

## **CODE OF CONDUCT AGREEMENT**

WHEREAS, the State of New York is committed to fostering and encouraging the use and development of renewable energy sources in order to protect the environment and provide long-term, sustainable benefits to the State and its residents;

WHEREAS, the New York State Office of the Attorney General (“OAG”) has received numerous complaints regarding Wind Farm Development from citizens, groups and public officials alleging improper relationships between Wind Companies and local officials; and

WHEREAS, the OAG seeks to ensure that wind farm development is done in a transparent manner, in which municipal officials and companies are accountable, and wind farm development business practices are established and maintained so as to avoid conflicts of interest, or the appearance thereof; therefore,

To foster economic development and renewable energy, and promote public integrity in Wind Farm Development, the OAG has created the following Code of Conduct Agreement. The Code of Conduct Agreement will be monitored by an ongoing Advisory Task Force (the “Task Force”) assembled simultaneously herewith. The Task Force will include a representative from each of the following agencies: the Franklin County District Attorney’s Office, the Monroe County District Attorney’s Office, the Wyoming County District Attorney’s Office, the New York State Association of Counties, a not-for profit association representing the Wind Industry (such as, but not limited to, Alliance for Clean Energy New York or American Wind Energy Association), and the Association of Towns of the State of New York. The Task Force shall also include a representative of the OAG, and one other designee of the OAG who is not a member of that office.

### **CODE OF CONDUCT FOR WIND FARM DEVELOPMENT**

The below-signed Wind Company voluntarily agrees to implement the following Code of Conduct Agreement, and the other terms herein, pursuant to this contract between the parties, to govern future conduct in connection with the Wind Company’s Wind Farm Development in New York State.

#### **I. CONFLICTS OF INTEREST - PROHIBITED**

1. **General Standard:** The Wind Company shall not knowingly, directly or indirectly offer to, or confer on, a Municipal Officer, his or her Relative, or any third party on behalf of such Municipal Officer, any benefit under circumstances in which it could reasonably be inferred that the benefit would influence such Municipal Officer to commit an official act or to refrain from performing an official duty in connection with the Wind Company’s Wind Farm Development, unless such Municipal Officer recuses him- or herself from any official duties in connection with the Wind Company’s Wind Farm Development. For the purpose of this paragraph only, “official duties in connection with the Wind

Company's Wind Farm Development" do not include the non-discretionary duties of a Town Clerk or Tax Assessor.

2. No Gifts: The Wind Company shall not knowingly give any Municipal Officer, his or her Relative, or any third party on behalf of such Municipal Officer, any gift or gifts totaling more than ten dollars (\$10.00) in the aggregate during any one-year period.
3. No Compensation for Services: The Wind Company shall not knowingly employ, hire, retain or compensate, or agree to employ, hire, retain or compensate, any Municipal Officer whose official duties involve Wind Farm Development in connection with the Wind Company, or his or her Relative, within two years of the time that such Municipal Officer had such duties, unless such Municipal Officer first recuses him- or herself from any official conduct in connection with the Wind Company's Wind Farm Development. Accordingly, any compensation provided by the Wind Company to such Municipal Officer, his or her Relative, or third party on behalf of such Municipal Officer or Relative, shall be contingent on such prior recusal. The Wind Company shall disclose in writing to the Task Force and the OAG any agreement that is contingent on such recusal.
4. No Contingent Compensation: The Wind Company shall not knowingly provide or agree to provide compensation to any Municipal Officer or his or her Relative that is contingent upon such Municipal Officer's appearance before, or action as a member of, any Municipal agency.
5. No Honorarium: The Wind Company shall not knowingly confer on any Municipal Officer or his or her Relative any honorarium during the Municipal Officer's public service, or for a period of two years after termination of such Municipal Officer's service.
6. Restrictions on Easements/Leases with Municipal Officers: The Wind Company shall not knowingly enter into any agreement with any Municipal Officer that requires the Municipal Officer to support or cooperate with the Wind Company's Wind Farm Development in any manner that relates to the Municipal Officer's official duties.
7. Confidential Information: The Wind Company shall not knowingly solicit, use, or receive Confidential Information acquired by a Municipal Officer in the course of his or her official duties.
8. Restrictions on Legal Representation: The Wind Company shall not agree to pay legal fees for any Municipal Officer or Municipality in connection with any investigation by any law enforcement agency.

## II. PUBLIC DISCLOSURE

For any financial interest held by a Municipal Officer or his or her Relative in any property identified for the Wind Company's Wind Farm Development within six years prior to the date of the execution of this Code of Conduct Agreement, the Wind Company shall disclose the Municipal Officer or his or her Relative and the nature and scope of the financial interest in a

submission to the OAG and displayed on a website, or on a link from a website, hosted by the Wind Company. The submission shall include all such instances of which the Wind Company has knowledge, or through the exercise of reasonable diligence should know, and the format of the submission shall be subject to the approval of the OAG.

For events transpiring after the date this Code of Conduct Agreement is signed, the Wind Company shall make the disclosures as set forth in this section.

1. Before the Wind Company presents or submits to a Municipality in any way, formally or informally, an initial application to install any meteorological tower or fixed wind measuring device for a potential new wind farm, or, if no permit is required for such installation, before the Wind Company installs any meteorological tower or fixed wind measuring device for a potential new wind farm, or if no such tower or device will be installed, before the Wind Company presents or submits to a Municipality in any way, formally or informally, the prospect of a potential new wind farm, the Wind Company shall make the following public disclosures in the following manner regarding any property identified for the Wind Company's Wind Farm Development to the extent that the Wind Company has knowledge, or through the exercise of reasonable diligence should know, that any Municipal Officer or his or her Relative has a financial interest in the property. For any such property, the Wind Company shall publicly disclose the full name of any Municipal Officer or his or her Relative who has a financial interest in the property and the nature of the financial interest, in the following manner:
  - a. Submit the information in writing for public inspection to the Clerk of such Municipality.
  - b. Publish the information in a newspaper having a general circulation in such Municipality.
  - c. Display the information on a website, or on a link from a website, hosted by the Wind Company.
  - d. Submit the information in writing to the Task Force and the Office of the Attorney General.
2. All easements and leases relating to Wind Farm Development shall be in writing. Before the Wind Company presents or submits to a Municipality in any way, formally or informally, an initial application to install any meteorological tower or fixed wind measuring device for a potential new wind farm, or, if no permit is required for such installation, before the Wind Company installs any meteorological tower or fixed wind measuring device for a potential new wind farm, or if no such tower or device will be installed, before the Wind Company presents or submits to a Municipality in any way, formally or informally, the prospect of a potential new wind farm, the Wind Company shall duly file, record, and index, in the Office of the County Clerk for the county in which the subject property is located, an abstract or memorandum of each such agreement. To the extent the Wind Company has knowledge, or through the exercise of

reasonable diligence should know, that any Municipal Officer or his or her Relative has a financial interest in any property that is the subject of such an agreement, the Wind Company also shall post the abstract or memorandum of such agreement on a website hosted by the Wind Company.

3. The abstract or memorandum of such agreements shall, at a minimum, include:
  - a. The full names and addresses of the parties;
  - b. A full description of the property subject to the agreement;
  - c. The essential terms of the agreement, including the rights conveyed by the property owner and, if the property owner is a Municipal Officer or his or her Relative, which of the following ranges encompasses the actual monetary consideration offered by the Wind Company or, if the actual monetary consideration is not fixed, the Wind Company's good faith estimate of the monetary consideration, which estimate may be accompanied by a description of any factors or contingencies that could affect the actual monetary compensation:
    - i. Under \$5, 000
    - ii. \$5,000 to under \$20,000
    - iii. \$20,000 to under \$60,000
    - iv. \$60,000 to under \$100,000
    - v. \$100,000 to under \$250,000
    - vi. \$250,000 to under \$500,000
    - vii. \$500,000 to under \$1,000,000
    - viii. \$1,000,000 or higher.

### **III. EDUCATION AND TRAINING**

1. Before the Wind Company presents or submits to a Municipality in any way, formally or informally, an initial application to install any meteorological tower or fixed wind measuring device for a potential new wind farm, or, if no permit is required for such installation, before the Wind Company installs any meteorological tower or fixed wind measuring device for a potential new wind farm, or if no such tower or device will be installed, before the Wind Company presents or submits to a Municipality in any way, formally or informally, the prospect of a potential new wind farm, the Wind Company shall provide a copy of this Code of Conduct Agreement and a written statement of its

intention to comply with this Code of Conduct Agreement to the government of the Municipality.

2. Within one week of the execution of this Code of Conduct Agreement, the Wind Company shall publish this Code of Conduct Agreement on a website, or on a link from a website, hosted by the Company and on any internal computer network (intranet) site that can be accessed only by its officers or employees, distribute copies of this Code of Conduct Agreement to its officers and employees and post copies in its main office, any office in New York State, and any other office where the Wind Company has personnel involved in Wind Farm Development in New York State.
3. Within sixty days after the execution of this Code of Conduct Agreement, the Wind Company shall conduct a seminar for all officers and employees about identifying and preventing conflicts of interest when working with Municipal Officers.
4. Within thirty days of the seminar, the Wind Company shall obtain acknowledgement forms from each of its officers and employees, certifying that they have: (i) attended the seminar required by paragraph 3 of this section and (ii) have read and agree to comply with this Code of Conduct Agreement. If, due to exceptional circumstances, an officer or employee is unable to attend the seminar required in paragraph 3 of this section, alternative arrangements should be made as soon as is practical for such officer or employee to receive the training described in paragraph 3 and sign the acknowledgement form. The Wind Company shall discontinue employment on Wind Farm Development in the State of New York of any such officer or employee who fails to attend the seminar or its equivalent, or sign the acknowledgement form.
5. The Wind Company shall distribute to all its officers and employees and post prominently in all its work locations, as well as on its website and intranet system, the OAG's Public Integrity Hotline number, with instructions that any misconduct, violation of the law, or corruption of any sort in connection with Wind Farm Development or any violation of this Code of Conduct Agreement shall be promptly reported to the OAG.
6. Upon discovery by the Wind Company that a Municipal Officer or his or her Relative has entered into a lease or easement with the Wind Company, the Wind Company shall (i) notify the attorney for the Municipality and (ii) recommend to such Municipal Officer that he or she consult with the Municipality's attorney concerning his or her legal obligations, including any obligation to recuse him- or herself.

#### **IV. ENFORCEMENT AND COMPLIANCE**

1. The OAG shall establish the above-referenced Task Force to monitor compliance with this Code of Conduct Agreement. The Task Force shall include, among others, local elected officials, including the District Attorneys of Franklin, Monroe and Wyoming Counties, and a representative from each of the following: the New York State Association of Counties, the Association of Towns of the State of New York, and a not-for-profit association representing the Wind Industry (such as, but not limited to, Alliance

for Clean Energy New York or American Wind Energy Association). The representative from the not-for-profit association representing the Wind Industry shall be chosen by the OAG from a list of up to four individuals nominated by the Wind Companies who are signatories to this Code of Conduct Agreement. The Task Force shall also include a representative of the OAG, and one other designee of the OAG who is not a member of that office. Each Task Force member shall be asked to certify that such member can be impartial and fair in performing the duties of the Task Force. The Task Force shall report only to the OAG. The OAG shall establish responsibilities and guidelines for the Task Force and shall seek the advice and input of the Task Force members in establishing such responsibilities and guidelines.

2. For three years following the Wind Company's agreement to this Code of Conduct Agreement or until the Wind Company ceases operations in New York State, whichever is earlier, the Wind Company shall contribute a proportional share of the reasonable administrative costs of the Task Force, in an amount to be determined by the Task Force. No Wind Company will be required to make a contribution in excess of \$20,000 in any one-year period. So long as this Code of Conduct Agreement is in effect, the Wind Company shall fully cooperate with the Task Force. Nothing in this Agreement, however, shall mandate the disclosure of privileged information.
3. Should the Wind Company discover any conduct in violation of the provisions of this Code of Conduct Agreement, the Wind Company shall promptly disclose such information to the OAG. The Wind Company shall fully cooperate with the OAG in any investigation arising out of such violation.
4. The Task Force shall promptly give notice of any complaints relating to violations of this Code of Conduct Agreement to the OAG. The Task Force may refer such complaints to the OAG. The Task Force may decide not to refer such a complaint if it determines that the matter can be resolved by the Task Force. With respect to any complaint referred to the OAG by the Task Force, the OAG shall advise the Wind Company of the complaint and give the Wind Company a reasonable opportunity to submit to the OAG information relevant to the complaint. After providing such opportunity, the OAG shall make a written determination, based on a reasonable investigation, including any information provided by the Wind Company, whether a preponderance of the evidence establishes that the Wind Company has violated this Code of Conduct Agreement in any material respect. In the event that a violation of any provision set forth in this Code of Conduct Agreement is found, the Wind Company may be subject to penalties of up to \$50,000 for the first violation and up to \$100,000 for any subsequent violation. In establishing a penalty amount under this Code of Conduct Agreement, the OAG shall consider the relative severity of, and the relative harm to public integrity occasioned by, such violation and shall provide written findings in support of such conclusions. Any payment shall be made by certified check made payable to the "State of New York." The Wind Company shall have the right to challenge in court the OAG's finding of a violation of this Code of Conduct Agreement and determination of the penalty amount, on the grounds that such determinations are not supported by a preponderance of the evidence. The Wind Company shall pay any assessed penalties to a reserve fund of the State of New York

pending the resolution of any such court challenge. In the event that the OAG's determination is overturned upon judicial review, the penalty payment (including any interest accrued) shall be returned to the Wind Company.

5. The Wind Company and the OAG shall meet to review the terms of this Code of Conduct Agreement on the four-month anniversary and the one-year anniversary of the date on which this Code of Conduct Agreement is signed. Starting on the two-year anniversary of the date on which this Code of Conduct Agreement is signed, the Wind Company and the OAG shall meet annually to review the terms of this Code of Conduct Agreement and to consider whether to set a sunset date for this Code of Conduct Agreement.

## **V. DEFINITIONS**

Unless otherwise stated or unless the context otherwise requires, when used in this Code:

1. "Confidential Information" means:
  - a. information that reveals an imminent or present determination, decision, report, audit or recommendation by the State, an agency of the State, a Municipality or Municipal Officer that is related to Wind Farm Development and that is scheduled, planned or required to be announced or made available to the public in the future;
  - b. information derived from communications as to which the Municipality could assert a claim of privilege under section 4503 of the Civil Practice Law and Rules;
  - c. trade secrets submitted to the Municipality by a commercial enterprise or derived from information obtained from a commercial enterprise, which if disclosed could cause substantial injury to the competitive position of the subject enterprise;
  - d. information compiled for law enforcement purposes; and
  - e. any other information deemed confidential by a law, rule or code to which the Municipal Officer was subjected.
2. For the purpose of Paragraphs III.3 and III.4 above, "employee" or "employees," when used in reference to a Wind Company, shall mean the Wind Company's employees who are involved in Wind Farm Development in New York State, except those who perform solely administrative/clerical, accounting, construction or maintenance functions.
3. "Gift" means any thing having more than a nominal value, whether in the form of money, service, loan, investment, travel, entertainment, hospitality, or in any other form, and includes an offer to a charitable organization at the designation of the Municipal Officer or at the designation of his or her Relative. "Gift" does not include educational materials provided to Municipal Officers by the Wind Company in connection with Wind Farm Development in New York State.

4. "Honorarium" means any payment made in consideration for any speech given at a public or private conference, convention, meeting, social event, meal or like gathering.
5. "Identified" means that the Wind Company has begun to pursue the purchase or lease of, or an easement on, real property, in which the Wind Company knows, or through the exercise of reasonable diligence should have known, that a Municipal Officer or his or her Relative has a financial interest in the property.
6. "Knowingly," "knowing" or "has knowledge" means that a person:
  - a. has actual knowledge of a claim or information;
  - b. acts in deliberate ignorance of the truth or falsity of a claim or information; or
  - c. acts in reckless disregard of the truth or falsity of a claim or information.
7. "Municipality" means a county, city, town, village, public authority, school district, or any other special or improvement district, but shall have no application to a city having a population of one million or more, or to a county, school district, or other public agency or facility therein.
8. "Municipal Officer" means any officer or employee of a municipality, whether paid or unpaid and includes, without limitation, members of any office, board, body, advisory board, council, commission, agency, department, district, administration, division, bureau, or committee of the municipality. "Municipal Officer" also includes any entity that is directly or indirectly controlled by, or is under common control with, such officer or employee. "Municipal Officer" shall not include:
  - a. a judge, justice, officer, or employee of the unified court system;
  - b. a volunteer firefighter or civil defense volunteer, except a fire chief or assistant fire chief; or
  - c. a member of an advisory board of the municipality if, but only if, the advisory board has no authority to implement its recommendations or to act on behalf of the municipality or to restrict authority of the municipality to act.
9. "Officer" or "officers," when used in reference to a Wind Company, shall mean the Wind Company's officers who are involved in Wind Farm Development in New York State, except those who perform solely administrative/clerical, accounting, construction or maintenance functions
10. For the purpose of paragraphs I.1 and I.3 above, "relative" means a spouse or domestic partner, child, step-child, or parent of the Municipal Officer, or a person claimed as a dependent on the Municipal Officer's latest individual state income tax return. For the

purpose of the remainder of this Code of Conduct Agreement, “relative” also includes sibling.

11. “Wind Company” means the signatory of this Code of Conduct Agreement as well as its officers, directors, employees, subsidiaries and any affiliates over which it exercises control.
12. “Wind Farm Development” means any stage of past, present or future development or siting of wind farms, wind turbines, wind power and related facilities or wind power projects in the State of New York, whether considered, planned, attempted or completed, including but not limited to permitting, licensing, construction and energy production. “Wind Farm Development” shall not include past, present, or future development or siting of so-called “community energy” projects involving wind turbines and related facilities that are interconnected to utility distribution systems (less than 50 kV), either directly or through a retail customer meter.

## VI. FORMS

The following forms shall be used to comply with the disclosure requirements in Sections II and III above.

1. Disclosure under paragraph II.1.a. above shall be made with the following form:

PROPERTY INTEREST OF MUNICIPAL OFFICER  
FOR FILING WITH CLERK OF MUNICIPAL ENTITY

Please take notice that a Municipal Officer has a financial interest in a property identified for Wind Farm Development by the Wind Company as set forth below:

Name of Municipal Official:

Name of Municipality and Position that Municipal Official Holds:

Name of Wind Company:

Address of Wind Company:

Description of Property:

Street Address:

Town/City:

Section/Block/Lot #:

2. Disclosure under paragraph II.1.b. and c. above shall be made with the following form:

PUBLISHING ABSTRACT

NOTICE OF CONVEYANCE OF PROPERTY INTEREST  
BY MUNICIPAL OFFICER TO WIND COMPANY

Please be advised that [Name of Municipal Official] who holds that position of \_\_\_\_\_ with the \_\_\_\_\_ of \_\_\_\_\_, New York, has conveyed a \_\_\_\_\_ to [Name of Wind Company] for property with the following street address and section/block/lot number in the \_\_\_\_\_ of \_\_\_\_\_, New York. An abstract with more information concerning the transfer is available with the \_\_\_\_\_ Clerk of the \_\_\_\_\_ of \_\_\_\_\_.

3. Disclosure under paragraph III.6. above shall be made with the following form:

NOTICE TO MUNICIPAL OFFICER

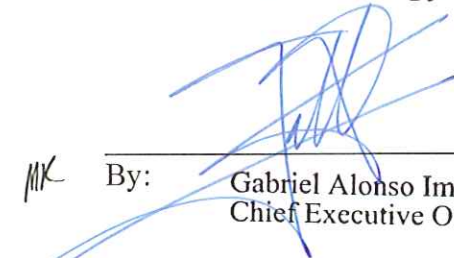
Dear Municipal Official:

It has come to our attention that either you and/or one or more of your relatives may be a Municipal Officer or Employee that has transferred or otherwise conveyed an interest in real property to a wind company.

We strongly recommend that you contact your municipality's attorney to discuss possible obligations, including, but not limited to the obligation under certain laws to recuse yourself from certain matters involving that wind company.

DATED: New York, New York  
August 19, 2009

**Horizon Wind Energy LLC**

  
MK By: Gabriel Alonso Imaz  
Chief Executive Officer



Andrew M. Cuomo  
Attorney General of the State of New York