



MEETING MINUTES
MARCH 3, 2022
VIRTUALLY VIA TEAMS
9:30 A.M. TO 11:50 A.M.

Members Present: Chair John Davis, John Russell, Mark Nicholson, Michael Keane, Rachel Smith, Mike Donohue, Thad Richardson, Rep. Charlie Kimbell

Members Absent: Heather Chase, Sen. Cheryl Hooker

Staff Present: Abbie Sherman, Executive Director; Angie Farrington, Grant Programs Manager

Others Present: Blain Newton (Beta Technologies); Micki Dalpra (Beta Technologies); Art Klugo (Beta Technologies); Tim Smith (FCIDC); Elisabeth Nance (FCIDC); Albin Voegele (NRPC); Chet Hagenbarth (Town of Killington); Jim Haff (Killington Selectboard), Gail Henderson-King (White & Burke), Stephanie Clarke (White & Burke), Lisa Davis Lewis (Town of Killington); Polly Mikula (Mountain Times), Jeff Carr (Economic and Policy Resources), Matt Cooper (Economic and Policy Resources), Lyle Jepson (Chamber of the Rutland Region), Tyler Richardson (Chamber of the Rutland Region), Fred Kenney (Addison County Development Corporation), John Kessler (ACCD General Counsel)

9:30 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 to the next Agenda item.

9:36 a.m. Minutes – January 27th, 2022

Chair John Davis inquired as to any corrections or changes to the draft meeting minutes for January 27, 2022. Hearing none, requested a motion.

- ❖ At **9:38 a.m.** Mike Donohue moved to accept the January 27, 2022, 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. 7-0-0.
 - ◆ Aye: Chair John Davis, John Russell, Mark Nicholson, Rachel Smith, Mike Donohue, Thad Richardson, Rep. Charlie Kimbell
 - ◆ Nay: None
 - ◆ Abstain: None

9:38 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.

9:39 a.m. Vermont Employment Growth Incentive (VEGI):
Beta Technologies, St. Albans Town (Initial)

- ❖ At 9:39 a.m. Rachel Smith moved to enter into Executive Session to discuss VEGI applications, citing 1 VSA, §313(a)(6). Charlie Kimbell seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a vote. All voted in favor and the motion passed. 7-0-0.
 - ♦ Aye: Chair John Davis, John Russell, Mark Nicholson, Rachel Smith, Mike Donohue, Thad Richardson, Rep. Charlie Kimbell
 - ♦ Nay: None
 - ♦ Abstain:

Michael Keane joined the meeting during Executive Session.

- ❖ At 9:39 a.m. the Council exited from the Executive Session.
- ❖ At 9:40 a.m. Rachel Smith made a motion regarding the Initial Application filed by Beta Technologies, for a project located in St. Albans Town, 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 \$144,958 with Green VEGI.
 - ♦ 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 with Green VEGI of up to \$557,781 with an estimated incentive of \$513,571 based on application data, for activity to commence March 5, 2022, subject to submittal of a Final VEGI Application by November 18, 2022. 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; Mark Nicholson; Rachel Smith; Thad Richardson; Michael Keane;
John Russell, Mike Donohue; Rep. Charlie Kimbell

Nay: None

Abstain: None

**10:40 a.m. Tax Increment Financing Districts (TIF):
Killington TIF District: Continued Review and Discussion**

After an introduction of Killington members present, Executive Director Abbie Sherman provided a summary of the review for Killington's TIF District Application. EPR assisted with the review and summaries were provided in the Board packets, as well as reviews by the Agency of Natural Resources and the Agency of Transportation. The TIF District appears to meet the Purpose criterion, however there is a concern with the generation of revenues aspect. EPR reviewed the But For criterion and found that it appears to have been met, but the finding is preliminary since the financing plan is not final yet. EPR also reviewed Nexus and believes that this criterion has been satisfactorily met. EPR reviewed proportionality and found that the proposed proportionality values are reasonable. The Process Criteria has been met, noted that the OTV Grand List values will not be finalized until after December 31, 2022, at which time PVR will complete their review of the parcel list before tax increment can be retained.

Regarding Location Criteria, Killington has applied under compact or high density and economically distressed. Killington meets the Economically Distressed criterion with unemployment that is more than 1 percent higher than the state's annual average. It is not clear that Killington meet the compact or high-density criterion. The staff write-up provides a more detailed explanation of that review, and in summary, Abbie could not clearly find that the District is located within an existing center, noting that: speed limits are greater than 30 mph, most of the District does not appear to contain at least 50% residential property within a half mile radius when viewing 911 maps, the map of Density of Habitable buildings shows most residential development is outside of the District and is primarily medium density rather than high or highest density, and the areas for housing projects A and B have large setbacks. She also noted that additional developments along Killington Road were not identified in the TIF Plan and for those parcels that are undeveloped their development was too speculative to include in the TIF District Plan.

For Project Criteria, Killington has applied under Need, Affordable Housing, and Transportation. EPR has reviewed the Need criterion and found that there could be a positive finding. Affordable Housing was also reviewed by EPR. They were unable to affirm that the affordable housing projects were developed enough for the Council to make a positive determination and recommended that the Council leave findings relative to this criterion open and subject to further information and consideration. For the Transportation criterion, VTrans did review the proposed costs and recommended an increase. VEPC Executive Director was away when the review was submitted by VTrans and has not had a chance to complete a review of the criterion.

EPR reviewed Market and Fiscal Viability of the TIF District and recommends that the Council not make a positive finding on viability at this time, but instead leave it open and subject to

further information as the application process evolves. They have also requested that the Council allow for additional review and analysis regarding key assumptions contained in the market study on Six Peaks, which would test the sensitivity of the TIF Financing Plan.

Abbie noted that the TIF Financing Plan has been evolving, with the latest version dated February 4, and was reviewed by both her and EPR. Concerns at this time are the proposal continues to retain municipal increment beyond the 20-year retention period in order to retire all debt and related costs. This is the area that was concerning under the review of the Purpose criterion. It is not advisable for a TIF District to start out with retaining municipal increment beyond the 20-year period. This could however be part of a contingency plan down the road. There are also concerns on the heavy reliance of TIF as the primary tool to finance \$66.9 million in infrastructure improvements. Additional changes are anticipated to be made to the Financing Plan in terms of project costs, so review of this item is not complete at this time.

Following Abbie's presentation, Stephanie Clarke of White and Burke requested the Council approve a Master TIF Determination for the District with partial findings on Location Criteria, among others that require more certainty to be presented with the phased filings. In reviewing the "Tax Increment Financing Districts Master TIF Plan Determination Policy and Procedure," Stephanie indicated they discovered what she considered to be a flaw in policy noting that as currently written it would prevent Council from approving any Master TIF with partial Location Criteria and are requesting that VEPC consider revision to the Master TIF Determination Policy & Procedure. Stephanie states they do not see any clear reasoning in the Statue, Rule, or Policy document as to why Location Criteria must be one of the initial conclusive findings. She proposed amending the policy to allow for a partial finding in a Killington Master TIF Determination.

Executive Director Abbie Sherman expressed that a revision to the Master TIF Determination Policy & Procedure to support the need of one TIF district is a risk, adding concern about the precedent that set for future TIF Districts, noting the need to ensure there is consistency across the entire TIF Program. Abbie stated that the Policy should also be looked at as a whole not just a specific requirement and VEPC staff capacity should be taken into consideration. Abbie indicated that VEPC staff must meet with ACCD's General Counsel John Kessler to review the Master TIF Determination Policy & Procedure before moving forward, and look at what belongs in policy, TIF Rule, or statute.

Chair John Davis expressed concerns that the District as currently presented to the Council relies heavily on one developer and TIF currently is the only identified funding source. Affordable housing does not occur until the last phase of the project. Due to the increase cost and low supply of materials, he inquired what impact that has on the TIF financing plan and timing of the first phase of the project. Michael Keane stated that the TIF financing plan must include a more concrete and realistic view of the cost of the project. Rep. Charlie Kimbell requested that White and Burke provide revisions of Master TIF Determination Policy to VEPC staff.

11:35 a.m. Executive Director Updates:

Abbie Sherman provided the following updates to the Council:

- VEGI Incentives for 2022, including BETA Technologies, is now at \$3,935,427.
- Since January 27, there have been 1 VEGI inquiry, 1 VEGI Pre-Application has been submitted, and there is the potential for 1 VEGI Application in April 2022.
- Application Deadlines: Requesting that reviews be completed at the following months meeting as the current 20-day deadline is not a sufficient amount of time when also taking into consideration EPR reviews. Council requested that VEPC staff draft a formal motion to be reviewed and approved.
- TIF Annual Reports Submitted by TIF Districts: All TIF Districts have submitted their certified TIF Annual Report. Angie Farrington the new Grant Programs Manager has been updating the TIF Annual report to the Legislature using the information provided in those reports.
- Abbie discovered an issue in S.33 and provided a copy of a memo she sent to House Ways & Means. The issue would not allow VEPC to fill vacated spots, it also meant that if spots that were vacated by a TIF District, those counties could potentially only have 1 new TIF District.
- RDC Priorities List was provided to the Council. Abbie noted that they are supportive of project based TIF, they are requesting greater transparency in reporting for VEGI, and they are interested in decoupling the VEGI Wage Threshold from state's minimum wage. Fred Kenney was present to any questions from the Council.

John Russell exited the meeting at 11:45 a.m.

Chair John Davis noted that the next meeting is scheduled for Thursday, March 31, 2022.

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

- ❖ At **11:50 a.m.** Michael Keane moved to adjourn the meeting. Mike Donohue 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, Mark Nicholson, Michael Keane, Rachel Smith, Mike Donohue, Thad Richardson, Rep. Charlie Kimbell
 - ♦ Nay: None
 - ♦ Abstain: None

Minutes taken by Angie Farrington: March 3, 2022

Revised by Abbie Sherman: March 7, 2022

Approved by the Council: April 28, 2022