

## **BOARD MEMBERS'**

CODE OF **ETHICS**



**COMMITMENT**

**ACCOUNTABILITY**

**INTEGRITY**

**TRANSPARENCY**

Adopted by the Board March 2007

As Board Members of the MTA, we have been entrusted with the responsibility of overseeing the operation of an organization that serves more than 2.4 billion people on its subways, buses and railroads and almost 300 million people on its bridges and tunnels each year. The MTA is committed to fostering a climate of transparency and the highest ethical standards in its operations and in its dealings with the public. In accordance with the Public Authorities Accountability Act of 2005, the MTA Board is required to adopt a Board Member Code of Ethics that reflects these goals. The Board Member Code of Ethics is intended to provide guidance with respect to applicable laws and standards governing ethical conduct and help Board Members recognize and deal with ethical issues that they may confront in their capacity as Board Members.

The principal source of most New York State law governing the ethical conduct of Board Members is Section 74 of the Public Officers Law of the State of New York, which establishes certain rules with respect to conflicts of interest. Copies of this statute are available from the State Ethics Commission directly ([www.nyethics.com](http://www.nyethics.com)) or from the MTA Compliance Department. Under this section, no Board Member “should have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his duties in the public interest.”

Board Members are encouraged to bring questions about particular circumstances that may implicate the State Ethics Law or one or more of the provisions of this Code to me or to either the MTA General Counsel or the Chief Compliance Officer.

Each MTA Board Member brings his or her unique personal experiences and perspectives to bear in making official decisions on behalf of the MTA as a whole. We have a duty to exhibit high standards of integrity and commitment in the performance of our official duties. I am proud of the tremendous progress that MTA has made in improving its corporate governance practices, and this Board Member Code of Ethics reaffirms and memorializes MTA’s commitment to the highest ethical standards in the manner in which it conducts its official business.

**Peter S. Kalikow**  
Chairman

## Chapter 1: DEFINITIONS/STRUCTURE

### Section 1.01 Definitions

As used in this Code, capitalized terms, except where it is clear by the context that another meaning is intended, shall have the following meanings:

**Annual Statement of Financial Disclosure** means the financial disclosure statement required to be filed with the State Ethics Commission by certain public employees and board members under the State Ethics in Government Act, Public Officers Law Section 73-a.

**Board Member** means the Chairman or any of the individuals appointed to serve as a Member of the Board, both voting and non-voting, of the Metropolitan Transportation Authority. All Board Members also serve *ex officio* as members of MTA New York City Transit, Manhattan and Bronx Surface Transit Operating Authority, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Long Island Bus, MTA Bus Company, MTA Capital Construction Company, the Staten Island Rapid Transit Operating Authority, the First Mutual Transportation Assurance Company, MTA Bridges and Tunnels, and all future affiliated or subsidiary entities of the MTA. All of such entities are hereinafter collectively referred to as the MTA.

**Business** means any activity, paid or unpaid, by a Board Member or any individual, firm, company, corporation or other entity, wherein the goal or objective is obtaining monetary income or other things of value or operating an enterprise. Such activity may be for profit or not-for-profit.

**Code** means this MTA Board Member Code of Ethics.

**Confidential Information** means information whether or not set forth in writing that is available to a Board Member only because of such Member's position and which is treated by the MTA as being confidential or which the Board Member has reason to believe is confidential. Information does not have to be formally labeled "confidential" to be confidential. Confidential information includes information disclosed during an executive session of the MTA Board.

**Compensation** means any money, thing of value or financial benefit conferred, directly or indirectly, in whatever form, in return for services rendered or to be rendered. With regard to matters undertaken by a firm, corporation or association, compensation shall mean net revenues, as defined in accordance with generally accepted accounting principles.

**Employment** means performance of services, for or on behalf of any entity or individual, to obtain economic or other material benefit.

Family Member means any person living in the same household as an MTA Employee, domestic partner, and any person related to the Employee within the third degree of consanguinity or affinity. See attached chart. (See Appendix A)

**Gift** means the transfer, without equivalent consideration, of any thing or benefit, tangible or intangible, having more than nominal value, including, but not limited to, loans, forbearance, services, travel, gratuities of any kind, favors, money, meals, refreshments, entertainment, hospitality, promises, tickets to entertainment or sporting events, weekend trips, golf outings, loans of equipment, or other thing or benefit. **(See definition of “Items of Nominal Value” below.)**

**Items of Nominal Value** means items such as mugs, key rings, calendars, pens and the like that are of minimal value unless such items are being given under circumstances where it reasonably can be inferred that such item was intended to influence the Board Member in the performance of such Board Member’s official duties. A general benchmark is that an item of nominal value would have a retail value of less than ten dollars (\$10). For purposes of determining the value of an item of nominal value, the State Ethics Commission has advised that the value is not reduced by virtue of it being embossed or otherwise marked with a company logo, identification, or advertising.

**New York State Agency** means any New York State department, or division, board, commission, or bureau of any state department, any public benefit corporation, public authority, or commission at least one of whose members is appointed by the Governor, or the State University of New York, or the City University of New York, including all their constituent units except community colleges of the State University of New York and the independent institutions operating statutory or contract colleges on behalf of the State. All MTA Agencies are New York State Agencies for purposes of this Code.

**Prohibited Source** means:

- (a) a Vendor, including any person or non-governmental seller of goods or services, bidder, proposer, consultant, contractor, trade, contractor or industry association, or any other person/entity with which the MTA is doing business, as well as those persons and business entities who have expressed an interest in doing business with the MTA, or who have a history of doing business with the MTA in the recent past;
- (b) a tenant or licensee of the MTA; and
- (c) another individual or non-governmental entity who, on its own behalf or on behalf of another non-governmental entity: (1) is regulated by the MTA, (2) appears before the MTA on other than ministerial matters, (3) lobbies or attempts to influence the MTA’s procurements or positions on legislation or regulation, (4) is involved in litigation adverse to the MTA and no final order has

been issued, or (5) has received or applied for funds from the MTA within the preceding year.

**Representative Capacity** means the representation of the interests of a client or other person pursuant to an agreement express or implied, for compensation for services

**Regulatory agency** shall mean the banking department, insurance department, state liquor authority, department of agriculture and markets, department of education, department of environmental conservation, department of health, division of housing and community renewal, department of state (other than the division of corporations and state records), department of public service, the industrial board of appeals in the department of labor and the department of law (other than when the attorney general or his agents or employees are performing duties specified in Section Sixty-Three of the Executive Law such as investigation, prosecution and defense of actions in which the State is interested).

**Solicitation** means any request, invitation, or suggestion (oral or written) made under circumstances where it reasonably could be concluded that the individual or entity receiving same is being asked to, or is expected to, comply with a request, invitation, or suggestion.

**State Ethics Commission** means the Commission established within the New York Department of State under Section 94 of the New York Executive Law.

**State Ethics Law** means New York Public Officers Law Section 74 and the rules and regulations promulgated there under as may be amended or modified by the New York State Legislature.

## **Section 1.02 Training**

Under the Public Authorities Accountability Act of 2005, all new Board Members are required to participate in an orientation program to familiarize new members with their legal, fiduciary, financial, and ethical responsibilities. Existing Board Members are required to participate in continuing education regarding their ethical and fiduciary obligations.

## **Section 1.03 Ethics & Financial Disclosure Questions**

All Board members are required to complete the Annual Statement of Financial Disclosure. Questions concerning the Annual Statement of Financial Disclosure may be directed to the Chairman, the MTA General Counsel, or the MTA Chief Compliance Officer, who may direct you to the New York State Ethics Commission.

Any questions regarding this Code may be directed to the Chairman or to the MTA General Counsel, or the MTA Chief Compliance Officer. Any general question regarding the State Ethics Law may also be directed to the New York State Ethics Commission.

The State Ethics Commission website contains numerous guidance and reference documents, <http://www.dos.state.ny.us/ethc/ethics.html>. The State Ethics Commission

can provide guidance on specific issues, often by phone, and otherwise by rendering written informal and formal opinions.

## **Chapter 2: DUTIES**

### **Section 2.01 Confidentiality**

The State Ethics Law requires Board Members to maintain the confidentiality of Confidential Information entrusted to them by the MTA and any other confidential information about the MTA that comes to them, from whatever source, in their capacity as Board Members, except when disclosure is authorized or legally mandated. A Board Member shall not use Confidential Information to further his or her own interest. Board Members are expected to maintain this confidentiality both while Board Members and after their services to the MTA have ended.

### **Section 2.02 Compliance with Laws, Rules and Regulations**

Board Members shall comply with all applicable laws, rules and regulations applicable to the MTA.

### **Section 2.03 Encouraging The Reporting Of Any Illegal Or Unethical Behavior**

Board Members shall encourage ethical behavior and take steps to ensure that the MTA: (a) encourages Employees to report violations of laws, rules, regulations or the MTA's Code of Ethics to appropriate personnel; and (b) encourages Employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation.

### **Section 2.04 Duty to Disclose**

Board Members shall promptly report any violation or possible violation of this Code, as well as any actual or potential violation of laws, regulations, or policies and procedures to the Chairman or the Chairman of the Audit Committee.

### **Section 2.05 Corporate Directorships or Board Memberships**

In order to protect against conflicts of interest in violation of the State Ethics Law, Board Members should inform the Chairman or the Chairman of the Audit Committee prior to accepting a position as a director, officer, or board member of a corporation or charitable organization. The Chairman or Chairman of the Audit Committee, as the case may be, may direct the Chief Compliance Officer, as needed, to review the business of the company or organization to determine whether a conflict of interest exists between the MTA and the Company and to advise, as necessary, on steps to address any such conflict.

**Section 2.06 Law Firm and Other Professional Association**

The State Ethics Law provides that Board members are not permitted to accept other employment that will impair the independence of judgment in the exercise of their official duties. Accordingly, Board Members should inform the Chairman or the Chairman of the Audit Committee prior to affiliating with a law firm, accounting firm or other business that provides services to the MTA. The Chairman or Chairman of the Audit Committee, as the case may be, may direct the Chief Compliance Officer, as needed, to determine whether a conflict of interest exists between the MTA and the Company and to advise, as necessary, on steps to address any such conflict.

**Chapter 3: GIFTS, EVENTS, RECEPTIONS, AND MEALS**

**Section 3.01 Gifts**

The State Ethics Law provides that Board members should not by their conduct give reasonable basis for the impression that any person can improperly influence them or enjoy their favor in the performance of their official duties. In the Code of Ethics applicable to its employees, MTA has adopted a zero-tolerance policy for Gifts as has the State Governor, in issuing Executive Order No. 1 of 2007. The defined term “Gift” does not include items of truly nominal value. (See definitions of “Gifts” and “Items of Nominal Value”). Board members are required to adhere to the zero-tolerance policy on gifts, as contained in the MTA Code of Ethics and Executive Order No. 1 of 2007.

As is the case with employees, Board Members may accept Gifts from employees of a Prohibited Source if these Gifts are reflective of a personal relationship independent of the relationship between the Prohibited Source and the MTA.

**Section 3.02 Reporting Gift or Gift Offers**

A Board Member to whom a Gift is offered or given arising out of his or her affiliation with MTA shall promptly report such offer or Gift either to the Chairman or to the Chairman of the Audit Committee. Board Members should promptly return Gifts to the person or entity giving the Gift.

**Section 3.03 Business Meals**

It is possible that Board Members may receive invitations for business meals from Prohibited Sources. To the extent that those invitations arise out of the Board Member’s affiliation with MTA, such invitations should be viewed with caution because acceptance of such invitations may create the impression that they can be improperly influenced in the performance of their official duties. Board Members may accept free, modest meals in the course of and for the purpose of conducting MTA Agency business at a Prohibited Source’s

facility or when attending a seminar or conference in connection with MTA business and meals or refreshments are provided to all participants.

**Section 3.04 Awards, Plaques and Honors**

Awards and plaques publicly presented in recognition of a Board Member's service to the MTA may be accepted. However, Board Members should notify the Chairman or the Chairman of the Audit Committee prior to accepting such an award, plaque, or honor presented by a Prohibited Source. The Board Member or their designee(s) may attend functions sponsored and paid for by Prohibited Sources when attendance is related and appropriate to that attendee's official duties or when the purpose of attendance is the performance of a ceremonial or other function that is appropriate to that attendee's official duties with their MTA Agency. In such cases, however, the Board Member shall provide advance written notice of such invitation to the Chairman or to the Chairman of the Audit Committee.

**Chapter 4: CONFLICTS OF INTEREST**

**Section 4.01 Financial or Business Interest**

In order to preserve independence of judgment in the exercise of their official duties, Board Members shall not have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, or accept any non-governmental employment, which is in substantial conflict with the proper discharge of the Board Member's duties in the public interest.

**Section 4.02 Unwarranted Privileges**

Board Members shall not use or attempt to use their official position to secure unwarranted privileges or exemption for the Board Member or others.

**Section 4.03 Undue Influence**

Board Members' conduct should not give reasonable basis for the impression that any person can improperly influence the Board Member or unduly enjoy the Board Member's favor in the performance of the Board Member's official duties, or that the Board Member is affected by the kinship, rank, position or influence of any party or person.

**Section 4.04 Course of Conduct**

Board Members should endeavor to pursue a course of conduct which will not raise suspicion among the public that they are likely to be engaged in acts that are in violation of the Board Members' trust.

**Section 4.05            Recusal/Conflict of Interest**

Board Members must not only avoid conflicts of interest with the MTA but also even the appearance of a conflict. If a Board Member believes he or she has an actual or potential conflict of interest with the MTA on a particular matter, or if the Board Member becomes aware that he or she has an actual or potential conflict of interest on a particular matter during a Committee or Board meeting, the Board Member shall promptly notify the Chairman of the Board or the Chairman of the Committee and shall immediately recuse themselves from further consideration of or action on such matter.

**NOTE:**            **Recusal** requires that the Board Member not participate in any discussion, decision or vote by the Board or Committee that in any way relates to the matter that gives rise to the conflict of interest. Whenever practicable, the Board Member must leave the Board room until any discussion about the matter that gives rise to the conflict of interest has concluded.

**Section 4.06            Financial Interest**

No Board Member or firm or association of which such Board Member is a member, or corporation, ten per cent or more of the stock of which is owned or controlled directly or indirectly by such Board Member, shall sell any goods or services to the MTA, unless such goods or services are provided pursuant to an award of contract after public notice and competitive bidding or after a competitive request for proposal process. For the purposes of this paragraph, the term “services” shall not include employment as an employee.

This paragraph shall not preclude a firm, association or corporation from selling goods or services to the MTA if the interested Board Member did not participate in any way on behalf of any party in the bidding, solicitation or negotiation process, does not share in the net revenues derived from that sale and does not participate in the decision to award the contract.

Except as permitted above, no Board Member shall be in any way or any manner interested, directly or indirectly, in any contract made by the MTA.

**Section 4.07            Compensation**

No Board Members, other than in the proper discharge of official duties as a Board Member of the MTA or as an officer or employee of a federal, state or local government or agency, shall receive, directly or indirectly, or enter into any agreement, express or implied, for any compensation for the appearance or rendition of services by the Board Member or another in relation to any case, proceeding, application or other matter before the MTA..

A Board Member who is a member, associate, retired member, of counsel to, or shareholder of, any firm, association or corporation which is appearing or rendering services, with or without compensation, in connection with any matter before, or transacting any business with, the MTA shall not communicate as to the merits of such cause with an officer

(including another Board Member) or employee of the MTA, without first disclosing the nature and extent of his or her interest in the matter before, or business being transacted with, the MTA.

**Section 4.08 Appearance before MTA**

A Board Member may appear before the MTA (i) in a representative capacity on behalf of an employee organization, a federal, state or local government or agency, or a transportation advocacy organization or (ii) in connection with a ministerial action.

**Section 4.09 Nepotism in Hiring and Contracting**

No person who has served as a Board Member shall take part in any hiring or employment decision relating to a family member. If such matter arises the Board Member must notify the Chairman and recuse themselves from any discussions or decisions related to that matter.

No person who has served as a Board Member shall take part in any contracting decision: (1) relating to a family member: or (2) relating to any entity in which a family member is an officer, director or partner, or in which a family member owns or controls 10% or more of the stock of such entity. If such matter arises the Board Member must notify the Chairman and recuse themselves from any discussions or decisions related to that matter

**Section 4.010 Prohibition Against the Use of MTA Property**

MTA supplies, equipment, computers, personnel and other resources may not be utilized for non-governmental purposes, including for personal purposes or for outside activities of any kind. This prohibition includes but is not limited to the following:

- a) Official stationery may not be used for non-governmental purposes, nor may MTA resources be used to mail personal correspondence. The designation "personal" on MTA stationery means only that the contents are meant for the personal viewing of the addressee and not that the sender is acting unofficially. All letters and other written materials printed on such official stationery are considered official, and thus the designation "unofficial" has no meaning and may not be used.
- b) Under no circumstances may MTA mail, postage, internal office mail, or inter-city couriers be used for non-governmental purposes.
- c) MTA telephones may not be used for non-governmental long-distance calls, except for toll-free calls, collect calls, and calls billed to a personal telephone number. MTA telephones may be used for incidental and necessary personal local calls that are of limited number and duration and do not conflict with the proper exercise of the duties of the MTA Board Member.
- d) MTA computers may be used for incidental and necessary personal purposes, such as sending personal electronic mail messages, provided that such use is in a limited

amount and duration and does not conflict with the proper exercise of the duties of the MTA Board Member

## **Chapter 5: POST BOARD SERVICE RESTRICTIONS**

### **Section 5.01 Two-Year Post Service Bar**

No person who has served as a Board Member shall, within a period of two years after the termination of such service, appear or practice before the MTA or receive compensation for any services rendered by such former Board Member on behalf of any person or any non-governmental firm, corporation, association or other entity in relation to any case, proceeding or application or other matter before the MTA.

### **Section 5.02 Lifetime Bar**

No person who has served as a Board Member shall, after the termination of such service, appear, practice, communicate or otherwise render services before the MTA or receive compensation for any such services rendered by such former, Board Member on behalf of any person or any non-governmental firm, corporation, association or other entity in relation to any case, proceeding, application or transaction with respect to which such person was directly and personally concerned during the period of his or her service.

**Exception:** The restrictions contained in this paragraph shall not apply to any appearance, practice, communication or rendition of services before the MTA, or to the receipt of compensation for any such services rendered by a former Board Member, which is made while carrying out official duties as an elected official or employee of a federal, state or local government or one of its agencies.

### **Section 5.03 Waiver of Post Service Bar**

To the extent permitted by law, nothing contained in this Code shall be construed or applied to prohibit the MTA, at any time, from contracting with or hiring any former Board Member to provide services to the MTA for a specific matter in circumstances in which contracting with or hiring such former Board Member would be in the public interest due to such former Board Member's specialized knowledge of the matter and the efficient and cost-effective results that contracting with or hiring such former Board Member would produce.

**APPENDIX A: CONSANGUINITY OR AFFINITY CHART**

**CONSANGUINITY AND AFFINITY RELATIONSHIP CHART**

<b>MTA Board Member</b>					
<b>Consanguinity</b> (includes individuals related to the MTA Board Member)			<b>Affinity</b> (Includes the MTA Board Member's Spouse and individuals related to the Spouse)		
<b>First Degree</b>	<b>Second Degree</b>	<b>Third Degree</b>	<b>First Degree</b>	<b>Second Degree</b>	<b>Third Degree</b>
Father or Mother	Grandparents	Great Grandparents	Spouse	Grandparents	Great Grandparents
Son or Daughter (& Spouse)	Grandchildren (& Spouse)	Great Grandchildren (& Spouse)	Father or Mother	Grand Children	Great Grandchildren
	Uncle or Aunt (& Spouse)	Great Uncle or Aunt (& Spouse)	Son or Daughter	Uncle or Aunt	Great Uncle or Aunt
	First Cousin (& Spouse)	Children of Great Uncle or Aunt (& Spouse)		First Cousin	Children of Great Uncle or Aunt
	Nephew or Niece (& Spouse)	Second Cousin (& Spouse)		Nephew or Niece	Second Cousin
	Brother or Sister (& Spouse)	Children of First Cousin (& Spouse)		Brother or Sister	Children of First Cousin
		Grand Nephew or Niece (& Spouse)			Grand Nephew or Niece

MTA Board Member is the starting point from which all degrees of relationship are calculated.

Under the Degrees of Consanguinity, where Spouse is indicated, the relationship of the spouse is in the same degree as that of the person related by consanguinity, but the spouse is related only by affinity.