but are not limited to, providing Authority personnel with opinions regarding ethical issues, ensuring the propriety of outside activities in which Authority personnel wish to engage, and ensuring Authority personnel receive the required ethics training. The Ethics Officer is also responsible for ensuring that all employees required to do so file their financial disclosure forms with JCOPE, and for informing JCOPE of all new hires at the agency who are required to file financial disclosure forms. In addition to this, the Ethics Officer must report the receipt of honoraria by Authority employees to JCOPE.

Violations of the guidelines outlined below (the "Guidelines") may be cause for disciplinary action up to and including termination, as well as criminal prosecution and/or fines up to (\$10,000) ten thousand dollars.

A. Application

1. Public Officers Law

The Guidelines, as they relate to employees, are divided into three basic categories:

- General ethical standards;
- Issues arising during the course of employment; and
- Issues arising in connection with termination of employment and post-employment activities.

The Guidelines are drawn from and based on Sections 73 and 74 of the Public Officers Law. While the Guidelines in some instances may go further than the underlying statutory provisions, the statute is paramount and controlling to the

extent, if any, that it is more limiting or restrictive than the Guidelines. In view of the strong identification of the Guidelines with the statute, staff should also be aware of the possibility that in violating the Guidelines, a statutory provision may be violated as well, with potentially serious consequences, because the legislation creating the Authority makes its officers and employees subject to Section 73 and 74 of the Public Officers Law. Moreover, certain employees are subject to the financial disclosure and reporting requirements of Section 73-a of the Public Officers Law. Copies of these sections of the Public Officers Law may be obtained from the Human Resources Department. Any questions that arise regarding the Public Officers Law should be addressed to the Ethics Officer.

B. Guidelines

1. Guidelines of General Application

- a. No employee should have any interest, financial or otherwise, direct or indirect, or engage in any activity, including any business transaction, professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his or her duties in the public interest, whether such conflicts be real or apparent, existing or potential.
- b. Each employee should pursue a course of conduct that will avoid encouraging the public to assume or believe that he or she is likely to engage in acts that would violate his or her trust.

2. Ethical Standards

It shall be a breach of ethical standards for any employee to:

- a. Use his or her position as an employee of the Authority to secure unwarranted privileges or exemptions for him or herself or another.
- b. Disclose, or use to further his or her personal interest or the interest of another (including, without limitation, the purchase or sale of property or securities), information acquired by him or her during the course of his or her official duties, which would not otherwise be a matter of public knowledge or information.

3. Issues During Employment

a. General Standards

In connection with any activities outside of the performance of the employee's official duties at the Authority, no outside activity whether or not for compensation (including any such activity for or before any public agency) should be undertaken nor should any employee engage in any conduct, which would:

- i. Impair or appear to impair the independent judgment of the employee in the exercise of his or her duties;
- ii. Require an allocation of an amount of time sufficient to impair the performance of the employee's obligation to the Authority;

- iii. Result in an identification of the employee's outside activities with those of the Authority;
- iv. Result in a transaction as representative of the Authority with any business entity in which he or she has a direct or indirect financial interest that might reasonably tend to conflict with the proper discharge of his or her official duties; or
- v. Create the impression, reasonably inferable, that any person may improperly influence him or her or unduly enjoy his or her favor in the performance of his or her official duties, or that he or she is affected by the kinship, rank position or influence of any party or person.

b. Investment Guidelines

No employee should have any:

- i. Direct or indirect financial interest that conflicts or appears to conflict with his or her responsibilities to the Authority; or
- ii. Financial interest, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his or her duties in the public interest.

Investments in municipal bonds or other governmental obligations, including obligations of the Federal government, the State, or any of their agencies or subdivisions, including the Authority, are permitted. Caution must be exercised in making such investments where the employee is privy to information by reason of his or her employment activities that is not public information at the time of his or her investment in order to avoid possible infractions of Federal Securities laws.

For the purpose of determining whether an indirect investment exists, employees are urged to disclose any financial interests or investments held by members of their families on their Financial Disclosure form, so that the facts may be analyzed to ascertain whether it is of sufficient magnitude to require preventive action.

c. Outside Employment and Activities

Employees should be aware that as a condition of their employment they are expected to devote full business time to their official responsibilities at the Authority. While outside activities are not precluded (see Title 19, parts 930 and 932, of the codes, rules, and regulations of the State of New York ("19 NYCRR Part 930 and Part 932")), employees should take care to avoid any outside employment or activity that would:

- i. Require or induce the employee to disclose confidential information gained from Authority employment;
- ii. Involve the employee on behalf of parties who have a substantial business relationship with the Authority, or should have any business relationship with the Authority where the performance of the employee's duties directly involves him or her in such relationship;

- iii. Result in the engagement of the employee to perform regular and substantial outside consulting or professional activities, including serving as a consultant, regular teaching, any business other than a passive investment activity, or any legal practice, or result in the maintenance of any publicly-listed place of business; or
- iv. Lead the public to associate the personal business or activities of the employee with the Authority, rather than the employee individually. In performing personal business activities, care should be exercised to avoid the implication of any endorsement of such activities on the part of the Authority. Authority stationery should not be used in conducting the personal affairs or business of any employee, nor should office space be used to such end.

An employee may attend and participate in political functions without violating Section 3.a. (iii) or 3.c. (iv) above, provided that he or she makes a good faith effort to make it clear that he or she is doing so in his or her personal capacity and not on behalf of the Authority. Mere mention of, or reference to, his or her affiliation or title with the Authority will not of itself constitute a violation of those sections.

d. Gifts and Outside Compensation

- i. No employee should accept any outside compensation or thing of value for work required by or connected with his or her Authority employment, unless the employee has complied with the provisions of 19 NYCRR Part 930.
- ii. No employee, spouse or dependent child of an employee shall solicit, accept or receive any gift having a nominal value whether in the form of money, service, loan, travel, entertainment, hospitality, thing or promise, or in any other form, under circumstances in which it could reasonably be inferred that the gift was intended to influence him or her, or could reasonably be expected to influence him or her, in the performance of his or her official duties or was intended as a reward for any official action on his or her part.

e. Political Activity Policy

While Authority employees are free to participate in the political process on their own time, there must be a clear separation between political activities and the discharge of their duties as Authority employees. No Authority employee is to conduct political activities during work hours. Any political activity must be performed after normal work hours or while on vacation or personal leave. In addition, Authority equipment, vehicles and office space are to be used for official Authority business only.

f. Receipt of Honorarium

The receipt of honorarium or outside speaking fees must be approved in advance by the President and Chief Operating Officer, and a fee cannot be received from any organization that is regulated by or negotiates with Authority employees acting in their official capacity. A fee cannot be

received by an Authority employee from an individual or organization that attempts to influence Authority positions or actions. An employee receiving approvals to accept such a fee cannot also be paid by the Authority for delivering a speech or rendering a service. Authority personnel, equipment and time cannot be used to prepare for delivery of a speech or to render a service for which an honorarium is to be received unless the honorarium is paid to the Authority. No honorarium is permitted when the Authority sends an employee as its representative to an event to make a speech or perform a service. If an employee is required to file a Financial Disclosure form under the Ethics in Government Act, he or she must disclose the receipt of honorarium in excess of \$1,000 from any source.

4. Post-Authority Employment

- a. Pre-departure Negotiations – No employee, while involved in dealings with a private firm on the Authority’s behalf, may discuss with representatives of that firm possible future employment with the firm, nor should employees participate in any activity on behalf of the Authority with respect to an entity with which they are negotiating or have made arrangements for post-Authority employment. All employees should immediately notify the Ethics Officer of any understanding or arrangement for employment upon leaving the Authority as promptly as possible after such arrangement is made.
- b. Two-year Prohibition – No person who has served as an Authority officer or employee shall for a period of two years after the termination of such service or employment appear or practice before the Authority or receive compensation for any services rendered by such former officer or employee on behalf of any person, firm corporation or association in relation to any case, proceeding application, or other matter before the Authority. The only exception to this law is that former Authority employees may become employees (not consultants) to federal, state or local government entities.
- c. Lifetime Prohibition – No person who has served as an Authority officer or employee shall, after the termination of such service or employment, appear, practice, communicate or otherwise render services before any state agency or receive compensation for any such services rendered by such former officer or employee on behalf of any person, firm, corporation or other entity in relation to any case, proceeding, application or transaction with respect to which such person was directly concerned and in which he or she personally participated during the period of his or her services or employment, or which was under his or her active consideration.

C. Administrative Procedures

1. Administrative Responsibility

- a. Subject to the power of the President and Members ultimately to determine all matters encompassed by these Guidelines and to designate any other or further officers of the Authority to administer same, the officer of the Authority responsible for administering these Guidelines shall be the Ethics Officer, in consultation with the General Counsel.

The Ethics Officer is hereby authorized, in consultation with the General Counsel, to establish appropriate procedures to implement these Guidelines, including procedures for disclosure of actual or potential problems and appropriate review of such problems by individuals designated by him or her.

- b. It is recognized that the Guidelines are, by their nature, general in scope and do not take account of the many factual circumstances that can arise and to which their application may be unclear or, in some case, inappropriate. At the same time it is also recognized that disclosure of potential conflicts or ethical problems to the Ethics Officer and/or JCOPE is necessary. In view of the foregoing, it shall be the obligation of each employee to bring any circumstances believed to present a potential violation of these Guidelines (including any circumstances to which the employee is unsure whether or not the Guidelines apply) to the attention of the Ethics Officer and obtain JCOPE's advice where there may be a violation of the Public Officers Law.

2. Acting in Good Faith

Anyone filing a complaint concerning a violation or suspected violation of these Guidelines must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the applicable guideline. The making of allegations that prove not to be substantiated and that prove to have been made maliciously or with knowledge as to their falsity will be viewed as a serious disciplinary offense.

3. Administrative Remedies

In addition to any remedies, civil or otherwise, which the Authority may have against any employee who shall breach these guidelines, and any applicable penalties under the Public Officers Law, the Authority may impose any one or more of the following:

- a. Oral or written warnings;
- b. Suspension with or without pay for a specified period of time;
- c. Termination of employment