



**MEETING MINUTES
JUNE 1, 2017
DEANE C. DAVIS BUILDING
1 NATIONAL LIFE DRIVE, MONTPELIER**

**CALVIN COOLIDGE CONFERENCE ROOM, 6TH FLOOR
9:30 A.M. TO 12:30 P.M.**

Members Present: Betsy Gentile; Michael Keane; Jean O'Sullivan; Rachel Smith; Thad Richardson; Emma Marvin; and John Davis

Members Present by Phone: Patricia Horn

Members Absent: Stephan Morse

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

Others Present: Sarah Macy, Director of Finance & Administration and Don Turner, Acting Town Manager, Town of Milton; Jean Filbotte, President & Youness Zamani, Vice President, Soya Canfralia; Mikki Matheson, Translator; and David Snedeker, President, Northeastern Vermont Development Association; Ed von Turkovich, Director, Vermont Government Business Services; and Frank Cioffi, President, Greater Burlington Industrial Corporation

9:34 a.m. Roll Call and Agenda Review

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.

Fred Kenney stated that Frank Cioffi, President of the Greater Burlington Industrial Corporation, has been added to the Agenda to briefly discuss a potential VEGI application.

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

9:36 a.m. Minutes – April 27, 2017

John Davis inquired as to any corrections or changes to the draft meeting minutes for February 26, 2015. Hearing none, requested a motion.

- ❖ At 9:36 a.m. Michael Keane moved to accept the April 27, 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. 8-0-0.

- ◆ Aye: John Davis, Betsy Gentile, Michael Keane, Patricia Horn, Rachel Smith, Thad Richardson, Emma Marvin, and John Davis
- ◆ Nay: None
- ◆ Abstain: None

9:37 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.

9:39 a.m. Jean O'Sullivan joined the meeting.

9:41 a.m. Frank Cioffi joined the meeting via conference call to discuss a potential applicant and request a special meeting prior to June 22, 2017.

**9:41 a.m. Vermont Employment Growth Incentive (VEGI):
Soya Canfralia, LLC, Newport (Initial)
Caledonia Spirits, Montpelier (Amendment)**

9:41 a.m. John Davis requested a motion to move into executive session.

- ❖ At **9:41 a.m.** Michael Keane moved to enter into Executive Session to discuss VEGI applications, citing 1 VSA, §313(a)(6). Rachel Smith 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. 9-0-0.
 - ◆ Aye: John Davis, Betsy Gentile, Michael Keane, Jean O'Sullivan, Patricia Horn, Rachel Smith, Thad Richardson, Emma Marvin, and John Davis
 - ◆ Nay: None
 - ◆ Abstain: None

10:01 a.m. Frank Cioffi departed the meeting.

- ❖ At **11:27 a.m.** the Council exited from the Executive Session.

Upon exiting the Executive Session, the Council made the following finding regarding **Soya Canfralia's** Initial VEGI application:

- Positive Cost-Benefit: The new revenue the proposed project generates to the State exceeds the costs of the activity to the state by \$184,853, 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 applicable 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, company officers have provided compelling information and arguments that without the incentive, including any enhancements approved, the proposed economic activity would occur in a significantly different manner that is significantly less desirable to the State.
- ❖ At 11:28 a.m. Thad Richardson moved, based on the Council's findings, to approve an Initial Application from **Soya Canfralia**, giving initial authorization of VEGI incentives of up to \$435,178, which will result in an estimated net revenue return of \$184,853, with an estimated incentive of \$390,162, based on application data, for activity to commence July 1, 2017, subject to submittal and consideration of a Final VEGI Application before the end of calendar year 2017. Michael Keane 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. 9-0-0.
- ♦ Aye: John Davis, Betsy Gentile, Michael Keane, Jean O'Sullivan, Patricia Horn, Rachel Smith, Thad Richardson, Emma Marvin, and John Davis
 - ♦ Nay: None
 - ♦ Abstain: None

11:28 a.m. Patricia Horn departed the meeting.

- ❖ At 11:28 a.m. Thad Richardson moved to utilize the authority given by 32 VSA §3334 to approve an increased incentive level for businesses locating in a qualified LMA, such as Newport, using 75% of the available net revenue benefit. Maximum incentives utilizing 75% of the LMA Enhancement authority are up to \$580,995 with an estimated incentive of \$520,895 with an estimated net revenue benefit of \$46,214. Betsy Gentile seconded the motion. John Davis inquired as to further discussion, hearing none requested a vote. All voted in favor and the motion passed. 8-0-0.
- ♦ Aye: John Davis, Betsy Gentile, Michael Keane, Jean O'Sullivan, Rachel Smith, Thad Richardson, Emma Marvin, and John Davis
 - ♦ Nay: None
 - ♦ Abstain: None

11:31 a.m. Caledonia Spirits, Montpelier (Amendment)

Fred Kenney stated **Caledonia Spirits/Lineage Reality, Montpelier** has submitted an amendment to the Final Application approved for VEGI incentives for an expansion of their business to Montpelier (currently in Hardwick) by building a new facility, adding M&E and employees. This change materially impacts the cost-benefit modeling and the incentive results in a manner that reduces the incentive. The But For and Guidelines are not impacted.

John Davis inquired as to any further questions, there being none, requested a motion.

- ❖ At 11:32 a.m. Betsy Gentile moved to approve the amendment for **Caledonia Spirits/Lineage Reality** based on a continued positive cost-benefit analysis and no change to guidelines or But For, resulting in a reduction in the incentive to a maximum of \$402,673, with a net return to the State of \$232,904. This is based on amended application data, for activity to commence July 1, 2016. Michael Keane seconded the motion. John Davis inquired as to further discussion, hearing none requested a vote. All voted in favor and the motion passed. 8-0-0.
 - ◆ Aye: John Davis, Betsy Gentile, Michael Keane, Jean O’Sullivan, Rachel Smith, Thad Richardson, Emma Marvin, and John Davis
 - ◆ Nay: None
 - ◆ Abstain: None

11:34 a.m. – 11:40 a.m. The Council took a break.

**11:40 a.m. Tax Increment Finance Districts (TIF):
Substantial Change Request: Milton Town Core TIF District
Future Application Discussion**

11:40 a.m. Substantial Change Request: Milton Town Core TIF District

Sarah Macy, Director of Finance & Administration for the Town of Milton, provided an overview of the Substantial Change Request.

Don Turner, Acting Milton Town Manager stated that there are private development projects ready to move forward with approval of this substantial change request.

Fred Kenney noted that when making the determination to allow or deny a substantial change, the Council will consider whether, and the degree to which, the substantial change:

- Would violate any of the approval criteria including Location Criteria, Project Criteria, Purpose, Viability, Nexus or Proportionality;
- Would change the overall cost of infrastructure (increase the liability) or the generation of revenue (reduce revenue) to a degree that adversely impacts fiscal viability;
- Would require that additional education property tax revenue be utilized without offsetting private development that would increase the grand list and generate additional Education property tax revenue;
- Would cause the education property tax revenue to increase;
- Would have an impact on the financial viability of the District; and
- Would put at risk the long term economic benefit and the achievement of other District objectives.

John Davis inquired as to any further questions, there being none, requested a motion.

- ❖ At 11:47 a.m. Michael Keane moved to approve the amendment to the **Milton Town Core TIF District**, based on a positive determination as required by the TIF Rules, allowing 100% proportionality for the proposed new infrastructure project. Betsy Gentile seconded the motion. John Davis inquired as to further discussion, hearing none requested a vote. All voted in favor and the motion passed. 8-0-0.
 - ◆ Aye: John Davis, Betsy Gentile, Michael Keane, Jean O’Sullivan, Rachel Smith, Thad Richardson, Emma Marvin, and John Davis
 - ◆ Nay: None
 - ◆ Abstain: None

11:50 a.m. Future Application Discussion

Fred Kenney discussed the TIF process with regards to new TIF districts and that meetings will be held in the applicant’s municipality and will require an additional time commitment by Council members.

Fred Kenney stated in the past TIF applicants were required to provide a market study. There is no statutory authority to require a market study, but the reports provide important information and context to the Council’s deliberations. The study also informs the ability of the municipality to absorb the development being considered. It does require additional upfront municipal time and funds to have a market study completed.

Michael Keane inquired if the cost associated with a market study were considered Related Costs and could be reimbursed by increment. Fred Kenney stated that as long as the Municipality receives voter approval, that the costs could be recovered under the Related Costs. Betsy Gentile stated support for requiring market studies.

Jean O’Sullivan inquired if market studies evaluated the potential impact on the school systems. Fred Kenney responded that market studies typically evaluate how much capacity there is for additional housing, retail and commercial development. But impacts such as additional education and other costs can be analyzed as part of the technical analysis that will be undertaken when the Economic Research Analyst for the Agency of Commerce performs an analysis of TIF applications.

- ◆ The Council came to consensus in support of requiring market studies as part of TIF applications.

11:56 a.m. Updates: Legislature Council Appointments

Fred Kenney stated that he has provided the Council with updates regarding the activity at the Legislature. The items of interest to this Council in S.135 are on hold until budget receives final approval. Once the budget is approved the provisions for VEGI and TIF will go into effect.

Fred Kenney discussed the status of Council appointments noting that Jean O'Sullivan has been appointed as the House representative. Kevin Mullin has been appointed as Chair of the Green Mountain Care Board and has stepped down from VEPC. The Senate President Pro Tempore needs to identify a new representative.

John Davis moved to discuss changing the June 29th meeting to June 19th as a conference call from 2:00 – 3:30 p.m.

- ♦ The Council members came to consensus regarding this date and time change.

12:00 p.m. Thad Richardson departed the meeting.

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

- ❖ At 12:04 p.m. Emma Marvin moved to adjourn the meeting. Betsy Gentile seconded the motion. John Davis requested a vote, all voted in favor and the motion passed. 7-0-0.
 - ♦ Aye: John Davis, Betsy Gentile, Michael Keane, Jean O'Sullivan, Rachel Smith, Emma Marvin, and John Davis
 - ♦ Nay: None
 - ♦ Abstain: None

Minutes taken by Kimberly Baker: June 1, 2017

Revised by Fred Kenney: June 2, 2017

Approved by the Council: June 19, 2017