



**MEETING MINUTES
DECEMBER 19, 2019
DEANE C. DAVIS BUILDING
1 NATIONAL LIFE DRIVE, MONTPELIER**

**CALVIN COOLIDGE CONFERENCE ROOM, 6TH FLOOR
9:32 A.M. TO 11:52 P.M.**

Members Present: Chair John Davis; Mark Nicholson; Thad Richardson; Emma Marvin; John Russell; Charlie Kimbell; and Betsy Gentile.

Members Present by Phone: Michael Keane; Patricia Horn; Cheryl Hooker; and Rachel Smith.

Members Absent: None.

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

Others Present: Richard Haesler, Assistant City Attorney at City of Burlington; Jeff Glassberg, Principal at Jeffrey D. Glassberg Real Estate Development Services; Grace Ciffo, CEDO Assistant Director of Community Works at City of Burlington; and Carol Dawes, City Clerk/Treasurer at City of Barre.

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 on to the next agenda item.

9:33 a.m. Minutes – November 21, 2019

Chair John Davis inquired as to any corrections or changes to the draft meeting minutes for November 21. Hearing none, requested a motion.

- ❖ At 9:33 a.m., Michael Keane moved to accept the November 21, 2019 meeting minutes as presented. Thad Richardson seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. Most voted in favor and the motion passed. 8-0-1.
 - ❖ Aye: Chair John Davis; Mark Nicholson; Thad Richardson; John Russell; Charlie Kimbell; Michael Keane; Patricia Horn and Cheryl Hooker.
 - ❖ Nay: None

- ❖ Abstain: Emma Marvin

9:34 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.

9:34 a.m. VEGI

- ❖ At 9:34 a.m., Michael Keane 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. 9-0-0.
 - ❖ Aye: Chair John Davis; Mark Nicholson; Thad Richardson; Emma Marvin; John Russell; Charlie Kimbell; Michael Keane; Patricia Horn; and Cheryl Hooker.
 - ❖ Nay: None
 - ❖ Abstain: None

At 9:39 a.m., Betsy Gentile entered the meeting.

- ❖ At 9:47 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. 10-0-0.
 - ❖ Aye: Chair John Davis; Mark Nicholson; Thad Richardson; Emma Marvin; John Russell; Charlie Kimbell; Michael Keane; Patricia Horn; Cheryl Hooker; and Betsy Gentile.
 - ❖ Nay: None
 - ❖ Abstain: None

9:47 a.m. KAD Models and Prototyping, Final Application Review

- ❖ At 9:48 a.m. Mark Nicholson moved to approve the Final Application, filed by KAD Models and Prototypes, Inc, Randolph (FINAL). Michael Keane seconded the motion. Regarding the Final Application filed by KAD Models and Prototypes, Inc, for a project in Randolph, I move that the Council give final authorization of VEGI incentives of up to \$77,451 with an estimated incentive of \$72,288 and an estimated net return to the State of \$34,932 due to authorization by the Board of the LMA Enhancement at 100%[Maximum incentive of 112,515, estimated incentive of \$105,014], for activity commencing in 2019 as approved by the Board in September, 2019, when the Board determined that the applicant met the But For and other Approval Criteria. 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; Mark Nicholson; Thad Richardson; Emma Marvin; John Russell; Charlie Kimbell; Michael Keane; Patricia Horn; Cheryl Hooker; and Betsy Gentile.
 - ❖ Nay: None
 - ❖ Abstain: None

9:48 a.m. Dealer Policy, Final Application Review

- ❖ At 9:50 a.m. John Russell moved to approve the Final Application, filed by Dealer Policy, LLC, Williston (FINAL). Betsy Gentile seconded the motion. Regarding the Final Application filed by Dealer Policy, LLC for a project in Williston, I move that the Council give final authorization of VEGI incentives of up to \$270,481 with an estimated incentive of \$244,804 and an estimated net return to the State of \$167,947 for activity commencing in 2019 as approved by the Board in July, 2019, when the Board determined that the applicant met the But For and other Approval Criteria. 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; Mark Nicholson; Thad Richardson; Emma Marvin; John Russell; Charlie Kimbell; Michael Keane; Patricia Horn; Cheryl Hooker; and Betsy Gentile.
 - ❖ Nay: None
 - ❖ Abstain: None

9:51 a.m. Executive Director Updates

Having time before the City of Burlington discussed its proposed changes to its TIF District, the Council agreed for Megan Sullivan to present her Executive Director updates during this time. Sullivan noted that \$8.2M for VEGI's \$10M cap has been used in 2019. \$35,064 of a total of \$1M has been used towards the LMA in 2019.

At 9:53 a.m., Rachel Smith entered the meeting via conference call.

Next, Sullivan drew to the Council's attention action taken by the State Auditor's Office and VEPC staff to address the duplication of work and costs with TIF districts regarding audits. Both the State Auditor and Megan Sullivan contacted to Chair of Senate Finance and the Chair of Ways and Means to detail this duplication of work and describe that as two districts (Milton and Winooski) have received an audit by the certified CPA in the State Auditor's Office they have met the requirements of the Agreed Upon Procedures and do not need to incur the additional expense of engaging their independent auditor for that work.

It was asked if the State Auditor and independent auditor are doing the same things. Abbie Sherman provided further detail that the State Auditor goes into much deeper detail but that their work includes everything that is included in the Agreed Upon Procedures.

Chair John Davis agreed with this procedure saying that it is a reduction in costs not a reduction in oversight.

Sullivan discussed her understanding of the scope of the risk assessment and responded with questions on timing that she was not aware of the timeline at this point.

Last, Chair John Davis asked if there was any update about how the projects for the approved 2019 VEGI awardees are going. Megan said that everyone who has received final applications has not rescinded.

At 10:12 a.m., Michael Keane who was present by phone left the meeting.

10:13 a.m. Burlington Waterfront TIF District Substantial Change Request

At 10:13, Richard Haesler, Jeff Glassberg, and Grace Ciffo, and Carol Dawes entered. Each gave their respective titles. Grace is the contact for TIF in the City of Burlington.

At 10:19 a.m., Ken Jones entered the meeting.

Megan Sullivan noted that the project is unique. It was approved originally by the Legislature and as in any substantial change request VEPC is not there to review any of the legislatively mandated requirements or timelines. VEPC is only reviewing viability of the project which is all the city is requesting. Richard Haesler provided a map of the area and summarized the history of the Waterfront TIF District. He noted that retention period for most of the District will end in 2025. Three parcels of the district were amended through the legislature, and their retention period will end in 2035.

Jeff Glassberg gave his background in real estate development and noted that he has been helping with the project since September of 2018. The proposed private development would encompass 750,000 sq. ft. with 300+ apartments, a parking garage, and a hotel. The public improvements involve the acquisition and construction of blocks that would connect St. Paul Street and Pine Street. Other acquisition and construction would take place on Cherry Street and Bank Street, with streetscape improvements. Megan asked if the public improvements were the same as approved by legislature and Glassberg said yes.

Glassberg noted that the developer will take on the construction risk to deliver the public improvements and additional improvements met to the city's standards. The city will purchase the improvements from the developer upon completion with TIF financing.

Charlie Kimbell asked about expenses. Jeff Glassberg said that city has related costs: staff time and design costs with additional public improvements. Under the terms of the development agreement, the City is to control design, and this should be a TIF eligible cost. The city has not incurred any debt for the project.

Abbie Sherman, Grants Program Manager, gave VEPC's review of the substantial change request. Sherman's review detailed Act 134 of 2016 and the information that is required from the city to amend their Reconciliation Report. Sherman noted that the city needed to provide updated projections of infrastructure improvements, anticipated debt incurrence, and debt service schedules. That information was not provided as it is not available at this time. The schedule provided by the City in 2016 provided a conservative debt service estimate totaling \$32.2M over 16 years at as much as 5% interest. Sherman also noted that Total TIF Fund revenues will be 15,093,344 less than anticipated in 2016. If the development occurs later than the city's estimates, there will be even less increment available to service the debt. Sherman noted that VEPC staff recommendation is that the Council defer its determination until the city provides updated information on public improvements, debt incurrence, debt service, and the amended development agreement. Richard Haesler noted that the City understands the need for additional updates on how debt will be serviced.

Chair John Davis opened the floor to any additional questions.

Megan Sullivan advised the Council that the city's request mentioned the possibility of using escrowed tax increment towards the debt service. It is ACCD General Counsel John Kessler's opinion that the use of the escrowed increment in that manner is allowable.

At 11:23 a.m., Patricia Horn exited the meeting.

Council members asked about debt service estimates, and the development agreement, and the change in private development and continued public improvement estimates of \$21.83 million. Richard noted that voters have authorized this project up to that amount and the City Council will handle contractual obligations. He noted the City will be intelligent and look towards what the best outcome is for itself.

Chair John Davis asked the Council for their opinion on whether to make a determination or wait for additional information. Multiple Council members noted that while they recognize the considerable work being done on this project and appreciate the city keeping the Council apprised of their works, they would like to have a chance to review additional information before making a determination.

At 11:30 a.m., Cheryl Hooker exited the meeting.

- ❖ At 11:39 a.m., Betsy Gentile moved that the Council table consideration until the City of Burlington meets its contingency with providing additional information. Charlie Kimbell 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: Betsy Gentile; Charlie Kimbell; Mark Nicholson; John Russell; Thad Richardson; Rachel Smith; Emma Marvin; and Chair John Davis.
 - ❖ Nay: None
 - ❖ Abstain: None

At 11:40 a.m., Ken Jones exited the meeting.

11:40 a.m. Barre City Downtown TIF District Substantial Change Request

Megan Sullivan summarized the request from the City of Barre. The city is requesting ratification of the District's period to incur debt from 5 to 10 years. Barre had previously submitted an updated Financing Plan, but no action had been taken. Barre's current request identified that they had used TIF debt proceeds to make interest payments on TIF debt service. John Kessler had recommended that the Council withhold determination on that matter. Finally, the city submitted updated project costs and timelines. The review by ACCD's Economic Analyst Ken Jones showed the cashflow of the amendment was positive by a small margin. VEPC staff recommended the Council conceptually approve the revised Finance Plan and require the city to submit substantial change requests when they are ready to proceed with their remaining projects. Carol Dawes, City Clerk/Treasurer at City of Barre, agreed with this position. Dawes said that there should be a process for phase filing.

- ❖ At 11:50, Thad Richardson moved that the Council:
 - Approve retroactively the revision filed by Barre in 2015 to extend their financing period to 10 years;
 - Out of respect to the request of the Joint Fiscal Committee that the Council withhold determination of the city's use of TIF debt proceeds to make interest payments on TIF debt service until definitive clarification is provided through statutory change during the upcoming legislative session; and
 - Conceptually approve the amended project costs and timeline in the Barre revised finance plan and substantial change request, finding that the revisions remain consistent with the TIF District Plan and the criteria by which the District was originally approved, with the condition that the City submit updated information on the two remaining projects using the substantial change process when they are ready to proceed.

Betsy Gentile seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote and the motion passed. 7-0-1.

- ❖ Aye: Thad Richardson; Betsy Gentile; Rachel Smith; John Russell; John Davis; Charlie Kimbell; Emma Marvin.
- ❖ Nay: None
- ❖ Abstain: Mark Nicholson.

At 11:52 a.m. Chair John Davis inquired as to any other business, there being none, requested a motion to adjourn.

- ❖ At 11:52 a.m., Charlie Kimbell moved to adjourn the meeting. Betsy Gentile seconded the motion. Chair John Davis requested a roll call for the vote, all voted in favor and the motion passed. 8-0-0.
 - ❖ Aye: Chair John Davis; Mark Nicholson; Thad Richardson; Emma Marvin; John Russell; Charlie Kimbell; Rachel Smith; and Betsy Gentile.
 - ❖ Nay: None
 - ❖ Abstain: None

Minutes taken by Ryan Flanagan: December 19, 2019

Revised by Abbie Sherman: December 20, 2019

Revised by Megan Sullivan: December 23, 2019

Approved by the Council: January 30, 2020