

NEWPORT, VT OPPORTUNITY ZONE PROSPECTUS



EXECUTIVE SUMMARY

The City of Newport, is located in Orleans County, within the beautiful region of Vermont called the Northeast Kingdom. Newport was organized in 1918 and is 7.6 square miles with 6.0 square miles of land and 1.6 square miles of water. As of the 2010 census Newport's population was 4,589 with a density of 745.5 people per square mile. One of Newport's most spectacular characteristics is international Lake Memphremagog which stretches 32 miles into Canada and is known for incredible fishing and boating activities.

- Newport is an inclusive community with a strong commitment to education, workforce development, equity, and inclusion.
- Newport's diversified economy, is built on business services, manufacturing, healthcare, food and beverage services, tourism and outdoor recreation.
- Newport has strong partnerships with State and Regional development entities committed to Newport's economic growth.
- Newport is engaged in downtown revitalization by creating opportunity for business growth. The new *Work Commons* space is a unique office space in downtown Newport, occupying two floors in the historic Montgomery Ward building.
- Newport's Opportunity Zone was chosen to maximize the impact of Opportunity Zone investment, reinforcing multiple growth hubs in the Northeast Kingdom of Vermont.
- There are currently significant, large-scale development opportunities in Newport in need of assistance.

THE RURAL & REGIONAL INVESTMENT PROSPECTUS:

PURPOSE

1.

- To Assist Newport to Market its Opportunity Zones to Local, Regional, and National Investors

2.

- To Assist Newport to Organize its Assets to have Maximum Economic and Social Impact

3.

- To Assist Newport 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 designate 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 Newport's Opportunity Zones. 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.

MARKET CONTEXT

NEWPORT MARKET CONTEXT

109 miles to Montreal, Quebec

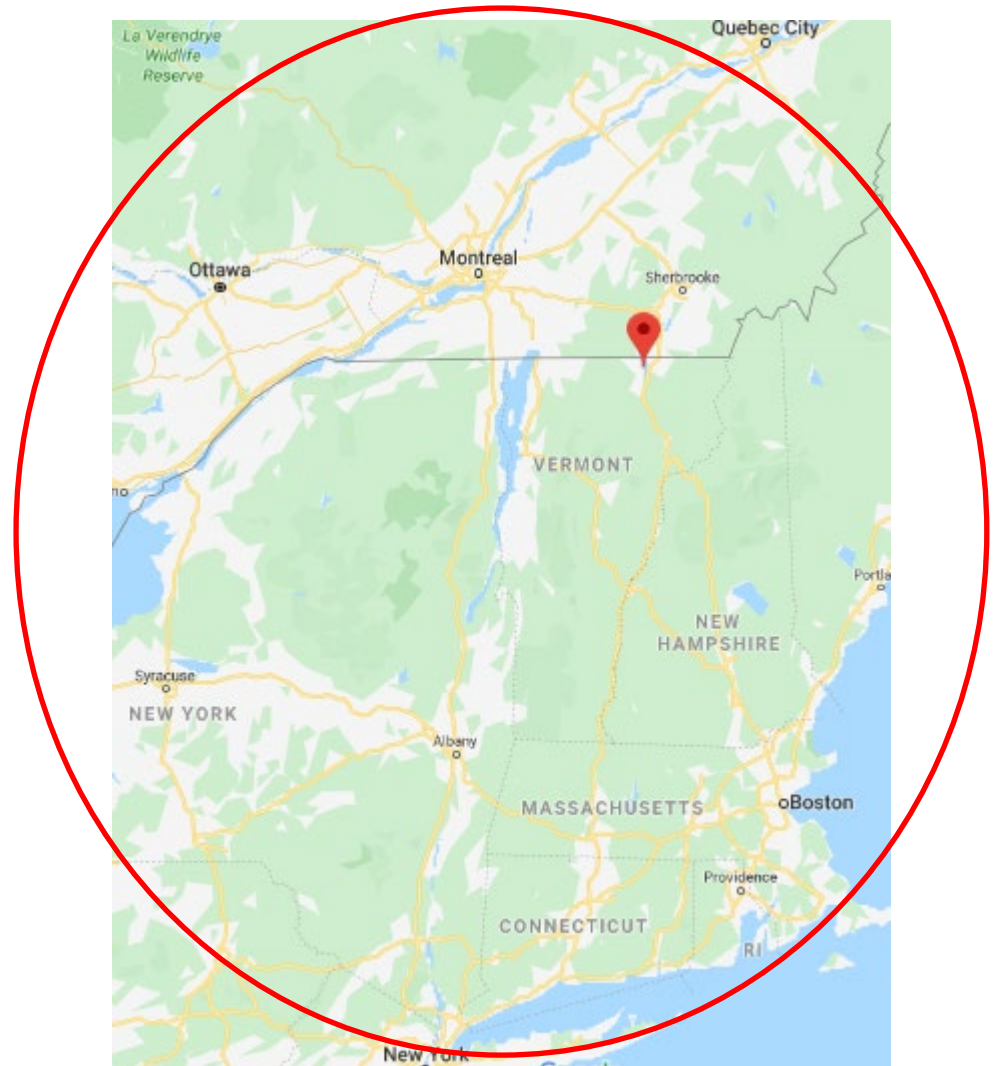
185 miles to Quebec City, Quebec

229 miles to Ottawa, Ontario

166 miles to Manchester, NH

217 miles to Boston, MA

364 miles to New York, NY





NEWPORT CITY BY THE NUMBERS

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



Population 4,589



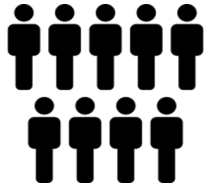
Median Age



Median Household Income
\$38,576



Total Housing Units 2,220
Occupied Housing Units 1,819
• Owner Occupied 1,065
• Renter Occupied 754



*Total civilian Employed
Population 16 years & older 1,657*



645 Companies



Unemployment Rate

Civilian Employed Population 16 years and older	1,657
Industry	
Agriculture, Forestry, Fishing, Hunting, Mining	0
Construction	154
Manufacturing/Wholesale Trade	235
Retail Trade	241
Transportation, Warehousing, Utilities	82
Information	35
Finance, Insurance, Real Estate	125
Professional Services	70
Educational Services, Health Care, Social Assistance	394
Arts, Entertainment, Recreation, Accommodation, Food Services	171
Other Services	51
Public Administration	99



85.4%
High School Degree



18.1%
College Degree



8.5%
Graduate Degree



NEWPORT EMPLOYERS & BUSINESSES

Key Employers & Local Businesses

North Country Hospital

Employing over 750 people, NCH is one of the largest employers in the region, offering high quality medical care to 27,000 residents in Orleans and Essex Counties.

Built by Newport

After more than 50 years in furniture manufacturing, Built by Newport has established itself as a leader in the hardwood furniture industry and as one of Vermont's finest handcrafted furniture manufacturers.

Columbia Forest Products

Founded in 1957 Columbia Forest Products is North America's largest manufacturer of hardwood plywood and veneer products. Columbia's decorative interior veneers and panels are used in high-end cabinetry, fine furniture, architectural millwork and commercial fixtures

Revision

Revision is a military provider specializing in the manufacture of protective equipment—primarily protective eyewear, armor, and head systems—along with newer innovations in power management and integrated systems.

Local Business Profile

<i>Total Employed</i>	3,934
Business Sector	% Employed
Agriculture/Mining	3.7%
Construction	8.9%
Manufacturing	11.3%
Wholesale Trade	2.2%
Retail Trade	10.8%
Transportation and utilities	3.9%
Information	1.1%
Finance/insurance/Real Estate services (except)	47.6%
public administration	6.9%

MARKET STRENGTHS - POLICY

- **TAX STABILIZATION POLICY**

One of the major objectives of the Newport City Council is to promote and encourage commercial and industrial development of the City of Newport.

Tax Stabilization is an incentive for business and or developers considering locating, re-locating, co-locating, developing, enhancing and expanding within the City of Newport or for business owners moving into their building(s).

Criteria and eligibility for tax stabilization are related primarily to job creation and creating new commercial/industrial establishments or modifying existing spaces.

The Newport City Tax Stabilization Policy is available for download below.

[Newport City Tax Stabilization Policy](#)

MARKET STRENGTHS - INFRASTRUCTURE

- **Municipal Water & Sewer Capacity**

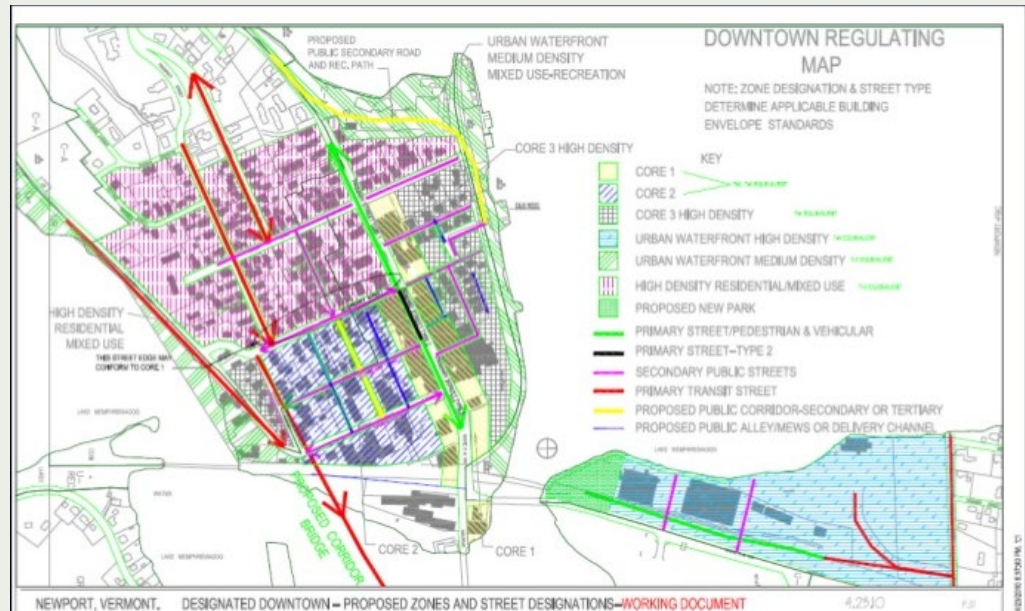
Newport has a clean and abundant water supply. Public water is supplied by two wells with the capacity to supply approximately 1.4 million gallons per day (gpd). The current average use per day is 700,000 gpd, with the highs of 900,000 gpd. The water is chlorinated and fluorinated at the well site.

Newport's wastewater is processed at the Newport City Wastewater Treatment Plant which provides primary and secondary wastewater treatment. Upgrades to the Plant increased its total allowable discharge of treated wastewater from 1.2 million gallons per day to 1.3 million gallons per day. The average daily flow from the plant is approximately 701,000 gallons per day. With its excellent operation record the Newport City Wastewater Treatment Plant stands ready to handle the needs of new development throughout the City.

MARKET STRENGTHS - ZONING

- **FORM BASED CODE ZONING**

One key advantage to locating your business in Newport, VT is its ***form-based code zoning*** that streamlines the permitting process saving time and money for developers. Newport was first in the state to adopt this zoning code as a catalyst for transforming Newport's community and economic development. Newport City's *VT Downtown Designation* also reduces state permitting requirements.



MARKET STRENGTHS - TRANSPORTATION

Northeast Kingdom International Airport

Located just three miles from downtown Newport, the Northeast Kingdom International Airport is a general aviation facility serving northeastern Vermont and southern Quebec. There are two runways, one 4,000 feet long and the second 5,300 feet long that cater to a growing U.S. and Quebec travel sector.



MARKET STRENGTHS - TRANSPORTATION

Interstate Access and Proximity to Canada

Newport is located directly off of Exits 27 and 28 on Interstate 91, the primary north-south thoroughfare from the Canadian border to New Haven Connecticut, providing drivable access to major cities like Montreal (90 minutes) and Boston (4 hours).



The Canadian border-crossing is 5 miles from downtown Newport on Interstate 91. It is the most heavily used border crossing in Vermont and one of the 15 busiest ports in the country between the United States and Canada. It is accessed by high speed freeways on both the U.S. and Quebec side of the border.

MARKET STRENGTHS – HEALTH CARE

North Country Hospital

Located in Newport, North Country Hospital is a private, non-profit, community hospital offering convenient care to the 27,000 residents in Orleans and Northern Essex County, as well as visitors who travel to enjoy the area's recreational resources.



North Country Hospital meets the highest medical standards for care and in its 100 years the medical campus has grown to include a surgical suite, obstetrics and gynecology division, 24-hour emergency department, pediatrics ward, an intensive care unit, Medical/Surgical floor and branches for dialysis, orthopedics, neurology and sleep disorders, as well as areas for radiology, laboratory and physical therapy. In addition to these services, additional services are provided at four rural health clinics and at the Derby Green Nursing Home.

MARKET STRENGTHS - EDUCATION

Newport boasts a wide array of educational opportunities with both the North Country Career Center and the Community College of Vermont located in Newport and providing certifications and industry credentials for students in secondary school and college as well as for adults seeking career advancement.

North Country Career Center

North Country Career Center provides training and experiential learning opportunities for a range of two-year programs including:

- Building Trades
- Heavy Equipment Operation & Maintenance
- STEM & Mechatronics
- Welding & Metal Fabrication



Community College of Vermont

Community College of Vermont (CCV) is Vermont's second largest college, serving over 5,000 students each semester. With one of twelve campuses located in downtown Newport, CCV offers both degree and certificate programs for students of all ages, as well as workforce development certifications and credentials and extensive online learning options.



MARKET STRENGTHS



Newport City's Outdoor Recreational Assets



Newport's identity is strongly shaped both by the lake and surrounding mountains. Regardless of the season or the weather, people are passionate about being *Active by Nature*. Lake Memphremagog is the site of some of the best fishing in northern waters – summer or winter – as well as sailing, kayaking and canoeing.

In the winter the lake becomes a speed-friendly surface for hard-charging competitive sports like distance skating, pond hockey and the fire and ice snowmobile radar runs.



Newport's Country Club overlooking Lake Memphremagog, features an 18-hole, par 72 golf course challenging serious golfers while offering a relaxed experience for all skill levels to enjoy the game.



In Newport and the surrounding area there are numerous trails for biking, hiking, skiing, snowmobiling and ATV riding. With scenic views at every turn, Newport's outdoor recreational assets provide outdoor fun and adventure for every age and ability.



MARKET MOMENTUM

In Vermont, outdoor recreation accounts for 34,000 direct jobs and \$2.5 billion in consumer spending. Outdoor participation by residents and visitors is growing, especially in trail running, adventure racing, mountain biking and backcountry skiing – building on traditional sectors that are already strong in the region such as downhill skiing, hunting, fishing, and snowmobiling.

Newport is especially poised to benefit from growth in the outdoor recreational economy, given its access to magnificent Lake Memphremagog, proximity to Jay Peak Ski resort, and a robust network of hiking, biking, cross-country ski trails and snowmobiling and all-terrain vehicle trails, which attract an avid core of outdoor enthusiasts from across New England and Canada.

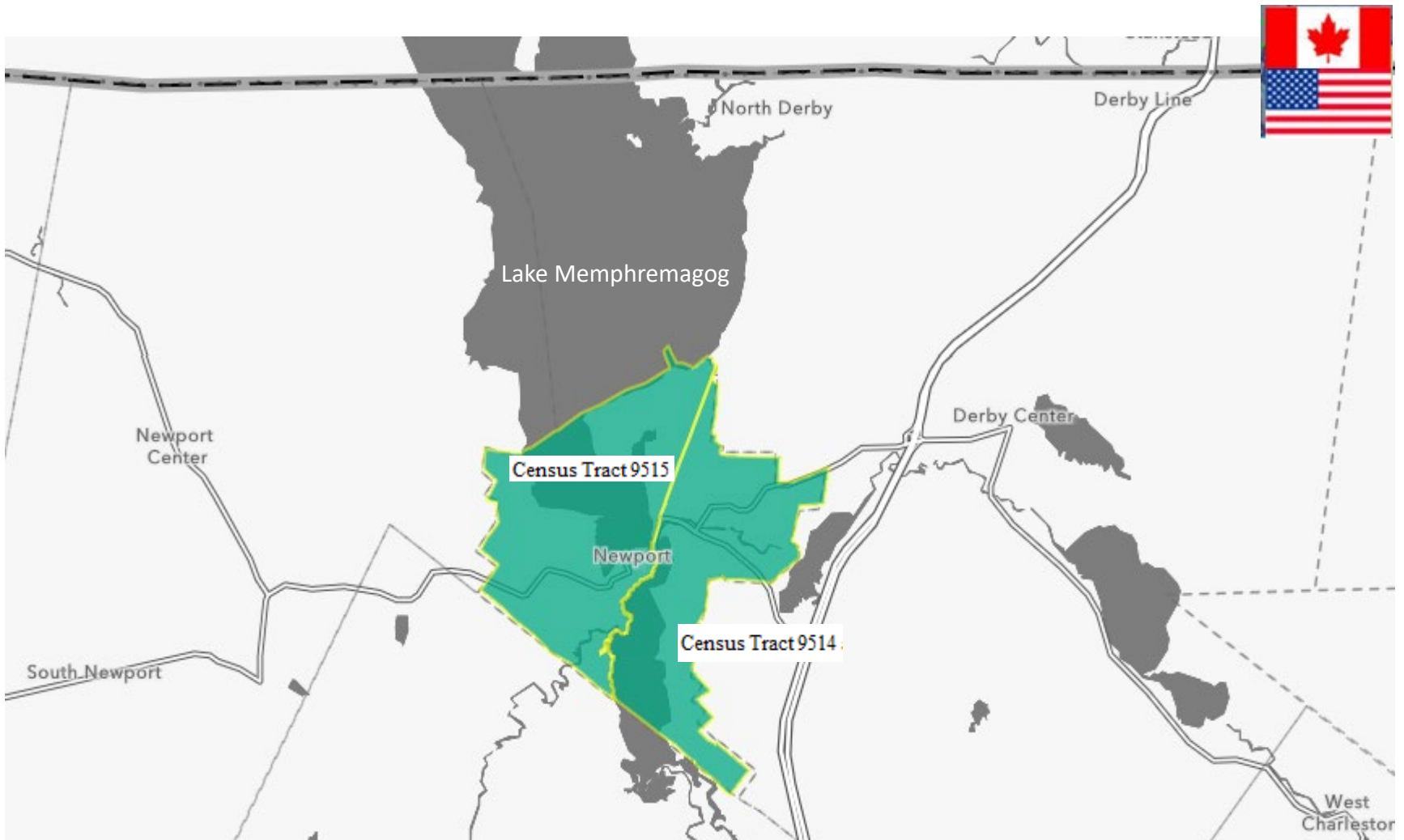
These lifestyle activities and amenities are attractive to prospective employees – especially young adults and young families – who prioritize a healthy lifestyle, environmental quality, and access to the outdoors in their job and career planning. Companies in all sectors can benefit from the natural landscape, access, and infrastructure of Newport and its surrounding area to create successful businesses that contribute to a high quality of life and attract and sustain employees and families.





NEWPORT OPPORTUNITY ZONES

Newport has two opportunity zones - Census Tract 9514 and Census Tract 9515





BUSINESS INCENTIVES IN THE OPPORTUNITY ZONE

- REAP Zone – Priority consideration for federal grants
- New Market Tax Credits
- 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) - highlighted in light green in the upper right corner of the map - 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





New Market Tax Credits

- 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/>

DOWNTOWN DESIGNATION BENEFITS

Newport City's Designated Downtown

Downtown Newport sits on the shore of magnificent Lake Memphremagog, a 32-mile international body of water extending into Canada. The lake provides a scenic backdrop to a vibrant downtown, where both commercial and community activities take place.



Newport's Downtown is a *State of Vermont Designated Downtown*, a status that provides financial incentives for business development through public and private investments.



These incentives include tax credits, ACT 250 permitting benefits, funds for capital transportation and related capital improvement projects, and priority site consideration by the State Building and General Services (BGS) when leasing or constructing buildings. A list of benefits for the downtown designated area can be found at the following link:

[Newport's Downtown Designation Benefits](#)



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>

OPPORTUNITY ZONE PROJECTS

Real Estate Opportunity A: Main Street

Description Summary:

City block available for retail, housing, and office development in the heart of downtown Newport

Details:

- Steps from international Lake Memphremagog
- Located in the designated downtown – eligible for tax credits
- Ample water and sewer capabilities
- Interested parties in being part of a project



Real Estate Opportunity B: Main Street

Description Summary:

US Federal Building is prominently located in downtown Newport, at the southwest corner of Main and Second Streets.

The Orleans County Courthouse sits just east of the Federal Building on Main Street

Details:

- Ample water and sewer
- Located in the heart of downtown Newport, steps from Lake Memphremagog
- Located in the designated downtown – eligible for tax credits



Real Estate Opportunity C: 172 Bogner Drive

Description Summary:

This 46,000 sq foot building sits on 25 acres in Newport and is ideal for warehousing and / or manufacturing.

Details:

Main level - over 35,000 sq feet

The walkout lower level - 11,000 +/- sq feet.

Site received substantial permitting and infrastructure for over a 100,000 sq foot expansion (which was never built)
Site work completed in preparation for this addition included:

- enhanced fire protection,
- upgraded power,
- increased storm water retention capacity.

- Site (and all of Newport) is eligible for New Market Tax Credits
- Parcel is on the outskirts of Newport City with
 - access to Interstate 91
 - a few minutes from the Newport Airport
 - only 15 miles to the Canadian Border



Real Estate Opportunity D: Lakemont Road

Description Summary:

Sites for development in the City Industrial Park, located in Newport

Details:

- Ample water and sewer



DISCLAIMER

The use of the word “prospectus” for the purpose of the work contained herein is not to advertise about, endorse or in any other way to promote or offer specific investment opportunities. The rural investment prospectus is a template designed to help unify local leaders around a plan, to show what might occur in a region and to use as a tool to promote the region and its plans. The prospectus has been prepared for discussion purposes only and not to induce anyone to enter into any agreement or transaction. For the avoidance of any doubt, the distribution of this prospectus does not constitute an offer to sell or a solicitation of an offer to buy any assets or equity securities or any investment of any kind.

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