



**MEETING MINUTES
SEPTEMBER 27, 2018
DEANE C. DAVIS BUILDING
1 NATIONAL LIFE DRIVE, MONTPELIER**

**CALVIN COOLIDGE CONFERENCE ROOM, 6TH FLOOR
9:30 A.M. TO 11:23 A.M.**

Members Present: Chair Stephan Morse; Michael Keane; Mark Nicholson; Thad Richardson; Emma Marvin; and John Davis

Members Present by Phone: Betsy Gentile and Patricia Horn

Members Absent: Jean O'Sullivan and Rachel Smith

Staff Present: Megan Sullivan, Executive Director; and Abbie Sherman, Grant Programs Manager

Others Present: Nick Grimley, DED Director of Entrepreneurship and Tech Commercialization; John Kessler, ACCD General Counsel; Ted Brady, ACCD Deputy Commissioner; Ilona Blanchard, Project Director, City of South Burlington; Tom Hubbard, Deputy City Manager/Treasurer, City of South Burlington; and Helen Riehle, Chair, South Burlington City Council.

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.

9:31 a.m. Minutes – August 30, 2018

Chair Stephan Morse inquired as to any corrections or changes to the draft meeting minutes for August 30, 2018. Hearing none, requested a motion.

- ❖ At **9:31 a.m.** Michael Keane moved to accept the August 30, 2018, meeting minutes as presented. Emma Marvin seconded the motion. Chair Stephan Morse inquired as to further discussion, hearing none requested a vote. All voted in favor and the motion passed. 8-0-0.
 - ◆ Aye: Chair Stephan Morse; Betsy Gentile; Michael Keane; Mark Nicholson; Thad Richardson; Emma Marvin; Patricia Horn; and John Davis

- ◆ Nay: None
- ◆ Abstain: None

9:32 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.

9:33 a.m. ThinkVermont Innovation Presentation

Nick Grimley, DED Director of Entrepreneurship and Tech Commercialization, presented the Board with information pertaining to the passage of S.94 which encompassed a number of programs, the ThinkVermont Innovation Initiative. The legislation appropriated \$150,000 for this initiation to focus on small businesses with less than 20 employees and assist in accelerating their growth. The legislation also states VEPC will be consulted on this initiative. Nick explained what the ACCD envisions VEPC's role will be for the initiative, noting that the ACCD is requesting that VEPC designate a person to serve on the grant committee to assist in decision making and distribution of the grant funds.

Nick continued to describe the crucial areas that will be focused on, those being: workforce training and recruitment not otherwise eligible for federal or state funding; establish or enhancing a workspace (coworker, makerspace, innovations center); enable or support broadband telecom access; leverage federal funding; support growth in aerospace, aviation, or aviation technology; or provide technical assistance. Nick noted that the agency is seeking "out of the box" ways to work with small businesses for projects that don't fit typical state or federal programs. The intent is to create a healthier entrepreneurial ecosystem by focusing on the areas identified.

Nick provided the Board with an outline of the application process, noting the agency anticipates a mid-October rollout, allowing one month for questions and the creation of FAQ. The applications would be on a rolling review and acceptance, with monthly review by the committee until all funds are exhausted.

In addition to the primary criteria for the program, applicants would need to identify project feasibility and readiness, experience of team or organization, potential impact on the entrepreneurial ecosystem, and methodology to measure success. The applicant would need to describe how their measures apply to the success factors outlined in the legislation, as well as additional items including job creation. For profit and non-profit organizations can apply for these funds. Nick noted non-profits would be those that aim to assist small companies in accelerating their growth. It was noted in the materials presented that applicants are eligible for grants in the initiative for not more than two fiscal years, but it has not been determined if those would be consecutive years.

Jean O'Sullivan inquired via email as to whether adding cyber security as a focus would be appropriate. Nick noted that the legislation had outlined specific items such as technical assistance. A grant application could be for technical assistance in cyber security.

Chair Stephan Morse noted there are three areas that need to be decided on by the Council: (a) either a vote and approval of the proposal or an acknowledgement; (b) whether the Council should designate a member on the grant committee; and (c) determine if “consultation” would include reports back to VEPC.

John Kessler described his understanding of VEPC’s role which would be more of a support or rejection, but not an authorization kind of approval. VEPC’s comments should be considered but are not required to be followed, although it would behoove the Agency to include VEPC’s input.

- ❖ At **9:50 a.m.** Michael Keane made the motion to encourage the Agency of Commerce and Community Development to move forward with the program as the Agency designed. Betsy Gentile seconded the motion. Chair Stephan Morse inquired as to further discussion, hearing none requested a vote. All voted in favor and the motion passed. 8-0-0.
 - ◆ Aye: Chair Stephan Morse; Betsy Gentile; Michael Keane; Mark Nicholson; Thad Richardson; Emma Marvin; Patricia Horn; and John Davis
 - ◆ Nay: None
 - ◆ Abstain: None

John Davis then inquired if the legislation had any suggestions regarding what type of organizations would apply. Nick gave examples such as coworker/makerspaces being for profit or nonprofit companies. An additional example would be gap funding to get through a transition period. Thad Richardson inquired if there would be a funding cap for the grants. Nick noted that was one area the Agency is seeking VEPC’s guidance on. Chair Stephan Morse noted that most VEPC incentives are greater than the total that was appropriated. It was also noted by other members of the Council that there is a match required for the grant and a tie to the impact and that impact would have to significantly outweigh that of other grants being considered.

Chair Stephen Morse turned the discussion to whether VEPC should recommend periodic reporting back to the Council as part of the consultation.

- ❖ At **9:56 a.m.** Patricia Horn made the motion to recommend the Agency report to VEPC every six months so that VEPC is aware of how the program is progressing and reaching companies. Michael Keane seconded the motion. Chair Stephan Morse inquired as to further discussion, hearing none requested a vote. All voted in favor and the motion passed. 8-0-0.
 - ◆ Aye: Chair Stephan Morse; Betsy Gentile; Michael Keane; Mark Nicholson; Thad Richardson; Emma Marvin; Patricia Horn; and John Davis
 - ◆ Nay: None
 - ◆ Abstain: None

Chair Stephan Morse then turned the discussion to determine if there is a further role of VEPC for consultation to the Agency and recommending a designee to the grant committee. Megan Sullivan noted that having a designee would be beneficial in terms of geographic and industry representation. Emma Marvin inquired on the composition of committee. Nick Grimley noted

that the Agency has not settled on that point but would envision three people to include himself, the Agency Secretary, and a VEPC representative. The consensus of the Council was that the Executive Director would be the person to represent the Council in this program.

At 10:02 a.m. the Board recessed, reconvening at 10:18 a.m.

10:18 a.m. Tax Increment Financing Districts (TIF): South Burlington Community Center Project

Chair Stephan Morse initiated the discussion with introductions. He advised the Council members that the purpose of the discussion is to determine if the project changes are substantial and require review at a future meeting.

South Burlington City Council Chair Helen Riehle advised the Board that the City Council is very supportive of the TIF district and view it as being critical for the development of a city center. She noted that the focus of the library/city hall/senior center project is to draw people in and provide easy access to city services. She continued by highlighting the positive improvements that have been made to date.

Project Director Ilona Blanchard provided the Board with an overview of the status of projects in the TIF District, including private sector developments. The City has listed the library/city hall/senior center project on their November ballot. The City acquired land for that project in 2017, had designs developed in 2018, and have signed an easement agreement pertaining to the school district land. The 48,000 ft² building has a budget of \$21.8 million. As part of the presentation, Ilona provided visualizations of the proposed building and an updated cost estimate which was compared to the 2012 District Plan and 2015 Financing Plan estimates. As part of the overview of the senior project, Ilona provided a timeline of the development of the senior center which was coupled in with the recreation center in the District Plan and Financing Plan.

Deputy City Manager and Treasurer, Tom Hubbard, summarized the status of the City's recreation programs, which currently have no dedicated space. He continued by covering components of the senior center, including a sampling of how the space can be scheduled throughout the day. He noted that current senior activities are limited in the City Hall space they use.

Chair Stephan Morse reminded the Council that the issue before VEPC is whether adding the senior center is a substantial change to the earlier approved TIF. Tom Hubbard noted that the City still envisions a very active recreation area in city center, adding that seniors are the most underserved group in the community. He added that it made sense to the City to take it out of very active recreation center. Chair Stephan Morse noted that this was not envisioned in 2015 and was not in the TIF application. Ilona Blanchard stated that it was envision in 2015, but attached to the recreation center rather than to the library. She added that while the building would be primarily for senior programming, some hours would be allocated for all ages.

ACCD Deputy Secretary Ted Brady provided the Council with an outline of what the Agency recommends regarding the changes. The Agency is concerned with looking at the issue in the larger scale health of the TIF program statewide. He suggested the Council take a conservative approach and determine that there is a significant change in how the building is going to be built. He added that given the changes and the likelihood of success, requiring a substantial change makes sense and would preserve the integrity of the TIF program going forward. He reiterated that this approach takes a more conservative stance than is legally necessary.

Megan Sullivan added to the Deputy Secretary's comments, noting that there is the question of if breaking the senior center out from rest of recreational center and making it into two separate projects, will change the proportionality the senior center project should receive. There is a need to assign the senior center a proportionality, noting that the other components of the project have a specific proportionality for each component. Ilona Blanchard indicated that the City would be willing to come back in October with a substantial change request. Megan also noted that the City has already held the public hearing and municipal vote on the project as outlined, which meets the requirements in a substantial change request.

John Davis inquired that if it were not for proportionality, would this project meet the definition of substantial change. Ted Brady stated that it is his understanding it would not except that it is a different use of the facility and so the Council needs to review and come to a determination on how the senior center should be part of the project.

❖ At 11:08 a.m. Michael Keane moved that the Council determine that the City of South Burlington's proposed Senior Center within the planned City Community Center meets the definition of substantial change in the Tax Increment Finance Districts Adopted Rule. Therefore, I further move the City of South Burlington submit a substantial change request as outlined in the Tax Increment Finance Districts Adopted Rule section 1003.3.3 to be considered by the VEPC Board at a future meeting. The Council also determines that the Narrative of the Substantial Change request needs to include a proposal and substantiation of proportionality for the Senior Center project. John Davis seconded the motion. Chair Stephan Morse requested a roll call for the vote, and the motion passed. 7-0-1.

- ◆ Aye: Betsy Gentile; Michael Keane; Mark Nicholson; Thad Richardson; Emma Marvin; Patricia Horn; and John Davis
- ◆ Nay: None
- ◆ Abstain: Chair Stephan Morse

11:10 a.m. Tax Increment Financing Districts (TIF): Revised TIF Agreed Upon Procedures

Megan Sullivan summarized to the Board the reasoning for updating the document and the process for doing that. She noted that assistance from Property Valuation & Review had been provided, as well as input from the State Auditor's Office, an independent auditor, and TIF District representatives.

- ❖ At 11:12 a.m. Emma Marvin moved that the Council approve the Revised Agreed Upon Procedures as required by TIF Increment Finance Districts Adopted Rule, section 1004.1. Michael Keane seconded the motion. Chair Stephan Morse requested a roll call for the vote, and the motion passed. 7-0-1.
 - ◆ Aye: Betsy Gentile; Michael Keane; Mark Nicholson; Thad Richardson; Emma Marvin; Patricia Horn; and John Davis
 - ◆ Nay: None
 - ◆ Abstain: Chair Stephan Morse

Chair Stephan Morse noted that the meeting schedule for the remainder of the year will be Thursday, October 25; Friday, November 16; and Friday, December 14.

Megan Sullivan advised that for the October meeting, in addition to the South Burlington substantial change, staff anticipates a potential initial application, as well as requests from two businesses for a deferral to 2019.

Thad Richardson requested clarification on the TIF proportionality requirement and whether it impacts the district itself or is it just in terms of funding. Megan Sullivan will provide the Board with additional information prior to the next meeting. She also noted that, as is referenced in the TIF Rule, proportionality is how much of the district will use that function. South Burlington's recreational facility would have been multi-generational and if it were being built the same time as the senior center, the approved proportionality would still fit. The question in this case is if you take out a group, does the project still serve that proportionality.

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

- ❖ At 11:23 a.m. John Davis moved to adjourn the meeting. Mark Nicholson seconded the motion. Chair Stephan Morse requested a roll call for the vote, all voted in favor and the motion passed. 8-0-0.
 - ◆ Aye: Chair Stephan Morse; Betsy Gentile; Michael Keane; Mark Nicholson; Thad Richardson; Emma Marvin; Patricia Horn; and John Davis
 - ◆ Nay: None
 - ◆ Abstain: None

Minutes taken by Abbie Sherman: September 27, 2018

Revised by Megan Sullivan: October 1, 2018

Approved by the Council: October 25, 2018