

From: London, Sarah
Sent: Wednesday, January 27, 2016 3:54 PM
To: 'dgram@ap.org' <dgram@ap.org>
Subject: Your request

Dave, attached please find records in response to your public records act request dated January 12, 2016. We have redacted and withheld executive privileged information pursuant to 1 VSA 317(c)(1) and (4), and attorney client information pursuant to 1 VSA 317(c)(3), including: reports to the Governor and his senior staff from Secretary Moulton, a communication between the Governor and his Chief of Staff, draft press releases, and attorney-client communications among staff and me regarding process. Personal contact information has been redacted pursuant to 1 VSA 317(c)(7) and proprietary information (transmitted between Global Foundries and Secretary Moulton) has been redacted and withheld pursuant to 1 VSA 317(c)(9). The information contained in the Governor's final memo to the Emergency Board is no longer considered commercially sensitive.

If you feel any information has been withheld in error, you may appeal to the Governor's Chief of Staff at Darren.Springer@vermont.gov

Thank you,
Sarah

Sarah London
Counsel to the Governor
802-828-3333
sarah.london@vermont.gov

Mishaan, Jessica

Subject: FW: CONFIDENTIAL

From: "Moulton, Pat" <Pat.Moulton@vermont.gov>

Date: December 29, 2015 at 4:44:06 PM EST

To: "Springer, Darren" <Darren.Springer@vermont.gov>, "London, Sarah" <Sarah.London@vermont.gov>

Subject: FW: CONFIDENTIAL

PLEASE NOTE: my new email pat.moulton@vermont.gov
Patricia Moulton, Secretary
Agency of Commerce and Community Development
One National Life Drive
Deane C. Davis Bldg., 5th Floor
Montpelier, VT 05620-0501
802-451-9578

From: Janette Bombardier (janette.bombardier@)
Sent: Tuesday, December 29, 2015 3:24 PM
To: Moulton, Pat <Pat.Moulton@vermont.gov>
Cc: Kenney, Fred <Fred.Kenney@vermont.gov>; Jones, Kenneth <Kenneth.Jones@vermont.gov>
Subject: Re: CONFIDENTIAL

A couple things:

Page 11 - the Reference GF9988 campus ?? I have never seen that nomenclature to designate our site.

Page 12, the 10% needs to be 25%. 10 percent can be annual attrition in a year.

Regarding 22A, did you really mean to say FY 21 and 22?

Also, I want commitment that we will get the support required to get REGI funds headed to our campus.

On Tue, Dec 29, 2015 at 2:32 PM, Moulton, Pat <Pat.Moulton@vermont.gov> wrote:

Good afternoon Janette,

Attached is what we hope is close to a FINAL of the memo Governor Shumlin will send to the Emergency Board in support of the Global Foundries request.

Please take a close look at this to be sure you are comfortable with all that is stated in here. I tracked the changes in yellow highlight. One change is I have included draft recapture language on the last page under "terms and conditions." As explained, this will be important to have to address the rumors of a possible sale.

Also, Fred made the changes we discussed on the phone last week. I have added some language earlier in the document about the two phases of the project. I have added the cost/benefit model run that Ken Jones did including the capital investment being made with Vermont contractors. [REDACTED]

I have amended this to be a \$1 million dollar request as the amount Governor Shumlin is requesting from the Enterprise Fund for GF. As you know, we discussed this last week with the Governor and this is the amount he wants to proceed with.

I am also pleased to report a proposal to upgrade 14 miles of Vt. Route 22A is on the "top of the list" for FY17 funding. You will find attached a "Tracking report" from Vtrans regarding Route 22A work. This shows clearing and leveling work that has happened already. It also shows that Governor Shumlin has included a \$17 million upgrade for 22A in the FY17 transportation budget. This must be approved by the Legislature, but it moves the planning and engineering work for the of improvements to 22A to start next year instead of some projected year in the future. Vtrans is unable to do any work until the Legislature approves this. But it makes the actual construction of the project start in FY21 and complete in FY22 versus some unknown year way off in the future. The time line is to accommodate any acquisition, permitting and contracting to get the work done. This has become a priority for Vtrans both for GF and because the road needs an upgrade.

Please let me know if you have any additional changes. I NEED to get this to the Emergency Board tomorrow afternoon. I am in this afternoon but I have a meeting from 3-4 and I am in all day tomorrow. I am out Thursday and Friday.

Thanks and feel free to call.

Pat

PLEASE NOTE: my new email pat.moulton@vermont.gov

Patricia Moulton, Secretary

Agency of Commerce and Community Development

One National Life Drive

Deane C. Davis Bldg., 6th Floor

Montpelier, VT 05620-0501

802-451-9578

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Janette Bombardier, P.E.
Vermont Senior Location Executive
Fab 9 & 10 Site Operations
1000 River Street
Essex Junction, VT 05452
1-802-769-6090
Fax: 1 802-769-3865

London, Sarah

From: Moulton, Pat

Sent: Wednesday, December 30, 2015 4:30 PM

To: kimbjm@aol.com; [bill botzow <bbotzow@leg.state.vt.us>](mailto:bill_botzow@leg.state.vt.us); botzow@gmail.com; Hoffer, Doug
<Doug.Hoffer@vermont.gov>

Cc: [Johnson, Justin <Justin.Johnson@vermont.gov>](mailto:Justin.Johnson@vermont.gov); [Johnson, Harriet <Harriet.Johnson@vermont.gov>](mailto:Harriet.Johnson@vermont.gov); [Stephen Klein <SKLEIN@leg.state.vt.us>](mailto:SKLEIN@leg.state.vt.us); [London, Sarah <Sarah.London@vermont.gov>](mailto:Sarah.London@vermont.gov); [Springer, Darren <Darren.Springer@vermont.gov>](mailto:Darren.Springer@vermont.gov)

Subject: CONFIDENTIAL

Importance: High

Good afternoon,

In accordance with the Section E.100.5 of No. 179 of the Acts of 2014 establishing the Vermont Enterprise Fund, I am providing you information being forwarded to the Emergency Board for the purposes of approving a \$1 million dollar payment from the Enterprise Fund to Global Foundries.

This will be considered at an Emergency Board meeting, on **Friday, January 8 at 8:30 am at the Governor's Conference Room on the 5th floor of the Pavilion Office Building**. I have attached an agenda for your information. The first item will be to hear from the Canadian prospect that is considering Vermont for an expansion. Then the Board will go in to executive session to discuss the attached proprietary information.

Also a reminder that also in accordance with the above referenced statute, **the attached information should be considered privileged and confidential and cannot be shared.**

Senator Mullin and Representative Botzow, you are invited to attend the Emergency Board meeting also in accordance with the statute.

If you have any questions, please do not hesitate to contact me. Janette Bombardier of Global Foundries will be in attendance at the meeting.

THANK YOU and Happy New Year to you all!

Pat

Patricia Moulton, Secretary
Agency of Commerce and Community Development
One National Life Drive
Deane C. Davis Building, 6th Floor
Montpelier, VT 05620-0501
802-451-9578 direct
802-828-5204

PETER SHUMLIN
Governor



State of Vermont
OFFICE OF THE GOVERNOR

**CONFIDENTIAL
MEMORANDUM**

To: Members, Emergency Board
From: Governor Peter Shumlin *PES*
Date: December 30, 2015
Re: Vermont Enterprise Fund Allocation

I respectfully submit the following information for consideration by the Emergency Board for approval of funding from the Vermont Enterprise Fund established by Section E.100.5 of No. 179 of the Acts of 2014.

Company Name: GLOBALFOUNDRIES U.S. 2, LLC
Amount from VEF: \$1,000,000

In accordance with Subsection (d) of that Act, I hereby determine that the above-named business:

(A) adequately demonstrates a substantial statewide or regional economic or employment impact; or

(B) adequately demonstrates approval or eligibility for other economic development incentives and programs offered by the State of Vermont.

And,

The aforementioned business is experiencing one or more of the following circumstances:

(A) A merger or acquisition may cause the closing of all or a portion of a Vermont business, or closure or relocation outside Vermont will cause the loss of employment in Vermont;

(B) A prospective purchaser is considering the acquisition of an existing business in Vermont;

(C) An existing employer in Vermont, which is a division or subsidiary of a multistate or multinational company, may be closed or have its employment significantly reduced; or

(D) Is considering Vermont for relocation or expansion. (Investment in/enhancement of the capabilities at the Vermont campus).

Peter Shumlin, Governor

Please see Attachment A for supporting evidence for these findings.

Please see Attachment B for the following information regarding this business as required by Section E. 100.5(e)(3):

- (A) Information on the company;
- (B) The circumstances supporting the offer of economic and financial resources;
- (C) A summary of the economic activity proposed or that would be forgone;
- (D) Other State incentives and programs offered or involved;
- (E) The economic and financial resources offered by the Governor requiring use of monies from the Fund;
- (F) Employment, investment, and economic impact of Fund support on the employer, including a fiscal cost-benefit analysis; and
- (G) Terms and conditions of the economic and financial resources offered, including:
 - (i) the total dollar amount and form of the economic and financial resources offered;
 - (ii) employment creation, employment retention, and capital investment performance requirements; and
 - (iii) disallowance and recapture provisions.

PROJECT DESCRIPTION: We propose the allocation of \$1,000,000 from the Vermont Enterprise Fund to ensure the maintenance of GLOBALFOUNDRIES' (GF) existing facilities and employment in Essex and Williston, including continued company investments that are required to ensure the facility can continue to provide leading edge technologies to sustain the current manufacturing operation and which are critical to develop and announce new technologies. The incentive would also induce a substantial investment in infrastructure improvements and upgrades at the facility to add additional manufacturing equipment that supplements the current advanced manufacturing operation with additional capacity and capability. Additionally, the company would convert up to 100 supplemental positions to regular full-time positions.

ATTACHMENT A:

Evidence that the Applicant Adequately Demonstrates a Substantial Statewide or Regional Economic or Employment Impact.

Global Foundries (GF) has significant and various impacts on the region and state, including substantial direct and indirect economic impacts. Whether measuring direct employment and payroll, indirect and induced impacts and influences, capital investment, or charitable giving, the company and employee impact is significant and extensive locally, regionally and statewide.

Whenever Vermont is recognized for its technological innovation, much of that distinction can be attributed to generations of knowledge and skills among IBM, and now GF's, Vermont workers. Vermont's high per capita state rankings for the creativity index, patent innovations, exports, and state rankings of workforce with higher education degrees are all substantially attributable to their contributions.

GF is Vermont's largest for-profit employer, providing quality jobs to Vermonters from 97 towns across 13 of Vermont's 14 counties. The company's payroll and other economic activity injects multiple millions of dollars into the state's economy annually, making them Vermont's most significant and vital private sector economic engine.

The assessed parcels owned and improved by the company provides property taxes totaling \$2.8 million annually to two municipalities and the State (based on 2014 assessed value).

GF makes significant annual investments in infrastructure (roads, waste water treatment, electric infrastructure etc.) on its campus. Because of these investments, utility ratepayers have had lower rates and higher quality energy, and municipal and state taxpayers have had lower taxes. Without GF's demand, Vermont would lack the demand to provide the current level of infrastructure investments without significantly burdening residential and other commercial consumers.

Vermont was ranked second in patents per capita in a 2012 *Business Insider* report based on U.S. Trademark and Patent Office data, with 3.90 patented inventions per 1000 people, largely due to IBM and now GF employee innovations. In the past 5 years, Vermont employees (of IBM and now GF) have generated more than 1,800 patents, far and away the most of any organization in the state.

Technology developed at GF Vermont is globally innovative and utilized in products like hand held and mobile devices used virtually everywhere in the world today. Innovation is the driver of job creation and retention in an industry with two-year product cycles. Every GF technology development job sustains multiple supporting jobs. Positions such as engineers, technicians, production operators, quality control, and supply chain are all sustained and added because of investments in research and development.

IBM, and now GF, have donated shared expertise in water and wastewater management to support other Vermont employers to make technical and business decisions. Additionally, their employees share their phosphorous reduction chemistry and techniques with wastewater treatment plants across the State at no cost to the plants. The company has also provided significant resources at no charge for Vermont's Solar Research Test Center, including land and technical work for the project.

Company employees have provided technical expertise, free of charge, to other Vermont businesses and organizations such as Vermont Technical College, Howard Center, St. Michael's college, the Vermont Air Guard, Cabot Cheese, Sugarbush, Mount Snow, Central Vermont Medical Center, and Rock of Ages. These employees help with energy management support, technical issues, and Smart Grid data analytics to help these Vermont employers run more effective and efficient operations

The company and its employees continue to have extensive community impact through employee charitable contributions, volunteer hours and grants in the community. Employees have delivered tons of food to different food shelf locations across the state.

Additionally, investments by IBM, and now GF in further educating their workforce have substantially impacted higher education in Vermont. The operation also has induced impacts through millions of dollars expended annually for contractors and vendors and other business-to-business relationships providing products and services required by the company and its facility.

The company and its employees contribute to the entrepreneurial success of the region and state through the creation of spin-off ideas and companies, many of which have gone on to create a substantial number of jobs and encouraged investment in Vermont.

In addition to these ongoing impacts, and in accordance with Section E.100.5 of No. 179 of the Acts of 2014 establishing the Enterprise Fund, ACCD ran a cost-benefit model to measure the employment and fiscal impact of the proposed GF 2015 and 2016 capital investment and conversion of long-term supplemental jobs to permanent full time jobs at Global Foundries. The model generated the following results:

Phase I&II impacts	2015	2016	2017	2018	2019	5 year Total
Total Jobs (including indirect & induced)	138	131	-30	0	0	239
General Fund increase	\$348,000	\$671,000	\$666,000	\$736,000	\$793,000	\$3.21 million
Education Fund increase	\$73,000	\$162,000	\$204,000	\$260,000	\$304,000	\$0.95 million
Transportation Fund increase	\$52,000	\$102,000	\$106,000	\$121,000	\$134,000	\$0.47 million

If GF does not continue to invest in the Vermont operation, the facility will not be able to continue to innovate and remain competitive. This would in turn impact current manufacturing operations and eventually existing employment would suffer. We also ran a cost-benefit model to provide an example of the employment and fiscal impact of job losses at GF. The following indicates the theoretical impact of the loss of 250 direct jobs:

Revenue Impacts of Global Foundries loss of 250 jobs

Impacts	2015	2016	2017	2018	2019	5 year Total
Total Jobs (including indirect and induced)	---	-519	-149	-23	-3	-694
General Fund decrease	---	-\$1.5 million	-\$2.1 million	-\$2.3 million	-\$2.5 million	-\$8.4 million
Education Fund decrease	---	-\$320,000	-\$530,000	-\$710,000	-\$990,000	-\$2.55 million
Transportation Fund decrease	---	-\$230,000	-\$320,000	-\$370,000	-\$410,000	-\$1.33 million

Evidence that the Applicant is Considering Vermont for Relocation or Expansion.

GF is planning on investments totaling \$72 million during 2015 and 2016 in semiconductor and semiconductor-related operations at the Vermont campus. The company is conducting this investment in two phases. The first is \$55 million in

investments made this summer and fall and the conversion of 50 temporary jobs to full time positions. The second phase would be done in 2016 for an additional \$17 million in capital expenditures and the conversion of 50 more positions from temporary to full-time. This investment adds additional manufacturing equipment that supplements the existing advanced manufacturing operation with additional capacity and capability. This continued investment is required to ensure the facility can continue to provide leading-edge technologies that are required to sustain the current manufacturing operation and that are critical to develop and announce new technologies, as products supported by these technologies have life cycles of two to three years.

The \$1,000,000 from the Enterprise fund would be used as part of the investment in the campus to improve the Essex Junction GF infrastructure as follows:

- Upgrades and improvements to the High Temperature hot water system including boilers, distribution piping and supporting equipment.
- Upgrades and improvements to the Chilled water system including cooling towers, distribution piping and supporting equipment.
- Refurbishment of the site utility trestle which carries supply and return of utilities, raw materials and waste across the manufacturing site.
- Upgrades and reliability improvements to the site's power grid and electrical distribution system.
- Upgrades and reliability improvements to the Reverse Osmosis (RO) water system including vessels, exchange beds, distribution piping and supporting equipment.

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ATTACHMENT B:

A) Information on the company:

GLOBALFOUNDRIES (GF), is the world's first full-service semiconductor foundry with a truly global manufacturing and technology footprint.

Launched in March 2009 through a partnership between AMD and the Advanced Technology Investment Company (ATIC), now Mubadala Technology, GF provides a unique combination of advanced technology, manufacturing excellence and global operations. With the integration of Chartered Semiconductor in January 2010 and IBM Microelectronics Division in 2015, GF significantly expanded its capacity, as well as added differentiated ASIC and RF capabilities and ability to provide best-in-class foundry services from mainstream to the leading edge.

GF is based in Silicon Valley with manufacturing operations in Dresden, Germany; Malta and East Fishkill New York, Essex Junction Vermont, and Singapore. These sites are supported by a global network of R&D, design enablement, and customer support operations in Singapore, China, Taiwan, Japan, the United States, Germany, India and the Netherlands.

With some 18,000 employees and more than 250 customers around the world, GF has quickly differentiated itself through collaboration, both with technology partners and customers, to develop and produce the semiconductors that are changing the ways we live, work and play.

B) The circumstances supporting the offer of economic and financial resources:

On July 1, 2015 GF announced that it had completed its acquisition of IBM's Microelectronics business. This included the land and buildings on the former IBM campus in Essex Junction and Williston Vermont, as well as the core missions on the campus of semiconductor manufacturing and development, Application Specific Integrated Circuits (ASICs) development, photomask development and manufacturing, wafer test and other support functions to those missions.

In Radio Frequency (RF) technology, GF now has leadership in wireless front-end module solutions. IBM's former Essex Junction facility has developed world-class capabilities in both RF silicon-on-insulator (RF-SOI) and high-performance silicon-germanium (SiGe) technologies, which are highly complementary to GF's existing mainstream technology offerings.

With its ASICs offerings, GF now has technology leadership in wired communications. The Vermont campus is the headquarters of this ASIC operation. This enables GF to

provide the design capabilities and intellectual property (IP) necessary to develop these high-performance customized products and solutions.

GF increased its manufacturing scale with fabs in East Fishkill, NY and Essex Junction, VT. These facilities will operate as part of the company's growing global operations, adding capacity and top-notch engineers to better meet the needs of its existing and new customers.

Moreover, the transaction builds on significant investments in the burgeoning Northeast Technology Corridor, which includes GF's leading-edge Fab 8 facility in Saratoga County, NY and joint R&D activities at SUNY Polytechnic Institute's College of Nanoscale Science and Engineering in Albany, NY. The company's presence in the Northeast now exceeds 8,000 direct employees.

In order to maintain the position and significance of the Vermont campus operation within the GF global operations, continued investment is required to ensure the facility can continue to provide leading edge technologies that are required to: 1) Sustain the current manufacturing operation; and 2) Develop and announce new technologies, as products supported by these technologies have life cycles of two to three years.

The incentives are being offered to help ensure that the Vermont campus remains viable as the company decides on investments at its various operations.

C) A summary of the economic activity proposed or that would be forgone:

The site provides a significant economic benefit across the state as the state's largest private employer. An advanced manufacturing facility, the site has employees in highly-skilled professional, technician and production jobs. The site also has several hundred contractors that work on the site in various support capacities.

The scale of the facility is important to the cost base of capital intensive infrastructure such as water and power transmission. As a long-term large user of power and water, it provides measurable revenue to infrastructure across the state, therefore reducing fixed costs to all other users of these capital intensive systems. The Essex Junction and Williston campus uses over 34% of the water from the Champlain Water District and 4 to 6 % of the power from VELCO's transmission system.

A leader in energy and environmental practices, the site has freely shared its expertise across the state in wastewater management with leading-edge phosphorous management techniques as well as methods in energy and water reduction. Site engineers have freely shared expertise in Smart Grid data analytics by helping ten enterprises, such as Mount Snow, Saint Michael's College, Cabot Cheese, Central Vermont Medical Center and others to understand their electrical data to manage costs and peak loads. Additionally, Vermont Technical College and Howard Center were

provided consulting support to establish energy management programs and implementation of Lean techniques which saved the organizations thousands of dollars in operating costs.

The employees at the site have a long tradition of supporting the community through direct giving and volunteering. Just over the last few months, GF employees have contributed thousands of dollars in monetary donations and held a food drive which collected over four tons of food for different area food agencies. Area teachers, as well as the City of Burlington Mayor and his staff, attended a Problem Solving and Lean Symposium in November where skills and techniques for driving efficiency and effectiveness were shared.

The proposed economic activity includes capital investments totaling \$72 million by GF in semiconductor and semiconductor-related operations at the Vermont campus, which includes a first phase of \$55M and a second phase of \$17M, over calendar years 2015 and 2016 in semiconductor manufacturing equipment, photomask equipment and campus facilities. This investment adds additional manufacturing equipment that supplements the existing advanced manufacturing operation with additional capacity and capability. This continued investment is required to ensure the facility can continue to provide leading edge technologies that are required to sustain the current manufacturing operation, and is critical to develop and announce new technologies.

GF will also convert 100 long-term supplemental employees to permanent positions, with a minimum wage of \$14.00/hour, before shift premium. While supplemental employees enjoy limited benefits, conversion to permanent employment means not only better pay but better benefits, include medical, dental, life insurance, paid sick leave, a 401k with employer match, bonuses, access to on-the-job training, education benefits and the opportunity for advancement.

Additionally, for the summers of 2016 and 2017, GLF will hire a minimum of four interns from Vermont Technical College, provided suitable candidates are found from the programs of Electrical Engineering Technology, Manufacturing Engineering Technology, Electromechanical Engineering Technology, Mechanical Engineering Technology or Fire Science.

D) Other State incentives and programs offered and involved:

In addition to the Enterprise Fund, GF is pursuing approximately \$185,000 from the Vermont Training Program.

It should be noted the former IBM East Fishkill site, now GLOBALFOUNDRIES Fab 10, has historically participated in a New York Power Authority (NYPA) Program called ReCharge NY for industry which has resulted in \$1.5M in power cost reduction annually.

E) The economic and financial resources offered by the Governor requiring use of the monies from the Fund:

GF will use \$1,000,000 of the Enterprise Fund to improve the reliability of the site's infrastructure. To date, all of the site's infrastructure has been self-funded, built and maintained without any support from the State of Vermont, the towns the campus is located in or any other external organization. This includes miles of roadways, a highway bridge, biological and industrial wastewater facilities, water distribution, and an electrical grid which completes all of the electrical stepdown from the 115kV transmission system.

Semiconductor manufacturing requires critical control of the manufacturing environment including maintaining a temperature of 68 degrees Fahrenheit +/- 2 degrees, and maintaining humidity equating to a dew point of 42 degrees +/- 3 degrees. Particle and contaminant control is achieved through industrial air handling equipment that moves 1,000,000 cubic feet of air per minute while maintaining a temperature of 55 degrees and a 42-degree dew point. In addition, 2.3 million gallons of Reverse Osmosis water per day is manufactured as a critical element in the processing of semiconductor wafers.

In order to achieve the required operating parameters, the site requires extensive central utilities such as Reverse Osmosis (RO) water system, industrial scale compressed air, high temperature hot water and chilled water to maintain the critical parameters and reliability required by 365 x 24 operations of the semiconductor manufacturing. It is imperative that the systems are "always on" and delivering their respective commodity in accordance with tight specifications.

The \$1,000,000 from the Enterprise fund will be used to improve the Essex Junction GF infrastructure as follows:

- Upgrades and improvements to the High Temperature hot water system including boilers, distribution piping and supporting equipment.
- Upgrades and improvements to the Chilled water system including cooling towers, distribution piping and supporting equipment.
- Refurbishment of the site utility trestle which carries supply and return of utilities, raw materials and waste across the manufacturing site.
- Upgrades and reliability improvements to the site's power grid and electrical distribution system.
- Upgrades and reliability improvements to the Reverse Osmosis (RO) water system including vessels, exchange beds, distribution piping and supporting equipment.

F) Employment, investment and economic impact of Fund support on the employer, including a fiscal cost-benefit analysis:

The proposed economic activity is the investment in the scale and capability in 200mm semiconductor manufacturing, related manufacturing and site infrastructure at the GF campus in Essex Junction, Vermont during 2015 and 2016. This investment supports a competitive scale to the manufacturing operation as well as providing the manufacturing capability for the latest RF technologies in manufacturing and in development. A market leader in critical components for the dynamic smart phone industry, this investment continues the technical and economic viability of the Vermont site. Continued investment is required to ensure the facility can provide the leading edge technologies that are required to sustain the manufacturing operation.

The expansion by GF \$72 million in capital investments and the conversion of 100 long-term supplemental positions to permanent positions. As indicated on Page 4, a cost-benefit analysis indicates that this project will result in the creation of approximately 239 direct, indirect and induced jobs and about \$4.6 million in gross new revenues to the state over five years

G) Terms and conditions of the economic and financial resources offered:

The payment of the incentive from the Vermont Enterprise Fund (VEF) will have the following terms and conditions:

- 1) GLOBALFOUNDRIES U.S. 2, LLC shall be paid \$1,000,000.00 from the Vermont Enterprise Fund.
- 2) The VEF incentive shall be disbursed to GLOBALFOUNDRIES U.S. 2, LLC in two equal installments of \$700,000.00 each by March 31, 2016 and by October 31, 2016 if GLOBALFOUNDRIES provides evidence to the Secretary of the Agency of Commerce and Community development that the following performance requirements are met:
 - a. Conversion of 100 long-term supplemental positions to permanent, full-time positions at the GLOBALFOUNDRIES Vermont operation, with a minimum wage of \$14.00 per hour, before shift premium, and with benefits to include medical, dental, life insurance, paid sick leave and a 401k with employer match, or a benefits package with similar value.
 - b. Investment by GLOBALFOUNDRIES totaling \$72,000,000.00 in semiconductor manufacturing equipment and photomask equipment and associated infrastructure and installation for use at the Vermont campus and in Vermont campus facilities.
- 3) Payment of VEF installments shall be delayed until stated targets are met if at least 40% of the performance requirements stated in Section G2 are not accomplished by March 1, 2016 and 100% by October 1, 2016.
- 4) Payment of the VEF incentive shall be forfeited if the performance requirements stated in Section G2 are not met 100% by December 31, 2016.

- 5) An approval of this incentive by the Emergency Board shall commit the entire amount approved from the VEF to this approved recipient.
- 6) As the purpose of this Enterprise Fund investment is to upgrade the Essex facility to enhance its competitiveness in a global marketplace, and to retain jobs associated with that facility, the following provision is aimed at effectuating this purpose: Should Global Foundries sell the Essex facility any time within 2016, and that sale results in a 20% or more involuntary reduction in full time jobs in 2016, Global Foundries shall be required to pay back the full amount of this award of \$1 million dollars within one month from date of the closing of the sale.
- 7) If the forfeiture or recapture of VEF incentives required by Section G4 is triggered, any amounts of VEF recaptured or forfeited shall remain in the VEF and be available for allocation to other projects, subject to approval by the Emergency Board.

CONFIDENTIAL



State of Vermont
Agency of Administration
Office of the Secretary
Pavilion Office Building
109 State Street
Montpelier, VT 05609-0201
www.aoa.vermont.gov

[phone] 802-828-3322
[fax] 802-828-3320

Justin Johnson, Secretary

MEMORANDUM

TO: Emergency Board Members

FROM: Justin Johnson, Secretary of Administration

DATE: December 29, 2015

SUBJECT: Next Emergency Board Meeting

There will be an Emergency Board meeting on Friday, January 8, 2016, 8:30 a.m., 5th Floor Conference Room, Pavilion Office Building, 109 State Street, Montpelier, Vermont.

The agenda items are as follows:

1. Discussion of the Canadian Prospect and their plans to expand in Vermont.
2. Approval of the proposed allocation of the Vermont Enterprise Fund (2014 Act 179 Sec. E.100.5).
Executive Session requested for the approval of proprietary information.

cc: Steve Klein, Joint Fiscal Office

London, Sarah

From: London, Sarah
Sent: Thursday, December 31, 2015 11:33 AM
To: Moulton, Pat; Johnson, Justin; Springer, Darren
Subject: RE: CONFIDENTIAL

This is what is posted online.

<http://aoa.vermont.gov/sites/aoa/files/revenue-economy/EboardMinutes/Notice%20and%20Agenda%20Jan%208%202016%20eboard.pdf>

From: Moulton, Pat
Sent: Thursday, December 31, 2015 10:45 AM
To: London, Sarah <Sarah.London@vermont.gov>; Johnson, Justin <Justin.Johnson@vermont.gov>; Springer, Darren <Darren.Springer@vermont.gov>
Subject: Fwd: CONFIDENTIAL

I do not know the usual protocol for "posting" these agenda's but that is Doug's question.
Pat

Patricia Moulton, Secretary
Agency of Commerce and Community Development
802-451-9578
Sent from my iPad, please excuse the typos!

Begin forwarded message:

From: "Hoffer, Doug" <Doug.Hoffer@vermont.gov>
Date: December 31, 2015 at 10:28:10 AM EST
To: "Moulton, Pat" <Pat.Moulton@vermont.gov>
Cc: "kimbim@aol.com" <kimbim@aol.com>, bill botzow <bbotzow@leg.state.vt.us>, "botzow@gmail.com" <botzow@gmail.com>, "Johnson, Justin" <Justin.Johnson@vermont.gov>, "Johnson, Harriet" <Harriet.Johnson@vermont.gov>, "Klein, Stephen" <sklein@leg.state.vt.us>, "London, Sarah" <Sarah.London@vermont.gov>, "Springer, Darren" <Darren.Springer@vermont.gov>
Subject: RE: CONFIDENTIAL

I wasn't asking about the memo, which I know to be confidential. Rather, I'm interested in whether the request itself is now part of the agenda for the meeting and, therefore, public. If so, where is the agenda posted?

Thanks

From: Moulton, Pat
Sent: Thursday, December 31, 2015 10:26 AM
To: Hoffer, Doug <Doug.Hoffer@vermont.gov>
Cc: kimbim@aol.com; bill botzow <bbotzow@leg.state.vt.us>; botzow@gmail.com; Johnson, Justin <Justin.Johnson@vermont.gov>; Johnson, Harriet <Harriet.Johnson@vermont.gov>; Klein, Stephen

This will be considered at an Emergency Board meeting, on **Friday, January 8 at 8:30 am at the Governor's Conference Room on the 5th floor of the Pavilion Office Building**. I have attached an agenda for your information. The first item will be to hear from the Canadian prospect that is considering Vermont for an expansion. Then the Board will go in to executive session to discuss the attached proprietary information.

Also a reminder that also in accordance with the above referenced statute, **the attached information should be considered privileged and confidential and cannot be shared.**

Senator Mullin and Representative Botzow, you are invited to attend the Emergency Board meeting also in accordance with the statute.

If you have any questions, please do not hesitate to contact me. Janette Bombardier of Global Foundries will be in attendance at the meeting.

THANK YOU and Happy New Year to you all!
Pat

Patricia Moulton, Secretary
Agency of Commerce and Community Development
One National Life Drive
Deane C. Davis Building, 6th Floor
Montpelier, VT 05620-0501
802-451-9578 direct
802-828-5204

Misshaan, Jessica

Subject: FW: GENERAL-#312390-v1-gf_questions Privileged and confidential EBoard
Attachments: GENERAL-#312390-v1-gf_questions wiht PM comments.docx; ATTO0001.htm

From: "Moulton, Pat" <Pat.Moulton@vermont.gov>
Date: January 5, 2016 at 1:30:53 PM EST
To: "janette.bombardier@globalfoundries.com" <janette.bombardier@globalfoundries.com>
Cc: "Springer, Darren" <Darren.Springer@vermont.gov>, "London, Sarah" <Sarah.London@vermont.gov>, "Johnson, Justin" <Justin.Johnson@vermont.gov>, "Johnson, Harriet" <Harriet.Johnson@vermont.gov>
Subject: FW: GENERAL-#312390-v1-gf_questions Privileged and confidential EBoard

Good afternoon Janette,
The Joint Fiscal Office has been hearing from members of the Emergency Board and done their own review as you will see below. Attached are the questions together with DRAFT responses Fred and I put together. We will need your input on some of these.

Please add, edit what you would like and get back to me as soon as possible. Getting this information to the Board before Friday should expedite the conversation Friday.

THANKS and call me if you would like to discuss. I am tied up starting at 2:45 but available before and after 4:30.

Pat

PLEASE NOTE: my new email pat.moulton@vermont.gov
Patricia Moulton, Secretary
Agency of Commerce and Community Development
One National Life Drive
Deane C. Davis Bldg., 6th Floor
Montpelier, VT 05620-0501
802-451-9578

From: Stephen Klein [<mailto:SKLEIN@leg.state.vt.us>]
Sent: Tuesday, January 05, 2016 8:43 AM
To: Johnson, Harriet <Harriet.Johnson@vermont.gov>; Moulton, Pat <Pat.Moulton@vermont.gov>; Kenney, Fred <Fred.Kenney@vermont.gov>; Johnson, Justin <Justin.Johnson@vermont.gov>
Cc: Tim Ashe <timashe@burlingtontelecom.net>; Ancel, Janet (janetancel@earthlink.net) <janetancel@earthlink.net>; Jane Kitchel (janek45@hotmail.com) <janek45@hotmail.com>; Mitzi Johnson <MJohnson@leg.state.vt.us>; Sara Teachout <Steachout@leg.state.vt.us>
Subject: GENERAL-#312390-v1-gf_questions Privileged and confidential EBoard

After review of the materials sent to the legislative Emergency Board members, those members and Joint Fiscal staff identified a number of questions.

To the extent they can be answered by Friday that would be good.

There may be specific questions which could/should lead to proposal modification.

Thank you for your assistance with this.

List of Questions and Concerns with GF proposal:

~~DRAFT~~

Compiled from Legislative Emergency Board member and JFO staff review of material:

I Proposal

Phase 1: Summer and Fall 2015:

- \$55 million in investments
- 50 temporary jobs to full time

Phase 2: 2016

- \$17 million in capital expenditures and investments
- 50 more temporary positions to full time
- Summer of 2016 and 2017 GLF will hire a minimum of four interns from VTC provided suitable candidates are found....

\$1,000,000 Enterprise funds reportedly to be used to improve the Essex Junction GF infrastructure as follows:

- Upgrades and improvements to the High Temperature hot water system including boilers, distribution piping and supporting equipment.
- Upgrades and improvements to the Chilled water system including cooling towers, distribution piping and supporting equipment.
- Refurbishment of the site utility trestle which carries supply and return of utilities, raw materials and waste across the manufacturing site.
- Upgrades and reliability improvements to the sites power grid and electrical distribution system.
- Upgrades and reliability improvements to the Reverse Osmosis (RO) water system including vessels, exchange beds, distribution piping and supporting equipment.

Another \$185,000 is being requested from the Vermont Training Program

II QUESTIONS

A. General Questions:

1. Is there a typo on page 11? It says the incentive is \$1M, but then says it will be paid out in two equal installments of \$700,000.

Yes, that is a typo. The amount should be \$500,000 installments.

2. Were the investments of \$55 million made in 2015 actually done?

Janette, need your confirmation that all of the \$55 has been made.

Some or all of the projected investments may have been made during 2015. However, since 2015 ended while this was being prepared the investments have not yet been verified. Evidence of the stated level of investments included in the performance

requirements must be provided to the Secretary of Commerce before the first installment is paid.

E. Position Questions:

1. In that the first 50 position conversions were to happen in 2015 did these occur?

Again, some of all of the projected 2015 conversions may have occurred. Evidence of the stated level of conversions included in the performance requirements must be provided to the Secretary of Commerce before the first installment is paid.

2. Are these (the temporary positions becoming permanent) the only jobs that are being created at GF?

Other positions may be created, but these are the only positions included in the performance requirements.

There is constant turnover at GF from retirement and other attrition. At any given time, they could have 40-60 openings. The conversion of full time temps to full time will reduce the number of overall temporary employees GF has. IBM typically had a temporary force of ___% of the workforce. GF is working to reduce that to ___%.

3. Are the permanent positions filled by the current temporary employees?

Some jobs may be filled by new employees, but most will be filled by converting existing temporary employees to permanent employment.

4. Also, regarding the 100 temporary positions that will be made full time:

a) Is it possible to determine if any of those individuals are currently beneficiaries of any state programs like Medicaid or cost-sharing subsidies, such that their conversion to full-time employees will reduce public expenditures?

Given the level of pay these employees earn, it is doubtful any individuals are using State programs. However, it is impossible to know the household income situation of all GF temp employees. It would be very difficult in the time available or within confidentiality rules to determine this. It would require a cross check of over 3,000 employees with AHS's lists of recipients. It is unlikely GF can provide that information for confidentiality reasons. AHS would only tell us how many, if any, employees receive assistance because of their household situation.

b) In terms of the Global Foundries' own benefit structure how the individual will gain e.g. leave time, pension contributions, health care etc.?

As stated on page 11 of the memo, conversion to full-time permanent status results in higher pay and the availability of medical, dental, life insurance, paid sick leave, a 401 with employer match, bonuses, access to on-the-job training and education benefits such as tuition reimbursement, and opportunity for advancement.

6. What is the difference in remuneration and benefits between the temporary and the permanent positions?

Janette, can you create a chart of temp vs full-time employment at GF and what the difference of salary, benefits.

C. Payment, claw back and fund recovery questions:

The proposal states that payment of installments shall be made in two installments of \$500,000 *(with correction)*.

- The first installment to be made after completion of 40% of the performance requirements of Conversion of 100 long term jobs and \$72, million in semi-conductor manufacturing equipment and photo mask equipment and associated infrastructure and installation for use at the Vermont campus and in Vermont campus facilities.
1. Since 50% of the positions and \$55 million of the investment is to have occurred in 2015 hasn't this already occurred and the payment is for past performance? The stated level of investment and conversions are projections. Verification of the investments and conversions required to meet performance requirements must occur before the first installment is paid.
 2. G 3) and 4) Language is confusing. The language on the second payment is to be made by October 1, 2016. However 4) indicates the entire incentive will be forfeited if 100% completion of performance requirements are not met by December 31, 2016. Is four tied to the total incentive or just the second payment?
G3 allows for a delay in meeting the requirements but G4 sets a final date by which all requirements must be met.
 3. The claw back or repayment provision is tied to sale in 2016 that results in a 20% or more involuntary reduction in full time jobs in 2016.
 - a) Why limit the repayment to 2016 and why not include a sale finalized in 2017, especially since the final payment is scheduled as late as December 31st?
The state period of performance is in calendar year 2016. All investments will be made by then. Therefore, the claw back should be related to the period of performance. *Janette, help here?*
 - b) Global Foundries has about 3,000 employees. The threshold of 20% involuntary terminations is roughly 600 people. That seems like a high trigger for repayment.
GF has turnover every year due to a number of factors, the most significant presently is retirement. It is not unusual that as many as 300-400 employees may turn over in a given year. We wanted to tie the claw back to a number larger than the normal turn over. *Janette, help here?*

London, Sarah

From: London, Sarah
Sent: Wednesday, January 06, 2016 5:25 PM
To: EXE - SrStaff
Subject: FW: memo re. E Board EF request
Attachments: E Board EF memo 1-6-16.pdf

FYI, auditor position on potential award to Global Foundries from enterprise fund.

From: Hoffer, Doug
Sent: Wednesday, January 06, 2016 5:02 PM
To: Janet Ancel - Ways & Means, Chair (janetancel@earthlink.net) <janetancel@earthlink.net>; 'Ashe, Tim. (timashe@burlingtontelecom.net)' <timashe@burlingtontelecom.net>; 'Johnson, Mitzi (mjohanson@leg.state.vt.us)' <mjohanson@leg.state.vt.us>; Jane (janek45@hotmail.com) <janek45@hotmail.com>
Cc: Johnson, Justin <Justin.Johnson@vermont.gov>; Pallito, Andy <Andy.Pallito@vermont.gov>; Moulton, Pat <Pat.Moulton@vermont.gov>; London, Sarah <Sarah.London@vermont.gov>; Johnson, Harriet <Harriet.Johnson@vermont.gov>
Subject: memo re. E Board EF request

Attached is a memo regarding the second item on the E Board's Friday agenda.

Doug Hoffer
Vermont State Auditor
132 State Street
Montpelier, VT 05633
802.828.2281 P
802.828.2198 F

DOUGLAS R. HOFFER
STATE AUDITOR



STATE OF VERMONT
OFFICE OF THE STATE AUDITOR

To: Emergency Board
Date: 6 January 2016
Re: Comments on a proposed allocation from the Vermont Enterprise Fund
Cc: Justin Johnson, Andy Pallito, Sarah London, Pat Moulton

The Governor has submitted a request to the Emergency Board to approve a grant of \$1 million from the Enterprise Fund to Global Foundries. Act 179 Section E.100.5 (2014) requires the Board to consider (among other things) "whether the business and the Governor have made available to the Board sufficient information and documentation for the Auditor of Accounts to perform a performance audit of the program. [(e)(4)(D)]" In order to assist the Emergency Board in its duties, I offer the following observations. The comments are based on materials provided by the Governor's office. If additional information is made available, we will reassess the situation.

The analytic framework for this exercise can be found in my October 19, 2015 memo to the E Board.

Based on my review of the materials provided by the Governor's office, I conclude that, with one exception, there is insufficient evidence to conduct a performance audit of the grant. Below is a brief discussion about the information provided in the Governor's memo. My comments are in red.

Comments on the information submitted for Global Foundries.

- d) To be eligible for an investment through the Fund, the Governor shall determine that a business:
- (1) is experiencing one or more of the following circumstances: [the memo cited subsection D]
 - (D) is considering Vermont for relocation or expansion.

The company recently purchased the property so there is no question of relocation. As for expansion, the memo states that the company "is planning on investments totaling \$72 million in 2015 and 2016." Having publicly announced its plans at a press conference several months ago, it would seem there is nothing left for GF to consider. Therefore, in this one instance, there does appear to be sufficient information to support a finding in a performance audit.

- (e)(3) The Governor or designee, shall present to the Emergency Board for its approval:
- (B) the circumstances supporting the offer of economic and financial resources;

The memo states that the investments are necessary for the facility to sustain the current manufacturing operation. No evidence was provided to support this.

However, it seems likely that GF conducted a thorough analysis of the facility prior to acquiring the property. That would be prudent due diligence for such a large and complex transaction. Having announced their plans so soon after finalizing the purchase, it looks like the company concluded that such investments were needed prior to the decision to buy the property and long before the possibility of public assistance was contemplated.

Furthermore, the terms and conditions of the "incentive" require that GF invest at least 40% of the promised \$72 million by March 1, 2016. Thus, GF is required to spend \$28.8 million within seven weeks from the Emergency Board's January 8 meeting. Expenditures of this magnitude require significant planning. Although no evidence was provided regarding the schedule of the investments, no responsible party would expend so much money without adequate preparation.

(C) a summary of the economic activity proposed or that would be forgone:

No evidence was presented that would support a finding that the proposed \$72 million investments hinge on a State grant of \$1 million.

The only other quantifiable economic activity mentioned is the conversion of 100 temporary jobs to permanent jobs. No evidence was provided to demonstrate that this action depends on the proposed State grant or that it is even connected to the planned infrastructure investments.

(F) employment, investment, and economic impact of Fund support on the employer, including a fiscal cost-benefit analysis;

The memo reported the results of cost-benefit analysis that assumes the \$72 million investment will not proceed without state assistance. No evidence has been presented to support that assumption.

In addition, the memo did not describe the assumptions used for the cost-benefit model so it is impossible to evaluate the information provided. This is of concern because the out years show substantial state revenues even though the only change other than construction was the conversion of existing jobs to permanent jobs.

The memo also included a cost-benefit analysis of the theoretical impact of the loss of 250 jobs, presumably as a result of the failure to support the \$1 million grant to GF. No evidence was presented to support that hypothesis.

(G) terms and conditions of the economic and financial resources offered, including:

(ii) employment creation, employment retention, and capital investment performance requirements

The Governor's memo states that if the grant is approved GF will be paid \$1 million.

However, the memo subsequently states that the "VEF incentive shall be disbursed to [GF] in two equal installments of \$700,000 each."

d) To be eligible for an investment through the Fund, the Governor shall determine that a business:

(2) adequately demonstrates:

(B) approval or eligibility for other economic development incentives and programs offered by the State of Vermont; and

According to the governor's memo, the company "is pursuing \$185,000 from the Vermont Training Program." While any Vermont business can apply, no evidence was provided to support the claim that the company would be eligible for a VTP grant or that such a grant would be valued at \$185,000. The Agency of Commerce informed me that a formal application has not yet been submitted.

Mishaan, Jessica

Subject: FW: Answers to JFO review questions.
Attachments: GENERAL-#312390-v1-gf_questions FINAL.docx; ATT00001.htm

From: "Moulton, Pat" <Pat.Moulton@vermont.gov>
Date: January 7, 2016 at 7:49:55 AM EST
To: "Klein, Stephen" <sklein@leg.state.vt.us>, Mitzi Johnson <mjohnson@leg.state.vt.us>, "janek45@hotmail.com" <janek45@hotmail.com>, "jkitchel@leg.state.vt.us" <jkitchel@leg.state.vt.us>, Tim Ashe <timashe@burlingtontelecom.net>, "tashe@leg.state.vt.us" <tashe@leg.state.vt.us>, Janet Ancel <janetancel@earthlink.net>, Janet Ancel <jancel@leg.state.vt.us>, "Hoffer, Doug" <Doug.Hoffer@vermont.gov>, Kevin Mullin <kimbim@aol.com>, "kmullin@leg.state.vt.us" <kmullin@leg.state.vt.us>, "BBotzow@leg.state.vt.us" <BBotzow@leg.state.vt.us>, Bill Botzow <botzow@gmail.com>, Sara Teachout <steachout@leg.state.vt.us>
Cc: "Johnson, Justin" <Justin.Johnson@vermont.gov>, "Johnson, Harriet" <Harriet.Johnson@vermont.gov>, "Springer, Darren" <Darren.Springer@vermont.gov>, "London, Sarah" <Sarah.London@vermont.gov>, Janette Bombardier RE. <janette.bombardier@globalfoundries.com>, "Kenney, Fred" <Fred.Kenney@vermont.gov>
Subject: Answers to JFO review questions.

Good morning,

Please see the answers to the questions JFO sent Tuesday morning regarding the Emergency Board discussion tomorrow. Please let me know if you have additional questions. I am in the statehouse much of today if you need to reach me.

We will see you tomorrow morning.

Thank you.

Pat

List of Questions and Concerns with GF proposal:
Compiled from Legislative Emergency Board member and JFO staff review of material:

I Proposal

Phase 1: Summer and Fall 2015:

- \$55 million in investments
- 50 temporary jobs to full time

Phase 2: 2016

- \$17 million in capital expenditures and investments
- 50 more temporary positions to full time
- Summer of 2016 and 2017 GLF will hire a minimum of four interns from VTC provided suitable candidates are found....

\$1,000,000 Enterprise funds reportedly to be used to improve the Essex Junction GF infrastructure as follows:

- Upgrades and improvements to the High Temperature hot water system including boilers, distribution piping and supporting equipment.
- Upgrades and improvements to the Chilled water system including cooling towers, distribution piping and supporting equipment.
- Refurbishment of the site utility trestle which carries supply and return of utilities, raw materials and waste across the manufacturing site,
- Upgrades and reliability improvements to the sites power grid and electrical distribution system.
- Upgrades and reliability improvements to the Reverse Osmosis (RO) water system including vessels, exchange beds, distribution piping and supporting equipment.

Another \$185,000 is being requested from the Vermont Training Program

II QUESTIONS

A. General Questions:

1. Is there a typo on page 11? It says the incentive is \$1M, but then says it will be paid out in two equal installments of \$700,000.

Yes; that is a typo. The amount should be \$500,000 installments.

2. Were the investments of \$55 million made in 2015 actually done?

The investment of \$55 million is substantially complete. There is ongoing limited construction, and punch list items, but the work is substantially complete. Evidence of the stated level of investments included in the performance requirements must be provided to the Secretary of Commerce before the first installment is paid.

B. Position Questions:

1. In that the first 50 position conversions were to happen in 2015 did these occur?
Yes, the conversion of 50 temporary to full time positions was complete by the end of 2015.

2. Are these (the temporary positions becoming permanent) the only jobs that are being created at GF?

Other positions may be created, but these are the only positions included in the performance requirements.

At this time, GF does not have enough production employees on board to complete the next 50 conversions due to challenges hiring. GF will complete the conversions as they are able to hire qualified individuals. The conversion of full time temps to full time permanent employees will reduce the number of overall temporary employees GF has. IBM typically had a temporary force of 30-35% of the production workforce. GF is working to reduce that to less than 20%.

3. Are the permanent positions filled by the current temporary employees?

Some jobs may be filled by new employees, but most will be filled by converting existing temporary employees to permanent employment.

4. Also, regarding the 100 temporary positions that will be made full time:

a) Is it possible to determine if any of those individuals are currently beneficiaries of any state programs like Medicaid or cost-sharing subsidies, such that their conversion to full-time employees will reduce public expenditures?

Given the level of pay these employees earn, it is highly unlikely any individuals are using State programs. However, it is very difficult to learn the household size and household income of all GF temp employees to determine their eligibility for state support. It would be very impossible within the time available and confidentiality rules to determine this how many are receiving state support.

b) In terms of the Global Foundries' own benefit structure how the individual will gain e.g. leave time, pension contributions, health care etc.?

The major difference between the full time temporary production employees, and their full time permanent employees is that the temps have a "job" whereas permanent full time employees have a "career" with a career path.

Full time temps receive the identical medical, dental and sick pay and retirement benefits as permanent full time employees. They are paid \$13/hour without merit increases.

Permanent employees receive medical, dental, sick pay, retirement benefits, merit increases, educational reimbursements, opportunities to expand the scope of their work, opportunities for advancement/career path within the company and opportunities for bonuses.

6. What is the difference in remuneration and benefits between the temporary and the permanent positions?

Temporary production workers receive \$13/hour without opportunity for merit increases. Full time permanent employees receive \$14/hour as the floor with opportunity for merit and other increases.

C. Payment, claw back and fund recovery questions:

The proposal states that payment of installments shall be made in two installments of \$500,000 (with correction).

- The first installment to be made after completion of 40% of the performance requirements of Conversion of 100 long term jobs and \$72, million in semiconductor manufacturing equipment and photo mask equipment and associated infrastructure and installation for use at the Vermont campus and in Vermont campus facilities.
1. Since 50% of the positions and \$55 million of the investment is to have occurred in 2015 hasn't this already occurred and the payment is for past performance?
The transaction for GF to purchase the IBM campus was very complicated due to the nature of the transaction and federal regulation. Introducing a new funding source would have complicated even more an already complicated transaction. Therefore, GF chose not to pursue the Enterprise Fund until after the transaction was complete and had assurance GF was in compliance with all federal regulations. However, GF proceeded with those expenditures even without a commitment of Enterprise Funds. GF proceeded with these investments in good faith knowing they would be pursuing Enterprise funds to help with both phases of their investment.
 2. G 3) and 4) Language is confusing. The language on the second payment is to be made by October 1, 2016. However 4) indicates the entire incentive will be forfeited if 100% completion of performance requirements are not met by December 31, 2016. Is four tied to the total incentive or just the second payment?
G3 allows for a delay in meeting the requirements but G4 sets a final date by which all requirements must be met.
 3. The claw back or repayment provision is tied to sale in 2016 that results in a 20% or more involuntary reduction in full time jobs in 2016.
 - a) Why limit the repayment to 2016 and why not include a sale finalized in 2017, especially since the final payment is scheduled as late as December 31st?
The state period of performance is in calendar year 2016. All investments will be made by then. Therefore, the claw back should be related to the period of performance.

b) Global Foundries has about 3,000 employees. The threshold of 20% involuntary terminations is roughly 600 people. That seems like a high trigger for repayment.

GF and IBM before it, has attrition every year due to a number of factors, including retirement, press rumors of possible sale and general attrition. Historically, attrition has ranged from less to 200 employees/year to over 300 employees during the time of the rumors of a possible sale. The clawback provision if tied to involuntary reduction in workforce and the number should be higher than attrition in any given year.

Mishaan, Jessica

Subject: FW: memo re. E Board EF request
Attachments: E Board EF memo 1-6-16.pdf; ATT00001.htm

From: "Hoffer, Doug" <Doug.Hoffer@vermont.gov>
Date: January 7, 2016 at 8:01:29 AM EST
To: Botzow <botzow@sover.net>, Kevin J Mullin <kimbim@aol.com>, "Klein, Stephen" <sklein@leg.state.vt.us>, "Springer, Darren" <Darren.Springer@vermont.gov>
Subject: Fw: memo re. E Board EF request

To those I neglected to copy yesterday.

Doug Hoffer
Vermont State Auditor
132 State Street
Montpelier, VT 05633
802.828.2281 P
802.828.2198 F

From: Hoffer, Doug
Sent: Wednesday, January 6, 2016 5:02 PM
To: Janet Ancel - Ways & Means, Chair (janetancel@earthlink.net); 'Ashe, Tim' (timashe@burlingtontelecom.net); 'Johnson, Mitzi' (mjohnson@leg.state.vt.us); Jane (jane45@hotmail.com)
Cc: Johnson, Justin; Pallito, Andy; Moulton, Pat; London, Sarah; Johnson, Harriet
Subject: memo re. E Board EF request

Attached is a memo regarding the second item on the E Board's Friday agenda.

Doug Hoffer
Vermont State Auditor
132 State Street
Montpelier, VT 05633
802.828.2281 P
802.828.2198 F

DOUGLAS R. HOFFER
STATE AUDITOR



STATE OF VERMONT
OFFICE OF THE STATE AUDITOR

To: Emergency Board
Date: 6 January 2016
Re: Comments on a proposed allocation from the Vermont Enterprise Fund
Cc: Justin Johnson, Andy Pallito, Sarah London, Pat Moulton

The Governor has submitted a request to the Emergency Board to approve a grant of \$1 million from the Enterprise Fund to Global Foundries. Act 179 Section E.100.5 (2014) requires the Board to consider (among other things) "whether the business and the Governor have made available to the Board sufficient information and documentation for the Auditor of Accounts to perform a performance audit of the program. [(e)(4)(D)]" In order to assist the Emergency Board in its duties, I offer the following observations. The comments are based on materials provided by the Governor's office. If additional information is made available, we will reassess the situation.

The analytic framework for this exercise can be found in my October 19, 2015 memo to the E Board.

Based on my review of the materials provided by the Governor's office, I conclude that, with one exception, there is insufficient evidence to conduct a performance audit of the grant. Below is a brief discussion about the information provided in the Governor's memo. My comments are in red.

Comments on the information submitted for Global Foundries.

- d) To be eligible for an investment through the Fund, the Governor shall determine that a business:
- (1) is experiencing one or more of the following circumstances; [the memo cited subsection D]
 - (D) is considering Vermont for relocation or expansion.

The company recently purchased the property so there is no question of relocation. As for expansion, the memo states that the company "is planning on investments totaling \$72 million in 2015 and 2016." Having publicly announced its plans at a press conference several months ago, it would seem there is nothing left for GF to consider. Therefore, in this one instance, there does appear to be sufficient information to support a finding in a performance audit.

- (e)(3) The Governor or designee, shall present to the Emergency Board for its approval:
- (B) the circumstances supporting the offer of economic and financial resources;

The memo states that the investments are necessary for the facility to sustain the current manufacturing operation. No evidence was provided to support this.

However, it seems likely that GF conducted a thorough analysis of the facility prior to acquiring the property. That would be prudent due diligence for such a large and complex transaction. Having announced their plans so soon after finalizing the purchase, it looks like the company concluded that such investments were needed prior to the decision to buy the property and long before the possibility of public assistance was contemplated.

Furthermore, the terms and conditions of the "incentive" require that GF invest at least 40% of the promised \$72 million by March 1, 2016. Thus, GF is required to spend \$28.8 million within seven weeks from the Emergency Board's January 8 meeting. Expenditures of this magnitude require significant planning. Although no evidence was provided regarding the schedule of the investments, no responsible party would expend so much money without adequate preparation.

(C) a summary of the economic activity proposed or that would be forgone:

No evidence was presented that would support a finding that the proposed \$72 million investments hinge on a State grant of \$1 million.

The only other quantifiable economic activity mentioned is the conversion of 100 temporary jobs to permanent jobs. No evidence was provided to demonstrate that this action depends on the proposed State grant or that it is even connected to the planned infrastructure investments.

(F) employment, investment, and economic impact of Fund support on the employer, including a fiscal cost-benefit analysis;

The memo reported the results of cost-benefit analysis that assumes the \$72 million investment will not proceed without state assistance. No evidence has been presented to support that assumption.

In addition, the memo did not describe the assumptions used for the cost-benefit model so it is impossible to evaluate the information provided. This is of concern because the out years show substantial state revenues even though the only change other than construction was the conversion of existing jobs to permanent jobs.

The memo also included a cost-benefit analysis of the theoretical impact of the loss of 250 jobs, presumably as a result of the failure to support the \$1 million grant to GF. No evidence was presented to support that hypothesis.

(G) terms and conditions of the economic and financial resources offered, including:

(ii) employment creation, employment retention, and capital investment performance requirements

The Governor's memo states that if the grant is approved GF will be paid \$1 million.

However, the memo subsequently states that the "VEF incentive shall be disbursed to (GF) in two equal installments of \$700,000 each."

d) To be eligible for an investment through the Fund, the Governor shall determine that a business:

(2) adequately demonstrates:

(B) approval or eligibility for other economic development incentives and programs offered by the State of Vermont; and

According to the governor's memo, the company "is pursuing \$185,000 from the Vermont Training Program." While any Vermont business can apply, no evidence was provided to support the claim that the company would be eligible for a VTP grant or that such a grant would be valued at \$185,000. The Agency of Commerce informed me that a formal application has not yet been submitted.

London, Sarah

From: London, Sarah
Sent: Friday, January 08, 2016 8:42 AM
To: Trombley, Shana
Subject: Fwd: motions
Attachments: Proposed Motion Jan 8 2016.docx; ATT00001.htm

Sent from my iPhone

Begin forwarded message:

From: "Moulton, Pat" <Pat.Moulton@vermont.gov>
Date: January 7, 2016 at 4:40:58 PM EST
To: "Johnson, Harriet" <Harriet.Johnson@vermont.gov>, "London, Sarah" <Sarah.London@vermont.gov>, "Byrne, Emily" <Emily.Byrne@vermont.gov>, "Johnson, Justin" <Justin.Johnson@vermont.gov>, "Springer, Darren" <Darren.Springer@vermont.gov>
Subject: FW: motions

Both motions.

PLEASE NOTE: my new email pat.moulton@vermont.gov
Patricia Moulton, Secretary
Agency of Commerce and Community Development
One National Life Drive
Deane C. Davis Bldg., 6th Floor
Montpelier, VT 05620-0501
802-451-9578

From: Kenney, Fred
Sent: Thursday, January 07, 2016 4:27 PM
To: Moulton, Pat <Pat.Moulton@vermont.gov>
Subject: motions

attached

Fred Kenney | Executive Director
Vermont Economic Progress Council
1 National Life Dr, Davis Bldg, 6th Floor | Montpelier, VT 05620-0501
802-777-8192 cell
accd.vermont.gov

**PROPOSED MOTIONS
EMERGENCY BOARD**

January 8, 2016

Executive Session:

I move that the Emergency Board go into executive session pursuant to 1 V.S.A. § 313(a)(6) for the sole purpose of disclosing company-specific information that is commercially sensitive and therefore exempt from public disclosure pursuant to section 317(c)(9) of the Access to Public Records Act. I further move that the executive session include the members of the Emergency Board who are present, as well as staff from the Agency of Administration, the Governor's Office, the Agency of Commerce and Community Development, the Joint Fiscal Office, the Chair of the Senate Committee on Economic Development, Housing, and General Affairs, the Chair of the House Committee on Commerce and Economic Development, the Auditor, and representatives from GBIC and Global Foundries.

FOR IMMEDIATE RELEASE

January 8, 2016

Gov. Shumlin Recommends, Emergency Board Approves Using Enterprise Fund to Support GlobalFoundries

MONTPELIER – Gov. Peter Shumlin today recommended using \$1 million from the Vermont Enterprise Fund to support the continued growth of GlobalFoundries. The Emergency Board approved the recommendation at a meeting this morning.

GlobalFoundries will be investing \$72 million dollars in capital expenditures as well as converting 100 temporary jobs to full time permanent jobs at higher wages and with better benefits. This commitment further solidifies GlobalFoundries' presence in Vermont.

The Enterprise Funds will be used to make investments in efficiencies at the Essex facility.

The Vermont Enterprise Fund was established in 2014 to allow the State to act quickly to attract or retain jobs around the state. To date, \$700,000 from the fund has been approved for two companies, securing almost 150 jobs in parts of the state that need it most – GW Plastics in Bethel/Royalton and BHS Composites, a new company that chose to locate its US operation in St. Johnsbury. G.W. will add up to 73 new jobs and BHS Composites will create approximately 75 over 5 years. Both of these companies considered other states for their expansions.

“The Vermont Enterprise Fund has proved an incredibly effective tool in our job creation arsenal, allowing us to secure almost 150 jobs around the state in last two months” Gov. Shumlin said. “GlobalFoundries, GW Plastics and BHS Composites are examples of good, strong companies that I know will flourish here with our support. As I said yesterday, Vermont has always has succeeded by being smart, not big. The Enterprise Fund is an effective way to continue our job creation successes.”

Following this award, the Enterprise Fund has a balance of approximately \$400,000.

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