BOARD POLICIES

AS OF FEBRUARY 2020
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Mission Statement:

LIPA is a not-for-profit public utility with a mission to enable clean, reliable, and affordable electric service for our customers on Long Island and the Rockaways.

In achieving our mission, **LIPA Values:**
- **Responsiveness:** being attentive to the needs and expectations of our community and stakeholders
- **Excellence:** continually innovating and improving upon our performance
- **Integrity:** conducting our affairs in an ethical and transparent manner
- **Stewardship:** ensuring our assets are utilized efficiently and in accordance with sound fiscal and operating practices
- **Sustainability:** minimizing our impact on our natural environment
- **Teamwork:** respecting diverse viewpoints and attracting and retaining talented employees

Policy Type: Mission

Monitored by: Oversight and REV Committee

Board Resolution: #1372, approved July 26, 2017
#1421, amended July 25, 2018
#1487, amended July 24, 2019


It is the policy of the Long Island Power Authority to supply the energy needs of the Authority’s customers in a clean, reliable and affordable manner by:

- **Planning.** Planning for a power supply portfolio that meets applicable New York State Independent System Operator and New York State Reliability Council requirements, environmental standards, and the State’s clean energy goals; and updating the Integrated Resource Plan to reassess system needs, as necessary, but no less than every five years.

- **Managing the Portfolio.** Managing the power supply portfolio to minimize cost and maximize performance, including the economic scheduling of assets, power plant availability and thermal efficiency, within contractual constraints.

- **Competitive Procurement.** Minimizing cost by competitively procuring generation and distributed energy resources through wholesale market purchases, bilateral contracts, and if appropriate, after balancing cost and risk, ownership or pre-payments for energy\(^1\), utilizing to the extent feasible and cost-effective, Authority-owned land and rights to acquire generating sites.\(^2\)

- **Clean Energy.** Procuring cost-effective renewable resources, renewable energy certificates (“RECs”), and behind-the-meter resources such as energy efficiency and demand response, including acting in coordination with other State energy authorities, if advantageous to our customers;\(^3\) integrating cost-effective distributed energy production and storage technologies; and enabling the economic and secure dispatch of resources deployed within the distribution system and on customer premises.

- **Wholesale Market Policy.** Minimizing cost by representing the interests of Long Island electric customers in the New York and regional wholesale markets and their respective stakeholder processes, including direct engagement with Federal and State regulatory authorities.

The Chief Executive Officer will report annually to the Board on the key provisions of this Policy.

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1. The Authority owns an 18% share of Nine Mile Point Unit 2 and has certain options to buy generation assets, typically at the expiration of a power purchase agreement, or to prepay for energy in exchange for a discount. The Authority will not take construction or development-related risks on new generation projects.

2. In selecting among alternatives, the Authority will take into consideration the operational, environmental and economic benefits to the Authority’s service territory, including their impact on long-term local employment.

3. In selecting among reasonably comparable alternatives, the Authority will opt for lower carbon-emitting resources.
Board Policy on Customer Service

It is the policy of the Long Island Power Authority to achieve a high level of customer service and satisfaction by:

- Funding cost-effective initiatives and ongoing operations: (i) to provide customers with a level of service, as measured by industry standard customer service metrics, within the first quartile of peer utilities; and (ii) so that customers report a level of satisfaction, as measured by third-party and internally-generated customer satisfaction surveys, within, where applicable, the first quartile of peer utilities by 2022;
- Supporting programs so that customers have information, education, and tools to manage their energy use according to their needs, including innovative billing options and emerging technologies and communications tools that enable multi-directional customer relationships for distributed resources and electric vehicles;
- Protecting customer information from unauthorized access, use, disclosure, modification or destruction through the adoption of appropriate policies and procedures; and
- Providing utility communications that are:
  - accurate and easily accessible;
  - understandable, including accurate billing that can be easily interpreted and conveniently paid;
  - proactive regarding potential weather-related and/or emergency situations, including information on the restoration of electric outages.

The Chief Executive Officer will report annually to the Board on compliance with the key provisions of the Customer Service Policy.
Board Policy: Transmission & Distribution System Reliability
Policy Type: Mission
Monitored by: Oversight and REV Committee
Board Resolution: 
#1371, approved July 26, 2017
#1479, amended May 22, 2019

**Board Policy on Transmission & Distribution System Reliability**

It is the policy of the Long Island Power Authority to maintain a reliable and resilient Transmission and Distribution (“T&D”) system at an affordable cost. The Authority shall:

- comply with the applicable standards of the North American Electric Reliability Corporation, the Northeast Power Coordinating Council, the New York State Reliability Council, the New York Independent System Operator, and environmental regulations;

- fund cost-effective programs to provide a level of reliability, as measured by *system average* outage duration (known as System Average Interruption Duration Index or SAIDI), within the first quartile as compared to peer utilities, excluding major events¹;

- fund cost-effective programs to provide a level of reliability *for each customer* that is within a reasonable variance from *system average* conditions (excluding major events) including:
  - programs to track and improve circuit conditions that cause a customer to experience four or more sustained outages (i.e., greater than 5 minutes in duration) in any 12-month period; and
  - establishing comparable processes for momentary outages (i.e., outages less than 5 minutes in duration);

- fund cost-effective approaches for resiliency, thereby enhancing the safe and timely restoration of electrical service after severe weather or adverse events; and

- use smart grid technologies to minimize outages, monitor system conditions, and facilitate the interconnection of renewable and distributed resources.

The Chief Executive Officer will report annually to the Board on the key provisions of the T&D System Reliability Policy.

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¹ NYCRR 97.1 defines a “major” storm as one resulting in at least one customer outage lasting at least 24 hours or outages affecting at least 10% of the customers in a utility division. In applying the 24-hour exclusion, the Authority shall consider whether such outages are consistent with the pattern of restoration or otherwise anomalous in terms of duration or barriers to restoration.
Customer Value and Affordability Policy

It is the policy of the Long Island Power Authority to maximize the value provided for our customers’ dollars and maintain electric rates that are comparable to other regional utilities in terms of both affordability and rate design. We will carry out this Policy by balancing cost and service, investing in areas that customers value, and minimizing cost in areas with more limited customer benefit. This Policy is comprised of the following objectives:

- **Lowest Fiscally Sound Electric Rates.** Electric rates should be set at the lowest level consistent with sound fiscal and operating practices and applicable law and regulation, ensuring that quality service is efficiently rendered.

- **Regionally Comparable Electric Rates.** Electric rates should be comparable to the published rates on a system average basis of other regional utilities that surround the Authority’s service territory, which most closely resemble the costs and electric/gas supply options of the Authority, including: Consolidated Edison, Orange & Rockland, United Illuminating, Eversource (formerly Connecticut Light and Power), and PSE&G.\(^1\)

- **Changes in Electric Rates to Support Investments in Customer Value.** Changes in the Authority’s electric rates and bills should be similar to other regional utilities on a system average basis.\(^2\) Over time, we expect an appropriate balance between cost and service to result in increases to electric rates similar to the rate of inflation. In any given year, changes in electric rates may not reflect broader economic price indices due to external factors such as changes in commodity prices, law or regulation.

- **Prudent Rate Design.** Electric rates should:
  - be simple and easy to understand;
  - equitably allocate costs across and within customer classes by taking into consideration the cost to provide service;
  - be affordable to people with low incomes and severe medical conditions; and
  - encourage the most efficient use of utility plant by reflecting the cost of energy at the time it is used, reducing on-peak use, and supporting energy efficiency and conservation.

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\(^1\) This objective should consider the significant differences in the taxing and regulatory regimes in which the utilities operate. The Board of Trustees will also be provided with rate comparisons from other regions upon request.

\(^2\) In any period, there may be variations due to the timing of fuel and purchased power costs, resource additions, changes to delivery rates, or other needs that cause fluctuations in the Authority’s system average cost relative to other regional utilities but that are not indicative of the Authority’s long-term rate comparability.
• **Consistent with New York Policy.** The Authority’s electric rate design and tariffs should be as consistent as possible with statewide principles. When statewide proceedings produce policies of general applicability, the Authority will adopt conforming changes to its Electric Tariff, unless there are compelling considerations that are unique to the Authority and its public power business model. Prior to adopting such changes, the Authority will hold public comment sessions and evaluate such unique considerations.³

The Chief Executive Officer will report annually to the Board on the key provisions of this Policy.

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³ The Department of Public Service holds proceedings and working groups that are open to all interested stakeholders to craft and implement policies that enable New York’s transition to a modern, clean, distributed, and transactional electric grid. The Authority and its Service Provider participate in these statewide proceedings and encourage the participation of Long Island stakeholders.
Board Policy on Oversight and LIPA Operations

It is the policy of the Long Island Power Authority to conduct oversight of its service providers and manage its affairs in a systematic manner that meets the needs and protects the interests of the Authority’s customer-owners by:

- **Executing a proactive oversight process:**
  - Maintaining multi-year oversight plans that encompass all the principal areas of providing service to customer-owners;
  - Prioritizing oversight activities, including the frequency and degree of oversight, by risk, materiality, and other measures of importance;
  - Reviewing the oversight plans annually to address changing circumstances and redirect resources, as needed;
  - Referring oversight findings, if any, to service providers to promptly resolve issues; and
  - Referring oversight findings to Internal Audit and/or Enterprise Risk Management, if such issues require further attention or monitoring.

- **Delivering value to customer-owners:**
  - Reviewing proposed plans and programs to ensure sufficient benefits for the cost; and
  - Reviewing the practices of the Authority’s service providers to foster continuous improvement, innovation, benchmarking, and industry best practice, to minimize cost and improve service quality.

- **Promoting organizational accountability and accomplishment:**
  - Reporting to the Board an annual work plan for the Authority’s Staff that advances the Authority’s oversight and its mission and values, as defined by the Board’s policies;
  - Utilizing the annual work plan to set performance goals for the Authority’s Staff, in accordance with the Board’s Policy on Staffing and Employment; and
  - Reporting to the Board on the activities accomplished under the work plan each year.

- **Providing sufficient staffing and resources:**
  - Comparing staffing needs to available resources; and
Identifying gaps and authorizing internal or external resources, as appropriate, to execute the annual work plan.

The Chief Executive Officer will report annually to the Oversight and REV Committee on compliance with the provisions of the Policy.
Board Policy on Construction of Transmission and Distribution Projects

It is the policy of the Long Island Power Authority to (i) make choices for the construction of the transmission and distribution system in a consistent manner that balances cost for all customers with local concerns; (ii) to conduct public outreach prior to the beginning of construction in accordance with certain principles described herein; and (iii) to accommodate local preferences for underground construction in circumstances where system-wide benefits are insufficient to justify the incremental expense by providing mechanisms for local choice and local funding.

Regulatory Requirements

LIPA’s construction of transmission and distribution facilities must comply with criteria contained in several statutes and regulations, including:

- Article VII of the New York Public Service Law (Article VII),
- State Environmental Quality Review Act (SEQRA), Environmental Conservation Law (ECL) Article 8,
- 6 NYCRR 617 (SEQRA implementing regulations),
- 21 NYCRR 10052 (LIPA’s SEQRA implementing regulations), and
- Smart Growth Public Infrastructure Policy Act, ECL Article 6.

This Policy supplements these legal and regulatory requirements to guide consistent decision-making.

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1 Article VII applies to electric transmission facilities with a design capacity of 100 kilovolts (kV) or more extending for at least 10 miles, or 125 kV and extending more than one mile.
Selection of Construction Type

LIPA’s electric transmission and distribution system is predominantly an overhead system.\(^2\) In general, overhead construction with a robust tree-trim program provides the best balance between reliability and cost of service for LIPA’s customers. Underground facilities are considered when necessary to address issues of feasibility\(^3\) or to address factors such as those identified in certain state regulations (see, for example, Title 16 NYCRR Part 102).

To achieve the objectives of this Policy, LIPA and its Service Provider will:

- For transmission projects designed for voltages 65 kV and above that are not subject to Article VII, prepare a pre-construction report containing an advantage-disadvantage analysis using standardized criteria for evaluating the system-wide benefits and costs to the public of construction of overhead versus underground transmission projects similar to the criteria used by New York utilities subject to Title 16 of the New York Codes, Rules and Regulations (NYCRR) Part 102\(^4\), such report to be done sufficiently far in advance of construction to inform the public outreach and project planning process\(^5\);
- For all transmission projects designed for voltages below 65 kV, as well as all distribution projects, consider the criteria set forth in the attachment to this Policy, as applicable\(^4\).
- Maintain a special tariff for undergrounding to provide a financing mechanism that allows local communities to pay for the additional cost of undergrounding all or a portion of a transmission or distribution project where insufficient systemwide benefits exist to justify allocation of the incremental expense throughout the Service Area\(^6\);
- Underground service to multiple occupancy buildings and new residential subdivisions at the developer’s expense in accordance with similar criteria used by New York utilities subject to 16 NYCRR Part 100; maintain tariff provisions for the utility to provide cost allowances for undergrounding residential service where required or where requested by an applicant, consistent with Title 16 NYCRR Part 98 (e) and (f); and underground customer-owned facilities at customer expense.

Principles for Public Outreach

Public outreach is important to maintaining public acceptance and support for the infrastructure necessary to maintain reliable electric service to the 1.1 million customers served by the LIPA and its Service Provider. The electric grid is a complex system of generation and transmission that aims to ensure adequate levels of power reach customers at reasonable cost, with minimum impact to the environment and local community.

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\(^2\) LIPA’s electric grid contains approximately 10,000 miles (9,000 distribution and 1,000 transmission) of overhead lines and 5,200 miles (4,800 distribution and 400 transmission) of underground lines.

\(^3\) For example, where dictated by interference with existing facilities or where acquisition by condemnation of private property for a new right of way would be necessary to site an overhead line.

\(^4\) LIPA’s standardized criteria for evaluating eligible projects are included as an attachment to the Policy.

\(^5\) The analysis for each project will be sent to the Trustees as an information item when completed.

\(^6\) Local communities may also pursue other financing mechanisms, such as an undergrounding district.
LIPA’s Service Provider implements many widely varying infrastructure projects each year. There is therefore no “one size fits all” approach to public outreach, and any process requires regular review, including to consider changing conditions or lessons learned from actual projects over time.

To achieve the objectives of this Policy, LIPA and its Service Provider will conduct outreach to affected public officials, civic leaders, and communities in advance of the construction of transmission and distribution projects in a manner appropriate to each project, including visual representations of the proposed project as built, if appropriate, consistent with industry best practices, as mutually agreed upon by LIPA and its Service Provider, and in consultation with the Department of Public Service.

LIPA’s principles to guide the public outreach process include:

- Evaluating the potential impacts of each major project for:
  - Project scope, development timeline, and alternatives;
  - Cost, including the cost of alternatives;
  - Community impact, including:
    - Local services,
    - Aesthetic concerns,
    - Tree canopy and vegetation,
    - Residential or commercial districts,
    - Height of poles,
    - Historic or cultural areas,
    - Environmentally sensitive areas;
  - Local, state and federal jurisdictions affected; and
  - Permitting and regulatory requirements.

- Using tools for public outreach designed to ensure all relevant officials, stakeholders, and customers are informed of project plans, and that all projects proceed transparently, including:
  - Briefing officials in affected areas;
  - Meeting with civic groups and organizations, as appropriate;
  - Notifying affected customers through mailings, door hangers, websites, outbound calls, open houses, and social media, as appropriate.

- Developing systematic outreach plans, particular and appropriate to each project, based on the potential impacts of the project, evaluated as described above.

- Performing appropriate outreach for each project prior to any State Environmental Quality Review Act determination, if applicable.

The Chief Executive Officer will report annually to the Board on compliance with the key provisions of this Policy.

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The Department of Public Service’s responsibilities in reviewing such capital projects are pursuant to the LIPA Reform Act, as described in a letter from the DPS CEO dated June 23, 2014.
LIPA’s Board Policy on the *Construction of Transmission and Distribution Projects* requires “utilizing standardized criteria for evaluating the systemwide benefits and costs to the public of construction of overhead versus underground transmission projects similar to the criteria used by New York utilities subject to Title 16 of NYCRR Part 102.”

Therefore, the evaluation of whether to construct overhead versus underground transmission facilities\(^8\) shall include:

1. Any Priority Areas (defined below) affected by the subject Project where the advantages of underground transmission construction to the public *throughout the Service Area* may outweigh the disadvantages (i.e., an advantage-disadvantage analysis);
2. An inventory of other potentially affected areas in categories identified below; and
3. An explanation of why the proposed transmission facility or portion thereof should be placed overhead or underground.

The categories of areas shall be updated as 16 NYCRR Part 102 may change from time to time.

I. **Priority Areas for Advantage-Disadvantage Analysis**

Priority Areas for an advantage-disadvantage analysis that evaluates whether the advantages of underground construction outweigh the disadvantages to the public *throughout the Service Area* are:

1. National and State parks, preserves, reservations, landmarks, and monuments formally so designated and acquired for their natural, scenic or cultural value by appropriate State and Federal agencies. (Included would be historic landmarks, national landmarks, national monuments and trails, and wild and scenic rivers.)
2. Historic sites formally so designated by National or State agencies but without acquisition of rights or ownership sufficient for the purpose of preservation.
3. Central Business Districts (as defined below) in towns, cities, villages and hamlets.
4. Developed and partly developed residential areas with an existing density of one

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\(^8\) Transmission facilities 65 kV or higher for distances of one mile or longer, excluding facilities subject to Article VII of the Public Service Law; the construction of all other such transmission facilities in Priority Areas shall be reported to the Board no less than annually.
or more dwelling units per acre, as shown on approved Subdivision (as defined below) maps, occupying a minimum contiguous area of 20 acres, all or a portion of which would be traversed by the proposed transmission facility right-of-way.

II. Definitions

(a) Central Business Districts are:

1. The centrally located, prime commercial district of a municipality (which may be a town, city, village or hamlet), the focus of main traffic arteries and mass transit composed of retail trade, offices (including governmental functions), light manufacturing and commercialized recreational activities with few or no dwellings.
2. Commercial areas essentially one lot deep along a thoroughfare are more aptly described as strip developments and not central business districts.

Central business districts occupy a relatively small proportion of the urbanized area -- not over four percent even in the smallest cities and only 0.4 percent in the largest.

(b) Subdivisions are a tract of land divided into lots for residential buildings the plan for which has been approved by governmental authorities having jurisdiction.

III. Exemption from Completion of Full Report Consistent with 16 NYCRR 102

A full report consistent with the provisions of 16 NYCRR 102 is not required for upgrading or rebuilding transmission facilities on existing right-of-way provided that all of the following conditions are met:

1. No additional rights-of-way are required;
2. There is no increase in the number of structures on the right-of-way;
3. The resulting structures do not carry more than two circuits;
4. No substantial modification will be made to existing vegetative cover on the right-of-way; and
5. The height of a new tower does not exceed the height of a replaced tower by more than 10 feet.

Likewise, a full report is not required if construction of the facility in question must substantially be underground for technical reasons.
IV. Elements of the Advantage-Disadvantage Analysis for Priority Areas

The advantage-disadvantage analysis for Priority Areas is meant to provide a framework by which the features or facts which support one or another mode of construction are identified clearly. Circumstances that reduce or enhance the benefits or affect the costs of underground construction, identified in the advantage-disadvantage analysis, will provide the basis for decision. Examples of factors which may affect a decision to underground would include the availability of suitable existing corridors, or the likelihood of pronounced visual impact.

Data and/or all pertinent information for each item shall be presented for both the underground and overhead alternative. The analysis of cost should be made on a present-worth basis for both alternatives over a period long enough to allow for appropriate incremental construction.

The advantage-disadvantage analysis for Priority Areas shall include:

1. Availability of existing corridors suitable for additional transmission facilities. (The availability of suitable existing corridors through a Priority Area, for example, may reduce the relative benefits of underground construction.)
2. Capital construction costs. (Costs that may be capitalized under the uniform system of accounts.)
3. Construction expense costs. (Costs that may not be capitalized.)
4. Right-of-way acquisition costs.
5. Anticipated total operation and maintenance costs including power losses for the depreciable life of the plant, discounted to present-worth, when the present worth of such losses is significant in comparison to other costs (such as (i) there is no increase in the number of structures on the right-of-way; (ii) the resulting structures do not carry more than two circuits; or (iii) no substantial modification will be made to existing vegetative cover on the right-of-way).
6. Relevant technological considerations.
7. The relative effect on vegetation, wildlife, soils, erosion, streams, and other such natural features (as noted in biological surveys, water quality ratings, and land management policies and practices) of the construction methods proposed.
8. The relative visual impact including incremental impact compared to existing surroundings.
9. Relative availability of right-of-way for other uses: e.g., parks, recreation, farming, transportation.
V. Other Areas to Be Inventoried

Other areas which should be inventoried, but for which an advantage-disadvantage analysis is not required, but may be prepared if appropriate, are:

1. Areas of outstanding natural or scenic value which are preserved by non-profit private agencies, but which have not been formally so designated by national or State agencies.
2. Areas of outstanding cultural value (e.g., attractive pastoral scenes, locations of noteworthy architectural and/or social import both within and outside specific sites) that have been formally designated by the appropriate governmental authority.
3. Existing local (city, town, village and county) parks and open space areas that have been formally established by governmental or private authorities.
4. Public and semipublic facilities such as cemeteries, educational, correctional and medical facilities and military installations.
5. Existing light industrial and commercial areas (e.g., industrial parks, shopping centers, office building complexes).
6. Partially developed residential areas where the Subdivision will have an eventual population density of one or more dwelling units per acre, as shown on approved Subdivision maps, comprising a minimum contiguous area of 20 acres or a portion of which is traversed by the proposed transmission facility right-of-way.
7. Areas of outstanding cultural value (e.g., attractive pastoral scenes, locations of noteworthy architectural and/or social import both within and outside specific sites that lend attractiveness to a neighborhood or community) that have not been formally designated by governmental or private authority.
8. Residential areas with less population density than those specified in preceding categories.
9. Planned and zoned undeveloped light industrial, commercial and residential areas.
10. Managed woodlands (e.g., commercial and other productive forests).
11. Agricultural districts established in accordance with article 25-AA of the Agriculture and Markets Law, and other farmlands.
12. Existing and planned heavy industrial areas.
13. Woods and open lands other than those included within areas specified in any Priority Area above.
Board Policy: Debt and Access to the Credit Markets

Policy Type: Operating Policies
Monitored by: Finance and Audit Committee

Board Resolution: #1319, approved September 21, 2016
#1354, amended March 29, 2017
#1473, amended March 20, 2019
#1498, amended December 18, 2019

Board Policy on Debt and Access to the Credit Markets

It is the policy of the Long Island Power Authority to serve the long-term interests of LIPA’s customer-owners. The Long Island electric grid requires substantial investments each year to maintain its reliability and resiliency. By adopting sound fiscal metrics and sustainable financial plans, LIPA ensures prudent levels of borrowing, ready access to funds on reasonable terms for infrastructure investment, and the lowest long-term cost to our customer-owners.

LIPA will achieve the lowest long-term cost to our customer-owners by adopting budgets and financial plans that meet the following objectives:

- Support credit ratings of at least A2/A;

- Achieve fixed-obligation coverage ratios of no less than (i) 1.35x on the combination of LIPA-issued debt and lease payments; and (ii) 1.15x on the combination of LIPA-issued debt, Utility Debt Securitization Authority-issued debt, and lease payments;¹

- Generate sufficient cash flow from revenues to maintain the issuance of new debt as a percentage of capital spending at 64 percent or less as measured on a three-year rolling average;

- Maintain (i) cash on hand at each month end of at least $100 million in the Operating Fund and $150 million in the Rate Stabilization Fund and (ii) cash on hand and available credit of at least 120 days of operating expenses;

- Pre-fund obligations to LIPA’s Service Provider for pension costs each year in a fiscally sound manner, as measured by an actuarial services firm no less than every other year;

- Pre-fund obligations to LIPA’s Service Provider for Other Post-Employment Benefits (OPEBs) to a dedicated OPEB Account in a fiscally sound manner, as

¹ Lease payments are defined in Governmental Accounting Standard Board Statement No. 87
measured by an actuarial services firm no less than every other year²;

- Pre-fund LIPA’s OPEB Trust in a fiscally sound manner, as measured by an actuarial services firm no less than every other year; and

- Pre-fund LIPA’s Nuclear Decommissioning Trust Fund in a fiscally sound manner, as measured by an actuarial services firm no less than every other year.

The Chief Executive Officer shall report annually to the Board on compliance with the key provisions of this Policy.

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Appendix: Methodology to Calculate Financial Metrics

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² After notifying the Finance and Audit Committee, LIPA’s Chief Executive Officer or Chief Financial Officer are authorized to withdraw funds from the OPEB Account if there are insufficient revenues to pay reasonable and necessary Operating Expenses or to make payments on bonds or parity obligations. The OPEB Account is therefore deemed available to make such payments, acting as a reserve fund. Any withdraws for such purposes will be repaid within twelve months.
Board Policy on Debt and Access to the Credit Markets
Appendix: Methodology to Calculate Financial Metrics

The Board Policy on Debt and Access to the Credit Markets references three financial ratios: Fixed Obligation Coverage; Days Cash on Hand; and the Percentage of Capital Spending Funded by Debt. This Appendix describes the calculation of each ratio.

**Fixed Obligation Coverage** is the ratio of funds available to pay LIPA’s fixed obligations (annual debt service plus lease payments) as compared to those obligations. This ratio therefore measures the resources available from operations to make fixed scheduled payments. A fixed obligation coverage ratio of 1.0x, provides for exactly enough funds from ongoing operations to pay all operating expenses and make such fixed payments, leaving no excess funds available for capital investments. Even a small disruption to operations therefore could endanger payment of debt service and other fixed payments. A coverage ratio of 1.35x means the utility has enough funds to pay operating expenses and fixed obligation costs, plus a margin of 35 percent. Higher coverage ratios reflect a greater likelihood that such fixed payments will be paid and therefore represent less financial risk to bond and lease holders. As such, higher coverage ratios typically merit higher bond ratings and correspondingly lower borrowing costs.

Coverage differs from most financial statistics, in that it is not paid to bond and lease holders or outside parties. The funds in excess of those actually required to pay operating expenses and fixed payments remain available to LIPA to fund new infrastructure investments in lieu of issuing debt. As a result, higher coverage provides a double benefit to LIPA’s customer-owners: it lowers both the cost of interest on bonds and the amount of bonds LIPA issues to build infrastructure.

LIPA’s fixed obligation coverage calculation, detailed below, is intended to be similar to the way rating agencies and investors calculate coverage. This differs from the coverage formula used in LIPA’s bond covenants. The approach simplifies the review of sources and uses of cash flow and adopts most GAAP conventions for measuring revenues and expenses, except in a few key areas highlighted below where GAAP figures are materially different than cash flow.

UDSA bonds are paid by an irrevocable, nonbypassable restructuring charge recovered from consumers set at an amount sufficient to pay the principal and interest payable on the bonds and other ongoing financing costs.

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1 LIPA’s bond covenants calculate coverage by treating tax payments and lease obligations as funds available to pay debt service obligations.
2 Generally Accepted Accounting Principles, as established by the Government Accounting Standards Board.
The table below summarizes LIPA’s fixed obligation coverage calculation:

| + Operating Revenue                                      | Note 1 |
| + Grant Income                                           | Note 2 |
| + Investment and Miscellaneous Income (Net)              | Note 3 |
| + Suffolk Property Tax Settlement Charges                | Note 4 |
| + Visual Benefits Assessment Charges                     | Note 4 |
| + Total Operating Expenses                                | Note 5 |
| + Other Interest Costs                                    | Note 6 |
| Less Non-Cash Adjustments:                               |        |
| - Depreciation and Amortization                          | Note 7 |
| - OPEB GAAP Operating Expense                            | Note 8 |
| = Subtotal 1                                             |        |
| + Total Revenue and Income                               | Subtotal 1 |
| - Total Deductions                                       | Subtotal 2 |
| + Annual Long-Term Lease Payments                         | Note 9 |
| = Funds Available for LIPA + USDA Coverage                | Subtotal 3 |
| + Funds Available for LIPA + USDA Coverage                | Subtotal 3 |
| - USDA Debt Service                                       | Note 10 |
| = Funds Available for LIPA Fixed Obligations              | Subtotal 4 |
| + LIPA Debt Service                                      | Note 10 |
| + Annual Long-Term Lease Payments                         | Note 9 |
| = LIPA Fixed Obligations                                 | Subtotal 5 |
| + LIPA Fixed Obligations                                 | Subtotal 5 |
| + USDA Debt Service                                      | Note 10 |
| = LIPA + USDA Fixed Obligations                           | Subtotal 6 |
| + Funds Available for LIPA Fixed Obligations              | Subtotal 4 |
| / LIPA Fixed Obligations                                 | Subtotal 5 |
| = LIPA Coverage Ratio                                    |        |
| + Funds Available for LIPA + USDA Obligations             | Subtotal 3 |
| / LIPA + USDA Fixed Obligations                           | Subtotal 6 |
| = LIPA + USDA Coverage Ratio                              |        |
The funds available to pay fixed obligations are generally calculated as revenue plus other sources of income minus operating expenses, excluding non-cash expenses such as depreciation, amortization and OPEBs, minus other interest costs. The actual results for each year are provided in the footnotes to LIPA’s audited financial statements. The notes below describe each line item in the fixed obligation coverage calculation.

1. *Operating Revenue* is reported on LIPA’s Income Statement of Revenue, Expenses and Changes in Net Position.

2. *Grant Income* includes money received from state and federal agencies to cover specified program expenditures, such as the Regional Greenhouse Gas Initiative (RGGI) and Federal Emergency Management Agency (FEMA) reimbursements for storm recovery. Grant income is generally recognized in the period it is received, except for the FEMA storm hardening grant, which is recognized over the expected life of the assets being constructed in amounts equal to depreciation expense on those assets in each year. The amount of Grant Income is reported on LIPA’s Statement of Revenue, Expenses and Changes in Net Position.

3. *Investment Income and Other Miscellaneous Income (Net)* includes the amounts reflected on the Statement of Revenue, Expenses and Changes in Net Position for investment income, excluding income earned on LIPA’s Nuclear Decommissioning Trust, and the net amount of the miscellaneous other income and deductions as reported on LIPA's Statement of Revenue, Expenses and Changes in Net Position.

4. *Suffolk Property Tax Settlement and Visual Benefits Assessment* are two regulatory assets that are being repaid by impacted customers through their electric bills over a specified period of time. Such customers repay principal and interest on related debt obligations. For GAAP purposes, the interest component is included in Other Income while the repayment of principal is not reflected in Operating Revenue in the year received (it was previously recognized when the regulatory assets were established). For coverage purposes, the cash receipts related to principal payments as shown on LIPA’s Cash Flow Statement are available to pay the related debt payments.

5. *Total Operating Expenses* are reported on LIPA’s Statement of Revenue, Expenses and Change in Net Position and conform to GAAP.

6. *Other Interest Costs* represent costs that are reported as interest expense on the Statement of Revenue, Expenses and Changes in Net Position but are not part of Debt Service. The largest component of Other Interest Expense is interest rate swap payments, which are generally subordinate to bond payments. Additional costs include interest on customer deposits and bank fees. Other Interest Costs is not Debt Service, does not require coverage, and is therefore treated the same as Operating Expenses in the calculation of Funds Available for Debt Service. The amount of Other Interest Expenses is shown on the LIPA’s Statement of Revenue, Expenses and Changes in Net Position.
7. **Depreciation and Amortization** are deducted from Operating Expenses for the coverage calculation. Instead of using accounting allocations for the recovery of capital investments and regulatory assets, the coverage calculation recognizes that these costs are recovered through debt service and are eliminated from the coverage calculation. Depreciation and Amortization are reported on LIPA’s Statement of Revenue, Expenses, and Changes in Net Position. LIPA’s key components of Depreciation and Amortization include:

- Depreciation of Utility Plant and Equipment;
- Amortization of the Acquisition Adjustment (purchase adjustment related to purchase of the Long Island Lighting Company in 1998); and
- Amortization of certain regulatory assets established by the Board for specific obligations related to pensions and benefits for employees who provided services to LIPA under the expired Management Services Agreement (MSA) between LIPA and National Grid (the former service provider).

8. **OPEB GAAP Operating Expense.** With the transition to a new service provider in 2014, there was a limited number of employees eligible for retirement and the cash pay-as-you-go costs for Other Post-Employment Benefits (OPEBs) was relatively small compared to the GAAP accrual expense. In 2014, LIPA adopted a funding plan consistent with actuarially sound principles to pre-fund future OPEB benefit expenses for employees currently working for the service provider. This pre-funding is deposited into a separately segregated OPEB Account that is available to make fixed obligation payments. LIPA’s ratemaking model therefore recognizes the availability of these funds to make fixed obligation payments.\(^3\) The non-cash OPEB expense is reported on LIPA’s Statement of Cash Flow.

9. **Annual Long-Term Lease Payments.** Rating agencies consider lease payments as a fixed obligation that operates like debt. LIPA has substantial leases related to its procurement of power supplies for generating facilities and transmission cables. According to GASB, leases must be recorded on LIPA’s financial statements as long-term assets and obligations. To recognize long-term lease obligations in the calculation of coverage, the rating agencies add the annual lease obligation (imputed repayment of principal and interest) to both the numerator and the denominator of the fixed obligation coverage ratio. LIPA’s Annual Long-Term Lease Payments are shown in the footnotes to its audited financial statements.

10. **Debt Service** consists of the payment of principal and interest on LIPA’s long-term and short-term bonds. The debt service payment schedule for long-term bonds is established when the bonds are issued and typically includes semi-annual interest payments. Short-term debt typically includes monthly or quarterly interest payments. Repayment of principal on bonds can occur under a number of circumstances that are relevant to the

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\(^3\) LIPA originally contemplated a similar adjustment for the pension expense related to PSEG Long Island employees. The difference between GAAP expense and ERISA cash funding for pensions has narrowed and so this is no longer a material adjustment to the funds available to pay fixed obligations. Over time, the difference between GAAP expense and cash expense for OPEBs will also narrow and LIPA expects that this adjustment may be eliminated.
determination of debt service obligations in any given year.

Scheduled debt maturities are considered debt service obligations and are included in the debt service payments. Debt is sometimes refunded with new debt, typically to obtain lower interest costs. Debt refunded before its scheduled date is excluded from debt service requirements, and the scheduled repayments of the new debt replaces the scheduled repayment of the refunded debt. Debt may also be called for early retirement should cash on hand be sufficient for such purposes. Such early redemption or defeasance of debt is excluded from debt service requirements. Short-term debt can also be refunded or rolled-over through issuing new debt. This happens most frequently when an existing short-term arrangement expires or is replaced by a new line of credit on more favorable terms. In such cases, the roll-over of principal is not considered a debt service obligation at that time, as this debt was always expected to be paid by the proceeds of the roll-over and not by revenues. Debt Service payments are reported on LIPA’s Cash Flow Statement.

**Days Cash on Hand** is the ratio of the total cash and credit available divided by LIPA’s budgeted average daily operating expenses.

Days Cash on Hand measures LIPA’s ability to sustain its operations if revenues are delayed, reduced or interrupted for any reason. Available cash consists of cash reported on the Statement of Net Position and includes both unrestricted cash and funds held in a restricted account dedicated to pre-funding PSEG Long Island’s operating and capital expenditures, in accordance with the terms of the Amended and Restated Operations Services Agreement. Available credit includes multiple sources such as, letters and lines of credit, and general revenue notes, including a revolving credit agreement. The average daily expenditure is calculated by taking LIPA’s annual approved budgeted revenues minus depreciation, amortization, and interest expense (budgeted operating expenses) and dividing the net value by 365 days.

**Minimum Days Cash on Hand must be at least 120 days**
Percent of Capital Spending Funded By Debt is calculated as the ratio of new money debt budgeted to be issued divided by approved capital spending. It is typically calculated both including and excluding funding derived from grants, such as FEMA. The capital spending in any year is directly observable from LIPA’s financial statements and represents the net increase in utility plant and property (plant in service plus investments in related utility assets like circuits or transformers). Similarly, LIPA’s debt issuances are categorized as either refinancing of existing debt or new money debt and are identified as to the general usage of the funds. Capital expenditures financed using short-term debt or available cash that is later replenished by long-term bonds are excluded from the calculation.

Given the variability in capital spending from year to year, as well as the variability in timing of bond issuance, it is prudent to target a revenue funding percentage over a multi-year planning period as opposed to implementing a strict year-by-year target. LIPA measures the 64 percent target on a rolling three-year average basis.

In certain circumstances, LIPA may choose to exercise an early redemption of existing debt with available cash on hand. These transactions reduce outstanding debt obligations that could have been used to cash-fund capital spending and effectively reduce the amount of new capital spending funded by debt. Such early redemptions are incorporated into the ratio in the year that the redemption occurs and represent an offset to the new debt that was issued in the year.
Board Policy on Enterprise Risk Management

It is the policy of the Board of Trustees for the Long Island Power Authority (“LIPA”) to maintain an Enterprise Risk Management Program to monitor, mitigate and report on LIPA’s most significant risks to achieving its mission and delivering value to its customer-owners.

Under the direction of LIPA’s Chief Executive Officer, LIPA and its Service Provider shall maintain an Enterprise Risk Management Program with the following key provisions:

- An Enterprise Risk Management Committee consisting of at least three LIPA staff appointed by the Chief Executive Officer, two of whom must be drawn from LIPA’s senior management, to oversee the processes and procedures of the Program;
- An evaluation of the most significant risks facing LIPA and its Service Provider, and corresponding mitigation activities, reported to senior management of LIPA and its Service Provider for review and evaluation on an annual basis, with ongoing monitoring activity between reviews;
- A review of LIPA’s insurance and other forms of coverage against insurable risks, including the availability and economics of such coverage, performed each year;
- Business continuity plans for LIPA and its Service Provider that are reviewed each year; and
- An annual review of the maturity of the Program compared to industry best practices will be provided to senior management and the Authority’s Internal Audit staff.

The Chief Executive Officer or his or her designee will report annually to the F&A Committee of the Board on the Policy, including:

- A review of the significant risks to LIPA’s mission; and
- Compliance with the key provisions of the Policy.
Board Policy on Power Supply Hedging Program

Electric utilities are exposed to volatile commodity prices in the normal conduct of their operations. The costs to either purchase and deliver fuel to produce electricity in power plants or to purchase power from other suppliers are recovered from the Long Island Power Authority’s (“LIPA”) customers at cost through a Power Supply Charge that changes each month. An effective commodity hedging program provides LIPA’s customers with greater stability in power supply costs and is a utility best practice.

It is the policy of the Board of Trustees for LIPA to maintain a Power Supply Hedging Program (the “Program”) that:

- Mitigates a portion of the volatility of power supply costs in a programmatic and reasonable way on behalf of LIPA’s customer-owners;
- Is executed using financial derivative and physical supply and delivery contracts for a portion of LIPA’s projected fuel and purchased power purchases, provided, however that:
  - the net hedge position does not exceed 90% of projected fuel and purchased power needs;
  - the term of any such hedge does not exceed ten years without the prior approval of the Board or a term in excess of seventy-two (72) months without the prior approval of the Finance and Audit Committee of the Board;
- Achieves appropriate risk mitigation and is not for purposes of financial speculation; and
- Provides transparency regarding LIPA’s commodity risk management activities and results.

LIPA’s Chief Executive Officer shall appoint a Power Supply Risk Management Committee (“PRMC”) consisting of at least three other LIPA staff, two of which must be drawn from LIPA senior management. The PRMC will establish, maintain, and monitor processes and controls, the conduct of LIPA’s Power Supply Hedging Program, and the activities of its Service Provider, PSEG Energy Resource and Trade (“PSEG ER&T”). The key provisions of the PRMC’s activities shall include:

- Oversight and ensuring that all Program activities conducted by LIPA and PSEG ER&T are in accordance with the Board Policy.
Board Policy: **Power Supply Hedging Program**

Policy Type: **Operating Policies**

Monitored by: **Finance and Audit**

Board Resolution: #1352, approved March 29, 2017  
#1429, amended September 27, 2018  
#1493, amended September 25, 2019

- Determining LIPA’s tolerance for exposure to fuel and purchased power price movements and power supply cost volatility considering the costs of limiting such exposure;
- Addressing all risk factors that are demonstrably quantifiable, actionable and material to the program;
- Establishing risk boundaries consistent with such tolerances and evaluating allowable financial and physical instruments in executing the Program;
- Establishing appropriate processes and protocols to review and monitor counterparty credit worthiness on a regular basis; and
- Monitoring Commodity Futures Trading Commission rule making and all other regulatory and legal requirements to ensure that LIPA is taking the actions required to maintain compliance with respect to any transactions under the Program.

PSEG ER&T will report to the Finance & Audit Committee biannually on the Program. Additionally, the Chief Executive Officer, or his or her designee, will provide an annual compliance report on the Program to the Finance and Audit Committee.
Board Policy: Taxes and PILOTs
Policy Type: Operating Policies
Monitored by: Finance and Audit Committee
Board Resolution: #1320, approved September 21, 2016
#1464, amended January 23, 2019

Board Policy on Taxes and PILOTs

It is the policy of the Long Island Power Authority to:

- Pay only such taxes, payments in-lieu-of taxes (‘PILOTs”), assessments, and fees as are required by law or by agreement.

- Avail itself of the lawful right to challenge excessive tax assessments and payment obligations to minimize the cross-subsidization of taxpayers in some taxing jurisdictions by the Authority’s customer-owners in other jurisdictions.

- Inform customers of the burden of taxes, PILOTs, assessments, and fees in their electric bills.

The Chief Executive Officer (or his designee) is hereby authorized to enter into any agreements that advance the Board’s Policy on Taxes and PILOTs, including but not limited to agreements to make payments to municipalities and taxing jurisdictions to offset reductions in tax revenues due to settlements of any LIPA tax or PILOT challenges.¹

The Chief Executive Officer will promptly report any settlement or related agreements to the Board and will report annually to the Finance and Audit Committee on compliance with the provisions of the Policy.

¹ The Authority’s Bylaws authorize the Chief Executive Officer (or his designee) to sign contracts, agreements and other documents on the Authority’s behalf. This includes the authority to enter into agreements with municipalities and taxing jurisdictions to obtain reductions in the Authority’s taxes, PILOTs, assessments, and fees, either paid directly or through contracts with the owners of power plants.
Board Policy: Safety
Policy Type: Operating Policies
Monitored by: Oversight Committee
Board Resolution: Resolution #1379, approved September 27, 2017

Board Policy on Safety

It is the policy of the Long Island Power Authority to ensure a safe environment for the dedicated workforce of its service provider and the public by:

a) Reviewing on a periodic basis no less than every three years the policies, procedures, and practices of the Authority’s service provider to:
   - Comply with applicable health and safety laws and regulations concerning its employees, contractors, and the public;
   - Maintain appropriate safety procedures, programs, and training for employees and contractors based on their responsibilities and duties;
   - Report incidents involving employees and the public promptly, investigate the cause of incidents, and take corrective action.

b) Benchmarking the safety performance of the service provider to the top 25 percent of peer utilities, as measured by the OSHA Recordable Incidence Rate and OSHA Days Away Rate.

c) Assessing the operational factors that contribute to injuries (e.g., motor vehicle accidents) and the efforts to improve performance, where necessary.

The Chief Executive Officer will report annually to the Board on:

- The adequacy of the service provider’s policies, procedures, and practices related to safety;
- Compliance with applicable health and safety laws and regulations;
- Safety performance, including comparisons to peer electric utilities; and
- Initiatives to improve the safety of the service provider’s operations.
Board Policy on Economic Development

It is the policy of the Long Island Power Authority to promote the economic growth and vitality of its service territory and the efficient use of utility plant and equipment by:

- Attracting commercial customers to its service territory and helping such customers grow their businesses through electric rates that are discounted below LIPA’s average cost of service\(^1\), without which rates such businesses would not locate in the service territory;
- Offering economic development rates and programs consistent with those offered by other utilities in the state or best practices within the electric utility industry, in compliance with applicable law.

The Chief Executive Officer will report annually to the Finance and Audit Committee of the Board of Trustees on efforts to attract and retain businesses to the service territory and comply with the provisions of the Economic Development Policy.

\(^1\) The discounted rates will be above LIPA’s marginal cost of serving new electric load or retaining existing load by using facilities and assets that would otherwise be underutilized.
Board Policy: Staffing and Employment

Policy Type: Operating Policy

Monitored by: Governance, Planning and Personnel Committee

Board Resolution: #1338, approved January 25, 2017
    #1435, amended October 24, 2018
    #1485, amended July 24, 2019

Board Policy on Staffing and Employment

It is the policy of the Long Island Power Authority to foster a work environment that attracts and retains experienced professionals of diverse talents and backgrounds and promotes an ethical and productive workplace. In furtherance of these goals, the Board of Trustees:

- Appoints and, if necessary, discharges the Chief Executive Officer (“CEO”);
- Evaluates the performance of and determines the compensation of the CEO;
- With the advice of the CEO, appoints the other Board-appointed Officers specified in the Authority’s By-laws.

Furthermore, the Board of Trustees authorizes and directs the CEO to:

- Manage the organization and staffing of the Authority, including hiring and terminating staff, to enable the Authority to achieve its mission and values, while recognizing that diversity of talent, interests, background and experience is a key attribute to a healthy organization;
- Maintain staffing at the minimum level necessary to ensure that the Authority meets its obligations with respect to its bonds and notes and all applicable statutes and contracts and oversees the activities of the Authority’s service provider;
- Develop and implement human resource practices, programs, training, and initiatives that are consistent with this Policy, meet or exceed relevant laws and regulations, and ensure an ethical, safe, and discrimination/harassment free work environment, including:

  a. an Employee Handbook that provides guidance to employees regarding their rights, benefits, and responsibilities and that addresses:

      - diversity and equal employment opportunity;
      - the Americans with Disabilities Act and reasonable accommodations;

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1 The Board annually evaluates the CEO’s performance by comparing: (i) the Authority’s performance to the policies established by the Board, and (ii) the skills of the CEO to the competency profile established for the position. The Board periodically reviews the CEO’s compensation using a benchmarking survey. The CEO’s cost-of-living adjustments (“COLA”), if any, are tied to performance. If the CEO’s performance “meets expectations”, the COLA equals the rate of inflation. If the CEO “significantly exceeds expectations”, the COLA equals the rate of inflation plus one percent. If the CEO’s performance is “outstanding,” the COLA equals the rate of inflation plus two percent.

2 Pursuant to the Authority’s By-laws, the Board-appointed Officers include the Chief Executive Officer, the Chief Financial Officer, and the General Counsel. The Chief Executive Officer may appoint such other Officers as he or she may from time to time deem necessary or desirable.
• intolerance for workplace bullying and harassment;
• domestic violence and prevention of violence in the workplace;
• timekeeping practices;
• vacation, sick time and other benefits, including family and medical leave;
• internal transfers and promotions;
• reasonable travel and expense reimbursement;

b. an Employee Code of Ethics and Conduct, including annual acknowledgement of receipt and compliance by each employee; and
c. a record retention policy that complies with applicable New York State laws and regulations.

• Establish and administer compensation practices and benefits for the Authority’s staff that are sufficient but not excessive to attract and retain a qualified, experienced workforce; are appropriate based on an individual’s knowledge, skill, and contribution; motivate and reward individual performance; and encourage organizational responsiveness to the Authority’s mission and values. Such practices are informed by:
  • compensation and benefits of employees with similar skills at utilities of similar size and complexity;
  • an appropriate balance of compensation practices among public and private organizations;
  • industry and regional cost-of-living trends;
  • the ability to recruit qualified personnel for a position;
  • individual employee performance and contribution; and
  • a process that permits an employee to appeal in writing any compensation decision resulting from a performance evaluation.

• Refrain from establishing or implying employment obligations to individuals of longer than one year or offering compensation that exceeds the range set for the position by a benchmarking survey, without Board approval. Unless authorized in writing by the CEO, employment at the Authority shall be on an at will basis.

• Establish policies and programs that support and encourage the personal and professional development of employees, including:
  • programs for continuing education and tuition reimbursement;
  • core skills continuing education;
  • performance appraisal and enhancement;
  • management and leadership training; and
  • utility and public power industry learning.

• Maintain a succession plan to address the inevitable turn-over of executives and staff with the least possible interruption to the operations of the Authority.

The CEO will report annually to the Governance, Planning and Personnel Committee on compliance with the key provisions of the Staffing and Employment Policy.
INVESTMENT POLICY

Operating

Finance and Audit Committee

#1468, approved March 20, 2019
#1494, amended September 25, 2019

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1. **OVERVIEW OF INVESTMENT POLICY**

1.1. **Purpose and Scope**

This policy sets forth instructions to the officers and staff of the Long Island Power Authority (the “Authority”) with regard to investments of monies of the Authority and its subsidiary and the monitoring and reporting of such investments. The Policy is intended to meet the provisions of the Public Authorities Law (“PAL”) Section 2925, the Office of the State Comptroller’s Investment Guidelines for Public Authorities contained in 2 New York Codes, Rules and Regulations (“NYCRR”) Part 201, Section 201.3, the provisions of the Authority’s enabling legislation, and the parameters established by the Authority’s Financing Documents. This Policy has been adopted by, and can only be changed by, the Board of Trustees.

1.2. **Definitions**

“Authority” means the Long Island Power Authority, a corporate municipal instrumentality of the State of New York, established pursuant to Chapter 517 of the Laws of 1986 of the State of New York.

“Eligible Banking Institution” means any commercial bank or financial institution whose long-term unsecured debt securities are rated A- or better by S&P, A3 or better by Moody’s, or A- or better by Fitch, and having its principal office within the State, as authorized by the Board of Trustees by Resolution on May 18, 2016.

“Financing Documents” means the Electric System General Bond Resolution, adopted May 13, 1998 (the “General Bond Resolution”); the Electric System General Subordinated Revenue Bond Resolution, adopted May 20, 1998 (“Subordinated Bond Resolution”); the Credit Agreement, dated as of March 1, 2013 among the Long Island Power Authority and Toronto Dominion (Texas) LLC, as Administrative Agent expiring on March 22, 2019 related to Electric System General Revenue Notes, Series 2013A, which will be replaced by a Revolving Credit Agreement with JP Morgan; any agreement with the issuer of any Credit Facility (as defined in the General Bond Resolution or the Subordinated Bond Resolution); and any Liquidity Facility (as defined in the General Bond Resolution or the Subordinated Bond Resolution), in each case as the same may be amended and supplemented from time to time.

“Investment Funds” means monies and financial resources available for investment by the Authority and its subsidiary.

“Investment Securities” means any or all the investment obligations described in Section 2.2 hereof.

“Rating Agencies” means Standard and Poor’s Global Ratings (S&P), Moody’s Investors Service (Moody’s), and Fitch Ratings (Fitch).

“State” means the State of New York.
1.3. Management of Investment Program

1.3.1. Delegation of Investment Authority

The responsibility for implementing the investment program is delegated to the Chief Financial Officer. The Chief Financial Officer directs the Authority’s investment activities through the Director of Finance and Treasury Operations or the Manager of Treasury Operations.

Investments shall be made in accordance with this policy, including the Operating Procedures and Controls, which are attached as Appendix A. The governing body and management of the Authority are responsible for making investment decisions for the Authority and for doing so with the judgment, care, skill, prudence and diligence under the circumstances then prevailing that a knowledgeable and prudent investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. All Authority staff participating in the investment process shall act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Authority’s ability to effectively fulfill its responsibilities. All participants in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

1.3.2. Annual Review and Approval

Authority staff involved in the investment process shall review the Investment Policy on an annual basis, or more frequently as required, and shall submit the Investment Policy to the Authority’s Finance and Audit Committee and Board of Trustees no less frequently than annually for review and approval as required by the PAL.

After any modifications to the Investment Policy, a revised policy must be distributed to Authority personnel on the approved distribution list and the Financial Institutions specified in Appendix A.

2. INVESTMENT MANAGEMENT OBJECTIVES AND PERMITTED INVESTMENT

2.1. Investment Objectives

The investment objectives of the Authority, listed in order of importance, are: to conform with all applicable legal and regulatory requirements; to adequately safeguard investment principal; to provide for portfolio liquidity; and to earn reasonable rates of return.

The investment objectives for the NDTF and OPEB Accounts (described below) are: to conform with all applicable legal and regulatory requirements; to earn reasonable rates of return; and to provide for portfolio liquidity, as necessary.

2.2. Permitted Investments

The Authority, subject to the requirements of Section 3.5 of this Policy, may deposit monies with Eligible Banking Institutions, as separately authorized by the Board of Trustees by Resolution on May 18, 2016. Additionally, investments shall be limited to the following types of securities (“Permitted Investments”):
1. **U.S. Treasury & Government Guaranteed** – U.S. Treasury obligations, and obligations the principal and interest of which are backed or guaranteed by the full faith and credit of the U.S. Government.

2. **Federal Agency/GSE** – Debt obligations, participations or other instruments issued or fully guaranteed by any U.S. Federal agency, instrumentality or government-sponsored enterprise (GSE).

3. **Supranationals** – U.S. dollar denominated debt obligations of a multilateral organization of governments.

4. ** Corporates and Other Debt Obligations** – U.S. dollar denominated corporate notes, bonds or other debt obligations issued or guaranteed by a U.S. or foreign corporation, financial institution, non-profit, or other entity.

5. **Municipals** – Obligations issued or guaranteed by any state, territory or possession of the United States, political subdivision, public corporation, authority, agency board, instrumentality or other unit of local government of any U.S. state or territory.

6. **Collateralized Investment Agreements** – Investment agreements or guaranteed investment contract with any financial institution that guarantees repayment of principal and a fixed or floating interest rate for a predetermined period of time.

7. **Agency Mortgage Backed Securities** – Mortgage-backed securities (MBS), backed by residential, multi-family or commercial mortgages, that are issued or fully guaranteed as to principal and interest by a U.S. Federal agency or government sponsored enterprise, including but not limited to pass-throughs, collateralized mortgage obligations (CMOs) and REMICs.

8. **Asset-Backed Securities** – Asset-backed securities (ABS) whose underlying collateral consists of loans, leases or receivables including but not limited to auto loans/leases, credit card receivables, student loans, equipment loans/leases.

9. **Negotiable Bank Deposit Obligations** – Negotiable bank certificates of deposit, deposit notes or other deposit obligations issued by a nationally or state-chartered bank, credit union or savings association, or by a federally or state-licensed branch of a foreign bank or financial institution.

10. **Commercial Paper** – U.S. dollar denominated commercial paper issued or guaranteed by a U.S. or foreign corporation, company, financial institution, trust or other entity, including both unsecured debt and asset-backed programs.

11. **Bankers’ Acceptances** – Bankers’ acceptances issued, drawn on, or guaranteed by a U.S. bank or U.S. branch of a foreign bank.

12. **Money Market Mutual Funds** – Shares in open-end and no-load money market mutual funds, provided such funds are registered under the Investment Company Act of 1940 and operate in accordance with Rule 2a-7.
13. **Floating Rate Notes** – Floating rate notes (FRNs) may be purchased as part of the Authority’s Portfolio if the following criteria are met:

   a. FRN rate resets no less frequently than quarterly;
   b. FRN rate resets with a frequency that produces a close tracking with money market rates;
   c. FRN is indexed to a money market rate such as Federal Funds, or the Treasury Bill or LIBOR of corresponding maturity, that correlates very highly with overall changes in money market rates even under wide swings in interest rates;
   d. Any interest rate cap is at least 10%; and
   e. Director of Finance and Treasury Operations, Manager of Treasury Operations or the designated Investment Manager uses pricing services, pricing matrices or "theoretical" pricing models to calculate the market value of all FRNs held in the portfolio to value the portfolio holdings.

14. **Repurchase Agreements** – Permitted provided certain conditions are met:

   a. The contract is fully secured by deliverable U.S. Government Obligations as described in Section 2.2.1 having a market value of at least one hundred two percent (102%) of the amount of the obligation’s principal and accrued interest;
   b. A written master repurchase agreement governs the transaction that outlines the basic rights of both buyer and seller, including:
      ▪ events of default which would permit the purchaser to liquidate pledged collateral;
      ▪ the relationship between parties to the agreement, which shall ordinarily be purchaser and seller;
      ▪ method of computing margin maintenance requirements and providing for timely correction of margin deficiencies or excesses;
   c. The repurchase agreement is transacted on a delivery or book entry basis versus payment basis;
   d. The securities are held free and clear of any lien, by the Trustee or an independent third party acting solely as agent for the Trustee; the Trustee shall have received written confirmation from such third party that it holds such securities free and clear of any lien as agent for the Trustee; and such third party is either
      ▪ a Federal Reserve Bank, or
      ▪ a bank which is a member of the Federal Reserve Bank or maintains account with member banks to accomplish book-entry transfer of securities to the credit of the Authority and which (1) has combined capital and surplus of more than $1 billion, and (2) has a long-term debt rating of “A-” or higher by S&P and “A3” or higher by Moody’s;
   e. A perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the Authority;
   f. The Investment Manager will value the collateral daily, and require that if additional collateral is required then that collateral must be delivered within one business day (if a collateral deficiency is not corrected within this time frame, the collateral securities will be liquidated);
   g. Substitutions of collateral will be permitted only with advance written approval of the Chief Financial Officer;
h. The Authority will only enter into repurchase agreements with reputable firms that have a short-term debt rating of “A-1” or higher by S&P and “P-1” or higher by Moody’s and are:

- Broker dealers who are members of the National Association of Securities Dealers, listed on the Federal Reserve Bank of New York’s list of primary government securities dealers, and have $25 billion in assets and $350 million in capital, or
- Banks or trust companies authorized to do business in the State of New York and have $5 billion in assets and $500 million in capital;
- No more than 10% or $50 million, whichever is less, of the Investment Funds will be invested with any single repurchase agreement counterparty; and

i. The repurchase agreement shall have a term not to exceed ninety days.

Permitted investments must be authorized if the moneys being invested are subject to a legal or other restriction that precludes such investment.
### Diversification, Ratings and Maturity of Investments Reference Table

<table>
<thead>
<tr>
<th>Sector</th>
<th>Sector Maximum (%)</th>
<th>Per Issuer Maximum (%)</th>
<th>Minimum Ratings Requirement</th>
<th>Maximum Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury</td>
<td>100%</td>
<td>100%</td>
<td>N/A</td>
<td>5.5 Years</td>
</tr>
<tr>
<td>GNMA</td>
<td></td>
<td>40%</td>
<td>N/A</td>
<td>(5.5 year avg.</td>
</tr>
<tr>
<td>Other U.S. Government Guaranteed (e.g. AID,</td>
<td></td>
<td>10%</td>
<td>N/A</td>
<td>life for GNMA)</td>
</tr>
<tr>
<td>GTC)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Agency/GSE: FNMA, FHLMC, FHLB,</td>
<td>75%</td>
<td>40%</td>
<td>Highest ST or Two Highest</td>
<td>10 Years</td>
</tr>
<tr>
<td>FFCB</td>
<td></td>
<td></td>
<td>LT Rating Categories</td>
<td></td>
</tr>
<tr>
<td>Federal Agency/GSE other than those above</td>
<td>25%</td>
<td>10%</td>
<td>Highest ST or Three Highest</td>
<td></td>
</tr>
<tr>
<td>Supranationals where U.S. is a shareholder</td>
<td>40%</td>
<td>5%</td>
<td>LT Rating Categories</td>
<td>5.5 Years</td>
</tr>
<tr>
<td>and voting member</td>
<td>25%</td>
<td></td>
<td>(A-1/P-1, Aa3, or equivalent)</td>
<td></td>
</tr>
<tr>
<td>Corporates and other Debt Obligations</td>
<td>40%</td>
<td>5%</td>
<td>Highest ST or Three Highest</td>
<td>5.5 Years</td>
</tr>
<tr>
<td>Municipals</td>
<td>25%</td>
<td>5%</td>
<td>LT Rating Categories</td>
<td>5.5 Years</td>
</tr>
<tr>
<td>Agency Mortgage-Backed Securities</td>
<td>25%</td>
<td>40%</td>
<td>N/A</td>
<td>5.5 Year Avg.</td>
</tr>
<tr>
<td>Asset-Backed Securities</td>
<td>20%</td>
<td>5%</td>
<td>Highest ST or LT Rating</td>
<td>5.5 Year Avg.</td>
</tr>
<tr>
<td>Certificates of Deposit (CD)</td>
<td>50%</td>
<td>5%</td>
<td>(A-1+/P-1, AAA/Aaa, or equivalent)</td>
<td>3 Years</td>
</tr>
<tr>
<td>Commercial Paper (CP)</td>
<td>50%</td>
<td>5%</td>
<td>Highest ST or Three Highest</td>
<td></td>
</tr>
<tr>
<td>Collateralized Investment Agreements</td>
<td>50%</td>
<td>5%</td>
<td>LT Rating Categories</td>
<td>5.5 Years</td>
</tr>
<tr>
<td>Bankers' Acceptances (BAs)</td>
<td>35%</td>
<td>5%</td>
<td>Highest ST Rating Category</td>
<td>180 Days</td>
</tr>
<tr>
<td>Floating Rate Notes</td>
<td>Should reflect the</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repurchase Agreements</td>
<td>40%</td>
<td>20%</td>
<td>Counterparty (or if the</td>
<td>90 Days</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>counterparty is not rated</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>by an NRSRO, then the</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>counterparty’s parent)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>must be rated in the</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Highest ST Rating Category</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(A-1/P-1, or equivalent)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>If the counterparty is a</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Federal Reserve Bank, no</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>rating is required</td>
<td></td>
</tr>
<tr>
<td>Government Money Market Funds</td>
<td>100%</td>
<td>100%</td>
<td>Highest Fund Rating by all</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>NRSROs who rate the fund</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(AAA/mAa-mf, or equivalent)</td>
<td></td>
</tr>
<tr>
<td>Money Market Funds</td>
<td>100%</td>
<td>25%</td>
<td>Highest Fund Rating by all</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>NRSROs who rate the fund</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(AAA/mAa-mf, or equivalent)</td>
<td></td>
</tr>
</tbody>
</table>
2.4. Prohibited Investment Vehicles

The Authority is prohibited from investing in the investments or engaging in the practices listed below:

- Investment in Auction Rate Securities (ARS);
- Home equity ABS and reverse repurchase agreements;
- Short sales (selling a specific security before it has been legally purchased);
- Borrowing funds for the sole purpose of reinvesting the proceeds of such borrowing;
- Investment in complex derivatives such as range notes, dual index notes, inverse floating rate notes and deleveraged notes, or notes linked to lagging indices or to long-term indices;
- Investing in any security not specifically permitted by this Investment Policy (see process below for minor exceptions).

2.5. Downgrades

The Director of Finance and Treasury Operations, Manager of Treasury Operations or the designated Investment Manager(s) shall report any credit rating downgrade resulting in violation of the Investment Policy to the Chief Financial Officer within a reasonable period of learning of the downgrade, along with any recommended action. Upon receiving such report, the Chief Financial Officer shall provide direction to the Director of Finance and Treasury Operations, Manager of Treasury Operations or the Investment Manager(s) which would generally be to liquidate any security that does not comport with the Investment Policy and Financing Documents at the time of the downgrade. Any direction to take an action other than to liquidate such security shall be reported to the Finance and Audit Committee of the Board of Trustees.

2.6. Process for Obtaining Approval for Exceptions

Approval for new instruments not listed herein shall be obtained from the Authority’s Board of Trustees. The Board hereby authorizes minor exceptions (including ratings or diversification guidelines) to the Investment Policy with the immediate approval of the Chief Financial Officer and final approval by the Board of Trustees. Any such minor exceptions to the Investment Policy will be reported to the Finance and Audit Committee of the Board of Trustees. If the Board of

Notes:
1 Rating by at least one SEC-registered Nationally Recognized Statistical Rating Organization (“NRSRO”), unless otherwise noted. ST=Short-term; LT=Long-term.
2 Maximum allocation to non-government securities is 75% combined.
3 Maximum across all non-government permitted investment sectors is 5% combined per issuer.
4 Maximum exposure to any one Federal agency, including the combined holdings of Agency debt and Agency MBS, is 40%.
5 The maturity limit for MBS and ABS is based on the expected average life at time of purchase, measured using Bloomberg or other industry standard methods.
6 All investments shall mature or be redeemable no later than such times as shall be necessary to provide monies needed for payments to be made from any such fund or account. Unless otherwise noted, maturity limitation is measured from the transaction’s settlement date.
Trustees comes to the decision not to approve a minor exception the investment will be liquidated immediately.

2.7. Nuclear Decommissioning Trust Funds and OPEB Account

Sections 2.2, 2.3, 2.4 and 2.5 shall not govern the investment of the Nuclear Decommissioning Trust Funds (NDTF) for Nine Mile Point Unit 2 or the Other Post-Employment Benefits (OPEB) Account. Separate investment provisions are provided for the NDTF (Appendix B) and OPEB Account (Appendix C).

3. OPERATING PARAMETERS AND CONTROLS

The Authority has developed the following investment management controls to ensure that its assets are protected against loss, theft and misuse.

3.1. Authorized Officers and Employees

Investment decisions on behalf of the Authority shall be made by the Director of Finance and Treasury Operations, Manager of Treasury Operations or the external Investment Manager(s), under the supervision of the Chief Financial Officer.

3.2. Competitive Selection

For each transaction more than $10 million (or such other threshold dollar amount as the Chief Financial Officer may specify in writing), the Authority shall use competitive quotations. For each transaction equal to or less than $10 million (or such other threshold dollar amount as the Chief Financial Officer may specify in writing), the Authority may use either competitive quotations or negotiated prices. The foregoing shall not apply to the purchase of government securities at initial auction or upon initial offering. A minimum of three quotes shall be obtained and documented from Dealers and/or Banks, except in the purchase of government securities at their initial auction or upon initial offering, and the most favorable quote accepted.

To the extent that the Authority invests in an SEC registered mutual fund or exchange traded fund whose investment objectives and policies are consistent with this Investment Policy, the selection of a no-load, open-end fund constitutes a competitive selection.

3.3. Annual Investment Audit

An annual independent audit of all investments will be performed by the external auditors. The Authority shall comply with all legal and regulatory requirements, including those mandated by the PAL, the NYCRR, the Financing Documents, and the Investment Policy. The Annual Investment Audit shall:

- Determine whether investment assets are adequately safeguarded; adequate accounts and records are maintained which accurately reflect all transactions and report on the disposition of the Authority’s investment assets; and a system of adequate internal controls is maintained;
LONG ISLAND POWER AUTHORITY

- Determine whether the Authority has complied with applicable laws, regulations, the State Comptroller’s investment guideline requirements, such public authority accounting directives as may be issued by the State Comptroller, and the Investment Policy; and
- Be designed to the extent practical to satisfy both the common interest of the Authority and the public officials accountable to others.

The results of the Annual Investment Audit shall be set forth in a report submitted to the Chief Financial Officer, and to the Authority’s Board of Trustees (the “Annual Investment Audit Report”) which shall include without limitation:

- A description of the scope and objectives of the audit;
- A statement that the audit was made in accordance with generally accepted government auditing standards;
- A description of any material weakness found in the internal controls;
- A description of any non-compliance with the Authority’s own investment policies as well as applicable laws, regulations, the State Comptroller’s investment guideline requirements, and such public authority accounting directives as may be issued by the State Comptroller;
- A statement of positive assurance of compliance on the items tested;
- A statement on any other material deficiency or reportable condition as defined by Governmental Auditing Standards identified during the audit not covered above; and
- Recommendations, if any, with respect to amendment of this Investment Policy.

The Annual Investment Audit Report shall be filed within ninety (90) days after the close of the Authority’s fiscal year with the Office of Budget and Policy Analysis of the Office of the State Comptroller.

3.4. **Written Contracts and Confirmations**

A written contract and/or a written confirmation shall be required for each investment transaction. However, the Authority shall not be required to enter into a formal written contract if the Authority’s oral instructions to its broker, dealer, agent, investment manager/advisor, or custodian with respect to such transactions are confirmed in writing or by written confirmation at the earliest practicable moment.

3.5. **Safekeeping and Custody**

All investment securities purchased by the Authority or held as collateral on deposits or investments shall be held by a third-party custodian who may not otherwise be a party to the investment transaction and with whom the Authority has a written custodial agreement. All securities shall be held in the name of the Authority and will be free and clear of any lien.

All investment transactions will be conducted on a delivery-vs.-payment basis. Payment for investments shall be made only upon receipt by the custodian of the physical security, or in the case of securities in book-entry form, when credited for the custodian’s account, which shall be segregated for the Authority’s sole use. The custodian shall issue a safekeeping receipt to the Authority listing the specific instrument, rate, maturity and other pertinent information. Monthly,
the custodian will also provide reports listing all securities held for the Authority, the book value of holdings, and the market value as of month-end.

The custodian may act on oral instructions from the Chief Financial Officer, the Director of Finance and Treasury Operations, or the Manager of Treasury Operations. Such instructions are to be confirmed in writing, within one business day, by an authorized signatory of the Authority.

Representatives of the custodian responsible for, or in any manner involved with, the safekeeping and custody process of the Authority shall be bonded in such a fashion as to protect the Authority from losses from malfeasance and misfeasance. If required by the Chief Financial Officer, appropriate Authority Officials may also be bonded in such a fashion.

All demand deposits, time deposits, and certificates of deposit shall be collateralized for amounts over and above Federal Deposit Insurance Corporation coverage. All collateral shall be Permitted Investments as set out in Section 2. There shall be a written custodial agreement that, among other things, specifies the circumstances under which collateral may be substituted. The Authority should not accept a pledge of a proportionate interest in a pool of collateral. The market value and accrued interest of collateral should, at least, equal the value of the investment and any accrued interest at all times. The recorded value of collateral backing any investment should be compared with current market values (mark-to-market) at the time of the initial investment and monthly thereafter to be certain that it continues to be at least equal to the value of the investment plus accrued interest. The mark-to-market reviews should use “bid” prices from a constant source. Negotiable Bank Deposit Obligations as defined in sections 2.2 and 2.3 of this policy are exempt from these collateral requirements.

3.6. Internal Controls

The Authority follows the operating procedures defined in Appendix A to control all Authority investment activity.

3.7. Notification Concerning Violations of Investment Policy

If this Investment Policy is violated, the Chief Financial Officer shall be informed immediately and advised of any corrective action that should be taken, as well as the implication of such action.

4. QUALIFIED FINANCIAL INSTITUTIONS

4.1. Qualifications for Brokers, Dealers and Agents

The Director of Finance and Treasury Operations and/or the Authority’s Investment Manager shall identify broker/dealers that are approved for investment purposes (“Qualified Institutions”) and maintain a list of such approved dealers. Only firms meeting the following requirements will be eligible to serve as Qualified Institutions:

- “Primary” dealers and regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule);
- Registered as a dealer under the Securities Exchange Act of 1934;
- Member in good standing of the National Association of Securities Dealers (NASD);
- Registered to sell securities in the State; and
- The firm and assigned broker have been engaged in the business of effecting transactions in U.S. government and agency obligations for at least five (5) consecutive years.

When selecting trading partners, the Authority will also consider the firm’s quality, size, reliability, the Authority’s prior experience with the firm, the firm’s level of expertise and prior experience with respect to the contemplated transactions.

### 4.2. Qualifications for Investment Advisors/Managers

For the purpose of rendering investment management/advisory services to the Authority, the Authority may qualify any bank or trust company organized under the laws of any state of the United States of America, any national banking association, and any partnership, corporation, or person which is:

- Authorized to do business in the State as an investment manager/advisor; and
- Registered with the SEC under the Investment Advisor Act of 1940 or exempt from registration.

The Authority shall consider the firm’s capitalization, quality, size and reliability, the Authority’s prior experience with the firm, the firm’s level of expertise and prior experience with respect to the contemplated transaction.

### 4.3. Qualifications for Custodial Banks

To be eligible to hold Investment Securities purchased by the Authority or collateral securing its investments, a custodial bank shall be a member bank of the Federal Reserve System or maintain accounts with member banks of the Federal Reserve System to accomplish book-entry transfer of Investment Securities to the credit of the Authority. The custodian should not be the same party that is selling the Investment Securities. To be eligible to perform custodial services, the Chief Financial Officer, or his/her designee, must review the annual financial statements and credit ratings of the proposed custodian bank and based upon such review, affirmatively find that the proposed custodial bank is financially sound. Such determinations of creditworthiness shall be undertaken on a periodic basis as determined by the Chief Financial Officer.

### 4.4. Ongoing Disclosure

All brokers, dealers and other financial institutions described in sections 4.1, 4.2, and 4.3 shall be provided with current copies of the Authority’s Investment Policy. A current audited financial statement is required to be on file for each financial institution and broker/dealer with which the Authority has investment transactions.

### 4.5. Affirmative Action
Article 15-A of the Executive Law and 9 NYCRR Part 4.21 regarding affirmative action shall apply with respect to the Authority’s investment activities. The Authority shall seek to use minority and women-owned financial firms in the conduct of the Authority’s investment activities.

5. **REPORTING**

Management reporting is required by the Authority to track compliance with policy guidelines, assess the performance of the portfolio, and to inform appropriate management personnel.

5.1. **Management Reporting**

To manage the Investment Funds effectively and to provide management with useful information, it is necessary for the Director of Finance and Treasury Operations to report reliable and timely information regarding the investment transactions that take place.

A Quarterly Management Report on the investment management program shall be prepared by the Manager of Treasury Operations under the supervision of the Director of Finance and Treasury Operations and presented to the Chief Financial Officer and the Authority’s Board of Trustees. The Quarterly Management Report shall include:

- A portfolio inventory;
- Credit quality of each holding (or average credit quality of each fund);
- Duration (or average maturity) of each fund;
- Mark-to-market valuations on investments and collateral;
- A breakdown of the portfolio by counterparty; and
- Portfolio position against asset allocation target

An Annual Investment Report shall be prepared by the Manager of Treasury Operations and submitted by the Chief Financial Officer to the Board of Trustees and filed with the State Division of the Budget, State Comptroller, State Senate Finance Committee, and Assembly Ways and Means Committee. The Annual Investment Report may be a part of any other annual report that the Authority is required to make. The Annual Investment Report shall include the following:

- The Investment Policy is in compliance with Section 2925(3) of the Public Authorities Law and any amendments since last reported;
- An explanation of the Investment Policy and amendments;
- The results of the Annual Independent Audit (described in Section 3.3.);
- Investment income record of the Authority; and
- A list of the total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and manager/advisor rendering investment associated services to the Authority since the date of the last investment report.

5.2. **Performance Reporting**

Performance reporting shall be included in the Management Reports and should track performance relative to specified benchmarks and sector indices for the current period and year-to-date. The Director of Finance and Treasury Operations and Chief Financial Officer will act on any weaknesses related to the management of the assets.
6. **APPLICABILITY**

This Investment Policy shall govern all investments initiated by the Authority after March 20, 2019 and shall not apply to any investments initiated by the Authority on or prior to March 20, 2019. Nothing contained in these Investment Policy shall be deemed to alter, affect the validity of, modify the terms of, or impair any contract, agreement or investment of funds made or entered into in violation of, or without compliance with, the provisions of this Investment Policy.

7. **BANK AUTHORIZATION**

The Chief Executive Officer or any authorized designees1 (“Authorized Persons”) are authorized to deposit any of the funds of the Authority in any commercial bank or financial institution whose long-term deposits are rated A- or better by Standard & Poor’s Corporation, A3 or better by Moody’s Investor Service, Inc. or A- or better by Fitch, Inc. (each such institution referred to herein as the “Bank”), either at its head office or at any of its branches.

Any funds of the Authority deposited in the Bank may be subject to withdrawal or charge at any time and from time to time upon checks, notes, drafts, bills of exchange, acceptances, undertakings, wire transfers or other instruments or orders for the payment of money when made, signed, drawn, accepted or endorsed, as applicable, on behalf of the Authority in accordance with the Financial Policies and Procedures of the Authority and its Service Provider by Authorized Persons.

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1 The Chief Executive Officer’s designees under this Investment Policy shall include only persons permitted by the LIPA By-Laws, Article IV, Section 7(c) (Powers and Duties of the Chief Executive Officer) and Article VIII, Section 1 (Execution of Instruments), and any other applicable guidance or limitations provided by the LIPA Board of Trustees
APPENDIX A – OPERATING PROCEDURES AND CONTROLS (Manual)

A. Distribution of the Investment Policy

The policy and all subsequent amendments, revisions and updates shall be distributed to Authority personnel per the approval of the Chief Financial Officer.

During the period in which the Authority retains investment manager(s), the investment manager(s) must also receive the Investment Policy and all amendments, updates, or revisions to insure compliance with the most current policy. Below is the distribution list matrix for the investment policy.

<table>
<thead>
<tr>
<th>Distribution List</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Trustees</td>
<td>As necessary</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>As necessary</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>As necessary</td>
</tr>
<tr>
<td>Director of Finance and Treasury Operations</td>
<td>As necessary</td>
</tr>
<tr>
<td>VP and Controller</td>
<td>As necessary</td>
</tr>
<tr>
<td>Investment Manager(s)</td>
<td>As necessary</td>
</tr>
<tr>
<td>General Counsel</td>
<td>As necessary</td>
</tr>
<tr>
<td>Manager of Treasury Operations</td>
<td>As necessary</td>
</tr>
</tbody>
</table>

B. Roles and Responsibilities in Executing the Investment Policy

The roles and responsibilities for investment management at the Authority rest primarily with the Director of Finance and Treasury Operations and the Chief Financial Officer. The matrix below defines the roles and responsibilities of all parties involved in the execution of the Investment Policy.

<table>
<thead>
<tr>
<th>Roles</th>
<th>Responsibility</th>
<th>Frequency</th>
</tr>
</thead>
</table>
| Board of Trustees            | ▪ Final Approval of the policy  
▪ Approval of exceptions to the policy (e.g. new investment types)  
▪ Approval of revisions to the policy | ▪ Annual  
▪ As necessary |
| Chief Executive Officer      | ▪ Responsible for adherence to all Authority policies                           | ▪ As necessary     |
| Chief Financial Officer      | ▪ Approval of the policy  
▪ Approval of investment strategy  
▪ Approval of performance measurements  
▪ Approval of minor exceptions to the policy (i.e. amounts, maturities) | ▪ Annual  
▪ Annual  
▪ Ongoing  
▪ As necessary |
C. Segregation of Duties

The Authority requires adequate segregation of duties to prevent possible fraud, operational errors, misappropriation of funds, unauthorized trades, concealment of trades, and manipulation of accounting records. Personnel involved in risk monitoring activities should be segregated from risk taking (i.e. executing transactions).

<table>
<thead>
<tr>
<th>Activity to be Performed</th>
<th>Segregation Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Execution</td>
<td>Individuals who are authorized to execute transactions should not confirm and settle the trades or conduct account reconciliation activities.</td>
</tr>
<tr>
<td>Trade Confirmation</td>
<td>Individuals who conduct confirmations should not execute transactions.</td>
</tr>
<tr>
<td>Settlement – Disbursing and Receiving Funds</td>
<td>Individuals who handle cash settlement on the trades should not execute the trades. Cash settlement shall be transacted by any one of the authorized Authority signatories who did not participate in the trade execution. Only one signature is required due to the nature of the transaction, i.e., transfer of assets between Authority accounts.</td>
</tr>
<tr>
<td>Account Reconciliation</td>
<td>Account reconciliation activities must be segregated from trade execution activities.</td>
</tr>
</tbody>
</table>

D. Management Reporting
### Report Contents Audience Frequency

<table>
<thead>
<tr>
<th>Report</th>
<th>Contents</th>
<th>Audience</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Report</td>
<td>Investment portfolio, mark-to-market valuations, collateral, counterparty breakdown</td>
<td>Chief Financial Officer, Board of Trustees</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Annual Investment Report</td>
<td>Investment Policy, explanation of Investment Policy &amp; amendments, annual investment audit, annual investment income, total fees and commissions paid</td>
<td>Chief Financial Officer, Board of Trustees. (File with Division of the Budget, State Comptroller, State Senate Finance Committee, Assembly Ways and Means Committee)</td>
<td>Annually</td>
</tr>
<tr>
<td>Performance Report</td>
<td>Investment performance vs. benchmark, variance analysis</td>
<td>Chief Financial Officer, Board of Trustees</td>
<td>Quarterly</td>
</tr>
</tbody>
</table>

E. **Operating Procedures**

Operating procedures for the administration of the Authority’s investment program should include the following:

- The establishment and maintenance of a system of internal controls;
- Each disbursement of funds (and corresponding receipt of Investment Securities) or delivery of Investment Securities (and corresponding receipt of funds) shall be based upon proper written authorization. If the authorization is initially given orally, there shall be documented confirmation from an authorized signatory of the Authority to the custodian;
- The process of initiating, reviewing and approving requests to buy and sell Investment Securities shall be documented and retained for audit purposes. Dealer limits should be established and reviewed regularly;
- Custodians must have prior authorization from the Authority to deliver obligations and collateral. All transactions must be confirmed, to the Authority. Delivery of obligations sold shall only be made upon receipt of funds; Custodial banks shall be required to report whenever activity has occurred in the Authority’s custodial account;
- There shall be at least monthly verification of both the principal amount and the market values of all investments and collateral. Appropriate listings shall be obtained from the custodian and compared against the Authority’s records;
- A record of investments shall be maintained. The records shall identify the Investment Security, the fund for which held, the place where kept, date of disposition and amount realized, and the market value and custodian of collateral;
- Methods for adding, changing or deleting information contained in the investment record, including a description of the documents to be created and verification tests to be conducted;
- A data base of records incorporating descriptions and amounts of investments, transaction dates, interest rates, maturities, bond ratings, market prices, and related information necessary to manage the portfolio;
- Requirements for periodic reporting and a satisfactory level of accountability.
APPENDIX B – NDTF INVESTMENT PROVISIONS

NUCLEAR DECOMMISSIONING TRUST FUND INVESTMENT PROVISIONS

To meet the Authority’s objectives of funding future liabilities for the nuclear decommissioning obligations of the Authority’s 18% share of Nine Mile Point Unit 2, while balancing long-term risk and return and providing reasonable diversification, the NDTF Account shall allocate assets in accordance with the targets for each asset class as follows:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Asset Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Equity Mutual Funds</td>
<td>35%</td>
</tr>
<tr>
<td>International Equity Mutual Funds</td>
<td>20%</td>
</tr>
<tr>
<td>Fixed Income Mutual Funds</td>
<td>25%</td>
</tr>
<tr>
<td>Fixed Income Mutual Funds – Inflation Protected Securities</td>
<td>20%</td>
</tr>
</tbody>
</table>

Domestic and International Equity Mutual Funds should replicate broad-based, low cost market index strategies. These funds may be designed to replicate the composition of benchmark market indices, such as those provided by Barclay’s, CRSP, Dow Jones, FTSE, MSCI, Russell, and S&P.

Fixed Income Mutual Funds should replicate the Barclays U.S. Treasury Inflation Protected Securities Index¹ or the Barclay’s Capital U.S. Float Adjusted Aggregate Bond Market Index.

The portfolio should be rebalanced on a quarterly basis when any asset class falls outside of a 5% range of its asset weighting.²

The Authority may from time to time find it necessary to hold cash, Treasury bills, money market mutual funds, investment accounts, or “sweep accounts” pending investment or for other reasons.

¹ Includes the inflation-indexed securities within the Barclays U.S. Treasury Bond Index, which represents U.S. Treasury obligations with maturities of more than one year.
² The Authority shall have until May 31, 2019 to rebalance investments into the above stated investment allocation.
APPENDIX C – OPEB ACCOUNT INVESTMENT PROVISIONS

OPEB ACCOUNT INVESTMENT PROVISIONS

To meet the Authority’s objectives of funding future contractual retirement benefit obligations while balancing long-term risk and return and providing reasonable diversification, the OPEB Account shall allocate assets in accordance with the targets for each asset class as follows:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Asset Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Equity Mutual Funds</td>
<td>40%</td>
</tr>
<tr>
<td>International Equity Mutual Funds</td>
<td>25%</td>
</tr>
<tr>
<td>Fixed Income Mutual Funds</td>
<td>20%</td>
</tr>
<tr>
<td>Fixed Income Mutual Funds – Inflation Protected Securities</td>
<td>15%</td>
</tr>
</tbody>
</table>

Domestic and International Equity Mutual Funds should replicate broad-based, low cost market index strategies. These funds may be designed to replicate the composition of benchmark market indices, such as those provided by Barclay’s, CRSP, Dow Jones, FTSE, MSCI, Russell, and S&P.

Fixed Income Mutual Funds should replicate the Barclays U.S. Treasury Inflation Protected Securities Index\(^3\) or the Barclay’s Capital U.S. Float Adjusted Aggregate Bond Market Index.

The portfolio should be rebalanced on a quarterly basis when any asset class falls outside of a 5% range of its asset weighting.\(^4\)

The Authority may from time to time find it necessary to hold cash, Treasury bills, money market mutual funds, investment accounts, or “sweep accounts” pending investment or for other reasons.

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\(^3\) Includes the inflation-indexed securities within the Barclays U.S. Treasury Bond Index, which represents U.S. Treasury obligations with maturities of more than one year.

\(^4\) The Authority shall have until May 31, 2019 to rebalance investments into the above stated investment allocation.
It is the policy of the Long Island Power Authority to maintain robust information and physical security practices for its systems and assets, including those managed by its Service Provider. LIPA and its Service Provider will take prudent and reasonable measures to accomplish:

- **Information Security.** LIPA and its Service Provider will protect customer, employee and third-party information and LIPA-owned information systems from unauthorized access or disruption.

- **Physical Security.** LIPA and its Service Provider will safeguard company employees while at work as well as customers and visitors to LIPA-owned facilities. LIPA and its Service Provider will also protect the facilities and functions that support the reliability of the electric system and its operations from unauthorized access or disruption.

LIPA and its Service Provider will undertake, at a minimum, the following activities each year:

- Annual reviews of the maturity of the information and physical security programs of LIPA and its Service Provider, consistent with industry best practices;

- Compliance with all applicable standards, directives, and guidance issued by regulatory or industry advisory bodies, including the North American Electric Reliability Corporation, Federal Energy Regulatory Commission, Department of Energy, Department of Homeland Security, and New York State Department of Public Service; and

- The Service Provider will immediately notify LIPA’s Chief Information Officer of security breaches or attempted breaches and will confidentially report no less than quarterly to LIPA’s Chief Information Officer on compliance with industry and regulatory standards and implementation of innovative defensive technology initiatives.

The Chief Executive Officer will report annually to the Board on compliance with the key provisions of this Policy.
BY-LAWS

of the

LONG ISLAND POWER AUTHORITY

As amended October 24, 2018

Long Island Power Authority
333 Earle Ovington Blvd., Suite 403
Uniondale, New York 11553
BY-LAWS
of the
LONG ISLAND POWER AUTHORITY

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Section 2. Other Offices
Section 3. Books and Records

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ARTICLE I
Offices
Section 1. **Principal Office.** The principal office of the Long Island Power Authority (hereinafter referred to as the “Authority”) shall be its Uniondale, Long Island, New York Office.

Section 2. **Other Offices.** The Authority may also have offices at such other places as the Trustees may from time to time determine or the business of the Authority may require.

Section 3. **Books and Records.** Except as otherwise determined by the Trustees, or as the business of the Authority may require, all books and records of the Authority shall be kept at its principal office.

ARTICLE II
Trustees
Section 1. **Number, Term, Appointment and Vacancies.** The number and term of Trustees and the appointment and process of filling vacancies shall be governed by Title I-A of Article 5 of the Public Authorities Law, Chapter 517 of the Laws of New York, 1986 (the “LIPA Act”), as amended by Chapter 173 of the Laws of New York, 2013 (hereinafter referred to as the “LIPA Reform Act”).

Notwithstanding the foregoing, a Trustee who shall have failed to attend six consecutive meetings of the Trustees or at least fifty percent of the meetings of the Trustees during a consecutive 12-month period shall thereupon and without further action be deemed to have resigned as a Trustee of the Authority.

Section 2. **Powers and Duties.** The powers and duties of the Trustees shall be governed by the LIPA Act, the LIPA Reform Act and any other applicable provisions of the Public Authorities Law, including Title 2 of Article 9, Chapter 766 of the Laws of New York, 2005, as amended.

ARTICLE III
Trustees’ Meetings
Section 1. **Place of Meetings.** Meetings of the Trustees shall be held at the principal office of the Authority or at such other place as the Chair may from time to time designate.

Section 2. **Meetings.** Meetings of the Trustees may be called by the Chair or upon the request of any six (6) Trustees. The Secretary shall give notice of the time, place and purpose or purposes of each meeting by mail at least three (3) days before the meeting or in person or by telephone, email or facsimile at least two (2) days before the meeting to each Trustee. The notice required to be given under this section may be waived by the Trustee to whom such notice is
required to be given. Attendance of a Trustee of the Authority at a meeting without objection shall constitute waiver of notice of the meeting.

Section 3. **Quorum.** As set forth in Section 2826 of the Public Authorities Law, five (5) Trustees of the Authority shall constitute a quorum for the transaction of any business or the exercise of any power of the Authority and shall only have the power to act by a vote of five (5) Trustees.

Section 4. **Adjournment of Meetings.** A majority of Trustees, whether or not a quorum is present, may adjourn any meeting to another time and place. Notice of such adjourned time and place shall be given to each Trustee not present at such meeting or, if no announcement of such adjourned time and place was made at such meeting, at least three (3) days’ notice of the newly scheduled meeting must be given to all Trustees. No such adjournment shall be used to defeat a notice provision.

Section 5. **Open Meetings.** All meetings of the Trustees shall be conducted in compliance with the provisions of the Open Meetings Law, set forth in Article 7 of the Public Officers Law.

Section 6. **Consent Agenda.** To make more efficient use of meeting time, the Chair, or the Trustee performing the duties of the Chair, is authorized to place items on a consent agenda as part of the regular meeting agenda. The consent agenda will condense into either a single motion or several categorical motions routine, ministerial, non-controversial, or self-explanatory items including, for example, approval of the minutes from previous Board meetings or award of non-material contracts. Items on a consent agenda will not be discussed prior to action. However, if any Trustee believes that any item placed on the consent agenda by the Chair requires discussion, that Trustee may remove the item from the consent agenda by requesting same. The exempted item then moves to the regular agenda, and the Trustees may take action as they deem appropriate.

**ARTICLE IV**

**Officers and Employees**

Section 1. **Chair, Vice Chair and Officers.** The Chair shall be chosen by the Governor of New York State from among the Trustees in accordance with the LIPA Reform Act. A Vice Chair may be elected by the Trustees. The Authority shall have the following officers: a Chief Executive Officer, a Chief Financial Officer, a General Counsel, a Secretary and a Controller, all of whom shall be employees of the Authority. The Authority may also have such other officers (including assistant and acting officers) and agents as the Chief Executive Officer may deem necessary or desirable, all of whom shall be employees of the Authority. Neither the Chair nor any Vice Chair shall simultaneously hold the position of any officer in the Authority.

Section 2. **Election and Appointment of Officers.** The Chief Executive Officer, Chief Financial Officer, and General Counsel of the Authority shall be elected by the Trustees. The Chief Executive Officer shall appoint the Secretary and Controller of the Authority and may appoint such other officers as he or she may from time to time deem necessary or desirable.
Section 3. Term of Office. Except as the Trustees may otherwise specify, officers of the Authority shall hold their respective offices until their respective successors shall have been duly elected or appointed, as the case may be, or until their earlier resignation, removal or death.

Section 4. Vacancies. A vacancy occurring for any reason in any office of the Authority elected by the Trustees may be filled at any time by the Trustees. A vacancy for any reason in any office appointed by the Chief Executive Officer may be filled at any time by the Chief Executive Officer for such term as he or she shall determine or until such officer’s earlier resignation, removal or death. In the event of the absence, disability, incapacity or resignation of the Chief Financial Officer or General Counsel, the Chief Executive Officer may appoint a member of the Authority’s staff to perform such duties on an interim basis until the termination of such absence, disability or incapacity or until a successor is elected by the Trustees.

Section 5. Emergency Succession of the Chief Executive Officer. In the event of the absence, disability, incapacity or resignation of the Chief Executive Officer, the Chief Financial Officer shall perform the duties of the Chief Executive Officer until the termination of such absence, disability or incapacity or until a successor Chief Executive Officer is elected by the Trustees. In the event the Chief Financial Officer is unable to perform the duties of the Chief Executive Officer due to the Chief Financial Officer’s absence, disability, incapacity or resignation, or in the event the Chief Financial Officer is unwilling to perform the duties of the Chief Executive Officer, the General Counsel shall perform the duties of the Chief Executive Officer until the termination of such absence, disability or incapacity or until a successor Chief Executive Officer is elected by the Trustees. In the event the General Counsel is unable to perform the duties of the Chief Executive Officer due to the General Counsel’s absence, disability, incapacity or resignation, or in the event the General Counsel is unwilling to perform the duties of the Chief Executive Officer, then the Trustees shall designate another officer to perform the duties of the Chief Executive Officer until a successor Chief Executive Officer is elected by the Trustees.

Section 6. Removal. Any officer elected by the Trustees shall be subject to removal at any time by the Trustees with or without cause. Any officer appointed by the Chief Executive Officer shall be subject to removal at any time by the Chief Executive Officer with or without cause.

Section 7. Powers and Duties. The Chair, Vice Chair, and each officer elected by the Trustees shall have such authority and perform such duties, in addition to those specified in these By-Laws, as may be prescribed by the Trustees from time to time. The Trustees may from time to time authorize the Chair, Vice Chair, or any officer to appoint and remove any other officer or agent and to prescribe such person’s authorities and duties. Except as otherwise provided in these By-Laws or by law, any person may hold no more than two offices at one time.

A. Chair. The Chair shall preside at all meetings of the Trustees and shall exercise such duties and powers as hereinafter described and as customarily pertain to the Office of Chair, including responsibility for the leadership and good governance of the Authority’s Board. Such duties include appointing the membership of Board committees, preparing agendas for Board meetings that facilitate decision making, and managing the governance and policy setting processes of the Board, with a focus on defining the mission and values of the Authority through Board-approved policies. The Chair may also have such other duties and responsibilities as the Trustees may from time to time assign. The Chair may delegate to the Vice Chair, the Chief
Executive Officer, or the Chief Financial Officer, or any other officer or officers such of the Chair’s powers and functions as he or she may deem appropriate from time to time to the extent consistent with applicable law. Such delegation shall continue until affirmatively revoked by the then-current Chair or the Trustees.

B. **Vice Chair.** The Vice Chair shall possess such powers and shall perform such duties as may be assigned to him from time to time by the Trustees. The Vice Chair is empowered to be Acting Chair in the absence, disability, incapacity or vacancy in the office of the Chair and shall assume the powers and perform all duties of the Chair if the Chair is unable or unavailable to perform such duties for any reason.

C. **Chief Executive Officer.** The Chief Executive Officer of the Authority, subject to such supervision as the Trustees may exercise, shall have such duties and powers as hereinafter described and as customarily pertain to the office of the Chief Executive Officer, including serving as the primary liaison and interface on behalf of the Authority with the Trustees. Except as may be prescribed by the Trustees, the Chief Executive Officer shall have general supervision and control over the property, business and affairs of the Authority and over its several officers, employees and agents, including its service providers and other contractors, and is responsible for advancing the mission and modeling the values of the Authority as defined by the Board, directing the implementation of the policies and decisions of the Board, as well as the Authority’s internal operations. The Chief Executive Officer may sign, execute and deliver in the name of the Authority powers of attorney, contracts, agreements, leases, notes, checks, drafts, bonds, obligations and such documents other than those required by these By-Laws, law or resolution to be executed by the Chair and/or the Secretary. Except as may be otherwise provided in these By-Laws, the Chief Executive Officer may delegate powers and duties to those officers as the Chief Executive Officer shall determine appropriate consistent with applicable law. Such delegation shall continue until affirmatively revoked by the then-current Chief Executive Officer or the Trustees.

D. **Chief Financial Officer.** The Chief Financial Officer shall have general custody of all funds and securities of the Authority and have general supervision of the collection of disbursement of Authority funds and shall endorse on behalf of the Authority for collection checks, notes and other obligations, and shall deposit the same to the credit of the Authority in such bank or banks or depositories as the Chief Executive Officer may designate, and shall perform such other duties as customarily pertain to such office as may be assigned from time to time by the Chief Executive Officer, subject, however, at all times to the supervision and control of the Chief Executive Officer, or the officer performing the duties of Chief Executive Officer, and subject further to any limitations which the Chief Executive Officer, or the officer performing the duties of Chief Executive Officer, may from time to time prescribe.

E. **General Counsel.** The General Counsel shall be the chief legal officer of the Authority and in that capacity shall advise and represent the Authority and its Trustees in their capacity as such generally in all legal matters and proceedings, including legislative proceedings, and possess such powers and shall have general supervision over the property, business and affairs of the legal office of the General Counsel and shall perform such other duties as customarily pertain to such office or as may be from time to time assigned by the Chief Executive Officer or the Trustees, subject, however, at all times to the supervision and control of the Chief Executive Officer, or the officer performing the duties of Chief Executive Officer, and the Trustees, and subject further to any limitations which the Chief Executive Officer, or the officer performing the
duties of Chief Executive Officer, may from time to time prescribe.

F. Secretary. The Secretary shall attend all meetings of the Trustees and act as Secretary thereof and record all votes and shall keep a record of the proceedings of the Trustees in a Minute Book to be kept for that purpose. The Secretary shall cause notice to be given of all meetings of the Trustees and shall be custodian of the records of the actions of the Trustees and shall keep in safe custody the seal of the Authority and shall have the authority to affix such seal to all documents and papers authorized to be executed by the Trustees or officers of the Authority requiring such seal to be affixed. The Secretary shall attest to the signatures of the Trustees and officers of the Authority and shall have the authority to cause copies to be made of all minutes, resolutions, records and documents of the Authority and to deliver certificates under seal to the effect that such copies are true and accurate and that all persons dealing with the Authority may rely on same. The Secretary shall possess such powers and perform such other duties as customarily pertain to the office or may be from time to time assigned by the Chief Executive Officer, or the officer performing the duties of Chief Executive Officer, subject, however, at all times to the supervision, control of and any limitations prescribed by the Chief Executive Officer, or the officer performing the duties of Chief Executive Officer, as appropriate.

G. Controller. The Controller shall be the principal accounting officer of the Authority, unless another individual shall be so designated by the Trustees. The Controller shall be responsible for maintaining the accounting records of the Authority and for preparing necessary financial reports and statements, and the Controller shall properly account for all moneys and obligations due the Authority and all properties, assets, and liabilities of the Authority. The Controller shall render to the Chief Executive Officer, or their designee, such periodic reports covering the result of operations of the Authority as may be required by Chief Executive Officer, or their designee. The Controller shall have such other duties as may from time to time be prescribed by the Trustees or the Chief Executive Officer or their designee.

Section 8. Personnel. Subject to the restrictions of the LIPA Reform Act and any policies established by the Trustees, the Chief Executive Officer may from time to time appoint employees (other than those officers elected by the Trustees) as he or she may deem necessary to exercise the powers, duties and functions of the Authority as prescribed by law. The selection, qualification, and compensation of such employees shall be determined by the Chief Executive Officer, subject to the laws of the State of New York and any compensation policies established by the Trustees. The Chief Executive Officer shall report annually to the Trustees on the staffing of the Authority but retains sole authority to make all decisions related to employees that are not appointed by the Trustees.

Section 9. Outside Experts. Financial advisors, accountants, auditors, engineers, attorneys and other consultants may be retained on a contract basis or otherwise for rendering professional or technical services or advice by the Chief Executive Officer or his or her designee consistent with the terms of the Authority’s procurement guidelines. Such outside experts shall perform their designated duties under the direct supervision of the Chief Executive Officer or his or her designee.
ARTICLE V

Committees

Section 1. **Finance and Audit Committee.** The Finance and Audit Committee shall consist of not less than three (3) Trustees appointed by the Chair, all of whom shall be “independent” within the meaning of Section 2825(2) of the Public Authorities Law. To the extent practicable, its members shall be familiar with corporate financial and accounting practices and possess the necessary skills to understand the duties and functions of the Finance and Audit Committee.

The Finance and Audit Committee shall review and make recommendations to the Trustees as to the engagement of and compensation to be paid to the Authority’s independent certified accountants, who shall be selected in accordance with the LIPA Reform Act (or other applicable State law), and the Authority’s general accounting and internal control systems and policies and practices. The Finance and Audit Committee will have responsibility to directly oversee the performance of the audits performed by the Authority’s independent accountants and to review the results of the annual internal control review and changes in accounting policies that may be required. The Finance and Audit Committee will present these results and changes with their recommendation to the Trustees. Any audit of the Authority by the State or any other agency which is conducted and results in the issuance of interim and/or formal reports shall also be reported to the Finance and Audit Committee for conveyance to the Trustees. The Finance and Audit Committee shall also review and make recommendations concerning the Authority’s budgets, the management and investment of all funds of the Authority, the Authority’s financial and investment policies, and proposals for the issuance of debt by the Authority.

Section 2. **Governance, Planning and Personnel Committee.** The Governance, Planning and Personnel Committee (the “Governance Committee”) shall consist of not less than three (3) Trustees appointed by the Chair, all of whom shall be “independent” within the meaning of Section 2825(2) of the Public Authorities Law and possess the necessary skills to understand the duties and functions of the Governance Committee. The Governance Committee shall keep the Trustees informed of current governance best practices, review corporate governance trends, update the Authority’s corporate governance policies, advise the Governor, Majority Leader of the Senate and Speaker of the Assembly on the skills and experience required of potential Trustees, examine ethical and conflict of interest issues, perform board self-evaluations, and recommend amendments to these By-laws.

Additionally, the Governance Committee shall review and make recommendations to the Board of Trustees with respect to monitoring the Authority's staffing needs and developing and monitoring the implementation of policies and procedures related to employment at the Authority, including those designed to attract and retain valuable employees. The Governance Committee shall recommend for approval by the Trustees the compensation of the Chief Executive Officer.
Section 3. **Oversight and Reforming the Energy Vision (“REV”) Committee.** The Oversight and REV Committee (the “Oversight Committee”) shall consist of not less than three (3) Trustees appointed by the Chair, all of whom shall be “independent” within the meaning of Section 2825(2) of the Public Authorities Law. The Oversight Committee shall be responsible for monitoring the service provider’s operational and financial performance, including oversight of the same provided by the staff of the Authority, and the implementation of recommendations made pursuant to management and operations audits. The Oversight Committee shall review the Authority’s operational and financial oversight process and report to the Trustees and others related to its findings. Additionally, the Oversight Committee shall remain knowledgeable and report to the Board on the principles, policies and recommendations of the New York Public Service Commission’s REV proceeding as a necessary part of carrying out the Authority’s obligations and oversight of its service provider.

Section 4. **Other Committees.** The Chair or the Trustees may appoint other committees which shall have and may exercise such powers as shall be authorized by the Chair or Trustees. For those Committees appointed by the Chair, notice of the purpose and scope of such committees will be provided to the Trustees.

Section 5. **Ex-Officio Committee Member.** For any committee appointed by the Chair or Trustees, the Chair shall be an ex-officio member who has the right, but not the obligation, to participate in the proceedings of the committees and vote on any action to be taken. Such ex-officio membership shall not, however, be counted for purposes of determining whether a quorum of the committee exists, but the Chair’s vote shall be counted in determining whether a proposed committee action has been approved or disapproved by the requisite vote.

**ARTICLE VI**

**Corporate Seal**

Section 1. **Seal.** The seal of the Authority shall be a design symbolizing its activities and shall be surrounded by the words “Long Island Power Authority” as shown by the following impression of such seal:

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**ARTICLE VII**

**Fiscal Management**
Section 1. Fiscal Year. The Trustees shall have the power to fix, and may from time to time change by resolution, the fiscal year of the Authority. Unless otherwise fixed by the Trustees, the calendar year shall be the fiscal year.

Section 2. Budgets. The Trustees shall adopt such operations and maintenance budgets and capital budgets as necessary to support the Authority’s and any subsidiaries’ operations and departments, in accordance with the LIPA Reform Act.

Section 3. Expenditure and Contract Authorization Procedures. The Trustees shall adopt expenditure and contract authorization procedures which shall govern the budget, contract executions and all approved authorizations.

ARTICLE VIII

Execution of Instruments

Section 1. Execution of Instruments. The Chief Executive Officer, except as otherwise provided in these By-Laws, may authorize any officer, employee or agent (including himself) to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Authority, and such power to execute and deliver may be general or specific; unless so authorized and except as otherwise provided herein, no officer, employee or agent shall have any power or authority to bind the Authority by any contract or engagement or pledge its credit or to render it liable pecuniarily for any purpose or in any amount.

ARTICLE IX

Amendment

Section 1. Amendment. The Trustees shall have the power to amend, alter or repeal any provision or provisions of these By-Laws at any meeting; provided that written notice of the intention to consider a resolution amending the By-Laws shall have been given to all Trustees at least three (3) days prior to such meeting.

ARTICLE X

Indemnification of Trustees, Officers and Employees

Section 1. Purpose and Definitions. The purpose of this Article is to provide for indemnification of Trustees, officers and employees of the Authority so as to encourage the service of the most competent and civic-minded persons to effectuate the purposes of the Act. In this Article, the following terms shall have the meanings indicated below:

1. “action or proceeding” shall be broadly construed and shall include, without limitation, the investigation, preparation, defense, settlement and appeal of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative,
arbitrative or investigative;

(2) “party to an action or proceeding” means a person made, or threatened to be made, a defendant or respondent or otherwise a party in an action or proceeding, and includes a person called upon, voluntarily or by subpoena, to give testimony, produce documents or respond to interrogatories in connection with any action or proceeding;

(3) “Trustee” means each Trustee of the Authority appointed pursuant to the LIPA Reform Act, including the Trustee designated as Chair;

(4) “officer” means each officer of the Authority hired pursuant to the LIPA Act and these By-Laws;

(5) “employee” means each employee of the Authority who is not also an officer;

(6) “Trustee,” “officer” and “employee” of the Authority each includes persons who formerly served in such capacity and the estates of deceased persons who had served in such capacity, and the legal or personal representative of such persons;

(7) “Authority” shall include any wholly owned subsidiary created or acquired in accordance with section 1020-i of the LIPA Act; and

(8) “applicable standard of conduct” means that the Trustee, officer or employee seeking to be indemnified hereunder acted (or omitted to take action) in good faith for a purpose which he or she reasonably believed to be in the best interests of the authority and, in criminal actions or proceedings, had reasonable cause to believe his or her action or inaction was lawful; and in no case shall any acts or omissions by the Trustee, officer or employee which may be determined to constitute negligence, recklessness, or gross negligence be deemed violative of the applicable standard of conduct. Furthermore, the termination of any action or proceeding by judgment, settlement, conviction or upon plea of nolo contendere, or its equivalent, shall not in itself create a presumption that any such Trustee, officer or employee did not act in accordance with the applicable standard of conduct.

Section 2. General Scope of Indemnification. The Authority hereby confers the benefits of Section 18 of the New York Public Officers Law (“POL § 18”) on the Authority’s Trustees, officers and employees and agrees to be held liable for the costs thereof. Further, the Authority shall, to the fullest extent permitted by law, including, but not limited to, POL § 18, indemnify and hold harmless any person who becomes a party to an action or proceeding by reason of the fact that he or she is or was a Trustee, officer or employee of the Authority against judgments, penalties, amounts paid in settlement and reasonable expenses, including attorney’s fees actually and necessarily incurred as a result thereof, unless the conduct of such Trustee, officer or employee in the matters at issue in such action or proceeding is found by a final judgment of a court of applicable jurisdiction, in the manner prescribed in the Article, not to have met the applicable standard of conduct.

Neither the failure of the Authority (including its Trustees or counsel) to have made a determination that the person seeking indemnification or advancement of expenses is entitled to indemnification or advancement of expenses in the circumstances nor an actual determination by the Authority (including its Trustees or independent legal counsel) that the person seeking indemnification or advancement of expenses is not so entitled shall be a defense to an action or
create a presumption that the person seeking indemnification or advancement of expenses is not so entitled.

Section 3. **Representation of Persons Indemnified.** Where not otherwise inconsistent with law, the Authority may, either by its own in-house counsel or by outside counsel of its choice, assume the representation of any person entitled to indemnification by the Authority who becomes a party to an action or proceeding, except in situations in which the Authority’s Chief Executive Officer or counsel determines that it is a conflict or otherwise inappropriate or inadvisable for such person to be represented by counsel chosen by the Authority. In the event that the Authority does not assume such representation, such person shall have the right to engage private counsel of his or her choice and the Authority shall have the obligation of indemnification for the reasonable fees and expenses of such private counsel as provided in this Article; provided however, that the Authority as a condition to such indemnification for the cost of private counsel may, and where the Attorney General has so required as a condition to indemnification by the State of New York shall, require appropriate groups of persons to be represented by the same counsel except when there is a conflict.

Section 4. **Advances of Expenses**

(a) A Trustee, officer or employee who becomes a party to an action or proceeding may request that the Authority advance expenses pending the final disposition of such action or proceeding. Upon such request, the Authority shall promptly pay, from time to time in advance of the final disposition of the action or proceeding, reasonable expenses as described in Section 2 of this Article X incurred by such Trustee, officer or employee in connection with such action or proceeding.

(b) The Authority shall require each person receiving amounts under paragraph (a) of this Section 4 to agree in writing that the same shall be repaid if the person receiving such advance is ultimately found not to be entitled to indemnification, or to the extent the expenses so advanced by the Authority exceed the indemnification to which he or she is ultimately found to be entitled.

Section 5. **Indemnification on Final Disposition**

(a) A person who has been wholly successful, on the merits or otherwise, in the defense of an action or proceeding shall be deemed to have met the applicable standard of conduct and shall be entitled to indemnification against reasonable expenses as described in Section 2, and the Authority shall make such indemnification without necessity for any authorization, findings or other action by the Trustees prior to such indemnification.

(b) A Trustee, officer or employee who has not been wholly successful in the defense of an action or proceeding, or who was a party to an action or proceeding without being a defendant or respondent therein, may request indemnification from the Authority. Upon such request: (i) if there is a quorum of Trustees who are not parties to such action or proceeding, the Board shall make a finding as to whether the requesting Trustee, officer or employee has met the applicable standard of conduct; or (ii) if such a quorum of Trustees is not obtainable with due diligence, the Board shall obtain an opinion in writing of outside legal counsel as to whether
such standard of conduct has been met by the requesting Trustee, officer or employee. If a quorum of Trustees makes such finding or outside legal counsel gives such opinion, the Board shall authorize, and the Authority shall make, indemnification as provided in Section 2, upon a determination by the Trustees (or a person or body designated by the Trustees) that expenses sought to be indemnified were reasonable and actually and necessarily incurred as a result of the action or proceeding, and that any amounts paid in settlement (unless approved by the Trustees prior to such settlement) were reasonable in the circumstances.

Section 6. **Insurance.** The Authority may purchase and maintain insurance, at its expense, to protect itself and any Trustee, officer or employee of the Authority against any expense, liability or loss sought to be indemnified, whether or not the Authority would have the power to indemnify such person against such expense, liability or loss under this Article.

Section 7. **Applicability of this Article**

(a) This Article is to be construed liberally in favor of each Trustee, officer or employee to the fullest extent permitted by law, and any ambiguity, uncertainty or reasonable doubt as to facts, interpretation or legal conclusions shall be resolved in favor of such Trustee, officer or employee.

(b) The provisions of this Article shall not impair, limit or modify the rights and obligations of any insurer under any policy of insurance.

(c) The provisions of this Article shall be in addition to and shall not supplant any indemnification by the State heretofore of hereafter conferred upon any Trustee, officer or employee by section 1020-bb of the LIPA Act, by applicable provisions of the Public Officers Law, or otherwise. The indemnification hereby granted by the Authority shall be in addition to and not in restriction or limitation of any other privilege or power which the Authority may lawfully exercise with respect to the indemnification or reimbursement of Trustees, officers or employees.

(d) Unless and until this Article shall be amended, supplemented or repealed in accordance with Article IX, including, without limitation, paragraph (e) below, the provisions of this Article shall constitute a contract between the Authority and each Trustee, officer or employee for indemnification in accordance with the provisions of this Article, which contract shall survive the termination of the term of service of such Trustee, officer or employee. In the event that any Trustee, officer or employee shall be aggrieved by a determination of the Authority or the Trustees or outside counsel made under this Article, or by a failure of the Authority or Trustees to act as provided herein, he or she shall be entitled to seek appropriate relief against the Authority in any court of competent jurisdiction within the State of New York in accordance with the standards for indemnification set forth herein.

(e) This Article shall be applicable to any claim for indemnification made after its adoption as a By-Law of the Authority, whether the action or proceeding to which such claim relates commenced, or the matters at issue therein occurred, before or after the adoption of this Article. It is contemplated that no subsequent amendment, supplement or repeal of this Article which deprives a Trustee, officer or employee of any substantial right or benefit conferred herein
will be made applicable with respect to any claim for indemnification arising out of conduct of such Trustee, officer or employee occurring or alleged to have occurred after the adoption of this Article and prior to such amendment, supplement or repeal.

(f) The provisions of this Article are severable, and if any section, provision, or clause of this Article or the application thereof to any person or circumstances is held unconstitutional or invalid in whole or in part by any court of competent jurisdiction, such holding of unconstitutionality or invalidity shall in no way affect or impair any other section, provision or clause of this Article or the application of any such provision to such person or circumstances or to any other person or circumstance; and the Authority shall nevertheless indemnify each Trustee, officer or employee to the fullest extent permitted by any applicable portion of this Article that shall not have been invalidated, or by any other applicable law.

ARTICLE XI

Miscellaneous

Section 1. Employment Contracts. The Authority may enter into employment contracts with one or more officers of the Authority.

Section 2. Annual Reports. The Authority shall submit and make available an annual report, as prescribed by the Public Authorities Law, within ninety days after the close of the fiscal year. The annual report shall be certified in writing by the Chief Executive Officer and the Chief Financial Officer in accordance with Section 2800 of the Public Authorities Law.

Section 3. Severability. In case any one or more of the provisions of these By-Laws shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of these By-Laws and the By-Laws shall be construed as if such illegal or invalid provisions had not been contained herein.

Section 4. Governing Law. These By-Laws shall be construed and enforced in accordance with the substantive laws of the State of New York.
FINANCE AND AUDIT COMMITTEE CHARTER
Long Island Power Authority
July 24, 2019

PURPOSE

The Finance and Audit Committee’s (the “Committee”) primary function is to assist the Board of Trustees of the Long Island Power Authority (the “Board”) with its responsibilities by: (i) overseeing, monitoring and making recommendations with respect to the Long Island Power Authority’s (the “Authority”) investment and debt management policies and procedures, internal and external audit process, the financial reporting process and the system of risk assessment and internal controls; and (ii) provide an avenue of communication between management, the independent auditors, internal audit, and the Board. The Board will ensure that the Committee has sufficient resources to carry out its duties.

MEMBERSHIP

The Committee shall consist of three or more Trustees, who shall be appointed by, and serve at the discretion of, the Chair of the Board of Trustees, including the member designated as its chair (“Committee Chair”). The members shall serve until their resignation, retirement, or removal by the Chair of the Board of Trustees. The Chair of the Board shall serve as an ex-officio, voting member of the Committee.

Each Committee member shall meet the independence requirements set forth in the Public Authorities Accountability Act of 20051. The members of the Committee should be, to the extent practicable, familiar with corporate financial and accounting practices and possess the necessary skills to understand the duties of the Committee. Members on the Committee shall possess or obtain a basic understanding of governmental financial accounting and reporting.

MEETINGS

Meetings of the Committee shall be convened by the Committee Chair and are authorized as often as the Committee Chair deems necessary, but not less than four times a year. A majority of the members of the Committee then sitting shall constitute a quorum for the

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1An “independent” member is defined in the Act as one who: 1. is not, and in the past two years has not been a) employed by the public authority or an affiliate in an executive capacity; b) employed by an entity that has received remuneration valued at more than fifteen thousand dollars for goods and services provided to the public authority or received any other form of financial assistance valued at more than fifteen thousand dollars from the public authority; c) a lobbyist registered under a state or local law and paid by a client to influence the management decisions, contract awards, rate determinations or any other similar actions of the public authority or an affiliate; and 2. is not a relative of an executive officer or employee in an executive position of the public authority or an affiliate.
transaction of any business or the exercise of any power or function of the Committee. Meeting agendas will be prepared for every meeting and provided to the Committee members at least two (2) days in advance of the scheduled meeting, along with the appropriate materials needed to make informed decisions.

Meetings of the Committee shall be open to the public and governed by the rules regarding public meetings set forth in the applicable provisions of the Public Authorities Law and Article 7 of the Public Officers Law that relate to public notice, public speaking and the conduct of executive session, and minutes will be taken and maintained.

The Committee may request any officer or employee of the Authority, PSEG Long Island or the Authority’s outside counsel, financial or swap advisor or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee will meet with the Authority’s independent auditor at least annually to discuss the annual audit plan and the results of the annual audit of the financial statements of the Authority.

RESPONSIBILITIES

The Authority’s executive management bears primary responsibility for the Authority’s financial and other reporting, establishing the system of internal controls, identifying and mitigating financial and other risks, and ensuring compliance with laws, regulations and Authority financial and risk policies. The Committee’s responsibilities and related key processes are described below. In order to facilitate such responsibilities and processes, the Committee Chair and members of the Committee designated by the Committee Chair shall have access to all books, records, facilities and staff of the Authority. Committee members may also obtain any information and training needed to enhance the Committee members’ understanding of the role of internal audit and the independent auditor, the risk management process, internal controls and familiarity with applicable financial standards and processes. From time to time, the Committee may take on additional responsibilities, at the request of the Trustees or Chair of the Board. The Committee’s responsibilities include:

General Responsibilities

1. Conduct an annual self-evaluation of its performance, including its effectiveness and compliance with this Charter, review and reassess the adequacy of this Charter from time to time and propose to the Board any changes for approval, and report annually to the Authority’s Board on how it has discharged its duties and met its responsibilities as outlined in this Charter.

2. Annually review the requirements and matters set forth in the following Board policies: (i) Debt and Access to the Credit Markets; (ii) Enterprise Risk Management; (iii) Power Supply Hedging Program1; (iv) Taxes and PILOTs; (v)

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1 PSEG ER&T will report to the F&A Committee biannually on the Power Supply Hedging Program. Additionally, the Chief Executive Officer, or his or her designee, will provide an annual compliance report on the Power Supply Hedging Program to the Finance and Audit Committee.
Economic Development; (vi) Investment; (vii) Audit Relationships; (viii) Prompt Payment; and (ix) Interest Rate Exchange Agreements.

3. Investigate any matter brought to its attention.

**Specific Responsibilities**

**Financial Policy**

1. Monitor and advise the Board related to the Authority’s fixed obligation coverage by cash flow, borrowing relative to capital expenditures, credit ratings, and cash on hand as provided for in the Board’s Policy on Access to Debt and Capital Markets.

2. Review and consider the financial policies of other large public power utilities to ensure that the Authority’s policies are comparable to, and consistent with best practices among the entities that are similarly situated and participate in the same financial markets.

**Annual Budget**

1. Review and advise the Board related to the Authority’s proposed operating and capital budgets as presented by Authority and PSEG Long Island management.

2. Monitor the Authority’s compliance with its adopted operating and capital budgets during the fiscal year (actual verses budget) on at least a quarterly basis and report to the Board as appropriate.

3. Review and advise the Board regarding proposals to modify the Authority’s electric rates as defined and contained in the Tariff for Electric Service to promote the effective recovery of the Authority’s costs in a fair and equitable manner from customers and other users of the system in a manner consistent with the Authority’s fiduciary responsibility to its customer-owners.

**Borrowing, Debt Management, and Interest Rate Exchange Agreements**

1. Monitor and advise the Board concerning the amount and nature of debt issued by the Authority, and the strategies initiated by the Authority to manage the level and cost of the debt, consistent with the Board Policy on Access to Debt and Credit Markets.

2. Review and advise the Board regarding proposals for the issuance of new debt and the repayment of debt or other long-term financing arrangements by the Authority.

3. Review and advise the Board concerning the engagement of financial advisors and underwriting firms used by the Authority.
4. Review and advise the Board regarding credit ratings, credit facilities and external financing.

5. Monitor management reporting with respect to Interest Rate Exchange Agreements, in accordance with the Board Policy on Interest Rate Exchange Agreements.

Investments

1. Annually review the Authority’s audit of investments as provided by an independent auditor.

2. Review and advise the Board regarding the selection of investment managers and advisors.

Financial Statements and Disclosure Matters

1. In connection with the Board Policy on Audit Relationships, review, in consultation with management of the Authority and the Authority’s independent auditor, the audit scope, fee and terms thereof of the annual audit of the Authority’s financial statements.

2. Review and advise the Board, in consultation with management of the Authority and the Authority’s independent auditor, on matters regarding the annual audited financial statements, including disclosures made in the Management Discussion and Analysis and representations regarding internal control and compliance with laws, regulations, contracts and grant agreements.

3. Discuss with management of the Authority and the Authority’s independent auditor, significant financial reporting issues and judgments made in connection with the preparation of the Authority’s financial statements, including any significant changes in the Authority’s selection or application of accounting principles, any major issues as to the adequacy of the Authority’s internal controls and special steps adopted in light of identified, significant control deficiencies and material weaknesses.

4. Review with the management of the Authority and the Authority’s independent auditor and recommend where necessary to the Board for adoption:

   a. All critical accounting policies and practices to be used.

   b. All alternative disclosures and treatments of financial information within generally accepted accounting principles that have been discussed with management of the Authority, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Authority’s independent auditor.
c. Other written communications between the Authority’s independent auditor and management, such as any Management Letter or Schedule of Unadjusted Differences.

5. Review in consultation with management of the Authority, the Authority’s unaudited quarterly financial results.

6. Discuss with the Chief Financial Officer, if deemed appropriate or necessary, financial information provided to rating agencies and financial institutions with whom the Authority has business dealings.

Selection and Oversight of the Independent Auditor

1. Recommend to the Board the selection of an independent certified public accounting firm to conduct independent annual audits of the Authority and review all audit services to be performed as provided for in the Board Policy on Audit Relationships.

2. The Authority’s independent auditor shall report directly to the Committee. The Committee shall assume responsibility for resolution of disagreements between the management of the Authority and such independent auditor regarding financial reporting or related work.

3. Obtain and review a report from the Authority’s independent auditor at least annually regarding (i) the Authority’s independent auditor’s internal quality-control procedures, (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditor or by any inquiry or investigation by governmental or professional authorities within the preceding five years with respect to one or more independent audits carried out by the firm, (iii) any steps taken to deal with any such issues, and (iv) all relationships between the Authority’s independent auditor and the Authority.

4. Evaluate the qualifications, performance and independence of the Authority’s independent auditor, including the lead engagement partner and whether the auditor’s quality controls are adequate to maintain the auditor’s independence, while taking into account the opinion of management of the Authority.

   a. Require the rotation of the lead audit partner having primary responsibility for the audit at least every five years.

   b. On an annual basis, review and discuss with the independent auditors all significant relationships they have with the Authority that could impair the auditors’ independence.

   c. The Authority’s independent auditors may not perform the following services for the Authority:

      • accounting and bookkeeping services;
• internal audit services related to accounting controls, financial systems or financial statements;
• financial information systems design implementation;
• broker, dealer, investment banking, financial, swap or investment advisor services;
• appraisal or valuation services;
• actuarial services;
• management services or human resources; and
• legal or other expert services unrelated to the audit that the Public Accounting Oversight Board prohibits through regulation.

d. Review in advance all other requests for services (including the scope, fees and terms thereof) to be performed for the Authority by the Authority’s independent auditor.

5. Approve the Authority’s hiring of employees, or former employees, of the Authority’s independent auditor who participated in any capacity in the audit of the Authority. In no event shall the Authority’s Chief Executive Officer, Chief Financial Officer or Vice President, Controller have been employed by the Authority’s independent auditor during the one year preceding the date of the initiation of the audit.

Internal Audit

1. Consult with the Authority’s internal auditors in accordance with the Board Policy on Audit Relationships.

Enterprise Risk Management

1. Review the Authority’s enterprise risk management program policies and processes deployed at the Authority and its external service provider PSEG Long Island consistent with the Board Policy on Enterprise Risk Management.

2. Monitor the scope and terms of the Authority’s insurance policies placed by its insurance broker and other policies placed by PSEG Long Island, as required under the Amended and Restated Operations Services Agreement (“A&R OSA”).

Internal Control

1. Monitor management’s implementation of an effective system of internal control, including overseeing the results of any audits of those controls as necessary.

2. Review and present the results of any third-party audit findings to the Board, including those conducted by the federal or state government, and recommend any policy changes related thereto.
Compliance Oversight

1. Establish procedures for the confidential receipt, retention and investigation of complaints regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding such matters, including referral of such matters to the New York State Inspector General. These procedures shall be periodically reviewed and updated as appropriate. The Committee shall review all reports and draft reports delivered by the New York State Inspector General to the Authority related to such matters and shall serve as a point of contact therewith.

2. Discuss with management of the Authority and the Authority’s independent auditor any correspondence with financial regulators or governmental agencies and any published reports which raise material issues regarding the Authority’s financial statements, accounting policies, or internal controls.

3. Discuss with the Authority’s General Counsel any legal matters that may have a material impact on the financial condition of the Authority, which may affect the financial statements or the Authority’s compliance policies.

LIMITATIONS OF RESPONSIBILITIES

In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not employees or consultants of the Authority and do not have any duty or responsibility to conduct “field work” or other types of auditing or accounting reviews or procedures. Each member of the Committee shall be entitled to rely on (a) the integrity of those persons and organizations within and outside the Authority that it receives information from and (b) the completeness and accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board). In carrying out its oversight responsibilities, no member of the Committee shall be deemed to provide (i) any expert or special assurance as to the financial statements of the Authority or (ii) any professional certification as to the work of any outside auditor.
OVERSIGHT AND REV COMMITTEE CHARTER  
Long Island Power Authority  
October 24, 2018  

PURPOSE:  
The Long Island Power Authority (the “Authority”) has responsibility for overseeing the performance of PSEG Long Island (“PSEG LI”) under the Amended and Restated Operations Services Agreement (“Amended OSA”), with the goal of ensuring that customers in the Service Territory receive safe, reliable, efficient, clean and affordable utility service.

Additionally, remaining knowledgeable and up-to-date on the principles, policies and recommendations of the New York Public Service Commission’s (“PSC”) Reforming the Energy Vision (“REV”) proceeding is a necessary part of carrying out the Authority’s obligations and oversight of PSEG LI.

To carry out these responsibilities the Board of Trustees has established the Oversight and REV Committee (the “Committee”) and assigned to it the responsibilities set forth below.

MEMBERSHIP:  
The Committee shall consist of three or more Trustees, who shall be appointed by, and serve at the discretion of, the Chair of the Board of Trustees, including the member designated as its chair (“Committee Chair”). The members shall serve until their resignation, retirement, or removal by the Chair of the Board of Trustees. The Chair of the Board shall serve as an ex-officio voting member of the Committee. Each Committee member shall meet the independence requirements set forth in the Public Authorities Accountability Act of 2005.

MEETINGS:  
Meetings of the Committee shall be convened by the Committee Chair and are authorized as often as the Committee Chair deems necessary, but not less than four times a year. A majority of the Committee members then sitting shall constitute a quorum for the transaction of any business or the exercise of any power or function of the Committee.

Meeting agendas will be prepared for every meeting and provided to the Committee members at least two (2) days in advance of the scheduled meeting, along with appropriate materials needed to make informed decisions.

Meetings of the Committee shall be open to the public and governed by the rules regarding public meetings set forth in the applicable provisions of the Public Authorities Law and Article 7 of the Public Authorities Law.

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1 An “independent” member is defined in the Act as one who: 1. is not, and in the past two years has not been a) employed by the public authority or an affiliate in an executive capacity; b) employed by an entity that has received remuneration valued at more than fifteen thousand dollars for goods and services provided to the public authority or received any other form of financial assistance valued at more than fifteen thousand dollars from the public authority; c) a lobbyist registered under a state or local law and paid by a client to influence the management decisions, contract awards, rate determinations or any other similar actions of the public authority or an affiliate; and 2. is not a relative of an executive officer or employee in an executive position of the public authority or an affiliate.
Public Officers Law that relate to public notice, public speaking and conduct of executive session, and minutes will be taken and maintained.

The Committee may request any officer or employee of the Authority, PSEG LI or the Authority’s outside counsel or other consultants to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

**RESPONSIBILITIES:**

The Committee shall, with information supplied by Authority and PSEG LI staff:

- Monitor PSEG LI’s performance under the Amended OSA related to: performance metrics; emergency management; transmission and distribution operations; energy efficiency and renewable goals; capital and operating budget expenditures; communications with stakeholders; customer service, billing and collections; power supply and fuel supply management (as carried out by PSEG Energy Resources & Trade); power markets activities; senior management staffing; and other matters related to PSEG LI’s scope of services under the Amended OSA;
- Monitor PSEG LI’s compliance with “Contract Standards” as defined in the Amended OSA, including compliance with applicable law and New York Public Service Commission practices; PSEG LI’s environmental stewardship goals, and its compliance with policies adopted by the Authority and the State;
- Monitor PSEG LI’s implementation of recommendations included in Management and Operations Audits conducted by the Department of Public Service;
- Review recommendations made by the Department of Public Service with respect to PSEG LI’s performance and proposed programs, expenditures, and tariff changes;\(^2\);
- As needed to assist the Board of Trustees in considering proposed renewable energy contracts or power supply or transmission transactions, review contracts and recommend appropriate action by the Board of Trustees;
- Review Authority management’s operations and oversight process;
- Monitor the policies, principles and recommendations being advanced by the PSC in its REV proceeding;
- Monitor PSEG LI’s efforts to implement the PSC’s REV policies, principles and recommendations in the Long Island service territory;
- Monitor management’s oversight of PSEG LI’s participation in the PSC’s REV proceeding and its efforts to implement the PSC’s REV policies, principles and recommendations;
- Report annually to the Board of Trustees on how it has met its responsibilities as outlined in this Charter; and
- Report and make recommendations to the Board of Trustees from time to time on the results of its reviews and monitoring of the foregoing and carry out such other responsibilities consistent with its purpose as may be assigned from time to time by the Chair of the Board of Trustees or the Board of Trustees.

\(^2\) The Oversight and REV Committee will coordinate with or defer to the Finance and Audit Committee on recommendations from the Department of Public Service that also have significant financial implications.
GOVERNANCE, PLANNING AND PERSONNEL COMMITTEE CHARTER
Long Island Power Authority
February 6, 2020

PURPOSE:

The purpose of the Governance, Planning and Personnel Committee (the “Committee”) of the Board of Trustees (the “Board”) of the Long Island Power Authority (the “Authority”), in part, pursuant to Section 2824 of the Public Authorities Law of the State of New York, is to assist the Trustees of the Authority by:

- Keeping the Board informed of current best governance practices;
- Reviewing corporate governance trends for their applicability to the Authority;
- Updating the Authority's corporate governance principles;
- Ensuring that the Board’s policies provide strategic direction for the Authority and that the Board is being effective in the utilization of the Authority’s assets and oversight of the Authority’s activities; and
- Advising those responsible for appointing Trustees on the skills and experiences required of potential Trustees.

Additionally, the Committee shall be responsible to make recommendations to the Board relating to attraction, appointment, evaluation, retention, compensation, and separation from employment of the Authority’s Chief Executive Officer; to oversee the CEO’s administration of the Authority’s compensation and benefit plans and personnel policies and programs including those related to the attraction, retention, continued development, and separation from employment of employees; and to consult with the Chief Executive Officer and advise the Board with respect to the attraction, appointment, retention and separation from employment of the Chief Financial Officer and General Counsel.

MEMBERSHIP:

The Committee shall consist of three or more Trustees, who shall be appointed by, and serve at the discretion of, the Chair of the Board of Trustees, including the member designated as its chair (“Committee Chair”). The members shall serve until their resignation, retirement, or removal by the Chair of the Board of Trustees. The Chair of the Board shall serve as an ex-officio voting member of the Committee.
Each Committee member shall meet the independence requirements set forth in the Public Authorities Accountability Act of 20051.

**MEETINGS:**

Meetings of the Committee shall be convened by the Committee Chair and are authorized as often as the Committee Chair deems necessary, but not less than four times a year. A majority of the members of the Committee then sitting shall constitute a quorum for the transaction of any business or the exercise of any power or function of the Committee. Meeting agendas will be prepared for every meeting and provided to the Committee members at least two (2) days in advance of the scheduled meeting, along with the appropriate materials needed to make informed decisions.

Meetings of the Committee shall be open to the public and governed by the rules regarding public meetings set forth in the applicable provisions of the Public Authorities Law and Article 7 of the Public Officers Law that relate to public notice, public speaking and the conduct of executive session, and minutes will be taken and maintained.

The Committee may request any officer or employee of the Authority, PSEG Long Island or the Authority’s outside counsel or other consultants to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

**RESPONSIBILITIES:**

The Board hereby assigns the Committee the responsibility to review, develop, draft, revise or oversee policies and practices for which the Committee has specific expertise or delegated responsibility, as follows:

- Develop and recommend to the Board policies for the sound governance of the Authority including but not limited to the Authority’s Mission, the purpose and role of the Board, the Board’s relationship with the CEO of the Authority and other Board-appointed officers, Codes of Ethics and Conduct, performance standards for the Board and employees of the Authority, and other such policies as it deems necessary or appropriate to address transparency, independence, accountability, fiduciary responsibilities, and management oversight (which responsibility may be delegated by this Committee to other board committees that have greater first-hand knowledge or experience with the issue, at its discretion).

- Develop and recommend to the Board the number and structure of committees to be created by the Board, including this Committee.

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1 An “independent” member is defined in the Act as one who: 1. is not, and in the past two years has not been a) employed by the public authority or an affiliate in an executive capacity; b) employed by an entity that has received remuneration valued at more than fifteen thousand dollars for goods and services provided to the public authority or received any other form of financial assistance valued at more than fifteen thousand dollars from the public authority; c) a lobbyist registered under a state or local law and paid by a client to influence the management decisions, contract awards, rate determinations or any other similar actions of the public authority or an affiliate; and 2. is not a relative of an executive officer or employee in an executive position of the public authority or an affiliate.
• Develop and provide recommendations to the Board evaluation of the performance of the Board, its committees and the CEO in the Authority’s governance process, including coordination and oversight of such performance evaluations.

• Examine potential ethical and conflict of interest issues and situations.

• Develop, review on a regular basis, and update as necessary the Authority’s Mission Statement, Policies and Work Plan (collectively, the “Strategic Plan”) to ensure that the Authority is establishing and following the appropriate and necessary direction for itself, the CEO and all of LIPA’s service providers for the immediate and long-term benefit of the customer-owners and residents of Long Island.

• Develop, review on a regular basis, and update as necessary the Authority’s Code of Ethics and Conduct, which shall be at least as stringent as the laws, rules, regulations and policies applicable to state officers and employees.

• Develop and recommend to the Board:
  
  o any required revisions to the Authority’s written policies regarding the protection of whistleblowers from retaliation, as included in the Code;
  
  o any required updates on the Authority’s written policies regarding procurement of goods and services, including policies relating to the disclosure of persons who attempt to influence the Authority’s procurement process;
  
  o any required updates on the Authority’s written policies regarding the disposition of real and personal property;
  
  o all updates on the Authority’s other written policies that are required by statute or by resolution of the Board which have not been delegated to other Board committees or retained to itself by the Board; and
  
  o any other policies or documents relating to the governance of the Authority, including rules and procedures for conducting the business of the Board, such as the Authority’s by-laws. The Committee will oversee the implementation and effectiveness of the by-laws and other governance documents and recommend modifications as needed.

• Develop a description of the competencies and personal attributes required of Trustees and Chairs of the Board or Committees to assist those authorized to appoint members to the Board in identifying qualified individuals.

• Develop and provide recommendations to the Board regarding Trustee education, including new Trustee orientation and regularly scheduled Trustee training.
• Review and report to the Board on the requirement under the LIPA Reform Act to keep the Authority’s staffing at only those levels necessary to ensure that the Authority is able to meet its obligations with respect to its bonds and notes and all applicable statutes and contracts and oversee the activities of its service provider.

• Monitor and make recommendations to the Board with respect to the Authority’s staffing and employment policies, practices, and programs, including those that seek to attract and retain a qualified workforce, support the continued professional development of the Authority’s staff, and ensure employment practices that meet or exceed relevant laws and regulations.

• Recommend for approval by the Trustees the appointment and compensation of the Chief Executive Officer and annually evaluate and make recommendations to the Board regarding the performance of the Chief Executive Officer relative to the mission, values, governance, and operating principles approved by the Board.

• Annually review and, if appropriate, recommend to the Trustees changes in the compensation of the Chief Executive Officer taking into account such factors as: (i) the compensation and benefits of those at utilities of similar size and complexity; (ii) an appropriate balance of compensation practices among public and private organizations; (iii) industry and regional cost-of-living trends; and (iv) individual performance and contribution.

• Recommend for approval, in consultation with the Chief Executive Officer, the appointment of the Chief Financial Officer and General Counsel.

• In consultation with the Chief Executive Officer, advise the Board, at least annually, with respect to emergency succession planning for the position of the Chief Executive Officer.

• Review and report to the Board at least annually on the effectiveness of the Board, the Board’s governance structure and the Board’s policies, and make such recommendations to the Board as will improve the effectiveness of the Board, the utilization of the Authority’s assets and the Board’s oversight of the Authority’s operations. The Committee will similarly assess its own activities and effectiveness as a Committee and report that to the Board annually, including a report on any proposed changes to the charter or the staffing and employment policies of the Board.

• Carry out such other activities consistent with its purpose as may be requested from time to time by the Chair of the Board or the Board of Trustees.
Board Policy on Purpose and Roles

This policy statement is intended to synthesize and encapsulate the duties and powers set forth in the various source documents described below. This policy statement is not intended to supersede or supplant the various underlying legal or contractual source documents. To the extent that any inconsistency exists between this policy statement and a statutory obligation or source document, it is intended that such statutory obligation or source document shall govern.

The purpose and role of the Board is shaped by, among other things, the Long Island Power Authority Act, the Public Authorities Law, as amended by the LIPA Reform Act, the Public Officers Law, the Executive Law, the By-Laws of the Authority, the Trustee Code of Conduct, and the Board committee charters. Similarly, the purpose and roles of the Authority’s Officers, the Service Provider, and the Department of Public Service are shaped by, among other things, the Public Authorities Law, as amended by the LIPA Reform Act, the Public Officers Law, the Executive Law, the Public Service Law and the Amended and Restated Operations Services Agreement between the Authority and the Service Provider (the “OSA”).

The role of the Board of Trustees is to:

a) Identify and define the mission, values, and strategic direction of the Authority, including the quantitative and qualitative results that the Authority is to achieve, and communicate them in the form of policy.

b) Monitor the Authority’s performance against the policies established by the Board and monitor the risks and mitigation activities undertaken by the Officers and Service Provider to identify, assess, and manage risks to the Authority’s performance.

c) Set rates, charges, and rules so as to ensure the provision of safe and reliable electric service to the Authority’s customers at the lowest cost consistent with the Authority’s contractual obligations and sound fiscal operating practices.

d) Adopt annual budgets for the Authority and the Service Provider sufficient to achieve the Board’s policy goals.

e) Hire, evaluate and, when necessary, discharge the Board-elected Officers. Officer job performance shall be evaluated by comparing the Authority’s performance to the policy goals established by the Board and the Officer’s personal performance to the performance goals established for that Officer in each year.

f) Monitor the staffing policies of the Authority to make certain that staffing at the Authority does not exceed the levels necessary to ensure that the Authority is able to meet obligations.

2 Pursuant to the Authority’s By-Laws, the Board-elected Officers include the Chief Executive Officer, Chief Financial Officer, and General Counsel of the Authority. The Chief Executive Officer may appoint such other Officers as he or she may from time to time deem necessary or desirable.
with respect to its bonds and notes and all applicable statutes and contracts, and oversee the activities of the service provider.¹

3) Approve certain contractual agreements as required by applicable law or as otherwise required by the Authority’s established policies and procedures.

h) Fulfill and abide by its fiduciary duties, including:
   - A duty of loyalty, which requires that each Trustee (i) act at all times in the best interests of the Authority, its ratepayers, and its bondholders, whose interests must take precedence over any self-interest of the Trustee, and (ii) avoid conflicts of interest and self-dealing; and
   - A duty of care, which requires each Trustee to act in good faith and with the degree of diligence, care, and skill of an ordinarily prudent person in similar circumstances.²

i) Regularly discuss and evaluate the Board’s own performance and that of its committees.³

j) Engage an independent auditor and, through the Finance and Audit Committee, oversee and review the results of audits and internal control reviews performed by such auditor and by the Authority’s internal audit department.⁴

k) Take such other actions as may be required by law, including actions contemplated under the LIPA Act, the LIPA Reform Act, the Public Authorities Law, the Public Officers Law, the Executive Law, and the By-Laws of the Authority.

The Board of Trustees acts as a body with a quorum of five as set forth in Section 2826 of the Public Authorities Law, except in those instances where the Board has specifically authorized the exercise of authority by individual Board members, officers, or committees. The Board establishes committees that have and exercise a greater amount of expertise and experience within the scope of the committee’s responsibility, and the Board relies upon each committee’s expertise and judgment regarding conclusions and recommendations that emanate from the committee.

The role of the Authority’s Officers is to:

a) Undertake the administrative and operational means necessary, in conjunction with the Service Provider, as appropriate, to realize the quantitative and qualitative results that the Authority is to achieve pursuant to Board policy and identify, assess, and manage risks to the Authority’s performance.

³ N.Y. Pub. Auth. Law § 1020-f(c) (McKinney).

⁴ See N.Y. Pub. Auth. Law § 2824(1) (McKinney); see also The Trustee Code of Conduct and the Authority’s bond covenants.

⁵ See N.Y. Pub. Auth. Law § 2824(7) (McKinney); Authority By-Laws, at Article 5 § 2; Governance Committee Charter, at 3.

b) Serve, alongside other Authority staff, as the Staff to the Board of Trustees.

c) Recommend rates, charges, and rules to the Board of Trustees designed to ensure the provision of safe and reliable electric service to the Authority’s customers at the lowest cost consistent with the Authority’s contractual obligations and sound fiscal operating practices.

d) Develop and recommend annual budgets for the Authority and the Service Provider sufficient to achieve the Board’s policy goals, with assistance from the Service Provider, as appropriate.

e) Oversee and make recommendations to the Board of Trustees regarding the operations of and contractual relationship with the Service Provider.

f) Represent the interests of the Authority in coordination with the Service Provider in connection with proceedings of the Federal Energy Regulatory Commission, the North American Electric Reliability Corporation, the Northeast Power Coordinating Council, the New York Independent System Operator, the New York State Public Service Commission, the Independent System Operator New England, Pennsylvania Jersey Maryland Interconnection, and other industry or regulatory institutions or organizations.

g) Finance the business and operations of the Authority and management of financial resources, including communications, reporting to, and filings with lenders, rating agencies, and governmental bodies.

h) Manage and take overall responsibility for the Authority’s legal matters.

i) Develop and recommend certain contractual agreements as required by applicable law or as otherwise required by the Authority’s established policies and procedures.

j) Hire, evaluate, establish compensation and salary policies for and, when necessary, discharge the Authority Staff.

k) Fulfill and abide by his or her fiduciary duties, including:
   
   • A duty of loyalty, which requires that each Officer (i) act at all times in the best interests of the Authority, its ratepayers, and its bondholders, whose interests must take precedence over any self-interest of the Officer, and (ii) avoid conflicts of interest and self-dealing; and
   
   • A duty of care, which requires each that Officer act in good faith and with the degree of diligence, care, and skill of an ordinarily prudent person in similar circumstances.7

l) Perform other responsibilities as may be delegated by the Board.

m) Take such other actions as may be required by law, including actions contemplated under the LIPA Act, the LIPA Reform Act, the Public Authorities Law, the Public Officers Law, the Executive Law, and the By-Laws of the Authority.

The role of the Service Provider and its management is to:

a) Operate the Authority’s transmission and distribution system, as set forth in the OSA,

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7 See The Employee Code of Conduct and the Authority’s bond covenants; see also Public Officers Law §§ 73, 74.
including performance of such responsibilities as are reasonably related to management, operation, and maintenance of the transmission and distribution system.\(^8\)

b) Become the name and face of electric utility service in the Service Territory, including responsibility for communications with public officials, customers, community or industry programs, and the media.\(^9\)

c) Report to the Board of Trustees regarding the Service Provider’s operations periodically or upon request of the Board.

d) Cooperate with the Department of Public Service review of the Service Provider’s operations.

e) Take such other actions as may be required by law or contract, including actions contemplated under the LIPA Act, the LIPA Reform Act, the Public Authorities Law, and the OSA.

The role of the **Department of Public Service** is to:\(^{10}\)

a) Review and make independent recommendations with respect to the operations and terms and conditions of service of, and rates and budgets established by, the Authority and the Service Provider.

b) Make such recommendations designed to ensure that the Authority and the Service Provider provide safe and adequate transmission and distribution service at rates set at the lowest level consistent with the Authority’s contractual obligations and sound fiscal operating practices.

c) Review and make recommendations regarding the annual capital expenditures proposed by the Service Provider.

d) Periodically undertake a comprehensive management audit of the Authority and Service Provider.

e) Review the emergency response plans of the Service Provider and the Authority.

f) Accept, investigate, mediate to resolve and make recommendations to the Authority and/or the Service Provider regarding the resolution of complaints from consumers in the Authority’s service territory.

g) Review and make recommendations to the Authority regarding plans to implement net metering, energy efficiency, distributed generation, or advanced grid technology programs.

h) Review and make recommendations to the Authority regarding the Service Provider’s performance metrics and incentive compensation.

i) Take such other actions as may be required by law, including actions contemplated under the LIPA Act, the LIPA Reform Act, the Public Authorities Law, the Public Officers Law, the Public Service Law, and the Executive Law.

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\(^8\) See OSA § 4.2 *et seq.*

\(^9\) See OSA § 4.2 (v)

\(^{10}\) See N.Y. Pub. Serv. Law § 3-b.
Board Policy: Trustee Communications
Policy Type: Governance Process
Monitored by: Governance Committee
Board Resolution: #1331, approved December 20, 2016

Policy on Trustee Communications and Conduct

The Trustees of the Board of the Long Island Power Authority undertake a fiduciary duty of loyalty and care as part of their oath of office, as defined by the New York Public Authorities Law, Trustee Code of Ethics and Conduct, bond covenants, and other policies adopted by the Board, including:

- A duty of loyalty, which requires that each Trustee (i) act at all times in the best interests of the Authority, its customers and bondholders, whose interests must take precedence over any self-interest of the Trustee, and (ii) avoid conflicts of interest and self-dealing; and

- A duty of care, which requires that each Trustee act in good faith and with the degree of diligence, care, and skill of an ordinarily prudent person in similar circumstances.

In acknowledgement and furtherance of its fiduciary duties, the Board hereby adopts this Policy on Trustee Communications and Conduct. Specifically, Trustees shall:

a) at all times act in an ethical, businesslike, productive, and lawful manner and shall avoid even the appearance of impropriety or self-interest to ensure and maintain public confidence in the Authority and its Board of Trustees.
b) conduct themselves with civility and respect at all times with one another, with staff, and with members of the public.
c) pursuant to their fiduciary duty of loyalty, subordinate any conflicting loyalties such as that to advocacy or interest groups, membership on other boards, employers or consulting engagements, or their personal interests acting as a consumer or industry professional.
d) at all times maintain the confidentiality of Authority information that is available to them only due to their status as a Trustee, in accordance with their fiduciary obligations and the Trustee Code of Ethics and Conduct, as breaches of confidentiality harm the interests of the Authority and its customers and undermine the Board’s deliberative process, relationships with staff, and the trust and confidence that the Trustees have in each other.
e) not represent to the public or media that they exercise individual authority over the Authority except as explicitly set forth in Board policies and recognize the inability of any one Trustee to speak for the Authority, the Board, or other Trustees. In particular, Trustees shall:
   i. not appear, or present themselves as a representative of the Authority, the Board, or other Trustees, except to repeat explicitly stated Board decisions or where explicitly authorized by the Board.
   ii. refrain from representing to members of the public or media that they influence an individual customer’s level of service or electric bill.

1 See N.Y. Pub. Auth. Law § 2824(1) (McKinney); see also the Trustee Code of Conduct and the Authority’s bond covenants.
2 The definition of “confidential information,” whether pursuant to this policy or the Trustee Code of Ethics and Conduct, is not intended to be nor should it be interpreted as limiting the scope of information subject to disclosure pursuant to New York’s Freedom of Information Law (“FOIL”) or any provision of New York’s Open Public Meetings Law. Nevertheless, pursuant to Public Officers Law § 74(3)(c) a Trustee may not “disclose confidential information acquired by him in the course of his official duties nor use such information to further his personal interests.”
f) refer public or media inquiries dealing with matters of fact concerning the Authority, rather than matters on which they may have an opinion, to the Authority’s Chief Executive Officer or Director of Public Information, who are the only official spokespersons for the Authority, in recognition that a Trustee is not authorized to speak on behalf of the Authority or the Board, a Trustee may not have all of the relevant or most current information necessary to respond accurately to a factual inquiry, and the media and public must receive correct, complete, and consistent information.

g) at all times endeavor to express their individual opinions in a responsible manner, clearly identifying such as their individual opinions, comments or statements.

i. Trustees may criticize the decisions of the Authority, but in doing so should make it clear that it is their own opinion and not the opinion of the Authority, the Board or other Trustees, and so long as such criticism complies with the other limitations set forth herein.

ii. Trustees shall not use their position as a platform for publicity for an advocacy or interest group to which they belong, employment or consulting engagements, or to further their personal or professional reputation in an industry or community, which would be in conflict with their fiduciary duty of loyalty to place the interests of the Authority over their own self-interest.

iii. Pursuant to their fiduciary duty of care, Trustees should refrain from publicly espousing a position on matters that may come before the Board prior to reviewing the record or recommendation so as to make a reasonably informed, rational judgment and avoid even the appearance that a Trustee has failed to discharge their duties in good faith.

iv. Trustees should exercise utmost care concerning ongoing or imminent procurements, request for proposals, or contract awards in order to avoid improperly influencing the outcome, appearing conflicted, or violating any procurement lobbying laws or guidelines.

v. Trustees are encouraged to notify the Chief Executive Officer or Director of Public Information in advance if they plan to speak publicly, in the media, or through the various other communication channels that may be available now or in the future with regard to Authority matters, decisions and policies.
Board Policy on Audit Relationships

The Board of Trustees shall do the following regarding the independent external auditor, the internal auditors of the Authority, and the management and operations audits conducted by the Department of Public Service.

Independent External Auditor

- The Board of Trustees, on the recommendation of the Finance and Audit Committee, will select an independent certified public accounting firm to conduct annual audits of the Authority. The Board will make the choice of the external auditor based on advice from staff and others as it deems necessary to exercise prudent, independent judgement.
- The Finance and Audit Committee will annually review the audit services to be performed by such independent auditor, including the scope, fees and terms thereof and all relationships between the auditor and the Authority.
- The Finance and Audit Committee will meet each year with the external auditors at the commencement of the annual audit and again after the audit is complete. The meeting at the completion of the audit will be independent of staff. The Committee members will report any significant findings to the Board in a timely manner.

Internal Auditors

The Authority’s internal auditors provide independent, objective assurance and consulting services to the Board and management designed to improve the organization’s operations, risk management, control, and governance processes.

- The internal auditors shall conduct audits as identified in the annual audit plan as well as special projects as requested by the Finance and Audit Committee, acting as a whole, or management.
- The annual audit plan will include audits of the Authority and its service providers, and the internal auditors shall have unlimited access to all activities, records, property, and personnel of the Authority and its service providers in the performance of their duties.
- The Finance and Audit Committee will annually review and provide guidance on the audit plan as well as the charter, activities, staffing, budget, and organizational structure of the Internal Audit Department and will confirm the independence of the internal auditors. The Vice President - Audit shall administratively report to the Chief Executive Officer.
The Finance & Audit Committee will review and approve the appointment or removal of the Vice President – Audit.

The Finance and Audit Committee will monitor, in consultation with the Vice President - Audit, the significant findings of internal audit reports and the status of the implementation of management’s action plans in response to such audit findings.

The Finance and Audit Committee will meet at least twice per year with the Vice President - Audit independent of other Authority staff and will report any significant internal audit findings to the Board in a timely manner.

Management and Operations Audits

The LIPA Reform Act (the “Act”) directs the Department of Public Service to conduct comprehensive management and operations audits of the Authority and PSEG Long Island at least once every five years.

Upon completion of an audit, the Department of Public Service must deliver to the LIPA Board a report of its findings together with any recommendations for improvements. Absent a preliminary finding of inconsistency made by the Board, under the procedures set forth in the Act, the audit report’s recommendations become final 30 days after receipt by the Board.

Ninety days after the audit report’s finalization, the Authority’s Chief Executive Officer, in coordination with PSEG Long Island, shall submit an implementation plan to the Oversight and REV Committee of the Board to effectuate the audit’s recommendations.

The Authority’s Chief Executive Officer, together with PSEG Long Island, will submit an annual report to the Oversight and REV Committee of the Board and the Department of Public Service of the status of the implementation plan. That annual report will include a summary of the activities completed to date and any revisions to completion targets. The annual report will be reviewed by Internal Audit for completeness prior to submission. The Oversight and REV Committee will report significant matters to the Board.

Internal Audit will review the effectiveness of the implementation plan in addressing each audit recommendation after the completion of the plan for that recommendation.

The Finance and Audit Committee will annually review the provisions of the Board Policy on Audit Relationships.
TRUSTEE CODE OF ETHICS AND CONDUCT
OF THE
LONG ISLAND POWER AUTHORITY

March 20, 2019

Long Island Power Authority
333 Earle Ovington Boulevard
Uniondale, New York 11553
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I. Introduction

The Long Island Power Authority (the “Authority”), as a public entity, has a responsibility for maintaining the highest level of honesty, ethical conduct and public trust in all its activities. To meet this responsibility, the Authority adopted codes of ethics and conduct for its Trustees and employees. This Trustee Code of Ethics and Conduct (the “Code”) addresses the ethical and professional standards of conduct expected of the Authority’s Board of Trustees.

The Code applies to the Authority's current Trustees and Former Trustees and states in specific form the Authority's position on Conflicts of Interest (as defined below). Personal integrity is the cornerstone of the Code. Each Trustee has the primary responsibility for avoiding Financial Interests and Other Interests which might create a conflict with his or her position as a fiduciary of the Authority and Authority property. As the Authority is a public entity, Trustees are responsible for conducting Authority business solely in the public interest.

The Code is not intended to address all situations or answer all questions related to daily ethical conduct. Trustees should inquire of the General Counsel of the Authority if they have questions as to whether certain conduct might violate the Code. In addition, Trustees who have questions as to whether a prospective personal or business Transaction or assumption of a position of responsibility or trust would violate the Code, may request in writing an advance determination on the matter from the General Counsel of the Authority pursuant to Section VIII of the Code.

Violations of the Code or applicable statutory provisions may subject a Trustee to discipline up to and including removal from the board by the appointing authority and/or expose the Trustee to civil and/or criminal penalties.

The Code will be reviewed and updated by the Governance, Planning and Personnel Committee as necessary with a copy distributed to each Trustee.

II. Definitions

The following definitions apply to the Code.

A. “Authority” means the Long Island Power Authority and its wholly owned subsidiary, the Long Island Lighting Company d/b/a LIPA and d/b/a Power Supply Long Island, as well as any other subsidiaries created by the Long Island Power Authority.

B. "Benefit" means any gain or advantage to, or reduction in the liabilities of, the beneficiary and includes any gain or advantage to, or reduction in the liabilities of, a third person pursuant to the desire or consent of the beneficiary.

C. "Confidential Information” means information which is available to a Trustee only
because of his or her status as a Trustee and is not a matter of public knowledge.

D. “Conflict of Interest” means a situation in which the financial, familial, or personal interests of a Trustee or Former Trustee conflict, may conflict or could be perceived as conflicting with their responsibilities to the Authority.

E. “Dependent Child” means either (1) any son, daughter, stepson or stepdaughter of a Trustee who is under age eighteen, unmarried and living in the household of the Trustee; or (2) a “dependent” of the Trustee within the meaning of section 152 of the Internal Revenue Code of 1954.

F. "Trustee’s Independent Business" means, for the purposes of Section IV (B) (12) of the Code: (1) a firm or association of which a Trustee, or a Trustee’s Spouse or Dependent Child is a member; or (2) a corporation, 10% or more of the stock of which is owned or controlled directly or indirectly by a Trustee or a Trustee’s Spouse or Dependent Child.

G. "Financial Interest" means any of the following:

1. Ownership or control of 10 percent or more of the stock of any entity (or 1 percent in the case of a corporation whose stock is regularly traded on an established securities exchange); or serves as an officer, director or partner of that entity;

2. Ownership of an interest in a business or real property which interest (a) reflects a 10 percent or more ownership of the business, or (b) in the case of a Trustee or a Trustee’s Spouse or Dependent Child, constitutes 10 percent or more of the net worth of the person owning such interest, or the combined net worth of the Trustee and his or her Spouse and Dependent Child. In determining net worth, the value of any interest in the Trustee’s personal residence(s) shall be excluded. In determining the value of an interest, debts, mortgages, liens or other encumbrances thereon are to be disregarded; or

3. Liability or indebtedness to a person or business in excess of $5,000, excluding liabilities owed to relatives and excluding mortgages, liens or other encumbrances on or secured by real property which constitutes the Trustee’s personal residence(s) or furniture or appliances therein.

H. “Former Trustee” means persons who are no longer Trustees of the Authority but were Trustees at any time following the Authority’s adoption of this Code or any predecessor code of ethics and conduct.

I. "Gift" means a payment, advance, forbearance, rendering, or deposit of money, or anything of more than nominal value, unless the donor receives consideration of equal or greater value. Nominal value is interpreted as an item or service with a fair market value of $15 or less.
J. “Operations Services” means the management of the daily operation of the Authority’s electric transmission and distribution system and the management of the Authority’s power supply resources.

K. "Other Interest" means holding a position in a business such as an officer, director, trustee, partner, proprietor, executor, employee, or a position of management, or acting as a consultant, agent or representative therefore in any capacity.

L. “Policy-Making Position” means those management and non-management positions (including trustees) designated as Policy-Making positions by the Authority, because the individual holding the position exercises responsibilities of a broad scope in the formulation of plans for the implementation of goals or policy for the Authority or acts as an advisor to an individual in such a position.

M. “Relative” shall mean a Trustee’s Spouse, child, stepchild, stepparent, or any person who is a direct descendant of the grandparents of the Trustee or of the Trustee’s Spouse.

N. “Spouse” shall mean the husband or wife of the Trustee unless living separate and apart from the Trustee with the intention of terminating the marriage or providing for permanent separation or unless separated pursuant to: (i) a judicial order, decree or judgment, or (ii) a legally binding separation agreement. Individuals who enter into same sex marriages legally performed in jurisdictions within or outside of New York are “Spouses” of one another for the purposes of this definition.

O. "Trading" means, in reference to securities, the buying and selling of securities, or the buying and selling of options, calls, puts, or any other right relating to a security.

P. "Transaction" means buying, selling, renting (as lessor or lessee), or otherwise acquiring or disposing of services, materials, supplies, equipment, or property having a value of one hundred dollars or more or an interest having a value of one hundred dollars or more in such services, materials, supplies, equipment or property; borrowing or investment of money; preparing, requisitioning, ordering, approving, advising on, administering or otherwise acting in reference to a contract having a value of one hundred dollars or more; or the promulgation of rules and regulations affecting such activities.

Q. “Trustee” means the Trustees of the Authority appointed or elected, as the case may be, pursuant to Public Authorities Law §1020-b (21).

III. Recusal Procedure

If a Trustee has or has reason to believe the Trustee may have a Conflict of Interest, then the Trustee shall:

A. Promptly disclose the Trustee’s potential Conflict of Interest to the Chair of the Board of Trustees and the Authority’s General Counsel and describe all material facts concerning the potential Conflict of Interest known to the Trustee. After such disclosure, the Chair of the
Board of Trustees, in consultation with the Authority’s General Counsel, shall make a record of such disclosure and advise appropriate staff that they are prohibited from communicating with such Trustee about such matter. Further, if after such disclosure such matter is on an agenda for or is otherwise raised at a Board meeting, the Trustee shall recuse him/herself from all consideration and voting on such matter and such recusal and the reason therefore shall be recorded in the minutes of such Board meeting. As a best practice, the Trustee should leave the Board meeting while the other Trustees complete their discussion, consideration and vote.

B. After full disclosure to the Chair of the Board of Trustees and the Authority’s General Counsel, nothing contained herein shall be construed or applied to prohibit any firm, association, corporation or entity, in which the Trustee is a member, associate, retired member, of counsel, shareholder or owner, from appearing, practicing, communicating or otherwise rendering services in relation to any matter before, or transacting business with the Authority or its service provider where such Trustee does not participate in any way on behalf of the party conducting such business, does not participate in the decision to award the contract, and does not share in the net revenues resulting therefrom, or, acting in good faith, it is reasonably believed that such Trustee would not share in the net revenues therefrom, and where such Trustee otherwise complies with all other directives provided by the Authority’s General Counsel.

IV. Standards and Principles of Conduct

The following standards and principles of conduct are to be followed to assure compliance with the Code. A breach of these standards and principles constitutes a violation of the Code.

A. General Standards

1. Trustees are subject to New York State Ethics Laws including New York Public Officers Law Sections 73-a, 74, and the rules and regulations promulgated thereunder as may be amended or modified by the New York State Legislature. (Public Officers Law Section 73-a and 74 are annexed as Appendices B and C, respectively).

2. Trustees should endeavor to pursue a course of conduct which will not raise suspicion among the public that he or she is likely to engage in acts that are in violation of the public trust.

B. Specific Standards and Principles

Personal or Financial Interests/Independence/Privileges

1. A Trustee shall not have any interest or incur any obligation, financial or otherwise, direct or indirect, or engage in any business or Transaction or professional activity, which is in conflict with the proper discharge of his or her duties in the public interest.

2. A Trustee shall avoid any action, whether or not specifically prohibited by the Code, which might result in or create the appearance of:
(a) using his or her official position for private gain;

(b) giving preferential treatment to any person, including himself or herself or any Relative

(c) lacking independence or impartiality;

(d) affecting adversely the confidence of the public in the integrity of the Authority;

or

(e) violating any provision of the Code.

3. A Trustee should abstain from making personal investments in enterprises which he or she has reason to believe may be directly involved in decisions to be made by him or which will otherwise create substantial conflict between his or her duty in the public interest and his or her private interest.

4. If any Trustee shall have a Financial Interest, either direct or indirect, in any Transaction to which the Authority is, or is to be, a party, such interest shall be promptly disclosed in writing to the General Counsel of the Authority.

5. No Trustee shall (l) accept other employment or engage in any business, professional or other activity which will impair his or her independence of judgment in the exercise of his or her official duties or which involves a matter in which the Authority has a substantial interest, or (2) receive or enter into any agreement for any compensation for the appearance or rendition of services against the interest of the Authority in relation to any case, proceeding, or matter.

6. No Trustee shall use or attempt to use his or her official position to secure unwarranted privileges or exemptions for himself or herself or others.

Improper Influence/Lobbying

7. A Trustee shall not by his or her conduct give reasonable basis for the impression 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.

8. A Trustee shall report to the Authority’s General Counsel any communication directed to the Trustee in cases where a reasonable person would infer that the communication was intended to influence the consideration or outcome of an active procurement being conducted by the Authority or its service provider. Attempts by third parties to influence procurements are required to be collected and reported by the Authority and may result in Trustee recusal from actions related to the procurement or elimination of bidders from the procurement.
Transactions Involving the Trustee, Trustee’s Spouse, Dependent Child or Trustee’s Independent Business

9. No Trustee shall be involved in any Transaction as representative or agent of the Authority with, or be involved in any evaluation of, any business entity in which the Trustee, the Trustee’s Spouse or Dependent Child has a direct or indirect Financial Interest. Prior to becoming involved in any Transaction as representative or agent of the Authority with, or becoming involved in any evaluation of, a business entity in which the Trustee, the Trustee’s Spouse or Dependent Child holds a Financial Interest, the Trustee, the Trustee’s Spouse or Dependent Child must sell or transfer such Financial Interest.

10. No Trustee, Trustee’s Spouse or Dependent Child shall acquire, except by Gift, inheritance or the dissolution of a trust, any Financial Interest in any business entity which the Trustee has reason to believe may be directly involved in decisions to be made by him or her which will create conflict between his or her duty in the public interest and his or her private interest. If a Trustee, a Trustee’s Spouse or Dependent Child receives such a Financial Interest by Gift, inheritance, operation of an automatic dividend reinvestment plan or the dissolution of a trust, the interest shall be promptly sold or transferred. If a Trustee’s Spouse or Dependent Child receives or retains such a Financial Interest in violation of the foregoing provisions, it will be deemed to be a violation by the Trustee of this provision.

11. No Trustee, Trustee’s Spouse or Dependent Child, or a Trustee’s Independent Business shall (1) sell any goods or services having a value in excess of twenty-five dollars to the Authority, or (2) contract for or provide such goods or services with or to any private entity where the power to contract, appoint or retain on behalf of such private entity is exercised, directly or indirectly, by the Authority or any of its officers, unless such goods or services are provided pursuant to an award of contract let after public notice and competitive bidding. If a Trustee’s Spouse or Dependent Child engages in the conduct described in the preceding sentence, it will be deemed to be a violation by the Trustee of this provision.

12. (a) No Trustee, Trustee’s Spouse or Dependent Child shall, directly or indirectly, solicit, accept or receive any Gift having more than a nominal value, whether in the form of money, service, loan, travel, lodging, meals, refreshments, entertainment, hospitality, thing, discount, forbearance or promise, or in any other form, from an “interested source” defined as any person or entity which is (i) regulated by the Authority or (ii) does business or is seeking to do business with the Authority or (iii) a registered lobbyist who lobbies the Authority (or the spouse or emancipated child thereof), (iv) is involved in any ongoing official action or proceeding adverse to the Authority; or (v) has received or applied for funds from the Authority during the last 12 months. A gift from an interested source is presumed to be impermissible unless it is unreasonable to infer that the item or service was intended to influence or reward the Trustee for performing one’s job.

(b) No Trustee, Trustee’s Spouse or Dependent Child shall, directly or
indirectly, solicit, accept or receive any Gift or gratuity of more than nominal value where the circumstances would permit the inference that: (i) the Gift was intended to influence the Trustee in the performance of official business; or (ii) the Gift constituted a tip, reward, or sign of appreciation for any official act by the Trustee.

(c) No Trustee, Trustee’s Spouse or Dependent Child shall (i) solicit, accept, or receive any gift, as defined in section one-c of the legislative law, from any person who is prohibited from delivering such gift pursuant to section one-m of the legislative law, attached hereto as Exhibit 1, unless under the circumstances it is not reasonable to infer that the gift was intended to influence him, or (ii) permit the solicitation, acceptance or receipt of any gift, as defined in section one-c of the legislative law, from any person who is prohibited from delivering such gift pursuant to section one-m of the legislative law to a third party including a charitable organization, on such official’s designation or recommendation or on his or her behalf, under circumstances where it is reasonable to infer that the gift was intended to influence him. A list of exclusions from the definition of gift is attached as Exhibit 2.A Trustee may not solicit, accept or receive a Gift of any value if to do so would constitute a substantial conflict with the proper discharge of his or her duties in the public interest.

(d) If a Trustee’s Spouse or Dependent Child engages in the conduct prohibited by paragraph (a), (b), or (c) above, it will be deemed to be a violation by the Trustee of such provisions.

Decisions Relating to a Relative

13. (a) No Trustee may take part in any hiring or employment decision relating to a Relative including any decision to hire, promote, discipline or discharge a Relative, for any compensated position at, for or within the Authority. If such a Relative is hired, no Trustee shall be permitted to supervise such Relative. If a hiring or employment matter arises relating to a Relative, then the Trustee must advise the Chair of the Board of Trustee of the relationship, and must be recused from all discussions or decisions relating to the matter.

(b) No Trustee may take part in any contracting decision: (i) relating to a Relative, (ii) relating to any entity in which a Relative is an officer, director or partner, or in which a Relative owns or controls 10% or more of the stock of such entity, (iii) involving the payment of more than $1,000 dollars to the Trustee, any Relative of that Trustee, or any entity in which that Trustee or any Relative has a Financial Interest, or (iv) to invest public funds in any security of any entity in which that Trustee or any Relative of that Trustee has a Financial Interest, is an underwriter, or receives any brokerage, origination or servicing fees. If a contracting matter arises relating to a Relative, then the Trustee must advise the Chair of the Board of Trustees of the relationship, and must be recused from all discussions or decisions relating to the contracting matter.
14. Trustees are prohibited from using Authority supplies, equipment, computers, personnel and other resources for non-Authority purposes, including for personal purposes or for outside activities of any kind. In addition, no Trustee appointed by the Governor may make campaign contributions to the Governor. See Executive Order No. 7 “Prohibition of Personal Use of State Property and Campaign Contributions to the Governor” (issued by Governor Paterson and continued by Governor Andrew M. Cuomo) attached hereto as Appendix E and incorporated herein by reference.

15. (a) No Trustee involved in the awarding of grants or contracts may ask a current or prospective grantee or contractor, or any officer, director or employee thereof, to disclose (i) the party affiliation of such grantee or contractor, or any officer, director or employee thereof; (ii) whether such grantee or contractor, or any officer, director or employee thereof, has made campaign contributions to any party, elected official, or candidate for elective office; or (iii) whether such grantee or contractor, or any officer, director or employee thereof, cast a vote for or against any elected official, candidate or political party.

(b) No Trustee may award or decline to award any state grant or contract, or recommend, promise or threaten to do so, in whole or in part, because of a current or prospective grantee’s or contractor’s refusal to answer any inquiry prohibited by paragraph (a) of this subdivision, or giving or withholding or neglecting to make any contribution of money or service or any other valuable thing for any political purpose.

16. (a) No Trustee may during the consideration of an employment decision ask any applicant for public employment to disclose: (i) the political party affiliation of the applicant; (ii) whether the applicant has made campaign contributions to any party, elected official, or candidate for elective office; or (iii) whether the applicant cast a vote for or against any elected official, candidate or political party. The provisions of this paragraph shall not apply where (1) such inquiry is necessary for the proper application of any state law or regulation; or (2) such inquiry is consistent with publicly disclosed policies or practices of any state agency or public authority, whose purpose is to ensure the representation of more than one political party on any multi-member body.

(b) No Trustee may decline to hire or promote, discharge, discipline, or in any manner change the official rank or compensation of any state official or employee, or applicant for employment, or promise or threaten to do so, based upon a refusal to answer any inquiry prohibited by paragraph (a) of this subdivision, or for giving or withholding or neglecting to make any contribution of money or service or other valuable thing for any political purpose.

(c) No Trustee shall, directly or indirectly, use his or her official authority to compel or induce any other Trustee to make or promise to make any political contribution, whether by gift of money, service or other thing of value.

17. (a) Regulation 19 NYCRR Part 932.4 of the Joint Commission on Public
Ethics (the “Commission”) requires that Trustees, by virtue of holding Policy-Making Positions, shall not serve as: (1) officers of any political party or political organization; or (2) members of any political party committee, including political party district leaders or as members of a political party national committee. “Political organization” means any organization affiliated with a political party but does not include a judicial nominating committee, an organization supporting a particular cause with no partisan activities, a campaign or fundraising committee, or serving as a delegate to a state or national party convention.

(b) Consistent with this Code, Trustees are otherwise free to participate in the political process on their own time, but there must be a clear separation between their political activities and the discharge of their duties as Trustees of the Authority.

Outside Employment

18. Trustees may not hold outside employment that is in conflict with their Authority duties. See Conflicts of interest.

Annual Financial Disclosure Filing

19. Section §73-a of the Public Officers Law requires the filing of an annual statement of financial disclosure by Trustees. This disclosure statement is an annual disclosure of the financial holdings and associations of filers and their Spouses. The purpose of the financial disclosure is to highlight potential conflicts of interest. (See Appendix B). The Commission can assess penalties for late and delinquent filings.

C. Applicable New York Law

These standards do not replace and are in addition to the requirements of law, particularly Sections 73 and 74 of the New York Public Officers Law, which, among other things, govern the business activities of Trustees and Former Trustees and set forth the State Code of Ethics. Copies of Sections 73, 73-a and 74 of the Public Officers Law are attached to and made a part of this Code as Appendices A, B and C, respectively.

Under the New York Penal Law, it is a felony for Trustees to solicit, accept or agree to accept any Benefit from another person upon an agreement or understanding that their vote, opinion, judgment, action, decision or exercise of discretion as public servants will thereby be influenced. It is also a felony for Trustees to solicit, accept or agree to accept any Benefit from another person for having violated their duties as public servants. It is a misdemeanor for Trustees to solicit, accept or agree to accept any Benefit for having engaged in official conduct which they were required or authorized to perform, and for which they were not entitled to any special or additional compensation.
V. Trading of Securities of Companies Providing Operations Services to the Authority and Certain Energy Companies

The acquisition or trading of securities issued by companies that provide Operations Services to the Authority, the parent corporations of such companies and other subsidiaries or affiliates of such parent corporations, if any, presents a possible Conflict of Interest for all Trustees.

To protect against the potential of a Conflict of Interest with respect to Transactions involving companies that provide Operations Services to the Authority, it is the Authority’s policy that a Trustee, a Trustee’s Spouse or Dependent Child may not Trade in or otherwise acquire securities in any companies, including parent corporations and other subsidiaries or affiliates of such parent corporations, if any, that provide Operations Services to the Authority. A Trustee, a Trustee’s Spouse or Dependent Child who has acquired the securities, not including such securities that are included within a mutual fund or pension fund investment, of such companies must sell or transfer the securities within one year of (i) the Trustee’s date of appointment with the Authority, or (ii) the date of such receipt, whichever is later.

No Trustee of the Authority may Trade in or, except as permitted below, otherwise acquire securities in any company engaged in the generation, transmission or sale of electric energy or gas or the provision of fuel to generation facilities, if that Trustee’s responsibilities include (i) representing the Authority in Transactions involving such companies; (ii) participating in the evaluation of, or Authority decisions with respect to, Transactions with such companies, or (iii) representing the Authority before regulatory agencies or independent system operators (or their successors) on matters in which such companies have a potential financial interest. Excepted from this provision are those securities that are included within a mutual fund or pension fund investment.

There is no prohibition against the ownership or Trading of Authority bonds and notes which are publicly held and traded subject to the limitations set forth below in Section VI.

VI. Use of Material, Nonpublic and Confidential Information

It is the policy of the Authority to prohibit all Trustees and Former Trustees from (1) Trading in securities based on material, nonpublic information derived from or relating to Authority activities and (2) disclosing Confidential Information to unauthorized third parties.

A. Trading of Securities Based on Material, Nonpublic Information

1. Trustees and Former Trustees shall not Trade in bonds or other securities issued by the Authority based on material, nonpublic information derived from any source and shall not disclose such information for the purpose of allowing third parties to profit from Trading in Authority securities.

2. Trustees and Former Trustees shall not Trade in stocks, bonds or other securities issued by other business entities based on material, nonpublic information
obtained in the course of their duties for the Authority and shall not disclose such information for the purpose of allowing third parties to profit from Trading in securities issued by other business entities based on such information.

Information is material if there is a substantial likelihood that a reasonable investor would consider the information important in making his or her investment decision concerning the securities in question.

Information is nonpublic if, in the case of Authority securities, it has not been publicly disseminated by the Authority. Information is nonpublic if, in the case of securities issued by other business entities, it has not been publicly disseminated by those business entities.

B. Disclosure or Use of Confidential Information

Trustees and Former Trustees shall not disclose Confidential Information to any third party not authorized to receive such information and shall not profit from the use of such information or use such information to further his or her personal interests of the interests of any Relative.

If a Trustee or Former Trustee has a question concerning the confidential status of any information, he or she should consult with the General Counsel of the Authority regarding such information prior to disclosing it to a third party.

Trustees and Former Trustees who violate the provisions of this section may be subject to civil and criminal penalties under Federal and State laws, including fines and/or imprisonment. In addition, Trustees who violate the provisions of this section may be subject to disciplinary action by the Authority, including termination of employment.

 VII. Annual Certification of Absence of Conflict of Interest

All Trustees are required to certify annually that they have read the Code, that they understand and agree to comply with the provisions thereof and that they have no known conflict of interest. The Annual Certification Form is attached hereto as Appendix F. These certifications shall be timely submitted to the Authority’s General Counsel or Compliance Officer.

Any Trustee who knowingly fails to complete, sign and submit the required Annual Certification Form is in violation of the Code and may be subject to disciplinary action.

 VIII. Requests for Interpretation, Clarification or Waiver of the Code

A. Interpretation and Clarification

A Trustee or Former Trustee may submit a written request to the General Counsel of the Authority for an interpretation or clarification of one or more provisions of the Code.
B. **Waivers**

A Trustee or Former Trustee may submit a written request to the Chair of the Board of Trustees for a waiver of any restriction contained in the Code, provided that the restriction is not otherwise required by State or Federal law. All waiver requests shall include a description of the nature of the restriction or prohibition for which waiver is sought; the nature of the Trustee’s or Former Trustee’s interest involved; the effect on the Trustee or Former Trustee or the Authority of the restriction or prohibition for which the waiver is sought; and the reasons why the waiver should be granted. A copy of the written request shall be provided to the General Counsel of the Authority.

IX. **Remedies for Breaches of the Code**

In addition to any other remedies, civil or otherwise, which the Authority may have, a Trustee or Former Trustee who violates the Code may be disciplined under the Code. Remedies or disciplinary action may be imposed only upon the basis of a written statement of findings and recommendations by the General Counsel of the Authority, and may include one or more of the following:

1. issuance of written warnings;
2. direction of corrective action to eliminate and/or ameliorate the conflict of interest; or
3. restitution.

A Former Trustee found to have violated the Code is subject to one or more of the following in addition to any other remedies, civil or otherwise, that the Authority may have: warnings; termination of existing Transactions involving the individual in question to the extent permitted by law; disqualification or suspension from future Transactions of the Former Trustee and/or the person on whose behalf he or she is participating in Transactions with the Authority; and notification to appropriate persons that a conflict exists.

X. **Reporting of Violations of the Code**

Trustees and Former Trustees are encouraged to promptly report any violations of the Code to the Chair of the Board of Trustees or General Counsel of the Authority and shall cooperate in any official investigation of such violations. Retaliation against Trustees or Former Trustees who in good faith report violations of the Code, other provisions of law or policies, or the public trust, is prohibited. (See the Authority’s Anti-Retaliation Policy, attached hereto as Appendix G.)

The General Counsel of the Authority will inform the Authority’s Governance, Planning and Personnel Committee of the Board of Trustees about the status and disposition of official investigations and issues thereof raised under the Code.
EXHIBIT 1

Section 1-M of the Legislative Law

Prohibition of gifts. No individual or entity required to be listed on a statement of registration pursuant to this article shall offer or give a gift to any public official as defined within this article, unless under the circumstances it is not reasonable to infer that the gift was intended to influence such public official. No individual or entity required to be listed on a statement of registration pursuant to this article shall offer or give a gift to the spouse or unemancipated child of any public official as defined within this article under circumstances where it is reasonable to infer that the gift was intended to influence such public official. No spouse or unemancipated child of an individual required to be listed on a statement of registration pursuant to this article shall offer or give a gift to a public official under circumstances where it is reasonable to infer that the gift was intended to influence such public official. This section shall not apply to gifts to officers, members or directors of boards, commissions, councils, public authorities or public benefit corporations who receive no compensation or are compensated on a per diem basis, unless the person listed on the statement of registration appears or has matters pending before the board, commission or council on which the recipient sits.
Section 1-C of the Legislative Law

(j) The term "gift" shall mean anything of more than nominal value given to a public official in any form including, but not limited to money, service, loan, travel, lodging, meals, refreshments, entertainment, discount, forbearance, or promise, having a monetary value. The following are excluded from the definition of a gift: (i) complimentary attendance, including food and beverage, at bona fide charitable or political events, and food and beverage of a nominal value offered other than as part of a meal; (ii) complimentary attendance, food and beverage offered by the sponsor of an event that is widely attended or was in good faith intended to be widely attended, when attendance at the event is related to the attendee's duties or responsibilities as a public official or allows the public official to perform a ceremonial function appropriate to his or her position; (iii) awards, plaques, and other ceremonial items which are publicly presented, or intended to be publicly presented, in recognition of public service, provided that the item or items are of the type customarily bestowed at such or similar ceremonies and are otherwise reasonable under the circumstances, and further provided that the functionality of such items shall not determine whether such items are permitted under this paragraph; (iv) an honorary degree bestowed upon a public official by a public or private college or university; (v) promotional items having no substantial resale value such as pens, mugs, calendars, hats, and t-shirts which bear an organization's name, logo, or message in a manner which promotes the organization's cause; (vi) goods and services, or discounts for goods and services, offered to the general public or a segment of the general public defined on a basis other than status as a public official and offered on the same terms and conditions as the goods or services are offered to the general public or segment thereof; (vii) gifts from a family member, member of the same household, or person with a personal relationship with the public official, including invitations to attend personal or family social events, when the circumstances establish that it is the family, household, or personal relationship that is the primary motivating factor; in determining motivation, the following factors shall be among those considered: (a) the history and nature of the relationship between the donor and the recipient, including whether or not items have previously been exchanged; (b) whether the item was purchased by the donor; and (c) whether or not the donor at the same time gave similar items to other public officials; the transfer shall not be considered to be motivated by a family, household, or personal relationship if the donor seeks to charge or deduct the value of such item as a business expense or seeks reimbursement from a client; (viii) contributions reportable under article fourteen of the election law; (ix) travel reimbursement or payment for transportation, meals and accommodations for an attendee, panelist or speaker at an informational event when such reimbursement or payment is made by a governmental entity or by an instate accredited public or private institution of higher education that hosts the event on its campus, provided, however, that the public official may only accept lodging from an institution of higher education: (a) at a location on or within close proximity to the host campus; and (b) for the night preceding and the nights of the days on which the attendee, panelist or speaker actually attends the event; (x) provision of local transportation to inspect or tour facilities, operations or property owned or operated by the entity providing such transportation, provided, however, that payment or reimbursement of lodging, meals or travel expenses to and from the locality where such facilities, operations or property are located shall be considered to be gifts unless otherwise
permitted under this subdivision; and (xi) meals or refreshments when participating in a professional or educational program and the meals or refreshments are provided to all participants.
§ 73. Business or professional activities by state officers and employees and party officers

Effective: April 13, 2015

1. As used in this section:

(a) The term "compensation" shall mean any money, thing of value or financial benefit conferred in return for services rendered or to be rendered. With regard to matters undertaken by a firm, corporation or association, compensation shall mean net revenues, as defined in accordance with generally accepted accounting principles as defined by the joint commission on public ethics or legislative ethics commission in relation to persons subject to their respective jurisdictions.

(b) The term "licensing" shall mean any state agency activity, other than before the division of corporations and state records in the department of state, respecting the grant, denial, renewal, revocation, enforcement, suspension, annulment, withdrawal, recall, cancellation or amendment of a license, permit or other form of permission conferring the right or privilege to engage in (i) a profession, trade, or occupation or (ii) any business or activity regulated by a regulatory agency as defined herein, which in the absence of such license, permit or other form of permission would be prohibited.

(c) The term "legislative employee" shall mean any officer or employee of the legislature but it shall not include members of the legislature.

(d) The term "ministerial matter" shall mean an administrative act carried out in a prescribed manner not allowing for substantial personal discretion.

(e) The term "regulatory agency" shall mean the department of financial services, state liquor authority, department of agriculture and markets, department of education, department of environmental conservation, department of health, division of housing and community renewal, department of state, other than the division of corporations and state records, department of public service, the industrial board of appeals in the department of labor and the department of law, other than when the attorney general or his agents or employees are performing duties specified in section sixty-three of the executive law.

(f) The term "representative capacity" shall mean the presentation of the interests of a client or other person pursuant to an agreement, express or implied, for compensation for services.

(g) The term "state agency" shall mean any state department, or division, board, commission, or bureau of any state department, any public benefit corporation, public authority or commission at least one of whose members is appointed by the governor, or the state university of New York or the city university of New York, including all their constituent units except community
§ 73. Business or professional activities by state officers and..., NY PUB OFF § 73

colleges of the state university of New York and the independent institutions operating statutory or contract colleges on behalf of the state.

(h) The term “statewide elected official” shall mean the governor, lieutenant governor, comptroller or attorney general.

(i) The term “state officer or employee” shall mean:

(i) heads of state departments and their deputies and assistants other than members of the board of regents of the university of the state of New York who receive no compensation or are compensated on a per diem basis;

(ii) officers and employees of statewide elected officials;

(iii) officers and employees of state departments, boards, bureaus, divisions, commissions, councils or other state agencies other than officers of such boards, commissions or councils who receive no compensation or are compensated on a per diem basis; and

(iv) members or directors of public authorities, other than multi-state authorities, public benefit corporations and commissions at least one of whose members is appointed by the governor, who receive compensation other than on a per diem basis, and employees of such authorities, corporations and commissions.

(j) The term “city agency” shall mean a city, county, borough or other office, position, administration, department, division, bureau, board, commission, authority, corporation or other agency of government, the expenses of which are paid in whole or in part from the city treasury, and shall include the board of education, the board of higher education, school boards, city and community colleges, community boards, the New York city transit authority, the New York city housing authority and the Triborough bridge and tunnel authority, but shall not include any court or corporation or institution maintaining or operating a public library, museum, botanical garden, arboretum, tomb, memorial building, aquarium, zoological garden or similar facility.

(k) The term “political party chairman” shall mean:

(i) the chairman of the state committee of a party elected as provided in section 2-112 of the election law and his or her successor in office;

(ii) the chairman of a county committee elected as provided in section 2-112 of the election law and his or her successor in office from a county having a population of three hundred thousand or more or who receives compensation or expenses, or both, during the calendar year aggregating thirty thousand dollars or more; and

(iii) that person (usually designated by the rules of a county committee as the “county leader” or “chairman of the executive committee”) by whatever title designated, who pursuant to the rules of a county committee or in actual practice, possesses or performs any or all of the following duties or roles, provided that such person was elected from a county having a population of three hundred thousand or more or was a person who received compensation or expenses, or both, from constituted committee or political committee funds, or both, during the reporting period aggregating thirty thousand dollars or more:
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(A) the principal political, executive and administrative officer of the county committee;

(B) the power of general management over the affairs of the county committee;

(C) the power to exercise the powers of the chairman of the county committee as provided for in the rules of the county committee;

(D) the power to preside at all meetings of the county executive committee, if such a committee is created by the rules of the county committee or exists de facto, or any other committee or subcommittee of the county committee vested by such rules with or having de facto the power of general management over the affairs of the county committee at times when the county committee is not in actual session;

(E) the power to call a meeting of the county committee or of any committee or subcommittee vested with the rights, powers, duties or privileges of the county committee pursuant to the rules of the county committee, for the purpose of filling an office at a special election in accordance with section 6-114 of the election law, for the purpose of filling a vacancy in accordance with section 6-116 of such law; or

(F) the power to direct the treasurer of the party to expend funds of the county committee.

The terms “constituted committee” and “political committee”, as used in this paragraph (k), shall have the same meanings as those contained in section 14-100 of the election law.

(l) A person has a “financial interest” in any entity if that person:

(i) owns or controls ten percent or more of the stock of such entity (or one percent in the case of a corporation whose stock is regularly traded on an established securities exchange); or

(ii) serves as an officer, director or partner of that entity.

(m) The “relative” of any individual shall mean any person living in the same household as the individual and any person who is a direct descendant of that individual’s grandparents or the spouse of such descendant.

2. In addition to the prohibitions contained in subdivision seven of this section, no statewide elected official, state officer or employee, member of the legislature or legislative employee shall receive, or enter into any agreement express or implied for, compensation for services to be rendered in relation to any case, proceeding, application, or other matter before any state agency, or any executive order, or any legislation or resolution before the state legislature, whereby his or her compensation is to be dependent or contingent upon any action by such agency or legislature with respect to any license, contract, certificate, ruling, decision, executive order, opinion, rate schedule, franchise, legislation, resolution or other benefit; provided, however, that nothing in this subdivision shall be deemed to prohibit the fixing at any time of fees based upon the reasonable value of the services rendered.
3. (a) No statewide elected official, member of the legislature, legislative employee, full-time salaried state officer or employee shall receive, directly or indirectly, or enter into any agreement express or implied for, any compensation, in whatever form, for the appearance or rendition of services by himself or another against the interest of the state in relation to any case, proceeding, application or other matter before, or the transaction of business by himself or another with, the court of claims.

(b) No state officer or employee who is required to file an annual statement of financial disclosure pursuant to the provisions of section seventy-three-a of this article, and is not otherwise subject to the provisions of this section, shall receive, directly or indirectly, or enter into any agreement express or implied, for any compensation, in whatever form, for the appearance or rendition of services by himself or another against the interest of the state agency by which he is employed or affiliated in relation to any case, proceeding, application or other matter before, or the transaction of business by himself or another with, the court of claims.

4. (a) No statewide elected official, state officer or employee, member of the legislature, legislative employee or political party chairman or firm or association of which such person is a member, or corporation, ten per centum or more of the stock of which is owned or controlled directly or indirectly by such person, shall (i) sell any goods or services having a value in excess of twenty-five dollars to any state agency, or (ii) contract for or provide such goods or services with or to any private entity where the power to contract, appoint or retain on behalf of such private entity is exercised, directly or indirectly, by a state agency or officer thereof, unless such goods or services are provided pursuant to an award or contract let after public notice and competitive bidding. This paragraph shall not apply to the publication of resolutions, advertisements or other legal propositions or notices in newspapers designated pursuant to law for such purpose and for which the rates are fixed pursuant to law.

(b) No political party chairman of a county wholly included in a city with a population of more than one million, or firm or association of which such person is a member, or corporation, ten per centum or more of the stock of which is owned or controlled directly or indirectly by such person, shall (i) sell any goods or services having a value in excess of twenty-five dollars to any city agency, or (ii) contract for or provide such goods or services with or to any private entity where the power to contract, appoint or retain on behalf of such private entity is exercised directly or indirectly, by a city agency or officer thereof, unless such goods or services are provided pursuant to an award or contract let after public notice and competitive bidding. This paragraph shall not apply to the publication of resolutions, advertisements or other legal propositions or notices in newspapers designated pursuant to law for such purpose and for which the rates are fixed pursuant to law.

(c) For purposes of this subdivision, the term “services” shall not include employment as an employee.

5. No statewide elected official, state officer or employee, individual whose name has been submitted by the governor to the senate for confirmation to become a state officer or employee, member of the legislature or legislative employee shall, directly or indirectly:

(a) solicit, accept or receive any gift having more than a nominal value, whether in the form of money, service, loan, travel, lodging, meals, refreshments, entertainment, discount, forbearance 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 could reasonably be expected to influence him, in the performance of his official duties or was intended as a reward for any official action on his part. No person shall, directly or indirectly, offer or make any such gift to a statewide elected official, or any state officer or employee, member of the legislature or legislative employee under such circumstances.
(b) solicit, accept or receive any gift, as defined in section one-c of the legislative law, from any person who is prohibited from delivering such gift pursuant to section one-m of the legislative law unless under the circumstances it is not reasonable to infer that the gift was intended to influence him; or

(c) permit the solicitation, acceptance, or receipt of any gift, as defined in section one-c of the legislative law, from any person who is prohibited from delivering such gift pursuant to section one-m of the legislative law to a third party including a charitable organization, on such official's designation or recommendation or on his or her behalf, under circumstances where it is reasonable to infer that the gift was intended to influence him.

5-a. (a) For the purpose of this subdivision only, the term “honorarium” shall mean any payment made in consideration for any speech given at a public or private conference, convention, meeting, social event, meal or like gathering.

(b) No statewide elected official or head of any civil department shall, directly or indirectly, solicit, accept or receive any honorarium while holding such elected office or appointed position.

(c) No member of the legislature or legislative employee shall, directly or indirectly, solicit, accept or receive any honorarium while holding such elected office or employment, other than honorarium paid in consideration for a speech given on a topic unrelated to the individual's current public employment or as earned income for personal services that are customarily provided in connection with the practice of a bona fide business, trade or profession, such as teaching, practicing law, medicine or banking, unless the sole or predominant activity thereof is making speeches.

6. (a) Every legislative employee not subject to the provisions of section seventy-three-a of this chapter shall, on and after December fifteenth and before the following January fifteenth, in each year, file with the joint commission on public ethics and the legislative ethics commission a financial disclosure statement of

(1) each financial interest, direct or indirect of himself, his spouse and his unemancipated children under the age of eighteen years in any activity which is subject to the jurisdiction of a regulatory agency or name of the entity in which the interest is had and whether such interest is over or under five thousand dollars in value.

(2) every office and directorship held by him in any corporation, firm or enterprise which is subject to the jurisdiction of a regulatory agency, including the name of such corporation, firm or enterprise.

(3) any other interest or relationship which he determines in his discretion might reasonably be expected to be particularly affected by legislative action or in the public interest should be disclosed.

(b) Copies of such statements shall be open for public inspection and copying.

(c) Any such legislative employee who knowingly and willfully with intent to deceive makes a false statement or gives information which he knows to be false in any written statement required to be filed pursuant to this subdivision, shall be assessed a civil penalty in an amount not to exceed ten thousand dollars. Assessment of a civil penalty shall be made by the legislative ethics committee in accordance with the provisions of subdivision twelve of section eighty of the legislative law.
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For a violation of this subdivision, the committee may, in lieu of a civil penalty, refer a violation to the appropriate prosecutor and upon conviction, but only after such referral, such violation shall be punishable as a class A misdemeanor.

7. (a) No statewide elected official, or state officer or employee, other than in the proper discharge of official state or local governmental duties, or member of the legislature or legislative employee, or political party chairman shall receive, directly or indirectly, or enter into any agreement express or implied for, any compensation, in whatever form, for the appearance or rendition of services by himself or another in relation to any case, proceeding, application or other matter before a state agency where such appearance or rendition of services is in connection with:

(i) the purchase, sale, rental or lease of real property, goods or services, or a contract therefor, from, to or with any such agency;

(ii) any proceeding relating to rate making;

(iii) the adoption or repeal of any rule or regulation having the force and effect of law;

(iv) the obtaining of grants of money or loans;

(v) licensing; or

(vi) any proceeding relating to a franchise provided for in the public service law.

(b) No political party chairman in a county wholly included in a city having a population of one million or more shall receive, directly or indirectly, or enter into any agreement express or implied for, any compensation, in whatever form, for the appearance or rendition of services by himself or another in relation to any case, proceeding, application or other matter before any city agency where such appearance or rendition of services is in connection with:

(i) the purchase, sale, rental or lease of real property, goods or services, or a contract therefor, from, to or with any such agency;

(ii) any proceeding relating to ratemaking;

(iii) the adoption or repeal of any rule or regulation having the force and effect of law;

(iv) the obtaining of grants of money or loans;

(v) licensing. For purposes of this paragraph, the term “licensing” shall mean any city agency activity respecting the grant, denial, renewal, revocation, enforcement, suspension, annulment, withdrawal, recall, cancellation or amendment of a license, permit or other form of permission conferring the right or privilege to engage in (i) a profession, trade, or occupation or (ii) any business or activity regulated by a regulatory agency of a city agency which in the absence of such license, permit or other form of permission would be prohibited; and
(vi) any proceeding relating to a franchise.

(c) Nothing contained in this subdivision shall prohibit a statewide elected official, or a state officer or employee, unless otherwise prohibited, or a member of the legislature or legislative employee, or political party chairman, from appearing before a state agency in a representative capacity if such appearance in a representative capacity is in connection with a ministerial matter.

(d) Nothing contained in this subdivision shall prohibit a member of the legislature, or a legislative employee on behalf of such member, from participating in or advocating any position in any matter in an official or legislative capacity, including, but not limited to, acting as a public advocate whether or not on behalf of a constituent. Nothing in this paragraph shall be construed to limit the application of the provisions of section seventy-seven of this chapter.

(e) Nothing contained in this subdivision shall prohibit a state officer or employee from appearing before a state agency in a representative capacity on behalf of an employee organization in any matter where such appearance is duly authorized by an employee organization.

(f) Nothing contained in this subdivision shall prohibit a political party chairman from participating in or advocating any matter in an official capacity.

(g) Nothing contained in this subdivision shall prohibit internal research or discussion of a matter, provided, however, that the time is not charged to the client and the person does not share in the net revenues generated or produced by the matter.

(h) Nothing contained in this subdivision shall prohibit a state officer or employee, unless otherwise prohibited, from appearing or rendering services in relation to a case, proceeding, application or transaction before a state agency, other than the agency in which the officer or employee is employed, when such appearance or rendition of services is made while carrying out official duties as an elected or appointed official, or employee of a local government or one of its agencies.

7-a. No member of the legislature, legislative employee, statewide elected official, or state officer or employee shall receive, directly or indirectly, or enter into any agreement express or implied, for any compensation, in whatever form, for the rendering of consulting, representational, advisory or other services by himself or herself or another in connection with any proposed or pending bill or resolution in the senate or assembly.

8. (a)(i) No person who has served as a state officer or employee shall within a period of two years after the termination of such service or employment appear or practice before such state agency 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 or application or other matter before such agency.

(ii) No person who has served as a state 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 service or employment, or which was under his or her active consideration.
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(iii) No person who has served as a member of the legislature shall within a period of two years after the termination of such service receive compensation for any services on behalf of any person, firm, corporation or association to promote or oppose, directly or indirectly, the passage of bills or resolutions by either house of the legislature. No legislative employee shall within a period of two years after the termination of such service receive compensation for any services on behalf of any person, firm, corporation or association to appear, practice or directly communicate before either house of the legislature to promote or oppose the passage of bills or resolutions by either house of the legislature.

(iv) No person who has served as an officer or employee in the executive chamber of the governor shall within a period of two years after termination of such service appear or practice before any state agency.

(b)(i) The provisions of subparagraph (i) of paragraph (a) of this subdivision shall not apply to any state officer or employee whose employment was terminated on or after January first, nineteen hundred ninety-five and before April first, nineteen hundred ninety-nine or on or after January first, two thousand nine and before April first, two thousand fourteen because of economy, consolidation or abolition of functions, curtailment of activities or other reduction in the state work force. On or before the date of such termination of employment, the state agency shall provide to the terminated employee a written certification that the employee has been terminated because of economy, consolidation or abolition of functions, curtailment of activities or other reduction in the state work force, and that such employee is covered by the provisions of this paragraph. The written certification shall also contain a notice describing the rights and responsibilities of the employee pursuant to the provisions of this section. The certification and notice shall contain the information and shall be in the form set forth below:

CERTIFICATION AND NOTICE

TO: Employee's Name: ..............................................................................................................

State agency: ...........................................................................................................................

Date of Termination: ..............................................................................................................

I, (name and title) of (state agency), hereby certify that your termination from State service is because of economy, consolidation or abolition of functions, curtailment of activities or other reduction in the State work force. Therefore, you are covered by the provisions of paragraph (b) of subdivision eight of section seventy-three of the Public Officers Law.

You were designated as a policy maker: .................................................

YES ___ NO ___

................................................

(TITLE)

TO THE EMPLOYEE:

This certification affects your right to engage in certain activities after you leave state service.

Ordinarily, employees who leave State service may not, for two years, appear or practice before their former agency or receive compensation for rendering services on a matter before their former agency. However, because of this certification, you may be exempt from this restriction.
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If you were not designated as a Policymaker by your agency, you are automatically exempt. You may, upon leaving State service, immediately appear, practice or receive compensation for services rendered before your former agency.

If you were designated as a Policymaker by your agency, you are eligible to apply for an exemption to the Commission on Public Integrity at 540 Broadway, Albany, New York 12207.

Even if you are or become exempt from the two year bar, the lifetime bar of the revolving door statute will continue to apply to you. You may not appear, practice, communicate or otherwise render services before any State agency in relation to any case, proceeding, application or transaction with respect to which you were directly concerned and in which you personally participated during your State service, or which was under your active consideration.

If you have any questions about the application of the post-employment restrictions to your circumstances, you may contact the Commission on Public Integrity at (518) 408-3976 or 1-800-87ETHIC (1-800-873-8442).

(ii) The provisions of subparagraph (i) of this paragraph shall not apply to any such officer or employee who at the time of or prior to such termination had served in a policymaking position as determined by the appointing authority, which determination had been filed with the state ethics commission or the commission on public integrity, provided that such officer or employee may so appear or practice or receive such compensation with the prior approval of the state ethics commission or the commission on public integrity. In determining whether to grant such approval the state ethics commission or the commission on public integrity shall consider:

A. whether the employee's prior job duties involved substantial decision-making authority over policies, rule or contracts;

B. the nature of the duties to be performed by the employee for the prospective employer;

C. whether the prospective employment is likely to involve substantial contact with the employee's former agency and the extent to which any such contact is likely to involve matters where the agency has the discretion to make decisions based on the work product of the employee;

D. whether the prospective employment may be beneficial to the state or the public; and

E. the extent of economic hardship to the employee if the application is denied.

(c) The provisions of paragraph (b) of this subdivision shall not apply to employees whose employment has been discontinued as a result of retirement or to employees who, prior to termination, have declined to exercise a right to another position with a state agency unless such position would require the employee to travel more than thirty-five miles in each direction to the new position or accept a reduction in base salary of more than ten per centum.

(d) Nothing contained in this subdivision shall prohibit any state agency from adopting rules concerning practice before it by former officers or employees more restrictive than the requirements of this subdivision.

(e) This subdivision shall not apply to any appearance, practice, communication or rendition of services before any state agency, or either house of the legislature, or to the receipt of compensation for any such services, rendered by a former state officer or
employee or former member of the legislature or legislative employee, which is made while carrying out official duties as an elected official or employee of a federal, state or local government or one of its agencies.

(f) Nothing in this subdivision shall be deemed to prevent a former state officer or employee who was employed on a temporary basis to perform routine clerical services, mail services, data entry services or other similar ministerial tasks, from subsequently being employed by a person, firm, corporation or association under contract to a state agency to perform such routine clerical services, mail services, data entry services or other similar ministerial tasks; provided however, this paragraph shall in no event apply to any such state officer or employee who was required to file an annual statement of financial disclosure pursuant to section seventy-threec-a of this article.

(g) Notwithstanding the provisions of subparagraphs (i) and (ii) of paragraph (a) of this subdivision, a former state officer or employee may contract individually, or as a member or employee of a firm, corporation or association, to render services to any state agency when the agency head certifies in writing to the state ethics commission that the services of such former officer or employee are required in connection with the agency's efforts to address the state's year 2000 compliance problem.

(h) Notwithstanding the provisions of subparagraphs (i) and (ii) of paragraph (a) of this subdivision, a former state officer or employee may contract individually, or as a member or employee of a firm, corporation or association, to render services to any state agency when the agency head certifies in writing to the joint commission on public ethics that the services of such former officer or employee are required in connection with the agency's response to a disaster emergency declared by the governor pursuant to section twenty-eight of the executive law.

(i) The provisions of subparagraphs (i) and (ii) of paragraph (a) of this subdivision shall not apply to any person as a result of his or her temporary employment by the New York state department of agriculture and markets in the civil service title of veterinarian one or animal health inspector one and their service, in that capacity, as a member of the New York state emergency veterinary corps.

8-a. The provisions of subparagraphs (i) and (ii) of subdivision eight of this section shall not apply to any such former state officer or employee engaged in any of the specific permitted activities defined in this subdivision that are related to any civil action or proceeding in any state or federal court, provided that the attorney general has certified in writing to the joint commission on public ethics, with a copy to such former state officer or employee, that the services are rendered on behalf of the state, a state agency, state officer or employee, or other person or entity represented by the attorney general, and that such former state officer or employee has expertise, knowledge or experience which is unique or outstanding in a field or in a particular matter or which would otherwise be generally unavailable at a comparable cost to the state, a state agency, state officer or employee, or other person or entity represented by the attorney general in such civil action or proceeding. In those instances where a state agency is not represented by the attorney general in a civil action or proceeding in state or federal court, a former state officer or employee may engage in permitted activities provided that the general counsel of the state agency, after consultation with the joint commission on public ethics, provides to the joint commission on public ethics a written certification which meets the requirements of this subdivision. For purposes of this subdivision the term "permitted activities" shall mean generally any activity performed at the request of the attorney general or the attorney general's designee, or in cases where the state agency is not represented by the attorney general, the general counsel of such state agency, including without limitation:

(a) preparing or giving testimony or executing one or more affidavits;

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(b) gathering, reviewing or analyzing information, including documentary or oral information concerning facts or opinions, attending depositions or participating in document review or discovery;

c) performing investigations, examinations, inspections or tests of persons, documents or things;

d) performing audits, appraisals, compilations or computations, or reporting about them;

e) identifying information to be sought concerning facts or opinions; or

(f) otherwise assisting in the preparation for, or conduct of, such litigation.

Nothing in this subdivision shall apply to the provision of legal representation by any former state officer or employee.

8-b. [As added by L.2004, c. 523. See, also, subd. 8-b below.] Notwithstanding the provisions of subparagraphs (i) and (ii) of paragraph (a) of subdivision eight of this section, a former state officer or employee may contract individually, or as a member or employee of a firm, corporation or association, to render services to any state agency if, prior to engaging in such service, the agency head certifies in writing to the joint commission on public ethics that such former officer or employee has expertise, knowledge or experience with respect to a particular matter which meets the needs of the agency and is otherwise unavailable at a comparable cost. Where approval of the contract is required under section one hundred twelve of the state finance law, the comptroller shall review and consider the reasons for such certification. The joint commission on public ethics must review and approve all certifications made pursuant to this subdivision.

8-b. [As added by L.2004, c. 540. See, also, subd. 8-b above.] Notwithstanding the provisions of subparagraphs (i) and (ii) of paragraph (a) of subdivision eight of this section, a former state officer or employee who, prior to his or her separation from state service, was employed as a health care professional and, in conjunction with his or her state duties, provided treatment and/or medical services to individuals residing in or served by a state-operated facility is not barred from rendering services to such individuals in their care prior to leaving state service, at the state-operated facility which employed the former state officer or employee.

9. No party officer while serving as such shall be eligible to serve as a judge of any court of record, attorney-general or deputy or assistant attorney-general or solicitor general, district attorney or assistant district attorney. As used in this subdivision, the term "party officer" shall mean a member of a national committee, an officer or member of a state committee or a county chairman of any political party.

10. Nothing contained in this section, the judiciary law, the education law or any other law or disciplinary rule shall be construed or applied to prohibit any firm, association or corporation, in which any present or former statewide elected official, state officer or employee, or political party chairman, member of the legislature or legislative employee is a member, associate, retired member, of counsel or shareholder, from appearing, practicing, communicating or otherwise rendering services in relation to any matter before, or transacting business with a state agency, or a city agency with respect to a political party chairman in a county wholly included in a city with a population of more than one million, otherwise proscribed by this section, the judiciary law, the education law or any other law or disciplinary rule with respect to such official, member of the legislature or officer or employee, or political party chairman, where such statewide elected official, state officer or employee, member of the legislature or legislative employee, or political party chairman does not share in the net revenues, as defined in accordance with generally
accepted accounting principles by the joint commission on public ethics or by the legislative ethics committee in relation to persons subject to their respective jurisdictions, resulting therefrom, or, acting in good faith, reasonably believed that he or she would not share in the net revenues as so defined; nor shall anything contained in this section, the judiciary law, the education law or any other law or disciplinary rule be construed to prohibit any firm, association or corporation in which any present or former statewide elected official, member of the legislature, legislative employee, full-time salaried state officer or employee or state officer or employee who is subject to the provisions of section seventy-three-a of this article is a member, associate, retired member, of counsel or shareholder, from appearing, practicing, communicating or otherwise rendering services in relation to any matter before, or transacting business with, the court of claims, where such statewide elected official, member of the legislature, legislative employee, full-time salaried state officer or employee or state officer or employee who is subject to the provisions of section seventy-three-a of this article does not share in the net revenues, as defined in accordance with generally accepted accounting principles by the joint commission on public ethics or by the legislative ethics committee in relation to persons subject to their respective jurisdictions, resulting therefrom, or, acting in good faith, reasonably believed that he or she would not share in the net revenues as so defined.

11. Notwithstanding any provision of the judiciary law, the education law or any other law or disciplinary rule to the contrary:

(a) Conduct authorized pursuant to subdivision eight of this section by a person who has served as a member of the legislature or as a legislative employee shall not constitute professional misconduct or grounds for disciplinary action of any kind;

(b) No member of the legislature or former member of the legislature shall be prohibited from appearing, practicing, communicating or otherwise rendering services in relation to any matter before, or transacting business with, any state agency solely by reason of any vote or other action by such member or former member in respect to the confirmation or election of any member, commissioner, director or other person affiliated with such state agency, but nothing in this paragraph shall limit the prohibition contained in subdivision eight of this section;

(c) The appearance, practice, communication or rendition of services in relation to any matter before, or transaction of business with a state agency, or with the court of claims, or the promotion or opposition to the passage of bills or resolutions by either house of the legislature, by a member, associate, retired member, of counsel or shareholder of a firm, association or corporation, in accordance with subdivision ten of this section, is hereby authorized and shall not constitute professional misconduct or grounds for disciplinary action of any kind solely by reason of the professional relationship between the statewide elected official, state officer or employee, political party chairman, member of the legislature, or legislative employee and any firm, association, corporation or any member, associate, retired member, of counsel, or shareholder thereof, or by reason of the appearance created by any such professional relationship.

12. A statewide elected official, state officer or employee, or a member of the legislature or legislative employee, or political party chairman, who is a member, associate, retired member, of counsel to, or shareholder of any firm, association or corporation which is appearing or rendering services in connection with any case, proceeding, application or other matter listed in paragraph (a) or (b) of subdivision seven of this section shall not orally communicate, with or without compensation, as to the merits of such cause with an officer or an employee of the agency concerned with the matter.

13. For the purposes of this section, a statewide elected official or state officer or employee or member of the legislature or legislative employee or political party chairman who is a member, associate, retired member, of counsel to, or shareholder of any firm, association or corporation shall not be deemed to have made an appearance under the provisions of this section solely by the submission to a state agency or city agency of any printed material or document bearing his or her name, but unsigned by him or her, such as by limited illustrations the name of the firm, association or corporation or the letterhead of
any stationery, which pro forma serves only as an indication that he or she is such a member, associate, retired member, of counsel to, or shareholder.

14. (a) No statewide elected official, state officer or employee, member of the legislature or legislative employee may participate in any decision to hire, promote, discipline or discharge a relative for any compensated position at, for or within any state agency, public authority or the legislature.

(b) This paragraph shall not apply to (i) the hiring of a relative by a legislator with a physical impairment, for the sole purpose of assisting with that impairment, as necessary and otherwise permitted by law; (ii) the temporary hiring of legislative pages, interns and messengers; or (iii) responding to inquiries with respect to prospective hires related to an individual covered by this paragraph.

15. No statewide elected official, state officer or employee, member of the legislature or legislative employee shall:

(a) participate in any state contracting decision involving the payment of more than one thousand dollars to that individual, any relative of that individual, or any entity in which that individual or any relative has a financial interest; or

(b) participate in any decision to invest public funds in any security of any entity in which that individual or any relative of that individual has a financial interest, is an underwriter, or receives any brokerage, origination or servicing fees.

16. (a) No statewide elected official, state officer or employee involved in the awarding of state grants or contracts may ask a current or prospective grantee or contractor, or any officer, director or employee thereof, to disclose: (i) the party affiliation of such grantee or contractor, or any officer, director or employee thereof; (ii) whether such grantee or contractor, or any officer, director or employee thereof, has made campaign contributions to any party, elected official, or candidate for elective office; or (iii) whether such grantee or contractor, or any officer, director or employee thereof, cast a vote for or against any elected official, candidate or political party.

(b) No statewide elected official or state officer or employee may award or decline to award any state grant or contract, or recommend, promise or threaten to do so, in whole or in part, because of a current or prospective grantee's or contractor's refusal to answer any inquiry prohibited by paragraph (a) of this subdivision, or giving or withholding or neglecting to make any contribution of money or service or any other valuable thing for any political purpose.

17. (a) No statewide elected official, or state officer or employee may during the consideration of an employment decision ask any applicant for public employment to disclose: (i) the political party affiliation of the applicant; (ii) whether the applicant has made campaign contributions to any party, elected official, or candidate for elective office; or (iii) whether the applicant cast a vote for or against any elected official, candidate or political party. The provisions of this paragraph shall not apply where (1) such inquiry is necessary for the proper application of any state law or regulation; or (2) such inquiry is consistent with publicly disclosed policies or practices of any state agency or public authority, whose purpose is to ensure the representation of more than one political party on any multi-member body.

(b) No statewide elected official or state officer or employee may decline to hire or promote, discharge, discipline, or in any manner change the official rank or compensation of any state official or employee, or applicant for employment, or promise or
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threaten to do so, based upon a refusal to answer any inquiry prohibited by paragraph (a) of this subdivision, or for giving or withholding or neglecting to make any contribution of money or service or any other valuable thing for any political purpose.

(c) No state officer or employee shall, directly or indirectly, use his or her official authority to compel or induce any other state officer or employee to make or promise to make any political contribution, whether by gift of money, service or other thing of value.

18. In addition to any penalty contained in any other provision of law, any person who knowingly and intentionally violates the provisions of subdivisions two through five, seven, seven-a, eight, twelve or fourteen through seventeen of this section shall be subject to a civil penalty in an amount not to exceed forty thousand dollars and the value of any gift, compensation or benefit received in connection with such violation. Assessment of a civil penalty hereunder shall be made by the state oversight body with jurisdiction over such person. A state oversight body acting pursuant to its jurisdiction, may, in lieu of a civil penalty, with respect to a violation of subdivisions two through five, seven or eight of this section, refer a violation of any such subdivision to the appropriate prosecutor and upon such conviction such violation shall be punishable as a class A misdemeanor.

Credits

Notes of Decisions (174)

McKinney's Public Officers Law § 73, NY PUB OFF § 73
Current through L.2015, chapters 1 to 18, 50 to 61.

§ 73-a. Financial disclosure, NY PUB OFF § 73-a

McKinney’s Consolidated Laws of New York Annotated
Public Officers Law (Refs & Annos)
Chapter 47. Of the Consolidated Laws
Article 4. Powers and Duties of Public Officers (Refs & Annos)

McKinney’s Public Officers Law § 73-a

§ 73-a. Financial disclosure

Effective: April 13, 2015
Currentness

1. As used in this section:

(a) The term “statewide elected official” shall mean the governor, lieutenant governor, comptroller, or attorney general.

(b) The term “state agency” shall mean any state department, or division, board, commission, or bureau of any state department, any public benefit corporation, public authority or commission at least one of whose members is appointed by the governor, or the state university of New York or the city university of New York, including all their constituent units except community colleges of the state university of New York and the independent institutions operating statutory or contract colleges on behalf of the state.

(c) The term “state officer or employee” shall mean:

(i) heads of state departments and their deputies and assistants;

(ii) officers and employees of statewide elected officials, officers and employees of state departments, boards, bureaus, divisions, commissions, councils or other state agencies, who receive annual compensation in excess of the filing rate established by paragraph (l) of this subdivision or who hold policy-making positions, as annually determined by the appointing authority and set forth in a written instrument which shall be filed with the joint commission on public ethics established by section ninety-four of the executive law during the month of February, provided, however, that the appointing authority shall amend such written instrument after such date within thirty days after the undertaking of policy-making responsibilities by a new employee or any other employee whose name did not appear on the most recent written instrument; and

(iii) members or directors of public authorities, other than multi-state authorities, public benefit corporations and commissions at least one of whose members is appointed by the governor, and employees of such authorities, corporations and commissions who receive annual compensation in excess of the filing rate established by paragraph (l) of this subdivision or who hold policy-making positions, as determined annually by the appointing authority and set forth in a written instrument which shall be filed with the joint commission on public ethics established by section ninety-four of the executive law during the month of February, provided, however, that the appointing authority shall amend such written instrument after such date within thirty days after the undertaking of policy-making responsibilities by a new employee or any other employee whose name did not appear on the most recent written instrument.
(d) The term "legislative employee" shall mean any officer or employee of the legislature who receives annual compensation in excess of the filing rate established by paragraph (l) below or who is determined to hold a policy-making position by the appointing authority as set forth in a written instrument which shall be filed with the legislative ethics commission and the joint commission on public ethics.

(d-1) A financial disclosure statement required pursuant to section seventy-three of this article and this section shall be deemed "filed" with the joint commission on public ethics upon its filing, in accordance with this section, with the legislative ethics commission for all purposes including, but not limited to, subdivision fourteen of section ninety-four of the executive law, subdivision nine of section eighty of the legislative law and subdivision four of this section.

(e) The term "spouse" shall mean the husband or wife of the reporting individual unless living separate and apart from the reporting individual with the intention of terminating the marriage or providing for permanent separation or unless separated pursuant to: (i) a judicial order, decree or judgment, or (ii) a legally binding separation agreement.

(f) The term "relative" shall mean such individual's spouse, child, stepchild, stepparent, or any person who is a direct descendant of the grandparents of the reporting individual or of the reporting individual's spouse.

(g) The term "unemancipated child" shall mean any son, daughter, stepson or stepdaughter who is under age eighteen, unmarried and living in the household of the reporting individual.

(h) The term "political party chairman" shall have the same meaning as ascribed to such term by subdivision one of section seventy-three of this article.

(i) The term "local agency" shall mean:

(i) any county, city, town, village, school district or district corporation, or any agency, department, division, board, commission or bureau thereof; and

(ii) any public benefit corporation or public authority not included in the definition of a state agency.

(j) The term "regulatory agency" shall have the same meaning as ascribed to such term by subdivision one of section seventy-three of this article.

(k) The term "ministerial matter" shall have the same meaning as ascribed to such term by subdivision one of section seventy-three of this article.

(l) The term "filing rate" shall mean the job rate of SG-24 as set forth in paragraph a of subdivision one of section one hundred thirty of the civil service law as of April first of the year in which an annual financial disclosure statement shall be filed.
(m) The term "lobbyist" shall have the same meaning as ascribed to such term in subdivision (a) of section one-c of the legislative law.

2. (a) Every statewide elected official, state officer or employee, member of the legislature, legislative employee and political party chairman and every candidate for statewide elected office or for member of the legislature shall file an annual statement of financial disclosure containing the information and in the form set forth in subdivision three of this section. On or before the fifteenth day of May with respect to the preceding calendar year: (1) every member of the legislature, every candidate for member of the legislature and legislative employee shall file such statement with the legislative ethics commission which shall provide such statement along with any requests for exemptions or deletions to the joint commission on public ethics for filing and rulings with respect to such requests for exemptions or deletions, on or before the thirtieth day of June; and (2) all other individuals required to file such statement shall file it with the joint commission on public ethics, except that:

(i) a person who is subject to the reporting requirements of this subdivision and who timely filed with the internal revenue service an application for automatic extension of time in which to file his or her individual income tax return for the immediately preceding calendar or fiscal year shall be required to file such financial disclosure statement on or before May fifteenth but may, without being subjected to any civil penalty on account of a deficient statement, indicate with respect to any item of the disclosure statement that information with respect thereto is lacking but will be supplied in a supplementary statement of financial disclosure, which shall be filed on or before the seventh day after the expiration of the period of such automatic extension of time within which to file such individual income tax return, provided that failure to file or to timely file such supplementary statement of financial disclosure or the filing of an incomplete or deficient supplementary statement of financial disclosure shall be subject to the notice and penalty provisions of this section respecting annual statements of financial disclosure as if such supplementary statement were an annual statement;

(ii) a person who is required to file an annual financial disclosure statement with the joint commission on public ethics, and who is granted an additional period of time within which to file such statement due to justifiable cause or undue hardship, in accordance with required rules and regulations on the subject adopted pursuant to paragraph c of subdivision nine of section ninety-four of the executive law shall file such statement within the additional period of time granted; and the legislative ethics commission shall notify the joint commission on public ethics of any extension granted pursuant to this paragraph;

(iii) candidates for statewide office who receive a party designation for nomination by a state committee pursuant to section 6-104 of the election law shall file such statement within ten days after the date of the meeting at which they are so designated;

(iv) candidates for statewide office who receive twenty-five percent or more of the vote cast at the meeting of the state committee held pursuant to section 6-104 of the election law and who demand to have their names placed on the primary ballot and who do not withdraw within fourteen days after such meeting shall file such statement within ten days after the last day to withdraw their names in accordance with the provisions of such section of the election law;

(v) candidates for statewide office and candidates for member of the legislature who file party designating petitions for nomination at a primary election shall file such statement within ten days after the last day allowed by law for the filing of party designating petitions naming them as candidates for the next succeeding primary election;
(vi) candidates for independent nomination who have not been designated by a party to receive a nomination shall file such statement within ten days after the last day allowed by law for the filing of independent nominating petitions naming them as candidates in the next succeeding general or special election;

(vii) candidates who receive the nomination of a party for a special election shall file such statement within ten days after the date of the meeting of the party committee at which they are nominated;

(viii) a candidate substituted for another candidate, who fills a vacancy in a party designation or in an independent nomination, caused by declination, shall file such statement within ten days after the last day allowed by law to file a certificate to fill a vacancy in such party designation or independent nomination;

(ix) with respect to all candidates for member of the legislature, the legislative ethics commission shall within five days of receipt provide the joint commission on public ethics the statement filed pursuant to subparagraphs (v), (vi), (vii) and (viii) of this paragraph.

(b) As used in this subdivision, the terms “party”, “committee” (when used in conjunction with the term “party”), “designation”, “primary”, “primary election”, “nomination”, “independent nomination” and “ballot” shall have the same meanings as those contained in section 1-104 of the election law.

(c) If the reporting individual is a senator or member of assembly, candidate for the senate or member of assembly or a legislative employee, such statement shall be filed with both the legislative ethics commission established by section eighty of the legislative law and the joint commission on public ethics in accordance with paragraph (d-1) of subdivision one of this section. If the reporting individual is a statewide elected official, candidate for statewide elected office, a state officer or employee or a political party chairman, such statement shall be filed with the joint commission on public ethics established by section ninety-four of the executive law.

(d) The joint commission on public ethics shall obtain from the state board of elections a list of all candidates for statewide office and for member of the legislature, and from such list, shall determine and publish a list of those candidates who have not, within ten days after the required date for filing such statement, filed the statement required by this subdivision.

(e) Any person required to file such statement who commences employment after May fifteenth of any year and political party chairman shall file such statement within thirty days after commencing employment or of taking the position of political party chairman, as the case may be. In the case of members of the legislature and legislative employees, such statements shall be filed with the legislative ethics commission within thirty days after commencing employment, and the legislative ethics commission shall provide such statements to the joint commission on public ethics within forty-five days of receipt.

(f) A person who may otherwise be required to file more than one annual financial disclosure statement with both the joint commission on public ethics and the legislative ethics commission in any one calendar year may satisfy such requirement by filing one such statement with either body and by notifying the other body of such compliance.

(g) A person who is employed in more than one employment capacity for one or more employers certain of whose officers and employees are subject to filing a financial disclosure statement with the same ethics commission, as the case may be, and who
receives distinctly separate payments of compensation for such employment shall be subject to the filing requirements of this section if the aggregate annual compensation for all such employment capacities is in excess of the filing rate notwithstanding that such person would not otherwise be required to file with respect to any one particular employment capacity. A person not otherwise required to file a financial disclosure statement hereunder who is employed by an employer certain of whose officers or employees are subject to filing a financial disclosure statement with the joint commission on public ethics and who is also employed by an employer certain of whose officers or employees are subject to filing a financial disclosure statement with the legislative ethics commission shall not be subject to filing such statement with either such commission on the basis that his aggregate annual compensation from all such employers is in excess of the filing rate.

(h) A statewide elected official or member of the legislature, who is simultaneously a candidate for statewide elected office or member of the legislature, shall satisfy the filing deadline requirements of this subdivision by complying only with the deadline applicable to one who holds a statewide elected office or who holds the office of member of the legislature.

(i) A candidate whose name will appear on both a party designating petition and on an independent nominating petition for the same office or who will be listed on the election ballot for the same office more than once shall satisfy the filing deadline requirements of this subdivision by complying with the earliest applicable deadline only.

(j) A member of the legislature who is elected to such office at a special election prior to May fifteenth in any year shall satisfy the filing requirements of this subdivision in such year by complying with the earliest applicable deadline only.

(k) The joint commission on public ethics shall post for at least five years beginning for filings made on January first, two thousand thirteen the annual statement of financial disclosure and any amendments filed by each person subject to the reporting requirements of this subdivision who is an elected official on its website for public review within thirty days of its receipt of such statement or within ten days of its receipt of such amendment that reflects any corrections of deficiencies identified by the commission or by the reporting individual after the reporting individual’s initial filing. Except upon an individual determination by the commission that certain information may be deleted from a reporting individual’s annual statement of financial disclosure, none of the information in the statement posted on the commission’s website shall be otherwise deleted.

3. The annual statement of financial disclosure shall contain the information and shall be in the form set forth hereinafter:

**ANNUAL STATEMENT OF FINANCIAL DISCLOSURE—(For calendar year _____)**

1. Name ...............................................................................................................................  

2. (a) Title of Position ...........................................................................................................

(b) Department, Agency or other Governmental Entity ..........................................................  

(c) Address of Present Office .................................................................................................  

(d) Office Telephone Number .................................................................................................
3. (a) Marital Status _____________. If married, please give spouse's full name including maiden name where applicable.

(b) List the names of all emancipated children.

Answer each of the following questions completely, with respect to calendar year __________, unless another period or date is otherwise specified. If additional space is needed, attach additional pages.

Whenever a "value" or "amount" is required to be reported herein, such value or amount shall be reported as being within one of the following Categories in Table I or Table II of this subdivision as called for in the question: A reporting individual shall indicate the Category by letter only.

Whenever "income" is required to be reported herein, the term "income" shall mean the aggregate net income before taxes from the source identified.

The term "calendar year" shall mean the year ending the December 31st preceding the date of filing of the annual statement.

4. (a) List any office, trusteeship, directorship, partnership, or position of any nature, whether compensated or not, held by the reporting individual with any firm, corporation, association, partnership, or other organization other than the State of New York. Include compensated honorary positions; do NOT list membership or uncompensated honorary positions. If the listed entity was licensed by any state or local agency, was regulated by any state regulatory agency or local agency, or, as a regular and significant part of the business or activity of said entity, did business with, or had matters other than ministerial matters before, any state or local agency, list the name of any such agency.

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(b) List any office, trusteeship, directorship, partnership, or position of any nature, whether compensated or not, held by the spouse or unemancipated child of the reporting individual, with any firm, corporation, association, partnership, or other organization other than the State of New York. Include compensated honorary positions; do NOT list membership or uncompensated honorary positions. If the listed entity was licensed by any state or local agency, was regulated by any state regulatory agency or local agency, or, as a regular and significant part of the business or activity of said entity, did business with, or had matters other than ministerial matters before, any state or local agency, list the name of any such agency.

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<th>Position</th>
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5. (a) List the name, address and description of any occupation, employment (other than the employment listed under Item 2 above), trade, business or profession engaged in by the reporting individual. If such activity was licensed by any state or local agency, was regulated by any state regulatory agency or local agency, or, as a regular and significant part of the business or activity of said entity, did business with, or had matters other than ministerial matters before, any state or local agency, list the name of any such agency.

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<th>Position</th>
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(b) If the spouse or unemancipated child of the reporting individual was engaged in any occupation, employment, trade, business or profession which activity was licensed by any state or local agency, was regulated by any state regulatory agency or local agency, or, as a regular and significant part of the business or activity of said entity, did business with, or had matters other than ministerial matters before, any state or local agency, list the name, address and description of such occupation, employment, trade, business or profession and the name of any such agency.
6. List any interest, in EXCESS of $1,000, held by the reporting individual, such individual’s spouse or unemancipated child, or partnership of which any such person is a member, or corporation, 10% or more of the stock of which is owned or controlled by any such person, whether vested or contingent, in any contract made or executed by a state or local agency and include the name of the entity which holds such interest and the relationship of the reporting individual or such individual’s spouse or such child to such entity and the interest in such contract. Do NOT include bonds and notes. Do NOT list any interest in any such contract on which final payment has been made and all obligations under the contract except for guarantees and warranties have been performed, provided, however, that such an interest must be listed if there has been an ongoing dispute during the calendar year for which this statement is filed with respect to any such guarantees or warranties. Do NOT list any interest in a contract made or executed by a local agency after public notice and pursuant to a process for competitive bidding or a process for competitive requests for proposals.

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7. List any position the reporting individual held as an officer of any political party or political organization, as a member of any political party committee, or as a political party district leader. The term “party” shall have the same meaning as “party” in the election law. The term “political organization” means any party or independent body as defined in the election law or any organization that is affiliated with or a subsidiary of a party or independent body.
8. (a) If the reporting individual practices law, is licensed by the department of state as a real estate broker or agent or practices a profession licensed by the department of education, or works as a member or employee of a firm required to register pursuant to section one-e of the legislative law as a lobbyist, describe the services rendered for which compensation was paid including a general description of the principal subject areas of matters undertaken by such individual and principal duties performed. Specifically state whether the reporting individual provides services directly to clients. Additionally, if such an individual practices with a firm or corporation and is a partner or shareholder of the firm or corporation, give a general description of principal subject areas of matters undertaken by such firm or corporation.

(b) APPLICABLE ONLY TO NEW CLIENTS OR CUSTOMERS FOR WHOM SERVICES ARE PROVIDED ON OR AFTER JULY FIRST, TWO THOUSAND TWELVE AND BEFORE DECEMBER THIRTY-FIRST, TWO THOUSAND FIFTEEN, OR FOR NEW MATTERS FOR EXISTING CLIENTS OR CUSTOMERS WITH RESPECT TO THOSE SERVICES THAT ARE PROVIDED ON OR AFTER JULY FIRST, TWO THOUSAND TWELVE AND BEFORE DECEMBER THIRTY-FIRST, TWO THOUSAND FIFTEEN:

If the reporting individual personally provides services to any person or entity, or works as a member or employee of a partnership or corporation that provides such services (referred to hereinafter as a “firm”), then identify each client or customer to whom the reporting individual personally provided services, or who was referred to the firm by the reporting individual, and from whom the reporting individual or his or her firm earned fees in excess of $10,000 during the reporting period for such services rendered in direct connection with:

(i) A contract in an amount totaling $50,000 or more from the state or any state agency for services, materials, or property;

(ii) A grant of $25,000 or more from the state or any state agency during the reporting period;

(iii) A grant obtained through a legislative initiative during the reporting period; or
(iv) A case, proceeding, application or other matter that is not a ministerial matter before a state agency during the reporting period.

For purposes of this question, “referred to the firm” shall mean: having intentionally and knowingly taken a specific act or series of acts to intentionally procure for the reporting individual’s firm or knowingly solicit or direct to the reporting individual’s firm in whole or substantial part, a person or entity that becomes a client of that firm for the purposes of representation for a matter as defined in subparagraphs (i) through (iv) of this paragraph, as the result of such procurement, solicitation or direction of the reporting individual. A reporting individual need not disclose activities performed while lawfully acting pursuant to paragraphs (c), (d), (e) and (f) of subdivision seven of section seventy-three of this article.

The disclosure requirement in this question shall not require disclosure of clients or customers receiving medical or dental services, mental health services, residential real estate brokering services, or insurance brokering services from the reporting individual or his or her firm. The reporting individual need not identify any client to whom he or she or his or her firm provided legal representation with respect to investigation or prosecution by law enforcement authorities, bankruptcy, or domestic relations matters. With respect to clients represented in other matters, where disclosure of a client's identity is likely to cause harm, the reporting individual shall request an exemption from the joint commission pursuant to paragraph (i) of subdivision nine of section ninety-four of the executive law, provided, however, that a reporting individual who first enters public office after July first, two thousand twelve, need not report clients or customers with respect to matters for which the reporting individual or his or her firm was retained prior to entering public office.

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<th>Client</th>
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(b-1) APPLICABLE ONLY TO NEW CLIENTS OR CUSTOMERS FOR WHOM SERVICES ARE PROVIDED ON OR AFTER DECEMBER THIRTY-FIRST, TWO THOUSAND FIFTEEN, OR FOR NEW MATTERS FOR EXISTING CLIENTS OR CUSTOMERS WITH RESPECT TO THOSE SERVICES THAT ARE PROVIDED ON OR AFTER DECEMBER THIRTY-FIRST, TWO THOUSAND FIFTEEN (FOR PURPOSES OF THIS QUESTION, "SERVICES" SHALL MEAN CONSULTATION, REPRESENTATION, ADVICE OR OTHER SERVICES):

If the reporting individual receives income from employment reportable in question 8(a) and personally provides services to any person or entity, or works as a member or employee of a partnership or corporation that provides such services (referred to hereinafter as a "firm"), the reporting individual shall identify each client or customer to whom the reporting individual personally provided services, or who was referred to the firm by the reporting individual, and from whom the reporting individual or his or her firm earned fees in excess of $10,000 during the reporting period in direct connection with:

(i) A contract in an amount totaling $10,000 or more from the state or any state agency for services, materials, or property;

(ii) A grant of $10,000 or more from the state or any state agency during the reporting period;
(iii) A grant obtained through a legislative initiative during the reporting period; or

(iv) A case, proceeding, application or other matter that is not a ministerial matter before a state agency during the reporting period.

For such services rendered by the reporting individual directly to each such client, describe each matter that was the subject of such representation, the services actually provided and the payment received. For payments received from clients referred to the firm by the reporting individual, if the reporting individual directly received a referral fee or fees for such referral, identify the client and the payment so received.

For purposes of this question, “referred to the firm” shall mean: having intentionally and knowingly taken a specific act or series of acts to intentionally procure for the reporting individual’s firm or having knowingly solicited or directed to the reporting individual’s firm in whole or substantial part, a person or entity that becomes a client of that firm for the purposes of representation for a matter as defined in clauses (i) through (iv) of this subparagraph, as the result of such procurement, solicitation or direction of the reporting individual. A reporting individual need not disclose activities performed while lawfully acting in his or her capacity as provided in paragraphs (c), (d), (e) and (f) of subdivision seven of section seventy-three of this article.

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(b-2) APPLICABLE ONLY TO NEW CLIENTS OR CUSTOMERS FOR WHOM SERVICES ARE PROVIDED ON OR AFTER DECEMBER THIRTY-FIRST, TWO THOUSAND FIFTEEN, OR FOR NEW MATTERS FOR EXISTING CLIENTS OR CUSTOMERS WITH RESPECT TO THOSE SERVICES THAT ARE PROVIDED ON OR AFTER DECEMBER THIRTY-FIRST, TWO THOUSAND FIFTEEN (FOR PURPOSES OF THIS QUESTION, “SERVICES” SHALL MEAN CONSULTATION, REPRESENTATION, ADVICE OR OTHER SERVICES):

(i) With respect to reporting individuals who receive ten thousand dollars or more from employment or activity reportable under question 8(a), for each client or customer NOT otherwise disclosed or exempted in question 8 or 13, disclose the name of each client or customer known to the reporting individual to whom the reporting individual provided services: (A) who paid the reporting individual in excess of five thousand dollars for such services; or (B) who had been billed with the knowledge of the reporting individual in excess of five thousand dollars by the firm or other entity named in question 8(a) for the reporting individual’s services.

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FOLLOWING IS AN ILLUSTRATIVE, NON-EXCLUSIVE LIST OF EXAMPLES OF DESCRIBITIONS OF “SERVICES ACTUALLY PROVIDED”:

* REVIEWED DOCUMENTS AND CORRESPONDENCE;

* REPRESENTED CLIENT (IDENTIFY CLIENT BY NAME) IN LEGAL PROCEEDING;

* PROVIDED LEGAL ADVICE ON CLIENT MATTER (IDENTIFY CLIENT BY NAME);

* CONSULTED WITH CLIENT OR CONSULTED WITH LAW PARTNERS/ASSOCIATES/MEMBERS OF FIRM ON CLIENT MATTER (IDENTIFY CLIENT BY NAME);

* PREPARED CERTIFIED FINANCIAL STATEMENT FOR CLIENT (IDENTIFY CLIENT BY NAME);

* REFERRED INDIVIDUAL OR ENTITY (IDENTIFY CLIENT BY NAME) FOR REPRESENTATION OR CONSULTATION;

* COMMERCIAL BROKERING SERVICES (IDENTIFY CUSTOMER BY NAME);

* PREPARED CERTIFIED ARCHITECTURAL OR ENGINEERING RENDERINGS FOR CLIENT (IDENTIFY CUSTOMER BY NAME);

* COURT APPOINTED GUARDIAN OR EVALUATOR (IDENTIFY COURT NOT CLIENT).

(ii) With respect to reporting individuals who disclosed in question 8(a) that the reporting individual did not provide services to a client but provided services to a firm or business, identify the category of amount received for providing such services and describe the services rendered.

A reporting individual need not disclose activities performed while lawfully acting in his or her capacity as provided in paragraphs (c), (d), (e) and (f) of subdivision seven of section seventy-three of this article.

The disclosure requirement in questions (b-1) and (b-2) shall not require disclosing clients or customers receiving medical, pharmaceutical or dental services, mental health services, or residential real estate brokering services from the reporting
individual or his or her firm or if federal law prohibits or limits disclosure. The reporting individual need not identify any client to whom he or she or his or her firm provided legal representation with respect to investigation or prosecution by law enforcement authorities, bankruptcy, family court, estate planning, or domestic relations matters, nor shall the reporting individual identify individuals represented pursuant to an insurance policy but the reporting individual shall in such circumstances only report the entity that provides compensation to the reporting individual; with respect to matters in which the client's name is required by law to be kept confidential (such as matters governed by the family court act) or in matters in which the reporting individual represents or provides services to minors, the client's name may be replaced with initials. To the extent that the reporting individual, or his or her firm, provided legal representation with respect to an initial public offering, and professional disciplinary rules, federal law or regulations restrict the disclosure of information relating to such work, the reporting individual shall (i) disclose the identity of the client and the services provided relating to the initial public offering to the office of court administration, who will maintain such information confidentially in a locked box; and (ii) include in his or her response to questions (b-1) and (b-2) that pursuant to this paragraph, a disclosure to the office of court administration has been made. Upon such time that the disclosure of information maintained in the locked box is no longer restricted by professional disciplinary rules, federal law or regulation, the reporting individual shall disclose such information in an amended disclosure statement in response to the disclosure requirements in questions (b-1) and (b-2). The office of court administration shall develop and maintain a secure portal through which information submitted to it pursuant to this paragraph can be safely and confidentially stored. With respect to clients represented in other matters not otherwise exempt, the reporting individual may request an exemption to publicly disclosing the name of that client from the joint commission pursuant to paragraph (i) of subdivision nine of section ninety-four of the executive law, or from the office of court administration. In such application, the reporting individual shall state the following: “My client is not currently receiving my services or seeking my services in connection with:

(i) A proposed bill or resolution in the senate or assembly during the reporting period;

(ii) A contract in an amount totaling $10,000 or more from the state or any state agency for services, materials, or property;

(iii) A grant of $10,000 or more from the state or any state agency during the reporting period;

(iv) A grant obtained through a legislative initiative during the reporting period; or

(v) A case, proceeding, application or other matter that is not a ministerial matter before a state agency during the reporting period.”

In reviewing the request for an exemption, the joint commission or the office of court administration may consult with bar or other professional associations and the legislative ethics commission for individuals subject to its jurisdiction and may consider the rules of professional conduct. In making its determination, the joint commission or the office of court administration shall conduct its own inquiry and shall consider factors including, but not limited to: (i) the nature and the size of the client; (ii) whether the client has any business before the state; and if so, how significant the business is; and whether the client has any particularized interest in pending legislation and if so how significant the interest is; (iii) whether disclosure may reveal trade secrets; (iv) whether disclosure could reasonably result in retaliation against the client; (v) whether disclosure may cause undue harm to the client; (vi) whether disclosure may result in undue harm to the attorney-client relationship; and (vii) whether disclosure may result in an unnecessary invasion of privacy to the client.

The joint commission or, as the case may be, the office of court administration shall promptly make a final determination in response to such request, which shall include an explanation for its determination. The office of court administration shall issue its final determination within three days of receiving the request. Notwithstanding any other provision of law or any professional disciplinary rule to the contrary, the disclosure of the identity of any client or customer in response to this question shall not
constitute professional misconduct or a ground for disciplinary action of any kind, or form the basis for any civil or criminal cause of action or proceeding. A reporting individual who first enters public office after January first, two thousand sixteen, need not report clients or customers with respect to matters for which the reporting individual or his or her firm was retained prior to entering public office.

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(c) [Eff. until Dec. 31, 2015. See, also, subpar. (c) below.] APPLICABLE ONLY TO NEW CLIENTS OR CUSTOMERS FOR WHOM SERVICES ARE PROVIDED ON OR AFTER JANUARY FIRST, TWO THOUSAND FIFTEEN, OR FOR NEW MATTERS FOR EXISTING CLIENTS OR CUSTOMERS WITH RESPECT TO THOSE SERVICES THAT ARE PROVIDED ON OR AFTER JANUARY FIRST, TWO THOUSAND FIFTEEN:

If the reporting individual receives income of fifty thousand dollars or greater from any employment or activity reportable under question 8(a), identify each registered lobbyist who has directly referred to such individual a client who was successfully referred to the reporting individual's business and from whom the reporting individual or firm received a fee for services in excess of ten thousand dollars. Report only those referrals that were made to a reporting individual by direct communication from a person known to such reporting individual to be a registered lobbyist at the time the referral is made. With respect to each such referral, the reporting individual shall identify the registered lobbyist who has made the referral, the category of value of the compensation received and a general description of the type of matter so referred. A reporting individual need not disclose activities performed while lawfully acting pursuant to paragraphs (c), (d), (e) and (f) of subdivision seven of section seventy-three of this article. The disclosure requirements in this question shall not require disclosure of clients or customers receiving medical or dental services, mental health services, residential real estate broking services, or insurance broking services from the reporting individual or his or her firm. The reporting individual need not identify any client to whom he or she or his or her firm provided legal representation with respect to investigation or prosecution by law enforcement authorities, bankruptcy, or domestic relations matters. With respect to clients represented in other matters, the reporting individual shall request an exemption from the joint commission, which shall be granted for good cause shown. For the purposes of this question, good cause may be shown by circumstances including, but not limited to, where disclosure of a client's identity would reveal trade secrets or have a negative impact on the client's business interests, would cause embarrassment for the client, could reasonably result in retaliation against the client, or would tend to reveal non-public matters regarding a criminal investigation. Only a reporting individual who first enters public office after January first, two thousand fifteen, need not report clients or customers with respect to matters for which the reporting individual or his or her firm was retained prior to entering public office.

<table>
<thead>
<tr>
<th>Client</th>
<th>Name of Lobbyist</th>
<th>Category of Amount (in Table I)</th>
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(c) [Eff. Dec. 31, 2015. See, also, subpar. (c) above.] APPLICABLE ONLY TO NEW CLIENTS OR CUSTOMERS FOR WHOM SERVICES ARE PROVIDED ON OR AFTER DECEMBER THIRTY-FIRST, TWO THOUSAND FIFTEEN, OR FOR NEW MATTERS FOR EXISTING CLIENTS OR CUSTOMERS WITH RESPECT TO THOSE SERVICES THAT ARE PROVIDED ON OR AFTER DECEMBER THIRTY-FIRST, TWO THOUSAND FIFTEEN:

If the reporting individual receives income of ten thousand dollars or greater from any employment or activity reportable under question 8(a), identify each registered lobbyist who has directly referred to such individual a client who was successfully referred to the reporting individual's business and from whom the reporting individual or firm received a fee for services in excess of five thousand dollars. Report only those referrals that were made to a reporting individual by direct communication from a person known to such reporting individual to be a registered lobbyist at the time the referral is made. With respect to each such referral, the reporting individual shall identify the client, the registered lobbyist who has made the referral, the category of value of the compensation received and a general description of the type of matter so referred. A reporting individual need not disclose activities performed while lawfully acting pursuant to paragraphs (c), (d), (e) and (f) of subdivision seven of section seventy-three of this article. The disclosure requirements in this question shall not require disclosing clients or customers receiving medical, pharmaceutical or dental services, mental health services, or residential real estate brokering services from the reporting individual or his or her firm or if federal law prohibits or limits disclosure. The reporting individual need not identify any client to whom he or she or his or her firm provided legal representation with respect to investigation or prosecution by law enforcement authorities, bankruptcy, family court, estate planning, or domestic relations matters, nor shall the reporting individual identify individuals represented pursuant to an insurance policy but the reporting individual shall in such circumstances only report the entity that provides compensation to the reporting individual; with respect to matters in which the client's name is required by law to be kept confidential (such as matters governed by the family court act) or in matters in which the reporting individual represents or provides services to minors, the client's name may be replaced with initials. To the extent that the reporting individual, or his or her firm, provided legal representation with respect to an initial public offering, and federal law or regulations restricts the disclosure of information relating to such work, the reporting individual shall (i) disclose the identity of the client and the services provided relating to the initial public offering to the office of court administration, who will maintain such information confidentially in a locked box; and (ii) include in his or her response a statement that pursuant to this paragraph, a disclosure to the office of court administration has been made. Upon such time that the disclosure of information maintained in the locked box is no longer restricted by federal law or regulation, the reporting individual shall disclose such information in an amended disclosure statement in response to the disclosure requirements of this paragraph. The office of court administration shall develop and maintain a secure portal through which information submitted to it pursuant to this paragraph can be safely and confidentially stored. With respect to clients represented in other matters not otherwise exempt, the reporting individual may request an exemption to publicly disclosing the name of that client from the joint commission pursuant to paragraph (i) of subdivision nine of section ninety-four of the executive law, or from the office of court administration. In such application, the reporting individual shall state the following: "My client is not currently receiving my services or seeking my services in connection with:

(i) A proposed bill or resolution in the senate or assembly during the reporting period;

(ii) A contract in an amount totaling $10,000 or more from the state or any state agency for services, materials, or property;

(iii) A grant of $10,000 or more from the state or any state agency during the reporting period;
(iv) A grant obtained through a legislative initiative during the reporting period; or

(v) A case, proceeding, application or other matter that is not a ministerial matter before a state agency during the reporting period."

In reviewing the request for an exemption, the joint commission or the office of court administration may consult with bar or other professional associations and the legislative ethics commission for individuals subject to its jurisdiction and may consider the rules of professional conduct. In making its determination, the joint commission or the office of court administration shall conduct its own inquiry and shall consider factors including, but not limited to: (i) the nature and the size of the client; (ii) whether the client has any business before the state; and if so, how significant the business is; and whether the client has any particularized interest in pending legislation and if so how significant the interest is; (iii) whether disclosure may reveal trade secrets; (iv) whether disclosure could reasonably result in retaliation against the client; (v) whether disclosure may cause undue harm to the client; (vi) whether disclosure may result in undue harm to the attorney-client relationship; and (vii) whether disclosure may result in an unnecessary invasion of privacy to the client.

The joint commission or, as the case may be, the office of court administration shall promptly make a final determination in response to such request, which shall include an explanation for its determination. The office of court administration shall issue its final determination within three days of receiving the request. Notwithstanding any other provision of law or any professional disciplinary rule to the contrary, the disclosure of the identity of any client or customer in response to this question shall not constitute professional misconduct or a ground for disciplinary action of any kind, or form the basis for any civil or criminal cause of action or proceeding. A reporting individual who first enters public office after December thirty-first, two thousand fifteen, need not report clients or customers with respect to matters for which the reporting individual or his or her firm was retained prior to entering public office.

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<tr>
<th>Client</th>
<th>Name of Lobbyist</th>
<th>Category of Amount (in Table 1)</th>
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(d) List the name, principal address and general description or the nature of the business activity of any entity in which the reporting individual or such individual's spouse had an investment in excess of $1,000 excluding investments in securities and interests in real property.

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<tr>
<th>Entity Name</th>
<th>Address</th>
<th>Description</th>
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9. List each source of gifts, EXCLUDING campaign contributions, in EXCESS of $1,000, received during the reporting period for which this statement is filed by the reporting individual or such individual’s spouse or unemancipated child from the same donor, EXCLUDING gifts from a relative. INCLUDE the name and address of the donor. The term “gifts” does not include reimbursements, which term is defined in item 10. Indicate the value and nature of each such gift.

<table>
<thead>
<tr>
<th>Self, Spouse or Child</th>
<th>Name of Donor</th>
<th>Address</th>
<th>Nature of Gift</th>
<th>Category of Value of Gift</th>
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10. Identify and briefly describe the source of any reimbursements for expenditures, EXCLUDING campaign expenditures and expenditures in connection with official duties reimbursed by the state, in EXCESS of $1,000 from each such source. For purposes of this item, the term “reimbursements” shall mean any travel-related expenses provided by nongovernmental sources and for activities related to the reporting individual’s official duties such as, speaking engagements, conferences, or factfinding events. The term “reimbursements” does NOT include gifts reported under item 9.

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<th>Source</th>
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11. List the identity and value, if reasonably ascertainable, of each interest in a trust, estate or other beneficial interest, including retirement plans (other than retirement plans of the state of New York or the city of New York), and deferred compensation plans (e.g., 401, 403(b), 457, etc.) established in accordance with the internal revenue code, in which the REPORTING INDIVIDUAL held a beneficial interest in EXCESS of $1,000 at any time during the preceding year. Do NOT report interests in a trust, estate or other beneficial interest established by or for, or the estate of, a relative.

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<tr>
<th>Identity</th>
<th>Category of Value</th>
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§ 73-a. Financial disclosure, NY PUB OFF § 73-a

(In Table II)

* The value of such interest shall be reported only if reasonably ascertainable.

12. (a) Describe the terms of, and the parties to, any contract, promise, or other agreement between the reporting individual and any person, firm, or corporation with respect to the employment of such individual after leaving office or position (other than a leave of absence).

(b) Describe the parties to and the terms of any agreement providing for continuation of payments or benefits to the REPORTING INDIVIDUAL in EXCESS of $1,000 from a prior employer OTHER THAN the State. (This includes interests in or contributions to a pension fund, profit-sharing plan, or life or health insurance; buy-out agreements; severance payments; etc.)

13. List below the nature and amount of any income in EXCESS of $1,000 from EACH SOURCE for the reporting individual and such individual’s spouse for the taxable year last occurring prior to the date of filing. Each such source must be described with particularity. Nature of income includes, but is not limited to, all income (other than that received from the employment listed under Item 2 above) from compensated employment whether public or private, directorships and other fiduciary positions, contractual arrangements, teaching income, partnerships, honorariums, lecture fees, consultant fees, bank and bond interest,
dividends, income derived from a trust, real estate rents, and recognized gains from the sale or exchange of real or other property. Income from a business or profession and real estate rents shall be reported with the source identified by the building address in the case of real estate rents and otherwise by the name of the entity and not by the name of the individual customers, clients or tenants, with the aggregate net income before taxes for each building address or entity. The receipt of maintenance received in connection with a matrimonial action, alimony and child support payments shall not be listed.

<table>
<thead>
<tr>
<th>Self/Spouse</th>
<th>Source</th>
<th>Nature</th>
<th>Category of Amount</th>
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14. List the sources of any deferred income (not retirement income) in EXCESS of $1,000 from each source to be paid to the reporting individual following the close of the calendar year for which this disclosure statement is filed, other than deferred compensation reported in item 11 hereinabove. Deferred income derived from the practice of a profession shall be listed in the aggregate and shall identify as the source, the name of the firm, corporation, partnership or association through which the income was derived, but shall not identify individual clients.

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<tr>
<th>Source</th>
<th>Category of Amount</th>
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15. List each assignment of income in EXCESS of $1,000, and each transfer other than to a relative during the reporting period for which this statement is filed for less than fair consideration of an interest in a trust, estate or other beneficial interest, securities or real property, by the reporting individual, in excess of $1,000, which would otherwise be required to be reported herein and is not or has not been so reported.

<table>
<thead>
<tr>
<th>Item Assigned or Transferred</th>
<th>Assigned or Transferred to</th>
<th>Category of Value</th>
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</table>
16. List below the type and market value of securities held by the reporting individual or such individual's spouse from each issuing entity in EXCESS of $1,000 at the close of the taxable year last occurring prior to the date of filing, including the name of the issuing entity exclusive of securities held by the reporting individual issued by a professional corporation. Whenever an interest in securities exists through a beneficial interest in a trust, the securities held in such trust shall be listed ONLY IF the reporting individual has knowledge thereof except where the reporting individual or the reporting individual's spouse has transferred assets to such trust for his or her benefit in which event such securities shall be listed unless they are not ascertainable by the reporting individual because the trustee is under an obligation or has been instructed in writing not to disclose the contents of the trust to the reporting individual. Securities of which the reporting individual or the reporting individual's spouse is the owner of record but in which such individual or the reporting individual's spouse has no beneficial interest shall not be listed. Indicate percentage of ownership ONLY if the reporting person or the reporting person's spouse holds more than five percent (5%) of the stock of a corporation in which the stock is publicly traded or more than ten percent (10%) of the stock of a corporation in which the stock is NOT publicly traded. Also list securities owned for investment purposes by a corporation more than fifty percent (50%) of the stock of which is owned or controlled by the reporting individual or such individual's spouse. For the purpose of this item the term "securities" shall mean mutual funds, bonds, mortgages, notes, obligations, warrants and stocks of any class, investment interests in limited or general partnerships and certificates of deposits (CDs) and such other evidences of indebtedness and certificates of interest as are usually referred to as securities. The market value for such securities shall be reported only if reasonably ascertainable and shall not be reported if the security is an interest in a general partnership that was listed in item 8 (a) or if the security is corporate stock, NOT publicly traded, in a trade or business of a reporting individual or a reporting individual's spouse.

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<tr>
<th>Self/Spouse</th>
<th>Percentage of corporate stock owned or controlled (if more than 5% of publicly traded stock, or more than 10% if stock not publicly traded, is held)</th>
<th>Category of Market Value as of the close of the taxable year last occurring prior to the filing of this statement</th>
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<tr>
<td>Issuing Entity</td>
<td>Type of Security</td>
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(In Table I)

(In Table II)
17. List below the location, size, general nature, acquisition date, market value and percentage of ownership of any real property in which any vested or contingent interest in EXCESS of $1,000 is held by the reporting individual or the reporting individual's spouse. Also list real property owned for investment purposes by a corporation more than fifty percent (50%) of the stock of which is owned or controlled by the reporting individual or such individual's spouse. Do NOT list any real property which is the primary or secondary personal residence of the reporting individual or the reporting individual's spouse, except where there is a co-owner who is other than a relative.

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<tr>
<th>Self/Spouse/Corporation</th>
<th>Category of Market Value</th>
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18. List below all notes and accounts receivable, other than from goods or services sold, held by the reporting individual at the close of the taxable year last occurring prior to the date of filing and other debts owed to such individual at the close of the taxable year last occurring prior to the date of filing, in EXCESS of $1,000, including the name of the debtor, type of obligation, date due and the nature of the collateral securing payment of each, if any, excluding securities reported in item 16 hereinabove. Debts, notes and accounts receivable owed to the individual by a relative shall not be reported.

<table>
<thead>
<tr>
<th>Name of Debtor</th>
<th>Type of Obligation, Date Due, and Nature of Collateral, if any</th>
<th>Category of Amount</th>
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19. List below all liabilities of the reporting individual and such individual's spouse, in EXCESS of $10,000 as of the date of filing of this statement, other than liabilities to a relative. Do NOT list liabilities incurred by, or guarantees made by, the reporting individual or such individual's spouse or by any proprietorship, partnership or corporation in which the reporting individual or such individual's spouse has an interest, when incurred or made in the ordinary course of the trade, business or professional practice of the reporting individual or such individual's spouse. Include the name of the creditor and any collateral pledged by such individual to secure payment of any such liability. A reporting individual shall not list any obligation to pay maintenance in connection with a matrimonial action, alimony or child support payments. Any loan issued in the ordinary course of business by a financial institution to finance educational costs, the cost of home purchase or improvements for a primary or secondary residence, or purchase of a personally owned motor vehicle, household furniture or appliances shall be excluded. If any such reportable liability has been guaranteed by any third person, list the liability and name the guarantor.

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<thead>
<tr>
<th>Name of Creditor or Guarantor</th>
<th>Type of Liability and Collateral, if any</th>
<th>Category Amount of Liability</th>
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The requirements of law relating to the reporting of financial interests are in the public interest and no adverse inference of unethical or illegal conduct or behavior will be drawn merely from compliance with these requirements.

(Signature of Reporting Individual) Date (month/day/year)

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4. A reporting individual who knowingly and wilfully fails to file an annual statement of financial disclosure or who knowingly and wilfully with intent to deceive makes a false statement or gives information which such individual knows to be false on such statement of financial disclosure filed pursuant to this section shall be subject to a civil penalty in an amount not to exceed forty thousand dollars. Assessment of a civil penalty hereunder shall be made by the joint commission on public ethics or by the legislative ethics commission, as the case may be, with respect to persons subject to their respective jurisdictions. The joint commission on public ethics acting pursuant to subdivision fourteen of section ninety-four of the executive law or the legislative ethics commission acting pursuant to subdivision eleven of section eighty of the legislative law, as the case may be, may, in lieu of or in addition to a civil penalty, refer a violation to the appropriate prosecutor and upon such conviction, but only after such referral, such violation shall be punishable as a class A misdemeanor. A civil penalty for false filing may not be imposed hereunder in the event a category of "value" or "amount" reported hereunder is incorrect unless such reported information is falsely understated. Notwithstanding any other provision of law to the contrary, no other penalty, civil or criminal may be imposed for a failure to file, or for a false filing, of such statement, except that the appointing authority may impose disciplinary action as otherwise provided by law. The joint commission on public ethics and the legislative ethics commission shall each be deemed to be an agency within the meaning of article three of the state administrative procedure act and shall adopt rules governing the conduct of adjudicatory proceedings and appeals relating to the assessment of the civil penalties herein authorized. Such rules, which shall not be subject to the approval requirements of the state administrative procedure act, shall provide for due process procedural mechanisms substantially similar to those set forth in such article three but such mechanisms need not be identical in terms or scope. Assessment of a civil penalty shall be final unless modified, suspended or vacated within thirty days of imposition and upon becoming final shall be subject to review at the instance of the affected reporting individual in a proceeding commenced against the joint commission on public ethics or the legislative ethics commission, pursuant to article seventy-eight of the civil practice law and rules.

5. Nothing contained in this section shall be construed as precluding any public authority or public benefit corporation from exercising any authority or power now or hereafter existing to require any of its members, directors, officers or employees to file financial disclosure statements with such public authority or public benefit corporation that are the same as, different from or supplemental to any of the requirements contained herein and to provide only for internal employment discipline for any violation arising out of such internal filing.

6. Notwithstanding any other provision of law or any professional disciplinary rule to the contrary, the disclosure of the identity of any client or customer on a reporting individual's annual statement of financial disclosure shall not constitute professional misconduct or a ground for disciplinary action of any kind, or form the basis for any civil or criminal cause of action or proceeding.

7. With respect to an application to either the joint commission or the office of court administration for an exemption to disclosing the name of a client or customer in response to questions 8 (b-1), 8 (b-2) and 8 (c), all information which is the subject of or a part of such application shall remain confidential. The name of the client need not be disclosed by the reporting individual unless and until the joint commission or the office of court administration formally advises the reporting individual that he or she must disclose such names and the reporting individual agrees to represent the client. Any commissioner or person employed by the joint commission or any person employed by the office of court administration who, intentionally and without
authorization from a court of competent jurisdiction releases confidential information related to a request for an exemption received by the commission or the office of court administration shall be guilty of a class A misdemeanor.

Credits

Notes of Decisions (7)

Footnotes
1 So in original. ("$5,580,000" should be "$5,580,000").

McKinney's Public Officers Law § 73-a, NY PUB OFF § 73-a
Current through L.2015, chapters 1 to 18, 50 to 61.

1. Definition. As used in this section: The term “state agency” shall mean any state department, or division, board, commission, or bureau of any state department or any public benefit corporation or public authority at least one of whose members is appointed by the governor or corporations closely affiliated with specific state agencies as defined by paragraph (d) of subdivision five of section fifty-three-a of the state finance law or their successors.

The term “legislative employee” shall mean any officer or employee of the legislature but it shall not include members of the legislature.

2. Rule with respect to conflicts of interest. No officer or employee of a state agency, member of the legislature or legislative employee should have any interest, financial or otherwise, 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 duties in the public interest.

3. Standards.

a. No officer or employee of a state agency, member of the legislature or legislative employee should accept other employment which will impair his independence of judgment in the exercise of his official duties.

b. No officer or employee of a state agency, member of the legislature or legislative employee should accept employment or engage in any business or professional activity which will require him to disclose confidential information which he has gained by reason of his official position or authority.

c. No officer or employee of a state agency, member of the legislature or legislative employee should disclose confidential information acquired by him in the course of his official duties nor use such information to further his personal interests.

d. No officer or employee of a state agency, member of the legislature or legislative employee should use or attempt to use his or her official position to secure unwarranted privileges or exemptions for himself or herself or others, including but not limited to, the misappropriation to himself, herself or to others of the property, services or other resources of the state for private business or other compensated non-governmental purposes.
e. No officer or employee of a state agency, member of the legislature or legislative employee should engage in any transaction as representative or agent of the state with any business entity in which he has a direct or indirect financial interest that might reasonably tend to conflict with the proper discharge of his official duties.

f. An officer or employee of a state agency, member of the legislature or legislative employee should not by his conduct give reasonable basis for the impression that any person can improperly influence him or unduly enjoy his favor in the performance of his official duties, or that he is affected by the kinship, rank, position or influence of any party or person.

g. An officer or employee of a state agency should abstain from making personal investments in enterprises which he has reason to believe may be directly involved in decisions to be made by him or which will otherwise create substantial conflict between his duty in the public interest and his private interest.

h. An officer or employee of a state agency, member of the legislature or legislative employee should endeavor to pursue a course of conduct which will not raise suspicion among the public that he is likely to be engaged in acts that are in violation of his trust.

i. No officer or employee of a state agency employed on a full-time basis nor any firm or association of which such an officer or employee is a member nor corporation a substantial portion of the stock of which is owned or controlled directly or indirectly by such officer or employee, should sell goods or services to any person, firm, corporation or association which is licensed or whose rates are fixed by the state agency in which such officer or employee serves or is employed.


4. Violations. In addition to any penalty contained in any other provision of law any such officer, member or employee who shall knowingly and intentionally violate any of the provisions of this section may be fined, suspended or removed from office or employment in the manner provided by law. Any such individual who knowingly and intentionally violates the provisions of paragraph b, c, d or i of subdivision three of this section shall be subject to a civil penalty in an amount not to exceed ten thousand dollars and the value of any gift, compensation or benefit received as a result of such violation. Any such individual who knowingly and intentionally violates the provisions of paragraph a, e or g of subdivision three of this section shall be subject to a civil penalty in an amount not to exceed the value of any gift, compensation or benefit received as a result of such violation.

Credits

Notes of Decisions (108)

McKinney's Public Officers Law § 74, NY PUB OFF § 74
Current through L.2015, chapters 1 to 18, 50 to 61.

APPENDIX D
Section 933.4. Exclusions, 19 NY ADC 933.4

(a) The purpose of these regulations is to effectuate the statutory provisions of Public Officers Law section 73(5), which incorporates the provisions of section 1-c(j) of Article 1-A of the Legislative Law.

(b) The effect of these regulations is to supersede prior Advisory Opinions issued by predecessor agencies to the Joint Commission on Public Ethics, including Advisory Opinion Nos. 94-16, 96-28, 97-03, and 08-01 to the extent they are inconsistent with this Part.

Credits


Current with amendments included in the New York State Register, XXXIX, Issue 10 dated March 8, 2017.

19 NYCRR 933.1
Section 933.1. Purpose and effect of regulations

(a) **Bona Fide Charitable Event** shall mean a function the primary purpose of which is to provide financial support to a Charitable Organization.
(b) **Bona Fide Political Event** shall mean a function the primary purpose of which is to provide financial support to Political Organization(s) or Political Candidate(s).

(c) **Charitable Organization** shall mean:

1. an entity as defined in Executive Law section 171-a(1) that is registered with the Office of the Attorney General, as required by Executive Law section 172, unless otherwise exempted from filing pursuant to Executive Law section 172-a; or

2. an entity organized and operated exclusively for charitable purposes and qualified as an exempt organization by the United States Department of Treasury under section 501(c)(3) of the Internal Revenue Code; or

3. a person who requests contributions for the relief of any individual, specified by name at the time of the solicitation, if all of the contributions collected, without any deductions whatsoever, are paid to or for the benefit of the named beneficiary, provided the individual has submitted a form entitled “Charitable Solicitation for the Relief of an Individual” with the Charities Bureau of the Office of Attorney General prior to the event.

(d) **Client** shall mean every person or organization as defined in section 1-c(b) of article 1-A of the Legislative Law.

(e) **Commission** shall mean the New York State Joint Commission on Public Ethics.

(f) **Complimentary Attendance** shall mean the waiver of all or part of a registration or admission fee, or waiver of all or part of a fee or charge for the provision of food, beverages, entertainment, instruction, or materials. **Complimentary Attendance** shall include the awarding of continuing education credits or certification for attendance at a program provided such credits or certification are offered to all attendees. **Complimentary Attendance** shall not include travel, lodging, or items of more than Nominal Value. For a State Officer or Employee (as defined in subdivision (v) of this section), the acceptance of payment or reimbursement for travel or lodging is governed by Part 931 of this Title.

(g) **Covered Person** shall mean:

1. State Officer or Employee as defined in subdivision (v) of this section;

2. Legislative Employee as defined in subdivision (m) of this section; or

3. Legislative Member as defined in subdivision (n) of this section.

(h) **Educational Program** shall mean formal instruction provided to attendees. Factors to be considered in assessing whether a program is educational include, but are not limited to: the curriculum; whether the entity providing the program, or the instructors, are accredited, certified, or otherwise qualified to provide the program; to whom the program is presented to; and where and how the program is presented.
(i) **Family Member of any Covered Person** shall have the same meaning as the term Relative set forth in Public Officers Law section 73(1)(m).

(j) **Gift** shall mean anything of more than Nominal Value in any form including, but not limited to: money; service; loan; travel; lodging; meals; refreshments; entertainment; discount; or a forbearance of an obligation or a promise that has a monetary value. Notwithstanding the preceding sentence, the exclusions contained in section 933.4 of this Part are not Gifts and do not need to be analyzed under section 933.3 of this Part.

(k) **Informational Event** shall mean an event or meeting the primary purpose of which is to provide information about a subject or subjects related to a Covered Person’s official responsibilities.

(l) **Interested Source** shall mean any person or entity who on his or her own behalf, or on behalf of an entity, satisfies any one of the following:

(1) is regulated by, negotiates with, appears before in other than a Ministerial Matter, seeks to contract with or has contracts with, or does other business with:

   (i) the Legislative Member, the Legislative Employee, or the State Officer or Employee, in his or her official capacity;

   (ii) the State Agency with which the State Officer or Employee is employed or affiliated; or

   (iii) any other State Agency when the State Officer or Employee’s agency is to receive the benefits of the contract; or

(2) with respect to a Legislative Member or a Legislative Employee, is required to be listed on a statement of registration pursuant to section 1-e(a)(1) of article 1-A of the Legislative Law, or is the spouse or unemancipated child of any person required to be listed on a statement of registration pursuant to section 1-e(a)(1) of article 1-A of the Legislative Law; or

(3) with respect to State Officers and Employees, is required to be listed on a statement of registration pursuant to section 1-e(a)(1) of article 1-A of the Legislative Law and lobbies or attempts to influence actions, decisions, or policies of the State Agency with which the State Officer or Employee is employed or affiliated; or

(4) with respect to State Officers and Employees, is the spouse or unemancipated child of any individual satisfying the requirements of paragraph (3) of this section; or

(5) is involved in any action or proceeding, in which administrative and judicial remedies thereto have not been exhausted, and which is adverse to either:
(i) the State Officer or Employee in his or her official capacity; or

(ii) the State Agency with which the State Officer or Employee is employed or affiliated; or

(6) has received or applied for funds from the State Agency with which the Covered Person is employed or affiliated at any time during the previous 12 months up to and including the date of the proposed or actual receipt of the item or service of more than Nominal Value.

(m) Legislative Employee shall mean any officer or employee of the New York State Legislature but it shall not include any Legislature Member.

(n) Legislative Member shall mean any elected member of the New York State Legislature.

(o) Lobbyist shall mean every person or organization as defined in section 1-c(a) of article 1-A of the Legislative Law.

(p) Ministerial Matter shall mean an administrative act carried out in a prescribed manner not allowing for substantial personal discretion.

(q) Nominal Value is not defined in the Public Officers Law or Legislative Law Article 1-A. The Commission, however, generally deems an item or service with a fair market value of 15 dollars or less as having a Nominal Value.

(r) Political Candidate shall mean any individual meeting any of the requirements in Public Officers Law sections 73-a(2)(n)(iii)—(viii), including the current office holder.

(s) Political Organization shall mean any entity that is affiliated with or a subsidiary of a political party including, without limitation, a partisan political club or committee, or a campaign or fund-raising committee for a political party or Political Candidate.

(t) Professional Program shall mean a program that provides information, such as trends in an industry or discipline, which would benefit the administration or operation of the State and would enable a Covered Person to perform his or her duties more effectively. It shall not include a program, the primary purpose of which is the promotion or marketing of products or services for purchase or lease by the State.

(u) State Agency shall mean any civil department; State department; or division, board, commission, or bureau of any State department or civil department; any public benefit corporation, public authority, or commission at least one of whose members is appointed by the Governor. State Agency shall also include the State University of New York or the City University of New York, including all their constituent units except:

(1) community colleges of the State University of New York; and

(2) the independent institutions operating statutory or contract colleges on behalf of the State.
(v) **State Officer(s) or Employee(s)** shall mean:

1. Statewide elected officials (Governor, Lieutenant Governor, Comptroller, and Attorney General of the State of New York);

2. Heads of civil departments and State departments and their respective deputies and assistants other than members of the Board of Regents of the University of the State of New York who receive no compensation or are compensated on a per diem basis;

3. Officers and employees of statewide elected officials;

4. Officers and employees of state departments, boards, bureaus, divisions, commissions, councils, or other State Agencies other than officers of such boards, commissions or councils who receive no compensation or are compensated on a per diem basis;

5. Employees of public authorities (other than multi-state authorities), public benefit corporations, and commissions at least one of whose members of such public authorities, public benefit corporations, and commissions is appointed by the Governor; and

6. Members or directors of public authorities (other than multi-state authorities), public benefit corporations, and commissions identified in paragraph (5) of this subdivision who receive compensation other than on a per diem basis.

(w) **Widely Attended Event** shall mean an event as defined in section 933.4(a)(7)(i) of this Part.

**Credits**


Current with amendments included in the New York State Register, XXXIX, Issue 10 dated March 8, 2017.
19 NYCRR 933.2, 19 NY ADC 933.2
circumstances, all of the following criteria are met:

(1) it is not reasonable to infer that the Gift was intended to influence the Covered Person; and

(2) the Gift could not reasonably be expected to influence the Covered Person in the performance of his or her official duties; and

(3) it is not reasonable to infer that the Gift was intended as a reward for any official action on the Covered Person’s part.

(b) If the item, service, or any other thing of value solicited, received, or accepted by a Covered Person meets the definition of Gift and is not from an Interested Source, then the Gift is permissible unless, under the circumstances, any one of the following criteria is met:

(1) it could reasonably be inferred that the Gift was offered or given with the intent to influence the Covered Person; or

(2) the Gift could reasonably be expected to influence the Covered Person in the performance of his or her official duties; or

(3) it could reasonably be inferred that the Gift was offered or given with the intent to reward the Covered Person for any official action on his or her part.

(c) Multiple Gifts. Nothing in this Part shall be construed as relieving a Covered Person’s obligations under Public Officers Law section 74 with respect to the solicitation, receipt, or acceptance of multiple items, services, or any other things of value that, individually, are permissible Gifts under subdivision (a) or (b) of this section.

(d) Directing Impermissible Gifts to Third Parties Prohibited. A Covered Person may not direct a Gift that is impermissible under subdivision (a) or (b) of this section to any third party, including a Charitable Organization.

(e) A Gift that is permissible under subdivision (a) or (b) of this section satisfies the Covered Person’s obligations under Public Officers Law sections 73 and 74 with respect to such Gift.

Credits


Current with amendments included in the New York State Register, XXXIX, Issue 10 dated March 8, 2017.
19 NYCRR 933.3, 19 NY ADC 933.3
(a) The following are not Gifts:

(1) Anything for which a Covered Person has paid fair market value.

(2) Anything for which the State has paid or secured by State contract.

(3) Rewards or prizes given to competitors in contests or events (including random drawings) offered to the general public or a segment of the general public defined on a basis other than status as a Covered Person.

(4) Contributions reportable under article 14 of the Election Law, including contributions made in violation of that article of the Election Law.

(5) Food or beverage valued at $15 or less per occasion.

(6) Complimentary Attendance (including food and beverage) at a Bona Fide Charitable Event or a Bona Fide Political Event.

(7) Complimentary Attendance (including food and beverage) offered by the sponsor of a Widely Attended Event.

(i) Widely Attended Event shall mean an event:

(a) which at least 25 individuals other than members, officers, or employees from the governmental entity in which the Covered Person serves attend or were, in good faith, invited to attend in person; and

(b) which is related to the attendee’s duties or responsibilities or allows the Covered Person to perform a ceremonial function appropriate to his or her position. For the purposes of this exclusion, a Covered Person’s duties or responsibilities shall include but not be limited to:

(1) for elected Covered Persons (or their staff attending with or on behalf of such elected officials) only, attending an event or a meeting at which more than one-half of the attendees, or persons invited in good faith to attend in person, are residents of the county, district, or jurisdiction from which the elected Covered Person was elected; or

(2) for all Covered Persons, attending an event or a meeting at which a speaker or attendee addresses an issue of public
Section 933.5. Multiple non-gifts, 19 NY ADC 933.5

interest or concern as a significant activity at such event or meeting.

(i) for the purposes of subdivision (a)(7)(i)(b) of this section, Complimentary Attendance does not include registration or admission without charge to any entertainment, recreational, or sporting activity unless the presentation addressing the public interest or concern that is made by the speaker or attendee is delivered at such entertainment, recreational, or sporting activity.

(ii) for the purposes of subdivision (a)(7)(i)(b) of this section, Complimentary Attendance does not include food and beverage unless such food or beverage are available to all participants as part of the Widely Attended Event.

(ii) Prior Written Notification Required for State Officers or Employees. A State Officer or Employee shall, prior to the Widely Attended Event, notify in writing the head of his or her State Agency (or such person’s appropriate designee for the State Officer or Employee involved) of the State Officer’s or Employee’s intention to accept an invitation for Complimentary Attendance from the sponsor of a Widely Attended Event. The written notification shall contain pertinent details demonstrating that the criteria for a Widely Attended Event, contained in subdivision (a)(7)(i) of this section, are satisfied.

(8) Awards, Plaques, and Other Ceremonial Items. Awards, plaques, and other ceremonial items must be publicly presented, or intended to be publicly presented, and in recognition of service related to a Covered Person’s official duties and responsibilities. Additionally, such awards, plaques, and other ceremonial items must be of the type customarily bestowed at similar ceremonies and be otherwise reasonable under the circumstances.

(9) Honorary degrees bestowed upon a Covered Person by a public or private college or university.

(10) Promotional Items. Items having no substantial resale value such as pens, mugs, calendars, hats, and t-shirts which bear an entity’s name, logo, or message in a manner which promotes the entity’s cause.


(i) Goods and services, or discounts for goods and services, must be offered to the general public or a segment of the general public defined on a basis other than status as a Covered Person and offered on the same terms and conditions as the goods and services are offered to the general public or segment thereof.

(ii) Notwithstanding subdivision (a)(11)(i) of this section, discounts made available to all Covered Persons fall within this exclusion.

(iii) Notwithstanding subdivision (a)(11)(i) of this section, discounts made to a select group of Covered Persons may fall within this exclusion. The following non-exhaustive list of factors shall be considered when any discount is made available to a select group of Covered Persons to determine whether the discount would fall within this exclusion:

(a) the scope of the class of Covered Persons who are offered the discount;

(b) the amount and duration of the discount;
(c) whether the criterion for the offer is based on factors other than the Covered Person’s official duties and responsibilities; and

(d) For State Officers and Employees, whether the offeror is an Interested Source.

(12) Gifts from Friends or Family Members.

(i) Gifts from a Family Member or a person with a personal relationship with a Covered Person when it is reasonable to infer that the Gift was primarily motivated by the family or personal relationship. Personal Gifts may include an invitation to attend a personal or family social event.

(ii) In determining whether the Gift was primarily motivated by a family or personal relationship, the factors to be considered include but are not limited to:

(a) the history and nature of the relationship between the individual offering the Gift and the recipient, including whether items have previously been exchanged;

(b) whether the item was purchased by the individual offering the Gift; and

(c) whether the individual offering the Gift at the same time gave similar items to other Covered Persons.

(iii) The Gift shall not be considered to be motivated by a family or personal relationship if the individual or entity seeks to charge or deduct the value of such item as a business expense or seeks reimbursement from a client.

(13) Reimbursement of Expenses for Speakers at Informational Events. Travel reimbursement or payment for transportation, meals, and accommodations for an attendee, panelist, or speaker at an Informational Event when such reimbursement or payment is made by a governmental entity or by an in-state accredited public or private institution of higher education that hosts the event on its campus, provided, however, that the Covered Person may only accept lodging from an institution of higher education:

(i) at a location on or within close proximity to the host campus; and

(ii) for the night preceding and the nights of the days on which the attendee, panelist, or speaker actually attends the Informational Event.

(14) Provision of Local Transportation to Inspect Facilities.

(i) Provision of local transportation to inspect or tour facilities, operations, or property located in New York State, when such inspection or tour is related to the Covered Person’s official duties or responsibilities.
Section 933.5. Multiple non-gifts, 19 NY ADC 933.5

(ii) The payment or reimbursement for expenses for lodging or travel expenses to and from the locality where such facilities, operations, or property are located is not covered by this exclusion. The acceptance of such payment or reimbursement is governed by Part 931 of this Title.

(15) Meals for Participants at a Professional or Educational Program. Receipt of food and beverages when participating in a Professional Program or Educational Program as a part of a Covered Person’s official duties, provided the food or beverages are available to all participants.

(b) With respect to the solicitation, acceptance, or receipt of items and services identified in subdivisions (a)(5)—(15) of this section, nothing in this Part shall be construed as relieving a Covered Person’s obligations under Public Officers Law section 74 with respect to such items or services.

Credits

Current with amendments included in the New York State Register, XXXIX, Issue 10 dated March 8, 2017.
19 NYCRR 933.4, 19 NY ADC 933.4

Nothing in this Part shall be construed as relieving a Covered Person’s obligations under Public Officers Law section 74 with respect to the solicitation, receipt, or acceptance of multiple items, services, or any other things of value that, individually, are not Gifts solely because each has less than Nominal Value.

Credits

Current with amendments included in the New York State Register, XXXIX, Issue 10 dated March 8, 2017.
19 NYCRR 933.5, 19 NY ADC 933.5
Section 933.6. Enforcement

The Commission is authorized pursuant to Executive Law section 94 to investigate possible violations of Public Officers Law sections 73 and 74 and their corresponding regulations and take appropriate action as authorized in these statutes.

Credits


Current with amendments included in the New York State Register, XXXIX, Issue 10 dated March 8, 2017.

Section 933.7. Minimum requirements

Nothing contained in this Part shall prohibit any State Agency from adopting or implementing its own rules, regulations, or procedures that are more restrictive than the requirements of this Part.

Credits


Current with amendments included in the New York State Register, XXXIX, Issue 10 dated March 8, 2017.
Section 934.4. Exclusions, 19 NY ADC 934.4

(a) The purpose of these regulations is to effectuate the statutory provisions of § 1-c(j) and § 1-m of article 1-A of the Legislative Law.

(b) The effect of these regulations is to supersede prior Advisory Opinions issued by predecessor agencies to the Joint Commission on Public Ethics to the extent they are inconsistent with this Part.

Credits


Current with amendments included in the New York State Register, XXXIX, Issue 10 dated March 8, 2017.

19 NYCRR 934.1, 19 NY ADC 934.1
(b) **Bona Fide Political Event** shall mean a function the primary purpose of which is to provide financial support to Political Organization(s) or Political Candidate(s).

(c) **Charitable Organization** shall mean:

1. an entity as defined in Executive Law section 171-a(1) that is registered with the Office of the Attorney General, as required by Executive Law section 172, unless otherwise exempted from filing pursuant to Executive Law section 172-a; or

2. an entity organized and operated exclusively for charitable purposes and qualified as an exempt organization by the United States Department of Treasury under section 501(c)(3) of the Internal Revenue Code; or

3. a person who requests contributions for the relief of any individual, specified by name at the time of the solicitation, if all of the contributions collected, without any deductions whatsoever, are paid to or for the benefit of the named beneficiary, provided the individual has submitted a form entitled “Charitable Solicitation for the Relief of an Individual” with the Charities Bureau of the Office of Attorney General prior to the event.

(d) **Client** shall mean every person or organization as defined in section 1-c(b) of article 1-A of the Legislative Law.

(e) **Commission** shall mean the New York State Joint Commission on Public Ethics.

(f) **Complimentary Attendance** shall mean the waiver of all or part of a registration or admission fee, or waiver of all or part of a fee or charge for the provision of food, beverages, entertainment, instruction, or materials. **Complimentary Attendance** shall include the awarding of continuing education credits or certification for attendance at a program provided such credits or certification are offered to all attendees. **Complimentary Attendance** shall not include travel, lodging, or items of more than Nominal Value.

(g) **Educational Program** shall mean formal instruction provided to attendees. Factors to be considered in assessing whether a program is educational include, but are not limited to: the curriculum; whether the entity providing the program, or the instructors, are accredited, certified, or otherwise qualified to provide the program; who the program is presented to; and where and how the program is presented.

(h) **Family Member of any Public Official** shall have the same meaning as the term Relative set forth in Public Officers Law section 73(1)(m).

(i) **Gift** shall mean anything of more than Nominal Value in any form including, but not limited to: money; service; loan; travel; lodging; meals; refreshments; entertainment; discount; or a forbearance of an obligation or a promise that has a monetary value. Notwithstanding the preceding sentence, the exclusions contained in section 934.4 of this Part are not Gifts and do not need to be analyzed under section 934.3 of this Part.

(j) **Informational Event** shall mean an event or meeting the primary purpose of which is to provide information about a
subject or subjects related to a Public Official’s official responsibilities.

(k) **Lobbyist** shall mean every person or organization as defined in section 1-c(a) of article 1-A of the Legislative Law.

(l) **Ministerial Matter** shall mean an administrative act carried out in a prescribed manner not allowing for substantial personal discretion.

(m) **Nominal Value** is not defined in the Public Officers Law or Legislative Law Article 1-A. The Commission, however, generally deems an item or service with a fair market value of fifteen dollars or less as having a Nominal Value.

(n) **Political Candidate** shall mean any individual meeting any of the requirements in Public Officers Law sections 73-a(2)(a)(iii)—(viii), including the current office holder.

(o) **Political Organization** shall mean any entity that is affiliated with or a subsidiary of a political party including, without limitation, a partisan political club or committee, or a campaign or fund-raising committee for a political party or Political Candidate.

(p) **Professional Program** shall mean a program that provides information, such as trends in an industry or discipline, which would benefit the administration or operation of the State or the Public Official’s applicable governmental entity, and would enable a Public Official to perform his or her duties more effectively. It shall not include a program, the primary purpose of which is the promotion or marketing of products or services for purchase or lease by the State or the Public Official’s applicable governmental entity.

(q) **Public Official(s)** shall mean:

1. Statewide elected officials (the Governor, Lieutenant Governor, Comptroller, or Attorney General of the State of New York) and their officers and employees;

2. Members, officers, and employees of the New York State Legislature;

3. Heads of State departments and their deputies and assistants other than members of the Board of Regents of the University of the State of New York who receive no compensation or are compensated on a per diem basis;

4. Officers and employees of state departments, boards, bureaus, divisions, commissions, councils, or other state agencies;

5. Members, directors, and employees of public authorities (other than multi-state authorities), public benefit corporations, and commissions at least one of whose members is appointed by the Governor; and

6. Municipal officers and employees (including officers or employees of a municipality as defined in section 1-c(k) of article 1-A of the Legislative Law), whether paid or unpaid. Municipal officers and employees also includes members of
any administrative board, commission, or other agency thereof, and in the case of a county, shall include any officer or employee paid from county funds. No person shall be deemed to be a municipal officer or employee solely by reason of being a volunteer fireman or civil defense volunteer, except a fire chief or assistant fire chief.

(r) **Widely Attended Event** shall mean an event as defined in section 934.4(a)(4)(i) of this Part.

**Credits**


Current with amendments included in the New York State Register, XXXIX, Issue 10 dated March 8, 2017.

19 NYCRR 934.2, 19 NY ADC 934.2

(a) It is presumptively impermissible for a Lobbyist or Client to offer or give a Gift to any Public Official. Such a Gift is only permissible if, under the circumstances, all of the following criteria are met:

(1) it is not reasonable to infer that the Gift was intended to influence the Public Official; and

(2) the Gift could not reasonably be expected to influence the Public Official, in the performance of his or her official duties; and

(3) it is not reasonable to infer that the Gift was intended as a reward for any official action on the Public Official’s part.

(b) The offering or giving of a Gift from a Lobbyist or a Client to the spouse or unemancipated child of a Public Official is permissible unless, under the circumstances, any one of the following criteria is met:

(1) it could reasonably be inferred that the Gift was offered or given with the intent to influence the Public Official; or

(2) the Gift could reasonably be expected to influence the Public Official in the performance of his or her official duties; or

(3) it could reasonably be inferred that the Gift was offered or given with the intent to reward the Public Official for any official action on his or her part.
(c) The offering or giving of a Gift from a spouse or unemancipated child of a Lobbyist or a Client to a Public Official is permissible unless, under the circumstances, any one of the following criteria is met:

(1) it could reasonably be inferred that the Gift was offered or given with the intent to influence the Public Official; or

(2) the Gift could reasonably be expected to influence the Public Official in the performance of his or her official duties; or

(3) it could reasonably be inferred that the Gift was offered or given with the intent to reward the Public Official for any official action on his or her part.

(d) Notwithstanding subdivisions (a), (b), and (c) of this section, nothing in this Part shall apply to Gifts to officers, members, or directors of boards, commissions, councils, public authorities, or public benefit corporations who receive no compensation or are compensated on a per diem basis if the Lobbyist or Client giving or offering such Gift does not appear, and does not have any matters pending before, the entity on which the recipient sits.

(e) No Lobbyist or Client shall offer or give a Gift to a third party, including a Charitable Organization:

(1) on behalf of a Public Official (or a Public Official’s spouse or unemancipated child), when such Gift cannot be offered or given to such Public Official (or the spouse or unemancipated child of such Public Official) under subdivision (a) of this section; or

(2) at the designation or recommendation of a Public Official (or a Public Official’s spouse or unemancipated child), when such Gift cannot be offered or given to such Public Official (or the spouse or unemancipated child of such Public Official) under subdivision (a) of this section.

(f) Multiple Gifts. A Gift that is otherwise permissible under subdivisions (a), (b), or (c) of this section may be prohibited if it is one of multiple Gifts from the same person, entity, or organization if, under the circumstances, it could be reasonable to infer that the multiple Gifts, collectively:

(1) were given with the intent to influence the Public Official; or

(2) could reasonably be expected to influence the Public Official in the performance of his or her official duties; or

(3) were offered or given with the intent to reward the Public Official for any official action on his or her part.

Credits


Current with amendments included in the New York State Register, XXXIX, Issue 10 dated March 8, 2017.
19 NYCRR 934.3, 19 NY ADC 934.3
Section 934.4. Exclusions, 19 NY ADC 934.4

(a) The following are not Gifts:

(1) Contributions reportable under article 14 of the Election Law, including contributions made in violation of that article of the Election Law.

(2) Food or beverage valued at $15 or less per occasion.

(3) Complimentary Attendance (including food and beverage) at a Bona Fide Charitable Event or a Bona Fide Political Event.

(4) Complimentary Attendance (including food and beverage) offered by a Lobbyist or Client who is the sponsor of a Widely Attended Event.

(i) Widely Attended Event shall mean an event:

(a) which at least 25 individuals other than members, officers, or employees from the governmental entity in which the Public Official serves attend or were, in good faith, invited to attend in person; and

(b) which is related to the attendee’s duties or responsibilities or allows the Public Official to perform a ceremonial function appropriate to his or her position. For the purposes of this exclusion, a Public Official’s duties or responsibilities shall include but not be limited to:

(I) for an elected Public Official (or his or her staff attending with or on behalf of such elected official) only, attending an event or a meeting at which more than one-half of the attendees, or persons invited in good faith to attend in person, are residents of the county, district, or jurisdiction from which the elected Public Official was elected; or

(2) for all Covered Persons, attending an event or a meeting at which a speaker or attendee addresses an issue of public interest or concern as a significant activity at such event or meeting.

(i) For the purposes of subdivision (a)(4)(i)(b) of this section, Complimentary Attendance does not include registration or admission without charge to any entertainment, recreational, or sporting activity unless the presentation addressing the issue of public interest or concern that is made by the speaker or attendee is delivered at
such entertainment, recreational, or sporting activity.

(ii) For the purposes of subdivision (a)(4)(i)(b) of this section, Complimentary Attendance does not include food and beverage unless such food or beverage are available to all participants as part of the Widely Attended Event.

(5) Awards, Plaques, and Other Ceremonial Items. Awards, plaques, and other ceremonial items must be publicly presented, or intended to be publicly presented, and in recognition of service related to a Public Official’s official duties and responsibilities. Additionally, such awards, plaques, and other ceremonial items must be of the type customarily bestowed at similar ceremonies and be otherwise reasonable under the circumstances.

(6) Honorary degrees bestowed upon a Public Official by a public or private college or university.

(7) Promotional Items. Items having no substantial resale value such as pens, mugs, calendars, hats, and t-shirts which bear an entity’s name, logo, or message in a manner which promotes the entity’s cause.

(8) Goods and Services and Discounts for Goods and Services.

(i) Goods and services, or discounts for goods and services, must be offered to the general public or a segment of the general public defined on a basis other than status as a Public Official and offered on the same terms and conditions as the goods and services are offered to the general public or segment thereof.

(ii) Notwithstanding subdivision (a)(8)(i) of this section, discounts made available to all Public Officials fall within this exclusion.

(iii) Notwithstanding subdivision (a)(8)(i) of this section, discounts made to a select group of Public Officials may fall within this exclusion. The following non-exhaustive list of factors shall be considered when any discount is made available to a select group of Public Officials to determine whether the discount would fall within this exclusion:

(a) the scope of the class of Public Officials who are offered the discount;

(b) the amount and duration of the discount; and

(c) whether the criterion for the offer is based on factors other than the Public Official’s official duties and responsibilities.

(9) Gifts from Friends or Family Members.

(i) Gifts, including an invitation to attend a personal or family social event, from a Client or Lobbyist (or the Client’s or Lobbyist’s spouse or unemancipated child) when all of the following criteria are met:
(a) the Client or Lobbyist (or the Client’s or Lobbyist’s spouse or unemancipated child) is a Family Member or a person with a personal relationship with a Public Official; and

(b) it is reasonable to infer that the Gift was primarily motivated by the family or personal relationship.

(ii) In determining whether the Gift was primarily motivated by a family or personal relationship, the factors to be considered include but are not limited to:

(a) the history and nature of the relationship between the individual offering the Gift and the recipient, including whether items have previously been exchanged;

(b) whether the item was purchased by the individual offering the Gift; and

(c) whether the individual offering the Gift at the same time gave similar items to other Public Officials.

(iii) The Gift shall not be considered to be motivated by a family or personal relationship if the individual or entity seeks to charge or deduct the value of such item as a business expense or seeks reimbursement from a client.

(10) Reimbursement of Expenses for Speakers at Informational Events. Travel reimbursement or payment for transportation, meals, and accommodations for an attendee, panelist, or speaker at an Informational Event when such reimbursement or payment is made by a governmental entity or by an in-state accredited public or private institution of higher education that hosts the event on its campus, provided, however, that the Public Official may only accept lodging from an institution of higher education:

(i) at a location on or within close proximity to the host campus; and

(ii) for the night preceding and the nights of the days on which the attendee, panelist, or speaker actually attends the Informational Event.

(11) Provision of Local Transportation to Inspect Facilities.

(i) Provision of local transportation to inspect or tour facilities, operations, or property located in New York State, when such inspection or tour is related to the Public Official’s official duties or responsibilities.

(ii) The payment or reimbursement for expenses for lodging or travel expenses to and from the locality where such facilities, operations, or property are located is not covered by this exclusion.

(12) Meals for Participants at a Professional or Educational Program. Receipt of food and beverages when participating in a Professional Program or Educational Program as a part of a Public Official’s official duties, provided the food or beverages are available to all participants.
Section 934.4. Exclusions, 19 NY ADC 934.4

Credits


Current with amendments included in the New York State Register, XXXIX, Issue 10 dated March 8, 2017.
19 NYCRR 934.4, 19 NY ADC 934.4

End of Document

The Commission is authorized pursuant to Executive Law section 94 to investigate possible violations of section 1-m of article 1-A of the Legislative Law and its corresponding regulations and take appropriate action as authorized in these statutes.

Credits


Current with amendments included in the New York State Register, XXXIX, Issue 10 dated March 8, 2017.

19 NYCRR 934.5, 19 NY ADC 934.5
Section 7.7. Executive Order No. 7: Prohibition Against Personal Use of State Property and Campaign Contributions to the Governor

WHEREAS, government employment is a privilege rather than a right, and is based upon the trust and confidence placed in the State's workers by the public; and

WHEREAS, all State employees and officers should be able to pursue the interests of the public in an environment that is free from political party influence or interference; and

WHEREAS, it is the obligation of every State employee and officer to pursue a course of conduct that will not engender public concern as to whether the individual is engaged in acts that may violate his or her public trust; and

WHEREAS, all State employees therefore must act in a manner consistent with that public trust, and must not take any actions that are intended, or appear to be intended, to achieve personal gain or benefit; and

WHEREAS, employees and officers of State agencies and public authorities are subject to certain ethical statutes and rules, including but not limited to the State Code of Ethics (Section 74 of the Public Officers Law), and statutory restrictions on business and professional activities (Section 73 of the Public Officers Law); and

WHEREAS, there are some areas where New York's existing statutes governing ethical standards can and should be improved or clarified;

NOW, THEREFORE, I, David A. Paterson, Governor of the State of New York, by virtue of the authority vested in me by the Constitution and the laws of the State of New York, do hereby order as follows:

A. Definitions

1. "Agency" shall mean any state agency, department, office, board, commission or other instrumentality of the State, other than a public authority.

2. "Public authority" shall mean a public authority or public benefit corporation created by or existing under any State law, at least one of whose members is appointed by the Governor (including any subsidiaries of such public authority or public benefit corporation), other than an interstate or international authority or public benefit corporation.

B. Prohibition Against the Personal Use of State Property
1. State supplies, equipment, computers, personnel and other resources may not be utilized for non-governmental purposes, including for personal purposes or for outside activities of any kind. This prohibition includes but is not limited to the following:

a. Official stationery may not be used for non-governmental purposes, nor may State government resources be used to mail personal correspondence. The designation “personal” on agency stationery means only that the contents are meant for the personal viewing of the addressee and not that the sender is acting unofficially. All letters and other written materials printed on such official stationery are considered official, and thus the designation “unofficial” has no meaning and may not be used.

b. Under no circumstances may State mail, postage, internal office mail, or inter-city couriers be used for non-governmental purposes.

c. State telephones may not be used for non-governmental long-distance calls, except for toll-free calls, collect calls, and calls billed to a personal telephone number. State telephones may be used for incidental and necessary personal local calls that are of limited number and duration and do not conflict with the proper exercise of the duties of the State employee.

d. State computers shall be used only for official business, except that state computers may be used for incidental and necessary personal purposes, such as sending personal electronic mail messages, provided that such use is in a limited amount and duration and does not conflict with the proper exercise of the duties of the State employee.

e. State vehicles shall be used only for official business or incidental personal use associated with official business away from an employee's official work station. Individuals who are authorized by their agency or public authority to use a vehicle for personal purposes shall keep records of such use, and the value of such personal use shall be calculated and reported as personal income to such individual for tax purposes.

C. Prohibition Against Campaign Contributions to the Governor

1. No State agency officer or employee who serves at the pleasure of the Governor or their appointing authority, and no member of a public authority appointed by the Governor, may make or offer to make any monetary contribution to the campaign of the Governor, or to any political campaign committee organized by or for the specific benefit of the Governor. In addition, no such individual may request or demand that any other person make or offer to make any monetary contribution to the campaign of the Governor, or to any political campaign committee organized by or for the specific benefit of the Governor.

D. Application to Public Authorities

1. Each public authority shall adopt policies or rules applying the restrictions set forth above to all officers and employees who serve at the pleasure of their appointing authority.

E. Penalties
1. Any violation of this order may result in dismissal or other appropriate sanction as determined by the appointing authority of the individual committing such violation.

Signed: David A. Paterson

Dated: June 18, 2008

Credits

Current with amendments included in the New York State Register, Volume XXXVII, Issue 24, dated June 17, 2015.

9 NYCRR 7.7, 9 NY ADC 7.7
APPENDIX F
LONG ISLAND POWER AUTHORITY
ANNUAL CERTIFICATION OF COMPLIANCE WITH THE CODE OF CONDUCT

Name [Last, First]:

(Please print)

Address:


Title:


Check only one (and provide any comments or explanations below):

☐ I have read and understand the Code of Ethics and Conduct of the Long Island Power Authority and hereby certify that I am in compliance with all of the policies and standards and principles of conduct stated therein and I have no direct or indirect Financial Interests or Other Interests which may create or appear to create a conflict with my official job duties and responsibilities.

I further certify that I have inquired as to my Spouse, Dependent Child and all other Relatives (as defined in the Code) and based upon such inquiry none of the above has any direct or indirect Financial Interests or Other Interests which may create or appear to create a conflict with my official job duties and responsibilities.

OR

☐ I have read and understand the Code of Ethics and Conduct of the Long Island Power Authority and acknowledge my responsibility to fully disclose any and all Financial Interests or Other Interests which may create or appear to create a conflict with my official job duties and responsibilities and these interests are described below. I also understand that as a result of any conflict of interest, additional action will need to be taken to relieve the conflict.

I further certify that I have inquired as to my Spouse, Dependent Child and all other Relatives (as defined in the Code) and based upon such inquiry none of the above has any direct or indirect Financial Interests or Other Interests which may create or appear to create a conflict with my official job duties and responsibilities except as described below.

I or my Relatives have the following conflicts (attach additional sheet if necessary):


Certification

In submitting this form, I certify that the above information is true and accurate.

Signature: _____________________________ Date: _____________________________
APPENDIX G
LONG ISLAND POWER AUTHORITY
ANTI-RETAIATION POLICY

A. PRELIMINARY STATEMENT

The Authority is committed to a professional working environment and the prevention of discrimination, harassment, violence, malfeasance, misconduct, wrongdoing and/or any other unethical conduct in the workplace. The Authority prohibits acts of Retaliation against any Employee, Former Employee or Trustee who in Good Faith files a complaint, provides information or otherwise assists in an investigation regarding acts of discrimination, harassment, violence, malfeasance, misconduct, wrongdoing and/or unethical behavior in the workplace including violations of the Authority’s Codes of Ethics and Conduct.

B. SCOPE

This policy is applicable to all Authority Employees, Former Employees and Trustees, as defined below, and prohibits Retaliation against any Employee, Former Employee or Trustee who exercises his/her rights under law and/or as outlined herein. This Anti-Retaliation Policy is not intended to supplant, but rather complement and supplement, existing LIPA policies.

C. DEFINITIONS

As used in this Anti-Retaliation Policy, the following terms have the following meanings:

1. “Authority” means the Long Island Power Authority and its wholly owned subsidiary, LIPA, as well as any other subsidiaries created by the Long Island Power Authority.


3. “Employee” means any person employed by the Authority.

4. “Employee Handbook” means the policies, principles and procedures established for Employees of the Authority, as periodically updated.

5. “Former Employee” means persons other than Trustees of the Authority who are no longer Employees of the Authority but were Employees in the time period following the Authority’s adoption of a Code of Ethics and Conduct.

Revised March 1, 2012
6. "Good Faith" means the disclosure of information when the individual making the disclosure reasonably believes such information to be true and reasonably believes it constitutes potential wrong-doing.

7. "Retaliation" means acts or omissions taken in response to reports made pursuant to this policy, including but not limited to discrimination, harassment, discharge, demotion, suspension, threats and negative job references.

6. "Trustee" means the Trustees of the Authority appointed or elected, as the case may be, pursuant to Public Authorities Law §1020-b (21).

D. REPORTING

Employees, Former Employees and Trustees are encouraged to report, provide information or otherwise assist in the investigation of actual, potential or suspected violations of the Codes of Ethics and Conduct, the Employee Handbook and/or any other applicable laws, policies or regulations governing Employee, Former Employee or Trustee behavior, including this Anti-Retaliation Policy. Early reporting and intervention is encouraged in order to minimize the possibility of continued violations.

Employees, Former Employees and Trustees may, in Good Faith, report alleged violations to the General Counsel, the Chief Executive Officer or the Director of Human Resources, either in person, via email or other form of writing. Reports of alleged violations will be kept confidential, except to the extent reasonably necessary to conduct an investigation, as set forth below. Reports may also be made anonymously; however, a lack of sufficient, specific information may adversely affect the ability to conduct a meaningful investigation of the alleged violation.

Should an Employee, Former Employee or Trustee believe in Good Faith that disclosing information within the Authority pursuant to the paragraph above would likely subject him or her to adverse personnel action or be wholly ineffective, the Employee, Former Employee or Trustee may instead disclose the information to the Authorities Budget Office or an appropriate law enforcement agency, if applicable. The Authorities Budget Office’s toll free number (1-800-560-1770) should be used in such circumstances.

E. INVESTIGATIONS

Upon notification of an alleged violation of the law and/or the Authority’s policies and/or regulations governing Employee, Former Employee or Trustee behavior, including acts of Retaliation, the General Counsel will promptly investigate or cause the investigation of such violation, as appropriate under the circumstances. In no event shall any person who is alleged to be involved in the alleged violation or Retaliation supervise or conduct the investigation. The investigation, which will be conducted through interviews with the reporting Employee, Former Employee or Trustee and/or other Employees, Former
Employees or Trustees, as well as through the required production and review of relevant documentation and such other steps as are determined appropriate by the official conducting or supervising the investigation, will seek to ascertain whether such violation occurred.

Employees, Former Employees and Trustees alleged to have violated this Anti-Retaliation Policy will be given an opportunity to be heard during the investigation process.

Upon the conclusion of an investigation, the General Counsel shall review the findings of the investigation with the Director of Human Resources and Administration, and shall promptly make a recommendation to the Chief Executive Officer as to what disciplinary action, if any, should be taken. Such recommendation will be communicated to the appropriate supervisor and any other affected Employees, Former Employee or Trustee as necessary.

The General Counsel of the Authority will inform the Authority’s Governance Committee of the Board of Trustees about the status and disposition of official investigations and issues raised thereof.

The Authority will maintain a written record of each report and how it was investigated and resolved. The Authority will endeavor to maintain the confidentiality of such written record, to the extent possible and appropriate.

F. REMEDIES

Investigations of violations that are determined to be substantiated, or knowingly false reports of violations under this Anti-Retaliation Policy, will result in disciplinary action, including but not limited to issuance of written warnings, corrective action, restitution, change of employment status, training, counseling, suspension without pay, or termination.
Policy on Board Governance and Agenda Planning

The members of the Board of Trustees of the Long Island Power Authority (“LIPA” or “the Authority”) are fiduciaries who are collectively entrusted with responsibility for the Authority, including ensuring LIPA achieves its mission and values for the benefit of its customer-owners. The Chief Executive Officer of the Authority, including acting through the Authority’s service provider, is responsible for implementing the Board’s policies and the day-to-day operations of the Authority.

Board Objectives for Governance
To achieve its purpose, the Board of Trustees must govern with attention to its fiduciary duties of loyalty and care and by emphasizing through its actions and agendas:

- outward vision;
- the mission and values of the Authority;
- decisions and actions of the Board arrived at based on deliberation and a spirit of cooperation and collegiality with due respect for the expression of individual opinions;
- informed and fact-based discussion and debate;
- encouragement and exploration of diverse viewpoints regarding mission, policy, and actions;
- clear and appropriate distinction of Board and chief executive roles and responsibilities; and;
- proactivity rather than reactivity.

Accordingly, the Board will:

- Use the expertise of individual members to enhance the understanding of the Board as a body, without allowing the expertise of individual members or staff to substitute for the judgment of the Board as a whole.
- Direct and control the Authority through the careful establishment of broad written policies reflecting the Board’s values and perspectives for the benefit of the Authority’s customer-owners. The Board’s major policy focus will be on the intended long-term impacts, not on the administrative means of attaining those impacts, which are the role of the chief executive and service provider.
- Monitor the Board’s process, performance and activities in comparison to its governance objectives.
- Pursue continual board education and development across all areas of the Authority’s operations and Board activities, including orientation of new members in the Board’s
fiduciary duties, governance process, and periodic discussion of governance process improvement.

- Establish and maintain an outline of the core competencies required for an effective Board member (See Appendix A).
- Establish and maintain an outline of the core competencies required for an effective Chairperson and Committee Chairs (See Appendix A).
- Establish and maintain a list of Trustee expectations to ensure that all Trustees have a common understanding of the requirements for a productive and engaged Board member (See Appendix B).
- Systematically monitor the performance of the Chief Executive Officer and service provider relative to the policies of the Board relating to its mission and values and any limitations established by Board policy. To do so, the Board will adopt a schedule developed as part of the annual Board agenda planning process discussed below.

### Annual Board Agenda Planning

A proactive approach to governance consistent with the Board’s responsibilities begins with setting the Board’s agenda each year. Accordingly, the Board will plan an annual cycle of governance and development topics for its meetings that (a) completes an annual re-exploration of its mission and values, and the policies to achieve those ends and (b) continually improves Board performance through Board education, development and deliberation.

- The annual Board agenda cycle will start in the fourth quarter of each year with the Board’s development of topics for each meeting for the following year.
  - The Board will adopt a schedule of Board meetings and topics for each Board meeting for the coming year. That annual schedule will include a review of the objectives and accomplishments of the Authority and its service provider related to each of the Board’s “mission” and “operating” policies.
  - The Board will also adopt a schedule of education and development for the Trustees for the year (e.g. presentations by industry experts, advocacy groups, staff) on key areas of focus (e.g. governance, customer voice, finance, rates and risk, and operations and planning), to be arranged by staff based on the topics requested by the Board.
- Throughout the year, the Board will attend to consent agenda items as expeditiously as possible to leave time available to address governance and development items requiring discussion.

A sample Board meeting agenda is provided as Appendix C. It is the intent of the Board to follow the format of the sample Board agenda, with allowances for specific circumstances as they arise.

### Appendix A: Trustee, Chair and Committee Chair Core Competencies and Attributes

### Appendix B: Trustee Expectations

### Appendix C: Sample Board Agenda
Appendix A

Competencies and Professional Attributes for LIPA Trustees

Section 1020-d of the LIPA Reform Act requires that all Trustees appointed to the Long Island Power Authority’s (“LIPA” or the “Authority”) Board of Trustees (the “Board”) shall reside in the service territory and have relevant utility, corporate board or financial experience.

Section 2824 of the Public Authorities Law of the State of New York requires that the board of each public authority establish a governance committee whose responsibilities include advising those responsible for appointing Trustees, on the skills and experiences required of potential Trustees. LIPA’s Governance, Planning and Personnel Committee’s (the “Governance Committee”) charter provides that that Committee is responsible for “developing a description of the competencies and personal attributes required of Trustees to assist those authorized to appoint members to the Board in identifying qualified individuals.” In addition, the LIPA Board’s Policy on Board Governance and Agenda Planning requires the Authority to establish and maintain an outline of the core competencies required to be an effective Board member and an effective Board or Committee Chairperson.

The Governance Committee has prepared, and the LIPA Board of Trustees has approved this document to provide guidance to those charged with appointing LIPA’s Trustees on the key roles and responsibilities of LIPA’s Trustees and the competencies, skills and experience necessary to satisfy the requirements of the LIPA Reform Act and govern the business of the Authority.

Key Roles and Responsibilities of Trustees

Trustees are responsible for fulfilling the legal and fiduciary duties incumbent upon them as policymakers. The Board defines the mission and values of the Authority with a focus on key dimensions of utility performance such as rate competitiveness, fiscal soundness, reliability, customer service and value, and environmental stewardship. In addition, the Board sets policy for the Authority and ensures its performance on behalf of its customer-owners, including setting LIPA’s rates and charges, hiring and evaluating certain of LIPA’s senior officers, and approving its budgets and major contracts.

In order to carry out the key roles and responsibilities of the Board, it is the opinion of the Board that each Trustee must possess qualifications necessary to oversee the operation of an electric utility that affects the economy, quality of life, operations, and energy efficiency of every home, business, and institution in the utility’s service territory. Moreover, it is imperative that Trustees understand the complex industry issues they are required to set policy on and, in certain cases, consider and take action on.

Required Experience and Skill of Trustees

As required by Section 1020-d of the LIPA Reform Act, individuals considered for appointment to the Board must have experience in at least one of the following three areas:

- Prior utility experience or energy industry experience, such as individuals who prior to their respective appointments, have been employed by an electric or gas utility company,
or have been voting members of one or more groups, companies, associations or organizations dedicated to utility, energy or environmental matters.

- Finance and/or accounting expertise and experience, such as individuals who prior to their respective appointments, have had past employment experience in finance or accounting, professional certification in finance or accounting, or any other comparable experience or a background which results in the individual’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities at a firm with sizable financial resources or exposure.

- Corporate Board or Corporate Governance experience, such as serving on the Board of a large business or not-for-profit organization with substantial financial resources, executive experience working directly with a board in an official capacity, or direct experience in providing advice and analysis to the board of a large business or not-for-profit organization with substantial financial resources.

In addition, the Board suggests that specific expertise relevant to the Board’s Committees, such as the Committees listed below, would be helpful to the conduct of the Board’s responsibilities. For example, such experience may include specific experience in general governance of the Authority’s business, management of personnel and compensation, public policy setting or other skills that might be relevant to the Authority now or in the future.

**Preferred Attributes of Trustees**

Trustees are expected to work collaboratively to address the business of the Authority, establish policies and expectations, and make sound judgments in performing their fiduciary responsibilities to the customer-owners of the Authority. In order to perform effectively, it is expected that Board members will exhibit the following professional attributes:

- Ability to work collaboratively to arrive at consensus and joint-decision making. Demonstrably favorable prior experience in working with recognized issues-oriented committees, business associations or community groups is recommended.

- Ability to communicate clearly and to the point on issues that affect the business of the Board. Recognized experience in dealing publicly with issues in a calm and balanced manner and promoting the positions espoused by a group or committee in public forums is recommended.

- Ability to weigh all sides of an issue. Trustees need to represent all of the Authority’s customer-owners and are not appointed to represent any single constituency or interest group. A demonstrated ability to find common ground and accept input from a broad range of viewpoints is recommended.

- Ability to commit significant time and effort to the Authority’s business. The number and range of issues that Trustees need to deliberate and decide on requires a significant commitment of time and effort for Trustees to be educated, to weigh the input of all parties and constituencies, and to deliberate on matters of policy and performance. A
demonstrated ability to commit sufficient time to the Authority and to manage that time wisely is recommended.

**Board Committees that Require Specific Competencies**

The LIPA Board has established three committees to provide specific, specialized guidance to the Board as a whole and to LIPA’s executive management, and to allow for more detailed examinations of strategic issues. A list of these committees and the particular responsibilities of each is provided below. It is the opinion of the Committee that those elected officials responsible for appointing Trustees to the LIPA Board should appoint individuals that possess some of the competencies and experience listed below in order to ensure proper and effective functioning of the LIPA Board.

- **Finance and Audit Committee** - The members of this committee must be familiar with corporate financial and accounting practices and should possess a basic understanding of governmental financial reporting and auditing. Members are responsible for overseeing, monitoring and making recommendations with respect to the Authority’s investment and debt management policies and procedures, internal and external audit process, the financial reporting process and the system of risk assessment and internal controls with specific responsibility for:
  - annual budgets;
  - borrowing, debt management, and interest rate exchange agreements;
  - power supply hedging;
  - investments including the Authority’s investment policy and the investment of assets;
  - financial statements and disclosure matters;
  - internal audit;
  - enterprise risk management and internal control; and
  - compliance oversight

In addition, Finance and Audit Committee members are regularly required to opine on matters affecting financial policy.

- **Oversight and REV Committee** – The members of this committee must be familiar with electric utility operations and measuring performance, in connection with all aspects of electric utility operations in order to ensure that customers in LIPA’s service territory receive a safe, reliable, efficient, clean and economical supply of electricity. Members are responsible for monitoring PSEG Long Island’s performance under the Amended & Restated Operations Services Agreement (“Amended OSA”) related to:
• performance metrics;
• emergency management;
• transmission and distribution operations;
• energy efficiency and renewable goals;
• capital and operating budget expenditures;
• communications with stakeholders;
• customer service;
• billing and collections;
• power supply and fuel supply management (as carried out by PSEG Energy Resources & Trade);
• power markets activities;
• senior management staffing;
• monitoring PSEG Long Island’s compliance with “Contract Standards” as defined in the Amended OSA, including compliance with applicable law and New York Public Service Commission (“PSC”) practices;
• PSEG Long Island’s implementation of recommendations included in Management and Operations Audit conducted by the Department of Public Service (“DPS”);
• reviewing Authority management’s operations and financial oversight process; and
• monitoring the policies, principles and recommendations being advanced by the Public Service Commission in its REV proceeding.

• Governance, Planning and Personnel Committee – The members of this committee must be familiar with the fiduciary responsibilities of Board members, governance best practices, the differing roles and responsibilities of the Board and management, corporate management, human resources, and compensation matters. Members are responsible for:

• developing and recommending to the Board policies for the sound governance of the Authority including but not limited to the purpose and role of the Board, the Board’s relationship with the CEO of the Authority and other Board-appointed officers;

• developing, reviewing and updating, as needed, Codes of Ethics and Conduct, performance standards for the Board and employees of the Authority and other such
policies as it deems necessary or appropriate to address transparency, independence, accountability, fiduciary responsibilities, and management oversight;

- updating the Authority’s corporate governance principles;

- ensuring that the Board’s policies provide strategic direction for the Authority and that the Board is being effective in the utilization of the Authority’s assets and oversight of the Authority’s activities;

- advising those responsible for appointing Trustees on the skills and experiences required of potential Trustees;

- presenting recommendations to the Board relating to attraction, appointment, evaluation, retention, compensation, and separation from employment of the Authority’s CEO;

- overseeing the CEO’s administration of the Authority’s compensation and benefit plans and personnel policies and programs including those related to the attraction, retention, continued development, and separation from employment of employees;

- consulting with the CEO and advising the Board with respect to the attraction, appointment, retention and separation from employment of the Chief Financial Officer and General Counsel;

- advising the Board with respect to emergency succession planning for the position of the CEO.
Appendix B

Expectations of Individual LIPA Trustees:

- Understand, articulate and model the Authority’s mission, vision and values.
- Serve the Authority and its customer-owners as a whole rather than any constituency or special group.
- Volunteer to serve on Board committees as requested by the Chair.
- Be familiar with national, state and local trends and developments in the electric industry that affect the Authority.
- Attend and participate in all Board and committee meetings.
- Participate in training and development opportunities outside of Board and committee meetings.
- Be effective in all Board discussions and deliberations by being prepared and familiar with required reading materials provided in advance.
- Recognize potential leaders in the community for the Authority’s Board and identify them to their respective appointing authorities.
- Understand, support and comply with the Authority’s By-laws and Board policies, including the Board Policy on Trustee Communications and the Trustee Code of Ethics and Conduct.
- Hold Authority information and data confidential until advised by the Chief Executive Officer or their designee that such information and data can be shared publicly.
- Participate in Board self-assessments and all other surveys and requests for information to continuously improve the Board’s performance.

Expectations of the Board and Committee Chairpersons:

- Know and be able articulate the core responsibilities of the Board and respective Committees, as provided for in the Authority’s By-laws and Committee Charters.
- Ensure that each Trustee and Committee Member is properly informed on voting items, and that Staff provides sufficient information in advance of votes to enable the Trustees or Committee Members to form appropriate judgments.
- Communicate amongst Trustees and Committee Members in advance of each meeting in order to hold each Trustee or Committee Member accountable for knowing and understanding the content and significance of the materials provided by Authority Staff.
- Encourage participation by each Trustee and Committee Member.
- Provide input to the Chief Executive Officer or his/her designee on agenda planning in advance of each meeting.
- Serve as the leader and facilitator during Board and Committee meetings to ensure that each meeting is conducted with respect and decorum, and in compliance with the Board Policy on Trustee Communications.
- Support and encourage continuing education for Trustees and Committee Members to develop individual and collective skill sets.
Appendix C

Sample Board Meeting Agenda

- Call to Order – Attendance
- Chair’s Remarks
- Chief Executive Officer report
- Consent Agenda (to be developed for each meeting by Board Chair)
  - Approval of prior meeting minutes
  - Approval of ministerial items
- Board Reports
  - Chief Financial Officer report
  - Secretary’s Report on Communications and Board Policies
  - Service Provider report on performance against contract standards
  - Other specific items as requested by the Board
- Governance Topics and Monitoring of Board-Specified Performance Objectives
  - Scheduled annual review of Board policies related to mission, values or governance and suggested amendments or new policies
  - Presentations for Board development and education
  - Governance items for discussion (new developments, violations, etc.)
- Other agenda items as may lawfully come before the Board
- Public comment
- Adjourn
Board Policy: Values of Responsiveness and Integrity

Policy Type: Governance

Monitored by: Governance, Planning and Personnel Committee

Board Resolution: Resolution #1437, approved October 24, 2018

Board Policy on the Values of Responsiveness and Integrity

It is the policy of the Long Island Power Authority (“LIPA or the “Authority”) to act in accordance with its Values of Responsiveness and Integrity as set forth in LIPA’s Mission Statement by adopting standards that further accountability, transparency, stakeholder participation, and ethical conduct, such as:

- **Ensuring Board and Staff Accountability to Customer-Owners through the Board Policy Governance Process by:**
  
  - Defining the Mission and key Operating policies of the Authority in the form of Board Policies. These Board Policies encompass all key aspects of providing electric service to LIPA’s customer-owners and of operating a utility in accordance with sound fiscal and operating practices. These policies are available to the public on the LIPA’s [website](#) for their review.

  - Evaluating LIPA’s performance relative to each Board “Mission” and “Operating” policy and making the evaluation available to the public on LIPA’s website.

- **Making Board Decisions in a Transparent Manner by:**
  
  - Posting *Preliminary* Board and Committee agendas on LIPA’s website one week before each meeting, or at the date the meeting is noticed if that notice is within one week of the scheduled meeting date.

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1 This Policy is intended to establish standards for the Authority Trustees and staff but is not intended to supplant, alter, change and/or modify any responsibilities that the Authority may have under applicable laws, including, but not limited to, Public Authorities Law, Public Officers Law, Environmental Conservation Law and/or the State Administrative Procedures Act. Furthermore, in rare circumstance, LIPA may deviate from its standards, if appropriate or necessary.

2 The Board has defined four types of Policies – Mission, Operating, Governance, and Compliance. The Mission and Operating Policies define the Mission of the Authority in areas such as clean energy, reliability, and affordability, while the Operating policies establish important parameters for Staff actions, such as borrowing, risk management, employment, and safety.
• Posting Board and Committee materials on LIPA’s website at least the day before each meeting.

• **Live webcasting** Board and Committee meetings and making a replay video available online after the meeting.

• Posting significant documents on LIPA’s website for public review such as major contracts, bond offering statements, financial reports, budgets, and environmental assessments.

• Making other materials available via New York’s Freedom of Information Law (“FOIL”), with information on how to request such material on LIPA’s website.

• **Inviting Stakeholder Feedback by:**

  • Incorporating customer service and satisfaction information into the Board’s Policy Governance Process, where possible, such as survey data and benchmarked service levels.

  • For Board actions with significant public interest, in the judgement and at the discretion of the Board, directing Staff to either (i) hold public comment sessions or (ii) post the proposed action on LIPA’s website prior to Board action and solicit written public comment.

    ▪ Transcripts of public comment sessions or any written materials submitted by the public will be provided to the Board at least one week before the Board considers such an action.

    ▪ LIPA Staff will respond to such public comments received at least one week before the meeting in writing in the Staff memo prepared for the Board’s review.

  • Listening respectfully to members of the public wishing to speak at Board meetings, while maintaining the appropriate decorum at each meeting, including maintaining Guidelines for Public Participation on LIPA’s website and in the Board’s agendas.

  • Encouraging interested members of the public to participate in appropriate Department of Public Service (“DPS”) proceedings or working groups on matters of State policy that will come before the LIPA Board, including maintaining a list of such proceeding or working groups on LIPA’s website.

  • Providing the public with methods to contact the Board via the Authority’s website, including in writing or online, and responding to such comments either in the Staff memo on each Board action, or individually, as appropriate.
• Maintaining a Community Advisory Board with members from business, labor, non-profit, and other stakeholder groups to advise management on issues of concern to the citizens of Long Island and the Rockaways.

• **Conducting LIPA’s Affairs in an Ethical Manner by:**

  o Annually reviewing [LIPA’s Codes of Ethics and Conduct](#) and making such codes available for the public’s review on LIPA’s website.

  o Ensuring that LIPA’s Internal Audit Department has a [direct reporting relationship](#) to the LIPA Board of Trustees.

  o Maintaining a Whistleblower Protection Policy with associated anonymous hotline.
Section 1.1 Purpose and Applicability

(a) The purpose of this policy is to implement Section 2880 of the Public Authorities Law by detailing the Authority’s policy for making payment promptly on amounts properly due by the Authority under Contracts. This policy constitutes the Authority’s prompt payment policy as required by that Section.

(b) This policy generally applies to payments due by the Authority to a person or business in the private sector under a Contract it has entered into with the Authority. This policy does not apply to payments due:

1) under the Eminent Domain Procedure Law;

2) as interest allowed on judgments rendered by a court pursuant to any provision of law except Section 2880 of the Public Authorities Law;

3) to the federal government; to any state agency or its instrumentalities; to any duly constituted unit of local government, including but not limited to counties, cities, towns, villages, school districts, special districts, or any of their related instrumentalities; to any public authority or public benefit corporation; or to its employees when acting in or incidental to their public employment capacity;

4) if the Authority is exercising a legally or authorized set-off against all or part of the payment; or

5) if other State or Federal law, rule, or regulation specifically requires otherwise.

Section 1.2 Definitions: As used in this policy, the following terms shall have the following meanings:

(a) “Authority” means the Long Island Power Authority, its wholly-owned subsidiary Long Island Lighting Company d/b/a LIPA and d/b/a Power Supply Long Island, including when acting on behalf of the Utility Debt Securitization Authority.
(b) “Contract” means an enforceable agreement entered into between the Authority and a Contractor.

(c) “Contractor” means any person, entity, partnership, private corporation or association providing goods, property or services to the Authority pursuant to a Contract.

(d) “Designated payment office” means the office within the Authority to which a proper invoice is to be submitted by a Contractor.

(e) “Payment” means provision by the Authority of funds in an amount sufficient to satisfy a debt properly due to a Contractor and payable under all applicable provisions of a Contract to which this policy applies and of law, including but not limited to provisions for retained amounts or provision which may limit the Authority’s power to pay, such as claims, liens, attachments, or judgments against the Contractor which have not been properly discharged waived or released. Payment shall be deemed to occur on the date the Authority places the funds in the mail addressed to the Contractor, or, in the event payment is made electronically, on the date on which the Authority initiates the electronic transfer.

(f) “Payment due date” means the date by which payment must occur, in accordance with the provisions of Section 1.3 through 1.5 of this policy, in order for the Authority not to be liable for interest pursuant to Section 1.6.

(g) “Prompt payment” means a payment within the time periods applicable pursuant to Sections 1.3 through 1.5 of this policy in order for the Authority not to be liable for interest pursuant to Section 1.6.

(h) “Proper invoice” means a written request for a Contract payment that is submitted by a Contractor setting forth the description, price or cost, and quantity of goods, property, or services delivered, or rendered by the Contractor in such form, and supported by such other substantiating documentation, as the Authority may reasonably require, including but not limited to any requirements set forth in the Contract.

(i) “Public holiday” shall have the meaning ascribed to it in New York General Construction Law § 24.

(j) “Receipt” of an invoice

1) “Receipt” of an invoice means:

A. If the payment is one for which an invoice is required, the later of;

i. the date on which a proper invoice is actually received in the designated payment office during the normal business hours; or

ii. the date by which, during normal business hours; the Authority has actually received all the purchased goods, property, or services...
covered by a proper invoice previously received in the designated payment office.

B. If a Contract provides that a payment will be made on a specific date or at a predetermined interval without the Contractor being required to submit a written invoice, the thirtieth calendar day, excluding public holidays, before the date so specified or predetermined.

2) For purposes of this subdivision, if the Contract requires a multifaceted, completed, or working system, or delivery of no less that a specific quantity of goods, property, or services and only a portion of such systems or less that the required goods, property, or services are working, completed or delivered, even though the Contractor has invoiced the Authority for the portion working, completed, or delivered, the Authority will not be considered in receipt of an invoice until the specified minimum amount of the system, goods, property, or services are working, completed or delivered.

(k) “Set-off” means the reduction by the Authority of a payment due to a Contractor by an amount equal to the amount of an unpaid legally enforceable debt owed by the Contractor to the Authority.

Section 1.3 Prompt Payment Schedule: Except as otherwise provided by law or regulation or in Sections 1.4 and 1.5 of this policy, the payment due date of an amount properly due by the Authority under a Contract shall be thirty calendar days, excluding public holidays, after receipt of an invoice for such amount due; except that if such thirtieth calendar day falls on a Saturday or Sunday, the payment due date shall be the following business day.

Section 1.4 Payment Procedures

(a) Unless otherwise specified by a Contract provision, proper invoice submitted by the Contractor to the designated payment office shall be required to initiate payment for goods, property, or services. As soon as any invoice is received in the designated payment office during normal business hours, such invoice shall be date-stamped. The invoice shall then promptly be reviewed by the Authority.

(b) The Authority shall notify the Contractor within fifteen calendar days after receipt of an invoice of:

1) any defects in the delivered goods, property, or services;

2) any defects in the invoice; and

3) suspected improprieties of any kind.
(c) The existence of any defects or suspected improprieties shall prevent the commencement of the time period specified in Section 1.3 until any such defects or improprieties are corrected or otherwise resolved.

(d) If the Authority fails to notify a Contractor of a defect or impropriety within the fifteen calendar day period specified in subdivision (b), the sole effect shall be that the number of days allowed for payment after the defects or improprieties have been corrected or otherwise resolved shall be reduced by the number of days between the fifteenth day and the day that notification was transmitted to the Contractor. If the Authority fails to provide reasonable grounds for its contention that a defect or impropriety exists, the sole effect shall be that the payment due date shall be calculated using the original date of receipt of an invoice.

(e) In the absence of any defect or suspected impropriety, or upon satisfactory corrections or resolution of a defect or suspected impropriety, the Authority shall make payment consistent with any such correction or resolution and the provisions of this policy.

Section 1.5 Exceptions and extension of payment due date. The Authority has determined that, notwithstanding the provisions of Section 1.3 and 1.4, any of the following facts or circumstances, which may occur concurrently or consecutively, reasonably justify extension of the payment due date;

(a) If any documentation, supporting data, performance verification, or notice specifically required by the Contract or other State or Federal mandate has not been submitted to the Authority on a timely basis, then the payment due date shall be extended by the number of calendar days from the date by which all such matter was to be submitted to the Authority to the date when the Authority has actually received such matter.

(b) If an inspection or testing period, performance verification, audit, or other review or documentation independent of the Contractor is specifically required by the Contract or by other State or Federal mandate, whether to be performed by or on behalf of the Authority or another entity, or is specifically permitted by the Contract or by other State or Federal provision and the Authority or other entity with the right to do so elects to have such activity or documentation undertaken, then the payment due date shall be extended by the number of calendar days from the date of receipt of an invoice to the date when any such activity or documentation has been completed, the Authority has actually received the results of such activity or documentation conducted by another entity, and any deficiencies identified or issues raised as a result of such activity or documentation have been corrected or otherwise resolved.

(c) If an invoice must be examined by a State or Federal agency, or by another party contributing to the funding of the Contract, prior to payment, then the payment due date shall be extended by the number of calendar days from the date of receipt of an invoice to the date when the State or Federal agency, or other contributing party to the Contract, has completed the inspection, advised the Authority of the results of the inspection, and any
deficiencies identified or issues raised as a result of such inspection have been corrected or otherwise resolved.

(d) If appropriate funds from which payment is to be made have not yet been appropriated or, if appropriated, not yet been made available to the Authority, then the payment due date shall be extended by the number of calendar days from the date of receipt of an invoice to the date when such funds are made available to the Authority.

Section 1.6 Interest eligibility and computation: If the Authority fails to make prompt payment, the Authority shall become liable for interest payments to a Contractor on the payment. Interest shall be computed and accrue to the overpayment rate set by the Commissioner of Taxation pursuant to Subsection (e) of Section 1096 of the Tax Law of the State of New York. Interest on such a payment shall accrue for the period beginning on the day after the payment due date and ending on the earliest to occur of (i) the date of payment, (ii) the date of a notice of intention to file a claim, (iii) the date of a notice of a claim, and (iv) the date commencing a legal action for the payment of such interest.

Section 1.7 Sources of funds to pay interest: Any interest payable by the Authority pursuant to this policy shall be paid only from the same accounts, funds, or appropriates that are lawfully available to make the related Contract payment.

Section 1.8 Incorporation of Prompt Payment Policy into Contracts: The provisions of this policy in effect at the time of creation of a Contract shall be incorporated into and made part of such Contract and shall apply to all payments as they become due pursuant to the terms and conditions of such Contract, notwithstanding that the Authority may subsequently amend this policy.

Section 1.9 Notice of objection: Unless a different procedure is specifically prescribed in a Contract, a Contractor may object to any action taken by the Authority pursuant to this policy which prevents the commencement of the time in which interest will be paid by submitting a written notice of objection to the Authority. Such notice shall be signed and dated and concisely and clearly set forth the basis for the objection and be sent to the Chief Financial Officer of the Authority. The Chief Financial Officer or his designee shall review the objection for purposes of affirming or modifying the Authority’s action. Within 15 working days of the receipt of the objection, the Chief Financial Officer or his designee shall notify the Contractor either that the Authority’s action is affirmed or that it is modified or that, due to the complexity of the issue, additional time is needed to conduct the review; provided, however, in no event shall the extended review period exceed 30 calendar days.

Section 1.10 Judicial Review: Any determination made by the Authority pursuant to this policy which prevents the commencement of the time in which interest will be paid is subject to judicial review in a proceeding pursuant to Article 78 of the Civil Practice Law and Rules. Such proceedings shall only be commenced upon completion of the review procedure that may be specified in the Contract or by law, rule or regulation.
Section 1.11  Court Action or other Legal Processes

(a)  Notwithstanding any other law to the contrary, the liability of the Authority to make an interest payment to a Contractor pursuant to this policy shall not extend beyond the date of a notice of intention to file a claim, the date of a notice of a claim, or the date commencing a legal action for the payment of such interest, whichever occurs first.

(b)  With respect to the court action or other legal process referred to in Subdivision (a) of this Section, any interest obligation incurred by the Authority after the date specified therein pursuant to any provision of law other than Public Authorities Law Section 2880 shall be determined as prescribed by such separate provision of law, shall be paid as directed by the court, and shall be paid from any source of funds available for that purpose.
Long Island Power Authority (referred to herein as the “Authority”) is required by Section 2896 of the Public Authorities Law to adopt by resolution comprehensive guidelines, to be annually reviewed and approved by the Trustees of the Authority, regarding the use, awarding, monitoring and reporting of contracts for the disposal of Property. The following Board Policy (the “Policy”) is adopted pursuant to such requirement and is applicable with respect to the use, awarding, monitoring and reporting of all Property Disposition Contracts which are (i) entered into by the Authority and (ii) solicited or awarded by the Authority on behalf of the Long Island Lighting Company d/b/a LIPA and d/b/a Power Supply Long Island or on behalf of the Utility Debt Securitization Authority (collectively, the “Authority”).

I. DEFINITIONS

1. “Contracting Officer” shall mean the General Counsel or his or her designee.

2. “Dispose” or “disposal” shall mean transfer of title or any other beneficial interest in personal or real property in accordance with these guidelines.

3. “Fair Market Value” shall mean the estimated dollar amount that a willing buyer would pay to a willing seller for the Real Property in an arms-length transaction in the appropriate marketplace.

4. "Property” shall mean personal property, real property, and any inchoate or other interest in such property owned by the Authority, to the extent that such interest may be conveyed to another person for any purpose, excluding an interest securing a loan or other financial obligation of another party. Neither electricity nor natural gas nor any attributes derived therefrom, shall be considered Property for purposes of this guideline.

5. "Property Disposition Contracts" shall mean written agreements for the sale, lease, transfer or other disposition of Property.

6. "Real Property" shall mean real property and interests therein.

II. PRINCIPAL DUTIES OF CONTRACTING OFFICER

The Contracting Officer, as designated in Section I.1, is responsible for the supervision and direction over the custody, control and disposition of Property and responsible for the
Authority’s compliance with, and enforcement of, these guidelines. The Contracting Officer shall: (a) maintain adequate inventory controls and accountability systems for all Property under the Authority’s control; (b) periodically inventory such Property to determine which Property shall be disposed of; (c) transfer or dispose of such Property as promptly as possible in accordance with these guidelines; and (d) produce and submit reports pursuant to Section IV.B. of these guidelines.

III. PROPERTY DISPOSITION CONTRACTS

A. Reason(s) for Use of Property Disposition Contracts

Property Disposition Contracts may be entered into for the purpose of disposing of Property which is no longer necessary or useful for the operations of the Authority or the Subsidiary to warrant retention, if the disposition of such Property will result in cost savings or other benefits to the Authority, the disposition thereof will result in the receipt of valuable consideration or other benefits by the Authority, or the disposition is of neutral or nominal value to the parties.

B. Method of Disposition

The Authority may dispose of Property for no less than the Fair Market Value by sale, exchange, or transfer, for cash, credit or other Property, with or without warranty, upon such terms and conditions as are determined by the Contracting Officer; except as otherwise permitted by this Section III.B. and Section III.C.4 (below). However, no disposition of Real Property, or any interest in Real Property shall be made unless an appraisal of such Property has been made by an independent appraiser and included in the record of the transaction. Further, no disposition of any other property, which because of its unique nature or the unique circumstances of the proposed transaction is not readily valued by reference to an active market for similar property, shall be made without a similar appraisal.

In addition to the circumstances permitted by Section III.C.4 (below), the Authority may dispose of Property for less than Fair Market Value when the value of the transaction is nominal and the Property Disposition Contract is temporary and revocable. For such transactions, the requirements of Sections III.C.5, 6 and 7 (also below) do not apply.

C. Award of Property Disposition Contracts; Selection Criteria for Property Disposition Contracts

1. All sales or other dispositions of Property shall be conducted in accordance with these Guidelines by or under the supervision of the Contracting Officer.

2. All Property Disposition Contracts shall be made after publicly advertising for bids unless the criteria set forth below in the Guidelines at Section III.C.3. have been met for such contracts to be made by negotiation or public auction. Whenever public advertising for bids is required, (i) the advertisement for bids shall be made at such time prior to the disposal or contract, through such methods, and on such terms and conditions, as shall permit full and free competition
consistent with the value and nature of the Property; (ii) all bids shall be publicly disclosed at the time and place stated in the advertisement; and (iii) the award shall be made with reasonable promptness by notice to the responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the state, price and other factors considered; provided, that all bids may be rejected when it is in the public interest to do so.

3. Property Disposition Contracts may be negotiated or made by public auction without regard to the criteria set forth above in the Guidelines at Section III.C.2. but subject to obtaining such competition as the Contracting Officer determines is feasible under the circumstances, if (i) the personal property involved has qualities separate from the utilitarian purpose of such property, such as artistic quality, antiquity, historical significance, rarity or other quality of similar effect, that would tend to increase its value, or if the personal property is to be sold in such quantity that, if it were disposed of by publicly advertising for bids, would adversely affect the state or local market for such property, and the estimated Fair Market Value of such property and other satisfactory terms of disposal can be obtained by negotiation; (ii) the Fair Market Value of the Property does not exceed fifteen thousand dollars; (iii) bid prices after advertising therefor are not reasonable, either as to all or some part of the Property, or have not been independently arrived at in open competition; (iv) the disposition of Property will be to the state or any political subdivision, and the estimated Fair Market Value of the Property and other satisfactory terms of disposal are obtained by negotiation; (v) under the circumstances permitted by Section III.C.4, or (vi) such action is otherwise authorized by law.

4. Property may not be disposed of for less than Fair Market Value unless the following criteria are met: (i) the property is transferred to a government or other public entity and the terms and conditions of the transfer require that the ownership and use of the property will remain with the government or any other public entity; (ii) the purpose of the transfer is within the purpose, mission or governing statute of the public authority; or (iii) if the transfer is other than to a governmental entity and would not be consistent with the Authority’s mission, purpose or governing statute, the Authority shall provide written notification to the governor, speaker of the assembly and temporary president of the senate. The governor, senate or assembly may deny the transfer. The governor or either house of the legislature will take action within sixty days of receiving notification of the proposed transfer from January through June. If the notification is received by the legislature from July through December, the legislature may take any action within sixty days of January first of the following year. In the event that there is no denial within sixty days of the notification to the governor, senate and assembly, the Authority may effectuate the transfer.

5. In the event the Authority proposes that property be disposed of for less than Fair Market Value, the following information must be provided to the Authority Board of Trustees and the public prior to being approved by the Board of Trustees:
(i) a full description of the property;

(ii) an appraisal of the Fair Market Value of the property and any other information establishing the Fair Market Value sought by the Board of Trustees;

(iii) a description of the purpose of the transfer and a reasonable statement of the kind and amount of the benefit to the public resulting from the transfer, including but not limited to the kind, number, location, wages or salaries of jobs created or preserved as required by the transfer, the benefits to the communities in which the property is situated

(iv) a statement of the value to be received as compared to the Fair Market Value;

(v) the names of any private parties participating in the transfer and a statement of the value to the private party if different than the statement in (iv) above;

(vi) the names of other private parties who have made an offer for such an asset, the value offered, and the purpose for which the asset was sought to be used.

6. Before approving the disposition of property for less than Fair Market Value, the Board of Trustees must consider the information described in paragraph 5 above and make a written determination that there is no reasonable alternative to the proposed below-market transfer that would achieve the same purpose of such transfer. Such determination may be provided on a case-by-case basis or a blanket basis for all such dispositions that have substantially similar circumstances.

7. Except for dispositions where the purpose of the transfer is within the purpose, mission or governing statute of the Authority, the Contracting Officer shall transmit a statement explaining the circumstances of the negotiated disposition of Property by at least ninety days prior to such disposal to each of the State Comptroller, the Director of the Budget, the Commissioner of General Services, the State legislature, and the Authorities Budget Office, and a copy thereof shall be preserved in the files of the Authority. Such a statement shall be prepared in connection with a negotiated disposition of Property of any of the following: (i) any personal property which has an estimated Fair Market Value in excess of fifteen thousand dollars; (ii) any Real Property that has an estimated Fair Market Value in excess of one hundred thousand dollars, except that any real property disposed of by lease or exchange shall only be subject to clauses iii and iv of this Section.; (iii) any Real Property disposed of by lease if the estimated annual rent over the term of the lease is in excess of fifteen thousand dollars; (iv) any Real Property or related personal property disposed of by exchange, regardless of value, or any Property any part of the consideration for which is Real Property.

To the extent that Property Disposition Contracts are competitively awarded, such awards shall be made upon receipt and evaluation of bids or proposals or other information obtained from persons/firms responding to a request for proposals or other form of solicitation on the basis of the criteria specified in the request for proposals or other solicitation. The Contracting Officer shall document the processes by which Property is sold or otherwise disposed of, by making a record summarizing the nature and scope of the Property disposed, the name of each person or organization submitting, or requested to submit, a bid or proposal, the
price or other consideration bid and received, and the basis for selection of both the purchaser and method of disposition of the Property.

8. All dispositions of Property also shall be subject to compliance with Section 6.15 of the Financing Agreement, dated as of May 1, 1998, between the Authority and the Subsidiary (the "Financing Agreement") and Section 714 of the Electric System General Revenue Bond Resolution adopted by the Authority on May 13, 1998, as supplemented (the "General Resolution"). In furtherance thereof, no Property of the Authority or the Subsidiary shall be sold or otherwise disposed of unless the Chief Financial Officer has determined that such disposition (i) is desirable in the conduct of the business of the Authority or the Subsidiary, (ii) is not disadvantageous in any material respect to the holders of the Authority's Obligations (as defined in the General Resolution), (iii) does not materially impair the ability of the Authority and the Subsidiary to comply with their respective obligations to comply with the rate covenants contained in Section 6.1 of the Financing Agreement and Section 701 of the General Resolution, and (iv) does not breach any covenants of the Authority or the Subsidiary relating to the exclusion of interest on the Authority's Obligations, which determinations shall be evidenced in writing and maintained with the records of the Authority relating to the disposition of such Property.

D. Approval Process for Property Disposition Contracts

In addition to any other approvals required by law, the award of Property Disposition Contracts and any related determinations made in connection therewith shall be approved as follows:

1. Property Disposition Contracts in amounts equal to or less than $1,000,000 and related determinations shall be approved by the Contracting Officer and the Chief Financial Officer or the Chief Executive Officer.

2. Property Disposition Contracts in amounts greater than $1,000,000 and related determinations shall be approved by the Trustees of the Authority.

IV. GENERAL

A. Implementation of Guidelines

The Contracting Officer is empowered to prepare such supplemental procedures as may be required to effectively implement these Guidelines, copies of which shall be provided to the Trustees.
B. Reports

1. Property Disposition Guidelines approved by Authority shall be annually reviewed and approved by the Trustees of the Authority. On or before the thirty-first day of March in each year, the Authority shall file with the State Comptroller a copy of the most recently reviewed and adopted guidelines, including the name of the Contracting Officer, and must post such guidelines on the Authority’s website. Guidelines posted on the Authority’s website shall be maintained at least until the disposition guidelines for the following year are posted on the website.

2. Within ninety days of the end of the fiscal year, the Contracting Officer shall prepare and submit to the Trustees, the Governor, the Chairman and ranking minority member of the Senate Finance Committee, the Chairman and ranking minority member of the Assembly Ways and Means Committee, the State Comptroller, and the Authorities Budget Office, a report listing all Real Property of the Authority having an estimated Fair Market Value in excess of fifteen thousand dollars that the Authority disposed of during the previous fiscal year. The report shall contain the price received by the Authority and the name of the purchaser for all such property sold by the Authority during such period.

C. Effect of Awarded Contracts

These Guidelines are intended for the guidance of the officers and employees of the Authority and the Subsidiary only. Nothing contained herein is intended or shall be construed to confer upon any person, firm or corporation any right, remedy, claim or benefit under, or by reason of, any requirement or provision hereof, or be deemed to alter, affect the validity of, modify the terms of or impair any contract or agreement made or entered into in violation of, or without compliance with, these Guidelines. In accordance with Section 2897.5 of the Public Authorities Law, a deed, bill of sale, lease, or other instruments executed by or on behalf of the Authority or the Subsidiary, purporting to transfer title or any other interest in Property shall be conclusive evidence of compliance with these guidelines insofar as concerns title or other interest of any bona fide grantee or transferee who has given valuable consideration for such title or other interest and has not received actual or constructive notice of lack of compliance with these guidelines prior to the closing
Long Island Power Authority is required by Section 2824 of the Public Authorities Law to establish policies and procedures regarding, among other things, the acquisition of real property. The following Board Policy (the “Policy”) is adopted pursuant to such requirement and is applicable with respect to the use, awarding, monitoring and reporting of all Property Acquisition Contracts which are (i) entered into by the Authority and (ii) solicited or awarded by the Authority on behalf of the Long Island Lighting Company d/b/a LIPA and d/b/a Power Supply Long Island and the Utility Debt Securitization Authority (collectively referred to herein as the "Authority").

I. **DEFINITIONS**

1. “Contracting Officer” shall mean the officer or employee of the Authority who shall be responsible for the acquisition of Property. The Contracting Officer is hereby designated the Authority’s Chief Executive Officer or the equivalent(s) or designee.

2. “Fair Market Value” shall mean the estimated dollar amount that a willing buyer would pay to a willing seller for Real Property in an arms-length transaction in the appropriate marketplace and under similar circumstances.

3. "Property Acquisition Contracts" shall mean written agreements for the acquisition by purchase or lease of Real Property.

4. "Real Property" shall mean real property and interests therein.

II. **PRINCIPAL DUTIES OF CONTRACTING OFFICER**

The Contracting Officer shall be responsible for the supervision and direction over the acquisition of Real Property and responsible for the Authority’s compliance with, and enforcement of this Policy.
III. PROPERTY ACQUISITION CONTRACTS

A. Reason(s) for Use of Property Acquisition Contracts

Property Acquisition Contracts may be entered into for the purpose of acquiring Real Property which is determined to be necessary or useful for the operations of the Authority.

B. Award of Property Acquisition Contracts

1. All Property Acquisition Contracts shall be entered into in accordance with this Policy by the responsible Authority officer.

2. Property Acquisition Contracts shall be entered into on a negotiated basis, unless the Contracting Officer shall have determined that a sufficient number of parcels of Real Property are available and of equivalent usefulness to the Authority so as to make a competitive process feasible and desirable. The Authority shall document the processes by which Real Property is acquired, by making a record summarizing the nature and scope of the Real Property acquired, the name of the seller, the price or other consideration paid for the Real Property acquired, the method of determining the price or other consideration paid for the Real Property acquired, and any Real Property considered as an alternative to the Real Property acquired and the reason for the selection of the Real Property acquired

C. Approval Process for Property Acquisition Contracts

In addition to any other approvals that may be required by law, all Property Acquisition Contracts and any related determinations made in connection therewith shall be approved as follows:

1. Property Acquisition Contracts in amounts equal to or less than $1,000,000 and related determinations shall be approved by the Contracting Officer (if other than the Chief Executive Officer), the Chief Financial Officer and the Chief Executive Officer, or their respective designees.

2. Property Acquisition Contracts in amounts greater than $1,000,000 and related determinations shall be approved by the Trustees of the Authority.

IV. GENERAL

A. Implementation of Guidelines

The Contracting Officer is empowered to prepare such supplemental procedures as may be required to effectively implement this Policy, copies of which shall be provided to the Trustees.
B. Reports: Periodic Review

1. Within ninety days of the end of each fiscal year, the Contracting Officer, or their designees, shall prepare and submit to the Governor, the Chairman and ranking minority member of the Senate Finance Committee, the Chairman and ranking minority member of the Assembly Ways and Means Committee, the State Comptroller, and the Authorities Budget Office, with a copy to the Trustees, a list of all Real Property of the Authority having an estimated Fair Market Value in excess of fifteen thousand dollars that the Authority acquired during the previous fiscal year.

2. Property Acquisition Guidelines approved by Authority shall be periodically reviewed and approved by the Trustees of the Authority. A copy of this Policy shall be posted on the Authority’s website.

C. Effect of Awarded Contracts

These Guidelines are intended for the guidance of the officers and employees of the Authority only. Nothing contained herein is intended or shall be construed to confer upon any person, firm or corporation any right, remedy, claim or benefit under, or by reason of, any requirement or provision hereof, or be deemed to alter, affect the validity of, modify the terms of or impair any contract or agreement made or entered into in violation of, or without compliance with, this Policy.
I. INTRODUCTION

In furtherance of LIPA’s (defined below) commitment to ensure the transparency and accountability of its operations, the following Board Policy (the “Policy”) sets forth LIPA’s policy on recording attempts to influence the outcome of LIPA’s (a) Procurements and (b) Rules, Regulations or Ratemaking activity. This Policy is applicable to all employees, officers and Trustees of LIPA, its wholly owned subsidiary Long Island Lighting Company d/b/a LIPA and d/b/a Power Supply Long Island, and the Utility Debt Securitization Authority (collectively referred to herein as “LIPA”) and is in compliance with the requirements of the “Procurement Lobbying Law” found in the State Finance Law and the “Lobbying Contacts” provisions of the Public Authorities Law. The restrictions and/or reporting requirements associated with both types of lobbying activity are outlined below.

II. PROCUREMENT LOBBYING

This section of the Policy has been issued pursuant to the State Finance Law, which generally prohibits, with limited exception, individuals or entities from communicating with anyone other than the person(s) designated by LIPA to communicate with such individuals or entities about a procurement for a prescribed period of time during the procurement process. LIPA is required to collect and record certain information pertaining to attempts to influence the procurement (a “Contact,” defined below) during the procurement period from the earliest solicitation of a proposal to the final approval of the procurement (the “Restricted Period,” defined below). The specific requirements related to these activities are set forth as follows:

A. Statutory Definitions

Article of Procurement

A commodity, service, technology, public work, construction, revenue contract, the purchase, sale or lease of real property or an acquisition or granting of an interest in real property that is the subject of a governmental procurement.

1 Defined terms are in bold.
Contact

Any oral, written or electronic communication with LIPA staff or its consultants about LIPA procurement under circumstances where a reasonable person would infer that the communication was intended to influence the procurement.

Governmental Entity

All New York State agencies and authorities; both houses of the Legislature; the Unified Court System; municipal agencies and their respective employees.

LIPA Procurement

shall mean (i) the preparation or terms of the specifications, bid documents, requests for proposals, or evaluation criteria for a procurement contract, (ii) solicitation for a procurement contract, (iii) evaluation of a procurement contract, (iv) award, approval, denial or disapproval of a procurement contract, or (v) approval or denial of an assignment, amendment (other than amendments that are authorized and payable under the terms of the procurement contract as it was finally awarded or approved by the Comptroller, as applicable), renewal or extension of a procurement contract, or any other material change in the procurement contract resulting in a financial benefit to the Offerer.

Offerer

The individual or entity, or any employee agent or consultant or person acting on behalf of such individual or entity, that Contacts LIPA about a LIPA Procurement during the restricted period of the procurement.

Procurement Contract

Any contract or other agreement for an Article of Procurement involving an estimated annualized expenditure in excess of $15,000. Grants, State Finance Law Article XI–B contracts between LIPA and not-for-profit organizations, intergovernmental agreements, railroad and utility force accounts, utility relocation project agreements or orders, and eminent domain transactions shall not be deemed Procurement Contracts.

2 Note that the statutory definition for “Contact” is different for Procurement Lobbying discussed in Article II of this Policy and for Rule, Regulation or Ratemaking Lobbying discussed in Article III of this policy.
**Restricted Period**

The period of time commencing with the earliest date of written notice, advertisement or solicitation of a request for proposal, invitation for bids, or solicitation of proposals, or any other method for soliciting a response from Offerers intending to result in a Procurement Contract with LIPA and ending with the final contract award and approval by LIPA, and where applicable, the Office of the State Comptroller.

**B. Exemptions**

Certain communications are exempt from the Policy. These include: (i) submissions in response to an invitation for bid, a request for proposal or other solicitation, (ii) submissions of written questions to an invitation for bid, a request for proposal or other solicitation, (ii) submissions of written questions to a designated contact set forth in an invitation for bid, request for proposal or other solicitation, (iii) participation in a conference provided for in an invitation for bid, request for proposal or other solicitation, (iv) contract negotiations, (v) inquiries regarding the factual status of a Procurement Contract, and (vi) complaints and protests regarding the procurement process and outcome.

In addition, any communication received by LIPA from members of the New York State Legislature or the Legislative Staff, when acting in their official capacity, shall not be considered a Contact for recording purposes.

**C. Violations**

A violation of this Policy occurs when there is a Contact during the Restricted Period between the Offerer and someone other than the person(s) designated by LIPA to receive communications for the particular LIPA Procurement. This includes instances where the Offerer Contacts LIPA regarding a procurement of another Governmental Entity.

Attempts by an Offerer to influence a LIPA Procurement in a manner that would result in a violation of the Public Officers Law or any other applicable ethics code shall also be a violation of this Policy.

**D. Procedures**

a. Notifying Vendors of Procurement Lobbying Policy

i. For each Procurement Contract, LIPA will designate a person or persons to receive communications from Offerers concerning the LIPA Procurement.
ii. LIPA will incorporate a summary of the policy governing lobbying during a LIPA Procurement in its documents relating to the Procurement Contract and provide a copy of the policy and prohibitions regarding permissible communications to Offerers.

iii. LIPA shall seek written affirmation from all Offerers indicating that they understand and agree to comply with this Policy (See Attachment 1).

b. Making Determinations of Responsibility

i. Prior to award of a Procurement Contract, LIPA must make a responsibility determination with respect to the Offerer to be recommended for the award of the contract based upon, among other things, the information supplied by that Offerer, using the Offerer Disclosure of Prior Non-Responsibility Determinations Form (See Attachment 2), whether it has been found non-responsible within the last four years by any Governmental Entity for: (1) failure to comply with State Finance Law § 139 j, or (2) the intentional provision of false or incomplete information. This disclosure must be certified by the Offerer and must affirmatively state that the information supplied by the Offerer to LIPA is complete, true and accurate.

ii. The Procurement Contract must include a provision allowing LIPA to terminate the contract if the certification is subsequently found to be incomplete, false or inaccurate. Admissions by the Offerer of past findings of non-responsibility may constitute a basis for rejection of the Offerer by LIPA. LIPA can award a contract to the Offerer despite the past findings of non-responsibility if it determines that the award of the Procurement Contract to the Offerer is necessary to protect public property or public health or safety, and that the Offerer is the only source capable of supplying the required Article of Procurement within the necessary time frame. The basis of such a finding must be included in procurement record of the LIPA Procurement.

c. Recording Contacts

i. All LIPA employees must record any Contact from any person or entity. Contacts may be initiated by parties with an interest in the LIPA Procurement that are not necessarily connected directly to the Offerer. Contacts may come in the form of
telephone conversations, correspondence, electronic mail and person–to-person discussions. The Record of Contact Form (See Attachment 3) should be used to record all Contacts. The form is also available to employees on the LIPA Intranet.

ii. Examples of Contacts for which a Record of Contact must be completed include:

1. During the Restricted Period, an Offerer Contacts a LIPA employee (other than the employee designated to receive such communications) to discuss the Offerer’s cost, competitiveness or its suitability to be selected for a contract.

2. A court reporter, expert witness or any other vendor offers a LIPA employee a gift of any monetary value during the Restricted Period.

iii. Examples of permissible communications which may be directed to persons other than those designated by LIPA to receive communications from Offerers concerning the LIPA Procurement include:

1. Inquiries as to the status of the procurement process.

2. Requests to be included on LIPA’s Offerer list.

3. Receipt of advertising material.

4. Intra-agency communications of administrative details concerning the procurement.

5. Responses to LIPA-issued Requests for Information.

6. Written questions submitted by Offerers regarding a solicitation during the allowable time period of a competitive procurement.

7. Complaints about the procurement process or outcome.

8. Participation in an Offerer’s conference as provided for in a Request for Proposals of Invitation for Bids.

9. Submission of a proposal or bid in response to a Request for Proposals or Invitation for Bids.

11. Debriefing of an Offerer after a contract award has been made.

None of the above communications require the preparation of a Record of Contact unless such communication constitutes an attempt to influence the LIPA Procurement.

iv. If a LIPA employee is in doubt about whether a communication was intended to influence the LIPA Procurement, he or she should record the communication on the Record of Contact Form and submit it to the Director and Procurement for further investigation.

v. The LIPA Officer responsible for the procurement, or his or her designee, will be required to ensure that all Records of Contacts are included in the procurement record for the related Procurement Contract.

E. Investigation of Contacts/Penalties for Violations

a. All reported Contacts will be immediately investigated by the Director of Procurement, or his or her designee. If the Director of Procurement finds sufficient cause to believe that an Offerer has violated this Policy, the Offerer will be notified in writing of the investigation and will be afforded an opportunity to respond to the alleged violation. Investigations will be completed as soon as practicable so as not to delay the progress of the LIPA Procurement.

b. If the Director of Procurement should find at the conclusion of the investigation that the Offerer knowingly and willfully made a prohibited Contact in violation of this Policy, then the Offerer shall be disqualified as non responsible, unless LIPA makes a finding that the award of the Procurement Contract to the Offerer is necessary to protect public property or public health or safety, and that the Offerer is the only source capable of supplying the required Article of Procurement within the necessary time frame. The basis of such a finding must be included in the procurement record of the Procurement Contract.
III. RULE, REGULATION OR RATEMAKING LOBBYING

This section of this Policy has been issued pursuant to the Public Authorities Law, and establishes measures to create and maintain records of any attempt by a “Lobbyist” (as defined below) to influence: (a) the adoption or rejection of any rule or regulation by LIPA, and/or (b) the outcome of any ratemaking proceeding by LIPA, as follows:

A. Statutory Definitions

Contact Any conversation, in person or by telephonic or other remote means, or correspondence between any Lobbyist engaged in the act of Lobbying and any employee, officer or trustee within LIPA who can make or influence a decision on the subject of the Lobbying on behalf of the LIPA.

Lobbying Any attempt to influence: (a) the adoption or rejection of any rule or regulation by LIPA, and/or (b) the outcome of any ratemaking proceeding by LIPA.

Lobbyist Every person or organization retained, employed or designated by any client to engage in Lobbying. Lobbyist does not include any officer, director, trustee, employee, counsel or agent of the state, or of any municipality or subdivision of New York State, when such persons are discharging their official duties.

B. Responsibilities

a. An employee, officer or trustee who is contacted by a Lobbyist shall make a contemporaneous record of such Contact on a form including the day and time of the Contact, the identity of the Lobbyist and a summary of the substance of the Contact. The employee, officer or trustee shall notify and deliver the completed form to the General Counsel.

b. The General Counsel shall prescribe such form to be used by all employees, officers and trustees to record such lobbying Contacts under this Policy. (Attachment 4)

c. Upon receipt of a record of Contact, the General Counsel shall maintain or cause to be maintained such record for a period of not less than seven (7) years in a filing system that is indexed or otherwise organized in a manner in which such records are readily identifiable and referenced to LIPA decisions regarding (a) the

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3 Defined terms are in bold.

4 Officers, directors, trustees, employees, counsels or agents of colleges as defined by New York Education law §2(2) are considered lobbyists for purposes of PAL §2987.
adoption or rejection of any rule or regulation by LIPA and (b) the outcome of any ratemaking proceeding by LIPA.

Any questions regarding this Policy and/or interpretation of this Policy should be directed to LIPA’s General Counsel.
PROCUREMENT LOBBYING FORM

OFFERER AFFIRMATION OF UNDERSTANDING AND COMPLIANCE

Contract Number Related to Offer:

________________________________________________________________________
hereby affirms that it/he/she has read and understands
the Long Island Power Authority’s ("LIPA") Lobbying Guidelines governing
Procurement Lobbying and agrees to comply with LIPA’s procedures relating to permissible
Contacts during a LIPA Procurement.

Date: __________, 201_

Name of Offerer:

Address:

________________________________________________________________________

Signature of Offerer
PROCUREMENT LOBBYING FORM

Offerer Disclosure of Prior Non-Responsibility Determinations

Name of Individual or Entity Seeking to Enter into the Procurement Contract:

Address:

Name and Title of Person Submitting this Form:

Contract Procurement Number:

Date:

1. Has any Governmental Entity made a finding of non-responsibility regarding the individual or entity seeking to enter into the procurement contract in the previous four years? (Please circle):
   
   No       Yes

2. If yes, was the basis for the finding of non-responsibility due to a violation of State Finance Law § 139 j? (Please circle):
   
   No       Yes

3. Was the basis for the finding of non-responsibility due to the intentional provision of false or incomplete information to a Governmental Entity? (Please circle):
   
   No       Yes

4. If yes, please provide details regarding the finding of non-responsibility below.

Governmental Entity:

Date of Finding of Non-Responsibility:

Basis of Finding of Non-Responsibility:
5. Has any Governmental Entity or other governmental agency terminated or withheld a procurement contract with the above-named individual or entity due to the intentional provision of false or incomplete information? (Please circle):

| No | Yes |

6. If yes, please provide details below.

- **Governmental Entity:**
- **Date of Termination or Withholding of Contract:**
- **Basis of Termination or Withholding:**

Offerer certifies that all information provided to the Long Island Power Authority with respect to State Finance Law § 139-k is complete, true and accurate.

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<th>By:</th>
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**PROCUREMENT LOBBYING FORM**

**Record of Contact**
**Under State Finance Law §139-k(4)**

Was the person making the Contact informed that the Contact would be documented?  
[ ] Yes  [ ] No.

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<th>To:</th>
<th>Procurement Record Regarding</th>
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I had Contact with the below named individual regarding the above identified procurement. The term “Contact” is defined in State Finance Law §139-k (1)(c). In accordance with State Finance Law §139-k (4), the following information was obtained.

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<td>Is the above named person or organization the “Offerer” in this governmental procurement? (Please circle)</td>
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<td>List date(s) of Contact:</td>
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<td>Summarize the form (e.g., email, letter, conversation) and topic of the communication on each date of Contact:</td>
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NON-PROCUREMENT LOBBYING FORM

Report of Lobbying Contact
(Public Authorities Law § 2987)

Any Contact by a “Lobbyist”\(^1\) regarding the adoption or rejection of any rule or regulation of the Long Island Power Authority (“LIPA”), and/or the outcome of any ratemaking proceeding by LIPA shall be recorded on this form.

To:    General Counsel and Secretary
From:

(Name and Title)

Date: __________________

Subject: Record of Contact

I was contacted by the below-named individual regarding the adoption or rejection of a rule or regulation of LIPA or regarding the outcome of a ratemaking proceeding of LIPA as follows:

Name of Lobbyist:

Address:

Telephone Number:

Date and Time of Contact:

---

\(^1\) Every person or organization retained, employed or designated by any client to engage in lobbying, Lobbyist does not include any officer, director, trustee, employee, counsel or agent of the state, or of any municipality or subdivision of New York state, when such person are discharging their official duties.
Long Island Power Authority (referred to herein as the “Authority”) is required by Section 2879 of the Public Authorities Law to adopt by resolution comprehensive guidelines, to be annually reviewed and approved by the Trustees of the Authority, regarding the use, awarding, monitoring and reporting of procurement contracts. The following Board Policy (the “Policy”) is adopted pursuant to such requirement and is applicable with respect to the use, awarding, monitoring and reporting of all Procurement Contracts which are (i) entered into by the Authority and (ii) solicited or awarded by the Authority on behalf of the Long Island Lighting Company d/b/a LIPA and d/b/a Power Supply Long Island and the Utility Debt Securitization Authority (collectively referred to herein as the “Authority”).

I. **DEFINITIONS**

1. “Best Value” means the basis for awarding contracts which best achieves the criteria specified by the Authority in a solicitation for proposals, including without limitation, quality, cost and efficiency.

2. “Electricity” means electric energy or capacity, transmission capacity or services, including related financial rights, or ancillary services.

3. “Electricity Contract” means any Procurement Contract for the acquisition of electric energy or capacity, transmission capacity or services, including related financial rights, or ancillary services.

4. “Goods” consist of supplies, materials and equipment acquired by the Authority, but shall not include product acquired pursuant to an Electricity Contract.

5. “Procurement Contract” means any written agreement signed by the Authority, and any amendment thereto, for the acquisition of Goods, Services, Technology, Electricity, and construction in the actual or estimated amount of five thousand dollars or more.
6. “Procuring Officer” means the Authority officer conducting any procurement of Goods, Services, Technology, Electricity and construction pursuant to Section I.1 of Article II of this Policy.

7. “Proposer” means anyone, including without limitation potential contractors, consultants, suppliers, manufacturers, subcontractors and sub-consultants, seeking to enter into a Procurement Contract with the Authority.

8. “Services” consists of legal, accounting, management consulting, investment banking, planning, training, statistical, research, public relations, construction management, architectural, engineering, surveying, or other services, whether personal or non-personal, of a consulting, professional, technical or other nature for a fee, commission or other compensation by a person or persons who are not providing such services as officers or employees of the Authority.

9. “Technology” includes a Good or a Service or a combination thereof, that results in a technical method of achieving a practical purpose or in improvements in productivity.

II. PROCUREMENT CONTRACTS

A. Reason(s) for Use of Services Contracts

Services contracts may be entered into because of one or more of the following factors or considerations:

1. Requirement of special expertise or unusual qualifications.

2. Nature, magnitude or complexity of Services required.

3. Lack of sufficient in-house resources, support staff, specialized facilities or equipment.

4. Lower cost.

5. Short-term or infrequent need for the Services does not warrant permanent Authority staffing.

6. Distance of the location or locations where the Services must be performed from the Authority offices or facilities.

7. Performance of a function requiring independence from the Authority management (e.g., independent auditors).

8. To meet unusual schedule requirements or emergencies.
B. Selection Procedures

1. Selection Procedures for Procurement Contracts

Except as specifically waived for one or more of the reasons set forth in Section B.2 of Article II of this Policy or as otherwise may be required or authorized by law, Procurement Contracts shall be awarded as set forth below.

a. General Policy for Procurement Contracts

The Authority is adopting this Policy in accordance with Section 2879 of the New York Public Authorities Law (the “PAL”). In accordance with Section 2879 of the PAL, all Procurement Contracts shall be awarded in accordance with this Policy. To the extent required by Section 1020-cc of the PAL, contracts for construction or purchase of Goods shall be let pursuant to Section 103 or, as applicable, Section 120-w(4)(e) of the New York General Municipal Law (the “GML”).

The Procurement Officer conducting any procurement of any contract for construction or purchase of Goods shall determine, in consultation with the Authority’s General Counsel, whether Section 103 of the GML, Section 120-w(4)(e) of the GML, or any other provisions of New York State law (including State Finance Law Section 163 (“Wick’s Law”)) are applicable to the procurement. If it is determined that such contract is to be let in accordance with Section 103 or Section 120-w(4)(e) of the GML, the provisions of such section and, to the extent not inconsistent therewith, this Policy shall govern such procurement.

Procurement Contracts are to be awarded to persons/firms on a competitive basis to the maximum extent possible. Such awards are to be made by the Authority on the basis of:

(i) lowest price or Best Value for contracts procured pursuant to Section 103 of the GML; provided, however, that contracts for construction of public works pursuant to Article 8 of the New York Labor Law shall be awarded on the basis of lowest price; and

(ii) Best Value for all other Procurement Contracts;

and based upon receipt and evaluation of proposals or other information obtained from responsible persons/firms submitting a responsive bid or proposal in response to a request for proposals, an invitation for bid or other method of procurement.

The Authority encourages the use of qualified labor, suppliers and other resources from the Authority’s service area to the extent possible consistent with law and this policy.

b. Public Notice
To the extent required by Article 4-C of the Economic Development Law, notice of all Procurement Contract opportunities estimated to be $50,000 or more shall be advertised in the State's procurement opportunities newsletter. Notice of the award of all Procurement Contracts valued at $50,000 or more shall also be posted in the State’s procurement opportunities newsletter.

In addition to the above, all invitations for bids for Procurement Contracts for construction or purchase of Goods pursuant to Section 103 of the GML involving an expenditure of more than $20,000 shall be advertised in the principal newspaper of the Authority’s service area, if any, or, if none, in such newspaper of general circulation in the service area as may be designated by the officer supervising such procurement. All solicitations for proposals for Procurement Contracts for construction or purchase of Goods conducted in accordance with Section 120-w(4)(e) of the GML shall be advertised in (i) the principal newspaper of the Authority’s service area, if any, (ii) at least one newspaper of general circulation (which may be the principal newspaper of the Authority’s service area), (iii) the state register and (iv) the environmental notice bulletin.

c. Soliciting and Accepting Proposals

(i) For every procurement, a record shall be maintained ("Procurement Record") documenting the basis for all the decisions made by the Authority during the procurement process.

(ii) Except as otherwise provided in this Policy, the Authority shall select a competitive procurement process and document this process in the Procurement Record. The method of award, including the evaluation methodology, must be established prior to the opening of bids or proposals.

(iii) The solicitation shall prescribe the specifications or requirements that must be met in order to be considered responsive and shall describe and disclose the general manner in which the evaluations and selection shall be conducted.

(iv) The Authority may seek clarification from Proposers for purposes of assuring a full understanding as to responsiveness of the proposal to the procurement’s specifications and/or requirements.

(v) The Authority may clarify the requirements set forth in the solicitation document.

(vi) The Authority may negotiate with one or more Proposers determined to be susceptible of being selected for contract award prior to award.

(vii) The Authority may conduct competitive negotiations.
(viii) The Authority may, prior to making an award, request best and final offers from one or more Proposers determined to be susceptible of being selected for contract award.

(ix) The Authority may withdraw any pending solicitation at any time for cause or no cause. All proposals may be rejected. Where provided in the solicitation, separable portions of proposals may be rejected.

(x) Prior to making an award of contract, based upon such criteria and factors as the Authority shall have established, the Authority shall make a determination of the responsiveness of each proposal and of the responsibility under State Finance Law of the selected Proposer(s).

(xi) Except as may be provided for in the solicitation or as may be required by law, disclosure of the content of competing proposals received in response to a solicitation, or of any clarifications, modifications, revisions or supplements thereto, shall be prohibited prior to approval of the contract.

(xii) The solicitation shall prescribe the designated point(s) of contact for the Authority (“Designated Contacts”), consistent with the Authority’s obligations under State Finance Law Sections 139-j and 139-k (as more fully set forth in Article II.F of this Policy), and shall require a Proposer to identify in its proposal a single point of contact. The solicitation shall prescribe that Proposer shall not communicate or make contact, as defined in State Finance Law Section 139-j(1)(c), (a “Contact”) with anyone other than the Authority’s Designated Contacts, except as authorized by State Finance Law Section 139-j (3). The solicitation shall further prescribe that all Contacts by a Proposer must be recorded and that impermissible Contacts may be grounds for finding the Proposer non-responsible and ineligible for a contract award. The solicitation shall require all Proposers to disclose prior findings of non-responsibility pursuant to State Finance Law Sections 139-j and 139-k. The solicitation shall include a summary of the policy and prohibitions regarding permissible contacts and shall also require a written affirmation by the Proposer as to its understanding of the Authority’s procedures in accordance with the provisions of State Finance Law Section 139-j(3) and its agreement to comply.

d. Letting of Procurement Contracts

(i) Selection and award of any Procurement Contract shall be made by the Authority in a manner consistent with the method of award established for the procurement. The award(s) and the basis for determining the award(s) shall be documented in the procurement record.

(ii) To the extent provided in the solicitation and determined to be in the best interests of the Authority, the Authority may elect to award a contract for
Services or Technology or an Electricity Contract to more than one responsive and responsible Proposer. When multiple contract awards are made, the selection of the contractor to provide the required services or technology shall be based on the most practical and economical alternative to the Authority at the time of purchase. The basis for determining the most practical and economical alternative shall be documented in the Procurement Record.

2. Waiver of Selection Procedures for Procurement Contracts

Except as may otherwise be required by law, Procurement Contracts (other than Electricity Contracts) may be awarded to persons/firms without regard to Section B.1 of Article II when any of the following circumstances exist:

a. In the event of an emergency or other extraordinary circumstances including but not limited to i) a threat to: a) the health or safety of the public, b) Authority employees and any other workers, including contracted labor, operating, maintaining or otherwise performing services on the Authority’s transmission and distribution system and/or related facilities; ii) those necessary to assure the proper functioning of the Authority’s transmission and distribution system; iii) those necessary to adhere to schedule for completion of capital improvements and operation and maintenance projects wherein the failure to complete projects on time will result in lost revenue, penalties or unnecessary and unreasonable expenses or cost increases; and iv) storm restoration.

b. Only one source for the Goods, Services or Technology is available (sole source procurement).

c. Legal, professional, technical or other specialized services are required for which a certain person/firm has unique expertise, or has greatly superior qualifications to perform the service at a cost that is determined to be fair and reasonable (single source procurement).

d. The contract is based upon an unsolicited proposal or offer, submitted at the sole initiative of the Proposer, and involving unique, innovative, or unusually meritorious methods or ideas, after having considered other options.

e. The compatibility of Technology, equipment, accessories, or spare or replacement parts is the paramount consideration.

f. Technology or Services are required to extend or complement a prior procurement and it is impracticable or uneconomical to have a source other than the original source continue the work.

g. A sole or single supplier's item is needed for trial use or testing, or a proprietary item is sought for which there is only one source; or
h. The Procurement Contract (i) is (a) less than $50,000 for Goods, construction, Services or Technology; or (ii) involves an expenditure not exceeding $200,000 for the purchase of Goods or Services from New York State small business concerns or from those firms certified as Minority/Women Owned Business Enterprises (M/WBE) by the Department of Economic Development pursuant to Article 15A of the executive law, or for purchases of goods or technology that are recycled or remanufactured; or (iii) involves the purchase of goods or services using the terms and conditions and pricing contained in contracts awarded by any department, agency, officer, political subdivision, public authority or public corporation of New York State, including, but not limited to, the Office of General Services, the Federal government or any other governmental entity; or (iv) involves the purchase of goods or services using the terms and conditions and pricing contained in contracts let by any electric utility if it is unlikely that the Authority will achieve savings through a competitive procurement.

When a Procurement Contract is awarded pursuant to this Section B.2 of Article II of this Policy, the Authority shall make a determination that the specifications or requirements for said purchase have been designed in a fair and equitable manner. The Authority shall document in the procurement record the basis for a determination to purchase pursuant to this Section B.2 of Article II of the Policy.

3. Selection Procedures for Electricity Contracts

a. Electricity Contracts are not subject to Section B.1 of Article II if they are (i) entered into in accordance with rate schedules or tariffs filed with applicable federal or state regulatory agencies or adopted and maintained by the Authority, the Subsidiary or a public agency vendor not regulated by the Federal Energy Regulatory Commission, or (ii) subject to rates provided in rate schedules or tariffs regulated by the Federal Energy Regulatory Commission, or established by the Authority or a public agency vendor, and shall be awarded in accordance with such rate schedules and tariffs.

b. All other Electricity Contracts are subject to Section B.1 of Article II.
C. Minority and Women-Owned Business Enterprises

It is the policy of the Authority to foster and promote the participation of minority and women-owned business enterprises in Authority procurements, to develop such enterprises and to facilitate the awarding of a fair share of Procurement Contracts to such enterprises. In contracting, the Authority shall use its best efforts to give minority business enterprises and women-owned business enterprises an opportunity to compete for the Authority's business by eliminating barriers to participation by M/WBEs in Authority procurements. When adopting its annual goals for the participation of M/WBEs, the Authority shall consult the most recent disparity study published by the State of New York.

The Authority shall administer the rules and regulations promulgated by the Director of the Division of Minority and Women-Owned Business Development within the Department of Economic Development in a good faith effort to meet the maximum feasible portion of the Authority’s adopted goals. The Authority hereby designates the Division of Minority and Women-Owned Business Development within the Department of Economic Development to certify and decertify minority and women-owned business enterprises.

1. The Authority hereby designates the Special Counsel for Ethics, Risk and Compliance (or individual serving in a comparable role) to oversee its M/WBE program.

2. The Authority shall maintain a list of qualified certified M/WBEs that have expressed an interest in doing business with the Authority and ensure that such list is regularly updated. To assist in developing such list, the Authority shall periodically invite the submission of statements of qualifications from minority business enterprises and women-owned businesses for the purpose of identifying firms having experience in the type of Goods, Services and Technology contracted for by the Authority or Subsidiary. The list shall also include all M/WBEs that have responded to Authority solicitations for bids and proposals and/or have inquired about notices of Authority procurements placed in the State’s procurement opportunities newsletter.

3. When soliciting bids and proposals, in addition to publication in the State’s procurement opportunities newsletter, the Authority shall (a) consult the Directory of certified M/WBEs maintained by the Department of Economic Development; (b) provide each bidder and proposer with a copy of said Directory; and (c), provide notice to professional and other organizations that serve minority and women-owned business enterprises providing the types of services procured by the Authority.

4. To foster the increased use of M/WBEs, the Authority may seek a single proposal not exceeding $200,000 in the aggregate, including all amendments, from a certified M/WBE that offers a reasonable price for such goods and/or services.

5. When provided for in the solicitation, bids and proposals shall be accepted from joint ventures between MWBEs and non-minority and women-owned business enterprises.

6. The Authority shall evaluate each contract to determine the goal for M/WBE participation in subcontracting opportunities based on the level of subcontracting needed and the
availability of certified M/WBEs to competitively respond to subcontracting opportunities. Each solicitation shall set forth the goal for M/WBE subcontracting opportunities. The Authority shall consider, where practicable, separating a single procurement into several for the purpose of maximizing M/WBE participation.

7. Where subcontracting goals are established for a Procurement Contract, the solicitation shall require that bidders and proposers submit a subcontractor utilization plan with the bid or proposal and which the Authority shall review as required. A contractor who is a certified M/WBE may count the work it performs toward meeting its goal for either minority or women participation, but not both.

8. In determining to award a contract, the Authority shall, where practicable, feasible and appropriate, assess the diversity practices of a bidder or proposer; provided, however, that a bid or proposal shall not be automatically rejected based on a lack of diversity practices.

9. The Authority shall verify M/WBE participation to the extent indicated in the bid or proposal selected for contract award.

10. Every Authority contract shall contain a provision expressly providing that any contractor who willfully and intentionally fails to comply with the M/WBE requirements imposed upon contractors by Article 15-A of the Executive Law shall be liable to the Authority for liquidated or other damages, as specified, and shall include other appropriate remedies on account of such non-compliance. The Authority shall consider compliance with the requirements of any federal law concerning opportunities for minority and women-owned business enterprises which effectuates the purpose of Article 15-A of the Executive Law.

11. The Authority may waive obligations of the contractor relating to minority and women-owned business enterprise participation only after a showing of good faith efforts to comply with the requirements of Article 15-A of the Executive Law pursuant to the waiver provisions contained in Subdivision 6 of Section 313 of the Executive Law.

12. Upon execution of a contract, the Authority shall post on its web site any required minority and women-owned business enterprise subcontractor utilization plans and any waivers of compliance approved by the Authority within 30 days after such approval is granted.

13. The requirements of this section shall not apply to Electricity Contracts that meet the requirements of Section B.3(a) of Article II.

D. New York State Business Enterprises and New York Residents

It is the policy of the Authority to promote participation in Procurement Contracts by New York State business enterprises and New York residents, including without limitation, business enterprises located in the service area and residents of the service area, by encouraging them to compete through measures including, but not limited to:
1. Collecting and consulting the specifications of New York State business enterprises in developing any specifications for any Procurement Contract for the purchase of goods where possible, practicable, feasible, and consistent with open bidding, except for procurement contracts for which the Authority would be expending funds received from another state. The Authority will, where feasible, make use of the stock order specification forms prepared by the Commissioner of General Services and, where necessary, consult with the Commissioner of General Services in developing such specifications and make such determinations.

2. With the cooperation of the Department of Economic Development and through cooperative efforts with contractors, providing for the notification of New York State business enterprises of opportunities to participate as subcontractors and suppliers on Procurement Contracts in an amount estimated to be equal to or greater than one million dollars and promulgating procedures which will assure compliance by contractors with such notification. Once awarded the contract, contractors shall be required to document their efforts to encourage the participation of New York State business enterprises as subcontractors and suppliers on such Procurement Contracts. Documented efforts by a successful contractor shall consist of and be limited to showing that such contractor has (a) solicited bids, in a timely and adequate manner, from New York State business enterprises, including certified minority and women-owned businesses, or (b) contacted the New York State Department of Economic Development to obtain listings of New York State business enterprises, or (c) placed notices for subcontractors and suppliers in newspapers, journals, and other trade publications circulated in New York State, or (d) participated in bidder outreach conferences. If a contractor determines that New York State business enterprises are not available to participate on the contract as subcontractors or suppliers, the contractor shall provide a statement indicating the method by which such determination was made. If the contractor does not intend to use subcontractors on the contract, the contractor shall provide a statement verifying such intent.

3. Except for Procurement Contracts for which the Authority would be expending funds received from another state, including in all solicitations a statement that information concerning the availability of New York State subcontractors and suppliers is available from the New York State Department of Economic Development, including the directory of certified minority and women-owned businesses, and that it is the policy of the Authority to encourage the use of New York State subcontractors and suppliers and to promote the participation of minority and women-owned businesses, where possible, in the procurement of goods and services.

4. With the cooperation of the Community Services Division of the Department of Labor and through cooperative efforts with contractors, providing for the notification to New York State residents of employment opportunities arising in New York State out of Procurement Contracts in an amount estimated to be equal to or greater than one million dollars; and assuring compliance by contractors by requiring contractors to submit post-award compliance reports documenting their efforts to provide such notification through listing any such positions with the Community Services Division.
or providing for such notification in such manner as is consistent with existing collective bargaining contracts or agreements.

5. Including in each solicitation a statement notifying potential Proposers in foreign countries that the Authority may assign or otherwise transfer offset credits created by such procurement contract to third parties located in New York State; providing for the assignment or other form of transfer of offset credits created by such procurement contracts, directly or indirectly, to third parties located in New York State, in accordance with the written directions of the Commissioner of Economic Development; and providing for the Authority otherwise to cooperate with the Department of Economic Development in efforts to get foreign countries to recognize offset credits assigned or transferred to third parties located in New York State created by such Procurement Contracts.


As used in this section the terms “New York State business enterprise” and “New York resident” shall have the meaning assigned to such terms in Section 2879 of the PAL.

E. New York State Service-Disabled Veteran-Owned Businesses (“SDVOBs”)

It is the policy of the Authority to promote participation in Procurement Contracts by SDVOB’s including without limitation, SDVOB’s located in the Authority’s service area.

New York State has established an overall goal of 6% for contracting with SDVOB’s and the Authority shall utilize its best efforts to assist the state in meeting these goals. In addition, the Authority shall utilize its best efforts to assist the Division of Service-Disabled Veterans' Business Development in the furtherance of these goals in accordance with their guidelines: http://www.ogs.ny.gov/Core/docs/Guidelines.pdf.

F. Restrictions on Procurement Lobbying

Pursuant to State Finance Law Sections 139-j and 139-k, an Offerer (as defined in Section 139-j(1)(h)) is restricted to making Contact with the Authority’s Designated Contacts only from the earliest solicitation of offers through final award and approval of procurement contracts (as defined in Section 139-j(1)(g)) by the Authority and, if applicable, Office of the State Comptroller (“Restricted Period”) except as provided for in State Finance Law Section 139-j(3)(a). When a Contact is received during the Restricted Period, Authority employees are required to obtain the name, address, telephone number, place of employment and occupation of the person or organization making the Contact and whether the person or organization was the Offerer or was retained, employed or designated by the Offerer to Contact the Authority about the procurement. If the Contact is received by an Authority employee who is not a Designated Contact, the Special Counsel for Ethics, Risk and Compliance (or individual serving in a comparable role) shall be notified who shall investigate the impermissible Contact.
If the General Counsel, or designee, determines that there is sufficient cause to believe that the Offerer violated the provisions of State Finance Law Section 139-j(3), notice shall be given to the Offerer who shall have the opportunity to be heard. If it is determined that the impermissible Contact was knowing and willful, the Offerer is non-responsible and shall not be awarded a contract except as otherwise provided in State Finance Law Section 139-j (10). In the event of two such findings within a 4-year period, the Offerer is debarred from participating in or receiving an Authority procurement contract, as defined by in Section 139-j(1)(g) for four years.

Proposers shall be provided with a summary of the Authority’s policies and procedures regarding permissible contacts and shall affirm in writing its understanding and agreement to comply with the same. All contractors shall certify that information provided to the Authority pursuant to State Finance Law Sections 139-j and 139-k is true and accurate. All contracts shall include a provision that the contract may be terminated if the certification is found to be intentionally false or intentionally inaccurate.

G. Additional Certifications

It is the policy of the Authority to promote increased public confidence in its procurement practices, including requiring Proposers to certify in writing, upon submission of their proposals and at the time of execution of a contract with the Authority, the following:

1. **Non-Collusion**
   
   a. The prices in the bid or proposal have been arrived at independently, without collusion, consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such prices with any other Proposer or with any competitor.
   
   b. Unless otherwise required by law, the prices which have been quoted in the bid or proposal have not knowingly been disclosed by Proposer, and will not knowingly be disclosed by the Proposer prior to opening, directly or indirectly, to any other Proposer or to any competitor.
   
   c. No attempt has been made or will be made by the Proposer to induce any other person, partnership or corporation to submit or not submit a bid or proposal for the purpose of restricting competition.

Proposer shall make this certification under penalty of perjury, in accordance with Section 2878 of the PAL.
2. **Contingent Fees**

   a. Proposer has not employed or retained and will not employ or retain any individual or entity for the purpose of soliciting or securing any Authority contract or any amendment or modification thereto pursuant to any agreement or understanding for receipt of any form of compensation which in whole or in part is contingent or dependent upon the award of any such contract or any amendment or modification thereto.

   b. Proposer will not seek or be paid an additional fee that is contingent or dependent upon the completion of a transaction by the Authority provided however that this provision shall not apply to real estate brokers and other real property buyer/seller/lessor/lessee representatives engaged to act on behalf of the Authority.

   A Proposer’s failure to provide the certifications required by Sections G(1) and (2) of Article II will be grounds for disqualification from the procurement process.

   A Proposer’s violation of Section G(2)(a) or (b) of Article II will be grounds for disqualification from the procurement process.

H. **Penalties**

   A Proposer’s failure to comply with any of the provisions contained in this Policy is grounds for disqualification in the procurement process, and may constitute a crime under State or Federal Law.

I. **Conduct of Procurements; Approval Process for Contracts**

   1. All procurements shall be conducted in accordance with this Policy by the responsible Procuring Officer.

   2. The award of Procurement Contracts for Services, including those Procurement Contracts awarded without regard to Section B.1 of Article II, shall be approved as follows:

      a. Procurement Contracts for Services having a value less than or equal to $1,000,000 shall be approved by the responsible Procurement Officer and either the Chief Financial Officer or the Chief Executive Officer.

      b. Procurement Contracts for Services having a value greater than $1,000,000 and/or to be rendered over a period in excess of one year (regardless of the value) shall be approved by the Authority Board of Trustees.
3. The award of Procurement Contracts for Goods or Technology, including those Procurement Contracts awarded without regard to Section B.1 of Article II, shall be approved as follows:

   a. Procurement Contracts for Goods or Technology having a value less than $1,000,000 shall be approved by the responsible Procurement Officer and either the Chief Financial Officer or the Chief Executive Officer.

   b. Procurement Contracts for Goods or Technology having a value equal to or greater than $1,000,000 and/or to be rendered over a period in excess of one year (regardless of the value) shall be approved by the Authority Board of Trustees.

4. The award of Electricity Contracts shall be approved as follows:

   a. Electricity Contracts having a term greater than 60 months shall be approved by the Authority Board of Trustees.

   b. All other Electricity Contracts shall be approved by the responsible Procurement Officer, and either the Chief Financial Officer or the Chief Executive Officer, unless Board approval is otherwise required by applicable law, including to comply with the State Environmental Quality Review Act.

5. Procurement Contracts in an amount greater than $50,000 shall not be valid, effective or binding upon the Authority until approved by the State Comptroller and filed in that office.

J. Employment of Former Officers and Employees

To the extent permitted by Public Officers Law Section 73, former Authority officers and employees are eligible to be considered to be retained as contractors and/or consultants, provided that they meet all criteria for contractors and/or consultants generally as specified in this Policy and upon the approval of the Trustees.

K. Types of Provisions to be Contained in Procurement Contracts

The following types of provisions shall be contained in all Authority procurement contracts, unless one or more such provision is inapplicable and/or unnecessary based on the nature and/or duration of the contract or any other circumstance that the Authority deems to be in its interest.

1. Description/Scope of Work
2. Term
3. Compensation
4. Relation between the Contractor and the Authority, including Supervision of Work, Use of Subcontractors, Conflict of Interest and Use of Authority Supplies, Facilities and Personnel
5. Ownership, Maintenance, Confidentiality and Other Provisions Related to Documents and Records
6. Termination
7. Provisions Required by Federal, State and Local Law
9. Billing Policy
10. Insurance
11. The percentage of minority and women-owned subcontracting goals
12. The percentage of New York State Service-Disabled Veteran-Owned Business (SDVOB) subcontracting goals

III. GENERAL

A. Implementation of Guidelines

The Chief Executive Officer, Chief Financial Officer and/or General Counsel are empowered to prepare:

1. Such supplemental procedures as may be required to effectively implement this Policy, copies of which shall be provided to the Trustees; and

2. Proposed amendments to this Policy for approval by the Authority Board of Trustees when and as required.

B. Reports

1. No less frequently than annually, the Authority will prepare a report which summarizes its Procurement Contract activity for the period of the report, which will include a list of all Procurement Contracts entered into, all contracts entered into with New York State business enterprises and the subject matter and value thereof, all contracts entered into with certified minority or women-owned business enterprises and the subject matter and value thereof, all referrals made and all penalties imposed pursuant to section three hundred and sixteen of the executive law, all contracts entered into with foreign business enterprises, and the subject matter and value thereof, the selection process used to select such contractors, all Procurement Contracts which were exempt from the publication requirements of Article 4-C of the Economic Development Law, the basis of such exemption and the status of existing Procurement Contracts.

2. Also on an annual basis, the Authority will prepare and approve a report on Procurement Contracts, which report will include this Policy and an explanation of this Policy and any amendments to them since the last report. The Authority will submit this report to any such governmental entities as may be entitled to receive it under applicable law, including the Public Authorities Law and the State Finance Law,
and will make this report available to members of the public on the Authority’s website.

These guidelines shall be annually reviewed and approved by the Authority.

C. Effect of Awarded Contracts

These Guidelines are intended for the guidance of the officers and employees of the Authority and the Subsidiary only. Nothing contained herein is intended or shall be construed to confer upon any person, firm or corporation any right, remedy, claim or benefit under, or by reason of, any requirement or provision hereof, or be deemed to alter, affect the validity of, modify the terms of or impair any contract or agreement made or entered into in violation of, or without compliance with, this Policy.
Board Policy on Interest Rate Exchange Agreements

It is the policy of the Board of Trustees of the Long Island Power Authority to ensure that the Authority properly manages the interest rate risks associated with its assets and debt portfolio. The objective of the interest rate exchange agreement program is to provide the Authority with the ability to diversify its debt portfolio, mitigate potential risks, and/or lower the cost of borrowings.

This Board Policy authorizes the Authority to enter into interest rate exchange agreements only if the Authority’s Executive Risk Management Committee (“ERMC”) has made a determination that such agreements meet one or more of the following objectives. Such agreements must:

- Manage the Authority’s exposure to interest rates on a particular financial transaction, or in the context of the Authority’s overall debt and asset portfolios;
- Reduce borrowing costs or increase earnings relative to traditional financing or investment alternatives.

In no event shall an agreement be for speculative purposes.

The ERMC will ensure that agreements entered into:

- Consider and document the associated risks, including the Authority’s exposure to counterparty risk, termination risk, basis risk, tax-event or tax-basis risk, mismatched amortization, and rollover risk;
- Meet the Authority’s administrative, procurement, and documentation requirements;
- Meet all Generally Accepted Accounting Standards;
- Are executed with counterparties that comply with the Authority’s counterparty selection criteria and are eligible counterparties;
- Have been executed within in a process that complies with the Authorities guidelines for designated management and responsibilities and involvement for interest rate swap transactions;
- Comply with the Dodd-Frank Act and other regulatory requirements; and
- Are based on the ISDA Master Agreement, with a related Confirmation and Credit Support Annex.

The ERMC shall monitor and provide appropriate reporting to the Finance and Audit Committee of the Board of Trustees on the following on no less than a quarterly basis:

- Status of individual agreements in effect, including notional amount, rates, terms, bases employed, and the rating of counterparties or insurers;
- Payments received or paid and interest accrued or receivable;
- Credit terms within ISDA documentation, such as ratings based termination events.
or collateral posting requirement;
• Credit ratings and outlooks for counterparties;
• Relevant measures of interest rate and valuation sensitivity for transactions;
• Mark-to-market evaluations by individual agreement and collateralization, is posted by either party.
Board Policy on Evaluation of Public Policy Requirements for Transmission Planning

It is the policy of the Long Island Power Authority to fulfill its responsibilities under Section 31.4.2 of the New York Independent System Operator ("NYISO") Open Access Transmission Tariff ("OATT") using the following procedures to evaluate whether public policy requirements drive the need for physical modifications to the Long Island Transmission District. The procedures are adopted pursuant to Section § 1020-f(z) of the Long Island Power Authority Act.\(^1\)

**Procedures:**

**A. Step 1: NYISO 60-Day Solicitation of Public Comments Proposing Public Policy Requirements for Review.**

The NYISO, as part of its biennial planning process, holds a 60-day public comment period in which entities may identify public policy requirements that should be evaluated for the purposes of determining whether such requirements drive the need for transmission improvements to the bulk transmission system in New York State, including within the Long Island Transmission District.

**B. Step 2: Receipt of Proposals from the NYISO and Request for Evaluation.**

The NYISO will transmit to the Authority a request for evaluation of any public comments that propose the evaluation of public policy requirements that may drive the need for physical modifications to the Long Island Transmission District (i.e., transmission needs) pursuant to Section 31.4.2 of the NYISO OATT.

**C. Step 3: Authority Staff Evaluation of Transmission Needs.**

Authority staff shall commence an evaluation of whether there are any transmission needs within the Long Island Transmission District driven by public policy requirements ("Public Policy

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\(^1\) N.Y. Pub. Auth. Art. 5, Title 1-A, §1020-f(z), providing that the Authority may adopt, revise, and amend rules and regulations “with respect to operations, properties and facilities as may be necessary or convenient to carry out [its regulatory oversight of the Long Island Transmission District] subject to the provision of the state administrative procedure act.”
Transmission Need”). Such evaluation shall include consultation with Department of Public Service (“DPS”) staff to insure proper coordination between the Authority and Public Service Commission (“PSC”) processes, as to technical content and schedule. Should the Staff evaluation result in a recommendation to identify a Public Policy Transmission Need, Staff shall produce a report describing its evaluation and justification, along with a discussion of Staff’s consultation with DPS.

D. Step 4: Issuance of SAPA Notice and Initiation of Public Comment Period

Upon completion of the Staff report identifying a Public Policy Transmission Need, the report will be posted on the Authority’s website for public comment, pursuant to the State Administrative Procedures Act. Such public comment period will be initiated by publication of the SAPA notice in the State Register, posting of the Staff report on the Authority’s website, www.lipower.org, and a public announcement and requests for public comment.

E. Step 5: Determination of transmission needs within the Long Island Transmission District driven by Public Policy Requirements

Upon the close of the public comment period, the Board of Trustees shall review and consider all public comments, the Staff report, and such other information or analyses that are included as part of the administrative record of evaluation. The Board of Trustees shall determine whether there are any transmission needs within the Long Island Transmission District that are driven by public policy requirements.

F. Step 6: Submittal of written determination to the New York Public Service Commission

The Board of Trustees written determination will be transmitted to the PSC explaining whether the Authority has identified any transmission needs within the Long Island Transmission District that are driven by public policy requirements. Thereafter, the PSC will determine whether such transmission needs should qualify for statewide cost allocation pursuant to the NYISO OATT. Any transmission projects not designated by the PSC for statewide cost allocation shall remain within the jurisdiction of the Authority to consider within its regular planning process.