



**MEETING MINUTES  
FEBRUARY 28, 2019  
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; Betsy Gentile; Jean O’Sullivan; Mark Nicholson; and Rachel Smith

**Members Present by Phone:** Michael Keane and Patricia Horn

**Members Absent:** Thad Richardson and Emma Marvin

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

**Others Present:** Shelley Pembroke, Marketing and Projects Coordinator, ACCD (by phone); Daegan Goodman, Economic Development Specialist II, ACCD; John Kessler, General Counsel, ACCD; Ken Jones, Economic Research Analyst, ACCD; Nick Grimley, Director of Entrepreneurship and Tech Commercialization, ACCD; Judith Barbera, Staff Auditor II, State Auditor’s Office; Kathie Cheney, Talent Director, NuHarbor Security; Justin Fimlaid, CEO, NuHarbor Security; Lori Hirshfield, Director of Planning & Development, Town of Hartford (by phone); Tom Leitz, Director Administration, City of St. Albans; Chip Sawyer, Director of Planning & Development, City of St. Albans; Stephanie Hainley, White & Burke.

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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 – January 31, 2019**

Chair John Davis inquired as to any corrections or changes to the draft meeting minutes for January 31, 2019. Hearing none, requested a motion.

- ❖ At 9:34 a.m. Betsy Gentile moved to accept the January 31, 2019, meeting minutes as presented. 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. 7-0-0.

- ◆ Aye: Chair John Davis, Betsy Gentile, Patricia Horn, Jean O'Sullivan, Mark Nicholson, Rachel Smith, and Michael Keane
- ◆ Nay: None
- ◆ Abstain: None

Chair John Davis advised Council members of a few announcements. The first, Stephan Morse has resigned from his position on the Council and it has been accepted by the Governor. The Council will provide for a more formal recognition of him at a future meeting to thank him for his time and all he has done for the Council. It was noted that the chair of the Council is appointed by the Governor. The second announcement being that this is the last meeting for Representative Jean O'Sullivan. Chair John Davis thanked Jean for her efforts and the wonderful prospective she brought to the Council. Jean's replacement will be Representative Charlie Kimball. Jean advised that they are working on getting a replacement for the senate representative.

Megan Sullivan announced that VEPC will be gaining some additional support. Daegan Goodman will be working on the technical side of VEGI applicants and Intelligrants. Shelley Pembroke will be working with the Board on some of the administrative processes. This support will allow Abbie Sherman to focus on TIF oversight and monitoring.

**9:39 a.m. Vermont Employment Growth Incentive (VEGI):**  
NuHarbor Security, Essex Junction (Final)

- ❖ At **9:39 a.m.** Betsy Gentile moved to enter into Executive Session to discuss VEGI applications, citing 1 VSA, §313(a)(6). 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. 7-0-0.
  - ◆ Aye: Chair John Davis, Betsy Gentile, Patricia Horn, Jean O'Sullivan, Mark Nicholson, Rachel Smith, and Michael Keane
  - ◆ Nay: None
  - ◆ Abstain: None
- ❖ At **9:50 a.m.** the Council exited from the Executive Session. Representatives from NuHarbor Security arrived at the conclusion of Executive Session and introductions were made.
- ❖ At **9:54 a.m.** Jean O'Sullivan moved to approve the final application filed by NuHarbor Security, for a project in Essex Junction, that the Council give final authorization of VEGI incentives of up to \$202,644 with an estimated incentive of \$171,400, and an estimated net return to the State of \$176,348 for activity commencing in 2019 as approved by the Board in April 2018, 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. Jean O'Sullivan commented with her enthusiasm for this application, noting that this is the type of company we are looking for. Chair John Davis requested a roll call for the vote. All voted in favor and the motion passed. 7-0-0.

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

**10:00 a.m. Tax Increment Financing Districts (TIF):**

**Hartford TIF District – Substantial Change Request and Phase Filing**

Megan Sullivan summarized the criteria for substantial change requests that need to be considered. Hartford was present at the January 31 meeting to update the Council on this phase filing and substantial change request. Megan provided a brief background of the District and summarized the details of this phase filing and projects that will be included in future phase filings. There is a significant increase in cost for the project proposed for the current phase filing. If the current request is approved, there would be \$3,697,000 remaining from the TIF debt ceiling. Megan noted that this amount is less than what is needed to complete future projects. The District has advised they will review those projects and address how to move forward in future phase filings. The current phase filing project will spur \$15 million in incremental value to Grand List. With regard to viability of the request, the District may need to retain municipal increment longer to pay off all debt, which is allowed. The financing plan presented used escalated property tax rates, which was submitted and approved with original TIF plan. Ken Jones has reviewed Hartford's historic tax rates, noting that they have increased each year. Ken noted that while the individual phase is not strong in terms of viability, the District as a whole is still viable.

Lori Hirshfield noted that Hartford's last phase filing included engineering costs for the construction project in this phase filing. She noted that the Council supported Hartford's previous phase filing with the understanding that the District would return with a construction project. In response to Council questions, Lori advised that the large increase in project costs is attributed to the fact original estimates were based on scoping from 2009/2010. Full engineering of the project has now been completed. Inflation and deterioration of the infrastructure also contributed to the increase in cost. Lori noted that the scope of the project has not changed, but it is better defined.

Megan Sullivan noted that the District is not asking for an increase in their debt ceiling. Hartford is requesting approval for the increase in the cost of the project.

- ❖ **At 10:13 am.** Betsy Gentile moved to that the Council find the amendments to this project meet the Criteria for approval of a Substantial Change request and that that the Council therefore approve Hartford's Substantial Change Request and Phase Filing. This approval does not change the Hartford TIF District's debt ceiling of \$13 million. 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. 7-0-0.
  - ♦ Aye: Chair John Davis, Betsy Gentile, Patricia Horn, Jean O'Sullivan, Mark Nicholson, Rachel Smith, and Michael Keane

- ◆ Nay: None
- ◆ Abstain: None

### **St. Albans TIF District – Substantial Change Request Discussion and Potential Action**

Megan Sullivan summarized the changes between original TIF District Application 2012 and the current substantial change request, noting that there is no increase in the debt ceiling, but project costs have changed as well as the timeline for some projects. An increase in Core Brownfield projects increased significantly and the city had previously received VEPC staff approval for those changes and requested the city report on how they would make that change cost-neutral. That is part of the purpose of the current request. Regarding the Working Capital Reserve Fund, the city has offered to repay the funds used to pay debt service and the fund will be used towards future TIF projects. VEPC staff and Ken Jones have reviewed the criteria for substantial change and found that criteria are being met. There is less surplus at the end of the life of the District that was in the original TIF District Plan, it is still viable. The municipality has presented an option to move to 100% share of municipal increment, which makes for a more viable District. Council has the option to require that municipal share be increased to 100% from the current 75%. The city has shifted costs, but overall costs would decrease.

Chip Sawyer noted that the city is not anticipating pursuing TIF funding for the stormwater projects since there are other grant funds available and the city has created a stormwater utility. The project has not been removed from the list because it is still a project they are going to pursue, and they will return to the Council if there is a change. Chip provided additional details on the transportation improvements that have been made, noting that the Federal Street project would require more non-TIF funds for the entire project to be completed as originally anticipated.

Betsy Gentile asked for the city to speak to the changes to Taylor Park, the costs for which were reduced. Chip advised that the park has the potential to be even more strongly linked to economic development and tourism in the downtown. The original application included more structures such as a public bathroom or larger public performance stage. With the completion of a master plan for the park, the city found that there were some ideas that were not saleable to the community anytime soon.

Michael Keane requested clarification of when the city began to experience the squeeze on federal funding with regard to the Federal Street project. Chip advised that the city received an earmark of \$2 million to finish preliminary design on the entire corridor. Those earmarks went away, but the city will continue pursuing grant opportunities.

Megan Sullivan advised the Council that the District is not requesting an increase in TIF Funds. In addition, the District has realized a \$52 million increase in their Grand List already, with anticipation of future private developments. There is no increase in cost to the education fund from the original application and there is no risk on long-term benefit or achievement of District objectives. There are a few potential conditions the Council could consider, those being: (1) repayment of the Working Capital Reserve Fund; and (2) increase municipal increment share to

100% to offset the removal of the parking garage fees from the revised financing plan. Tom Leitz noted that the city already plans to repurpose the reserve fund for capital improvement projects and this has no impact on viability of the District.

Chair John Davis summarized the key issues regarding the substantial change review, those being: (1) the elimination of the parking garage revenues; (2) the Working Capital Reserve Fund and repayment; (3) the increase from 75% to 100% for the municipal increment for the TIF Fund going forward. Tom Leitz provided the Council with clarification on the two scenarios provided regarding the share of municipal increment. The city anticipates contributing 100% increment for the foreseeable future, and this is in the budget for the voters. Megan Sullivan noted that at year 10, all districts are required to return to the Council to review equal share adjustment.

- ❖ At **10:35 am**, Rachel Smith moved that the Council approve the amended project costs and timeline in St. Albans revised finance plan and substantial change request, finding that the District will remain viable and meets the criteria for which the district was approved. This approval is subject to the following conditions:
  - The total amount of TIF Debt the City can incur is reduced from \$23 million to \$21 million;
  - St. Albans will repay the Working Capital Reserve Fund the amounts used to pay debt service and that fund will be used to pay for on future voter-approved TIF projects; and
  - The Municipal increment share retained is raised to 100%.

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. 7-0-0.

- ◆ Aye: Chair John Davis, Betsy Gentile, Patricia Horn, Jean O'Sullivan, Mark Nicholson, Rachel Smith, and Michael Keane
- ◆ Nay: None
- ◆ Abstain: None

The Council recessed at 10:37 a.m., reconvening at 10:50 a.m.

**10:50 a.m. Think Vermont Innovation Grant:**

Megan Sullivan summarized the legislation that was put into place last year, which provides for up to \$150,000 for projects to spur small business growth in certain industries. As part of that legislation, VEPC is to be consulted to ensure regional and industry representation. The Council appointed Megan to serve on the grant review committee with Nick Grimley and DED Commissioner Joan Goldstein.

Nick Grimley noted that announcement of the awards will occur on March 1. There was a total of 45 applications from all over state, with a total ask of \$750,000. Most of the awards from Chittenden county are for projects that will be delivered outside of Chittenden county. There will be 16 awards made, representing 8 counties and providing good statewide impact. A breakdown of those awards include: 3 small business innovation research grants, 2 broadband feasibility

studies, 2 innovation space enhancements, and 9 technical assistance projects. The grant was promoted by emailing all partners including regional development corporation, the Small Business Development Corporation, and the Agency's own email list. Discussion continued regarding the best source of referrals and potential ways to improve the delivery system for announcement of future grants.

**11:13 a.m. Executive Director Updates:**

Megan Sullivan provided the following updates to the Council:

- **VEGI:** There are 2 pre-applications actively in process; 1 may require an emergency VEPC meeting for consideration. There was one pre-application that was initiated, but that company has not move forward. Staff provided a rough estimate in response to a RFI that came into DED. Another company that completed a pre-application will not be moving forward since their project could not overcome the high background growth rate for the size of their expansion. An update on VEGI Cap Watch was provided.
- **TIF:**
  - Staff anticipates that it will be 4-5 months before seeing an application from St. Johnsbury; an application from Springfield is even further out.
  - TIF Annual Reports have been submitted and certified by all Districts and copies of those reports are on Sharepoint for the Council to review. Abbie Sherman drafted a summary of the annual report highlights which is also available to the Council on Sharepoint. The March meeting will include TIF Annual Report for Council to approve.
  - The State Auditor's Office has scheduled an exit meeting on March 13 for the St. Albans performance audit, and staff anticipates there will be recommendations to VEPC. John Kessler will be joining Megan at meeting and Michael Keane also volunteered to attend. A discussion document is being provided by the Auditor's Office prior to that meeting. This is the first exit meeting that VEPC has been invited to by the Auditor's Office, and it is anticipated that VEPC will be invited to all future performance audit meetings.
  - Reiteration of the changes in staffing so that current staff has capacity to deal with the detail outlined in TIF Rule and Statute.
- A VEPC retreat will be scheduled for this summer.

Chair John Davis advised that he would like appointment of a member from the senate addressed by the next Council meeting.

Being her last official meeting, Chair John Davis then bid farewell to Representative Jean O'Sullivan. Jean is grateful for her experience personally and legislatively and offered her confidence in VEPC's programs and all that VEPC does. A certificate and letter were presented in gratitude:

"On behalf of the Vermont Economic Progress Council, we would like to thank you for your contributions as a valuable member of VEPC for the past two years. Your expertise in business and finance as well as your unique legislative perspective has been an

important addition to the work that this council is entrusted to do. Please accept our sincere gratitude for the dedication of time and the thoughtful work that you have contributed as well as the enclosed Certificate of Service from Governor Scott and Secretary Schirling.”

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

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

- ❖ At **11:31 a.m.** Betsy Gentile moved to adjourn the meeting. Jean O’Sullivan seconded the motion. Chair John Davis requested a roll call for the vote, all voted in favor and the motion passed. 7-0-0.
  - ◆ Aye: Chair John Davis, Betsy Gentile, Patricia Horn, Jean O’Sullivan, Mark Nicholson, Rachel Smith, and Michael Keane
  - ◆ Nay: None
  - ◆ Abstain: None

*Minutes taken by Abbie Sherman: February 28, 2019*

*Revised by Megan Sullivan: March 4, 2019*

*Approved by the Council: March 28, 2019*