



**MEETING MINUTES
DECEMBER 17, 2021
1 NATIONAL LIFE DRIVE, MONTPELIER, VERMONT
DEWEY BUILDING, R206
VIRTUALLY VIA TEAMS
9:30 A.M. TO 12:38 P.M.**

Members Present: Chair John Davis, John Russell, Mark Nicholson, and Heather Chase

Members Present Virtually: Michael Keane, Rachel Smith, Mike Donohue, Sen. Cheryl Hooker, and Rep. Charlie Kimbell

Members Absent: Thad Richardson

Staff Present: Abbie Sherman, Executive Director; Cherie Yaeger, Economic Development Specialist II

Others Present: Joan Goldstein, DED Commissioner; Ken Jones, ACCD Economic Analyst; Jessica Hartleben, DED Staff Attorney; Tim Tierney, DED Director of Recruitment & International Trade; James Stewart, Central Vermont Economic Development Corporation; Melissa Bounty, Central Vermont Economic Development Corporation; John Henle, Ivy Computer; Jessica Cook, Ivy Computer; George Pierce, Ivy Computer; Mahesh Nattanmai, MTX Group; Lindsey Randall, MTX Group; Charlie McCarthy, MTX Group; Justin Johnson, MMR, representing MTX Group; Jessie Baker, City of South Burlington; Ilona Blanchard, City of South Burlington; Henry Epp, VPR

9:35 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. Abbie Sherman noted that Keene Perspectives had withdrawn their Final VEGI Application.

9:43 a.m. Minutes – November 17, 2021

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

❖ At **9:45 a.m.** John Russell moved to accept the November 17, 2021 meeting minutes as presented. Rachel Smith 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, Mark Nicholson, Heather Chase, Michael Keane, Rachel Smith, Sen. Cheryl Hooker, Mike Donohue
- ◆ Nay: None
- ◆ Abstain: None

9:45 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.

9:46 a.m. Vermont Employment Growth Incentive (VEGI):

Ivy Computer (Initial Application, 2022)

MTX Group, Inc. (Final Application)

GSR Solutions (Final Application)

- ❖ At **9:50 a.m.** Chair John Davis recused himself from any discussion concerning Ivy Computer citing a conflict of interest and he exited the meeting. Michael Keane took over as acting chair while discussing Ivy Computers application. Acting Chair Michael Keane asked for a motion to enter into Executive Session. John Russell moved to enter into Executive Session to discuss VEGI applications, citing 1 VSA, §313(a)(6). Heather Chase seconded the motion. Acting Chair Michael Keane inquired as to further discussion, hearing none requested a vote. All voted in favor and the motion passed. 7-0-0.
 - ◆ Aye: Acting Chair Michael Keane, John Russell, Mark Nicholson, Heather Chase, Rachel Smith, Sen. Cheryl Hooker, Mike Donohue
 - ◆ Nay: None
 - ◆ Abstain: None

Rep. Charlie Kimbell joined the meeting during executive session, at 10:05 a.m.

- ❖ At **10:42 a.m.** the Council exited from the Executive Session. John Davis joined the meeting.
- ❖ At **10:47 a.m.** Mark Nicholson made a motion regarding the Initial Application filed by Ivy Computer, for a project in Waterbury, 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 \$2,266,224 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 \$1,578,529 with an estimated incentive of \$1,473,294 based on application data, for activity to commence January 1, 2022, subject to submittal and consideration of a Final VEGI Application by November 18, 2022.
- ❖ Rachel Smith seconded the motion. Acting Chair Michael Keane inquired as to further discussion, hearing none requested a roll call for the vote. The motion passed. 8-0-1.
- ♦ Aye: Acting Chair Michael Keane, John Russell, Mark Nicholson, Heather Chase, Rachel Smith, Sen. Cheryl Hooker, Rep. Charlie Kimbell, Mike Donohue
 - ♦ Nay: None
 - ♦ Abstain: John Davis
- ❖ At 10:50 a.m. Mark Nicholson made a motion to utilize the authority given by 32 VSA §3334 to approve an increased incentive level for businesses locating in a qualified LMA, such as Waterbury, using an estimated 96.7% of the available net revenue benefit, with a maximum incentive of up to \$2,578,529 and an estimated incentive of \$2,406,623 thereby reducing the estimated net revenue benefit to \$29,612. Rachel Smith seconded the motion. Acting Chair Michael Keane inquired as to further discussion, hearing none requested a roll call for the vote. The motion passed. 8-0-1.
- ♦ Aye: Acting Chair Michael Keane, John Russell, Mark Nicholson, Heather Chase, Rachel Smith, Sen. Cheryl Hooker, Rep. Charlie Kimbell, Mike Donohue
 - ♦ Nay: None
 - ♦ Abstain: Chair John Davis

Ivy Computer thanked the Council for the approval of these funds. Acting Chair Michael Keane turned the meeting over to Chair John Davis. Representatives from MTX Group joined the meeting and introductions were made.

- ❖ At 10:57 a.m. Michael Keane moved to enter into Executive Session to discuss VEGI applications, citing 1 VSA, §313(a)(6). Heather Chase seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a vote. All voted in favor and the motion passed. 9-0-0.
- ♦ Aye: Chair John Davis, John Russell, Mark Nicholson, Heather Chase, Michael Keane, Rachel Smith, Sen. Cheryl Hooker, Rep. Charlie Kimbell, Mike Donohue
 - ♦ Nay: None
 - ♦ Abstain: None

Rep. Charlie Kimbell exited the meeting at 10:58 a.m., returning at 11:30 a.m. Rachel Smith exited the meeting at 11:10 a.m.

- ❖ At **11:50 a.m.** the Council exited from the Executive Session.

- ❖ At **11:52 a.m.** Mark Nicholson made a motion to approve the Final Application, filed by MTX Group, Inc., for a project in Waterbury, that the Council give final authorization of VEGI incentives of up to \$6,316,433 with an estimated incentive of \$6,053,351 and an estimated net return to the State of \$1,130,672 due to authorization by the Board of the LMA Enhancement, for activity commencing in 2021 as approved by the Board in July 2021, when the Board determined that the applicant met the But For and other Approval Criteria. John Russell seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. The motion passed. 6-2-0.
 - ◆ Aye: Chair John Davis, John Russell, Mark Nicholson, Heather Chase, Michael Keane, Mike Donohue
 - ◆ Nay: Sen. Cheryl Hooker, Rep. Charlie Kimbell
 - ◆ Abstain: None

- ❖ At **11:55 a.m.** Mike Donohue made a motion to approve the Final Application, filed by GSR Solutions, for a project in Burlington, that the Council give final authorization of VEGI incentives of up to \$227,822 with an estimated incentive of \$211,638, and an estimated net return to the State of \$70,238 for activity commencing in 2021 as approved by the Board in June 2021, when the Board determined that the applicant met the But For and other Approval Criteria. 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, Mark Nicholson, Heather Chase, Michael Keane, Sen. Cheryl Hooker, Rep. Charlie Kimbell, Mike Donohue
 - ◆ Nay: None
 - ◆ Abstain: None

11:57 a.m. Tax Increment Financing Districts (TIF):
South Burlington TIF District Substantial Change Request

Jessie Baker and Ilona Blanchard from the City of South Burlington presented to the Council the progress of the South Burlington TIF District. Ms. Baker and Ms. Blanchard discussed the added tax base from the work the City has already completed by creating housing and commercial space in the TIF District. There have been many changes to this area since 2015, there are 5 TIF projects completed and 4 projects in different phases of completion. The City has proposed removing four projects from their TIF District plan.

With these changes to the TIF Financing Plan overall costs will decrease and over half of the debt will be incurred between now and the end of the TIF. Through the years, they've found the community purpose remains the same; focused on transportation, creating a place people want to be in and protecting the environment. The South Burlington TIF District continues to meet the

criteria of their TIF District Plan. Chair John Davis inquired as to further discussion from the Council. Council members posed a few questions to Ms. Baker and Ms. Blanchard in reference to a deficit noted in the updated cashflow model, noting that this was primarily from years that have passed.

Executive Director Abbie Sherman reviewed the standard Substantial Change Request questions the Council considers to allow or deny the request by the City. She noted that the District's period to incur debt ends March 31, 2023 and the revised plan includes the 2-year extension the District received from the legislature. The period to retain education tax increment ends fiscal year 2037, and it is anticipated the City will retire the TIF District by fiscal year 2040. Ms. Sherman noted that much of the approval criteria was unaffected by the request. For viability, she noted that the City had adjusted the timeline for when private developments will come online, and that the total amount of tax increment will be less than originally anticipated. The District anticipates that the Grand List will increase in value by \$306.9 million by 2037 and there is an estimated surplus of \$6.4 million at the end of the life of the District. Ms. Sherman also reminded the Council they have 60 days to make a decision on this request, but that staff did not have concerns and recommended the Council approval the request as submitted.

Michael Keane asked Ken Jones, ACCD Economic Analyst, if there is anything to be concerned about with this change request. Ken noted that the changes being requested by South Burlington don't add up to any further risks. Rep. Charlie Kimbell what it means for this District if the Recreation Center isn't completed. Ms. Baker and Ms. Blanchard stated the City is still planning on looking at locations around South Burlington and setting aside money over the next few years to complete this project outside of the TIF District.

❖ At **12:31 p.m.** Mike Donohue made a motion that the Council approve the City of South Burlington's Substantial Change Request for the Downtown TIF District finding that the amendments meet the criteria for approval and that the documents provided shows the District continues to be fiscally and financially viable. Michael Keane seconded the motion. Chair John Davis inquired as to further discussion. 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, John Russell, Mark Nicholson, Heather Chase, Michael Keane, Sen. Cheryl Hooker, Rep. Charlie Kimbell, Mike Donohue
- ◆ Nay: None
- ◆ Abstain: None

12:32 p.m. Executive Director Updates:

Executive Director Abbie Sherman provided the following updates:

- VEGI Program Cap: Came close to meeting the program cap for 2021 and met the LMA Cap for 2021. The LMA cap may potentially be met for 2022 and a request may need to be filed with the Joint Fiscal Committee, requesting up to \$500,000 more if additional applications are received for 2022.

- There were 4 VEGI inquires since the November meeting, 1 pre-application is in process, 1 pre-application may start soon, and there may be 1 or 2 Initial VEGI Applications for the Council to review in January.
- An appeal letter from the Town of Hartford was provided to the Council for informational purposes. The State Auditor's Office (SAO) had found during the course of the State audit that Hartford owed approximately \$3,000 to the Education Fund. However, the Town subsequently discovered a parcel that was not included in the tax increment calculation. There are other factors involved and VEPC staff will work with the SAO and the Tax Department to find a resolution.
- The Town of Bennington TIF District may request an extension to incur TIF District debt. The town must submit their request by the March application deadline.
- It is anticipated that the Town of Killington will submit a TIF District application for the January 27 meeting. Ms. Sherman went over the format of that meeting, which will last most of the day and includes a session for public comment.
- It is anticipated that a draft of the TIF Report by the Joint Fiscal Office will be provided to ACCD and VEPC by December 25. ACCD and VEPC will have 2 weeks to provide comment and VEPC could hold a special meeting to discuss.
- Ms. Sherman gave an update on recruiting for the Grant Programs Manager position and on potential 2022 legislation.

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

- ❖ At 12:38 p.m. Michael Keane moved to adjourn the meeting. Mark Nicholson seconded the motion. Chair John Davis requested the vote, all voted in favor and the motion passed. 8-0-0.
 - ♦ Aye: Chair John Davis, John Russell, Mark Nicholson, Heather Chase, Michael Keane, Sen. Cheryl Hooker, Rep. Charlie Kimbell, Mike Donahue
 - ♦ Nay: None
 - ♦ Abstain: None

Minutes taken by Cherie Yeager: December 17, 2021

Revised by Abbie Sherman: December 21, 2021

Approved by the Council: January 27, 2022