

## MEMORANDUM

TO: House Commerce Committee  
FROM: Patricia Moulton, Secretary  
Agency of Commerce and Community Development (ACCD)  
DATE: 4/26/16  
SUBJECT: ACCD: EB-5 and Newport going forward

My apologies to the Committee that I cannot be there today. I am in Jay and Newport with Governor Shumlin to talk with employees and be available to the press to discuss concerns in the region on the future of Jay Peak, Burke Mountain and Newport.

Chair Botzow asked that I put together notes on how the EB-5 program will be better off going forward. As well as what opportunities exist for Newport and the so called "hole in the ground."

**EB-5 going forward:** As you know, we have a partnership between ACCD and the Department of Financial Regulation (DFR) via a Memorandum of Understanding (MOU) to expand the Vermont Regional Center to include DFR. We have informed the US Citizenship and Immigration Service (USCIS) of this partnership/expansion. ACCD maintains all reporting to USCIS, all marketing and initial work with a new project preparing applications and other necessary information projects must provide when seeking to fund their project with EB-5 funding with the Vermont Regional Center. DFR reviews all applications as well as Private Placement Memoranda (PPM) for compliance with USCIS regulations, immigration laws and regulations and federal and state securities laws. DFR makes a final determination to approve or deny a project. DFR conducts on-going compliance review including quarterly compliance meetings with all projects. ACCD does all annual reporting to USCIS.

The Senate Finance Committee has included language in the Fee Bill that codifies the MOU between ACCD and DFR as well as assure appropriate fees are collected. This will be making its way through the legislative process. This assures the Vermont Regional Center (VRC) continues to operate with both the Agency and Department after this Administration.

It should be noted, USCIS places no restrictions on the number of regional centers in a state, region or community. There is no exclusivity for the VRC and EB-5 in Vermont. It is entirely possible additional regional centers could operate in Vermont which will not be subject to the review process proposed in the fee bill. In fact, we know of a project in Vermont which has raised EB-5 money outside of the VRC and approved by USCIS.

With this oversight from the VRC, we are confident any potential for fraud is dramatically reduced. All the current EB-5 projects were in place and running prior to the ACCD/DFR partnership so we have yet to take a project from start to finish. However, DFR is conducting quarterly compliance visits with all projects. Any new or amended PPM's are being review by DFR. Thus far, no red flags have surfaced from any of the other four projects up and running. The four projects are:

- Mt. Snow new snowmaking lake, base lodge and other improvements.
- Stowe Aviation new terminal, charter air service, aircraft maintenance, café and flight training academy.
- Trapp Family Brewery new brewery.
- SouthFace Village new slope side condominiums, townhouses and houses connecting to Okemo Mountain resort.

**Newport:** Last Wednesday I spoke at the North Country Chamber of Commerce Annual Meeting in Newport. My message then and remains the “hole in the ground” is essentially a “blank slate” which can be filled by what the City would like to see happen in its downtown. The community started discussing a vision for a project at their City Council meeting Monday, April 18. I encouraged that conversation to continue. I also pledged our continued support as the City pursued their goals for that property and/or works with an interested developer.

Last Thursday, Governor Shumlin and much of the Northeast Kingdom Legislative Delegation met with Mayor Paul Monette with City Manager Laura Dolgin and others to discuss the “hole in the ground” in Newport. We have determined this is owned by the Q Development group and therefore is under the control of the Court appointed receiver in place on all the Jay Peak and related developments.

We discussed opportunities for redevelopment. The Mayor has already received calls from two developers who are interested in the property. We made it clear we can help access federal funds through the Vermont Community Development Program, USDA Rural Development and the Northern Border Regional Commission which can assist with planning and implementation. Further, that we can help introduce to potential developers as appropriate. We also have inquiries from Canadian companies through the Vermont/Quebec Enterprise Initiative which are in the early stages of possible expansion in to the region. Lastly, we are here to partner with the City and region as it seeks to overcome the loss of the AncBio and downtown projects.

We will continue our strong relationship with the Northeast Vermont Development Association (NVDA) which is the regional development corporation and regional planning commission covering the region. NVDA has been a great partner for new business development and existing business expansion. We will continue to work with the Chambers of Commerce to promote tourism in the region.

I have connected Michael Goldberg, receiver in place appointed by the Court, with City Manager Laura Dolgin as well as David Snedecker of NVDA. This is both to discuss the “hole in the ground” and marketing and availability of the former Bogner Building (the proposed site of AncBio) for other potential businesses. I have also connected Mr. Goldberg with Secretary Chris Cole of the Agency of Transportation to discuss the upcoming Porsche event this summer at Jay and the Newport Airport.

Much more work remains to be done. Mr. Goldberg and his property management team are very well regarded nationally. They have been accessible and responsive. Thus far we have an excellent working relationship. They also have national connections which can be very helpful going forward.