

## **CONFLICTS OF INTEREST AND FINANCIAL DISCLOSURE**

### **I. Introduction**

This policy sets forth the ethical obligations of employees of The Port Authority of New York and New Jersey and Port Authority Trans-Hudson Corporation, including all subsidiaries (collectively, the “Port Authority”), to disclose and avoid conflicts between their official responsibilities and their personal interests. Port Authority employees owe undivided loyalty to the Port Authority and to the public when performing their Port Authority responsibilities. Port Authority employees must never seek to realize financial gain, privileges, benefits or other advantages through the use of their official authority or position. To maintain the public’s trust, Port Authority employees must avoid even the appearance of divided interests, regardless of the employees’ actual intentions.

In addition, this policy sets forth: (A) the disclosure procedures applicable to any Port Authority employee who becomes aware of a possible conflict of interest; and (B) the requirements for certain designated employees to submit annual Financial Disclosure Statements to the Law Department.

Port Authority employees who have questions or need guidance about the interpretation or applicability of any provision of this policy should contact the Law Department or the Office of Ethics and Compliance. Procedures for making formal disclosures of a potential conflict of interest or for obtaining a determination from the Law Department are set forth below in Sections IV and V.

Compliance with this policy does not relieve any Port Authority employee of the obligation to comply with applicable federal, state or local laws or regulations, the Employee Code of Ethics or other Port Authority policies, rules or regulations.

### **II. Applicability**

This policy applies to all current employees of the Port Authority.

### **III. Prohibition of Conflicts of Interest**

#### **A. Rule**

Port Authority employees must not participate in any Port Authority matter if there is a conflict between their own interest in the matter and the interest of the Port Authority and the public. Such a conflict of interest occurs when an employee knows, or should reasonably know, that they or their immediate family

members have a substantial interest in an entity or property involved in the Port Authority matter in which the employee is participating.

## B. Definitions

1. A "Port Authority matter" is any proposed or actual transaction, project or proceedings in which the Port Authority has an interest, including but not limited to: the purchase or sale of goods, services or real property; the leasing or rental of real property; procurement, management, administration or performance of contracts; the grant of easements, permits or licenses for access to Port Authority property or facilities; the issuance of securities; the making of investments, loans or donations; the making of or applying for grants; audits or investigations; and arbitrations, grievances, lawsuits or other formal disputes.
2. An employee "participates" in a given Port Authority matter through substantial, non-ministerial work that is directly related to the matter, and that is not routine clerical, administrative or data-entry work. Negotiating a contract is "participation"; scheduling a negotiations meeting is not.
3. "Immediate family member" means a spouse, domestic partner, child, parent, sibling, grandparent or grandchild.
4. Employees or their immediate family members have a "substantial interest" in a Port Authority matter if they:
  - a. Own or control a share in an entity directly involved in the matter that (i) has a market value of at least \$10,000; or (ii) resulted in the receipt of at least \$5,000 in the prior 12 months to the employee or an immediate family member;
  - b. Own an interest in any real property (including personal residences) directly involved in the matter that has a market value in excess of \$10,000 (without subtracting any debts, liens, or mortgages);
  - c. Owe at least \$5,000 to any entity or individual directly involved in the matter or are owed at least \$5,000 by such entity or individual; or
  - d. Hold a position in an entity directly involved in the matter as an officer, director, employee, trustee, partner or position of management, agent or representative.

## C. Exceptions

1. No substantial interest in an entity is created by a merely passive interest in that entity. Examples of such passive interests include checking accounts, savings accounts, money market accounts, brokerage accounts, discretionary, independently managed pension or trust accounts, mutual

funds, or index funds.

2. An employee does not have a substantial interest in tangible or real property held solely through trusts or other financial investment vehicles that are independently managed.
3. This policy does not preclude a Port Authority employee from acting as an officer or representative in a labor union or collective bargaining unit for purposes of the negotiation of, or disputes concerning, collective bargaining agreements with the Port Authority.
4. Nothing in this policy precludes Port Authority employees or their immediate family members from initiating claims against the Port Authority or members of its staff, but such employees may not participate on behalf of the Port Authority in connection with the claim or attempt to exert influence on the disposition of the claim.

#### IV. Employee Responsibilities Concerning Conflicts of Interest

##### A. Primary Responsibility

All Port Authority employees have primary responsibility for recognizing, disclosing, and avoiding conflicts between their own interests and the interests of the Port Authority and the public.

##### B. Rules

1. When Port Authority employees become aware that they are participating in or have been assigned to participate in a Port Authority matter which might create a conflict of interest, they must take the following steps:
  - a. First, the employee must immediately disclose the relevant facts to a Designated Ethics Attorney. A Designated Ethics Attorney is one of the members of the Law Department designated to issue guidance or make determinations under this policy.
  - b. Second, the employees must also immediately recuse themselves from participation in the matter unless and until a Designated Ethics Attorney or the Port Authority Ethics Board (defined in Section V below) informs them in writing that they may proceed with participation.
2. Requests for general guidance under this policy may be directed in the first instance to either the Designated Ethics Attorney or the Office of Ethics and Compliance. Where appropriate, the Office of Ethics and Compliance may refer such requests for guidance to a Designated Ethics Attorney for a determination as to whether a conflict of interest exists.

## V. Determination of a Conflict of Interest

### A. Initial Determinations

1. If a Designated Ethics Attorney is notified of or becomes aware of facts suggesting an employee's possible conflict of interest, the attorney shall promptly obtain and assess all available relevant information (including, if needed, a discussion with the affected employee) and make a written determination in consultation with the Office of Ethics and Compliance. The affected employee shall be notified promptly in writing of the Designated Ethics Attorney's determination. If the Designated Ethics Attorney determines there is no conflict, the affected employee may commence or resume participation in the matter in question and need not take any further action.
2. If a Designated Ethics Attorney determines that there is a conflict of interest, the attorney shall instruct the affected employee and/or other relevant persons of the steps needed to address the conflict, including but not limited to the employee's recusal from the matter in question.
3. In limited circumstances, the Designated Ethics Attorney may consult with the General Counsel prior to determining whether a conflict of interest exists. Following such consultation, the General Counsel or the Executive Director, in their sole discretion, may seek input from the Port Authority Ethics Board (the "Ethics Board"), described below, prior to a final determination by the Designated Ethics Attorney.

### B. Appeals to the Port Authority Ethics Board

1. The Ethics Board consists of the Chief Ethics and Compliance Officer and at least six other Port Authority employees appointed by the Executive Director. Appointments to the Ethics Board shall be made for a three-year term, or as necessary to fill vacancies. The Chief Ethics and Compliance Officer shall act as the Chair of the Ethics Board.
2. The Ethics Board shall meet at least once a quarter. To the maximum extent practicable, meetings of the Ethics Board shall be held in person. The Ethics Board may meet by telephone to consider an urgent matter if meeting in person is not possible.
3. An employee may appeal in writing to the Ethics Board from the Designated Ethics Attorney's determination that there is a conflict of interest, and/or from an instruction by the Designated Ethics Attorney as to how to address the conflict.
4. Action to reverse or modify a determination of the Designated Ethics Attorney requires the approval of at least five members of the Ethics Board if six or seven members are present. If four or five members of the Ethics Board are

present, the approval of at least four Ethics Board members is required to reverse or modify a determination of the Designated Ethics Attorney. The Ethics Board may not reverse or modify the determination of the Designated Ethics Attorney with fewer than four members present and voting. The Ethics Board may waive any obligation under this policy, or under Administrative Instruction 20-1.16, Offers of Employment and Post-Employment Obligations, if the Ethics Board finds that there is significant reason to do so in the interest of the Port Authority. Any such waiver must be approved by the same margins as required for reversal or modification of the Designated Ethics Attorney's determination.

5. The decision of the Ethics Board on an appeal from a determination of the Designated Ethics Attorney shall be final.

#### VI. Annual Financial Disclosure Statements Required of Designated Employees

- A. By May 1 of each year, Port Authority employees designated by their departmental leadership must submit to the Law Department an annual Financial Disclosure Statement in a form prescribed by the Law Department. Employees will be notified each year if they have been designated to submit a Financial Disclosure Statement. Certain newly hired, reassigned or promoted employees may be required to submit a Financial Disclosure Statement within 30 days after they commence work in their new positions. The procedures for designating employees who must file an annual Financial Disclosure Statement will be provided to departmental leadership each year, and are described generally in the attached Appendix, Section A.
- B. A designated employee who fails to submit a complete and accurate annual Financial Disclosure Statement may be subject to disciplinary action. Submission of an annual Financial Disclosure Statement does not relieve employees from their obligation to make prompt disclosure to the Designated Ethics Attorney of any actual or potential conflicts of interest as they arise pursuant to Section IV.B above.
- C. All Financial Disclosure Statements submitted to the Law Department will be maintained by the Designated Ethics Attorney in a secure manner for a period of three years. Those employees who are required to submit an annual Financial Disclosure Statement are directed to the attached Appendix, Section B, for further details concerning the confidential treatment of their statements.

#### VII. Related Policies and Procedures

- AI 20.1.04 Outside Employment
- AI 20-1.06 Gifts, Gratuities and Business Expenses
- AI 20-1.13 Employment of Relatives
- AI 20-1.16 Offers of Employment and Post-Employment Obligations

Employee Code of Ethics

General Rules and Regulations for All Port Authority Employees  
PATH Book of Rules  
Port Authority Public Records Access Policy, adopted by the Board of  
Commissioners on December 23, 2017  
(<https://corpinfo.panynj.gov/documents/Access-to-Port-Authority-Public-Records/>)

Revises and replaces AI 20-1.15 *Code of Ethics and Financial Disclosure* dated March 11, 2014

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## **Appendix: Financial Disclosure Statement Filing and Handling Procedures**

### **A. Filing of Financial Disclosure Statement**

1. Each employee (i) defined under the NRZ/NRY Salary Plans within Bands 5-7; and (ii) any employee designated by the employee's Department Director/Office Chief based on the criteria set forth below, must submit a Financial Disclosure Statement (form PA 3375) to the Law Department on or before May 1 of each year.

Department Directors/Office Chiefs are to designate, for the purpose of submitting Financial Disclosure Statements, employees, other than those included in (i) of this paragraph A.1, who

- a. are responsibly involved in the formulation of construction contracts, purchase orders or contracts, or leases; or
  - b. exercise discretion in the administration of construction contracts, purchase orders or contracts, or leases; or
  - c. hold positions requiring repeated, direct substantive contact with private entities or interests; or
  - d. have continuing access to confidential information related to the Port Authority upon which they could "trade" for financial advantage; or
  - e. are responsibly involved in the financial or investment affairs of the Port Authority; or
  - f. are designated by the department director in the best interest of the Port Authority for reasons other than those listed above.
2. A new, reassigned, or promoted employee subject to the financial disclosure requirement based on Band-level or as designated by the employee's Department Director or Office Chief must submit a Financial Disclosure Statement no later than 30 calendar days after the date on which the Port Authority employment commences. This statement shall include required financial information for the 12-month period prior to Port Authority employment. The employee, if again designated, will thereafter file a Financial Disclosure Statement on the next May 1, regardless of whether this date occurs less than twelve months after joining the Port Authority.
  3. Detailed instructions for completing the Financial Disclosure Statement will be provided each year to designated employees. Questions concerning the

completion of the Financial Disclosure Statement should be directed to the Designated Ethics Attorneys.

4. An employee who fails to submit a required Financial Disclosure Statement may be subject to disciplinary action.
5. Compliance with this disclosure procedure does not indicate that a breach of ethical standards or a conflict of interest does or does not exist.

#### B. Confidentiality and Public Disclosure

1. All Financial Disclosure Statements submitted to the Law Department will be filed securely and, except as provided in the paragraphs below, shall be accessible for inspection only to:
  - a. the Chairman and members of the Audit Committee,
  - b. the Executive Director,
  - c. the Port Authority Ethics Board,
  - d. the General Counsel,
  - e. the Chief Ethics and Compliance Officer,
  - f. the Director of the Audit Department,
  - g. the Inspector General, and
  - h. other Port Authority employees in the course of performing their Port Authority duties, who receive express written authorization from one of the parties listed above to review or use a statement.
2. Each statement submitted will be available for public inspection in accordance with the Port Authority Public Records Access Policy, adopted by the Board of Commissioners on December 23, 2017, and related procedures subject to the provisions of paragraphs V.B.3, V.B.4, and V.B.5 immediately below.
3. Whenever a request is made for public inspection of a statement, the employee who filed the statement shall be advised by the Law Department of the fact of such request and the identity of the party making the request before disposition is made. (See paragraph V.B.4 immediately below.) The employee shall also be advised of the final disposition of the request.
4. Any employee may, at any time, request that any item disclosed in a statement be withheld from public inspection on the ground that public inspection of such item would constitute an unwarranted invasion of personal privacy. Such request

shall be made in writing in the manner prescribed by the Law Department and shall state the reason the employee believes an item should not be disclosed, including why the information sought to be withheld from public inspection has no material bearing on discharge of the employee's official duties and would violate their privacy. An employee shall be advised of the disposition of that employee's request for withholding a statement from public inspection at least 10 days prior to final disposition of the request for public inspection of that statement.

5. Upon the request of an employee's supervisor, the Law Department may advise the supervisor whether an existing or prospective transaction or other work-related matter involving the employee would create a possible conflict of interest or other breach of ethical standards. However, a supervisor will not be allowed to review any employee's statement directly except as provided in paragraph V.B.1 above.
6. All financial disclosure statements will be held by the Law Department for a period of three years. In the case of an active employee required to file such a statement, no prior statement will be discarded until a new, up-to-date statement has been submitted.

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