



SPECIAL MEETING MINUTES

JANUARY 8, 2021

VIRTUALLY VIA WEBEX

2:03 P.M. TO 3:20 P.M.

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

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

Others Present: John Mandeville, Lamoille Economic Development Corporation; James Stewart, Central Vermont Economic Development Corporation; Sam Andersen, Greater Burlington Industrial Corporation; Curt Carter, Greater Burlington Industrial Corporation; Frank Cioffi, Greater Burlington Industrial Corporation; Lyle Jepson, Rutland Economic Development Corporation; Seth Bowden, Greater Burlington Industrial Corporation; Jonathan Cooper, Bennington County Regional Commission; Tim Smith, Franklin County Industrial Development Corporation; David Snedeker, Northeastern Vermont Development Corporation; Bob Flint, Springfield Regional Development Corporation; Tyler Richardson, Rutland Economic Development Corporation; Fred Kenney, Addison County Development Corporation; Erika Hoffman-Kiess, Green Mountain Economic Development Corporation; Joan Goldstein, Economic Development Commission, ACCD; Brett Long, Economic Development Deputy Commissioner, ACCD; Oliver Olsen; Anonymous Attendee (called-in)

2:03 p.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.

2:05 p.m. Public Comment

Chair John Davis inquired as to any members of the public present to provide public comment or announcements.

Oliver Olsen offered public comments supported by a written version supplied after the meeting which is included as an addendum.

2:10 p.m. Vermont Employment Growth Incentive (VEGI):

Statutory Overview:

- Access to Documents held by VEPC

- VEPC's Statutory Obligations
Pertinent Findings from Review Provided by Oliver Olsen
Discussion of How the Council Should Most Appropriately Respond

Chair John Davis provided an overview of the purpose of meeting. He noted that since VEPC is custodian of VEGI application documents, it was prudent to review the information that has been provided in documents from Oliver Olsen and State Auditor Doug Hoffer given the strong allegations that were made. The Council needed to discuss how to move forward in order to have clarity for the Council, Council staff, and applicants to the program.

Cheryl Hooker joined the meeting at 2:30 p.m.

Megan Sullivan shared background with reference in statute pertaining to VEPC, the VEGI program, and confidential information. She also shared communications and the timeline of events for requests made by the State Auditor and the document that he produced and VEPC subsequently received nine months later. She noted that the context of the documents by the State Auditor will be reviewed at the next VEPC meeting this month. In December 2020, a review by Oliver Olsen was received regarding the State Auditor's work product and process. Megan shared the documented arguments made by Mr. Olsen and Mr. Hoffer regarding statutory authority for using confidential documents from VEGI applicants.

Discussion ensued between the Council and the Regional Representatives from Regional Development Corporations regarding whether the Council needed clarification of the conflicting interpretations of the statutory language and concerns around misrepresentations made for the purpose of their use when they were requested. Megan Sullivan stated that she has spoken to most of the businesses involved. They were glad to be informed this is going on and to be assured that no allegation was being made that those documents were not stored properly, or any confidential or proprietary information was released.

Members present noted that the statutes regarding access and use of VEGI's confidential information for the State Auditor are open to interpretation and clarity is needed. A straw poll of the voting Council members was conducted for whether some type of written correspondence should be sent asking clarification of if confidential and proprietary information shall be provided at the request of the State Auditor for uses outside of an audit. The poll passed 8-0-0:

- ♦ Aye: Chair John Davis; Mark Nicholson; Rachel Smith; Thad Richardson; Michael Keane; John Russell; Rep. Charlie Kimbell; and Sen. Cheryl Hooker
- ♦ Nay: None
- ♦ Abstain: None

Discussion then turned to who the recipient of any correspondence should be.

- ❖ At 3:15 p.m. John Russell made a motion for three letters to be drafted by Megan Sullivan to the ACCD Secretary, the legislature, and the Attorney General, to clarify for what purpose confidential documents maintained by VEPC and the Tax Department from VEGI program applicants can be accessed outside of an audit process. The drafted letters will be brought before the Council at their January meeting. Michael Keane 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; Rachel Smith; Thad Richardson; Michael Keane; John Russell; Rep. Charlie Kimbell; and Sen. Cheryl Hooker
 - ◆ Nay: None
 - ◆ Abstain: None

It was noted by the Regional Development Corporations, getting this clarification is important and key for businesses. Current and future applicants would appreciate having clarity on what of their business information is going to be made available and for what purpose.

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

- ❖ At 3:20 p.m. Cheryl Hooker moved to adjourn the meeting. Michael Keane seconded the motion. Chair John Davis requested a vote, all voted in favor and the motion passed. 8-0-0.
 - ◆ Aye: Chair John Davis; Mark Nicholson; Rachel Smith; Thad Richardson; Michael Keane; John Russell; Rep. Charlie Kimbell; and Sen. Cheryl Hooker
 - ◆ Nay: None
 - ◆ Abstain: None

Minutes taken by Abbie Sherman: January 8, 2021

Revised by Megan Sullivan: January 11, 2021

Approved by the Council: January 28, 2021

Addendum-

Written version of public comments made by Oliver Olsen provided by Mr. Olsen following the Vermont Economic Progress Council meeting.

There is a lot of detail in my memorandum to the State Auditor, which I believe you have a copy of, and I am happy to answer any questions you may have. At this time, I would like to take a step back and briefly underscore two critical points:

The State Auditor circumvented his own internal standards in the development of his VEGI reports this year. This undermines the credibility and objectivity of the reports. In instances like this, when confidential information is made available to the auditor, but not to the general public, there is no way to independently verify the analysis and findings. That is why it is critical that reviews of this nature be conducted as audits, using generally accepted auditing standards, which ensure independence, integrity and objectivity of the analysis and findings.

On the first point, I would like to address the Auditor's dismissive response to the very serious problems I have identified with his adherence to his own internal controls. This is like a CPA dismissing a math error in an accounting statement as unimportant, a judge disregarding the rules of evidence in a trial, or a scientist suggesting that the application of the scientific method should be optional in his or her research.

Evaluating an organization's adherence to defined standards and compliance with internal controls is what auditors do. It is their stock and trade.

As an analogy, consider the medical profession. We trust our medical professionals, in large part because their work is highly regulated with strict protocols and standards of care. So imagine, for a moment, that you went in for diagnostic testing at your doctor's office and received unwelcome lab results. If you subsequently learned that proper test procedures were not followed and the diagnostic equipment had not been calibrated according to published standards, would you have confidence in the results? And what if your doctor dismissed your concerns about "procedural" issues?

I don't have an opinion about VEPC or the VEGI program - favorable or unfavorable, but as a citizen and taxpayer, I do think it is important that programs like these be subject to periodic audit, so that policymakers and the public have an unbiased, independent, and objective assessment of how effectively they are being administered and how they are performing.

This brings me to my second point.

The State Auditor has correctly pointed out that my concerns with his VEGI reports have not been with the substance of the report, but on his methods. Because this program relies on proprietary and confidential data, members of the public, such as myself, do not have access to much of the data necessary to independently replicate and review any analysis or findings that relies on confidential data. Because of this limitation, there is absolutely no way I can assess the State Auditor's reports and test the accuracy of his findings.

As we all know, neither of these reports were audits and the reviews were not conducted within generally accepted auditing standards.

This is precisely why an independent audit of the VEGI program, conducted by an independent and unbiased auditor, under generally accepted auditing standards, is so important. An objective analysis under the rigid controls and procedures of professional audit standards would provide public assurance that the findings were accurate and free of bias, without compromising the confidentiality of proprietary information.