

**CODE OF ETHICS AND FINANCIAL DISCLOSURE**

**I. Introduction**

**A. This Administrative Instruction:**

1. establishes a Code of Ethics governing the conduct of Port Authority employees, former employees, and persons doing business with the Port Authority.
2. sets forth the instructions and procedures governing financial disclosure for certain employees.

- B. Adherence to this Code and filing of a Financial Disclosure Statement does not relieve any individual from complying with applicable requirements of law or other instructions.**

**II. Instruction**

Port Authority employees are entitled to share as much as possible in the benefits of the society in which they live, including privacy in their personal affairs. At the same time, as public servants Port Authority employees are responsible for conducting Port Authority business solely in the public interest.

The Port Authority, as a public agency, has a similar and broader responsibility for maintaining the highest levels of honesty, ethical conduct and public trust. To meet this responsibility, this Code of Ethics and Financial Disclosure is established.

Personal integrity is the cornerstone of this Code. Each employee bears primary responsibility for avoiding financial and other interests which create a conflict between Port Authority employment and personal affairs.

**III. Definitions**

- A. "Blind trust" means an independently managed trust in which the beneficiary has no management rights and is not given notice of alterations in, or other dispositions of, the property subject to the trust.**

- B. "Business" means a private legal entity formed for profit including a corporation, partnership, sole proprietorship, joint stock company, or joint venture.
- C. "Confidential information" means information which is available to an individual only because of the individual's status as an employee of the Port Authority and is not a matter of public knowledge or available to the public on request.
- D. "Financial interest" means:
  - 1. ownership of an interest or involvement in a relationship from which or as a result of which a person has received within the past year, or is entitled to receive in any future year, more than \$1,000 or its equivalent; or
  - 2. ownership of interest other than in tangible personal property which has a market value in excess of \$1,000. In determining the value of an interest, debts, liens or other encumbrances thereon are not subtracted; or
  - 3. ownership of an interest in tangible personal property other than motor vehicles which has a market value in excess of \$10,000. In determining the value of an interest, debts, liens or other encumbrances thereon are not subtracted; or
  - 4. liability or indebtedness to a person in excess of \$5,000.
- E. "Immediate family" means a spouse, children, parents, brothers and sisters.
- F. "Other interest" means holding a position in a business such as an officer, director, trustee, partner, employee, or a position of management, or acting as a consultant, agent or representative in any capacity.
- G. "Participation directly or indirectly" means involvement through decision, approval, disapproval, recommendation, influence, advice, investigation, or audit.
- H. "Person" means a business, individual, union, committee, club, or other organization or group of individuals.
- I. "Transaction" means buying, selling, renting as lessor or lessee, or otherwise acquiring or disposing of services or property or an interest in such services or property, borrowing or investment of money or preparing, advising on, administering or otherwise acting in reference to the performance of a contract, or the promulgation of rules and regulations affecting such activities.

#### IV. Ethical Standards of Conduct

##### A. General Standards of Ethical Conduct

1. Any attempt to realize financial gain through Port Authority employment by conduct inconsistent with the proper discharge of Port Authority duties is a breach of ethical standards.
2. Any effort to influence a Port Authority employee to breach the ethical standards set forth in this Code of Ethics is a breach of ethical standards.
3. Any conduct on the part of a Port Authority employee which (i) gives reasonable basis for the impression that any person can improperly influence the employee or enjoy the employee's favor in the performance of the employee's official duties; or (ii) might reasonably lead to the conclusion that the employee is engaged in acts which are in violation of the public trust, is a breach of ethical standards.
4. Failure to comply with any provision set forth in this Code of Ethics is a breach of ethical standards.

##### B. Employee Conflicts of Interest

1. It is a breach of ethical standards for a Port Authority employee to participate directly or indirectly in a Port Authority transaction when the employee knows that
  - a. the employee, or a member of the employee's immediate family, has a financial or other interest in the Port Authority transaction; or
  - b. a business in which the employee or a member of the employee's immediate family has a financial or other interest, is involved in the Port Authority transaction. A business shall be deemed to be involved in a transaction if it is a prospective bidder on, or otherwise a prospective party to, a contract that may form a part of the transaction, as well as when it is a party to an executed contract; or
  - c. another person, with whom the employee or a member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment, is involved in the Port Authority transaction.

2. Except as provided for in Par. IV.D.5, it is a breach of ethical standards for a Port Authority employee to solicit, negotiate for, or agree to accept a position from which, after leaving Port Authority service, the former Port Authority employee would be disqualified under the Code, or any other rule or regulation related thereto, because the new position would involve (i) any Port Authority transaction; or (ii) a contract, including a lease, or a claim in which the former Port Authority employee had participated directly or indirectly while a Port Authority employee.
3. If a Port Authority employee or a member of the employee's immediate family holds a financial interest in a blind trust, the employee is not deemed to have a conflict of interest in breach of ethical standards with regard to matters pertaining to that financial interest, provided that disclosure of the existence of the blind trust has been made to the Law Department.

**C. Breach of Ethical Standards by a Business**

A business is in breach of ethical standards when it knows that a Port Authority employee who has a financial or other interest in the business is participating directly or indirectly in a Port Authority transaction with it in breach of the ethical standards set forth in this Code.

**D. Restrictions on Employment of Former Port Authority Employees and Persons Employing Former Port Authority Employees**

1. It is a breach of ethical standards for a former Port Authority employee knowingly to act as a principal, expert witness, consultant, agent or representative in any capacity for any person other than the Port Authority in connection with any contract, including a lease, or a claim in which the employee participated directly or indirectly while a Port Authority employee, where the Port Authority is a party or has a direct and substantial interest.
2. It is a breach of ethical standards for a former Port Authority employee, within one year after the termination of the employee's Port Authority employment, knowingly to act as a principal, expert witness, consultant, agent or representative in any capacity for any person other than the Port Authority, in connection with any contract, including a lease, or a claim in matters where the Port Authority is a party or has a direct and substantial interest.

3. Nothing in this Code shall preclude a former employee from
  - a. instituting a personal claim;
  - b. carrying out official duties as an elected official or employee of a federal, state or local government agency; or
  - c. performing routine clerical services, mail services, data entry services or other ministerial tasks for a person in connection with any contract, including a lease, or a claim in matters where the Port Authority is a party or has a direct and substantial interest,

provided, (i) such former employee as described in subparagraph c hereof was employed by the Port Authority to perform such services on a temporary basis, and (ii) such former employee as described in subparagraphs b. or c. hereof was not required to file a Financial Disclosure Statement pursuant to this Code.

4. It is a breach of ethical standards for a person to permit a former Port Authority employee to act as a principal, expert witness, consultant, agent or representative in any capacity when the person knows that the former Port Authority employee is in breach of the ethical standards set forth in this Code.
5. The provisions of Par. IV.D.2 shall not apply to any former Port Authority employee whose employment is terminated because of
  - a. participation in a Retirement Incentive Program; or
  - b. economy, consolidation or abolition of functions, curtailment of activities or other reduction in the Port Authority work force, provided such former employee, while employed by the Port Authority, was not required to file a Financial Disclosure Statement pursuant to this Code.

**E. Gifts, Gratuities, Business Expenses and Offers of Employment**

Conduct in violation of the prohibitions in AI 20-1.06, Gifts, Gratuities, Business Expenses, and Offers of Employment is a breach of ethical standards. Conduct by or with respect to a former Port Authority employee that is related in any way to the performance of the public duties or responsibilities of the former employee and that would otherwise constitute a breach of ethical standards under this paragraph IV.E but for the termination of the former employee's Port Authority employment is a breach of ethical standards.

F. Use of Confidential Information

Notwithstanding Par. IV.D.5, it is a breach of ethical standards for a Port Authority employee or former employee knowingly to use confidential information for actual or anticipated personal gain, or for the actual or anticipated personal gain of another person.

V. Procedures

A. Financial Disclosure Statement

1. Each (i) Service A employee; (ii) Service B employee graded at Level B-97 or higher; and (iii) any employee designated by the employee's department director 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.

Departmental Directors are to designate, for the purpose of submitting Financial Disclosure Statements, employees, other than those included in (i) and (ii) of this paragraph V.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 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 employee subject to the financial disclosure requirement, as designated by the employee's department director or based on Hay Point or Service A level, must submit a Financial Disclosure Statement no later than thirty calendar days after the date on which the Port Authority employment commences.

3. In a case where any employee, regardless of level or job assignment, believes a financial or other interest or involvement in a transaction might present a conflict of interest or other breach of ethical standards, the employee must immediately disclose the interest or involvement to the Law Department and disqualify himself or herself from participation directly or indirectly in the transaction until advised in writing by the Law Department or the Ethics Board that the employee may continue in the transaction. Within 30 days of receipt of such disclosure, an attorney designated by General Counsel shall review such matter to identify any possible conflicts of interest or other breaches of ethical standards, as described in Section IV.B of the Code. In making such determination, the designated attorney may seek additional information from the employee involved.
4. The address of the principal place of residence of the employee need not be listed in the Financial Disclosure Statement.
5. An employee who fails to submit a required Financial Disclosure Statement may be subject to disciplinary action.
6. 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 under lock and key 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. General Counsel,
  - e. the Director of the Audit Department,
  - f. the Inspector General, and
  - g. 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's Freedom of Information Policy and procedure, 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 a 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 deleted from public inspection has no material bearing on discharge of the employee's official duties. An employee shall be advised of the disposition of that employee's request for withholding a statement from public inspection at least ten 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 statements shall be destroyed after a period of three years from the date of submission, but, in the case of an active employee required to file a statement, not before a new, up-to-date statement has been submitted.

**C. Determining Conflicts of Interest and other Breaches of Ethical Standards**

1. The Law Department is initially responsible for identifying possible conflicts of interest or other breaches of ethical standards.
2. Any person who has a question about whether a prospective personal transaction, or assumption of a position of responsibility or trust, or any other matter, would create a breach of ethical standards may request in writing an advance determination on the matter from the designated attorney.

3. Within 30 days of the annual May 1 filing deadline as described in paragraph V.A.1 of the Code, an attorney designated by General Counsel determines whether there has been compliance with the filing requirement by all employees required to file a Financial Disclosure Statement, and as soon as practicable after receipt, an attorney designated by General Counsel reviews each Financial Disclosure Statement to identify any possible conflicts of interest or other breaches of ethical standards as described in Section IV.B of this Code. In making such determination, the designated attorney may seek additional information from the employee involved.
4. Upon discovery of a possible conflict of interest or other breach of ethical standards, the designated attorney notifies the affected employee in writing. The designated attorney may also direct the employee to disqualify himself or herself from participation in any transaction involving the Port Authority until the question of conflict, or other breach of ethical standards, is resolved.
5. The designated attorney may counsel an employee regarding steps which can be taken to eliminate the possible conflict or other breach of ethical standards.
6. The designated attorney also notifies, in writing, the Port Authority Ethics Board of the attorney's findings and recommendations and of any corrective action taken to eliminate a possible conflict or other breach of ethical standards.
7. Any employee may appeal in writing to the Ethics Board any finding and recommendation of the designated attorney regarding the employee's possible conflict of interest or other breach of ethical standards.

**D. Port Authority Ethics Board**

1. The Port Authority Ethics Board is comprised of at least three Port Authority employees (and alternates) appointed by the Executive Director.
2. Action by the Ethics Board requires the assent of a majority of the members, but in no event less than two members (or alternates) present and voting.
3. The Ethics Board may, at its discretion, review any or all findings and recommendations of a designated attorney and make separate findings and recommendations.

4. The Ethics Board shall, upon appeal by an affected person, review any or all findings and recommendations of the designated attorney.
5. At the completion of a review undertaken pursuant to paragraphs V.D.3 or V.D.4 immediately above, the Ethics Board shall determine that there is:
  - a. no conflict of interest or other breach of ethical standards as described in this Code;
  - b. a conflict of interest or other breach of ethical standards as described in this Code; or
  - c. a significant reason to waive the provision of this Code in the interest of the Port Authority.

In making such determination, the Ethics Board may seek additional information from the designated attorney and the person involved.

6. Determinations of the Ethics Board shall be binding except as provided in paragraph V.D.8 below.
7. In accordance with Section VI below, the Ethics Board may take whatever administrative action it deems just and appropriate to remedy a conflict of interest, or other breach of ethical standards as described in this Code.
8. All decisions by the Ethics Board are subject to review by the Executive Director.

#### VI. Administrative Remedies

- A. A Port Authority employee found to have breached the ethical standards of this Code may be disciplined in the manner provided in the rules and regulations of the Port Authority.
- B. A third party found to have breached the ethical standards of this Code is subject, in the manner provided in the rules and regulations of the Port Authority, to:
  1. issuance of written warnings; and
  2. termination of existing transactions to the extent permitted by law; and
  3. disqualification or suspension from participating in future transactions with the Port Authority.

- C. After a finding that a Port Authority employee, former employee or a third party has breached the ethical standards of this Code, Port Authority staff dealing with such employee, former employee or third party shall take action consistent with the determinations of a designated attorney or the Ethics Board.

**DISCLAIMER**

Although issued in revised format, the information contained in these Administrative Instructions (AIs) reflects the content of previously issued Administrative Policy Statements (APs) and, in certain limited instances, Port Authority Instructions (PAIs). The rules set forth in these AIs will remain in effect until changing conditions require their revision. This body of instructions is not intended to be exhaustive with respect to all the responsibilities of employees and it does not constitute a contract. These AIs will be updated from time to time to reflect changes or additions as appropriate, at the direction of the Executive Director.