

Ms. Ruth M.S. Vetter  
Alternate Designated Agency Ethics Official  
Office of the General Counsel  
Department of Defense  
Washington, DC 20301

DEC 04 2017

Dear Ms. Vetter:

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Assistant Secretary of the Navy (Energy, Installations & Environment).

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter in which I know that I have a financial interest directly and predictably affected by the matter, or in which I know that a person whose interests are imputed to me has a financial interest directly and predictably affected by the matter, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

I will divest my interests in the entities identified in Attachment A within 90 days of my confirmation. With regard to each of these entities, I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of the entity – or, in the case of an investment fund, the entity or any of its underlying assets – until I have divested it, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

My spouse serves as an independent consultant or serves as a Board Member or Director for the following entities in which he also owns stock: API; Doss Aviation; SIGA; and Sprint Energy. I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of any of those entities, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1).

My spouse also serves as an independent consultant or serves as a Board Member or Director for the following entities: AM General; Boeing; Fluor Consulting; Ironhand; and Renaissance Strategies Associates. He does not have any equity interests in these entities. For as long as my spouse continues to provide services to these entities, I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on my spouse's compensation or employment with any of those entities, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1). I also will not participate personally and substantially in any particular matter involving specific parties in which I know that entity is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

My spouse and I are investors in two limited partnerships, Enlightenment Capital Solutions and J.F. Lehman & Company, which make venture capital investments, principally by investing in and holding equity in privately held companies. We are contractually locked into these limited partnership agreements. Some of the underlying holdings of the limited partnerships are on the DoD contractor list and will be included in my screening arrangement. I will be notified of investments as they are made. I will promptly notify my ethics official to determine if any company is on the DoD contractor list or poses a conflict of interest with my duties as Assistant Secretary. Any such entity will be added to my screening arrangement. For as long as we are invested with Enlightenment Capital Solutions and J.F. Lehman & Company, I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of Enlightenment Capital Solutions and J.F. Lehman & Company, or the underlying assets of the funds in which we are invested, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). You have advised me that, at this time, I do not need to divest my interests in these funds because the likelihood that my duties will involve such matters is remote. However, I understand that I am personally responsible for avoiding conflicts of interest with respect to the funds and their holdings, and I will monitor the investment information made available to me regarding the funds and consult with you as appropriate. If in the future the holdings of any of the funds are determined to pose a conflict with the performance of my official duties, then I may be directed to divest my interests in the funds. In that event, I will do so within 90 days of such order.

If I rely on a *de minimis* exemption under 5 C.F.R. § 2640.201(b) with regard to any of my financial interests in sector mutual funds, I will monitor the value of those interests. If the aggregate value of my interests in sector mutual funds that concentrate in any one sector exceeds \$50,000, I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of any holdings of the funds that are in the specific sector in which the funds concentrate, unless I first obtain a written waiver pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

If I have a managed account or otherwise use the services of an investment professional during my appointment, I will ensure that the account manager or investment professional obtains my prior approval on a case-by-case basis for the purchase of any assets other than cash, cash equivalents, investment funds that qualify for the exemption at 5 C.F.R. § 2640.201(a), obligations of the United States, or municipal bonds.

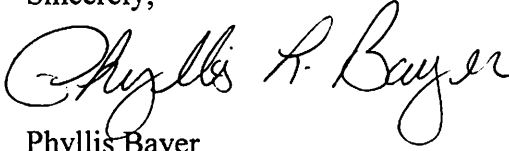
I will meet in person with the appropriate senior Navy ethics official during the first week of my service in the position of Assistant Secretary of the Navy (Energy, Installations & Environment) in order to complete the initial ethics briefing required under 5 C.F.R. § 2638.305. Within 90 days of my confirmation, I will document my compliance with this ethics agreement by notifying the appropriate senior Navy ethics official in writing when I have completed the steps described in this ethics agreement.

I understand that as an appointee I will be required to sign the Ethics Pledge (Exec. Order No. 13770) and that I will be bound by the requirements and restrictions therein in addition to the commitments I have made in this ethics agreement.

I understand that I may be eligible to request a Certificate of Divestiture for qualifying assets and that a Certificate of Divestiture is effective only if obtained prior to divestiture. Regardless of whether I receive a Certificate of Divestiture, I will ensure that all divestitures discussed in this agreement occur within the agreed upon timeframes and that all proceeds are invested in non-conflicting assets.

I have been advised that this ethics agreement will be posted publicly, consistent with 5 U.S.C. § 552, on the website of the U.S. Office of Government Ethics with ethics agreements of other Presidential nominees who file public financial disclosure reports.

Sincerely,

A handwritten signature in black ink, reading "Phyllis A. Bayer". The signature is fluid and cursive, with the first name "Phyllis" being more prominent and the last name "Bayer" following in a similar style. The middle initial "A." is smaller and less distinct.

Phyllis Bayer

Attachment A

3M  
Alliant Energy  
AT&T  
Barclays Bank PLC, High Low CPN CLLB Note Linked Asset 3 Exchange Traded Funds  
Caterpillar  
Comcast Corp  
Consolidated Edison  
Credit Suisse High Low CPN CLLB YLD Note Linked Energy Utility Sector Tech Sector  
Dominion Resources  
Eaton Corp  
Ecolab Inc  
Equifax  
FS Investment Corporation II  
General Dynamics  
Home Depot  
IBM  
Intel  
iShares Currency Hedged MSCI Japan ETF  
iShares Brazil Capped ETF  
iShares MSCI Russia Capped ETF  
iShares U.S. Aerospace & Defense ETF  
Laboratory Corp of America  
Lockheed Martin  
Pfizer  
Raytheon  
Southern Company  
Synopsys Inc  
Thermo Fisher Scientific  
Verizon  
Waste Management Inc  
Xylem