



CITY OF NEW YORK CONFLICTS OF INTEREST BOARD

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Ownership Interests

Charter Sections: 1100, 2601(5), 2601(6), 2601(8), 2601(12), 2601(16), 2603(c)(3), 2604(a)(1)(b), 2604(a)(3), 2604(a)(4), 2604(b)(2), 2604(b)(3), 2604(b)(4), 2604(c)(6)

Opinions Cited: 94-18, 94-25, 94-26, 2002-1, 2003-7, 2007-4, 2009-2

Advisory Opinion No. 2012-1

Deputy Mayor Robert K. Steel requested an opinion from the Conflicts of Interest Board (the "Board") concerning the application of the conflicts of interest provisions of Chapter 68 of the City Charter to his outside interests.¹

Background

Mr. Steel worked in the financial services industry prior to his appointment in July 2010 as Deputy Mayor for Economic Development. He has disclosed to the Board certain current and former interests, including the following:

¹ Charter Section 2603(c)(3) provides that the Board's advisory opinions will be made public "with such deletions as may be necessary to prevent disclosure of the identity of any public servant." Mr. Steel has, however, agreed that the Board may forego such deletions, which would otherwise have been so substantial as to deprive this opinion of virtually all instructive value.

- 1) **Goldman Sachs:** Mr. Steel was employed by or otherwise affiliated with the Goldman Sachs Group, Inc., or its predecessors (“GS”) from November 1976 to December 2004. He was a GS partner from 1988 until his retirement from GS in December 2004. Mr. Steel owns no GS stock. Mr. Steel and his wife currently retain The Ayco Company, L.P., a GS subsidiary, to provide them with wealth management and accounting services. The Steels pay Ayco its usual rates for these services. Mr. Steel asks whether he must recuse himself from GS matters.
- 2) **Wells Fargo:** From July 9, 2008, to December 31, 2008, Mr. Steel served as President and CEO of Wachovia Bank, N.A. (“Wachovia”). On December 31, 2008, Wachovia merged with Wells Fargo & Co. (“WFC”), after which Mr. Steel served on the board of directors of WFC until joining City service.

As a result of his service to Wachovia and to WFC, Mr. Steel acquired certain options to purchase shares of WFC common stock that are not transferable except in very limited circumstances. He also acquired rights to a significant number of “performance restricted shares” that are generally non-transferrable. These shares of WFC common stock come into Mr. Steel’s possession only if the WFC stock price hits certain targets that are a multiple of current trading prices before July 15, 2014. The combined value of these options and restricted shares is in excess of \$44,000. Because of the restrictions placed on these WFC interests, Mr. Steel was not able to transfer these interests into a blind trust, a transfer that, as will be discussed herein, he made for many of his investments upon joining City service. Mr. Steel therefore proposes to continue to hold these WFC interests while serving as Deputy Mayor, but to recuse himself from any

substantial decisions or deliberations relating to i) WFC or its affiliates receiving grants or other direct monetary inducements or tax abatements from the City; ii) WFC extending further credit to the City or its agencies; or iii) the approval or negotiation of contracts for WFC to provide further services to the City or its agencies. He also proposes not to exercise his WFC options during his City service. He asks the Board whether these proposed recusals are sufficient. By letter to the Board, Mayor Bloomberg has approved of Mr. Steel's retention of his WFC holdings, subject to Mr. Steel's proposed recusals and to such other conditions as the Board might impose.

- 3) **Citigroup Litigation:** In his capacity as the former CEO of Wachovia, Mr. Steel has been named as a defendant in a lawsuit filed by Citigroup that grew out of Citigroup's unsuccessful effort in 2008 to acquire Wachovia, a lawsuit that also names WFC, the successful purchaser of Wachovia. Mr. Steel is being defended and indemnified by WFC in the Citigroup litigation. Mr. Steel asks whether he must recuse himself from decisions or deliberations involving Citigroup.
- 4) **Community Bancorp:** Mr. Steel is a founding member of and investor in Community Bancorp LLC ("Bancorp") and sits on its five-member board of directors. Bancorp is a privately held corporation, formed shortly before Mr. Steel was named to City service, for the purpose of investing in small, distressed banks. Bancorp does not have any business dealings with the City and does not expect to invest in any bank in New York State. Mr. Steel has also represented that he is not aware of any business dealings between the City and any of his fellow Bancorp board members or any firm principally owned by any of them.

Mr. Steel remains on the board of Bancorp and has represented that his board responsibilities will require no more than ten hours each month. While serving as Deputy Mayor, he will not be compensated for his work as a Bancorp director. Mr. Steel will recuse himself from any decisions or deliberations involving any current or future business dealings that Bancorp might have with the City.

- 5) **Publicly traded securities:** Mr. Steel and his wife both held in brokerage accounts a portfolio of publicly traded securities. Upon his joining City service, Mr. Steel and his wife each transferred their interests in these publicly traded securities to newly established trusts administered by Trustee A. By the terms of the trust agreements, the purpose of these trusts is to confer on Trustee A the sole responsibility to administer the trusts and to provide for the trustee's management of the trust assets without the involvement or knowledge of any interested party, including the freedom to dispose of original trust assets and to reinvest the proceeds of their sale as the trustee determines. The preparer of these trust instruments has provided the Board, as required by Board Rules Section 1-05 (Definition of Blind Trust), an affidavit stating that the trust instruments conform to the requirements of the Rule. More particularly, the affidavit states that Trustee A is independent of Mr. Steel, his wife, or any other interested party, and further states that the instruments provide both for the independence of Trustee A in managing the trust assets and for the absence of any communication between Trustee A and any interested party concerning the holdings of the trusts, except as explicitly provided in Article FIFTH of the trust

agreements, regarding disclosure of information that is necessary to allow Mr. Steel and his wife to prepare and file tax returns and make estimated tax payments.

- 6) **Investment partnerships:** Prior to joining City service, Mr. Steel also held interests in a number of private investment partnerships, that is, in certain private equity funds and real estate private equity funds. Upon joining City service, Mr. Steel transferred these partnership interests to a newly established trust also administered by Trustee A, a trust separate and distinct from the trusts created for the publicly traded securities that he and his wife held. The preparer of this trust instrument has filed with the Board the affidavit required by Board Rules Section 1-05 (Definition of Blind Trust), stating that the agreement conforms to the requirements of the Rule. The terms of the trust for these partnership interests provided that Trustee A would have sole responsibility to administer the trust and would manage the trust assets without the involvement or knowledge of any interested party, including the freedom to dispose of original trust assets and to reinvest the proceeds of their sale as the trustee determines, except that Trustee A may disclose to Mr. Steel when the trust no longer holds an interest in those properties described as “New York City Real Estate.” Because, however, Mr. Steel disposed of all of his interests in real estate private equity funds as of June 30, 2010, prior to joining City service, the trust never held an interest in any property described as New York City Real Estate. The trust agreement also provides that the trustee shall attempt to avoid acquiring any new interests in New York City Real Estate. A parallel exception

is provided for the list of the other private equity funds in which Mr. Steel had an interest. A list of those funds is annexed to this opinion as Appendix A. As of July 27, 2010, none of the funds listed in Appendix A was engaged in business dealings with the City, held New York City Real Estate, or held an interest in an entity that had business dealings with the City or held New York City Real Estate. Trustee A may disclose to Mr. Steel when the trust no longer holds an interest in an entity on that list. With respect to the holdings listed in Appendix A, Mr. Steel proposes to recuse himself from all City matters involving any of these holdings unless and until he is advised by Trustee A that he no longer has a beneficial interest in such holding.

- 7) **Mutual funds and hedge funds:** Mr. and Mrs. Steel each own in their own names shares in certain mutual funds and index funds, all of which are managed by investment advisors and all of which are open to investment by the general public. Mr. Steel is also a limited partner investor in two diversified hedge funds; as is the case with the mutual funds in which he is invested, Mr. Steel has no control over the investment decisions made by these two hedge funds.
- 8) **Steel Family Foundation:** Mr. and Mrs. Steel are the trustees of The Robert K. Steel Family Foundation (the "Foundation"), a New York charitable trust. Mr. Steel seeks the Board's guidance with respect to his position as trustee and with respect to the investments of the Foundation.
- 9) **Life Insurance Trust:** Mr. Steel is the Donor and Mrs. Steel is a co-trustee and a beneficiary of a life insurance trust made up exclusively of insurance policies on the life of Mr. Steel. Mrs. Steel is also the trustee of additional trusts for the

benefit of the couple's three adult children. Neither Mr. Steel nor Mrs. Steel holds any beneficial interest in such additional trusts.

- 10) Charitable Activities:** Mr. Steel serves as a member of the board of advisors of Duke Global Health Institute, as trustee and Chairman of the board of trustees of the Aspen Institute, and on the board of directors of the Hospital for Special Surgery (the "Hospital"). He is also a member of the FDIC Advisory Committee on Economic Inclusion. Mr. Steel does not receive any payment in connection with any of these activities. To the best of Mr. Steel's knowledge, none of these institutions has business dealings with the City, with the exception of the Hospital, which was due to receive, as of the date when Mr. Steel requested this advisory opinion, \$2.5 million in City capital funding as the result of a discretionary award sponsored by the City Council. Mr. Steel believes that his duties for these institutions are not expected to take more than 10 hours per month combined. In addition, Mrs. Steel is a member of the board of directors of the New York Botanical Garden, which is a recipient of City funding. The Botanical Garden's grounds and buildings are also owned by the City. Mr. Steel proposes to recuse himself in his City position from any matters involving any of these not-for-profit organizations, including the Botanical Garden.

Discussion

Following Mr. Steel's initial request for advice from the Board, the Board and its staff held extensive consultations with Mr. Steel's representatives, and the Chapter 68 issues raised thereby were analyzed and discussed at several Board meetings. In the course of the

discussions between the Board and Mr. Steel's representatives, further representations and agreements were made regarding Mr. Steel's financial interests, as reflected in the determinations of the Board set forth below, determinations that the Board has previously communicated to Mr. Steel.

Relevant Charter Sections

Charter Section 2604(a)(1)(b) provides that no regular employee of the City, such as Mr. Steel, shall have an interest in a firm that is engaged in business dealings with the City. Section 2601(8) defines "business dealings" to mean any transaction involving the "sale, purchase, rental, disposition or exchange of any goods, services, or property, any license, permit, grant or benefit."

As defined in Charter Section 2601(12), "interest" includes an ownership interest in a firm. Charter Section 2601(16) defines an "ownership interest" as, inter alia, "an interest in a firm held by a public servant, or the public servant's spouse, domestic partner, or unemancipated child, which exceeds five percent of the firm or an investment of [forty-four] thousand dollars in cash or other form of commitment, whichever is less. . . .but shall not include interests held in any... mutual fund, the investments of which are not controlled by the public servant, the public servant's spouse, domestic partner, or unemancipated child, or in any blind trust which holds or acquires an ownership interest." See also Board Rules Section 1-11 regarding periodic adjustments in the dollar amount prescribed this definition.

Charter Section 2601(6) defines, in turn, "blind trust" to mean "a trust in which a public servant, or the public servant's spouse, domestic partner, or unemancipated child, has a beneficial interest, the holdings and sources of income of which the public servant, the public

servant's spouse, domestic partner, and unemancipated child have no knowledge, and which meets requirements established by rules of the board, which shall include provisions regarding the independent authority and discretion of the trustee, and the trustee's confidential treatment of information regarding the holdings and sources of income of the trust." Pursuant to Charter Section 2601(6), the Board has promulgated its Blind Trust Rule (Board Rules Section 1-05), which defines "blind trust" to mean a trust the holdings and sources of income of which the public servant and the above-listed immediate family members have no knowledge, and that has a professional, independent trustee and whose trust instrument provides that the trustee shall have the authority and discretion to manage the trust and shall not communicate in any manner with any interested party regarding the trust. Finally, the Rule provides that the preparer of the trust shall file with the Board an affidavit stating that the trustee meets the Rule's requirements of professional independence and that the trust instrument provides for its administration in accordance with the Rule's requirements.

Charter Section 2604(a)(3) provides that a public servant who holds an ownership interest in a firm prohibited by Charter Section 2604(a)(1)(b) must either divest the ownership interest or disclose such ownership interest to the Board and comply with its order.

Charter Section 2604(a)(4) provides that, after such disclosure, the Board may issue an order setting forth its determination as to whether such interest, if maintained, would conflict with the proper discharge of the public servant's official duties. In making such a determination, the Board takes into account the nature of the public servant's official duties, the manner in which the interest may be affected by any action of the City, the appearance of conflict to the public, and the financial burden of any decision on the public servant.

Charter Section 2604(b)(2) prohibits a public servant from engaging in any private transaction, or having any private interest, that conflicts with the proper discharge of his or her official duties.

Charter Section 2604(b)(3) prohibits a public servant from using or attempting to use his or her City position for the private advantage of the public servant or of anyone associated with the public servant. The Charter defines those “associated” with a public servant to include a “spouse, domestic partner, child, parent or sibling; a person with whom the public servant has a business or other financial relationship; and each firm in which the public servant has a present or potential interest.” See Charter Section 2601(5).

Charter Section 2604(b)(4) forbids a public servant from disclosing confidential City information or using such information for his or her private interest.

Charter Section 2604(c)(6) provides that a public servant may serve as an officer or board member of a not-for-profit organization that is interested in business dealings with the City, provided that such public servant takes no direct or indirect part in such business dealings; the not-for-profit organization has no business dealings with the City agency served by the public servant and is not subject to supervision, control, or regulation by such agency, except where the head of the public servant’s agency, or the mayor where the public servant is an agency head, determines that such service furthers the purposes and interests of the City; all work for the not- for-profit organization is performed at times during which the public servant is not required to perform services for the City; and the public servant receives no salary or other compensation in connection with such activities.

The Board's Determinations

- 1) **Goldman Sachs (“GS”):** Mr. Steel no longer has a position with GS, nor does he own any GS shares. As the Board has previously stated, “Chapter 68 does not require a public servant’s recusal from matters involving persons or firms with which he or she was previously associated, the Charter’s definition of ‘associated’ including firms in which the public servant has a ‘present or potential interest,’ not a prior interest. See Charter Section 2601(5).” Advisory Opinion No. 2003-7 at 7. Moreover, Mr. Steel’s status as a normal rate paying customer of the accounting and tax management services of Ayco, the GS subsidiary, does not, in the Board’s view, constitute a present “business or other financial relationship” with GS. Thus, inasmuch as Mr. Steel is not “associated” with GS, the Board advised Mr. Steel that he is not required to recuse himself from GS matters.
- 2) **Wells Fargo (“WFC”):** WFC has ongoing business relationships with New York City, including providing deposit accounts, financing, and other services to City agencies. By virtue of his ownership of WFC options and restricted shares, Mr. Steel has an “ownership interest” in the firm prohibited by Charter Section 2604(a)(1), absent an order from the Board. The Board may issue such an order on the application of the agency head if the Board determines, pursuant to Charter Section 2604(a)(4), that the retention of the interest would not conflict with the public servant’s proper discharge of his or her official duties. Here, where Mayor Bloomberg has provided his written approval, the Board determined that it would not conflict with the proper discharge of Mr. Steel’s duties for him to retain his WFC interests, interests that he could not otherwise dispose of, *provided that* he

fully recuses himself from all WFC matters. In that regard, the Board advised Mr. Steel that in addition to the recusal that he proposed, that is, a recusal from any substantial decisions or deliberations involving WFC or its affiliates receiving grants or other direct monetary inducements or tax abatements from the City, extending further credit to the City or its agencies, or being awarded contracts to provide further services to the City, Mr. Steel must also recuse himself from any matters in which WFC is the lead manager of a syndicate seeking or engaged in business dealings with the City. In any other situations in which WFC or its affiliates has some material involvement with the City, Mr. Steel should return to the Board for guidance before participating in such matters.

- 3) **Citigroup Litigation:** The Board determined and advised Mr. Steel that he does not have a “business or financial relationship” with Citigroup by virtue of its lawsuit against him and others in the wake of Citigroup’s effort to purchase Wachovia, so that he is not “associated” with Citigroup within the meaning of Charter Section 2601(5). Thus, as the Board advised him, Mr. Steel is not required to recuse himself from Citigroup matters.
- 4) **Community Bancorp (“Bancorp”):** Inasmuch as Bancorp is not engaged in business dealings with the City, Mr. Steel’s position as a director of Bancorp and his ownership stake in Bancorp will not violate Chapter 68. See Charter Section 2604(a)(1)(b). The Board advised Mr. Steel, however, that, if in the future Bancorp ever proposed to engage in business dealings with the City, he must not participate in the discussion of such dealings, either at Bancorp or at the City. In addition, the Board advised Mr. Steel that he must recuse himself in his City

position from any matters involving any bank acquired by Bancorp, involving any of his fellow Bancorp directors, or involving any investment bank providing services to Bancorp in its acquisition of any banks. Finally, Mr. Steel was advised to return to the Board if, in the future, his Bancorp responsibilities require any materially greater time commitment than the ten hours per month that he represented to the Board was required.²

- 5) **Publicly traded securities:** As noted above, upon joining City service Mr. Steel and his wife placed the holdings of their brokerage accounts, which consisted of a portfolio of publicly traded securities, into blind trusts. Pursuant to Board Rules Section 1-05(c)(1), the preparer of these trusts has provided the Board with affidavits stating that the trustee of these trusts (Trustee A) is an attorney who is independent of Mr. Steel, his wife, and of any other interested party, and that the trust instruments conform to the requirements of the Blind Trust Rule regarding the authority and discretion of the trustee and the restrictions on communications between the trustee and any interested party. Based on these affidavits and on its own independent review of the trust instruments, the Board determined that these trust agreements satisfy Board Rules Section 1-05 and that Mr. and Mrs. Steel's holdings in these trusts therefore do not violate Chapter 68. See, similarly,

² The Board notes that Chapter 68 does not place any limits on the amount of time a City employee may spend on outside compensated activity, except that this activity may not take place during one's City workday. *See* Board Rules Section 1-13(a). That said, in judging whether it is credible that this restriction will be observed, the Board regularly inquires about the demands and the schedule of proposed outside work. Here, Mr. Steel's proposed time commitments for his Bancorp and volunteer activities do not approach the level where it would appear that they would necessarily crowd into the hours he must work for the City. As an aside, the Board also notes that the Charter's "whole time" provision (Charter Section 1100, which is not a provision of Chapter 68) does not appear to apply to deputy mayors.

Advisory Opinion Nos. 94-18, 94-25, 94-26, and 2003-7.

- 6) Investment partnerships:** As noted above, upon joining City service Mr. Steel also placed into blind trust his interests in a number of private equity funds. The trustee of this “investment partnership” blind trust is again Trustee A. The preparer of this trust has, as in the case of the brokerage account blind trusts, provided the Board with the affidavit required by Board Rules Section 1-05(c)(1) attesting to the conformity of Trustee A (an attorney) and of the trust instrument with the requirements of the Blind Trust Rule. As noted above, however, the trust instrument provides for an exception to the general rule against communication between the trustee and Mr. Steel regarding the trust’s holdings. More particularly, the trust instrument permits the trustee to notify Mr. Steel when the trust no longer has an interest in one of the entities listed in Appendix A hereto. Mr. Steel proposes to recuse himself from all matters involving any of the entities listed in Appendix A unless and until he is notified by Trustee A that he no longer has a beneficial interest in any such firm.

The language of this trust agreement and the proposal for recusal from matters involving the holdings of the trust until notification by the trustee that the trust no longer holds a particular interest conform to what was proposed by former Deputy Mayor Doctoroff and approved by the Board in Advisory Opinion No. 2003-7. As the Board noted, this arrangement follows the federal blind trust rules, rules on which the Board’s own Blind Trust Rule is substantially based. See Advisory Opinion No. 2003-7 at 9-10.

In addition, as required of Mayor Bloomberg in Advisory Opinion No. 2007-4, if

Mr. Steel learns that any of the partnerships in this investment partnership blind trust acquires a new interest in New York real estate or in a firm with or seeking City business dealings, Mr. Steel must return to the Board for its guidance, including without limitation its advice as to whether his recusal will be required. With the proposed recusals and this additional caveat, and based on the preparer's affidavit for this trust and on its own independent review of the instrument, the Board determined that Mr. Steel's holdings in the trust do not violate Chapter 68. See, similarly, Advisory Opinion No. 2003-7.

- 7) **Mutual funds and hedge funds:** Where the mutual funds in which Mr. and Mrs. Steel hold shares are diversified funds whose investments are not controlled by the Steels, and where the hedge funds in which Mr. Steel is a limited partner investor are likewise diversified and he is again without any control over the funds' investments, the Board determined and advised Mr. Steel that his and his wife's holdings in these mutual funds and hedge funds would not violate Chapter 68. See Charter Section 2601(16) and Advisory Opinion Nos. 2002-1 and 2007-4.
- 8) **Steel Family Foundation (the "Foundation"):** With respect to the Foundation, the Board considered the question, which it posed in Advisory Opinion No. 2007-4 regarding the Bloomberg Family Foundation, whether the assets of the Foundation would be treated, for the purposes of Chapter 68, as the assets of Mr. Steel. As it did in Opinion No. 2007-4, the Board did not decide that question. Here, with Mr. Steel's agreement to resign as trustee and with the agreement of Mrs. Steel that the Foundation would make no investments in New York City

real estate for the duration of Mr. Steel's City service, the Board determines that the requirements of Chapter 68 are satisfied.

9) **Life Insurance Trusts:** The trust whose sole assets are life insurance policies on the life of Mr. Steel does not implicate Chapter 68, because ownership of a life insurance policy does not constitute an ownership interest in the insurance firm that issues the policy, so that the prohibition in Charter Section 2604(a)(1)(b) against ownership in a firm that has business dealings with the City is not implicated. In addition, the trusts established by Mr. Steel for the benefit of each of his children, trusts in which neither Mr. Steel nor Mrs. Steel has a beneficial interest, do not violate Chapter 68, where each of the Steels' children is age 21 or older. See Charter Section 2601(16) (the definition of "ownership interest," which imputes to a public servant only those interests held by a spouse, a domestic partner, or *an unemancipated child*).

10) **Charitable Activities:** Mr. Steel's continued unpaid service on the governing or advisory boards of the Duke Global Health Institute, the Aspen Institute, the Hospital for Special Surgery (the "Hospital"), and the FDIC Advisory Committee, all not-for-profit entities, will not violate Chapter 68, provided that he complies with requirements of Charter Section 2604(c)(6). In particular, and without limitation, with respect to the Hospital, which is engaged in business dealings with the City, Mr. Steel was advised that he may not participate either in his capacity as a board member or in his capacity as Deputy Mayor in any discussion, meeting, communication, or vote regarding the business dealings between the Hospital and the City. In addition, as he was advised regarding his

responsibilities for Bancorp, Mr. Steel must return to the Board if, in the future, his duties for these not-for-profit entities require any materially greater time than the ten hours per month in total that he believes they are expected to require. Finally, while Mr. Steel advised the Board that he would recuse himself from matters involving the New York Botanical Garden, on whose board his wife serves without pay, the Board advised him that such recusal is not necessary, as it goes beyond the requirements of Chapter 68. See Advisory Opinion No. 2009-2 at 16.

Summary

To summarize the Board's conclusions:

- 1) Deputy Mayor Steel is not required to recuse himself from matters involving Goldman Sachs, his former employer.
- 2) Mr. Steel is required to recuse himself from all matters materially involving Wells Fargo & Co., whose non-transferable options and restricted shares he owns, but he will be permitted to retain these holdings.
- 3) Mr. Steel is not required to recuse himself from matters involving Citigroup, which is the plaintiff in a lawsuit that names Mr. Steel, among others, as a defendant.
- 4) Mr. Steel is permitted to continue to serve as a director of Community Bancorp ("Bancorp") and to hold an ownership interest in Bancorp, a privately held company with no City business dealings recently formed to invest in small, distressed banks. Mr. Steel must recuse himself from any City matters involving Bancorp, involving his fellow Bancorp directors, involving any banks acquired by

Bancorp, or involving any investment bank providing services to Bancorp in its acquisition of any banks. Mr. Steel must return to the Board if, in the future, his Bancorp responsibilities require any materially greater time than the ten hours per month that he represented to the Board.

- 5) The blind trusts established by Mr. Steel satisfy Board Rules Section 1-05. Mr. Steel's interests in the assets held in these trusts therefore do not violate Chapter 68, provided that he recuses himself from all matters involving those entities listed in Appendix A hereto unless and until the trustee informs him that he is no longer the beneficial owner of any such interest.
- 6) The mutual fund and hedge fund holdings of Mr. and Mrs. Steel do not violate Chapter 68.
- 7) With Mr. Steel's resignation as a trustee of the Steel Family Foundation and with the agreement of Mrs. Steel, a remaining trustee, that the Foundation will not invest in New York City real estate for the duration of Mr. Steel's City service, the requirements of Chapter 68 as to the Foundation are satisfied.
- 8) The life insurance trust and the trusts for the benefit of the Steels' adult children do not violate Chapter 68.
- 9) Mr. Steel's uncompensated service on the governing or advisory board of the Duke Global Health Institute, the Aspen Institute, the Hospital for Special Surgery, and the FDIC Advisory Committee on Economic Inclusion do not violate Chapter 68, provided that he recuses himself from any dealings between the City and any of these not-for-profit entities. Mr. Steel must return to the Board if, in the future, his duties for these entities require any materially greater time than the ten hours per

month in total that he believes they are expected to require. Mr. Steel is not required to recuse himself from matters involving the New York Botanical Garden, the not-for-profit entity on whose governing board Mrs. Steel serves without compensation.



Steven B. Rosenfeld

Chair

Monica Blum

Andrew Irving

Burton Lehman

Dated: February 27, 2012

Appendix A

Investment Partnerships in which
Robert K. Steel had an Investment as of July 22, 2010³

1. Bordeaux Wine Partners II, Ltd., a Bahamian company.
2. Financial Technology Ventures II, a Delaware limited partnership.
3. Capnia, Inc., a Delaware corporation.
4. MSP1, LLC, a Colorado limited liability company.
5. MSP2, LLC, a Colorado limited liability company.
6. MSP3, LLC, a Colorado limited liability company.
7. FIA Timber Partners, LP, a Delaware limited partnership.
8. Petrus 2005, L.P., a Delaware limited partnership.

³ As the opinion notes, as of July 27, 2010, all of Mr. Steel's interests in the entities listed on Appendix A were contributed to the "investment partnership blind trust" described therein. As the opinion also notes, as of that date, none of the funds listed in Appendix A was engaged in business dealings with the City, held New York City Real Estate, or held an interest in an entity that had business dealings with the City or held New York City Real Estate.