



INDIANA
STATE ETHICS COMMISSION

JUN 21 2017

FILED

VIA EMAIL

June 21, 2017

Ms. Jennifer Cooper
Ethics Director
Indiana Office of Inspector General
jcooper@ig.in.gov

Re: IEDC Report on Conflict of Interest & Screening Procedures

Director Cooper,

In its Advisory Opinion No. 17-I-2 (“Advisory Opinion”), the Indiana State Ethics Commission (“Commission”) reviewed the Indiana Economic Development Corporation’s (“IEDC”) Confidentiality and Conflict of Interest Policy (“Policy”), adopted by the IEDC Board of Directors on December 13, 2016. In relevant part, the Policy contains identification protocols and a screening procedure when a member of the IEDC Board has a direct or indirect financial interest in a company to which the IEDC is considering offering a state incentive. The Commission found it appropriate for the IEDC to implement the Policy without requiring the relevant board member to request an advisory opinion beforehand and it required the IEDC to report that a potential conflict of interest was identified and that the screening procedures were implemented. In particular, the Commission concluded that in cases in which the filing of a public disclosure to the Commission would have the possibility of revealing the identity of an economic development prospect still in negotiations with the State, the filing of the disclosure may be deferred until such risk has ended (e.g., when the project has been announced). At that time, the Ethics Officer would be required to file a report with the Commission stating that a potential conflict of interest was identified and that the required screen was implemented.

In compliance with the Advisory Opinion, the IEDC submits this report.

United Parcel Service, Inc. (UPS) – Ms. Amy Schumacher

Ms. Schumacher is a member of the IEDC Board and also serves as the Vice Chair of the Business Development Committee. In March 2017, UPS submitted an Application for Incentives to the IEDC in connection with the expansion of its operations in Plainfield, Indiana. Ms. Schumacher is the President of The Heritage Group. UPS is a long term customer of Heritage Environmental Services, LLC, which is a subsidiary company of The Heritage Group. Pursuant to the Policy, Ms. Schumacher was screened from any involvement in the UPS matter. Ms. Schumacher has not discussed the UPS



matter with the IEDC staff or members of the IEDC Board of Directors, other than to disclose to the IEDC's Ethics Officer the relationship of Heritage Environmental Services with UPS. UPS' Application was examined and evaluated pursuant to the Policy. Consistent with the Policy and IEDC Board policy, the proposed transaction was thereafter referred to the Business Development Committee.

IEDC Board of Directors Meeting

On June 5, 2017, the Business Development Committee of the IEDC Board met at Innovation Pointe in Evansville, Indiana to consider the proposed transaction with UPS. The meeting was open to the public. The IEDC Ethics Officer asked Ms. Schumacher to recuse herself from any discussion, decision or vote related to the proposed transaction, and Ms. Schumacher was completely screened from the matter. Later that same day at the same location, Governor Holcomb convened a meeting of the IEDC Board, which was also open to the public. In accordance with the Policy, Ms. Schumacher again recused herself and was completely screened from any discussion, decision or vote related to the proposed transaction. The IEDC Board thereafter approved the transaction with UPS.

On June 13, 2017, UPS made a public announcement of its expansion plans in Indiana related to the proposed transaction. Pursuant to Advisory Opinion No. 17-I-2, now that the risk of revealing the identity of an economic development prospect still in negotiations with the State has ended, the IEDC is filing this report with the Commission demonstrating that the potential conflict of interest was identified and that the required screen was implemented.

Should you require any additional information, please do not hesitate to contact me.

Sincerely,

/s

John Z. Huang
General Counsel & Ethics Officer

Croft, Celeste

From: Cooper, Jennifer
Sent: Wednesday, June 21, 2017 4:31 PM
To: Croft, Celeste
Subject: FW: Notification of Potential Conflict for IEDC Board Members
Attachments: IEDC Report on Conflict of Interest Screening Procedures - UPS_F.Merritt.pdf; IEDC Report on Conflict of Interest Screening Procedures - UPS_A. Schumacher.pdf; IEDC Report on Conflict of Interest Screening Procedures - UPS_D.Grote.pdf

From: Huang, John Z
Sent: Wednesday, June 21, 2017 4:11 PM
To: Schellinger, Jim <JSchellinger@iedc.IN.gov>
Cc: Bedel, Elaine <EBedel@iedc.IN.gov>; Cotterill, Chris W <CCotterill@iedc.IN.gov>
Subject: Notification of Potential Conflict for IEDC Board Members

Hi Jim,

Pursuant to 42 IAC 1-5-6 and Indiana Code section 4-2-6-9, attached are the ethics disclosure forms for Fred Merritt, Amy Schumacher and Dominic Grote regarding the UPS (United Parcel Service) matter, which Chris and I have reviewed. I have filed today with the Inspector General's Office. Please let me know if you have any questions or concerns.

Sincerely,

John Z. Huang
General Counsel and Vice President

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Forwarded by Sapp.