



**MEETING MINUTES
NOVEMBER 21, 2019
BARRE CITY HALL
6 NORTH MAIN STREET, BARRE, VERMONT
CITY COUNCIL CHAMBERS
9:34 A.M. TO 11:34 A.M.**

Members Present: Chair John Davis; John Russell; Michael Keane; Betsy Gentile; Thad Richardson; and Charlie Kimbell.

Members Present by Phone: Mark Nicholson; Cheryl Hooker.

Members Absent: Emma Marvin; Rachel Smith.

Staff Present: Megan Sullivan, Executive Director of VEPC; Shelley Pembroke, Marketing and Projects; Abbie Sherman, Grant Programs Manager; Ken Jones, Economic Research Analyst; and Ryan Flanagan, Department of Economic Development Intern.

Others Present: Rob Conboy, CEO of Glavel; Albin Voegelé, Representative for the Northwest Regional Planning Commission; Tim Smith, Executive Director of Franklin County Industrial Development Corporation; Steve Mackenzie, City Manager of Barre; and Carol Dawes, City Clerk/Treasurer of Barre.

9:34 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.

9:35 a.m. Minutes – October 31, 2019

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

- ❖ At 9:35 a.m., Michael Keane moved to accept the October 31, 2019 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. 7-0-0.
 - ❖ Aye: Chair John Davis; John Russell; Michael Keane; Betsy Gentile; Thad Richardson; Mark Nicholson; and Cheryl Hooker.

- ❖ Nay: None
- ❖ Abstain: None

9:36 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.

9:37 a.m. VEGI—Glavel, St. Albans (Final Application)

- ❖ At 9:37 a.m., Betsy Gentile moved to enter into 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; John Russell; Michael Keane; Betsy Gentile; Thad Richardson; Mark Nicholson; and Cheryl Hooker.
 - ❖ Nay: None
 - ❖ Abstain: None

- ❖ At 9:37 a.m., Charlie Kimbell and Tim Smith entered.
- ❖ At 9:48 a.m., Ken Jones entered.

- ❖ At 10:03 a.m., Michael Keane moved to exit out of Executive Session. 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. 8-0-0.
 - ❖ Aye: Chair John Davis; John Russell; Michael Keane; Betsy Gentile; Thad Richardson; Mark Nicholson; Charlie Kimbell; and Cheryl Hooker.
 - ❖ Nay: None
 - ❖ Abstain: None

- ❖ At 10:04 a.m. Thad Richardson moved that regarding the Final application by Glavel for a Vermont Employment Growth Incentive with a Green Enhancement for a project in St. Albans Vermont that the Council find that:
 - ❖ 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;
 - ❖ The company has been certified as a green business by the Secretary of Commerce and Community Development, 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 final authorization of VEGI incentives of up to \$400,138 with an estimated incentive of \$352,706 based on application data, for activity to commence on December 1, 2019 through December 31, 2023.

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. 8-0-0

- ❖ Aye: Chair John Davis; John Russell; Michael Keane; Betsy Gentile; Thad Richardson; Mark Nicholson; Charlie Kimbell; and Cheryl Hooker.
 - ❖ Nay: None
 - ❖ Abstain: None
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- ❖ At 10:05 a.m., Cheryl Hooker left the call and the Council took a short recess before discussing Barre's TIF District.

10:16 a.m. Barre City Downtown TIF District: Substantial Change Request

At 10:16 a.m., the meeting reconvened and introductions were made. This part of the meeting focused on Barre City's substantial change request, in which the Council's intention is to respond within 60 days.

Carol Dawes explained that the TIF district was approved in 2012 and began incurring debt in 2014 with a bond anticipation note which was converted to a bond in 2015. Barre has recently spent the balance of their initial \$2.2 million bond. She noted that VEPC conducts monitoring visits on a regular basis, the last of which came up with a number of items that could use clarification. Those items include: project costs for the multiple steps for Enterprise Alley/Merchants Row project, the Pearl Street pedestrian way as part of the parking structure project, the use of debt proceeds to make interest payments, confirmation of the extension of Barre's financing plan from 5 to 10 years, and an update on the anticipated private development projects.

Abbie Sherman reviewed the questions provided in the 2015 Adopted TIF Rule relating the Council's determination of substantial change request. She conveyed that Barre had met the requirements of the TIF Districts approved TIF Plan, noting that location, purpose, nexus, and proportionality are unaffected by the amendment. The City has met all the project criteria from their original application: Need, Business, and Transportation. The analysis conducted by Ken Jones shows concerns about the viability of the two remaining projects which require \$6 million in TIF debt. In this amendment the City demonstrates their ability to repay TIF debt by continuing to retain municipal increment beyond year 20. Sherman noted that VEPC approved Barre's original TIF Financing Plan with the condition that net parking revenues from a proposed parking structure be deposited into the TIF Fund. The City has not developed an estimate of what those net revenues will be, so they are not included in the amendment. Jones noted that Barre's private development projects have demonstrated a history of increment that is lower than was anticipated in the original TIF Financing Plan. His report also notes that if all



the remaining redevelopment occurs, the cash flow will be positive but by a small margin. Private developments that have occurred so far in the District have caused an increase in Barre's Grand List values and in education property tax revenue.

Sherman provided a comparison of the original 2012 TIF Financing Plan and the 2019 amendment. The City's amendment asks for about a \$1 million increase in the TIF-funded share of projects. Sherman noted that ACCD General Counsel, John Kessler, has suggested the that Council withhold determination on the matter of using debt proceeds to make debt payment with the understanding that the use of this financing tool will be clarified in statute during the legislative session. To ensure viability, Sherman listed additional areas the Council could consider, such as: increasing the municipal share of the increment from 75% to 100%; including parking lot lease payments as other revenue; or requiring that the City submit substantial change requests before proceeding with the remainder of the parking structure project and Step 3 of the Merchants Row/Enterprise Alley project, including an estimate of net parking revenues and an update on redevelopment projects.

Chair John Davis asked for responses from the Council members. Carol Dawes advised the Council that the City plans to conduct a reassessment of the remaining projects prior to proceeding. At this time, the City of Barre does not believe that the municipal increment needs to be increased to 100% and parking lot leases should not be added to the TIF Fund as the amendment does show a positive cash flow. Dawes noted that if the debt repayment cannot be made through increment, they will have to make changes to the general fund or elsewhere.

The City noted reasons that have caused the tax increment to grow at a level lower than anticipated, including changes in parcels from taxable to non-taxable, and municipal tax stabilization agreements that are now phasing out which will increase the increment available. Sullivan stated that these agreements were disclosed to VEPC at the time of their approval in 2012 but there was an expectation that this would be an area reviewed in the upcoming legislative session. City Manager Steve Mackenzie also noted the delay in proposed projects was in part caused by the changes in the federal boundary for new market tax credits.

Abbie Sherman explained the phased filing process and its similarities to filing a substantial change request. Under such a condition the City of Barre will have to return to VEPC prior to the bond votes with more information. VEPC staff will work with General Counsel on ensuring this option is available under the 2015 Rule and Statute.

At 11:21 a.m., Carol Dawes and Steve Mackenzie left the meeting. No determination on the substantial change request was made by VEPC and the request will be taken up at a future meeting.

11:23 a.m. Executive Director Updates

Megan Sullivan summarized the status of all 2019 VEGI applications and the \$10 million Cap on approved incentives. Sullivan discussed the upcoming meeting, noting that there will be a Final VEGI Applications to review. It was also anticipated that the Burlington Waterfront TIF District will be submitting a substantial change request for review at the next meeting. VEPC's review is only to ensure that the proposed changes continue to meet any mandatory criteria and will be viable; VEPC's review will be within any existing statutory requirements of the District.

Charlie Kimbell asked Megan Sullivan about additional TIF District applications. Sullivan responded saying that St. Johnsbury is still revising its plan and while Springfield had expressed interest it has not filed a letter of intent. Of the available six designations, Bennington Downtown and Montpelier Downtown are the only two Post-Act 69 (2017) TIF Districts that have been approved by VEPC.

The Council discussed how VEGI can be used to induce the growth of jobs for underemployed Vermonters or to recruit workers in economic situations where the unemployment rate is low like it is currently and the availability of the Labor Market Area enhancement in Vermont's economically disadvantaged regions

- ❖ At **11:34 a.m.**, Chair John Davis inquired as to any other business, there being none, requested a motion to adjourn. John Russell 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; John Russell; Michael Keane; Betsy Gentile; Thad Richardson; Mark Nicholson; and Charlie Kimbell.
 - ❖ Nay: None
 - ❖ Abstain: None

Minutes taken by Ryan Flanagan: November 21, 2019

Revised by Abbie Sherman: November 22, 2019

Revised by Megan Sullivan: November 26, 2019

Approved by the Council: December 19, 2019