



**MEETING MINUTES
SEPTEMBER 26, 2019
DEANE C. DAVIS BUILDING
1 NATIONAL LIFE DRIVE, MONTPELIER**

**CALVIN COOLIDGE CONFERENCE ROOM, 6TH FLOOR
9:39 A.M. TO 11:25 A.M.**

Members Present: Chair John Davis; Charlie Kimbell; Mark Nicholson; Cheryl Hooker; John Russell; Thad Richardson; and Rachel Smith.

Members Present by Phone: Rachel Smith (9:39-9:54 AM)

Members Absent: Michael Keane; Betsy Gentile; Patricia Horn; and Emma Marvin.

Staff Present: Megan Sullivan, Executive Director of VEPC; Shelley Pembroke, Marketing and Projects; John Kessler, General Counsel; Abbie Sherman, Grants Program Manager; and Ryan Flanagan, Department of Economic Development Intern.

Others Present: Kacie Merchand, Director of Growth and Business Strategy at KAD Models and Prototyping; and Bob Haynes, GMEDC Executive Director.

9:39 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 on to the next agenda item.

9:40 a.m. Minutes – July 25, 2019

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

- ❖ At 9:40 a.m., John Russell moved to accept the June 27, 2019 meeting minutes as presented. Mark Nicholson seconded the motion. Chair John Davis inquired as to further discussion, Charlie Kimball noted that they were very detailed. Chair John Davis asked a roll call for the vote. All voted in favor and the motion passed. 7-0-0.
 - ❖ Aye: Chair John Davis; Charlie Kimbell; Mark Nicholson; Cheryl Hooker; John Russell; Thad Richardson; and Rachel Smith.
 - ❖ Nay: None
 - ❖ Abstain: None

9:41 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.

9:42 a.m. VEGI: KAD Models and Prototyping, Initial Application Review

- ❖ At 9:43 a.m., Cheryl Hooker moved to enter Executive Session to discuss a VEGI application, citing 1 VSA, §313(a)(6). John Russell 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; Charlie Kimbell; Mark Nicholson; Cheryl Hooker; John Russell; Thad Richardson; and Rachel Smith.
 - ❖ Nay: None
 - ❖ Abstain: None

At 9:54 a.m., Rachel Smith entered the meeting.

- ❖ At 10:35 a.m., Charlie Kimbell moved to exit out of Executive Session. Cheryl Hooker 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; Charlie Kimbell; Mark Nicholson; Cheryl Hooker; John Russell; Thad Richardson; and Rachel Smith.
 - ❖ Nay: None
 - ❖ Abstain: None

- ❖ At 10:36 a.m. Mark Nicholson moved to approve the Initial Application, filed by KAD Models and Prototypes, Inc, Randolph (INITIAL). John Russell second the motion. Regarding the Initial Application filed by KAD Models and Prototypes, Inc, for a project in Randolph, I move 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 \$26,457 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 \$63,495 with an estimated incentive of \$58,660 based on application data, for activity to commence October 1, 2019, subject to submittal and consideration of a Final VEGI Application before the end of calendar year 2019.

- ❖ At 10:36 a.m., 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; Charlie Kimbell; Mark Nicholson; Cheryl Hooker; John Russell; Thad Richardson; and Rachel Smith.
 - ❖ Nay: None
 - ❖ Abstain: None
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- ❖ At 10:37 a.m. Mark Nicholson moved to approve the LMA Enhancement Application, filed by KAD Models and Prototypes, Inc, Randolph. John Russell second the motion. I move to utilize the authority given by 32 VSA §3334 to approve an increased incentive level for businesses locating in a qualified LMA, such as Randolph, using 100% of the available net revenue benefit, with a maximum incentive of up to \$94,12 and an estimated incentive of \$86,941, thereby reducing the estimated net revenue benefit to \$0.
 - ❖ Chair John Davis inquired as to further discussion. Charlie Kimbell moved to amend the motion to approve the LMA enhancement at 50%. Cheryl Hooker seconded the motion to amend the original motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. Not all voted in favor and the motion failed. 2-5-0.
 - ❖ Aye: Charlie Kimbell; Cheryl Hooker
 - ❖ Nay: Chair John Davis; Mark Nicholson; John Russell; Thad Richardson; and Rachel Smith.
 - ❖ Abstain: None
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- ❖ At 10:37 a.m. Mark Nicholson moved to approve the LMA Enhancement Application, filed by KAD Models and Prototypes, Inc, Randolph. John Russell second the motion. I move to utilize the authority given by 32 VSA §3334 to approve an increased incentive level for businesses locating in a qualified LMA, such as Randolph, using 100% of the available net revenue benefit, with a maximum incentive of up to \$94,125 and an estimated incentive of \$86,941, thereby reducing the estimated net revenue benefit to \$0. 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.
 - 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; Charlie Kimbell; Mark Nicholson; Cheryl Hooker; John Russell; Thad Richardson; and Rachel Smith
 - Nay: None
 - Abstain: None

At 10:43 a.m., Kacie Merchand of KAD Models and Prototyping and Bob Haynes exited the meeting.

10:44 a.m. Update on TIF Rule Making Status

At 10:44 a.m., Megan Sullivan provided an update on the TIF Rule Making Status. A TIF district meeting occurred on August 8, 2019 to discuss draft updates to the 2015 Adopted TIF Rule. Sullivan touched upon topics that received comments such as the TIF plan, bond anticipation notes (BANs), substantial change request threshold, non-TIF revenue, direct infrastructure costs.

Sullivan also touched upon Debt Service Reserve Funds and her testimony at the Joint Fiscal Committee. She let the Council know that this topic might come up again sooner than the Legislature has time to act on it. VEPC staff will move forward with process to continue drafting the TIF Rule update with the

understanding this specific topic will be clarified in legislation. Senator Cheryl Hooker urged the need to understand legislative intent. Sullivan is going to work with Senator Hooker and Representative Kimbell on a Skype and in-person meeting with legislators.

11:04 a.m. Review of 2019 VEGI Annual Report

At 11:04 a.m., Megan Sullivan reported that the 2019 VEGI Annual Report was finalized and provided to the legislature and statutorily required. The statutorily required information was included in the report providing data on the program from January 1, 2007 to December 31, 2017.

11:12 a.m. Executive Director Updates

Megan Sullivan reviewed the VEGI cap for 2019. Next, she reviewed an update from DOL on the LMA eligibility noting areas with changes in the wage changed or enhancement eligibility.

Megan Sullivan gave an update on VEGI application pipeline and status of the 2020 application for VEGI which will be complete when the 2020 minimum wage is released.

Sullivan discussed the upcoming TIF fall monitoring visits, which will consist of District tours and technical assistance.

Representative Charlie Kimbell asked about new TIF applications. Sullivan noted that St. Johnsbury has filed a letter of intent with VEPC but likely won't come to the Council until next year.

Chair John Davis noted that he has received positive responses to Megan Sullivan's testimony before the Joint Fiscal Committee to discuss the matters raised in the letter sent to her from that committee.

Attorney John Kessler noted that the legal memo he sent to VEPC was published on the State Auditor's public website. Kessler discussed the basis and conclusions of that memo.

At 11:23 a.m., Shelley Pembroke left meeting.

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

- ❖ At 11:25 a.m., Rachel Smith moved to adjourn the meeting. Charlie Kimbell 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; Charlie Kimbell; Mark Nicholson; Cheryl Hooker; John Russell; Thad Richardson; and Rachel Smith.
- ❖ Nay: None
- ❖ Abstain: None

Minutes taken by Ryan Flanagan: September 26, 2019

Revised by Megan Sullivan: October 1, 2019

Approved by the Council: October 31, 2019