



**MEETING MINUTES  
DECEMBER 14, 2017  
DEANE C. DAVIS BUILDING  
1 NATIONAL LIFE DRIVE, MONTPELIER**

**CALVIN COOLIDGE CONFERENCE ROOM, 6<sup>TH</sup> FLOOR  
9:30 A.M. TO 1:50 P.M.**

**Members Present:** Chair John Davis; Michael Keane; Jean O’Sullivan; Mark Nicholson; Rachel Smith; and Thad Richardson

**Members Present by Phone:** Stephan Morse, Emma Marvin

**Members Absent:** Betsy Gentile, Patricia Horn

**Staff Present:** Casey Mock, Executive Director; Fred Kenney, Former Executive Director; Abbie Sherman, Grants Program Manager; Joan Goldstein, Commissioner of Economic Development; Ken Jones, Economic Research Analyst, ACCD; John Kessler, General Counsel, ACCD.

**Others Present:** Krishna Gagne, DSD International; Sonia Vachon, DSD International; Tim Smith, Executive Director, Franklin County Industrial Development Corporation; Peter Gosselin, Bedford Systems; Rush Yelverton, Bedford Systems; Scott King, Bedford Systems; Tom Novak; Bedford Systems; Curt Carter, Senior Vice President, Greater Burlington Industrial Corporation; Thomas Moffitt, “Project Xanadu”; Adam Grinold, Executive Director, Brattleboro Development Credit Corporation; Melanie Clark, MSI; Garret Hirschak, MSI; John Mandeville, Executive Director, Lamoille Economic Development Corp; Taylor Newton, Senior Planner, Northwest Regional Planning Commission; and Jamie Stewart, Executive Director, Central Vermont Economic Development Corporation.

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**9:32 a.m. Roll Call and Agenda Review**

Chair John Davis called the meeting to order.

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

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

**9:34 a.m. Minutes – November 17, 2017**

Chair John Davis inquired as to any corrections or changes to the draft meeting minutes for November 17, 2017. Hearing none, requested a motion.

- ❖ At 9:35 a.m. Michael Keane moved to accept the November 17, 2017, meeting minutes as presented. Jean O’Sullivan seconded the motion. Chair 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: Chair John Davis; Michael Keane; Jean O’Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; Stephan Morse; and Emma Marvin.
  - ◆ Nay: None
  - ◆ Abstain: None

**9:36 a.m. Public Comment**

Chair 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.

**9:36 a.m. Vermont Employment Growth Incentive (VEGI):**

Bedford Systems, Essex (Initial)  
Project Xanadu, Brattleboro (Initial)  
DSD International, Swanton (Initial)  
MSI, Morrisville (Initial)  
Commonwealth Dairy, Brattleboro (Final)  
Dealer Policy, Colchester (Final)  
Kingdom Pellet, Lunenburg (Final)  
Lawson’s Finest, Waitsfield (Final)  
Vermont Precision Tool, Swanton (Final)

- ❖ At 9:37 a.m. Mark Nicholson moved to enter into Executive Session to discuss VEGI applications, citing 1 VSA, §313(a)(6). Thad Richardson seconded the motion. Chair 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: Chair John Davis; Michael Keane; Jean O’Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; Stephan Morse; and Emma Marvin.
  - ◆ Nay: None
  - ◆ Abstain: None

- ❖ At 12:28 p.m. the Council exited from the Executive Session.

- ❖ At 12:30 p.m. Jean O’Sullivan made a motion regarding the initial application filed by **Bedford Systems, LLC**, for a project in Williston, that the Council find that:
  - The new revenue the proposed project generates to the State exceeds the costs of the activity to the state by \$659,434;
  - The company is not a party to any State action, the host municipality welcomes the new business and the proposed economic activity will conform to applicable town and regional plans;

- 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
- As certified in their application and during testimony before the Council, company officers have provided compelling information and arguments that but for this incentive the proposed economic activity would not occur in Vermont, or would occur in a significantly different and less desirable manner.

And therefore, the Council approve the Initial Application, giving initial authorization of VEGI incentives of up to \$1,265,397, with an estimated incentive of \$1,196,424 based on application data, for activity to commence January 1, 2018, subject to submittal and consideration of a Final VEGI Application before the end of calendar year 2018. Michael Keane seconded the motion. Chair 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: Chair John Davis; Michael Keane; Jean O’Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; Stephan Morse; and Emma Marvin.
- ♦ Nay: None
- ♦ Abstain: None

❖ At 12:32 p.m. Michael Keane made a motion regarding the initial application filed by “Project Xanadu,” for a project in Brattleboro, that the Council find that:

- The new revenue the proposed project generates to the State exceeds the costs of the activity to the state by \$456,673, prior to consideration of the LMA Enhancement;
- The company is not a party to any State action, the host municipality welcomes the new business and the proposed economic activity will conform to applicable town and regional plans;
- The applicant would 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
- As certified in their application and during testimony before the Council, company officers have provided compelling information and arguments that but for this incentive the proposed economic activity would not occur in Vermont, or would occur in a significantly different and less desirable manner.

And therefore, the Council approve the Initial Application, giving initial authorization of VEGI incentives of up to \$841,927, with an estimated incentive of \$827,894 based on application data, for activity to commence August 1, 2018, subject to submittal and consideration of a Final VEGI Application before the end of calendar year 2018. Rachel Smith seconded the motion. Chair 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: Chair John Davis; Michael Keane; Jean O’Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; Stephan Morse; and Emma Marvin.

- ◆ Nay: None
  - ◆ Abstain: None
- ❖ At 12:32 p.m. Michael Keane moved to utilize the authority given by 32 VSA §3334 to approve an increased incentive level for “**Project Xanadu**,” a business to located in a qualified LMA, using 100% of the available net revenue benefit, with a maximum incentive of up to \$1,377,752 and an estimated incentive of \$1,354,789, thereby reducing the estimated net revenue benefit to \$0. Stephan Morse seconded the motion. Chair John Davis inquired as to further discussion. Chair John Davis added that approval of 100% funding at final application is contingent upon funding and the maximum allowed by Statute. Chair John Davis requested a roll call for the vote. All voted in favor and the motion passed. 8-0-0.
- ◆ Aye: Chair John Davis; Michael Keane; Jean O’Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; Stephan Morse; and Emma Marvin.
  - ◆ Nay: None
  - ◆ Abstain: None
- ❖ At 12:34 p.m. Rachel Smith made a motion regarding the initial application filed by **DSD International, Inc.**, for a project in Swanton, that the Council find that:
- The new revenue the proposed project generates to the State exceeds the costs of the activity to the state by \$33,518;
  - The company is not a party to any State action, the host municipality welcomes the new business and the proposed economic activity will conform to applicable town and regional plans;
  - The applicant will 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
  - As certified in their application and during testimony before the Council, company officers have provided compelling information and arguments that but for this incentive the proposed economic activity would not occur in Vermont, or would occur in a significantly different and less desirable manner.

And therefore, the Council approve the Initial Application, giving initial authorization of VEGI incentives of up to \$63,215, with an estimated incentive of \$59,001 based on application data, for activity to commence January 1, 2018, subject to the applicant’s reconsideration of the employee benefit package with efforts being focused on improving the said package in the Final VEGI Application before the end of calendar year 2018. Jean O’Sullivan seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. The motion passed. 7-0-1.

- ◆ Aye: Chair John Davis; Michael Keane; Jean O’Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; and Stephan Morse.
- ◆ Nay: None
- ◆ Abstain: Emma Marvin

- ❖ At 12:36 p.m. Thad Richardson made a motion regarding the initial application filed by **MSI, Inc.**, for a project in Morristown, that the Council find:
  - The new revenue the proposed project generates to the State exceeds the costs of the activity to the state by \$398,305;
  - The company is not a party to any State action, the host municipality welcomes the new business and the proposed economic activity will conform to applicable town and regional plans;
  - 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
  - As certified in their application and during testimony before the Council, company officers have provided compelling information and arguments that but for this incentive the proposed economic activity would not occur in Vermont, or would occur in a significantly different and less desirable manner.

And therefore, the Council approve the Initial Application, giving initial authorization of VEGI incentives of up to \$746,228, with an estimated incentive of \$659,168 based on application data, for activity to commence April 1, 2018, subject to submittal and consideration of a Final VEGI Application before the end of calendar year 2018. Mark Nicholson seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. The motion passed. 7-0-1.

- ♦ Aye: Chair John Davis; Michael Keane; Jean O'Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; and Stephan Morse.
  - ♦ Nay: None
  - ♦ Abstain: Emma Marvin
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- ❖ At 12:37 p.m. Thad Richardson moved to utilize the authority given by 32 VSA §3334 to approve an increased incentive level for **MSI, Inc.**, locating in a qualified LMA, using 100% of the available net revenue benefit, with a maximum incentive of up to \$1,190,871 and an estimated incentive of \$1,051,936, thereby reducing the estimated net revenue benefit to \$0, subject to final approval and availability of funds. Mark Nicholson seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. The motion passed. 7-0-1.
    - ♦ Aye: Chair John Davis; Michael Keane; Jean O'Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; and Stephan Morse.
    - ♦ Nay: None
    - ♦ Abstain: Emma Marvin

At 12:40 p.m., the Council broke for lunch. Council reconvened at 1:00 p.m.

- ❖ At 1:03 p.m. Jean O'Sullivan moved to enter into Executive Session to discuss VEGI applications, citing 1 VSA, §313(a)(6). Rachel Smith seconded the motion. Chair 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: Chair John Davis; Michael Keane; Jean O'Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; Stephan Morse; and Emma Marvin.
- ◆ Nay: None
- ◆ Abstain: None

At 1:09 p.m. the Council exited from the Executive Session

- ❖ At 1:09 p.m. Rachel Smith moved to approve the Final Application from **Ehrmann Commonwealth Dairy, Inc.**, for a project in Brattleboro, giving final authorization of VEGI incentives of up to \$307,407, with an estimated incentive of \$295,517, and an estimated net return to the State of \$660,139, for activity commencing in 2017 as approved by the Board in April 2017, when the Board determined that the applicant met the But For and other Approval Criteria. Michael Keane seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. The motion passed. 7-0-1.
  - ◆ Aye: Chair John Davis; Michael Keane; Jean O'Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; and Stephan Morse.
  - ◆ Nay: None
  - ◆ Abstain: Emma Marvin

At 1:10 p.m. Stephan Morse exited the meeting.

- ❖ At 1:11 p.m. Michael Keane moved to enter into Executive Session to discuss VEGI applications, citing 1 VSA, §313(a)(6). Mark Nicholson seconded the motion. Chair John Davis 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 Davis; Michael Keane; Jean O'Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; and Emma Marvin.
  - ◆ Nay: None
  - ◆ Abstain: None

At 1:33 p.m. the Council exited from the Executive Session

- ❖ At 1:34 p.m. Rachel Smith moved to approve the Final Application from **Dealer Policy, LLC/Winooski, LLC** for a project in Colchester, giving final authorization of VEGI incentives of up to \$92,529, with an estimated incentive of \$80,450, and an estimated net return to the State of \$45,882, for activity commencing in 2017 as approved by the Board in August 2017, when the Board determined that the applicant met the But For and other Approval Criteria. Thad Richardson seconded the motion. Chair John Davis inquired as to further discussion, hearing none requested a roll call for the vote. The motion passed. 6-1-0.
  - ◆ Aye: Chair John Davis; Michael Keane; Mark Nicholson; Rachel Smith; Thad Richardson; and Emma Marvin.
  - ◆ Nay: Jean O'Sullivan
  - ◆ Abstain: None

- ❖ At 1:34 p.m. Thad Richardson moved to approve the Final Application from **Kingdom Pellet, LLC** for a project in Lunenburg, giving final authorization of VEGI incentives of up to \$276,290, with an estimated incentive of \$271,685, and an estimated net return to the State of \$0 due to certification of the application as Green VEGI eligible and authorization by the Board of the LMA Enhancement at 100%, for activity commencing in 2017 as approved by the Board in December 2015, when the Board determined that the applicant met the But For and other Approval Criteria. Jean O'Sullivan seconded the motion. Chair John Davis 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 Davis; Michael Keane; Jean O'Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; and Emma Marvin.
  - ◆ Nay: None
  - ◆ Abstain: None
  
- ❖ At 1:35 p.m. Mark Nicholson moved to approve the Final Application from **Lawson's Finest, LLC/Lawson's Holdings, LLC/The Beer Guy, LLC** for a project in Waitsfield, giving final authorization of VEGI incentives of up to \$1,420,630, with an estimated incentive of \$1,270,814, and an estimated net return to the State of \$415,384 due to authorization by the Board of the LMA Enhancement at 100%, for activity commencing in 2017 as approved by the Board in February 2017, when the Board determined that the applicant met the But For and other Approval Criteria. Michael Keane seconded the motion. Chair John Davis inquired as to further discussion. Mark Nicholson amended his motion to an estimated net return to the State of \$0, seconded by Michael Keane. Chair John Davis 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 Davis; Michael Keane; Jean O'Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; and Emma Marvin.
  - ◆ Nay: None
  - ◆ Abstain: None
  
- ❖ At 1:36 p.m. Rachel Smith moved to approve the Final Application from **Vermont Precision Tool, Inc.** for a project in Swanton, giving final authorization of VEGI incentives of up to \$333,263, with an estimated incentive of \$303,490, and an estimated net return to the State of \$279,254, for activity commencing in 2017 as approved by the Board in April 2017, when the Board determined that the applicant met the But For and other Approval Criteria. Michael Keane seconded the motion. Chair John Davis 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 Davis; Michael Keane; Jean O'Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; and Emma Marvin.
  - ◆ Nay: None
  - ◆ Abstain: None

**1:37 p.m. Executive Director Update:**

Casey Mock discussed with Council proposed changes to the VEGI program for consideration during the next legislative session. Casey summarized the changes to include: (1) Elimination of VETI in favor of a provision that can give a company the full incentive earned in one payment, rather than stringing it out over five years; (2) Adding clean water technology businesses to the list of businesses that can qualify for the Green enhancement; and (3) Creating a new VEGI enhancement, modeled on VEPC's Green enhancement, for small businesses (defined as those with 19 or fewer full-time employees), for start-ups (defined as those with zero full-time employees or that have existed for less than a year), and for "mission-based businesses" (defined as L3Cs and B-corporations). The Council discussed with Casey and Fred the incentive recapture clause for business who fail to meet their approved objectives.

Fred Kenney advised the Council to be cognizant of the legislature's discussion of the possibility of increasing Vermont's minimum wage to \$15.00/hour, and the impact that would have on the VEGI program's wage threshold.

Casey Mock reminded the Council of a report due in January, drafted by the Joint Fiscal Office (JFO), that was meant to be in consult with VEPC and the Agency of Commerce and Community Development (ACCD). VEPC and the ACCD have received a draft of the report and submitted a response in time for the December 13 deadline imposed by the JFO. VEPC and the ACCD will be meeting with representatives from the JFO and may request that a dissenting opinion be accompanied with their report.

Casey Mock reminded the Council of the Executive Code of Ethics and requested Council members to return signed copies to him.

Chair John Davis noted that the next meeting is scheduled for Thursday, January 25, 2018.

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

- ❖ At 1:50 p.m. Michael Keane moved to adjourn the meeting. Jean O'Sullivan seconded the motion. Chair John Davis requested a roll call for the vote, all voted in favor and the motion passed. 7-0-0.
  - ◆ Aye: Chair John Davis; Michael Keane; Jean O'Sullivan; Mark Nicholson; Rachel Smith; Thad Richardson; and Emma Marvin.
  - ◆ Nay: None
  - ◆ Abstain: None

*Minutes taken by Abbie Sherman: December 14, 2017*

*Revised by Casey Mock: December 18, 2017*

*Approved by the Council: February 22, 2018*