

SOUTH NASSAU WATER AUTHORITY

CODE OF ETHICS & CONFLICT OF INTEREST POLICY

PREAMBLE

The Board of Directors (hereinafter the “Board”) recognizes that sound, ethical standards of conduct serve to increase the effectiveness of the Authority’s Board, officers and employees. Actions based on an ethical code of conduct promote public confidence and the attainment of goals. The Board also recognizes its obligation, under the provisions of the New York General Municipal Law, to adopt a code of ethics setting forth the standards of conduct required of all directors, officers and employees.

The Board is also committed to avoiding any situation in which the existence of simultaneous, conflicting interests of any director, officer or employee may call into question the integrity of the management or operation of the Authority. The Board affirms its commitment to adhere scrupulously to all applicable provisions of law regarding material conflicts of interest.

Section 1. Purpose.

Directors, officers and employees of the Authority hold their positions to serve and benefit the public, and not for obtaining unwarranted personal or private gain in the exercise and performance of their official powers and duties. The Board recognizes that, in furtherance of this fundamental principle, there is a need for clear and reasonable standards of ethical conduct. This code of ethics establishes those standards.

Section 2. Definitions.

(a) “Code” means this code of ethics.

(b) “Interest” means a direct or indirect financial or material benefit, but does not include any benefit arising from the provision or receipt of any services generally available to the residents or taxpayers of the Authority. A director, officer or employee is deemed to have an interest in any private organization when he or she, his or her spouse, or a member of his or her household, is

an owner, partner, member, director, officer, employee, or directly or indirectly owns or controls more than 5% of the organization's outstanding stock.

(c) "Relative" means a spouse, parent, stepparent, sibling, stepsibling, sibling's spouse, child, stepchild, uncle, aunt, nephew, niece, first cousin, or household member of director, officer or employee, and individuals having any of these relationships to the spouse of the director, officer or employee.

Section 3. Applicability.

This code of ethics applies to the directors, officers and employees of the Authority, and shall supersede any prior code of ethics. The provisions of this code of ethics shall apply in addition to all applicable State and local laws relating to conflicts of interest and ethics including, but not limited to, article 18 of the General Municipal Law and all rules, regulations, policies and procedures of the Authority.

Section 4. Prohibition on use of Authority position for personal or private gain.

No director, officer or employee shall use his or her municipal position or official powers and duties to secure a financial or material benefit for himself or herself, a relative, or any private organization in which he or she is deemed to have an interest. This prohibition includes, but is not limited to:

1. **Investments in Conflict with Official Duties:** No director, officer or employee of the Authority shall invest or hold any investment directly or indirectly in any financial, business, commercial or other private transaction that creates a conflict with his or her official duties.
2. **Certain Real Property Interests Prohibited:** No director, officer or employee of the Authority who has an interest in any real property, either individually or as a director, officer or employee of a corporation or partnership, shall participate in the acquisition or plan for acquisition of said property or any property adjacent to said property by the Authority. The term "participate" shall include the promotion of the site as well as the negotiation of the terms of the acquisition.

3. **Prohibited Conflicts of Interest:** No Authority director, officer or employee shall have an interest in any contract between the Authority and a corporation or partnership of which he or she is a director, officer or employee when such Authority director, officer or employee has the power to negotiate, prepare, authorize or approve the contract or authorize or approve payment there under, audit bills or claims under the contract, or appoint a director, officer or employee who has any of the powers or duties set forth above, and no chief fiscal officer, treasurer or his or her deputy or employee shall have an interest in a bank or trust company designated as a depository paying agent, registration agent or for investment of Authority funds of which he or she is an officer or employee. The provisions of this action shall in no event be construed to preclude the payment of lawful compensation and necessary expenses of any Authority director, officer or employee in one or more positions of public employment, the holding of which is not prohibited by law.
4. **Representation Before the Board:** A director, officer or employee shall not receive or enter into any agreement, express or implied, for compensation for services to be rendered in relation to any matter before the Board.
5. **Representation Before the Board for a Contingent Fee:** A director, officer or employee shall not receive or enter into any agreement, express or implied, for compensation for services to be rendered in relation to any matter before the Board, whereby the compensation is to be dependent or contingent upon any action by the Board with respect to such matter, provided that this paragraph shall not prohibit the fixing at any time of fees based upon the reasonable value of the services rendered.

Section 5. Disclosure of interest in legislation and other matters.

(a) Whenever a matter requiring the exercise of discretion comes before a director, officer or employee, either individually or as a member of the Board, and disposition of the matter could result in a direct or indirect financial or material benefit to himself or herself, a relative, or any private organization

in which he or she is deemed to have an interest, the director, officer or employee shall disclose in writing the nature of the interest.

(b) The disclosure shall be made when the matter requiring disclosure first comes before the director, officer or employee, or when the director, officer or employee first acquires knowledge of the interest requiring disclosure, whichever is earlier.

(c) The disclosure shall be filed with the person's supervisor or, if the person does not have a supervisor, the disclosure shall be filed with the Board.

Disclosure under this Section 5, includes, but is not limited to:

1. Disclosure of Interest in Matters before the Board: A member of the Board of Directors and any officer or employee of the Authority, whether paid or unpaid, who participates in the discussion or gives official opinion to the Board on any matter before the Board shall publicly disclose on the official record the nature and extent of any direct or indirect financial or other private interest he or she has in such matter. The term "interest" means a pecuniary or material benefit accruing to an officer or employee.
2. Disclosure of Interests in Contracts: To the extent known, any officer or employee of the Authority who has, or will have, or subsequently acquires any interest in any contract with the Authority shall publicly disclose the nature and extent of such interest in writing to the Authority as well as to the Chairperson as soon as he or she has knowledge of such actual or prospective interest.
3. Any Authority director, officer or employee whose spouse has, will have, or later acquires an interest in any actual or proposed contract, purchase agreement, lease agreement or other agreement, including oral agreements, with the Authority of which he or she is an officer or employee, shall publicly disclose the nature and extent of such interest in writing to his or her immediate supervisor and to the Board as soon as he or she has knowledge of such actual or prospective interest. Such written disclosure shall be

made part of and set forth in the official record of the proceedings of such body.

Section 6. Recusal and abstention.

(a) No director, officer or employee may participate in any decision or take any official action with respect to any matter requiring the exercise of discretion, including discussing the matter and voting on it, when he or she knows or has reason to know that the action could confer a direct or indirect financial or material benefit on himself or herself, a relative, or any private organization in which he or she is deemed to have an interest.

(b) In the event that this section prohibits a director, officer or employee from exercising or performing a power or duty:

(1) if the power or duty is vested in a director or officer, then the power or duty shall be exercised or performed by the other members of the Board; or

(2) if the power or duty that is vested in a director or officer individually, then the power or duty shall be exercised or performed by his or her deputy or, if the director or officer does not have a deputy, the power or duty shall be performed by another person to whom the director or officer may lawfully delegate the function.

(c) Duty to Disqualify: It is incumbent upon any Authority director, officer or employee, whether paid or unpaid, to disqualify himself or herself immediately whenever the appearance of a conflict of interest exists.

Section 7. Prohibition inapplicable; disclosure, recusal and abstention not required.

(a) This policy's prohibition on use of a position (section 4), disclosure requirements (section 5), and requirements relating to recusal and abstention (section 6), shall not apply with respect to the following matters:

(1) adoption of the Authority's annual budget;

(2) any matter requiring the exercise of discretion that directly affects any of the following groups of people or a lawful class of such groups:

- (i) all directors, officers or employees;
 - (ii) all residents or taxpayers of the Authority; or
 - (iii) the general public; or
 - (3) any matter that does not require the exercise of discretion.
- (b) Recusal and abstention shall not be required with respect to any matter:
- (1) which comes before the Board when a majority of the Board's total membership would otherwise be prohibited from acting by section 6 of this code;
 - (2) which comes before a municipal officer when the officer would be prohibited from acting by section 6 of this policy and the matter cannot be lawfully delegated to another person.

Section 8. Investments in conflict with official duties.

- (a) No director, officer or employee may acquire the following investments:
- (1) investments that can be reasonably expected to require more than sporadic recusal and abstention under section 6 of this code; or
 - (2) investments that would otherwise impair the person's independence of judgment in the exercise or performance of his or her official powers and duties.
- (b) This section does not prohibit a director, officer or employee from acquiring any other investments or the following assets:
- (1) real property located within the Authority's boundaries and used as his or her personal residence;
 - (2) less than five percent of the stock of a publicly traded corporation; or
 - (3) bonds or notes issued by the municipality and acquired more than

one year after the date on which the bonds or notes were originally issued.

Section 9. Private employment in conflict with official duties.

No director, officer or employee, during his or her tenure as a director, officer or employee, may engage in any private employment, including the rendition of any business, commercial, professional or other types of services, when the employment:

- (a) can be reasonably expected to require more than sporadic recusal and abstention pursuant to section 6 of this code;
- (b) can be reasonably expected to require disclosure or use of confidential information gained by reason of serving as an Authority director, officer or employee;
- (c) violates section 805-a(1)(c) or (d) of the General Municipal Law; or
- (d) requires representation of a person or organization other than the Authority in connection with litigation, negotiations or any other matter to which the municipality is a party.

Section 10. Future employment.

(a) No director, officer or employee may ask for, pursue or accept a private post-government employment opportunity with any person or organization that has a matter requiring the exercise of discretion pending before the Authority director, officer or employee, either individually or as a member of a board, while the matter is pending or within the 30 days following final disposition of the matter.

(b) No Authority director, officer or employee, for the two-year period after serving as a Authority director, officer or employee, may represent or render services to a private person or organization in connection with any matter involving the exercise of discretion before the Authority board.

(c) No Authority director, officer or employee, at any time after serving as a Authority director, officer or employee, may represent or render services to a private person or organization in connection with any particular transaction

in which he or she personally and substantially participated while serving as an Authority director, officer or employee.

Section 11. Personal representations and claims permitted.

This policy shall not be construed as prohibiting a director, officer or employee from:

- (a) representing himself or herself, or his or her spouse or minor children before the Board; or
- (b) asserting a claim against the Authority, Board or Authority director, officer or employee on his or her own behalf, or on behalf of his or her spouse or minor children.

Section 12. Use of Authority resources

(a) Authority resources shall be used for lawful purposes. Authority resources include, but are not limited to, personnel, and the Authority's money, vehicles, real property, equipment, materials, supplies or other property.

(b) No director, officer or employee may use or permit the use of Authority resources for personal or private purposes, but this provision shall not be construed as prohibiting:

- (1) any use of Authority resources authorized by law or Authority policy;
- (2) the use of Authority resources for personal or private purposes when provided to a Authority officer or employee as part of his or her compensation; or
- (3) the occasional and incidental use during the business day of Authority telephones and computers for necessary personal matters such as family care and changes in work schedule.

(c) No director, officer or employee shall cause the municipality to spend more than is reasonably necessary for transportation, meals or lodging in connection with official travel.

Section 13. Nepotism.

Except as otherwise required by law:

(a) No Authority director, officer or employee, either individually or as a member of the Board, may participate in any decision specifically to appoint, hire, promote, discipline or discharge a relative for any position at, for or within the Authority or Board.

(b) No Authority director, officer or employee may supervise a relative in the performance of the relative's official powers or duties.

(c) In the event that marriage, promotion, or reorganization results in a situation not in compliance with this policy, reassignment or transfer will be effected in accordance with the applicable provisions of any collective bargaining agreement to correct the situation.

Section 14. Political Solicitations.

(a) No Authority director, officer or employee shall directly or indirectly compel or induce a subordinate officer or employee to make, or promise to make, any political contribution, whether by gift of money, service or other thing of value.

(b) No Authority director, officer or employee may act or decline to act in relation to appointing, hiring or promoting, discharging, disciplining, or in any manner changing the official rank, status or compensation of any officer or employee, or an applicant for a position as an officer or employee, on the basis of the giving or withholding or neglecting to make any contribution of money or service or any other valuable thing for any political purpose.

Section 15. Confidential Information.

No Authority director, officer or employee who acquires confidential information in the course of exercising or performing his or her official powers or duties may disclose or use such information unless the disclosure or use is required by law or in the course of exercising or performing his or her official powers and duties.

For example, no Authority director, officer or employee shall disclose information regarding any matters discussed in an executive session of the Board of Directors regardless of whether or not such information is deemed confidential.

Section 16. Gifts.

(a) No Authority director, officer or employee may directly or indirectly solicit any gift.

(b) No Authority director, officer or employee may accept or receive any gift, or multiple gifts from the same donor, having an annual aggregate value of seventy-five dollars or more when:

(1) the gift reasonably appears to be intended to influence the director, officer or employee in the exercise or performance of his or her official powers or duties;

(2) the gift could reasonably be expected to influence the director, officer or employee in the exercise or performance of his or her official powers or duties; or

(3) the gift is intended as a reward for any official action on the part of the director, officer or employee.

(c) A "gift" includes anything of value, whether in the form of money, service, loan, travel, entertainment, hospitality, thing or promise, or in any other form. The value of a gift is the gift's fair market value, determined by the retail cost of the item or a comparable item. The fair market value of a ticket entitling the holder to food, refreshments, entertainment, or any other benefit is the face value of the ticket, or the actual cost to the donor, whichever is greater. Determination of whether multiple gifts from a single donor exceed seventy-five dollars must be made by adding together the value of all gifts received from the donor by an officer or employee during the twelve-month period preceding the receipt of the most recent gift.

(d) (1) A gift to a Authority director, officer or employee is presumed to be intended to influence the exercise or performance of his or her official powers or duties when the gift is from a private person or organization that seeks Authority action involving the exercise of discretion by or with the

participation of the officer or employee.

(2) A gift to an Authority director, officer or employee is presumed to be intended as a reward for official action when the gift is from a private person or organization that has obtained Authority action involving the exercise of discretion by or with the participation of the officer or employee during the preceding twelve months.

(e) This section does not prohibit any other gift, including:

(1) gifts made to the Authority;

(2) gifts from a person with a family or personal relationship with the Authority director, officer or employee when the circumstances make it clear that the personal relationship, rather than the recipient's status as a director, officer or employee, is the primary motivating factor for the gift;

(3) gifts given on special occasions, such as marriage, illness, or retirement, which are modest, reasonable and customary;

(4) unsolicited advertising or promotional material of little intrinsic value, such as pens, pencils, note pads, and calendars;

(5) awards and plaques having a value of seventy-five dollars or less which are publicly presented in recognition of service as a director, officer or employee, or other service to the community; or

(6) meals and refreshments provided when a Authority director, officer or employee is a speaker or participant at a job-related professional or educational conference or program and the meals and refreshments are made available to all participants.

(f) The Board welcomes and encourages the writing of letters or notes expressing gratitude or appreciation to staff members.

Section 17. Posting and distribution.

(a) The Authority must promptly cause a copy of this policy, and a copy of any amendments, to be posted publicly and conspicuously.

(b) The Authority must promptly cause a copy of this policy, including any amendments, to be distributed to every person who is or becomes a director, officer and employee of the Authority.

(c) Every Authority director, officer or employee who receives a copy of this policy or an amendment must acknowledge such receipt in writing. Such acknowledgments must be filed with the Chairperson or designee.

(d) The failure of an Authority director, officer or employee to receive a copy of this policy or an amendment, or to acknowledge receipt thereof in writing, does not affect either the applicability or enforceability of the policy or amendment.

(e) The Authority shall ensure that a copy of Article 18 of the General Municipal Law is posted in a place conspicuous to the Authority's directors, officers and employees.

Section 18. Duty to Report.

(a) **Duty to Report Conflicts of Interest:** In the event that any Authority director, officer or employee knows of or perceives a direct or indirect conflict of interest, he or she shall report it to the Authority Board of Directors. Any resolution of such conflict by the Board shall hold the Authority's interest paramount, as well as maintain the Board's integrity in its governing role.

(b) **Duty to Report Violations of this Policy:** Any Authority director, officer or employee or any member of the public noting or suspecting a violation of this policy is encouraged to report the matter, either in confidence or in public, to the Authority Board of Directors.

Section 19. Enforcement.

Any Authority director, officer or employee who violates this code may be censured, fined, suspended or removed from office or employment in the manner provided by law.

ADOPTED: _____
AMENDED: _____

Acknowledgement

The standard of behavior at the Authority is that all director, officers and employees, whether paid or unpaid, scrupulously avoid any conflict of interest between the interests of the Authority on the one hand, and their personal, professional, and business interests on the other. This includes avoiding actual conflicts of interest as well as potential and perceived conflicts of interest.

I understand that the purposes of this policy are to protect the integrity of the Authority decision-making process, to enable Authority constituents to have confidence in the Authority's integrity, and to protect the integrity and reputation of all Authority officers and employees both paid and unpaid.

Upon or before election, hiring or appointment, I will make a full, written disclosure of any and all interests, relationships, and holdings that do create or could potentially create a conflict of interest. This written disclosure will be kept on file and I will update it as appropriate.

During the course of meetings or activities, I will disclose any interests in a transaction or decision where I (including my business and any other nonprofit affiliation), my family and/or my significant other, employer, or close associates will receive a benefit or gain. After disclosure, I understand that I will be asked to leave the room for the discussion and will not be permitted to vote on the question.

I understand that this policy is meant to be a supplement to good judgment, and I will respect its spirit as well as its wording.

Signature: _____

Print Name: _____

Date: _____

