



**MEETING MINUTES
OCTOBER 25, 2018
DEANE C. DAVIS BUILDING
1 NATIONAL LIFE DRIVE, MONTPELIER**

**CALVIN COOLIDGE CONFERENCE ROOM, 6TH FLOOR
9:30 A.M. TO 12:30 P.M.**

Members Present: Chair Stephan Morse; Betsy Gentile; Patricia Horn; Jean O'Sullivan; Mark Nicholson; Thad Richardson; and Emma Marvin

Members Present by Phone: Michael Keane and Rachel Smith

Members Absent: John Davis

Staff Present: Megan Sullivan, Executive Director; and Abbie Sherman, Grant Programs Manager

Others Present: Ken Jones, Economic Research Analyst, ACCD; John Kessler, General Counsel, ACCD; Ethan Carlson, Carlson Management Consulting; Mary Washburn, Controller, Carlson Management Consulting; Hannah Weisner, Finance Director, Carlson Management Consulting; Tasha Wallis, Executive Director, Lamoille County Planning Commission; Ilona Blanchard, Project Director, City of South Burlington; Susan Dzurus Bradley, Senior Auditor, State Auditor's Office; Henry Epp, Reporter, VPR.

9:29 a.m. Roll Call and Agenda Review

Chair Stephan Morse called the meeting to order.

Chair Stephan Morse requested a roll call. Members present are noted above.

Chair Stephan Morse inquired as to any additions or deletions to the agenda, hearing none, moved to the next Agenda item.

9:32 a.m. Minutes – September 27, 2018

Chair Stephan Morse inquired as to any corrections or changes to the draft meeting minutes for September 27, 2018. Hearing none, requested a motion.

- ❖ At **9:32 a.m.** Emma Marvin moved to accept the September 27, 2018, meeting minutes as presented. Michael Keane seconded the motion. Chair Stephan Morse inquired as to further discussion, hearing none requested a vote. All voted in favor and the motion passed. 8-0-0.

- ♦ Aye: Chair Stephan Morse; Betsy Gentile; Jean O'Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; Emma Marvin; and Michael Keane
- ♦ Nay: None
- ♦ Abstain: None

9:33 a.m. Public Comment

Chair Stephan Morse inquired as to any members of the public present to provide public comment or announcements, hearing none, moved to the next Agenda item.

**9:33 a.m. Vermont Employment Growth Incentive (VEGI):
Carlson Management Consulting, Stowe (Initial)**

- ❖ At **9:33 a.m.** Betsy Gentile moved to enter into Executive Session to discuss VEGI applications, citing 1 VSA, §313(a)(6). Jean O'Sullivan seconded the motion. Chair Stephan Morse inquired as to further discussion, hearing none requested a vote. All voted in favor and the motion passed. 8-0-0.
 - ♦ Aye: Betsy Gentile; Jean O'Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; Emma Marvin; and Michael Keane
 - ♦ Nay: None
 - ♦ Abstain: Chair Stephan Morse
- ❖ At **10:10 a.m.** the Council exited from the Executive Session. Patricia Horn joined the meeting during Executive Session.
- ❖ At **10:10 a.m.** Emma Marvin made a motion regarding the Initial Application filed by Carlson Management Consulting, for a project in Stowe, that the Council find that:
 - ♦ The new revenue the proposed project generates to the State exceeds the costs of the activity to the state by \$287,912 prior to consideration of the LMA Enhancement;
 - ♦ The company is not a party to any State action, the host municipality welcomes the new business and the proposed economic activity will conform to applicable town and regional plans;
 - ♦ The applicant does not operate in a limited, local market, and the incentive would not give the business an unfair competitive advantage over other Vermont businesses in the same or similar line of business; and
 - ♦ As certified in their application and during testimony before the Council, company officers have provided compelling information and arguments that but for this incentive the proposed economic activity would not occur in Vermont, or would occur in a significantly different and less desirable manner. And therefore, the Council approve the Initial Application, giving initial authorization of VEGI incentives of up to \$189,917, with an estimated incentive of \$176,638 based on application data, for activity to commence November 1, 2018, subject to submittal and consideration of a Final VEGI Application before the end of calendar year 2018.

Michael Keane seconded the motion. Chair Stephan Morse inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 9-0-0.

- ◆ Aye: Betsy Gentile; Patricia Horn; Jean O'Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; Emma Marvin; and Michael Keane
- ◆ Nay: None
- ◆ Abstain: Chair Stephan Morse

- ❖ At **10:15 a.m.** Betsy Gentile made a motion to utilize the authority given by 32 VSA §3334 to approve an increased incentive level for businesses locating in a qualified LMA, such as Morristown-Waterbury, using 100% of the available net revenue benefit, with a maximum incentive of up to \$316,602 and an estimated incentive of \$294,464, thereby reducing the estimated net revenue benefit to \$0. Mark Nicholson seconded the motion. Chair Stephan Morse inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 9-0-0.

- ◆ Aye: Betsy Gentile; Patricia Horn; Jean O'Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; Emma Marvin; and Michael Keane
- ◆ Nay: None
- ◆ Abstain: Chair Stephan Morse

10:16 a.m. VEGI Deferrals:
Twincraft, Essex Junction
CultureMade (Project Xanadu), Brattleboro
DSD International, Swanton

- ❖ At **10:18 a.m.** Patricia Horn moved to approve the request by Twincraft to delay the Activity Commencement Date of their project in Essex Junction to January 1, 2019, with consideration of a Final Application required in 2019. Michael Keane seconded the motion. Chair Stephan Morse inquired as to further discussion, hearing none requested a vote. All voted in favor and the motion passed. 9-0-0.

- ◆ Aye: Betsy Gentile; Patricia Horn; Jean O'Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; Emma Marvin; and Michael Keane
- ◆ Nay: None
- ◆ Abstain: Chair Stephan Morse

- ❖ At **10:19 a.m.** Betsy Gentile moved to approve the request by Culture Made Vermont (Project Xanadu) to delay the Activity Commencement Date of their project in Brattleboro to January 1, 2019, with consideration of a Final Application required in 2019. Jean O'Sullivan seconded the motion. Chair Stephan Morse inquired as to further discussion, hearing none requested a vote. All voted in favor and the motion passed. 9-0-0.

- ◆ Aye: Betsy Gentile; Patricia Horn; Jean O'Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; Emma Marvin; and Michael Keane
- ◆ Nay: None

- ◆ Abstain: Chair Stephan Morse

- ❖ At **10:20 a.m.** Thad Richardson moved to approve the request by DSD International to delay the Activity Commencement Date of their project in Swanton to January 1, 2019, with consideration of a Final Application required in 2019. Rachel Smith seconded the motion. Chair Stephan Morse inquired as to further discussion, hearing none requested a vote. All voted in favor and the motion passed. 9-0-0.
 - ◆ Aye: Betsy Gentile; Patricia Horn; Jean O’Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; Emma Marvin; and Michael Keane
 - ◆ Nay: None
 - ◆ Abstain: Chair Stephan Morse

At 10:20 a.m. the Board recessed, reconvening at 10:31 a.m.

10:31 a.m. Tax Increment Financing Districts (TIF):
South Burlington TIF District Substantial Change Request

Ilona Blanchard summarized the progress for an upcoming project in the South Burlington TIF District, that being for a community building project which will contain a library, city hall, and senior center. The senior center was previously component of recreation center, but the City has decided to move that component to the community building. Ilona reiterated the benefits of adding senior center to this building. In addition, this location will make that component of the TIF District stronger. South Burlington requested at least the same percent proportionality for senior center as is attributed to the library and recreation center, 30 percent. The city believes this component will contribute as well or better than if it were located in the recreation center.

- ❖ At **10:36 a.m.** Michael Keane moved to approve the amendment to the South Burlington TIF District, allowing 30% proportionality for the senior center portion of the Community Center infrastructure project. Rachel Smith seconded the motion. Chair Stephan Morse inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 9-0-0.
 - ◆ Aye: Betsy Gentile; Patricia Horn; Jean O’Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; Emma Marvin; and Michael Keane
 - ◆ Nay: None
 - ◆ Abstain: Chair Stephan Morse

10:37 a.m. Executive Director Updates:

TIF Rule Revisions Update: Executive Director Megan Sullivan advised the Council that VEPC staff, Agency Counsel, and representatives from Property Valuation and Review have been drafting potential revisions to the TIF Rule based on changes in Statute from past legislation. Megan inquired the Council regarding developing a subcommittee of two members to look at the TIF Rule in detail with VEPC staff before presenting a revised version to VEPC Board. The revised

draft is anticipated to be ready mid-November. Chair Stephan Morse appointed Michael Keane and Jean O'Sullivan to work with the Executive Director proposed TIF Rule Revisions.

St. Albans Substantial Change (Financial Plan): Executive Director Megan Sullivan summarized for the Council the status of the Financial Plan for the St. Albans TIF District. She noted that the Final Determinations required a revised Financial Plan be submitted to VEPC prior to March 31, 2017. However, subsequent Statute and the creation of the TIF Rule seem to conflict with that requirement. Statute states that districts that incur debt in their first 5 years have an automatic extension to incur debt for 10 years¹. The TIF Rule advises that districts must come before VEPC with a substantial change request for a 10-year Financial Plan. The conflicting information between Statute and TIF Rule has created confusion as to what the process is for the St. Albans TIF District. Executive Director Megan Sullivan looked to the Council for guidance and discussion to make sure city is in compliance. She recommended advising the city to provide VEPC with a revised Financial Plan as the Final Determination states, bringing them into compliance without asking for substantial change request.

- ❖ At 10:42 a.m. Michael Keane moved to request a revised Financial Plan from the City of St. Albans for their TIF District. Betsy Gentile seconded the motion. Chair Stephan Morse inquired as to further discussion, hearing none requested a vote. All voted in favor and the motion passed. 9-0-0.
 - ◆ Aye: Chair Stephan Morse, Betsy Gentile; Patricia Horn; Jean O'Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; Emma Marvin; and Michael Keane
 - ◆ Nay: None
 - ◆ Abstain: None

VETI: Lawson's Finest Liquids, Waitsfield: Executive Director Megan Sullivan advised the Council that they are to be notified when a VEGI applicant is also applying to be a VETI participant. In reviewing the write-up for Lawson's Finest Liquids, it wasn't clear if the Council had been notified that the applicant was also applying to be a VETI participant. No action required was required by the Council. In the future, Council notification of a VETI participant would be part of VEGI staff write-up.

Possible Response to Recent Media Coverage: Chair Stephan Morse referred other Board members to recent articles in VPR and the Brattleboro Reformer. Council discussion on the topic included the opportunity for the VEPC Board to provide clarification. Betsy Gentile noted the importance for the Council to respond, referring to the misconceptions of the VEGI program. Rep. Jean O'Sullivan relayed to the Council that Vermont's tax incentive program rates in the lower 5 states in the country. She would like VEPC to find ways to implement methods other states are using to have better metrics of the VEGI program. Patricia Horn noted that the articles are missing key information in that the incentives are not given unless jobs are created and maintained for a specified period of time. She noted that there seems to be a misunderstanding that if business changes or goes through hard times, there wasn't a benefit to state for the period

¹ 24 VSA § 1894 (a)(1)

of time that they were creating the jobs. The Council discussed releasing an annual overall analysis regarding the bigger picture of the VEGI Program or making more clear the benefits of the program in the annual report. Chair Stephan Morse advised Executive Director Megan Sullivan to respond to the two pieces in the media and to work with individual members of the Council to address the media as well,

2019 VEPC Meeting Schedule: A schedule of the 2019 VEPC Board meetings was previously distributed. No action was required by the Council.

Chair Stephan Morse noted that the next meeting is scheduled for Friday, November 16, 2018.

Chair Stephan Morse inquired as any other business, there being none requested a motion to adjourn.

- ❖ At 10:56 p.m Patricia Horn moved to adjourn the meeting. Emma Marvin seconded the motion. Chair Stephan Morse requested a vote, all voted in favor and the motion passed. 9-0-0.
 - ◆ Aye: Chair Stephan Morse; Betsy Gentile; Patricia Horn; Jean O’Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; Emma Marvin; and Michael Keane
 - ◆ Nay: None
 - ◆ Abstain: None

Minutes taken by Abbie Sherman: October 25, 2018

Revised by Megan Sullivan: October 29, 2018

Approved by the Council: December 14, 2018