



**MEETING MINUTES
DECEMBER 8, 2016
DOWNS RACHLIN MARTIN
28 VERNON STREET, BRATTLEBORO, VT
9:30 A.M.**

Members Present: Betsy Gentile, Michael Keane, Tim Briglin, Warren Kitzmiller, Patricia Horn, Chair Stephan Morse, Thad Richardson and John Davis

Members Present by Phone: Emma Marvin and at 10:08 a.m. Rachel Smith joined.

Members Absent: Kevin Mullin

Staff Present: Fred Kenney and Kimberly Baker

Others Present: Tomas Moffit, CEO and Christopher Orriss, CFO, Commonwealth Dairy; Adam Grinold, Executive Director, Brattleboro Development Credit Corp.; and Ken Jones, Policy Analyst, Vermont Agency of Commerce and Community Development (by phone)

9:40 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.

9:41 a.m. Minutes – November 17, 2016

Chair Stephan Morse inquired as to any corrections or changes to the draft meeting minutes for November 17, 2016. Hearing none, Chair Stephan Morse requested a motion.

- ❖ At 9:41 a.m. Michael Keane moved to accept the November 17, 2016, meeting minutes as presented. Warren Kitzmiller seconded the motion. Chair Stephan Morse 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: Chair Stephan Morse, Betsy Gentile, Michael Keane, Tim Briglin, Warren Kitzmiller, Patricia Horn, Thad Richardson, Emma Marvin, and John Davis
 - ◆ Nay: None
 - ◆ Abstain: None

Chair Stephan Morse informed the Council that pursuant to the request of the Council, at the November 17th meeting, a letter was mailed to Governor-elect Phil Scott recommending reappointment of Fred Kenney.

9:41 a.m. Public Comment

Chair Stephan Morse inquired as to any members of the public present to provide public comments or announcements. Not seeing any members of the public moved to the next Agenda item.

9:42 a.m. Vermont Employment Growth Incentive (VEGI) Program

Commonwealth Dairy (Initial)
Bariatric Nutritional (Final)
Caledonia Spirits (Final)
Chroma Technology (Final)
Vermont Aerospace/AIAC (Final)
Kingdom Pellet (Extension)
Seventh Generation (Affirmation)
Precyse Solutions (Affirmation)
Maponics (Affirmation)

- ❖ At **9:42 a.m.** Michael Keane moved to enter into Executive Session to discuss VEGI applications, citing 1 VSA, §313(a)(6). John Davis seconded the motion. Chair Stephan Morse 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: Chair Stephan Morse, Betsy Gentile, Michael Keane, Tim Briglin, Warren Kitzmiller, Patricia Horn, Thad Richardson, Emma Marvin, and John Davis
 - ◆ Nay: None
 - ◆ Abstain: None

At **9:42 a.m.** Emma Marvin departed the meeting noting a conflict of interest as her business is a supplier to Commonwealth Dairy.

At **10:08 a.m.** Rachel Smith joined the meeting.

- ❖ At **10:38 a.m.** the Council exited from the Executive Session.

At **10:38 a.m.** Emma Marvin returned to the meeting.

- ❖ At **10:38 a.m.** Betsy Gentile moved to approve an Initial Application from **Commonwealth Dairy, LLC** in Brattleboro, giving initial authorization of VEGI incentives of up to \$648,327, with an estimated incentive of \$583,439, based on application data, for activity to commence January 1, 2017, because the Board has determined that the applicant met the But For, met or exceeded program guidelines, and that according to the cost-benefit analysis of the Initial Application the project will

- generate a minimum net revenue benefit of \$788,524, subject to submittal and consideration of a Final VEGI Application before the end of calendar year 2017. Michael Keane seconded the motion Chair Stephan Morse inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 9-0-1.
- ♦ Aye: Chair Stephan Morse, Betsy Gentile, Michael Keane, Tim Briglin, Warren Kitzmiller, Patricia Horn, Rachel Smith, Thad Richardson, and John Davis
 - ♦ Nay: None
 - ♦ Abstain: Emma Marvin due to a conflict of interest
- ❖ At **10:41 a.m.** Michael Keane moved to enter into Executive Session to discuss VEGI applications, citing 1 VSA, §313(a)(6). Thad Richardson seconded the motion. Chair Stephan Morse inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 10-0-0.
- ♦ Aye: Chair Stephan Morse, Betsy Gentile, Michael Keane, Tim Briglin, Warren Kitzmiller, Patricia Horn, Rachel Smith, Thad Richardson, Emma Marvin, and John Davis
 - ♦ Nay: None
 - ♦ Abstain: None
- ❖ At **10:52 a.m.** the Council exited from the Executive Session.
- ❖ At **10:52 a.m.** Michael Keane moved to affirm and maintain the authorization of VEGI incentives for **Seventh Generation**, as approved on December 13, 2102, following the acquisition by Unilever, subject to the successor entity meeting and maintaining all performance requirements set out for Seventh Generation. Betsy Gentile seconded the motion. Chair Stephan Morse inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 10-0-0.
- ♦ Aye: Chair Stephan Morse, Betsy Gentile, Michael Keane, Tim Briglin, Warren Kitzmiller, Patricia Horn, Rachel Smith, Thad Richardson, Emma Marvin, and John Davis
 - ♦ Nay: None
 - ♦ Abstain: None
- ❖ At **10:53 a.m.** Betsy Gentile moved to affirm and maintain the authorization of VEGI incentives for nThrive Solutions, Inc., as the successor entity of **Precyse Solutions, LLC**, as approved on December 3, 2105 for Precyse Solutions, LLC, subject to the successor entity meeting and maintaining all performance requirements set out for Precyse Solutions, LLC. Warren Kitzmiller seconded the motion. Chair Stephan Morse inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 10-0-0.

- ◆ Aye: Chair Stephan Morse, Betsy Gentile, Michael Keane, Tim Briglin, Warren Kitzmiller, Patricia Horn, Rachel Smith, Thad Richardson, Emma Marvin, and John Davis
 - ◆ Nay: None
 - ◆ Abstain: None
- ❖ At **10:54 a.m.** Tim Briglin moved to affirm and maintain the authorization of VEGI incentives for Pitney Bowes, as the successor entity of **Maponics, LLC**, as approved on December 3, 2105 for Maponics, LLC, subject to the successor entity meeting and maintaining all performance requirements set out for Maponics. LLC. Michael Keane seconded the motion. Chair Stephan Morse inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 10-0-0.
- ◆ Aye: Chair Stephan Morse, Betsy Gentile, Michael Keane, Tim Briglin, Warren Kitzmiller, Patricia Horn, Rachel Smith, Thad Richardson, Emma Marvin, and John Davis
 - ◆ Nay: None
 - ◆ Abstain: None
- ❖ At **10:55 a.m.** Rachel Smith moved to approve the Final Application from **Bariatric Nutritional Company** of Georgia, giving final authorization of VEGI incentives of up to \$152,843, with an estimated incentive of \$124,822, and an estimated net return to the State of \$82,813, for activity commencing in 2016 as approved by the Board in June 2016 when the Board determined that the applicant met the But For and met or exceeded program guidelines. Further, the Board determines that none of the new job and payroll creation after July 25, 2016, may be counted toward the maintenance of base employment and payroll or performance requirements for the VEGI authorization of May 24, 2011. Warren Kitzmiller seconded the motion. Chair Stephan Morse inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 10-0-0.
- ◆ Aye: Chair Stephan Morse, Betsy Gentile, Michael Keane, Tim Briglin, Warren Kitzmiller, Patricia Horn, Rachel Smith, Thad Richardson, Emma Marvin, and John Davis
 - ◆ Nay: None
 - ◆ Abstain: None
- ❖ At **10:56 a.m.** Betsy Gentile moved to approve the Final Application from **Caledonia Spirits, Inc./Lineage Realty, LLC** for a project in Montpelier, giving final authorization of VEGI incentives of up to \$684,035, with an estimated incentive of \$617,748, and an estimated net return to the State of \$302,215, for activity commencing in 2016 as approved by the Board in June 2016, when the Board determined that the applicant met the But For and met or exceeded program guidelines. Michael Keane seconded the motion. Chair Stephan Morse inquired as to further discussion, hearing

- none requested a roll call for the vote. All voted in favor and the motion passed. 10-0-0.
- ◆ Aye: Chair Stephan Morse, Betsy Gentile, Michael Keane, Tim Briglin, Warren Kitzmiller, Patricia Horn, Rachel Smith, Thad Richardson, Emma Marvin, and John Davis
 - ◆ Nay: None
 - ◆ Abstain: None
- ❖ At **10:57 a.m.** Thad Richardson moved to approve the Final Application from **Chroma Technology Corp**, Bellows Falls and Brattleboro Credit Development Corporation (BDCC), Brattleboro for a project in Bellows Falls, giving final authorization of VEGI incentives of up to \$596,297, with an estimated incentive of \$506,153, and an estimated net return to the State of \$612,342, for activity commencing in 2016 as approved by the Board in June 2016, when the Board determined that the applicant met the But For and met or exceeded program guidelines. Betsy Gentile seconded the motion. Chair Stephan Morse inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 10-0-0.
- ◆ Aye: Chair Stephan Morse, Betsy Gentile, Michael Keane, Tim Briglin, Warren Kitzmiller, Patricia Horn, Rachel Smith, Thad Richardson, Emma Marvin, and John Davis
 - ◆ Nay: None
 - ◆ Abstain: None
- ❖ At **10:58 a.m.** Thad Richardson moved to approve the Final Application from **Vermont Aerospace- AIAC** of Lyndon, giving final authorization of VEGI incentives of up to \$328,841 with an estimated incentive of \$291,960, and an estimated net return to the State of \$29,592, including an LMA Enhancement using 75% of the net benefit return, for activity commencing in 2016 as approved by the Board in May 2016, when the Board determined that the applicant met the But For and met or exceeded program guidelines. Warren Kitzmiller seconded the motion. Chair Stephan Morse inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 10-0-0.
- ◆ Aye: Chair Stephan Morse, Betsy Gentile, Michael Keane, Tim Briglin, Warren Kitzmiller, Patricia Horn, Rachel Smith, Thad Richardson, Emma Marvin, and John Davis
 - ◆ Nay: None
 - ◆ Abstain: None
- ❖ At **10:59a.m.** Michael Keane moved to approve the request to delay the Activity Commencement Date for **Kingdom Pellets** to January 1, 2017, with consideration of a Final Application required in 2017. Patricia Horn seconded the motion. Chair Stephan Morse inquired as to further discussion, hearing none requested a roll call for the vote. All voted in favor and the motion passed. 10-0-0.

- ◆ Aye: Chair Stephan Morse, Betsy Gentile, Michael Keane, Tim Briglin, Warren Kitzmiller, Patricia Horn, Rachel Smith, Thad Richardson, Emma Marvin, and John Davis
- ◆ Nay: None
- ◆ Abstain: None

At 11:00 the Council took a break.

11:10 a.m.

2017 VEGI Application and Write-up
Act 157 Report Discussion
VEGI Technical Working Group (VTWG) Report
Discuss December 7, 2017 Meeting Date

2017 VEGI Application and Write-up

Fred Kenney reviewed the Program and LMA Caps noting that at the end of 2016 there have been nine applications utilizing \$4,880,104 of the \$10 million Program Cap and \$1,359,763 of the \$1.5 million LMA Cap. For the 2017 program year, to date there are five applications utilizing \$1,671,366 of the \$10 million Program Cap and \$204,433 of the \$1 million LMA Cap.

Chair Stephan Morse noted that there is no action required and moved to the next Agenda item.

Fred Kenney discussed the 2017 VEGI Application and Write-up. There are no changes in how the Council accesses the application on Intelligrants. The application has gone from 24 forms to 12 forms, a 50% reduction. The new application will consist of the following:

Applicant and Project Information Node:

- Applicant and Project Information (Includes corporate structure and multiple entity information)
- Brief History of Applicant Business
- Project Description (includes infrastructure required)

Approval Criteria Node:

- But For
- Municipal and Regional Support and Plan Conformance
- Market Competition
- Enhancements (Green, LMA, and VETI)
- Lookback waiver information (if required)

Data Node:

- Data Part 1: Historic and Projected Headcount and Payroll
- Data Part 2: Capital Investments
- Data Part 3: Breakdown of Existing and Projected Qualifying Jobs
- Data Part 4: Benefits

Applicant Attachments

Certifications

Staff Attachments

Chair Stephan Morse inquired as to what drove the decision to change the application. Fred Kenney stated the change in law completely eliminated the concept of Program Guidelines, with some of the Guidelines becoming mandatory.

Fred Kenney continued stating applicants are no longer providing information regarding the Vermont resources being utilized, Vermont business relationships, charitable donations, or volunteer policies. Additionally, the upgraded system has also allowed for forms that are dynamic vs static.

Chair Stephan Morse inquired if the Department of Taxes has accepted the changes regarding the information being collected. Fred Kenney stated that those forms did not change significantly and they will still be receiving the required information and data.

Chair Stephan Morse inquired if this requires formal approval by the Council. Fred Kenney stated that it does not require approval and that this is for the Council's information.

Chair Stephan Morse inquired as to questions from the Council. Michael Keane inquired if there is a formal approval process required at some point. Fred Kenney stated no. The Law changed and these changes reflect the changes in the Statute.

Patricia Horn inquired as to when the Council will see these changes on the system. Fred Kenney responded that application submitted after January 1, 2017, will be done on the new application. The 2017 applications already submitted, will be transferred over to the new application upon implementation.

Fred Kenney continued stating the Staff Write-Up will be changing to reflect the new requirements. The items that will remain in the write-up are: summary of request; company summary; potential economic activity; qualifying job, benefit, unemployment and other comparative information; mandatory criteria; summary of uploads; previous authorizations, if needed; incentives; enhancements, if needed; recommendation; and draft finding.

Fred Kenney inquired to items that the Council would like to have remain in the write-up or new items to add. Patricia Horn stated that the information regarding local vendors, donations and

community involvement showed a lot about the company and their impact and, if offered by company, would like to see this information remain in the write-up.

Chair Stephan Morse suggested that a sentence could be included in the instructions which would be volunteer if provided and will continue to keep the application simplified.

John Davis inquired if there could be a standard list of fringe benefits required by the applicant to provide. This would allow for easy data collection of a standard set of benefits and then have fillable fields for those benefits not on the list. This would assist with regards to collecting data as suggested in the Act 157 report regarding fringe benefits. Fred Kenney stated that he would have this element developed and added to the 2017 application.

Chair Stephan Morse inquired as to any further discussion regarding the Application or Staff Write-Up. Hearing none, move to the next Agenda item.

Act 157 Report Discussion

Fred Kenney stated that the report is in draft form and anticipates the final draft to be completed next week for the Council's review.

With regards to Question 4 and based upon the discussion from the November 17th meeting, it was determined that a certification element for the water and air quality requirement be added to the authorization certification. This is the step taken after application approval, where the applicant accepts the VEGI Authorization Document, which is essentially the contract. This is the step in the VEGI process that is most similar to the state and a grantee signing a grant agreement. Companies will also recertify each year when they file their VEGI claim. These are both self-certifications and do not require investigation.

Chair Stephan Morse stated that perception is that this issue is with a limited number of Legislators who have an interest about this program and is not a sweeping concern of the Legislature. Warren Kitzmiller stated that is correct. Warren Kitzmiller continued stating that the responses provided are consistent with practice and how the program should be operated. Tim Briglin stated this report states some obvious aspects of the program and is very informative for Legislators who are not "up to speed" on what the VEGI program does.

Tim Briglin provided feedback on the report as he was not available for the November 17th meeting. In Question 2, under subtitle "Positive Economic Impacts of Acquisitions," includes very broad statements and wonders if the section is really necessary. Fred Kenney noted that the intent was to list that there are or can be positive impacts. Patricia Horn inquired if there was any loss of jobs when there was an acquisition. Fred Kenney respond not necessarily due to an acquisition. John Davis noted that one of the intents of the statement was to point out that the State did receive positive economic impacts due to acquisitions. The Council consensus was to keep the section.

Tim Briglin continued, stating Question 2, subtitle “Conclusions and Recommendation,” second paragraph, the sentence that starts with “Further, the Council concludes that the program cannot be amended with that goal in mind. Is the conclusion that it cannot be amended? Tim Briglin recommends that it should state “should not be amended.”

Tim Briglin continued, remaining under Question 2, under subtitle “Should/How can the State invest in Businesses” the report states, “The General Assembly may want to consider a mechanism to invest directly in businesses outside of and separate from the VEGI program.” Tim Briglin stated that he would prefer the Council not include this recommendation. After discussion, the Council consensus was to remove this section.

- ❖ At 11:40 a.m. the Council came to consensus in support of the suggested changes noted above.

Patricia Horn requested that the date on the front of the report be corrected to 2017.

John Davis stated that in the Executive Summary, before the recommendations that there be some mention of the theme heard throughout the process of the need to educate people with regards to the program and how it operates.

- ❖ At 11:41 a.m. the Council came to consensus in support of adding verbiage as discussed.

Patricia Horn stated that it might be a good idea to present the report to your local Legislator and offer to answer any questions.

- ❖ At 11:42 a.m. Michael Keane moved to accept the Act 157 Report as presented and include the items agreed upon. Betsy Gentile seconded the motion. Chair Stephan Morse inquired as to any discussion, hearing none, requested a roll call for the vote, all voted in favor and the motion passed. 10-0-0.
 - ◆ Aye: Chair Stephan Morse, Betsy Gentile, Michael Keane, Tim Briglin, Warren Kitzmiller, Patricia Horn, Rachel Smith, Thad Richardson, Emma Marvin, and John Davis
 - ◆ Nay: None
 - ◆ Abstain: None

Chair Stephan Morse requested that the minutes reflect the Council’s appreciation for the Subcommittee’s work and for the work of the Subcommittee chairs John Davis and Emma Marvin. Also the outstanding work performed by Fred Kenney.

Chair Stephan Morse moved to the next Agenda item.

VEGI Technical Working Group (VTWG) Report.

Fred Kenney stated that Act 157 included tasks and a report from the VEGI Technical Working Group (TWG). The members of this group include: Tom Kavet, Mathew Barewicz, Ken Jones, and Rebecca Sameroff. Fred was not part of the group but attended every meeting of the group. This report is completed and has been submitted to Legislature. This group was responsible for reviewing four items related to the technical aspects of the program and the cost benefit model. Fred Kenney reviewed the conclusions and recommendation of the VEGI TWG and inquired if the Council would like to send the appropriate legislative committees a written response to the report. The Council consensus was against submitting a response at this time.

Chair Stephan Morse moved to the next Agenda item.

Discussion of the December 7, 2017 Meeting Date

Fred Kenney requested that the December 7, 2017 meeting be moved to December 14, 2017.

- ❖ At 12:01 p.m. the Council came to consensus to move the December meeting as discussed.
- ❖ At 12:01 a.m. Betsy Gentile moved to adjourn the meeting. Michael Keane seconded the motion. Chair Stephan Morse inquired as to any discussion, hearing none, requested a roll call for the vote, all voted in favor and the motion passed. 10-0-0.
 - ◆ Aye: Chair Stephan Morse, Betsy Gentile, Michael Keane, Tim Briglin, Warren Kitzmiller, Patricia Horn, Rachel Smith, Thad Richardson, Emma Marvin, and John Davis
 - ◆ Nay: None
 - ◆ Abstain: None

Minutes prepared by Kimberly Baker: December 12, 2016

Minutes revised by Fred Kenney: December 23, 2016

Minutes approved by the Council: January 26, 2017