



**MEETING MINUTES  
DECEMBER 14, 2018  
DEANE C. DAVIS BUILDING  
1 NATIONAL LIFE DRIVE, MONTPELIER**

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

**Members Present:** Chair John Davis; Patricia Horn; Jean O'Sullivan; Mark Nicholson; Rachel Smith; and Thad Richardson

**Members Present by Phone:** Stephan Morse; Michael Keane; Betsy Gentile; and Emma Marvin

**Members Absent:**

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

**Others Present:** Brett Long, Deputy Commissioner, Department of Economic Development; Ken Jones, Economic Research Analyst, ACCD; John Kessler, General Counsel, ACCD; Adam Grinold, Executive Director, Brattleboro Development Credit Corporation; Amber Larsen, Project Manager, Long Falls Paperboard; Ben Rankin, Principal, Long Falls Paperboard; Curt Carter, Senior VP, Greater Burlington Industrial Corporation; Don Turner, Town Manager, Town of Milton; Jessica Morris, Finance Manager, Town of Milton; Victor Sinadinowski, Planning/Economic Development Director, Town of Milton; J. Paul Giuliani, Attorney representing Town of Milton;

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**9:32 a.m. Roll Call and Agenda Review**

Chair John Davis called the meeting to order.

Chair John Davis requested a roll call. Members present are noted above.

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

**9:34 a.m. Minutes – October 25, 2018**

Chair John Davis inquired as to any corrections or changes to the draft meeting minutes for October 25, 2018. Hearing none, requested a motion.

❖ At 9:34 a.m. Michael Keane moved to accept the October 25, 2018, meeting minutes as presented. Betsy Gentile seconded the motion. Chair John Davis 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: Chair John Davis, Betsy Gentile, Patricia Horn, Mark Nicholson, Rachel Smith, Thad Richardson, Emma Marvin, Michael Keane, and Stephan Morse
- ◆ Nay: None
- ◆ Abstain: None

**9:35 a.m. Public Comment**

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

**9:35 a.m. Vermont Employment Growth Incentive (VEGI):**

Long Falls Paperboard, Brattleboro (First Review, Final)  
Bedford Systems, Williston (Final)  
Carlson Management Consulting, Stowe (Final)  
Gordini USA, Inc., Essex (Final)  
Greensea Systems, Inc., Richmond (Final)  
Inntopia, Stowe (Final)  
LEDdynamics/GMEDC, Randolph (Final)  
MSI, Morrisville (Final)  
Glavel, St. Albans (Deferral to 2019)  
NuHarbor Security, Winooski (Deferral to 2019)

- ❖ At **9:35 a.m.** Patricia Horn moved to enter into Executive Session to discuss VEGI applications, citing 1 VSA, §313(a)(6). Mark Nicholson seconded the motion. Chair John Davis 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: Chair John Davis, Betsy Gentile, Patricia Horn, Mark Nicholson, Rachel Smith, Thad Richardson, Emma Marvin, Michael Keane, and Stephan Morse
  - ◆ Nay: None
  - ◆ Abstain: None
  
- ❖ At **10:30 a.m.** the Council exited from the Executive Session. Jean O’Sullivan joined the meeting during Executive Session.
  
- ❖ At **10:31 a.m.** Michael Keane made a motion regarding the final application filed by Long Falls Paperboard, for a project in Brattleboro, 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 \$273,730 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 Final Application, giving authorization of VEGI incentives of up to \$854,744, with an estimated incentive of \$712,287 based on application data, for activity to commence December 31, 2018. Betsy Gentile seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 9-0-1.

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

- ❖ At 10:33 a.m. Michael Keane moved to utilize the authority given by 32 VSA §3334 to approve an increased incentive level for businesses locating in a qualified LMA, such as Brattleboro, using 100% of the available net revenue benefit, with a maximum incentive of up to \$1,148,098 and an estimated incentive of \$956,748, thereby reducing the estimated net revenue benefit to \$0. Betsy Gentile seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 9-0-1.

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

At 10:35 a.m. the Council took a break, reconvening at 10:42.

- ❖ At 10:43 a.m. Jean O'Sullivan moved to enter into Executive Session to discuss VEGI applications, citing 1 VSA, §313(a)(6). Emma Marvin seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 10-0-0.

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

- ❖ At 11:07 a.m. the Council exited from the Executive Session.

- ❖ At **11:08 a.m.** Jean O’Sullivan moved to approve the final application filed by Bedford Systems, for a project in Williston, that the Council give final authorization of VEGI incentives of up to \$1,422,679 with an estimated incentive of \$1,336,007, and an estimated net return to the State of \$831,404 for activity commencing in 2018 as approved by the Board in December 2017, when the Board determined that the applicant met the But For and other Approval Criteria. Michael Keane seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 10-0-0.
  - ◆ Aye: Chair John Davis, Betsy Gentile, Patricia Horn, Jean O’Sullivan, Mark Nicholson, Rachel Smith, Thad Richardson, Emma Marvin, Michael Keane, and Stephan Morse
  - ◆ Nay: None
  - ◆ Abstain: None

It was noted that Carlson Management Consulting had rescinded their application. No action was required by the Council.

- ❖ At **11:09 a.m.** Jean O’Sullivan moved to approve the final application filed by Gordini USA, Inc., for a project in Essex Junction, that the Council give final authorization of VEGI incentives of up to \$228,992 with an estimated incentive of \$209,813, and an estimated net return to the State of \$306,204 for activity commencing in 2018 as approved by the Board in March 2018, when the Board determined that the applicant met the But For and other Approval Criteria. Patricia Horn seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 10-0-0.
  - ◆ Aye: Chair John Davis, Betsy Gentile, Patricia Horn, Jean O’Sullivan, Mark Nicholson, Rachel Smith, Thad Richardson, Emma Marvin, Michael Keane, and Stephan Morse
  - ◆ Nay: None
  - ◆ Abstain: None
  
- ❖ At **11:11 a.m.** Jean O’Sullivan moved to approve the final application filed by Greensea Systems, Inc., for a project in Richmond, that the Council give final authorization of VEGI incentives of up to \$103,505 with an estimated incentive of \$95,158, and an estimated net return to the State of \$51,957 for activity commencing in 2018 as approved by the Board in July 2018, when the Board determined that the applicant met the But For and other Approval Criteria. Thad Richardson seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 10-0-0.
  - ◆ Aye: Chair John Davis, Betsy Gentile, Patricia Horn, Jean O’Sullivan, Mark Nicholson, Rachel Smith, Thad Richardson, Emma Marvin, Michael Keane, and Stephan Morse
  - ◆ Nay: None

- ◆ Abstain: None
  
- ❖ At **11:12 a.m.** Emma Marvin moved to approve the final application filed by Inntopia, for a project in Stowe, that the Council give final authorization of VEGI incentives of up to \$221,168 with an estimated incentive of \$206,424, and an estimated net return to the State of \$678,749 for activity commencing in 2018 as approved by the Board in February 2018, when the Board determined that the applicant met the But For and other Approval Criteria. Jean O’Sullivan seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 10-0-0.
  - ◆ Aye: Chair John Davis, Betsy Gentile, Patricia Horn, Jean O’Sullivan, Mark Nicholson, Rachel Smith, Thad Richardson, Emma Marvin, Michael Keane, and Stephan Morse
  - ◆ Nay: None
  - ◆ Abstain: None
  
- ❖ At **11:13 a.m.** Mark Nicholson moved to approve the final application filed by LEDdynamics/GMEDC, for a project in Randolph, that the Council give final authorization of VEGI incentives of up to \$614,917 with an estimated incentive of \$573,922, and an estimated net return to the State of \$0 due to certification of the application as Green VEGI eligible and authorization by the Board of the LMA Enhancement at 100%, for activity commencing in 2018 as approved by the Board in October 2017, when the Board determined that the applicant met the But For and other Approval Criteria. Michael Keane seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 10-0-0.
  - ◆ Aye: Chair John Davis, Betsy Gentile, Patricia Horn, Jean O’Sullivan, Mark Nicholson, Rachel Smith, Thad Richardson, Emma Marvin, Michael Keane, and Stephan Morse
  - ◆ Nay: None
  - ◆ Abstain: None
  
- ❖ At **11:14 a.m.** Thad Richardson moved to approve the final application filed by MSI, for a project in Morrisville, that the Council give final authorization of VEGI incentives of up to \$928,824 with an estimated incentive of \$820,462, and an estimated net return to the State of \$0 authorization by the Board of the LMA Enhancement at 100%, for activity commencing in 2018 as approved by the Board in December 2017, when the Board determined that the applicant met the But For and other Approval Criteria. Betsy Gentile seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 10-0-1.
  - ◆ Aye: Chair John Davis, Betsy Gentile, Patricia Horn, Jean O’Sullivan, Mark Nicholson, Rachel Smith, Thad Richardson, Michael Keane, and Stephan Morse
  - ◆ Nay: None
  - ◆ Abstain: Emma Marvin

- ❖ At **11:16 a.m.** Rachel Smith moved to approve the request by Glavel to delay the Activity Commencement Date of their project in St. Albans to January 1, 2019, with consideration of a Final Application required in 2019. Michael Keane seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 10-0-0.
  - ◆ Aye: Chair John Davis, Betsy Gentile, Patricia Horn, Jean O’Sullivan, Mark Nicholson, Rachel Smith, Thad Richardson, Emma Marvin, Michael Keane, and Stephan Morse
  - ◆ Nay: None
  - ◆ Abstain: None
  
- ❖ At **11:17 a.m.** Jean O’Sullivan moved to approve the request by NuHarbor Security to delay the Activity Commencement Date of their project in Winooski to January 1, 2019, with consideration of a Final Application required in 2019. Patricia Horn seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 10-0-0.
  - ◆ Aye: Chair John Davis, Betsy Gentile, Patricia Horn, Jean O’Sullivan, Mark Nicholson, Rachel Smith, Thad Richardson, Emma Marvin, Michael Keane, and Stephan Morse
  - ◆ Nay: None
  - ◆ Abstain: None

**11:18 a.m. Tax Increment Financing Districts (TIF):**

Milton Town Core: Review for Adjustment of Equal Share Percentage

Megan Sullivan summarized for the Council the purpose and required Council review and potential action regarding the share of tax increment the Milton Town Core TIF District was approved for at the time of VEPC’s approval of the District’s TIF Plan and TIF Financing Plan.

Milton Town Manager Don Turner provided the Council with a summary of the projects completed and in process. He noted that should the share of increment be reduced it could hinder the District’s ability to move forward should they run into unexpected costs. One such project that could be impacted is the Hourglass project which would need to be scaled back if insufficient revenues were available.

Milton Finance Manager Jessica Morris described the financing Milton obtained from TD Bank for their final incurrence of debt, that being financed over 10 years with a 15 year amortization schedule. The Milton Select Board’s intent is to review that debt instrument at year 8 and consider refinancing. Milton fears that reducing the increment would jeopardize their current debt, as well as any opportunity to refinance in later years.

Milton's attorney J. Paul Giuliani asked the Council to consider other factors. He noted that the relationship between the town and the bank is contractual and was entered into under a number of assumptions. One assumption was that the tax increment to service debt would remain sufficient. If revenues are insufficient, the difference would need to be made up by the Grand List and it is unknown what affect that would have on the town's credit rating. From a financing prospective, the town's attorney noted that it could create serious credit problems for the town.

Don Turner noted that Milton does not consider the estimated \$1.9 million surplus to be large amount considering the related costs are projected and there are still many unknowns. Milton needs to ensure they can deliver on the promises made to taxpayers and banks and asked that VEPC allow them to continue to retain the 75% tax increment.

Jean O'Sullivan commented positively on the 10-year review process and noted the challenge Milton faces to complete remaining projects in the next 3 to 5 years. Megan Sullivan clarified for the Council that there is no statute or rule requiring another review by Council and that any surplus remaining at the end of the life of the district would be distributed to the education fund and the municipality's general fund. Thad Richardson pointed out that the statute requiring the current review by Council was in place prior to the town's incurrence of debt and should not affect any covenants Milton has with their bank. The greater issue for the Council's consideration is the unknowns. Megan Sullivan clarified that, as noted in the staff recommendations with the completion of the remaining projects, Milton has complied with the project criteria for which the TIF District was approved.

❖ At **11:47 am**. Jean O'Sullivan moved to approve the Milton Town Core TIF to continue to retain 75% of the education and municipal shares of tax increment based on the evidence provided. Patricia Horn seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 10-0-0.

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

**11:48 a.m. Executive Director Updates:**

Megan Sullivan noted that representatives from each TIF District attended a recent meeting organized by Abbie Sherman. The meeting allowed for VEPC staff and District representatives to talk through issues that came up from monitoring visits, the TIF Rule update, and answer general questions. One result from that meeting will be to continue with group discussions.

St. Albans is finalizing its audit by the State Auditor's Office. Megan Sullivan recently replied to a draft opinion by the Attorney General's Office regarding the substantial change process. VEPC staff will share the final audit with the Council when it becomes available.

Revision of the TIF Rule is continuing. Megan Sullivan is hopeful that the internal review will be completed by January. At that time, the revised Rule will be reviewed by Council representatives Jean O'Sullivan and Michael Keane before it is brought to the entire Council.

There is a State Emergency Board meeting in January which in part is expected to review the projected cost of TIF program to the education fund.

Regarding the Think Vermont Innovation Initiative presented in September by Nick Grimley, Megan Sullivan is working with DED Commissioner Joan Goldstein and Nick Grimley to review applications. A presentation will be made to the Council in January.

Megan Sullivan mentioned that she didn't expect any initial VEGI applications to be submitted for the Council's January meeting. There was a company that had been looking at the program, but the project did not meet the approval criteria at this point in time.

Stephan Morse will contact senate leadership as soon as it is elected regarding a senate representative to VEPC.

Chair John Davis noted that the next meeting is scheduled for January 31, 2019.

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

- ❖ At **11:54 p.m.** Patricia Horn moved to adjourn the meeting. Michael Keane seconded the motion. Chair John Davis requested a roll call for the vote, all voted in favor and the motion passed. 10-0-0.
  - ◆ Aye: Chair John Davis, Betsy Gentile, Patricia Horn, Jean O'Sullivan, Mark Nicholson, Rachel Smith, Thad Richardson, Emma Marvin, Michael Keane, and Stephan Morse
  - ◆ Nay: None
  - ◆ Abstain: None

*Minutes taken by Abbie Sherman: December 14, 2018*

*Revised by Megan Sullivan: December 17, 2018*

*Approved by the Council: January 31, 2019*