



**VERMONT ECONOMIC PROGRESS COUNCIL**  
DRAFT – COUNCIL APPROVAL REQUIRED AT NEXT MEETING

**MEETING MINUTES**  
**December 14, 2023**  
**Davis Building, Calvin Coolidge Conference Room**  
**& via Zoom**  
**1 National Life Drive, Montpelier, VT**  
**9:31 A.M. TO 12:06 P.M.**

**Members Attending In-person:** Chair John Russell; Vice Chair Michael Keane; Jamie Stewart; Kim Gobeille; Rachel Smith; and Thad Richardson

**Members Attending Virtually:** Sen. Thomas Chittenden; Mike Donohue

**Members Absent:** Rep. Emilie Kornheiser; Mark Nicholson; and Heather Chase

**Staff Present:** Abbie Sherman, Executive Director; and Kelly Chambers, Administrative Services Coordinator III

**Others Present:** Jessica Hartleben, ACCD Staff Attorney; John Kessler, ACCD General Counsel; Jeff Carr, Economic Policy & Resources; Bryan Osborne, Town of Colchester; Eric Duffy, Town of Woodstock; Charlie Kimbell representing Town of Woodstock; Linda Martin, Chair Select Board for Town of Wolcott; Jim Ryan, Town of Wolcott; Victoria Hellwig, Lamoille County Planning Commission; Seth Jensen, Deputy Director Lamoille County Planning Commission; Blaine Paxton, Rhino Foods; Dominic Cloud, City of St. Albans; Chip Sawyer, City of St. Albans; Sarah Macy, City of St. Albans; David White, White & Burke; Alex Demoly, GBIC; Erika Hoffman-Keiss, GMEDC; and Fred Kenney, ACEDC.

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**9:31 a.m. Roll Call and Agenda Review**

Chair John Russell called the meeting to order. Members present are noted above. John Russell introduced the Council to the new Executive Director Jessica Hartleban. Chair John Russell inquired as to any additions or deletions to the agenda, hearing none, and moved on to the next agenda item.

**9:34 a.m. Minutes – November 16, 2023 Regular Meeting**

Chair John Russell inquired as to any corrections or changes to the draft meeting minutes for the November 16, 2023, Regular Meeting. Hearing none, requested a motion.

At **9:33 a.m.** Michael Keanne moved to accept the minutes of the November 16, 2023, Regular Meeting. Jamie Stewart seconded the motion. Chair John Russell inquired as to further discussion, hearing none requested a roll call for the vote. The motion passed.  
8-0-0

- Aye: Chair John Russell; Vice Chair Michael Keane; Jamie Stewart; Sen. Thomas Chittenden; Kim Gobeille; Rachel Smith; Thad Richardson; and Mike Donohue
- Nay: None
- Abstain: None

### **9:35 a.m. Public Comment**

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

### **9:36 a.m. Community Recovery & Revitalization Grant Program Applications:**

Executive Director Abbie Sherman summarized the procedures for CRRP review and the requirements that the Council will consider. The Council opted to review Woodstock first to ensure there would be a quorum of the Board as Chair John Russell was unable to participate in that conversation.

### **Town of Woodstock**

Citing a conflict of interest with the Town of Woodstock, Chair John Russell turned the meeting over to Vice Chair Michael Keane.

Eric Duffy presented on behalf of the Town of Woodstock, noting that Woodstock Aqueduct is a private company. The flooding in July caused a water main break and the town was left without water for 10 days, which affected everyday commerce and in turn economic growth during flooding. As a private company, Woodstock Aqueduct was not able to receive FEMA reimbursements, which slowed down their response. If the system were municipally owned, the problems would have been addressed much sooner. Duffy noted that Woodstock Aqueduct does not have the resources to make improvements to the water system as required by the State. If the system were municipality owned, the town could better access the resources to make the improvements. The town of Woodstock has the equipment and staff to support the system. As the town has been considering the purchase, they developed a user profile, to know the water usage and customers who utilized the water.

Michael Keane asked if there were any covenants or restrictions that might prevent the purchase of the company. Charlie Kimbell, assisting the town with this application, noted that they are not aware of any. Charlie also noted that the expense for purchase of the system would need to pass the town vote in March 2024. Jaime Stewart asked about the service area that is supported by the system. Kimbell noted that the system serves the village and just outside that. The town is not looking at expanding the system, just improving its capacity.

Executive Director Abbie Sherman provided a summary of the staff review of the Woodstock application. She noted that Woodstock is proposing to purchase the privately owned water system in their town from the Woodstock Aqueduct Company (WAC) and replace the primary pump to increase capacity. There are numerous challenges with the system being privately owned, noting the disruption in water service from the July 2023 flood event and the delay of private development projects due to WAC having denied several new connections to the water system. If Woodstock purchased the system, it would be able to leverage federal, state, and regional funding sources to make needed infrastructure improvements and allow for the Twin Pines affordable housing project to proceed. ANR supports the project noting the long-term sustainability and compliance this would provide. Currently, the purchase of the system is an unplanned expenditure for Woodstock, and without CRRP funding the purchase would be delayed while the town secures funding. Additionally, WAC could opt to sell to another private entity which could then increase rates in order to receive a greater return.

Sherman noted that Woodstock's adjusted Grand List growth from 2011 to 2021 is 2.4% which ranks them 39 out of 259 towns. Given the statements made by Woodstock, and the additional context provided by ANR and GMEDC, Sherman recommended that the Council approve their application.

Erika Hoffman Keiss GMEDC provided a statement of support, noting that privately owned systems are a statewide problem and her thought that other municipalities could use this as a model. Woodstock would more efficiently manage and run the system using the existing resources, and work with the state to invest in resiliency.

**At 9:58 a.m.** Jaimie Stewart made a motion that the Council find that based on the documentation provided by the Town of Woodstock for their "Purchase of the Woodstock Aqueduct Company" 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 affordable housing by creating new units within the project area which meet the affordable housing definition as defined in 24 V.S.A. § 4303; 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, the Council recommend the Interagency Team approve the Town of Woodstock's CRRP application. Mike Donohue seconded the motion. Acting Chair Michael Keane inquired as to further discussion, hearing none requested a roll call for the vote. The motion passed. 7-0-0

- Aye: Acting Chair Michael Keane; Jamie Stewart; Sen. Thomas Chittenden; Kim Gobeille; Rachel Smith; Thad Richardson; and Mike Donohue

- Nay: None
- Abstain: None

Acting Chair Michael Keane then turned the meeting back over to Chair John Russell.

### **Town of Colchester**

Bryan Osborne, representing the Town of Colchester, discussed the Mallets Bay sewer project. He noted that the town has identified this project as a high priority, with a vote having passed on March 2022. This project will replace antiquated sewer system and serve them more efficiently. He noted that one such project is Hazelett Strip-Casting Corporation who wants to expand their industrial operation. The company also wants to rebuild an inn on land they own. With the CRRP funds, and completion of the sewer project. Hazelett Strip-Casting Corp would be able to advance their plans, creating 10 to 20 new jobs.

Executive Director Abbie Sherman summarized the staff review of Colchester's application noting that the project is needed to replace old and failing systems in areas that have significant environmental constraints and require costly replacements. The public system will allow for housing and business expansion but will also be a heavy financial burden for ratepayers. Colchester has presented Hazelett Strip-Casting Corporation to meet the business criteria. With the current funding gap, annual costs for single-family homes are estimated to be \$1,352, and CRRP funding would help to reduce that. The Agency of Natural Resources (ANR) has weighed in on the project, noting that the affordability analysis conducted indicates the project is not affordable for households. Without the CRRP funding, the project will be delayed by 12-18 months as Colchester seeks other funding sources or works to scale back the project. This delay would also mean further increases in project costs and would delay any private development projects.

Colchester's adjusted Grand List growth from 2011 to 2021 is 3.3%, ranking them 13 out of 259 towns for growth. Given Colchester's statements regarding high user rates and the additional context provided by ANR, Sherman recommended that the Council approve their application.

Alex Demoly from GBIC spoke in support for the project, noting the lack of housing and how the improvements will alleviate that.

Jaime Stewart inquired about how the project will impact the water quality for Mallets Bay. Osborne stated that the Town had identified via testing and DNA analysis the impact of the failing septic systems, noting that the failure rate is four times greater than any area in Colchester.

**At 10:11 a.m.** Kim Gobeille made a motion that the Council find that based on the documentation provided by the Town of Colchester for their "Mallets Bay Sewer Project" that the project:

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- 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, the Council recommend the Interagency Team approve the Town of Colchester’s CRRP application. Mike Donohue seconded the motion. Chair John Russell inquired as to further discussion, hearing none requested a roll call for the vote. The motion passed. 8-0-0

- Aye: Chair John Russell; Vice Chair Michael Keane; Jamie Stewart; Sen. Thomas Chittenden; Kim Gobeille; Rachel Smith; Thad Richardson; and Mike Donohue
- Nay: None
- Abstain: None

### **Town of Wolcott**

Linda Martin, representing the Town of Wolcott, presented on the town’s need of a wastewater system. She noted that their lack of wastewater system has created economic stagnation despite the fact that there are businesses in the town looking to expand and that their town is a part of the Lamoille Rail Trail. She also noted that without a wastewater system, it is not possible for private developers to build affordable housing. Jim Ryan, also representing the Town of Wolcott, added that the July flood event put everything into perspective as the town was nearly underwater.

Executive Director Abbie Sherman provided a summary of the staff review of Wolcott’s CRRP application. She noted that Wolcott plans to construct a community wastewater system for properties along School Street and Route 15. According to ANR, the systems in this corridor are reaching the end of their design life and are non-compliant with environmental standards. This corridor was also impacted by the July 2023 flood event, and the development of a community system would provide for flood resiliency from future events. Wolcott has presented redevelopment of the “Old Schoolhouse” with a café to meet the business development criteria. In terms of user rates, CRRP funding would allow Wolcott to keep commercial rates on par and ensure that rates are affordable to those most in need of support. Without CRRP funding, it is unlikely that Wolcott will proceed with the project as they have the added and unexpected burden of a \$2 million loan to cover the costs of local flood recovery efforts.

Wolcott’s adjusted Grand List growth from 2011 to 2021 is 1.4% which ranks them 101 out of 259 towns and indicates stagnant growth. VEPC staff recommends the Council approve Wolcott’s application.

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Seth Jensen from LCPC spoke in support of the project, noting that the town has been trying to find a solution for the village for many years. This year is the best opportunity town has had due to funding. He also noted that the village was impacted by the flood. As far as economic development, the town has been very thoughtful on how to structure plans and bylaws. It is possible to elevate a house, not a septic system. CRRP will help to keep user rates down as residents would not be able to afford 5% of their income going to user fees.

**At 10:30 a.m.** Thad Richardson made a motion that the Council find that based on the documentation provided by the Town of Wolcott for their “Community Wastewater System” 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, the Council recommend the Interagency Team approve the Town of Wolcott’s CRRP application. Michael Keane seconded the motion. Chair John Russell inquired as to further discussion, hearing none requested a roll call for the vote. The motion passed. 7-0-0

- Aye: Chair John Russell; Vice Chair Michael Keane; Jamie Stewart; Sen. Thomas Chittenden; Kim Gobeille; Rachel Smith; and Thad Richardson
- Nay: None
- Abstain: None

Mike Donohue did not participate in the vote.

### **10:32 a.m. Vermont Employment Growth Incentive (VEGI) Applications:**

#### **Rhino Foods (Final Application)**

**At 10:32 a.m.** Kim Gobeille made a motion that the Council enter an Executive Session under 1 VSA § 313(a)(6) to discuss a VEGI application and its related trade secrets concerning confidential business planning and prospective investment records and information protected from public disclosure under 32 VSA § 3341 and 1 VSA 317(c)(9). Thad Richardson seconded. Chair John Russell noted that Jeff Carr would be joining the Executive Session to speak on the economic modeling. Rhino Foods granted permission for Jessica Hartleben to be included as an observer as the incoming VEPC

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Executive Director. Chair John Russell then inquired as to further discussion, hearing none requested a vote. The motion passed. 7-0-0

- Aye: Chair John Russell; Vice Chair Michael Keane; Jamie Stewart; Sen. Thomas Chittenden; Kim Gobeille; Rachel Smith; and Thad Richardson
- Nay: None
- Abstain: None

At **10:41 a.m.** the Council exited from Executive Session.

At **10:42 a.m.** Kim Gobeille made a motion that the Council approve the Final Application, filed by Rhino Foods, for a project in Burlington, having found the applicant met the but for criteria in its initial application, and having previously found that the new positions are part of the establishment of a new line of business that were not part of the business before the application, and that the Council give final authorization of VEGI incentives of up to \$721,719 with an estimated incentive of \$709,690, and an estimated net return to the State of \$1,090,291, for activity commencing in 2023 as approved by the Board in April 2023. Michael Keane seconded the motion. Chair John Russell 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 Russell; Vice Chair Michael Keane; Jamie Stewart; Sen. Thomas Chittenden; Kim Gobeille; Rachel Smith; and Thad Richardson
- Nay: None
- Abstain: None

Mike Donohue did not participate in the vote.

### **10:51 a.m. Tax Increment Financing (TIF):**

#### **St. Albans TIF District: Substantial Change Request**

Dominic Cloud, representing the City of St. Albans, provided photos and a presentation of their request. He noted that the debt issuance window closes in March, and this is the District's "last bite of the apple." Cloud discussed the model the City uses, playing offense instead of defense for economic development and summarized the progress made to date. Now the City is addressing workforce housing, with a goal of creating 200 units of housing in 5 years. Their plan to create market rate housing can only happen with the use of TIF. David White followed up on Cloud's presentation to discuss the financial projections. He noted that there are other projects they anticipate but are not included in the cash flow as they are presenting conservative projections. Sarah Macy provided the Council with details on how the City would manage the cash flow and years of deficit, noting that it fits in the City's current cash management policy.

Executive Director Abbie Sherman summarized the VEPC staff review and EPR's viability analysis for the request presented by St. Albans. She noted that most of the TIF

approval criteria are unaffected by the request, adding that St. Albans has met all five project criteria outlined in statute. No new projects are being proposed, so nexus and proportionality are unaffected. The only other criteria needing review is viability, which was considered by EPR.

Sherman went on to note that the City is requesting an increase to their debt ceiling to \$32.4 million, primarily due to the increase in costs for Core Brownfield Site #5 which will support development of 88 units of workforce housing. The increase in project costs are offset by anticipated increases in property values due to redevelopment. The city is proposing to continue retaining municipal tax increment beyond the period to retain education tax increment and would need to carry a cash flow deficit for 15 years to a maximum of \$2.2 million. Jeff Carr notes in his review that the totality of the changes in the finance plan all appear to be more than financially off-setting. He found the continued retention of municipal increment reasonable and necessary to provide a surplus fiscal cushion. It is significant to point out that the largest project cost increase is for Core Brownfield #5, and these types of projects only proceed when there is a developer at the table. Jeff also considered the City's positive track record believing that the Council could make a positive finding on continued fiscal viability.

While the Education Fund will not see a payment in surplus funds at the end of the life of the District, it will see an increase in tax revenues in the share that is distributed each year. At the end of the life of the District, an estimated \$2.3 million in revenues will go to the education fund, which demonstrates that the amendments to the finance plan will cause education property tax revenue to increase. Based on Jeff's full review, the finance plan continues to be fiscally viable. Regarding long-term economic benefits and achievement of District objectives, Sherman noted that there are some remaining parcels that could be redeveloped, and the remaining public improvements would foster their redevelopment.

Based on the analysis conducted by Jeff Carr, St. Albans positive track record, and the materials submitted, Sherman recommended that the Council approve the substantial change request and raise the TIF debt ceiling to \$32.4 million.

Kim Gobeille inquired as to whether the City has a developer yet. The City responded that they do not. John Russell commented that St. Albans is the poster child for how TIF works. Jaime Stewart asked about workforce housing. The City responded that conceptually speaking this is for working people with jobs, hitting the spectrum of mid-wage income.

At **11:14 a.m.** Rachel Smith made a motion that the Council approve the substantial change request submitted by the City of St. Albans, raising the debt ceiling to \$32,400,000, and finding that the amendments meet the criteria for approval and that the documents provided show the TIF District continues to be fiscally and financially viable. Michael Keane seconded the motion. Chair John Russell 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 Russell; Vice Chair Michael Keane; Jamie Stewart; Sen. Thomas Chittenden; Kim Gobeille; Rachel Smith; Thad Richardson;
- Nay: None
- Abstain: None

Mike Donohue did not participate in the vote.

#### **11:16 a.m. Bennington TIF District Update**

Executive Director Abbie Sherman provided a letter to the Council from Bennington which states that the town has decided to dissolve their TIF District. No action is required by the Council. Sherman noted that Bennington did not incur TIF debt, this frees up a slot for another municipality to use. Bennington also has the option of reapplying with a future TIF District.

#### **11:18 a.m. VEPC Transition: Access to Confidential Information**

Chair John Russell noted the gap that will occur between staffing at VEPC, and the question of who has “custody” or access to confidential information. Having heard various discussions on the matter, John requested that it be added to the agenda so that the Council can make an informed decision. He noted that there is nothing in VEPC’s policies and procedures that speak to this type of situation. He suggested an interim solution, which would be followed up on in the next few meetings with an update to the policy that the Council can vote on. He added that currently confidential and public information are comingled in the files, and he would like to see that split and make public information more easily accessible.

Chair John Russell went on to note that the Council is an independent entity that administers the VEGI and TIF programs and must be good stewards of the information trusted to us. A short-term proposal is to provide access to two attorneys that work with DED, Jessica Hartleben and John Kessler. As officers of the court, they deal with confidential info all the time and handling of that information is baked into their position.

Chair John Russell that it is a misconception that the Executive Director works for the DED Commissioner. He added that VEPC was created by legislature to run VEGI, TIF, and anything else. Within that creation is an executive director’s position and the make-up of the Council. Vermont statute speaks to administrative support provided by ACCD, but VEPC is independent and does not work for ACCD.

Thad Richardson inquired about also including development of legislative policy and VEPC role and relationship in that. Chair John Russell noted that VEPC can be informative to the legislature for current programs, but crafting new programs is beyond the scope of VEPC.

**11:47 a.m. Executive Director Updates**

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

- VEGI Cap: Rhino Foods is the only VEGI application that made it through to the Final this year and there is one VEGI Application so far for 2024. Sherman is currently working with a company on a Pre-Application, and that business hopes to apply for the January 2024 meeting.
- Burlington Downtown TIF District - State Audit: The exit conference for the audit was held December 6. Sherman discussed the potential recommendations to VEPC and noted that it is anticipated the audit will be released by the end of the calendar year.
- Killington: An opinion was provided to the Council from John Kessler regarding a forgivable loan provided to Killington from ANR, which details that this does not constitute their first incurrence of debt since the loan will be 100% forgiven and there is no intention to use tax increment to repay it.
- Legislative Updates: Sherman provided a summary of recommendations she had made to DED leadership. Sherman also provided a summary to the Board of the new program that DED leadership is developing that would fall under VEPC and would also partner with VEDA. Sherman summarized a flood resilient program that is also being developed and would use the TIF model to assist towns.
- VEPC Programs Status: Sherman stated that she has spent some time with DED leadership detailing the status of various areas in VEPC's programs, a summary of which was provided to the Council.

Jaime Stewart inquired as to any indication regarding the lack of activity for VEGI. Sherman noted that there has been a lot of interest in VEGI and there are various reasons for why they have not materialized including VEPC being short-staffed, the program is challenging, qualifying wage is too high, low unemployment, and lack of housing.

Fred Kenney, on behalf of RDC members of Board, thanked Sherman for service and welcomed Jessica Hartleben into the position. Kenney also echoed Chair John Russell's earlier comments about VEPC's independence.

The Council thanked Sherman for her service with VECP and wished her best of luck in her new position.

At **12:06 p.m.** Michael Keane moved to adjourn the meeting. Rachel Smith seconded. Chair John Russell requested a voice vote. All voted in favor and the motion passed.

*Minutes taken by Kelly Chambers: December 14, 2023*

*Revised by Abbie Sherman: December 19, 2023*

*Approved by the Council: February 29, 2024*