

## **New Yorks Public Authorities Reform Act (PARA)**

### **Definition of Authority**

Public Authorities include state and local authorities, public benefit corporations and their subsidiaries and not-for-profits sponsored by or created by a county, city, town or village government.

### **Authority Budget Office**

Review authority operations and assesses compliance with law  
Maintain a comprehensive inventory of authority documents  
Develop and issue, with the AG, a written acknowledgment that board members understand their fiduciary duty  
Assess individual authorities and set date to make changes pursuant to this article  
Create a process for board members to acknowledge understanding of his/her role and fiduciary responsibilities  
Recommend a compensation or no compensation plan for board members

Verify existence of all authorities in state law  
Issue recommendations on debt  
Comply or explain  
Warn and censure  
Receive and act upon complaints from the public  
Formal investigations in response to complaints  
Power to issue Subpoenas  
Report criminal activities  
Suspension or removal of directors

Develop best practices for screening proposed directors  
Promulgate rules and regulations  
Develop comprehensive definition of public authorities  
Review potential consolidation/renaming of authorities  
Standardize content and format of reports  
Recommend a compensation plan for board members  
Recommend changes in the terms of office of directors  
Enter into cooperative agreements  
Improve management practices

### **Documents Required to be Reported to the ABO**

Report on debt issuance  
Compensation schedules for employees  
Projects undertaken by the authorities in the last year  
Real property held or disposed of  
Financial Reports and mission statement  
Biographical info for all directors, officers, employees  
Copy of legislation that creates the authority  
Description of the authority and board structure  
Charter (if applicable)/By-laws  
Names of Committees/committee members

The fair market value of such property  
The authority's code of ethics  
An assessment of its internal control structure  
Description of litigation an authority is involved in  
Listing of operational changes from previous year  
A minimum 4 year financial plan  
Capital budget  
Board performance evaluations  
Description of assets/services bought and sold

### **Board Governance and Fiduciary Duty**

Audit Committee required  
Finance Committee created.  
Board members required to

- (i) execute direct oversight of senior management relating to ethics;
- (ii) understand and monitor financial and operational decisions
- (iii) establish compensation and time and attendance policies;
- (iv) adopt a code of ethics;
- (v) establish policies that protect employees who disclose wrongdoing;
- (vi) adopt a defense and indemnification policy.

Requires board members to attend state approved training programs

Board members have an explicit fiduciary duty to the authority and not to the appointing entity.

Governance committee must:(i) examine ethical and conflict of interest issues;

(ii) perform board self-evaluations;

(iii) investigate term limits;

(iv) develop by-laws which include rules for conducting board business.

Audit Committee members must be familiar with corporate financial and accounting practices

Breach of fiduciary duty would be cause for removal of a board member by the appointing entity

## **Contracts**

Prior to publication of bids each authority must submit to the Comptroller contracts over \$1million. Comptroller must notify them that it wants to review contract within 45 days. Contracts must be approved within 90 days. If no action is taken it is automatically approved. All other contracts under \$1 million are subject to review at the Comptrollers request.

Comptroller to review no bid contracts and those funded with State dollars. Comptroller does not review competitively bid contracts.

Comptroller does not review contracts of Roswell Park, Nassau, Erie, Westchester, and Clifton-Fine Public Benefit Corporation Hospitals that are:

- subject to the DOH Certification of Need process
- for services, affiliations or joint ventures for the provision or administration of health care services or scientific research;
- for health care services or goods used in the provision of health care services;
- for participation in group purchasing arrangements.

Comptroller does not to review contracts for:

- unforeseen emergencies
- the purchase or sale of energy, electricity, or ancillary services on the spot market
- the purchase or sale of energy/power, fuel, costs and ancillary services for a term of less than 5 years
- the sale of energy/power for economic development purposes

## **Disposition of Property**

Authority property must be sold at fair market value unless the sale is:

- Within the mission of the Public Authority, as defined by their authorizing statute

- Completely disclosed to the public

- Any below fair market value transactions can be denied by the governor or either house of the legislature

- For local authorities, transactions must be approved by the local government

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## **Debt Reform**

Authorities must submit debt reform measure to the ABO and statement of intent to guide issuance and overall amount of debt issued.

## **Limitation on the Creation of Subsidiaries**

Subsidiaries may be created only for a specific project whose primary purpose is to limit liability, which may not issue debt in excess of \$1 million.

Subsidiaries must be reported 60 days prior to the formation, and must report annually to the ABO

Certain authorities in the area of health care may create subsidiaries.

## **Audits of Authorities**

Each authority must undergo an annual independent audit as required by Sec. 2 of State Finance Law

The audit must be file with the ABO

## **MWBE**

Requires all state authorities to abide by MWBE laws

Applies to state contracts for “legal, financial and other professional services”

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## **Lobbying Contacts**

Requires state authorities to record of lobbying contacts elated to any rule, regulation or ratemaking procedure

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**Whistleblower**

Requires a Whistleblower Access and Assistance Program in consultation with the Attorney General that:  
establishes toll-free phone lines available to employee  
offers advice and consultation on state and federal laws.

An authority may not fire, discharge, demote, suspend, threaten, harass, or discriminate against  
any employee for their whistleblower actions.

**CEO Confirmation**

Confirmation of CEO/Executive Director of specified Public Authorities

Dormitory Authority (Executive Director)

Thruway Authority (Executive Director)

Power Authority (CEO)

Long Island Power Authority (CEO)

**Labor Agreement**

State authorities prohibited from entering into any contract for the development of a hotel or convention  
center in which the authority has a substantial proprietary interest unless such contract  
includes a labor peace agreement

Contracts may be entered into without a labor peace agreement upon a written determination by  
the authority that a labor peace agreement would prevent the project from going  
forward, or would substantially increase the cost of the project.