

**The Port Authority of New York and New Jersey  
Committee on Governance and Ethics Meeting Transcripts  
December 8, 2011**

[Comm. V. Bauer] Good morning. >>

[Comm. J. Lynford] Good morning, Chairman-- --Chairlady--Chairperson. >>

[Comm. J. Moerdler] Chairperson.

[Vice-Chair V. Bauer] Chairlady. The first portion of today's meeting of the Governance and Ethics Committee is being held in public session, after which the committee will meet in executive session to discuss matters involving ongoing negotiations or reviews of contracts or proposals. In addition, the public portion of this meeting is being broadcast live on the Port Authority's Web site for those interested in viewing today's proceedings via the Internet. Thank you. Good morning. Review of staff code of ethics-- Howard.

[H. Kadin] Thank you and good morning, Commissioner Bauer, other members of the Committee, ladies and gentlemen. Today I would like to speak with you about the adequacy of the Code of Ethics and Financial Disclosure for staff. At the conclusion of my report, Inspector General Robert Van Etten will provide you with a report on the Office of Inspector General's independence and its freedom from interference in the conduct of its responsibilities. The Code of Ethics and Financial Disclosure for Port Authority staff governs the conduct of Port Authority employees, former employees, and persons doing business with the Port Authority. There is a companion Code of Ethics for PATH. The Code provides general standards of ethical conduct, and contains certain specific provisions regarding conflicts of interest, post employment restrictions, gratuities and offers of employment, use of confidential information, and financial disclosure requirements. The Code also discusses the functions of the Ethics Board, comprised of employees appointed by the Executive Director, which is charged with reviewing certain specific questions of staff and general ethics policies. Personal integrity is the cornerstone of the Code, and each employee bears primary responsibility for avoiding financial and other interests which create a conflict between Port Authority employment and personal affairs. The Code has been incorporated into agency-wide instructions, including--among other things-- reference in the general rules and regulations for all Port Authority employees and incorporation of integrity provisions governing contracts. Management takes steps to ensure that the Code is understood and accepted agency-wide through periodic ethics training administered in conjunction with the Human Resources Department and dissemination of ethics-related materials to staff, including the Code of Ethics and the Guide to Port Authority Ethical Standards. Periodic bulletins and instructions to staff also reference the Code and its provisions. Staff code waivers are dealt with through the Ethics Board, which is empowered to determine, in an appropriate instance, that a significant reason exists to waive a provision of the Code in the interests of the Port Authority. Finally, annual certifications are required from financial disclosure statement filers to the effect that they have read the Code of Ethics and have not, and will not, transfer any asset, interest or property for the purpose of concealing it from disclosure while retaining an equitable interest therein. Thank you.

[Comm. V. Bauer] To make a quick statement, with reference to Howard's report, I think I speak on behalf of all the Commissioners when I say that, more importantly than all the operational work we do here at the

Agency, is the standard of excellence that we hold for ourselves and for our staff members, in terms of the highest ethical standards and the highest integrity for all that we do. So we very, very much appreciate and value the importance of your report and your guidance. Thank you.

[H. Kadin] Thank you.

[Comm. V. Bauer] Does anybody else--yes, please.

[Comm. P. Schuber] Howard, may I ask you a couple of questions? First of all--being relatively new here--  
- No. 1: Who makes up the Ethics Board?

[H. Kadin] The Ethics Board is appointed by the Executive Director. Currently, the Chairman is Lillian Valenti. You have Alan Reiss, you have Janet Cox, you have Kirby King, Cedrick Fulton, Julia Basile is an alternate member. >>

[Comm. V. Bauer] Can you describe their roles for their positions also--not now, but I mean-- >>

[Comm. P. Schuber] And also on the individuals, I was kind of hoping that--

[H. Kadin] Oh--I misunderstood. The Ethics Board reviews determinations that the Attorney designated, under the Code of Ethics, by General Counsel makes with respect to the specific ethics questions that are referred to that individual. And they also take up, from time to time, more general questions of ethics—

[Comm. P. Schuber] Kind of an advisory committee?

[H. Kadin] Yes--well, I make determinations, but they may determine to make recommendations, with regard to possible policies or changes.

[Comm. P. Schuber] On the filing--the financial filings--I know the state of New Jersey, for example, has a filing requirement for various and sundry officials, which applies to the New Jersey Board of Commissioners. I think also the New York Board of Commissioners--I would think.

[D. Buchbinder] There is no filing requirement for the New York commissioners. That's even New Jersey commissioners.

[Comm. P. Schuber] Do you file?

[D. Buchbinder] Yes. I have a list of their interests and the conflicts that we have found.

[Comm. P. Schuber] Okay. You had mentioned, in your report, something along the lines of a financial filing. Who is required to make that filing?

[H. Kadin] Under the Code, approximately 1800 people a year are required to file. Those people include people by virtue of a certain Service Level, which is-- without getting too technical--people who are Service A, department directors, a number of layers below that at a Level of B97, and people who are designated by their department director, on the basis of the work they do.

[Comm. P. Schuber] Understood--are those filings open to the public or open to the commissioners to review?

[H. Kadin] The Code provides that they are subject to the Port Authority's Freedom of Information policy. Individuals are afforded the opportunity to request that certain information be withheld from public inspection if they make an appropriate case-- and the Law Department will review this-- that disclosure of a particular piece of information would constitute and unwarranted invasion of the individual's privacy. But generally, yes, they are open to--

[Comm. V. Bauer] And that's determined by the Law Department?

[H. Kadin] The Law Department would.

[Comm. V. Bauer] Okay. >>

[Comm. P. Schuber] Thank you.

[H. Kadin] You're welcome.

[Comm. V. Bauer] Does anybody else have a question? Comment? Okay. Thank you, Howard. Mr. Van Etten.

[R. Van Etten] Good morning, Commissioners. As you are aware, the Inspector General of the Port Authority is charged with the responsibility of receiving and investigating, where appropriate, all complaints regarding wrongdoing, fraud, waste, and abuse by commissioners, officers, and employees of the Port Authority or third party individuals or organizations doing business with the Port Authority. And under the general direction of the Chairman and the Executive Director, and consulting with the Board of Commissioners, the Audit Committee, the Executive Director, and General Counsel, as appropriate. Pursuant to Section 8.G2 of the Bylaws, the Governance and Ethics Committee is responsible for ensuring that the Inspector General continues to be independent and free from interference in the conduct of the IG's responsibilities. During the last calendar year, I am pleased to report that the Office of Inspector General has remained independent from inappropriate influence, pressure from within the agency, as well as any business or individual we have investigated. In addition, the OIG has not encountered any difficulty working with the staff or the Audit Committee. The OIG has enjoyed an excellent working relationship with the Audit Committee and keeps the Audit Committee apprised of all matters of significance, on a regular basis. Thank you.

[Comm. V. Bauer] Thank you. Again--any questions? Comments? Okay--I guess that means our public session ends. Thank you very much.

[K. Eastman] Are you-- (inaudible)

[Comm. V. Bauer] Oh, I'm sorry--yes. This concludes the public portion of today's meeting.