



VERMONT
VERMONT ECONOMIC PROGRESS COUNCIL

MEETING MINUTES
FEBRUARY 23, 2017
DEANE C. DAVIS BUILDING
1 NATIONAL LIFE DRIVE, MONTPELIER
CALVIN COOLIDGE CONFERENCE ROOM, 6TH FLOOR
9:30 A.M. TO 11:00 A.M.

Members Present: Betsy Gentile; Rachel Smith; Thad Richardson; and John Davis

Members Present by Phone: Stephan Morse and Michael Keane

Members Absent: Kevin Mullin; Tim Briglin; Warren Kitzmiller; Patricia Horn; and Emma Marvin

Staff Present: Fred Kenney, Executive Director and Kimberly Baker, Program Grants Manager

Others Present: John Kessler, General Counsel and Ken Jones, Policy Analyst, Vermont Agency of Commerce and Community Development; Jamie Stewart, Executive Director and Jen Surat, Director of Development, Central Vermont Economic Development Corporation; and Sean Lawson, Lawson's Finest Liquids

9:44 a.m. Roll Call and Agenda Review

Stephan Morse stated that in his absence or attendance via phone for the February and March meetings, as Vice Chair, John Davis will Chair the meetings.

John Davis called the meeting to order.

John Davis requested a roll call. Members present are noted above.

John Davis inquired as to any additions or deletions to the agenda, hearing none, moved to the next Agenda item.

9:45 a.m. Minutes – January 26, 2017

John Davis inquired as to any corrections or changes to the draft meeting minutes for January 26, 2017. Hearing none, requested a motion.

- ❖ At 9:45 a.m. Michael Keane moved to accept the January 26, 2017, meeting minutes as presented. Betsy Gentile seconded the motion. 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 Stephan Morse, Betsy Gentile, Michael Keane, Thad Richardson, Rachel Smith, and John Davis
 - ◆ Nay: None
 - ◆ Abstain: None

9:46 a.m. Public Comment

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.

9:47 a.m. VEGI

-Lawson's Finest Liquids, LLC, Waitsfield

- ❖ At **9:47 a.m.** Rachel Smith moved to enter into Executive Session to discuss VEGI applications, citing 1 VSA, §313(a)(6). Betsy Gentile seconded the motion. 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 Stephan Morse, Betsy Gentile, Michael Keane, Thad Richardson, Rachel Smith, and John Davis
 - ◆ Nay: None
 - ◆ Abstain: None

- ❖ At **11:01 a.m.** the Council exited from the Executive Session.

Upon exiting the Executive Session, the Council made the following determinations regarding Lawson's Finest Liquids VEGI application:

- Positive Cost-Benefit: The new revenue the proposed project generates to the State exceeds the cost of the activity to the state by \$937,000, prior to consideration of any enhancements;
 - Municipality wants the company/project: The host municipality welcomes the new business;
 - Project complies with local and regional plans: The proposed economic activity conforms to Waitsfield's town and regional plans;
 - Incentive will not provide unfair advantage: 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
 - But For: As certified in their application and during testimony before the Council, the company officer provided compelling information and arguments that but for this incentive, including any enhancements approved, the proposed economic activity would occur in a significantly different manner that is significantly more desirable to the State.
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- ❖ At **11:02 a.m.** Betsy Gentile moved, based on the Board Finding, to approve an Initial Application from **Lawson's Finest Liquids, LLC**, in Waitsfield, giving initial authorization of VEGI incentives of up to \$741,905, with an estimated incentive of \$724,619, based on application data, for activity to commence March 1, 2017, subject to submittal and consideration of a Final VEGI Application before the end of calendar year 2017. Thad Richardson seconded the motion. 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: Stephan Morse, Betsy Gentile, Michael Keane, Thad Richardson, Rachel Smith, and John Davis
 - ◆ Nay: None
 - ◆ Abstain: None

- ❖ At 11:05 a.m. Betsy Gentile moved to utilize the authority given by 32 VSA §3334 to enhance the incentive for Lawson's Finest Liquids, LLC, using 100% of the available net revenue benefit. Maximum incentives utilizing 100% of the LMA Enhancement authority are up to \$1,041,808 with an estimated incentive of \$1,017,534. Michael Keane seconded the motion. John Davis inquired as to further discussion.

Chair Stephan Morse noted that utilizing 100% of the LMA Enhancement at this time will have utilized 30% of the total allocation, with 10 months remaining in the year. Thad Richardson inquired as to the allocation period. Fred Kenney stated the allocation is for a calendar year with a cap of \$1,000,000. The Council can request an increase on the cap, but that process has become more involved.

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 Stephan Morse, Betsy Gentile, Michael Keane, Thad Richardson, Rachel Smith, and John Davis
- ◆ Nay: None
- ◆ Abstain: None

11:08 a.m. Discussion
-Windham County Economic Development Program

Fred Kenney discussed that Governor Scott has delegated authority for decisions regarding this program to Secretary Schirling. Loan applications have always been approved by the Secretary only. Incentive approval will now be with the Secretary. Loan and Incentive applications did not require a VEPC review/recommendation.

Fred Kenney continued, the competitive grant application process currently includes a Letter of Intent to apply which must receive a recommendation from the Windham County Advisory Council (WCA) to the Secretary. If approved by the Secretary, the application would then complete a full application, again, going through the WCA, then to ACCD for scoring, then to VEPC for final review, ranking and a recommendation to the Governor. There is a proposal to remove the VEPC portion of the process and have the final applications go directly to the Secretary for final approval.

Chair Stephan Morse stated the value add in the process was minimal and supports removing VEPC from the process. Betsy Gentile stated that she opposed to removing VEPC from the process. The Council has a statewide view and the time required for VEPC review is minimal. Fred Kenney stated that the Council could remain in the process when there are multiple applications and that the value add from this Council is that the Council would hear from each applicant, prioritize and submit a recommendation to the Secretary for approval. Michael Keane stated that is an important screening role and would agree that this step should remain in the process. John Davis noted that this was for your information at this time. Fred Kenney stated he would provide the Council's feedback to Secretary Schirling.

11:15 a.m. Updates

- Burlington TIF Recommendation**
- Legislature**
- Council Appointments**

Fred Kenney provided an update regarding the Burlington TIF and reviewed that VEPC recommended to Secretary Schirling that a letter be sent to the City of Burlington regarding the November 2016 TIF District Debt vote. Secretary Schirling's letter was sent February 6, 2017, informing the City of the action and stating that a hearing must be requested no later than March 3, 2017. It is not anticipated that a hearing will be requested. If a hearing is not requested that the finding will stand.

The City of Burlington has responded to the lawsuit that has been filed, requesting a motion to dismiss. Additional activity has transpired and the lawsuit is making its way through the judicial system.

Fred Kenney noted that the next action will be to amend the Rule which will begin in March 2017.

Fred Kenney also added that the project, which was subject of the vote, has had several hearings in front of the Development Review Board (DRB). A coalition has been formed and has stated that they will appeal any permit that receives approval. The City of Burlington anticipated having an executed Development Agreement by the end of March 2017, which will be presented to VEPC because there is a clause in the law requiring review to allow this TIF extension.

Fred Kenney moved to an update of activity at the Legislature. Governor Scott has proposed lifting the cap on TIF Districts. A coalition has been formed and seven municipalities interested in TIF have hired David Burke from Burke & White to advocate on their behalf. There are several additional municipalities interested but have not joined the Coalition. Every committee except the Finance Committee have had presentations regarding TIFs and there is a lot of momentum.

Fred Kenney continued stating there is a housing bill that includes several items that were recommended in the Housing Report that was submitted in January. In addition, there is an Economic Development bill which could include a section on the elimination of the TIF cap. Therefore, the TIF cap may be in several places as the Legislature continues this discussion.

Fred Kenney noted there are some limitations being included such as how a TIF District can be approved. Currently, the language states that a TIF District cannot be approved for a community that currently has a TIF District, if they have not paid off their debt, such as Burlington or St. Albans. Also, not more than two new TIF Districts can be approved for any county.

Fred Kenney continued that there is a sunset at the end of 7 years or in 2024. There is also a change that if you the municipality opts for 75% on the education side, then it must be 80% on municipal side. In other words, the municipality must put in 5% more than is being put into education. In addition, the application must meet the But For and added a requirement regarding affordable housing. There is a proposal to eliminate one of the Project Criteria and require meeting two of the four criteria.

Fred Kenney moved to discuss the Economic Bill which has three items that came from the Act 157 Report on VEGI. These were better confidentiality language, Good Standing self-certification on air and water quality, and the purpose statements for the Green and LMA enhancements. It appears that this will receive favorable votes.

Fred Kenney completed the Legislative report stating the Administration proposed that VEPC calculate the actual annual net revenue benefit to the State. Currently, this is a projection done during the modeling process. In order to calculate the actuals, VEPC would need to remodel using the actual revenue generated by each activity for each calendar year. The proposal is that the Administration would take 10% of the revenue generated to the General Fund and give it to the Vermont Training Program.

Fred Kenney reviewed the status of Council appointments stating Warren Kitzmiller and Tim Briglin will not be returning to the Council. Kevin Mullin will continue representation the Senate. The Council provides a recommendation to the Governor for replacing Tim Briglin. The current list of potential replacements include Mark Nichols from Barre and Tom Peterson from Williamstown. The Council reviewed the candidates resume and discussed qualifications.

- ❖ The Council came to consensus to recommend Mark Nichols to fill the vacation position.

John Davis noted that the next meeting is scheduled for March 30, 2017.

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

- ❖ At 11:37 a.m. Stephan Morse moved to adjourn the meeting. Thad Richardson seconded the motion. John Davis requested a roll call for the vote, all voted in favor and the motion passed. 6-0-0.
 - ◆ Aye: Chair Stephan Morse, Betsy Gentile, Michael Keane, Thad Richardson, Rachel Smith, and John Davis
 - ◆ Nay: None
 - ◆ Abstain: None

Minutes taken by Kimberly Baker: February 27, 2017

Revised by Fred Kenney: March 18, 2017

Approved by the Board: April 27, 2017