



ST. JOHNSBURY, VT OPPORTUNITY ZONE PROSPECTUS

EXECUTIVE SUMMARY

St. Johnsbury is a perfect balance of small-town community and big-city inspiration. Classic Victorian charm mixes with vibrant contemporary arts. It's a place where families and friends can experience rugged outdoor adventure and world-class culture. Rivers and trains connect outstanding architecture with innovation and education. As a gateway to Vermont's astounding Northeast Kingdom, St. Johnsbury's galleries, performance venues, centers for worship, and schools offer the best in education and inspiration.

- St. Johnsbury is an inclusive community with a strong commitment to education, workforce development, equity, and inclusion.
- St. Johnsbury's diversified economy, is built on business services, manufacturing, healthcare, food and beverage services, tourism and outdoor recreation.
- St. Johnsbury has a strong partnership with St. Johnsbury Academy, an anchor institution serving as an educational and cultural center for the region and the state.
- St. Johnsbury has dedicated economic and community development staff who are engaged in downtown revitalization and the creation of business opportunities.
- St. Johnsbury recently adopted its town plan which aligns with state and regional goals and objectives
- St. Johnsbury's Opportunity Zone was chosen to maximize the impact of Opportunity Zone investment, reinforcing multiple growth hubs in the Northeast Kingdom of Vermont.

St. Johnsbury is well-positioned and ready for growth!

THE RURAL & REGIONAL INVESTMENT PROSPECTUS:

PURPOSE

1.

2.

3.

Assist St. Johnsbury
to Market its
Opportunity Zones
to Local, Regional, and
National Investors

Assist St. Johnsbury
to Organize its
Assets to have
Maximum Economic
and Social Impact

Assist St. Johnsbury
to Organize its
Stakeholders around
a Unified Vision of
Inclusive Growth

HOW DO OPPORTUNITY ZONES WORK?

What are the incentives for investors?

- **Temporary Deferral:** An investor can defer capital gains taxes until 2026 by rolling their gains directly over into an Opportunity Fund
- **Reduction:** The deferred capital gains liability is effectively reduced by 10% if the investment in the Opportunity Fund is held for 5 years and another 5% if held for 7 years
- **An Exemption:** Any capital gains on subsequent investments made through an Opportunity Fund accrue tax-free as long as the investor stays invested in the fund for at least 10 years.

What are the major components?

- **Investments:** Opportunity Funds make equity investments in businesses and business property in Opportunity Zones.
- **Funds:** Opportunity funds are investment vehicles organized as corporations or partnerships for the specific purpose of investing in qualified Opportunity Zones
- **Zones:** States and territories designated 25 percent of their eligible low-income census tracts as Opportunity Zones.

INVESTING IN AN OPPORTUNITY ZONE

Who can invest?

Investors can be anyone who

- has capital gains and
- has filed form 8949 with the IRS to set up an Opportunity Fund and
- complies with the deployment timing rules

What can they invest in?

(1) Qualified Opportunity Zone **Operating Businesses**

which must have at least 50% of

- Employees,
- Sales or
- Property in Opportunity Zones

(2) Qualified Opportunity Zone **Property**

which must have been

- sold or leased after **December 2017**
- and be located within the zone.

* Details on: <https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions>

AUDIENCE FOR THIS PROSPECTUS

This document is a review of key projects in St. Johnsbury's Opportunity Zone. It is intended for those interested in taking advantage of the federal legislation or looking for places to put their money.



Local individuals with capital gains: These individuals who just sold a company or a piece of property and have a smaller amount of capital gains that they would rather invest in the local economy than pay federal taxes on. This document shows what's happening in their back yard and what they can do to support it.



Philanthropies and individuals with a regional interest: These institutions and individuals care about the future of the region and may be interested in supporting projects through donations, grants, or low-return capital that create a meaningful investment aligned with their vision. This document shows where they can have the biggest bang for their buck.



Opportunity Fund Managers: These are the national, local, and regional actors with market-rate and socially impact-oriented capital that they're seeking to responsibly invest in Opportunity Zones. This document shows them a menu of local projects in Opportunity Zones and who to contact for more information them.



Real Estate Investors and Developers: Real estate investors and developers have an opportunity to reinvest their capital gains into such communities and projects while receiving tax benefits for doing so. Although many developments use multiple streams of financing, developers must understand that only qualified capital can be used to gain access to the tax benefits.

ST. JOHNSBURY MARKET CONTEXT

148 miles to Montreal, Quebec

207 miles to Quebec City, Quebec

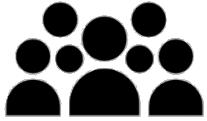
244 miles to Ottawa, Ontario

122 miles to Manchester, NH

172 miles to Boston, MA

322 miles to New York, NY





ST. JOHNSBURY BY THE NUMBERS

(Statistics provided by American FactFinder American Community Survey & ESRI Business Analytics)



Population 7,375



Median Age



Median Household Income
\$39,806



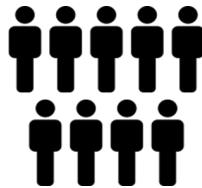
Total Housing Units 3,509
Occupied Housing Units 3,071
• Owner Occupied 1,852
• Renter Occupied 1,219



90%
High School Degree



989 Companies



Total civilian Employed
Population 16 years & older 3,350
Private wage/salary workers 2,545
Government workers 443
Self-employed workers 316
Unpaid family workers 26



26%
College Degree

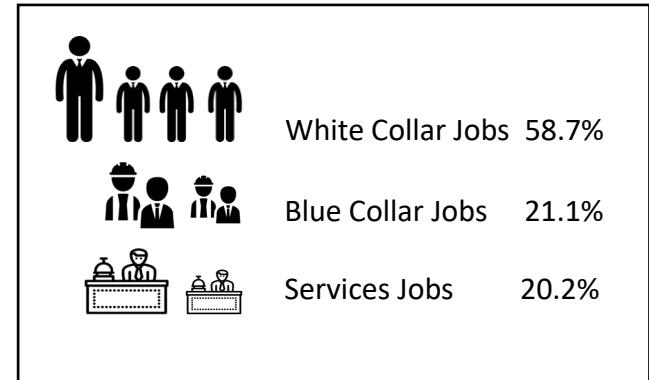


11.8%
Graduate Degree

4.3%

Unemployment Rate

Civilian Employed Population 16 years and older	Employees
Industry	Employees
Agriculture, Forestry, Fishing, hunting, mining	84
Construction	319
Manufacturing	380
Retail Trade	399
Transportation, Warehousing, Utilities	94
Information	59
Finance, Insurance, Real Estate	181
Professional Services	177
Educational Services, Health care, Social Assistance	1,104
Arts, Entertainment, Recreation, Accommodation, Food Services	276
Other Services	131
Public Administration	146



St. Johnsbury offers first-class education



St. Johnsbury Academy is an independent, co-educational day and boarding school for grades 9 to 12 with a post-graduate year. St. Johnsbury has 930 students 250 of which are boarding students from 25 states and 30 countries.



Good Shepherd Catholic School is faith-based learning using both traditional and innovative methods to assist students in achieving their best both academically and personally.



Northern Vermont University located in nearby Lyndonville, offers professional programs with a liberal arts core. Nationally recognized majors include atmospheric sciences, electronic journalism arts, and exercise science.



Community College of Vermont- CCV is deeply rooted in Vermont communities, providing students opportunities for academic and professional growth through flexible, innovative programs and exemplary support services.



Springfield College St. Johnsbury attracts students from across the Northeast Kingdom who seek to advance in their careers, and make profound changes in their communities. Weekend and on-line courses make the program convenient for working students.



The **St. Johnsbury School District** serves approximately 700 students in grades PreK–8. St. Johnsbury is a high school choice town, and is committed to preparing students for success in a diverse range of secondary schools available to students.

Arts & Culture: St. Johnsbury is the Cultural Hub for the NEK



Catamount Arts



Fairbanks Museum



Athenaeum



St. Johnsbury Academy



Dog Mountain



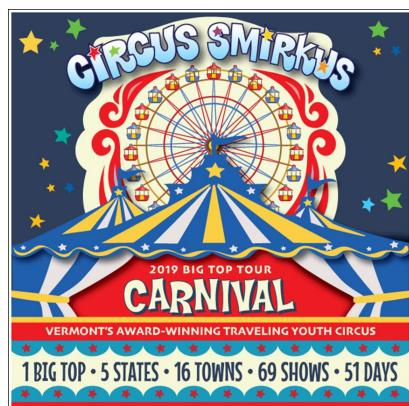
NEK Artisan's Guild



History & Heritage Center



Levitt Amp Music Series



Circus Smirkus



Kingdom County Productions



Welcome Center &
Historic Train Station

St. Johnsbury is home to many events & activities that celebrate our rich heritage (to name a few):

- World Maple Fest
- Colors of the Kingdom
- Victorian Holiday
- Pet Parade
- First Night

Community events

Arts & Culture:

St. Johnsbury has a vibrant creative industry sector that serves the region. The economic impact of the Creative Economy is significant!

50,000 visits to events
annually

140,000 visits to galleries,
museums, and libraries
annually

\$7 million
economic impact
annually

10% of the jobs in
St. Johnsbury can be
attributed to the creative
economy

Taxpayer support of arts &
culture exceeds \$200,000
annually

ST. JOHNSBURY OFFERS WORLD CLASS OUTDOOR RECREATION

World Class Outdoor Recreation

XC Skiing

Kingdom
Trails
Mountain
Biking

Burke
Mountain
Ski Resort

St.
Johnsbury
Town Park

Hiking

Hunting
& Fishing

Snow-
mobiling

Lamoille
Valley
Rail Trail

The value of the outdoor recreation industry in Vermont

(Source: <https://outdoorindustry.org/state/vermont/>)

51,000 jobs

\$1.5 Billion in wages

\$5.5 Billion
Annual
Consumer Spending

\$505 Million
generated in state and
local tax revenue annually

72% of Vermont residents
participate in outdoor
recreation annually

Town Services and Infrastructure:

Police and Fire



Police and Fire Departments are full-time with an ISO rating of 4.0

Water Treatment



State-of-the art water treatment plant currently being installed having capacity of 2M gal./day. Average daily demand is at 50% capacity.

Waste-water



Improvements to waste-water treatment plant provide capacity for growth. Capacity is 1.6M gal./day with demand at 50%.

NVRH Regional Hospital



Located in St. Johnsbury, NVRH is a community, not-for-profit, acute-care, critical access hospital.

Ambulance Services



Located in St. Johnsbury, Calex provides ambulance and specialty transport services to over 12 towns in the region.

Public Transportation



RCT is a non-profit transportation service connecting Vermont communities.

MARKET STRENGTHS

LOCATION:

Market proximity to Canada (1 hour) via Interstate 91 and along heavily traveled Route 2;

PARTNERSHIPS and DEVELOPMENT TOOLS:

- Strong partnerships with Federal Programs (NBRC, USDA), State (Downtown Designation Program, Tax Credits, Planning Grants) and Regional Development Association (site development, planning and technical services, regulatory issues);
- Tools that support private investment (Tax Stabilization Program and planned TIF District);
- Alignment of community partners that include the regional hospital, educational institutions, businesses, community partners, and key stakeholders who support downtown revitalization and workforce development;

INFRASTRUCTURE:

- Public transportation system and railway;
- Updated waste-water and water-treatment facilities;
- Full-time Police & Fire Departments that provide security and safety (ISO 4 rating);

DEVELOPMENT OPPORTUNITIES:

- Strong demand for affordable housing;
- Available development opportunities;

MARKET MOMENTUM

BUSINESS GROWTH AND RECRUITMENT

Town Officials continue to work to leverage town resources and assets to provide the capacity for business growth.

Investments in critical infrastructure provide capacity for growth:

- combined water-sewer projects;
- recent improvements to waste-water treatment facilities;
- upgrades to the water treatment facility;

Investments in community property and lifestyle amenities:

- in the town parks;
- increased downtown beautification projects;
- and efforts to connect the Lamoille Valley Rail Trail to the downtown;

Expansion of the Designated Downtown

- now extends benefits and incentives to the north end of Bay Street;
- and is intended to stimulate riverfront revitalization;

Implementation of housing improvement initiatives

- aimed at improving and increasing St. Johnsbury's affordable housing stock;

These investments and enhancements to infrastructure, housing and lifestyle all make St. Johnsbury a desirable place to work, live and visit.



MARKET MOMENTUM (cont.)

Economic Outlook:

NEW CONSTRUCTION AND RENOVATION

The Town of St. Johnsbury has several development projects underway for 2019-20 which include:

- the renovation of the former Glover factory on Railroad Street;
- the construction of the St. Johnsbury Distillery on Eastern Avenue;
- the construction of a recreation path and trailhead on Bay Street;

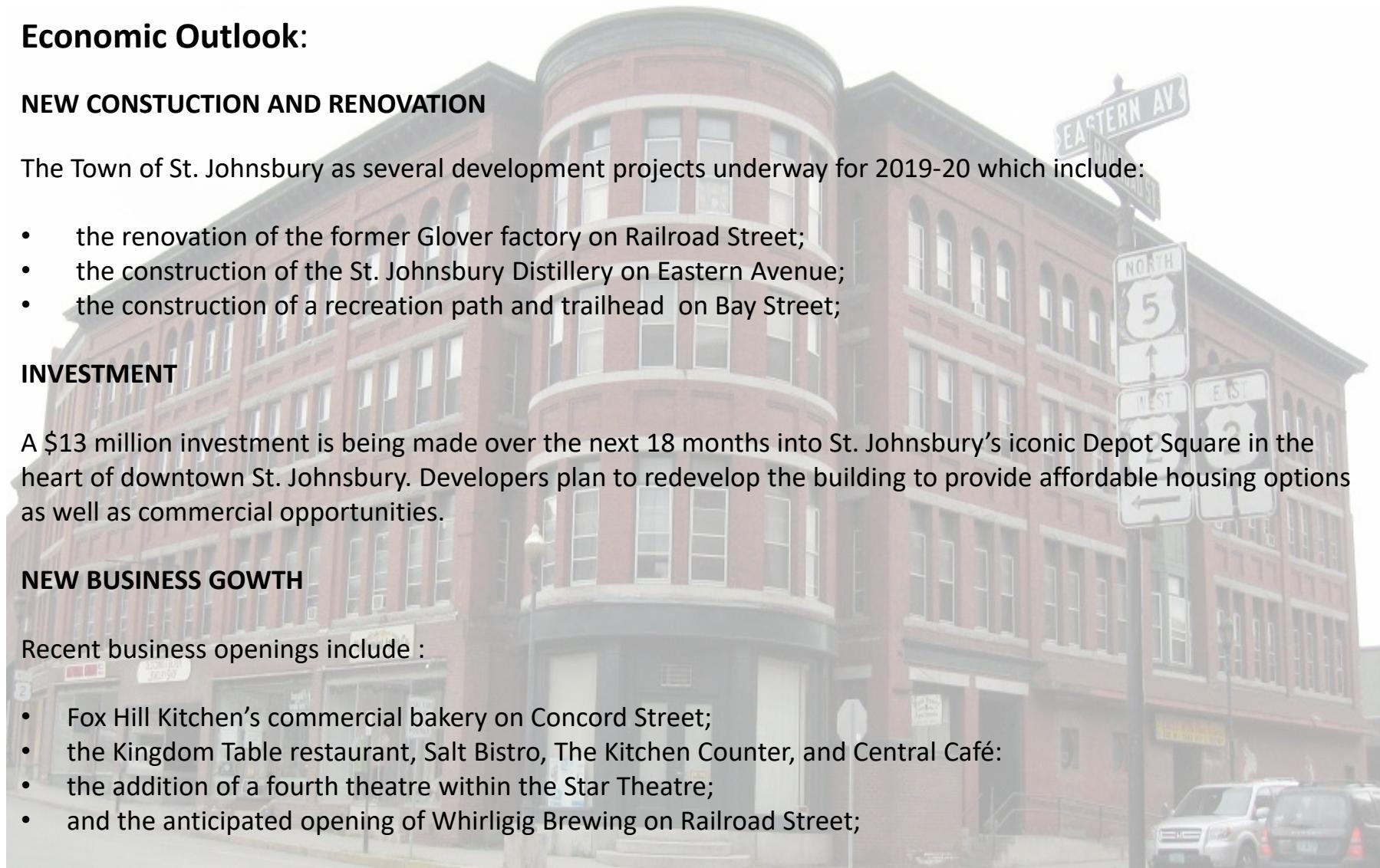
INVESTMENT

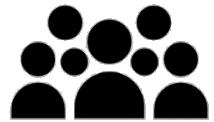
A \$13 million investment is being made over the next 18 months into St. Johnsbury's iconic Depot Square in the heart of downtown St. Johnsbury. Developers plan to redevelop the building to provide affordable housing options as well as commercial opportunities.

NEW BUSINESS GROWTH

Recent business openings include :

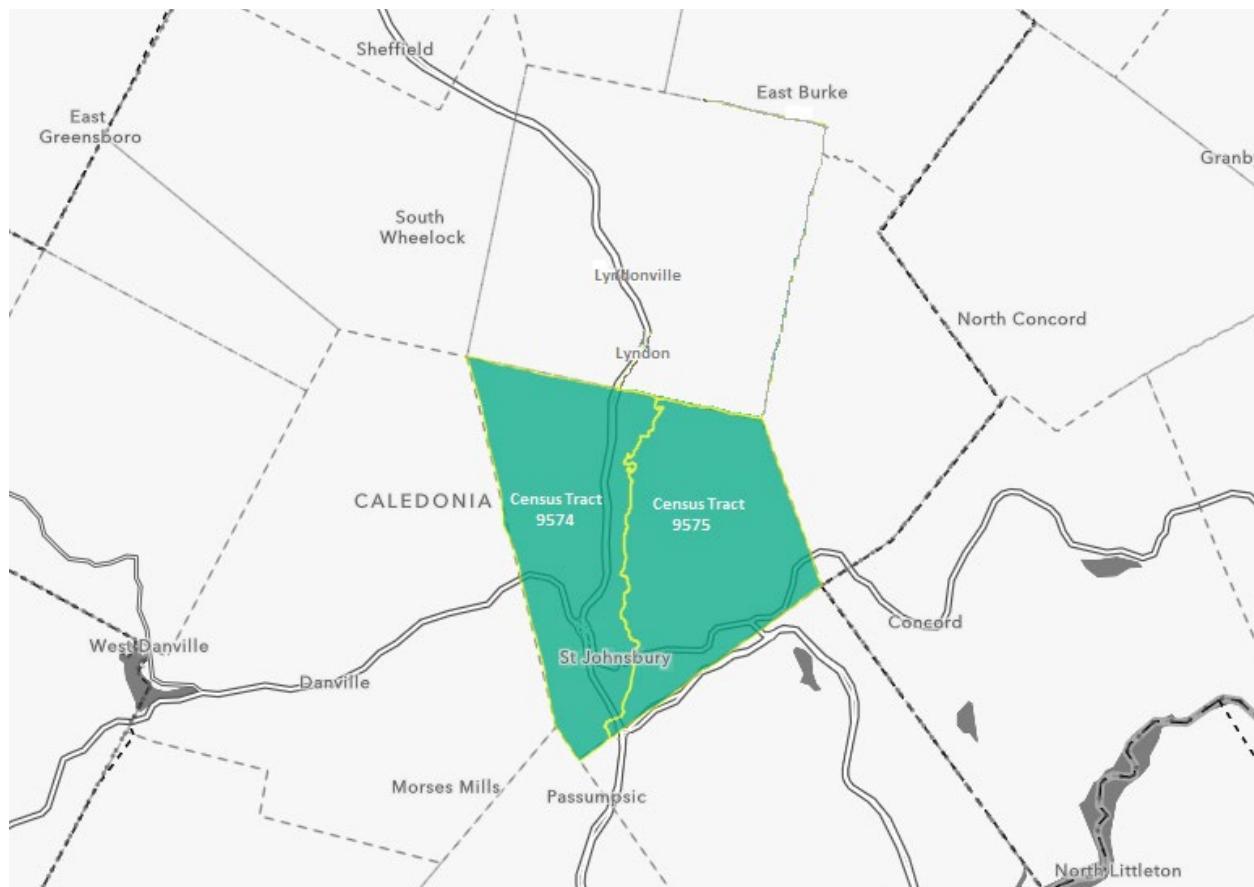
- Fox Hill Kitchen's commercial bakery on Concord Street;
- the Kingdom Table restaurant, Salt Bistro, The Kitchen Counter, and Central Café;
- the addition of a fourth theatre within the Star Theatre;
- and the anticipated opening of Whirligig Brewing on Railroad Street;

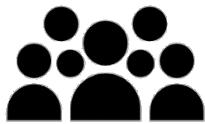




ST. JOHNSBURY OPPORTUNITY ZONES

St. Johnsbury has two opportunity zones - Census Tract 9575 and Census Tract 9574





ST. JOHNSBURY ZONE DATA

The economy of St. Johnsbury, VT employs 3,741 people of which 2,817 commute to St. Johnsbury from outlying communities. The largest industries in St. Johnsbury are Health Care & Social Assistance, Educational Services, and Manufacturing.

Key Employers & Local Businesses

Northeastern Vermont Regional Hospital

is a community, not for profit, acute care, critical access hospital offering a broad range of surgical and specialty services, inpatient and outpatient care and 24 hour, physician staffed emergency services.

St. Johnsbury Academy is a co-ed private boarding and day school for grades 9-12 and postgraduate year. With exceptional faculty, a beautiful campus, and over 220 classes to explore career interests, SJA is a top college prep school in New England.

Maple Grove Farms, the largest pure maple syrup packer in the United States and largest manufacturer of Maple Candies in the world was founded in 1915 and is still based in St. Johnsbury.

NSA Industries, LLC, with over 400 employees, is the largest metal fabrication, machining, and powder coating operation of its kind in Northern New England.

Weidmann has been at the heart of the global transformer industry for over 140 years. Weidmann is a leading integrated solutions provider for specialized product and services in the energy sector.

Local Business Profile (ESRI Zip Code Report 05819)

by NAICS Codes	Number of Businesses	Number of Employees
Construction	48	306
Manufacturing	29	862
Retail Trade	97	814
Food & Beverage Stores	10	241
Transportation & Warehousing	17	128
Information	15	194
Finance & Insurance	29	207
Professional, Scientific & Tech Services	45	303
Educational Services	17	601
Health Care & Social Assistance	62	1,229
Accommodation & Food Services	32	392
Public Administration	54	609



BUSINESS INCENTIVES IN THE OPPORTUNITY ZONE

- REAP Zone – Priority consideration for federal grants
- New Market Tax Credits (Census tract 9575)
- Municipal Tax Stabilization
- Proposed Tax Increment Financing District (TIF)
- Vermont Designated Downtown Tax Credits
- Vermont Employment Growth Incentive (VEGI)
- Vermont Training Program (VTP)



REAP ZONE

Rural Economic Area Partnership Zones (REAP Zone)

- The Northeast Kingdom of Vermont (NEK) is one of five REAP zones in the U.S., identified because of its rural isolation and lack of local capital.
- Priority consideration is given for REAP Zone applications submitted for funding through USDA Rural Development
- \$68 Million of investments have been made possible by REAP Zone designation



The REAP Initiative was established to address critical issues related to constraints in economic activity and growth, low density settlement patterns, stagnant or declining employment, and isolation that has led to disconnection from markets, suppliers, and centers of information and finance



New Market Tax Credits (Census Tract 9575)

- The U.S. Treasury's New Markets Tax Credit program (NMTC), which began in 2000, is designed to spur economic development activity in economically disadvantaged communities throughout the country.
- These low-income communities often have good, viable business and economic development opportunities, but have no access to capital.
- The NMTC addresses this capital gap by providing the incentive of a Federal tax credit to individuals or corporations that invest in a Community Development Entity (CDE).

For more information go to: <http://vermontruralventures.com/>



Tax Stabilization

St. Johnsbury Tax Stabilization Program provides incentives to foster sustainable business development.

The specific goals of the program are:

- 1) to create jobs
- 2) increase the tax base
- 3) increase economic activity in the community
- 4) address vacant and blighted property.

The Town of St. Johnsbury stabilizes taxes in accordance with and pursuant to Title 24 V.S.A., Section 2741.

For information about St. Johnsbury's Tax Stabilization Program contact:

Joe Kasprzak, Assistant Town Manager
(802) 748-3926 ext. 5
jkasprzak@stjvt.com



Designated Downtown Benefits

Tax Credits

10% Historic Tax Credits:

- Available as an add-on to approved Federal Historic Tax Credit projects.
- Eligible costs include interior and exterior improvements, code compliance, plumbing and electrical upgrades.

25% Historic Tax Credits:

- Eligible facade work up to \$25,000.
- 50% Code Improvement Tax Credits
- Available for up to \$50,000 each for elevators and sprinkler systems and \$12,000 for lifts.
- Eligible code work includes ADA modifications, electrical or plumbing up to \$25,000.
- 50% Technology Tax Credits
- Available for up to \$30,000 for installation or improvements made to data and network installations, and HVAC (heating, cooling or ventilation systems) reasonably related to data or network improvements

Priority consideration for state grants

Act 250

- No permit fees and special downtown process with reduced criteria.
- Qualified mixed use-housing projects are exempt from review.

For a complete listing of benefits go to: <https://accd.vermont.gov/community-development/designation-programs/downtowns>

The red border depicts St. Johnsbury's Designated Downtown





Planned Tax Increment Financing (TIF) District

TIF Districts give municipalities the opportunity to make infrastructure improvements that act as a catalyst for private investment.

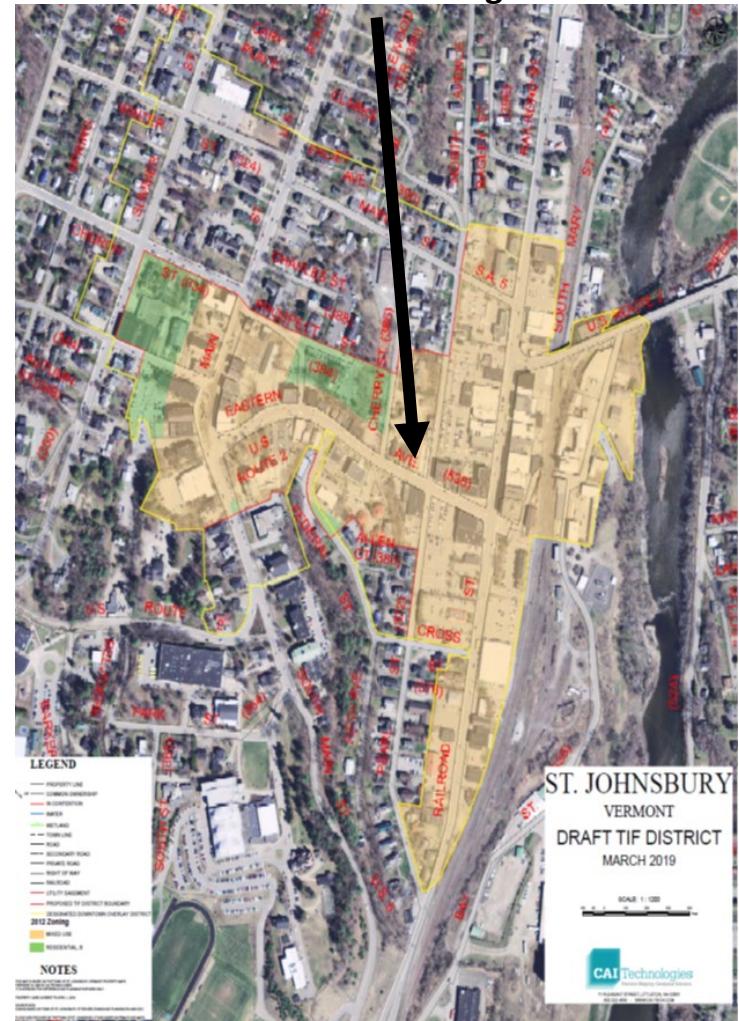
The debt from the infrastructure improvements is paid for by the incremental increase in both municipal and state education property taxes (up to 75%).

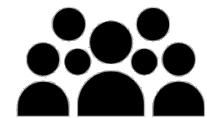
TIF has proven to be an important tool for municipalities to use for downtown revitalization efforts.

For more information go to:

<https://accd.vermont.gov/community-development/funding-incentives/tif>

St. Johnsbury's Planned
Tax Increment Financing District





Vermont Employee Growth Incentive (VEGI)

The Vermont Employment Growth Incentive (VEGI) program provides cash payments to businesses that have been authorized to earn the incentive and who then meet performance requirements. The value of each payment is based on the revenue return generated to the State by prospective qualifying jobs, payroll creation, and capital investments.

For more information go to:

<https://accd.vermont.gov/economic-development/funding-incentives/vegi>



Vermont Training Program (VTP)

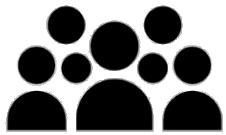
The Vermont Training Partnership (VTP) partners with employers and training providers to prepare Vermont's employees for the jobs of tomorrow. VTP provides performance-based workforce grants for pre-employment training, training for new hires, and training for incumbent workers. This training can either be on-site or offered through an outside provider. VTP grants may cover up to 50% of the training cost.

For more information go to:

<https://accd.vermont.gov/economic-development/funding-incentives/vtp>



POTENTIAL OPPORTUNITY ZONE PROJECTS



ST. JOHNSBURY HAS WELL DEFINED DEVELOPMENT PRIORITIES

Priority Development Sites

- The red line depicts the proposed Designated Downtown boundary
- The green line depicts the Design Control District boundary

Priority Sites for Development:

- 1187 Main St.
- The Armory
- The Main St. Fire Site
- Calderwood LLC
- The Republican Block
- Depot Square
- McDonald's/CNB
- ET & HK Ide Building



Real Estate Opportunity:

Description Summary:

St. Johnsbury-Lyndon Industrial Park is a featured location for business development with 25 acres of land available in St. Johnsbury.

This park, located just off I-91 in Caledonia County, is an all-in-one solution. We have created a place, ready to move into, where modern dynamic business can thrive!

Join this community of businesses which include :

- UPS;
- Lyndon Furniture;
- Vermont Aerospace;
- and a 5-Star-rated Day Care;



Real Estate Opportunity:

Description Summary: The St. Johnsbury Armory is located on Main Street in the heart of St. Johnsbury's Historic District and Designated Downtown. Potential projects could include market rate housing, office space, and hospitality sector businesses. The Town of St. Johnsbury could be a partner on a development project at this location.

Owner: Town of St. Johnsbury

Address: 51 Depot Square

Contact Info.: Joe Kasprzak

Phone: (802) 748-3926 ext. 5

Building Size: 17,016

Year Built: 1916

Building Location: 1249 Main Street

Acreage: .44

Land Type: Primary Commercial

Use: Former Recreation Department, Police Department, and Restorative Justice Center.

Assessed Value: \$305,480



Responsible Party: Town of St. Johnsbury

Priority: HIGH

Potential Resources: Opportunity Zone Fund, TIF, VCDP CDBG, USDA RD, Town of St. Johnsbury, Vermont Arts Council, Buildings and General Services Facilities Grant, Historic Preservation, Designated Downtown incentives.

Other: PCB Phase II Assessment completed in 2017. Cost estimates for remediation are available.

Real Estate Opportunity:

Description Summary: St. Johnsbury is currently in the planning stages for a new Public Safety Building. Upon completion, the former Public Safety Building located at 1187 Main Street will become available for redevelopment. 1187 Main Street is located in the heart of St. Johnsbury's Historic District and Designated Downtown. Potential projects could include market rate housing, office space, or restaurant space. The Town of St. Johnsbury could be a partner in a development project at this location.

Owner: Town of St. Johnsbury

Address: 51 Depot Square

Contact Info.: Joe Kasprzak

Phone: (802) 748-3926 ext. 5

Building Size: 10,944 s/f finished, w/basement

Year Built: 1900

Building Location: 1187 Main Street

Acreage: .85

Land Type: Primary Commercial

Use: Former Police & Fire Departments

Property Class: 740- Exempt local

Assessed Value: \$312,600



Responsible Party: Town of St. Johnsbury

Priority: MEDIUM

Potential Resources: Opportunity Zone Fund, TIF, VCDP CDBG, USDA RD, Town of St. Johnsbury, Vermont Arts Council, Buildings and General Services Facilities Grant, Historic Preservation and Designated Downtown incentives.

Timeline: Available for development in 2023

Real Estate Opportunity:

Description Summary: The St. Johnsbury Development Fund has served as a catalyst for job creation in the St. Johnsbury area for over 60 years. Recently, the St. Johnsbury Development Fund has focused on downtown revitalization and purchased 131 Railroad Street in 2017. The Development Fund is currently looking for the right business(s) to lease this property.

Owner: St. Johnsbury Development Fund
Address: 1236 Main Street
Contact Info.: Joe Kasprzak
Phone: (802) 748-3926 ext. 5
Building Size: 12,000 s/f
Year Built: 1900
Building Location: 131 Railroad Street
Acreage: .63
Land Type: Primary Commercial
Use: Former Glove Factory
Property Class: Primary Commercial
Assessed Value: \$170,800



Responsible Party: St. Johnsbury Development Fund

Priority: HIGH

Potential Resources: Opportunity Zone Fund, TIF, VCDP CDBG, USDA RD, Town of St. Johnsbury, Vermont Arts Council, Buildings and General Services Facilities Grant, Designated Downtown Incentives..

Timeline: Available 2019

Real Estate Opportunity:

Description Summary: The property located at 1244-1262 Main Street is commonly referred to as the “Main Street Fire Site” because a fire destroyed the property that was home to 3 businesses and 14 rental housing units. This property is located in downtown St. Johnsbury, in the heart of the Historic District and Designated Downtown. Potential projects could include housing with a commercial/retail component on the first floor. Rural Edge and the Town of St. Johnsbury could be a partner on a development project at this location.

Owner: Rural Edge

Address: 48 Elm St., Lyndonville VT 05851

Contact Info.: Brian Pikard

Phone: (802) 535-3555

Building Size: N/A

Year Built: Conceptual drawing on empty site

Building Location: 1244-1262 Main St. + 30 Prospect St.

Acreage: .44

Land Type: Primary Commercial

Use: Proposed Housing & Commercial

Property Class: Primary Commercial

Conceptual Rendering



Responsible Party: Rural Edge

Priority: HIGH

Potential Resources: Opportunity Zone Fund, TIF, VCDP CDBG, USDA RD, Town of St. Johnsbury, Vermont Arts Council, Buildings and General Services Facilities Grant, Historic Preservation and Designated Downtown Incentives.

Timeline: Available 2019

Real Estate Opportunities:

Project Contact:

David Snedeker,

Northeastern Vermont Development Association

(802) 748-8303

Telephone (cell) :(802) 535-1241

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Town of St. Johnsbury

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DISCLAIMER

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CONTACT US

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