

## **FOR CONSIDERATION**

March 26, 2024

**TO:** The Board of Trustees of the Utility Debt Securitization Authority

**FROM:** Thomas Falcone

**REQUEST:** Approval of the Annual Review of Certain Board Policies and Amendments to the Trustee Code of Ethics and Conduct

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### **Requested Action**

The Board of Trustees (the “Board”) of the Utility Debt Securitization Authority (the “UDSA”) is requested to adopt a Resolution reviewing and approving certain Board policies.

### **Discussion**

In accordance with the New York State Public Authorities Law (“PAL”) and governance best practices, the Board has adopted various policies relating to UDSA’s mission, governance, and operations. Specifically, these include the: (i) Mission Statement; (ii) By-laws; (iii) Board Policy on Procurement<sup>1</sup>; (iv) Board Policy on Property Disposition<sup>2</sup>; (v) Board Policy on Real Property Acquisition; (vi) Board Policy on Lobbying; (vii) Trustee Code of Ethics and Conduct; and (viii) Board Policy on Prompt Payment.

### **Annual Review and Amendments to Certain Board Policies**

LIPA Staff recommends no changes to the Board policies listed above and recommends approval of the review of those policies, as written, with the exception of the Trustee Code of Ethics and Conduct, as described below. The existing Board policies are located on the UDSA’s website at this [link](#) and, also, this [link](#).

### **Amendments to the Code of Ethics and Conduct**

LIPA Staff has reviewed the Code of Ethics and recommends certain minor changes to the Policy to conform with updated law. The New York State Commission on Ethics and Lobbying in Government (“COELIG”) was established by the Ethics Commission Reform Act of 2022. COELIG was created to replace what was known as the Joint Commission on Public Ethics (“JCOPE”). References to JCOPE have been removed and replaced with COELIG consistent with Ethics Commission Reform Act of 2022. Additionally, certain other changes have been made to better reflect the thresholds related to gifts. Other minor formatting and clerical edits are also included. All amendments are more specifically shown on **Exhibit “B”**.

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<sup>1</sup> Section 2897(1) of the Public Authorities Law requires that the procurement guidelines be annually reviewed and approved by the UDSA.

<sup>2</sup> Section 2896(1) of the Public Authorities Law requires that the property disposition guidelines be annually reviewed and approved by the UDSA.

### **Recommendation**

Based upon the foregoing, it is recommended that the Trustees adopt the resolution in the form attached hereto as **Exhibit “A”**.

### **Attachments**

**Exhibit “A”** Resolution  
**Exhibit “B”** UDSA Code of Ethics and Conduct (redline)  
**Exhibit “C”** UDSA Code of Ethics and Conduct (clean)

**RESOLUTION APPROVING THE ANNUAL REVIEW OF CERTAIN MISSION, GOVERNANCE AND COMPLIANCE BOARD POLICIES AND AMENDMENTS TO THE TRUSTEE CODE OF ETHICS AND CONDUCT**

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**WHEREAS**, in accordance with the New York State Public Authorities Law (“PAL”) and governance best practices, the Board has adopted various policies relating to the Authority’s mission, governance and compliance, including the: (i) Mission Statement; (ii) By-laws; (iii) Board Policy on Procurement; (iv) Board Policy on Property Disposition; (v) Board Policy on Real Property Acquisition; (vi) Board Policy on Lobbying; (vii) Trustee Code of Ethics and Conduct; and (viii) Board Policy on Prompt Payment.

**WHEREAS**, LIPA Staff recommends that the Board approve the annual review of the Board policies, listed above, as written, with the exception of the Trustee Code of Ethics and Conduct, as described in the attached memorandum.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Trustees hereby approves the annual review of the: (i) Mission Statement; (ii) By-laws; (iii) Board Policy on Procurement; (iv) Board Policy on Property Disposition; (v) Board Policy on Real Property Acquisition; (vi) Board Policy on Lobbying; and (vii) Board Policy on Prompt Payment; and

**BE IT FURTHER RESOLVED**, the Board of Trustees hereby approves the amendments to the Code of Ethics and Conduct as provided in the attached memorandum.

**Dated:** March 26, 2024

**Exhibit "B"**

**TRUSTEE CODE OF ETHICS AND CONDUCT  
OF THE  
UTILITY DEBT SECURITIZATION  
AUTHORITY**

March 28~~6~~7, 201~~7~~24

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

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**Exhibit 1**            **Section One-M of the Legislative Law**

**Exhibit 2**            **\_\_\_\_\_Section One-C of the Legislative Law**

**Appendix A**   **\_\_\_\_\_Section 73 of the New York Public Officers Law**

**Appendix B**   **\_\_\_\_\_Section 73 – a of the New York Public Officers Law**

**Appendix C**   **\_\_\_\_\_Section 74 of the New York Public Officers Law**

**Appendix D**   **\_\_\_\_\_Joint Commission on Public Ethics regulations on gifts codified at 19 NYCRR \_\_\_\_\_Part 933 and 934.**

**Appendix E**   **\_\_\_\_\_Governor Paterson’s Executive Order 7 “Prohibition Against Personal Use \_\_\_\_\_of State Property and Campaign Contributions to the Governor”**

**Appendix F**   **\_\_\_\_\_Annual Certification Form**

**Appendix G**   **\_\_\_\_\_Anti-Retaliation Policy**

# **UTILITY DEBT SECURITIZATION AUTHORITY TRUSTEE CODE OF ETHICS AND CONDUCT**

## **I. Introduction**

The Utility Debt Securitization 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. 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 Committee as necessary with a copy distributed to each Trustee.

## **II. Definitions**

The following definitions apply to the Code.

- A. “Authority” means the Utility Debt Securitization 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. The gift threshold applies to the total value of all gifts received from a gift giver during a calendar year.

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 (1) 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 perceived or actual, 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.

*Campaign Contributions and Political Activity and Affiliations*

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 inquiry is~~ consistent with ~~publicly disclosed 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~~

Commission on Ethics and Lobbying in Government (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 Committee of the Board of Trustees about the status and disposition of official investigations and issues thereof raised under the Code.

**TRUSTEE CODE OF ETHICS AND CONDUCT  
OF THE  
UTILITY DEBT SECURITIZATION  
AUTHORITY**

**March 26, 2024**

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

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# **UTILITY DEBT SECURITIZATION AUTHORITY TRUSTEE CODE OF ETHICS AND CONDUCT**

## **I. Introduction**

The Utility Debt Securitization 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. 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 Committee as necessary with a copy distributed to each Trustee.

## **II. Definitions**

The following definitions apply to the Code.

- A. “Authority” means the Utility Debt Securitization 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. The gift threshold applies to the total value of all gifts received from a gift giver during a calendar year.

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 (1) 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, perceived or actual, 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.

*Campaign Contributions and Political Activity and Affiliations*

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

Commission on Ethics and Lobbying in Government (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**

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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 thereof raised under the Code.