CONFIDENTIAL

Dear [QW],

You asked about three things.

First, you serve as a paid member of the Board of the [IOP] , which is part of the ]IOPA] , and you would like to continue to serve.  Nothing in the Governmental Ethics Ordinance prohibits any City employee from serving on a paid or unpaid Board. But, as we discussed, you would need to disclose your service on your annual Statement of Financial Interests, and would be prohibited from making or participating in any City decisions affecting the organization, or from representing it in any transactions or dealing with City government.  Other [IOP] Board members of course could that, but you could not.  I doubt this would be applicable, but if the organization were to ask you to become involved in fundraising, then you would be prohibited from soliciting any persons or entities that have matters pending before [you] .  All of these restrictions are summarized in this “Plain English Guide” to outside board service (how “plain english” it really is a matter of debate, but we try, we really do):  <http://www.cityofchicago.org/dam/city/depts/ethics/general/Publications/PEG-VolunteerBd2013.pdf>  There is also a Personnel Rule that may apply, if [your] position is considered either a department or agency head position (or a non-clerical employee position in the Mayor’s Office).  Personnel Rule XXIX, Section 2 (b) (ii) prohibits such persons from having “any employment relationship with any entity other than the City.”  I don’t know whether, for purposes of this Rule, your board service would even be considered an employment relationship.  If the answer to either of these questions is no, then this Rule is inapplicable.  But if the answer to both is yes, then I’d advise you to request a written waiver from the Rule.  [Z, X, C, or V ] can weigh in on whether this Rule truly would apply, and/or consider a waiver.

Second, you are an [owner] of [F] , which, you said, has done business with the City and will likely continue to do so.  As we discussed in detail, the City’s “reverse revolving door” provision (§2-156-111(d) would prohibit you from “personally participating in a decision-making capacity” for your first two years of City service, “in a matter that benefits [your] immediate pre-City employer,” .  This means that, for your first two years, you could not advise your staff on, sign, participate in or make decisions with respect to transactions in which [F] is [a] party.  You could make policy decisions affecting [businesses similar to F] as a class or in whole , or implement or develop terms or directives that affect the class as a whole, but for any transaction or deal in which [F] is a party, you would need to delegate your responsibilities to another City employee or official.  This could be done quite easily by circulating a written memo to all [departmental] staff (and any other City employees or officials) that all such matters be directed to others, and that you cannot participate, advise on, review documents pertaining to, or negotiate, etc. these transactions, and send my office a “cc” of that memo.  Our Board recognizes valid ethical screens.  It would not preclude [F] from having or seeking such business, but is only personal to you for your first two years.  You and I can work on wording that memo.

Third, you asked about your deferred compensation plan and holdings, currently being administered by [F] .  Assuming that some of this includes, and would continue to accrue, [F] common stock , then you would be able to continue to accrue as much as you otherwise would, but you would be prohibited from exercising contract management with respect to [F] if you have accrued more than $15,000 of [F stock] since November 1, 2012 (when our Ordinance changed).  For your first two years, you would be prohibited from doing this anyway, as explained in the immediately preceding paragraph, but, after your second year of City service, you would continue to be prohibited from exercising contract management authority with respect to City contracts with or involving [F] if you will have accrued more than $15k of [it] since 11/1/12.  This is pursuant to §2-156-110(b).  We could revisit this in a year or so—at that time, I may advise you to sell some the appropriate amount of your [F stock] should you deem it important to begin exercising contract management authority with respect to [F]. On this issue, I note that, as I read City Personnel Rule XXIX, Section 2 (b)(i), you would, likewise, be prohibited from exercising contract management authority with respect to [F] if you own more than $15,000 in [F] stock, or you are entitled to or receive more than $2500 in payment from [F] in a calendar year.

In addition, as we discussed, I want to point out another of the City’s Personnel Rules that may apply to your current ownership of [F] or your deferred compensation plan.  Rule XXIX, Section 2, (b)(ii) also provides that no department or agency head shall “have any business relationship with any person doing business with the City.”  The definition of business relationship means any contractual or other private business dealing of an employee with a person or entity which entitles the employee to compensation or payment of $2500 or more in a calendar year. Again, if [your position] is not considered a department or agency head, then this rule would not apply .    If it *is* considered a department or agency head, then you may, again, wish to request a waiver, especially since you wouldn’t be dealing with [F] for the first two years at least.  Or, if you were to receive less than $2500 in total payments from [F] in a year (including all forms of contributions it would make to you), then this would also be a non-issue.

One other point that occurs to me: once you would assume your City position, you would need to dilute enough of your ownership of the common stock of any [business] with which you would negotiate or deal or over whose City contracts you would exercise contract management authority so that the allotment that you purchased after 11/1/12 is less than $15,000.  This is under §2-156-110(b) as well. Say, for example, that you owned $25,000 of [S] or [D] stock prior to 11/1/12, but, since that date, have bought $20,000 more of it.  You would need to sell off $5,000 of [S] or [D] stock in order to exercise contract management authority over their City contracts.

I hope this makes sense and is not too confusing.  For your convenience, I’m attaching printouts of all of these provisions.

Steven I. Berlin
Executive Director