



**MEETING MINUTES  
JANUARY 28, 2021  
VIRTUALLY VIA WEBEX  
9:31 A.M. TO 12:05 P.M.**

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

**Members Absent:** Sen. Cheryl Hooker

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

**Others Present:** Dr. Ellen Harpel, Smart Incentives; Fred Kenney, Executive Director, Addison County Development Corporation, and President of the RDCs of Vermont; Anonymous Attendee (called-in); Henry Epp, Reporter, Vermont Public Radio; Joan Goldstein, Commissioner, Department of Economic Development; and Ken Jones, Economic Analyst, ACCD

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**9:31 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. Michael Keane requested review of the Auditor's work products first, and review of the draft letters second under VEGI.

**9:37 a.m. Minutes – December 17, 2020 and January 8, 2021**

Chair John Davis inquired as to any corrections or changes to the draft meeting minutes for December 17, 2020 or January 8, 2021. Hearing none, requested a motion.

- ❖ At **9:37 a.m.** Mark Nicholson moved to accept the December 17, 2020 and January 8, 2021 meeting minutes as presented. 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; Mark Nicholson; Rachel Smith; Thad Richardson; Michael Keane; John Russell; and Rep. Charlie Kimbell
  - ◆ Nay: None
  - ◆ Abstain: None

**9:37 a.m. Public Comment**

Chair John Davis inquired as to any members of the public present to provide public comment or announcements. Megan Sullivan unmuted the anonymous caller and asked if they wish to offer public comment. There being no response and no other public comment, Chair John Davis moved to the next Agenda item.

**9:38 a.m. Vermont Employment Growth Incentive (VEGI):**

- Review of Draft Letters produced as a result of 1/8/2021 Council meeting
- Discussion of State Auditor's 2020 work products concerning VEPC
- Discussion with Ellen Harpel of Smart Incentives

Megan Sullivan had previously provided Council members with copies of the work product of the State Auditor concerning VEPC. She then reviewed each report to offer clarifying points where she found information was missing, unclear, or a misrepresentation of events and information. She noted there were points where the Council may want to discuss the issues raised. She noted that while it was important for VEPC to have the discussion, many matters discussed in the review is determined by the legislature and Statute, not by VEPC.

Regarding the State Auditor's first work product, a case study on the Marvell VEGI Award, Megan Sullivan noted that the State Auditor did not respond to the offer to interview her and members of the VEPC Board made at the beginning of his review. Megan mentioned that communications regarding Marvell's potential application that had been provided to the State Auditor were omitted in this section of this case study and the implication of that in what she sees as a misleading and incomplete overview of events. The Council discussed that there was no evidence of any legal opinion to support the conclusion in this case study that VEPC unlawfully authorized Marvell's award.

Megan Sullivan noted that Parts 2 and 3 of the State Auditor's work products did not include a methodology for how the review was conducted. She noted with examples that it is challenging at times to understand what the review is showing. As other sections in this review were discussed Megan asked Council members to consider questions related to these topics. There was a discussion of the "But For" section of this review and in the program. It was discussed that the Council has invited the State Auditor to attend meetings in the past and was noted by a Council member that the assertions that this is costly to taxpayers and that there is malfeasance are frustrating and disappointing.

On Annual Reports Megan Sullivan noted that the Tax Department plays a significant role in the program including a 100% audit of all claims that are submitted before payment is made. VEPC and the Tax Department publish the VEGI Annual Report, which meets and exceeds all statutory requirements. On the Average Wage, Megan noted that VEGI is a 9-year program and companies which were authorized 9 years ago have a different wage threshold than today due to the changes in minimum wage. She also noted that there may be a benefit in a comprehensive, objective review on the average wage to understand why it has decreased while the qualifying wage has increased.

There was a discussion on the background growth section. It was discussed that this has been reviewed in at least 3 instances where both the state economist and legislative economist reviewed the methodology for background growth and in that review, it was found that the current methodology is the most fair and objective way to do it. It was added by Ken Jones he has some concern regarding the background growth, but not the same concerns as the State Auditor.

Ken Jones noted on the cost benefit model that the analysis looks at government costs for any population change and a general population increase will require additional services. He added that any new employee brought into a company is probably moving up the economic ladder and that the assertion that VEGI program causes an increase in social programs is incorrect.

Megan Sullivan discussed the State Auditor's response to VEPC's letter in his reviews. She noted that every document the State Auditor requested was provided. She again noted her offer for the State Auditor to interview VEPC and staff as many communications with applicants were not in emails but in person or over the phone. She noted that interviews are listed in the State Auditor's professional standards manual.

Megan noted that the State Auditor's response to VEPC's letter implied that since the Council members are not employed by the State, they were not impacted by the COVID-19 response. Megan Sullivan took exception to that statement, noting that many Council members are small business owners and were directly impacted by the pandemic.

Megan informed the Council that Windsor County Council member Patricia Horn has decided to step down from VEPC as she owns an assisted living facility and the demands of keeping the most vulnerable Vermonters safe during COVID do not leave time for her to serve on the Council.

The Council reviewed the letters drafted by Megan Sullivan to the Vermont legislature, State Attorney General, and ACCD Secretary in response to the motion that passed at the January 8, 2021 meeting. The focus of the letter was to seek clarification on the issue Oliver Olsen and the State Auditor were in disagreement on regarding confidential documents and for what purpose they may be accessed. VEPC is custodian of those documents and felt clarification was needed for future requests. Businesses that apply to VEPC require clarification on the matter as well.

There was a discussion on the treatment of the Council and staff and questions about the objectivity in these reviews.

❖ At 10:50 a.m. Michael Keane moved that the Council denounce the Auditor for his unprofessional and unauthorized use of applicant confidential and proprietary information, biased conclusions, and disparagement of VEPC's Executive Director and the experienced professionals who are members of VEPC. John Russell seconded the motion.

Following discussion of the motion, Michael Keane withdrew his motion noting that the motion was made to underline the State Auditor's actions in his position.

Megan Sullivan noted these reviews did not involve professional audit staff members of the State Auditor's Office, who VEPC staff interact with on TIF regularly and who are the utmost professionals. She added that this has been a challenging time as her character has been attacked and she has appreciated the Council's support for her in public and private comments.

At 10:55 a.m. the Council took a break, reconvening at 11 a.m. Rachel Smith and the anonymous attendee left the meeting during that time.

Megan Sullivan introduced Dr. Ellen Harpel of Smart Incentives and provided a background of Dr. Harpel's expertise in economic incentives and noted work she has recently completed. Harpel was asked to participate in the meeting to discuss her experiences, pressing issues, and growing trends in incentives. Through discussion with the Council, Dr. Harpel noted that incentives are always evolving and discussed the importance of incentive programs fitting with the State's overall economic development work and State priorities. Dr. Harpel answered questions from the Council about incentive policies as well as assessments of incentive programs.

Charlie and John Russell left the meeting at the conclusion of Dr. Harpel's discussion, at 11:46 a.m.

#### **11:46 a.m. Legislative Update**

Joan Goldstein provided the Council with a big picture legislative update for Economic Development. She shared ACCD's infographic for funds to support Recovery, Reemployment, and Reinvestment.

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

- ❖ At **12:05 p.m.** Michael Keane moved to adjourn the meeting. Mark Nicholson seconded the motion. Chair John Davis requested a vote, all voted in favor and the motion passed. 4-0-0.
  - ♦ Aye: Chair John Davis; Mark Nicholson; Thad Richardson; Michael Keane
  - ♦ Nay: None
  - ♦ Abstain: None

*Minutes taken by Abbie Sherman: January 28, 2021*

*Revised by Megan Sullivan: February 2, 2021*

*Approved by the Council: March 25, 2021*