



OHIO ETHICS COMMISSION

150 EAST BROAD STREET

COLUMBUS 43215

(614) 466-7090

Advisory Opinion No. : 81-005

June 25, 1981

Syllabus by the Commission:

Section 2921.42 of the Revised Code prohibits a city official or employee from serving as an officer or board member of an undesignated community improvement corporation established by the city.

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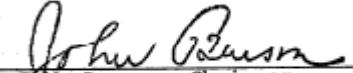
You asked whether the Ohio Ethics Law and related statutes prohibit city officials and employees from serving as officers or board members of a community improvement corporation established by the city under federal law to make loans to small businesses.

You stated" by way of history, that the city's Department of Economic Development, under the guidance of the National Development Council, an arm of the federal Small Business Administration, seeks to establish an undesignated community improvement corporation (hereinafter CIC) under Chapter 1724. of the Revised Code to make loans to qualified small businesses. The funds for the loans will be derived from direct federal grants, federal funds distributed through the city, and interest and servicing fees on these loans. You stated further that the Mayor, the Director of Economic Development, and the Finance Director will serve as officers of the CIC, and the Utilities Director and the City Council President will serve as board members. These city officials and employees will serve with the CIC in an official capacity, and will receive no compensation for their services. However, you stated that city contracts of this nature must be authorized by city council and signed by the Mayor.

Division (A)(4) of Section 2921.42 of the Revised Code prohibits a public official, including the city officials and employees in question, from knowingly having an interest in the profits or benefits of a public contract entered into by or for the use of the city with which he serves, including the arrangement between the city and the CIC. Even though the city officials and employees in question serve with the CIC in an official capacity, their independence of judgment may be impaired in cases in which the interests of the CIC and the city conflict. This is particularly true for the Mayor and the City Council President, who must approve the contract with the CIC. The involvement of the city officials and employees with the CIC constitutes an improper interest in a city contract. Therefore, Division (A)(4) of I Section 2921.42 of the Revised Code prohibits a city official or employee from serving as an officer or board member of an undesignated community improvement corporation established by the city.

The Commission cautions that its advisory opinions are based on the facts presented, and are rendered only with regard to questions arising under Chapter 102. and Section 2921.42 of the Revised Code.

Therefore, it is the opinion of the Ohio Ethics Commission, and you are so advised, that Section 2921.42 of the Revised Code prohibits a city official or employee from serving as an officer or board member of an undesignated community improvement corporation established by the city.


John Benson, Chairman
OHIO ETHICS COMMISSION