

**MEETING MINUTES**  
**FEBRUARY 23, 2023**  
**DAVIS BUILDING, GRACE COOLIDGE CONFERENCE ROOM**  
**1 NATIONAL LIFE DRIVE, MONTPELIER, VT**  
**9:30 A.M. TO 11:50 A.M.**

**Members Attending In-Person:** Mark Nicholson

**Members Attending Virtually:** Chair John Davis; Mike Donohue; Sen. Thomas Chittenden; Thad Richardson; and Rachel Smith

**Members Absent:** John Russell; Michael Keane; Heather Chase; and Rep. Emilie Kornheiser

**Staff Present:** Abbie Sherman, Executive Director; Angie Farrington, VEPC Programs Manager; and Randall Szott, Economic Development Specialist

**Others Present:** Gretchen Havreluk (Economic Development Consultant - Town of Wilmington); Rob Gaiotti (Town Manager - Town of Dorset); Adam Grinold (BDCC); Bill Colvin (BCRC); Corinn Julow (Town Clerk/Treasurer - Town of North Hero) Andy Alling (Water Board Commissioner - Town of North Hero) Andy Julow (Executive Director LCIEDC - Town of North Hero); Edwin Holland (Cascade Biotechnology); Daniel Benjamin (Cascade Biotechnology); Fred Kenney ( Executive Director ACEDC); John Kessler (ACCD General Counsel); and Jeff Carr (Economic Policy & Resources)

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**9:30 a.m. Roll Call and Agenda Review**

Chair John Davis called the meeting to order. Members present are noted above. Chair John Davis inquired as to any additions or deletions to the agenda. Executive Director Abbie Sherman noted that ACCD General Counsel John Kessler would be present during the meeting to observe and ensure compliance with the Open Meeting Law.

**9:37 a.m. Minutes – January 26, 2023 Regular Meeting**

Chair John Davis inquired as to any corrections or changes to the draft meeting minutes for the January 26, 2023, Regular Meeting. Hearing none, requested a motion.

At **9:37 a.m.** Mike Donohue moved to accept the minutes of the January 26, 2023, Regular Meeting. Mark Nicholson seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. The motion passed. 5-0-1

- ❖ Aye: Chair John Davis; Mark Nicholson; Rachel Smith; Mike Donohue; and Thad Richardson

- ❖ Nay: None
- ❖ Abstain: Sen. Thomas Chittenden

**9:39a.m. Public Comment**

Chair John Davis inquired as to whether any members of the public present wish to provide public comment or announcements, hearing none, moved to the next Agenda item.

**9:39 a.m. VEGI: Cascade Biotechnology, Middlebury, Initial Application**

Fred Kenney made introductory remarks. He relayed the work he has done with the applicants.

At **9:45 a.m.** Mike Donohue moved under 1 VSA, § 313(a)(6) to enter Executive Session to discuss a VEGI application and its related trade secrets pertaining to confidential financial information, based on the protections afforded by 32 VSA § 3341 (confidential business records or information of VEGI applicant) and 1 VSA 317(c)(9) (trade secrets). Chair John Davis inquired as to further discussion, hearing none requested a vote. All voted in favor and the motion passed. 6-0-0.

- ❖ Aye: Chair John Davis; Mark Nicholson; Rachel Smith; Mike Donohue; Sen. Thomas Chittenden; and Thad Richardson
- ❖ Nay: None
- ❖ Abstain: None

Council members, VEPC staff, Cascade Biotechnology representatives, and Fred Kenney joined in Executive Session. John Kessler joined in Executive Session to observe compliance with the Open Meeting Law. Other members of the public, such as Jeff Carr from EPR, would be brought in if needed.

At **10:29 a.m.** the Council exited from Executive Session.

At **10:31 a.m.** Mark Nicholson made a motion regarding the Initial Application filed by Cascade Biotechnology, for a project located in Middlebury, 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 \$59,964;
- The company is not a party to any State action;
- 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 \$141,988 with an estimated incentive of \$126,427 based on application data, for activity to commence March 2, 2023, subject to the host municipality welcoming the new business, the proposed economic activity conforming to applicable town and regional plans; and submittal of a Final VEGI Application.

Sen. Thomas Chittenden seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. The motion passed. 6-0-0

- ❖ Aye: Chair John Davis; Mark Nicholson; Rachel Smith; Mike Donohue; Sen. Thomas Chittenden; and Thad Richardson
- ❖ Nay: None
- ❖ Abstain: None

At 10:34 a.m. Mark Nicholson moved that the Council utilize the authority given by 32 VSA §3334 to approve an increased incentive level for businesses located in a qualified LMA, such as Middlebury, using an estimated 100% of the available net revenue benefit, with a maximum incentive of up to \$206,653 and an estimated incentive of \$183,641 thereby reducing the estimated net revenue benefit to \$12.

Mike Donahue seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. The motion passed. 6-0-0

- ❖ Aye: Chair John Davis; Mark Nicholson; Rachel Smith; Mike Donohue; Sen. Thomas Chittenden; and Thad Richardson
- ❖ Nay: None
- ❖ Abstain: None

### **10:37a.m. Community Recovery & Revitalization Grant Program Applications**

Abbie Sherman summarized the procedures for CRRP review and the requirements that the Council will consider.

### **10:37 a.m. Dorset Fire District No. 1: Village Water System Improvements**

Rob Gaiotti gave a presentation on behalf of the Fire District. He noted the water system is antiquated (around 100 years old) and suffers from leaks and wasted water (over 60% of water used). As a result, Dorset currently has a moratorium on new connections or additional allocation. Residential and business expansion is inhibited by the limited capacity. There is a \$5 million project slated for spring of 2023. A general store in the area would be able to expand due to the project which would result in increased staffing levels. A local entity would be able to build a permanent event facility resulting in increased sales and staffing as well. He noted that Bennington County faces particular economic challenges and this project meets a pressing need. The project is expected to reduce future water rates by 23%. An improved water system would set the stage for housing, but immediately allow business expansion.

Angie Farrington provided a staff summary. The Dorset Water System Improvement project involves a large-scale update to the Dorset Village Water System. Phase 1 of the project will replace over 15,000 linear feet of aged service lines, 3,000 linear feet of aged distribution mains and install the foundation for a new gravel well source to be added to the system. Business development project criteria has been met through the expansion of HN Williams Store and Church Street Hospitality who owns and operates Dorset Inn, Barrows House, and Dorset Bakery. Dorset has 180 users and reducing the debt ceiling and keeping rates a reasonable cost for those users is essential. Farrington noted the current average per user rate is \$794, without the usage of other funding sources the average rate would increase to \$1,957 to pay for the \$5 million bond. If the Dorset Fire District receives a CRRP award in the amount of \$1,000,000, user rates would decrease to \$905, which reduces user rates by 23%.

Farrington noted that Dorset's adjusted Grand List growth from 2011 to 2021, as calculated by the Tax Department and the Joint Fiscal Office, is 1.2%. While this ranks them at 120 out of 259 towns for growth, it still indicates stagnant growth as is faced by the majority of Vermont. Only 18 Vermont towns have seen growth of 3% or greater, with just 5 seeing growth greater than 4% over a 10-year period.

Bill Colvin spoke in support of the application. He noted that it was consistent with the Bennington County Regional Plan, and that it is also consistent with the infrastructure goals in the CEDS. He relayed the significant housing challenges that the village faces due to its constrained water supply.

**At 10:56 a.m.** Mark Nicholson made a motion that the Council find that based on the documentation provided by the Dorset Fire District No. 1 for their "Village Water System Improvements" that the project:

- 1) Clearly requires substantial public investment over and above the normal municipal operating or bonded debt expenditures;
- 2) Are public improvements which are integral to the expected private development, that being business development by creating a new business within the project area which will create new, quality, full-time jobs that meet or exceed the prevailing wage for the region; and
- 3) That "but for" the CRRP funds, the project would not occur as proposed in the application, or would have occurred in a significantly different and less desirable manner.

And therefore, that the Council recommend the Interagency Team approve the Dorset Fire District No. 1 CRRP application. Mike Donohue 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. 6-0-0.

- ❖ Aye: Chair John Davis; Mark Nicholson; Rachel Smith; Mike Donohue; Sen. Thomas Chittenden; and Thad Richardson
- ❖ Nay: None
- ❖ Abstain: None

### **10:57 a.m. Wilmington: Route 9 East Infrastructure Expansion Project**

Gretchen Havreluk presented for the Town of Wilmington. She noted the water system expansion would allow for housing and economic growth and cited specific instances of housing opportunities and of blighted buildings that could be revitalized. She pointed out that the local healthcare center would have the ability to expand and that they had submitted a letter of support. She presented a video to give a sense of the Route 9 corridor.

Angie Farrington provided a staff summary. She noted the Route 9 Infrastructure Expansion Project will construct 6,000 feet of water and wastewater service along Vermont Routes 9 East and 100 South, at the gateway of the Deerfield Valley in Wilmington. She said The Barn at #211 Vermont Route 9 East, a 22,000 square foot vacant historic barn has been identified to meet the business development criteria. There are plans to redevelop the vacant barn into ten lodging units, two apartments, and a restaurant. The Barn will create 17 new jobs ranging from wait staff, managerial, hospitality, janitorial, landscaping and snow removal positions. The application outlines several businesses, who are looking to expand or create a new business in the area such as, car wash, truck rental company, commercial garage, garden center, and a clinic all of which will be directly benefited by water and sewer expansion. She said there is a potential future affordable housing development located at 210 VT Route 9, which anticipates creating five new affordable housing units. This project did not fully meet the project criteria, however, it was clear from the review that water and sewer are critical factors in ensuring housing development can be successful. The Town approved a \$5.5 million bond to build a new public safety building which was needed and due to that bond they cannot at this time support a bond that is large enough cover the costs for the water and sewer infrastructure. Without CRRP funding the project will likely not occur, as the town feels there is no way to reduce the size of the infrastructure in an economical way. Wilmington provided additional information stating that based on \$3,500,000 bond for construction using a 20-year bond, all taxpayers within the Town would see an increase in the tax rate of \$0.04 to \$0.045. Only 13% of respondents indicated they would be willing to pay more than \$1,000 per year for municipal water and sewer service, while 30% said they can pay \$500-750 per year and 31% are not willing to pay.

Farrington noted that the Town of Wilmington's Grand List Growth is 2.6%. While this ranks them at 29 out of 259 towns for growth, it still indicates stagnant growth as is faced by the majority of Vermont. Only 18 Vermont towns have seen growth of 3% or greater, with just 5 seeing growth greater than 4% over a 10-year period.

Fred Kenney asked about the housing criteria was not met due to affordability. Angie Farrington said it was due to not receiving a letter of support from the developer.

**At 11:12 a.m.** Mark Nicholson made a motion that the Council find that based on the documentation provided by the Town of Wilmington for their "Route 9 East Infrastructure Expansion Project" that the project:

- 1) Clearly requires substantial public investment over and above the normal municipal operating or bonded debt expenditures;

- 2) Are public improvements which are integral to the expected private development, that being business development by creating a new business within the project area which will create new, quality, full-time jobs that meet or exceed the prevailing wage for the region; and
- 3) That “but for” the CRRP funds, the project would not occur as proposed in the application, or would have occurred in a significantly different and less desirable manner.

And therefore, that the Council recommend the Interagency Team approve the Town of Wilmington’s CRRP application. Mike Donohue seconded the motion. Chair John Davis inquired as to further discussion. With there being no further discussion, Chair John Davis requested a roll call for the vote. All voted in favor and the motion passed. 6-0-0.

- ❖ Aye: Chair John Davis; Mark Nicholson; Rachel Smith; Mike Donohue; Sen. Thomas Chittenden; and Thad Richardson
- ❖ Nay: None
- ❖ Abstain: None

### **11:14 a.m. North Hero: Water System Reliability Improvements**

Andy Alling presented the project. The system was built in the 1990s and premature degeneration of pipes has occurred due to acidic soils. He noted there is a stretch of the system which has no redundancy and that breakages can result in a preventable loss of service. He noted that studies were conducted, and the ideal solution would be the construction of a water storage system. Business expansion in the area is contingent on system reliability. Corrin Julow presented on the need for public funds. She noted that bonding was unsustainable due to small user base. She said that taking on additional debt would be quite costly. Public investment would enable the town to provide the most viable option that balances affordability for users, while also setting the stage for business expansion, and reliable service.

Angie Farrington provided a staff summary. She said the North Hero Water System Reliability Improvement project will construct a water tower to provide redundancy in the distribution system to service points south of Carry Bay including North Hero village. The project will address the frequent loss of service to the southern portion of the island due to a lack of redundancy in a three-mile section, that continues to break that connects the northern and southern system loops. Shore Acres Inn and Restaurant located at 237 Shore Acres in North Hero has been identified to meet the business development criteria. Shore Acres has plans to construct an event site that will include additional parking level pad for tent installation, additional walking paths, water and electrical services. It is anticipated that the expansion of Shore Acres Inn and Restaurant will create approximately 20 full time positions, as well as a full-time event manager. Weekly salary for the event manager is anticipated to be \$1,000/week. She further noted that if not for the premature erosion of the pipe, this project would likely be worked into existing rates, but with users still paying for the original bond, plus three subsequent bonds, in total bearing four bonds, and with user rates being amongst the highest in the state, it is not the favorable option for the 673 rate payers. Adding a bond would increase rates based by approximately \$200-\$377 a year per household, even more for businesses. With an estimated cost of over \$4 million, without

outside funds to offset, it is likely the bond will be too great to bear, and the project will either need to be scaled down (i.e. tank size reduction), or delayed until one or more of the existing bonds is retired.

Farrington noted the Town of North Hero's adjusted Grand List growth from 2011 to 2021, as calculated by the Tax Department and the Joint Fiscal Office, is 0.8%. This is considered stagnant.

Andy Julow spoke in support of the project. He noted this project was part of an EDA five-year plan. He noted the impact the project would have on the businesses in the area and that the businesses had expressed ongoing concern about the water system.

**At 11:26 a.m.** Rachel Smith made a motion that the Council find that based on the documentation provided by the Town of North Hero for their "Water System Reliability Improvements" that the project:

- 1) Clearly requires substantial public investment over and above the normal municipal operating or bonded debt expenditures;
- 2) Are public improvements which are integral to the expected private development, that being business development by expansion of an existing business within the project area which will create new, quality, full-time jobs that meet or exceed the prevailing wage for the region; and
- 3) That "but for" the CRRP funds, the project would not occur as proposed in the application or would have occurred in a significantly different and less desirable manner.

And therefore, that the Council recommend the Interagency Team approve the Town of North Hero's CRRP application. Sen. Thomas Chittenden 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. 6-0-0.

- ❖ Aye: Chair John Davis; Mark Nicholson; Rachel Smith; Mike Donohue; Sen. Thomas Chittenden; and Thad Richardson
- ❖ Nay: None
- ❖ Abstain: None

#### **11:27 a.m. Executive Director Updates**

Executive Director Abbie Sherman provided the following updates to the Council:

- A chart of 2022 VEGI Inquiries was shared with the Council, noting that 54 inquiries had been received, 2 of them resulting in an approved application, 20 being unable to meet program requirements. About 18 inquiries it is unknown why they didn't apply, and Sherman noted about 7 of those seemed to be a good fit for the program. They may still apply for the program.
- Since the last meeting, there have been 4 new VEGI inquiries. 1 new pre-application in process, and 1 VEGI application in process. No new VEGI applications are anticipated for the March meeting.

- VEPC staff received a lot of feedback on TIF Rule from the Tax Department, Auditor's Office, and Joint Fiscal Office and VEPC staff is currently working through that. With the legislative session there have been other priorities, so we are holding this for a bit until more time is available.
- Burlington Waterfront has submitted a substantial change request which is currently being reviewed. The Council will be introduced to that request at the March meeting, with action anticipated by the May meeting.
- For Legislative Updates, Sherman noted that S.83 Project Based TIF has been introduced and is in Senate Finance. Hartford's extension is in S.35 and is in Senate Finance and H.107 which is in Ways & Means. More details are now available on Barre's extension, which is in S.94 with Senate Finance and in H.256 with Ways & Means. Barre is requesting a two-year extension on debt incurrence (2036) and five additional years for increment retention (2039). On VEGI and H.10, Sherman is currently waiting for draft of new language but it is anticipated that there will be a complete rewrite with a one-year extension on the VEGI Sunset (January 1, 2025), and a study on the program.

Regarding the chart of VEGI inquires during 2022, Thad Richardson asked about examples of limited local market businesses. Abbie Sherman provided examples of retail and hospitality and discussion ensued regarding eligibility under that criterion.

**At 11:49 a.m.** Mark Nicholson 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. 6-0-0.

- ❖ Aye: Chair John Davis; Mark Nicholson; Rachel Smith; Mike Donohue; Sen. Thomas Chittenden and Thad Richardson
- ❖ Nay: None
- ❖ Abstain: None

*Minutes taken by Randall Szott: February 23, 2023*

*Revised by Abbie Sherman: February 27, 2023*

*Approved by the Council: March 30, 2023*