



April 27, 2016

House Commerce and Economic Development Committee – Testimony of David Snedeker, NVDA

Dear Chairman Botzow and Members of the Commerce and Economic Development Committee:

Thank you for allowing me to speak to the committee today about the economic situation in the Northeast Kingdom in light of the recent and unfortunate fraud allegations around EB-5 projects in Caledonia and Orleans Counties, as well as the likely delay (or termination) of other projects which in total would have yielded many jobs and opportunities for residents of the Northeast Kingdom and beyond.

As you know, the Northeastern Vermont Development Association (NVDA) is the combined Regional Planning *and* Development Corporation for the three counties of Caledonia, Essex and Orleans. We also administer a Foreign Trade Zone program for our region, plus Lamoille County. As a combined organization, we play an important role in both community and economic development for the 50+ communities and scores of businesses that we serve. Ideally, all projects would have been completed as promised, but such is not the case. That said, we do realize that a number of projects were completed or readied for completion and that gives us a reason to be optimistic going forward.

To briefly list the EB-5 and related projects that NVDA and many of our communities were expecting to see developed:

- **Jay Peak Resort** – hotels, restaurants, indoor water park, ice rink, new cottages, golf course, and an indoor recreation center;
- **Q Burke Mountain** – hotels, restaurants, base lodge, tennis facilities, and an aquatic center;
- **City of Newport** – AnC BIO VT (a biotechnology research and manufacturing facility), and the Renaissance Block (a multi-use commercial, retail, and residential facility) in the heart of Newport's downtown;
- **Newport State Airport** (NEK International) – new airport terminal building, a bonded warehouse facility, and Flight Design (sport plane assembly operation). *These were to be non-EB-5 funded projects but their success/need would be related to the EB-5 projects listed above.*

The projects underlined above have been completed and are assets that will benefit the host communities and the region over time. It is our belief that under the right management, both Jay and Burke will be successful because of the new developments at their respective resorts.

The loss of the AnC BIO and Renaissance Block projects in Newport are more significant given that one development promised hundreds of well-paying jobs and the other would revitalize a large section of the

City's Main Street. A concerted effort by local, regional, state, and private partners will be needed to bring about replacement developments that the City can support.

Developments related to projects listed above that were accomplished include:

- Demolition of the former (and dilapidated) Spates Block in downtown Newport (for the Renaissance Block project);
- Demolition of a portion of the former Bogner facility in Newport where AnC BIO was to be located. Some in-ground utility work was also completed at the site that could be used for a future development, and a 60,000 sq. ft. building also remains at the Bogner facility and this would be available for sale and/or lease at some point in the future.

The “readiness work” that was completed at these sites will hopefully make it easier for new developers to come into the City of Newport and build upon the existing infrastructure and the City's recent achievements.

At the Newport State Airport (NEK International), the State of Vermont has been very successful in obtaining funds for runway and taxi-way extensions, wastewater system upgrades, new hangars, and other improvements. As the airport and aviation activity continues to grow, it seems likely that other options to fund a new terminal facility will arise.

At NVDA, we remain optimistic about the future of development in Newport and the Northeast Kingdom for the following reasons:

- We recently completed a successful Business – Business event at Jay Peak Resort on March 31 – April 1 as part of the *VT – Quebec Enterprise Initiative*. We met with 26 companies from Canada interested in doing business in Vermont, including a few who were looking to establish a footprint in VT/US. Newport is nearly always mentioned as the preferred location by Quebec companies.
- We (and ACCD) are also in contact with other manufacturing companies from Quebec or the U.S. (outside of VT) looking for existing facilities available for sale/lease. We can be competitive with our neighboring states for business with existing local and state programs.
- Because of changes to the VEGI and VTP programs made by the Legislature over the last couple of years, we now have more companies from the NEK region applying for growth incentives and training funds than ever before. Recent VEGI awardees include Kingdom Pellets (Lunenburg), Revision (Newport), and BHS Composites (St. Johnsbury).
- Our region also has/retains special or priority funding for business enterprises and/or infrastructure through our USDA-designated REAP Zone, the federal Northern Border Regional Commission grant program, and our newly re-designated federal Economic Development District (EDA).

Please do not hesitate to contact me at dsnedeker@nvda.net or (802) 748-8303 if you have any questions.

Sincerely,
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Executive Director