



**MEETING MINUTES
MARCH 3, 2016
DEANE C. DAVIS BUILDING
1 NATIONAL LIFE DRIVE, MONTPELIER
JUSTIN MORRILL CONFERENCE ROOM, 6TH FLOOR
9:30 A.M. TO 12:30 P.M.**

Members Present by Phone: Stephan Morse, Chair; Mary Lintermann, Vice Chair; Rachel Smith; Michael Keane; Betsy Gentile; John Davis; Emma Marvin and Shawn Straffin

Members Absent: Kevin Mullin; Warren Kitzmiller; and Tim Briglin

Staff Present: Fred Kenney, and Kimberly Baker

Others Present: Albin Voegele, Franklin County Regional Designee

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

Chair Stephan Morse called the meeting to order.

Chair Stephan Morse requested a roll call. Members present are noted above.

Chair Stephan Morse inquired as to any additions or deletions to the agenda, hearing none, moved to the next Agenda item.

9:30 a.m. Public Comment

Chair Stephan Morse inquired as to any members of the public present to provide public comment or announcements, hearing none, moved to the next Agenda item.

9:31 a.m. Minutes – January 28, 2016

Chair Stephan Morse inquired as to any corrections or changes to the draft meeting minutes for January 28, 2016. Hearing none, requested a motion.

- ❖ At 9:32 am Michael Keane moved to accept the February 26, 2015, meeting minutes as presented. Betsy Gentile seconded the motion. Chair Stephan Morse inquired as to further discussion, there being none requested a roll call for the vote, all voted in favor and the motion passed. 8-0-0.
 - ◆ Aye: Stephan Morse, Mary Lintermann, Rachel Smith, Michael Keane, Betsy Gentile, John Davis, Emma Marvin and Shawn Straffin.
 - ◆ Nay: None
 - ◆ Abstain: None

9:33 a.m. WCEDP Competitive Grant Applications

Chair Stephan Morse inquired as to questions or concerns regarding the two applications under consideration for the Windham County Economic Development Program. Michael Keane stated that the list of potential conditions brings to question the strength of the application. Betsy Gentile stated the EDA application is pending the outcome of this award and noted that the employment goals appear to be overstated. Mary Lintermann noted concern for the strength of the application. Shawn Straffin noted that he was not present for the presentation, however, does see the necessity for this type of program. Emma Marvin reaffirmed that there is a need for this type of program, however was disappointed with the response regarding outreach to the major players such as the VHCB Farm Viability Program and Vermont Agricultural Development Program, and not having these referenced in the application. There is clearly demonstrated need and benefit for this type of program. Betsy Gentile noted that there is a good cohort of businesses that are growing substantially in this area and could use this assistance. John Davis stated that he did not believe the presentation made a strong case for this project, but there is a need for the program. Fred Kenney noted his concerns regarding the sustainability of the program.

At 9:43 a.m. Albin Voegle joined the meeting.

- At 9:46 a.m. Betsy Gentile moved to recommend to the Governor that the Strolling of the Heifers competitive grant request for the Windham Grows project in the amount of \$90,000 be approved with the following conditions: 1) Include in the grant agreement, as a condition of release of funds: Evidence that the other funding sources listed in the application have been provided or committed to the project. 2) Include as a condition to execute a grant agreement: SOTH must review and revise their timeline to better reflect when funds may be available, and provide to ACCD. 3) Include as a condition to execute grant agreement: SOTH must review and revise their goals and objectives, including the number of potential clients, to better ensure success of the project, and provide to ACCD. 3) Include as a performance requirement in grant agreement: SOTH must provide ACCD with a detailed sustainability plan including steps that will be taken to solicit and obtain business sponsorships and implement a participant fee structure and/or agreements with an equity stake in successful participant companies. 4) Include as a performance requirement in grant agreement: SOTH must provide evidence that they sought partnership participation of all the potential partners listed in the application and the VHCB Farm Viability Program and Vermont Agricultural Development Program (i.e. letters or communications with entities), and evidence indicating the level of commitment and services that will be provided by each service provider/entity that agrees to participate (i.e. commitment letter).
 - ❖ Mary Lintermann seconded the motion. Chair Stephan Morse inquired as to further discussion, there being none requested a roll call for the vote, and the motion passed. 6-1-1.

- ♦ Aye: Mary Lintermann, Rachel Smith, Betsy Gentile, John Davis, Emma Marvin and Shawn Straffin.
- ♦ Nay: Michael Keane
- ♦ Abstain: Stephan Morse

Chair Stephan Morse moved to the Vermont Council for Rural Development for a community visit with the Town of Vernon. Fred Kenney stated that Vernon submitted an application during the first funding round to do an accelerator which was denied. The recommendation at that time was that the Town of Vernon need to do some economic development planning, determine the Town's direction and develop some projects that fit into the planning. This project is in response to that recommendation.

- ❖ At 9:50 a.m. Betsy Gentile moved to recommend to the Governor that the Vermont Council for Rural Development grant request for \$40,000, be approved. John Davis seconded the motion. Chair Stephan Morse inquired as to further discussion, there being none requested a roll call for the vote, and the motion passed. 7-0-1.
 - ♦ Aye: Mary Lintermann, Rachel Smith, Michael Keane, Betsy Gentile, John Davis, Emma Marvin, and Shawn Straffin.
 - ♦ Nay: None
 - ♦ Abstain: Stephan Morse

Chair Stephan Morse moved to the next Agenda Item.

9:51 a.m. Retreat Follow-Up

- **Board Responsibilities**
- **Process for Board Preview of VEGI Applications**
- **Customer Feedback**
- **Application Funnel: Inquiry to Incentive Recipient**
- **Impact of Qualifying vs Non-Qualifying Jobs**
- **Input on Non-VEGI/TIF Issues**
- **Application Streamlining**
- **Executive Director Performance Review**
- **Strategic Planning**

Fred Kenney stated that at the Board Retreat in October 2015, we created a "parking lot" of items that could not be addressed at the Retreat.

- **Board Responsibilities**

Fred Kenney discussed the Board Responsibilities noting these were items that were added to the Bylaws. Michael Keane discussed the thinking behind these changes and noted that every couple of years these items need to be reevaluated to ensure the Council is on the right track. Fred Kenney noted that additional work will transpire on the Mission Statement and the Strategic Plan by the sub-committee of Michael Keane, Emma Marvin, and John Davis.

Fred Kenney provided ideas for carrying out the Bylaw provisions by: meet with businesses, area business leaders and/or your delegation; meet with Rotary's and Chambers of Commerce; put items in RDC and RPC Newsletters. Stephan Morse stated hesitation with Board members advocating when ultimately the Board is in a quasi-judicial role making the decision. Shawn Straffin noted that it was apparent during the retreat that there was not a clear picture of the Council's responsibilities. Albin Voegele stated that VEPC should get out and hold public meetings in the regions and with the RDCs and the RPCs. Albin Voegele also stated that VEPC should encourage non-voting members of the RDCs and RPCs attend meetings. Fred Kenney stating the Board has discussed holding meetings around the state.

- Process for Board Preview of VEGI Applications

Fred Kenney stated that VEGI applications that were not encouraged to apply because they did not present a strong case for VEGI incentives that the Board may want to consider an informal straw-opinion which might allow the non-traditional applications to move forward. Shawn stated that if the Board's responsibility is to create accelerated growth in a business via an incentive, why would the Board exclude any application. If they can grow a larger company and/or create jobs then we will give them whatever they have created, in the form of an incentive, over a certain amount of time. This should apply to every application. Fred Kenney responded that some applications do not move forward to the Board if it is clear that a portion of the application does not present a positive outcome. For example, the cost benefit shows a very small incentive; or the business will not meet one of the guidelines. Note that Guideline 9 prohibits the Board from approving an incentive that will give an advantage to one business over another if they operate in a limited local market. Another item that becomes apparent during the modeling is that the business is not circulating dollars into the State because they are not selling their product or service outside of the State of Vermont or not to a large extent. Additionally, any application with a weak "But For" or a low number of qualifying jobs typically does not reach the Board. Fred Kenney continued stating by bringing more applications to the Board for consideration, even for informal consideration, means that there will may be more votes against an application. If this what the Board would like to move forward with, applicants should be required to submit a Pre-Application for consideration. Fred Kenney inquired as to whether the Board would like an opportunity to review Pre-Applications and determine if the business should submit a full application. John Davis stated that the Board may need to review and revise the guidelines. Fred Kenney stated that there is currently a bill that addresses changes to the VEGI program and removes some of the guidelines. Additional information regarding the Bill will be discussed further under the Legislative agenda. Mary Lintermann noted that it takes a business a lot of time and effort to submit an application. Fred Kenney stated if there is a business that is questionable, that they should submit a Pre-Application which will then be brought before the Board for a straw-pole and that the Board will still only see an applicant during the normal course of a full application.

- ✓ At 10:32 a.m. The Board came to consensus regarding reviewing Pre-Applications prior to submitting full applications.

Fred Kenney stated with regards to reviewing the guidelines, should they not be addressed during the legislature, then we will need to review them at a future meeting.

- Customer Feedback

Fred Kenney stated that this item is in regards to following-up with applicants that been through the process. Fred Kenney reviewed a spreadsheet showing all applicants and discussed the potential process for soliciting feedback. Michael Keane inquired as to a deadline for this project. Fred Kenney stated by the end of 2016. Some pitfalls include person who completed app not with company any more, person completed claims is not familiar with the application. Chair Stephan Morse noted concern that this is does fall under a role for the VEPC Board. Chair Stephan Morse continued stating this concept should be reviewed by the legal department prior to any action.

Rachel Smith stated that businesses that have not completed the application process should not be contacted. Fred Kenney agreed and stated that obtaining information on the claims processes and from businesses that have been terminated would be useful in improving the program.

- ✓ At 10:45 a.m. The Board came to consensus that each Board member would try to contact a couple of the businesses on the list prior to the April meeting.

Fred Kenney requested that the Board review the survey questions and provide comments as soon as possible so the questionnaire can be updated prior to making the calls.

- Application Funnel

Fred Kenney stated these charts show applications from the time of inquiry through approval of incentives. The data may be low since there are businesses that have only made a telephone call or sent an email and did not follow through beyond that initial contact. This set of data are businesses that have been tracked from inquiry through approval. The next set of data will be for incentives claimed and incentives paid. The charts for the second set of data will be provided towards the end of 2016. Fred Kenney reviewed the data sets and charts. Fred Kenney noted that these charts will be included in the Annual Report for the VEGI program.

The Board recognized Fred Kenney for the work involved in obtaining the data, creating this presentation and the usefulness of the charts.

Emma Marvin stated these results may provide some insight into the impact of the guidelines on applications. Shawn Straffin stated that moving the inquiries and pre-applications to full applications will produce a bigger economic impact. Fred Kenney noted another set of charts should show the financial impact as applications move through the charts.

- ✓ Fred Kenney noted that these charts will be included in the Annual Report and will be updated on a semi-annual basis for the Board.

- Impact of Qualifying vs Non-Qualifying Jobs

Fred Kenney stated that Ken Jones, Economist would present on the impact of qualifying vs non-qualifying jobs for the March 24th meeting.

- Input on Non-VEGI/TIF Issues

Fred Kenney stated the Board discussed having guest speaking who would provide program information about issues that are related to the incentive program to provide information and education for the Board and to inform their decisions. One issue could be workforce development. Fred Kenney inquired as to whether the Board wanted guest presenters, what programs they are interested in learning about and what is the purpose of having these presenters. John Davis stated his interest is for educational only and understands that this will take up Board meeting time. However, many of the VEGI applicants currently express issues with workforce.

- ✓ At 11:15 a.m. the Board came to consensus to have specific program presentations for the purpose of information, education and dialogue, as time allows. Presentations should include workforce development, the auditor, and an overview of TIFs.

Discussion ensued regarding presenters. For the workforce development issue, Fred will inquire with the Director of the Vermont Training Program, Department of Labor, and Vermont College system.

Fred Kenney recapped stating for 2016, as time allows on the agenda, that the presentation/discussion would be scheduled on workforce development, a meeting with the Board for the State Auditor, and a presentation by Fred and some municipalities on TIF Districts.

- Application Streamlining

Fred Kenney stated this item is tied to the Guidelines and depending upon the outcome of the legislative session, will direct the next steps for this discussion.

- Executive Director Performance Review

Fred Kenney stated that information has been sent to Betsy Gentile for review and there will be a meeting scheduled. This will create a process for the Board to review, approve and execute for the Executive Director's Performance Review.

- Strategic Planning

Fred Kenney has forwarded information to the sub-committee for discussion. The sub-committee will be meeting later this year to complete this work.

Fred Kenney inquired as to any additional items that should have been or should be added to this list. John Davis inquired as to the frequency of retreats. Fred Kenney responded stating that

the consensus was to have a retreat at least once per year. Fred Kenney stated that he would survey the Board for the best time for this meeting since it will be an added meeting.

11:24 a.m. Updates:

Fred Kenney stated that there is an Omnibus Economic Development Bill which includes language regarding the VEGI program. The language makes no substantive changes to the program, except that the Guidelines become either mandatory requirements or part of the definitions. The mandatory determinations that the Board would have to make include: 1) the "But For"; 2) net revenue benefit; 3) No incentive that will give an advantage to a company operating within a limited local market; 4) the host municipality welcomes the business; and 5) the proposed economic activity conforms to applicable town and regional plans. Chair Stephan Morse inquired as to the motivation for these changes. Fred Kenney responded that the stated motivation was so that people could understand the language in statute and more easily explain the program to other legislators and constituents.

Fred Kenney noted that objectionable items have been added in including language requiring approval of cost-benefit model updates by the Joint Fiscal Committee, an audit requirement, and convening of a technical working group by JFO.

The only item requested by the Administration was for the July 1, 2017 sunset to be removed. The bill extends the sunset 2 years.

Shawn Straffin stated this program is a simple equation of "if, then". That it is the Board's responsibility to educate folks on this program and the great opportunity being provided businesses. That the incentive costs the State nothing, which does not seem to be clear. Fred Kenney responded that the committees provide time for presentations regarding this program and there will be a time when the Board will present the execution of the "But For".

Fred Kenney stated another legislative item which is that the City of Burlington is going to be requesting an extension for the Waterfront TIF in order to build infrastructure for the City Center project. Must be approved by Legislature because this TIF Districts was originally approved by Legislature and has already received a couple of extensions. If that gets approved, we will get an amendment from the City of Burlington to amend the plan to include the mall project.

Fred Kenney stated South Burlington maybe requesting an expansion of the TIF District to include the University Mall. There are several steps that must be completed prior to the request coming to this Board including approval of an expansion of their New Town Center designation. This request would be submitted late summer early fall of 2016.

Chair Stephan Morse noted that the next meeting is scheduled for March 24, 2016.

Chair Stephan Morse stated the Board's great appreciate for Fred Kenney's work for this meeting.

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

- ❖ At 11:40 p.m Mary Lintermann moved to adjourn the meeting. Betsy Gentile seconded the motion. Chair Stephan Morse inquired as to further discussion, there being none requested a roll call for the vote, all voted in favor and the motion passed. 8-0-0.
 - ◆ Aye: Mary Lintermann, Rachel Smith, Michael Keane, Betsy Gentile, John Davis, Emma Marvin, Stephan Morse, and Shawn Straffin
 - ◆ Nay: None
 - ◆ Abstain: None

Minutes taken by Kimberly Baker: March 8, 2016

Revised by Fred Kenney: March 8, 2016

Approved by the Board: May 5, 2016