

OPPORTUNITY: BENNINGTON OPPORTUNITY ZONE INVESTMENT PROSPECTUS

**Prepared by the Bennington County Regional Commission
with the Town of Bennington and local partners**

December 2019

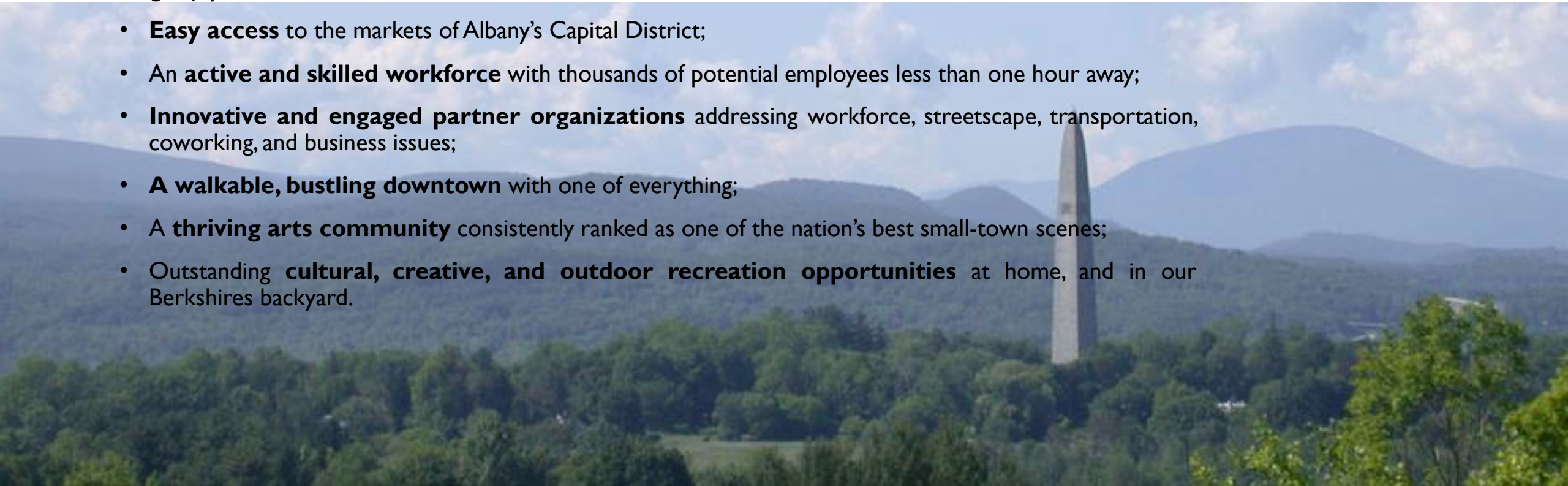
A MESSAGE FROM BENNINGTON, VERMONT

Bennington is increasingly recognized as a **national leader in rural economic development**. In recent years, our anchor institutions, civic leaders, major employers, supporting organizations, and dedicated residents have joined to bring effective energy and strong support to transformative projects.

We have a powerful story to tell, and we hope the following prospectus will capture your imagination.

Several Opportunity Funds are **already active** in Bennington, putting **millions of investment dollars** into our downtown and industrial real estate since 2018. In Bennington, investors have found what we have long enjoyed:

- **Easy access** to the markets of Albany's Capital District;
- An **active and skilled workforce** with thousands of potential employees less than one hour away;
- **Innovative and engaged partner organizations** addressing workforce, streetscape, transportation, coworking, and business issues;
- **A walkable, bustling downtown** with one of everything;
- A **thriving arts community** consistently ranked as one of the nation's best small-town scenes;
- Outstanding **cultural, creative, and outdoor recreation opportunities** at home, and in our Berkshires backyard.



MESSAGES FROM BENNINGTON'S CHAMPIONS

“...it’s a testament to what this project means and all the hard work that went into it. It’s about investing in what we believe in here in this region.”

– Vermont Governor Phil Scott



“...a national model for rural economic development.”

– United States Congressman Peter Welch



“...the most important thing happening in economic development in the State of Vermont. Period.”

– Deputy Secretary of Commerce Ted Brady



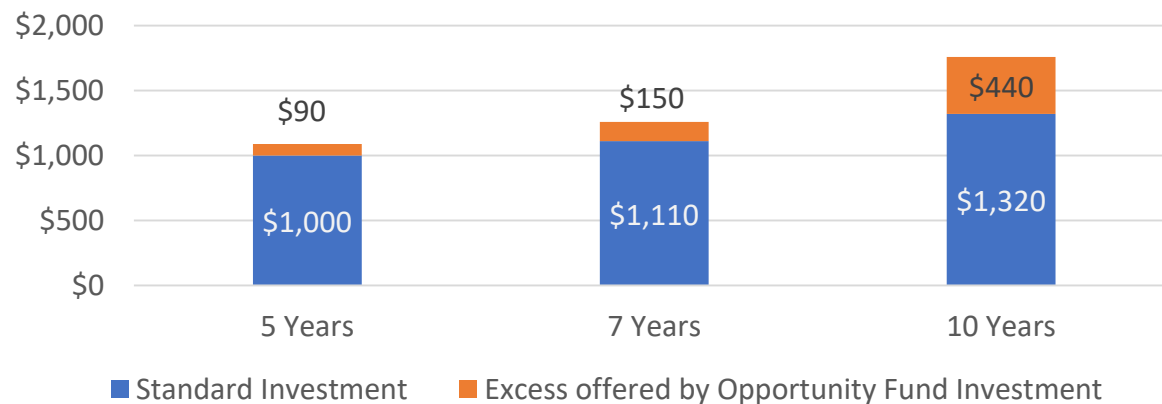


PUTTING CAPITAL TO WORK

What are Opportunity Funds?

Opportunity Funds are new private sector investment vehicles that invest at least 90 percent of their capital into qualifying assets within Opportunity Zones. These Funds enable a broad array of investors to pool their resources in Opportunity Zones like Bennington's, increasing the scale of investments going to rural areas of economic promise.

Performance of \$1,000 capital gain in 2018, at 7% annual appreciation



What are the Benefits?

- A **temporary tax deferral** for capital gains reinvested in an Opportunity Fund. The deferred gain must be recognized on the earlier of the date on which the opportunity zone investment is sold or December 31, 2026.
- A **step-up in basis** for capital gains reinvested in an Opportunity Fund. The basis of the original investment is increased by 10% if the investment in the qualified Opportunity Fund is held by the taxpayer for at least 5 years, and by an additional 5% if held for at least 7 years, excluding up to 15% of the original gain from taxation.
- A **permanent exclusion from taxable income of capital gains** from the sale or exchange of an investment in a qualified Opportunity Fund, if the investment is held for at least 10 years. (Note: this exclusion applies to the gains accrued from an investment in an Opportunity Fund, not the original gains).



Who can Invest?

Anyone who:

- Has capital gains;
- Has filed IRS Form 8949 to set up an Opportunity Fund;
- Complies with the deployment timing rules.

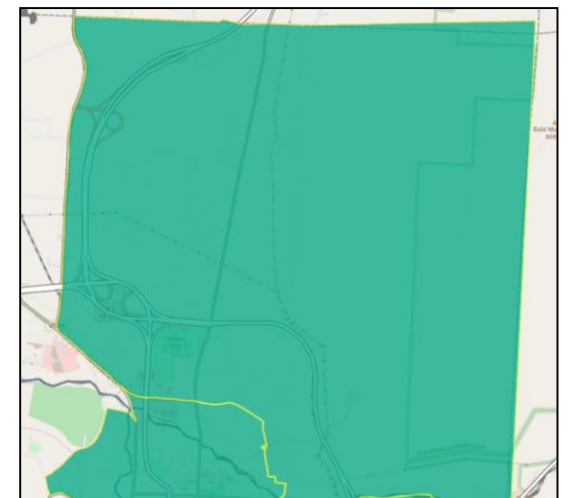
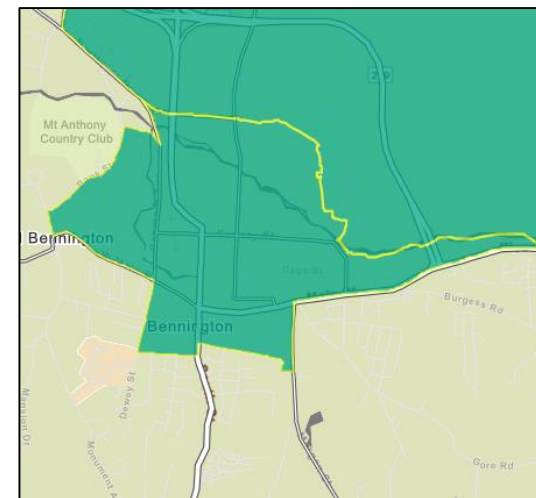
**Table 2. Illustration of Opportunity Zone (OZ) Tax Benefits
for a Hypothetical Investment of \$100,000 in Reinvested Capital Gains Made in 2019**
(Assuming an annual rate of return of 7%)

	A	B	C	D
Year	Investment Value ^a	Basis Adjustment	Mandatory Recognition of Reinvested Capital Gain	Taxable Capital Gains if Sold
2019	\$100,000	\$0	-	\$100,000
2020	\$107,000	\$0	-	\$107,000
2021	\$114,490	\$0	-	\$114,490
2022	\$122,504	\$0	-	\$122,504
2023	\$131,080	\$0	-	\$131,080
2024	\$140,255	\$10,000	-	\$130,255
2025	\$150,073	\$10,000	-	\$140,073
2026	\$160,578	\$15,000	\$85,000	\$60,578
2027	\$171,819	-	-	\$71,819
2028	\$183,846	-	-	\$83,846
2029	\$196,715	-	-	\$0 ^b

Source: CRS calculations.

What can they Invest In?

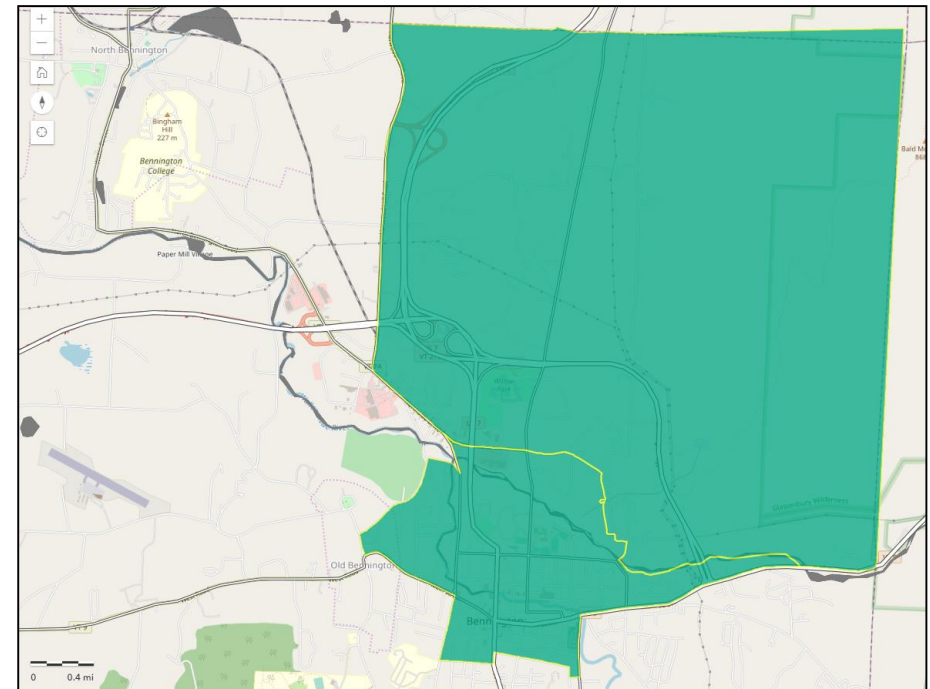
- Qualified Opportunity Zone Operating Businesses, which must have at least 50% of employees, sales, or property in Opportunity Zones.
- Qualified Opportunity Zone Property, which must have been sold or leased after **December 2017** and be located within Bennington's two zones.

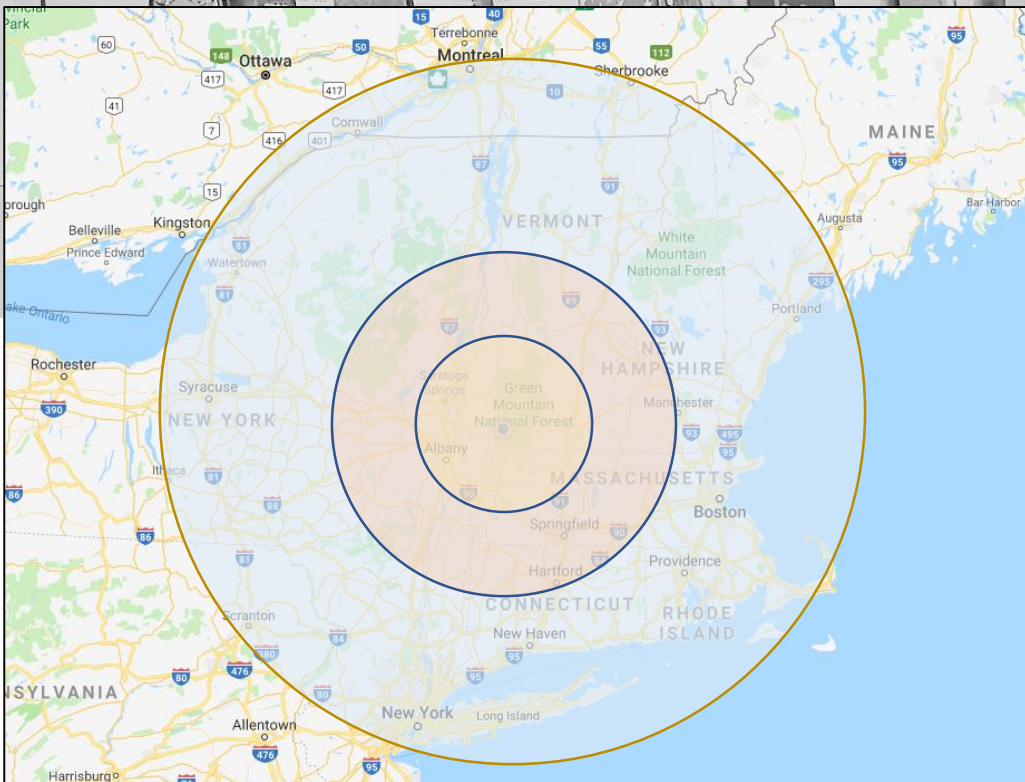




OPPORTUNITY: BENNINGTON

CONTEXT CONTENT CONCEPTS

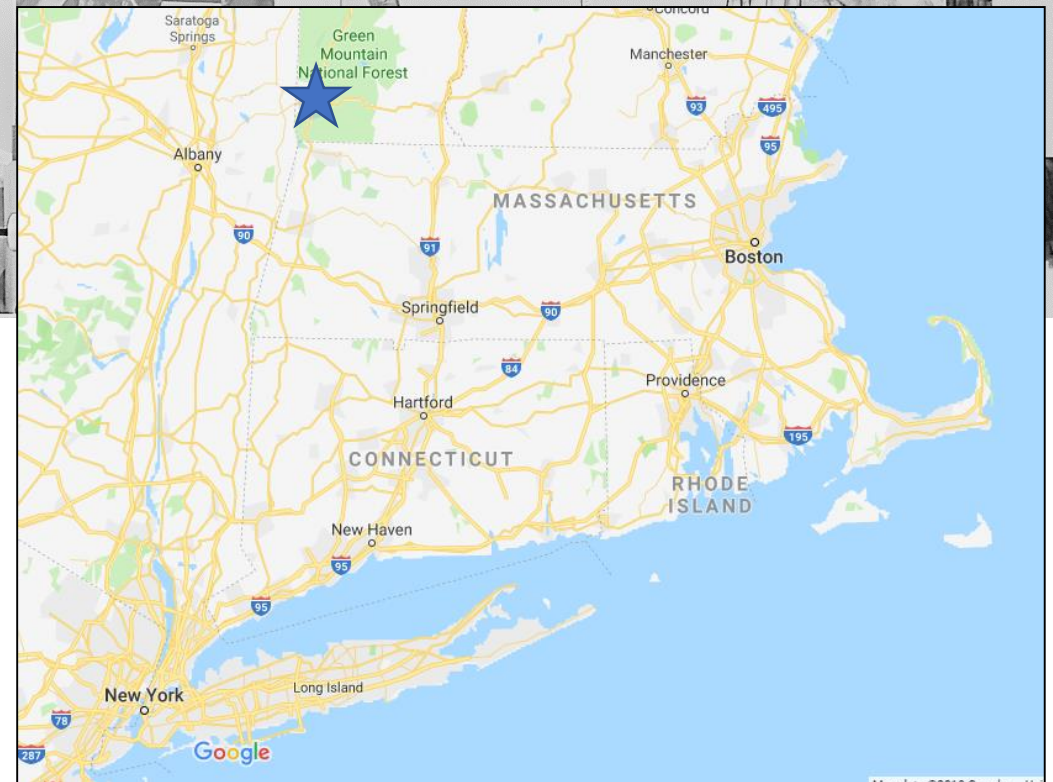




MIDWAY BETWEEN WORLD-CLASS CITIES
For a small town, the wider world is close.

Population Circles:

- 200 Miles: 38,728,000
 - New York, Montreal, Boston
- 100 Miles: 5,950,000
 - Worcester, Hartford, Springfield
- 50 Miles: 1,389,000
 - Albany, Pittsfield, Rutland



A CENTRAL LOCATION IN THE NORTHEAST
Bennington is less than one hour from
Albany and the Capital District of New York.
 Two major metropolitan areas, Boston and New York City, are three hours away, as is the Canadian border at Highgate/Saint-Armand.

Opportunity: Bennington



ZONE ONE: A THRIVING DOWNTOWN

- Dozens of shops**
- Historic structures**
- Repurposed mill buildings**
- Civic amenities**
- River access**



ZONE TWO: A PRODUCTION POWERHOUSE

- Prime manufacturing facilities**
- Industrial parks**
- Highway access**
- In-town commercial airport access**
- Scenic parks and walking trails**

Opportunity: Bennington



OPPORTUNITY: BENNINGTON

Within the Zones

- Population: 6,700
- Businesses: 572
- Jobs: 3,768
- Key Employers:
 - NSK Steering Systems
 - The Bank of Bennington
 - Kaman Composites
 - Maplebrook Farm Cheese
 - Vermont Container Corp
 - Church Insurance of Vermont
 - Vermont Veterans' Home
- Additional Incentives:
 - Designated Downtown
 - Designated Growth Center
 - TIF District
 - HUB Zone
 - Town Revolving Loan Fund





MARKET NOTES

STRENGTHS

- Capital investments from anchor institutions: The Bank of Bennington, Southwestern Vermont Health Care, Bennington College
- Diverse economy with major employers in healthcare, higher education, advanced manufacturing, and banking and finance
- Market proximity to Albany's Capital District (west) and the Berkshires (south)
- Substantial industrial zoning and space
- Powerful, recognizable Vermont brand

DEMANDS

- Workforce and professional housing in and near downtown
- Medical office and clinical space
- Recreation and sports economy services
- Additions to local food economy





OPPORTUNITY FUND ACTIVITY

\$5.3 Million invested to date



PROJECTS TO DATE

INDUSTRIAL FACILITY

48,000sf Manufacturing
Industrial Park w Easy Access
\$650,000 O-Fund investment

EXISTING BUSINESS

Downtown Staple
Neighborhood Restaurant
\$200,000 O-Fund investment

DOWNTOWN REVITALIZATION

Historic Preservation & New Build
Commercial / Residential / Office Use
\$3.75 million O-Fund investment

NEW BUILD & NEW HUB

Health Care & Human Services
Mixed Use w Non-Profit elements
\$700,000 O-Fund investment



POTENTIAL PROJECTS

For your consideration

Putnam Block Redevelopment: Phase Two

Description: The second half of a \$54 million dollar redevelopment project downtown. Envisions 55,000 sf of new construction in one multistory building. Will house additional retail spaces, offices, housing, and much needed medical and training facilities.

Project Sponsor/ key contact: Bill Colvin, on behalf of Phase 2 Redevelopment Group.

Public supports: Recent recipient of \$500,000 Brownfields Cleanup grant in July 2019.

What is the community buy in? Many Phase One project partners fully engaged in Phase Two, including major employers.

Surrounding assets: Continuation of Phase One, currently under construction. In the heart of one of Vermont's largest downtowns, the site is within Bennington's Designated Downtown and Tax Increment Financing District.

Project timeline: Groundbreaking expected Fall 2021.



160 Benmont Ave: The Vermont Mill

Description: 215,000 sf of space is home to an astounding array for modern businesses. 3-phase power, wireless internet, loading docks, sprinkler and security systems.

Project Sponsor/ key contact: Jon Goodrich, Vermont Mill Properties

Public supports: Formerly known as the Holden-Leonard Mill, this facility enjoys deep ties to the community. Substantial public turnout for an Open House and business tours at the mill in April 2018.

What is the community buy in? Southwestern Vermont's hub of small business and entrepreneurial activity.

Surrounding assets: Short walk to Bennington's downtown core, with many services on site.

Project timeline: Strong anchor tenants in place, with substantial room for manufacturing, studio, and office uses.



239 Main Street: Polar Composite

Description: Light industrial/aerospace manufacturing in facility with additional commercial-use space along storefront. Three-phase power, two loading docks, high bay warehouse space of 6,000 sf. Installing new roof now.

Project Sponsor/ key contact: James Salerno, Polar Composite LLC.

Public supports: Received \$10,000 Regional Economic Development Grant award for sprinkler fitup.

What is the community buy in? UVM Extension and Community College of Vermont contacts are working with economic development professionals and facility owners to explore maker space uses in the commercial space.

Surrounding assets: The site is within Bennington's Designated Downtown and Tax Increment Financing District, and adjacent to restaurants and market spaces.

Project timeline: Facility acquired in 2019, permitting secured, and undergoing upgrades through 2020.



222 Bowen Road: Bennington Industrial Park

Description: Up to 78,500 sf of manufacturing and warehousing space, most recently utilized by a defense contractor to the federal government.

Project Sponsor/ key contact: Walter Friedman, Bennington Industrial Park Associates.

Site assets: Single story consisting of 8,500 SF of office space and 69,500 SF of manufacturing/warehouse space. Three docks with high bay doors. Interior and exterior loading docks, with one 2-ton and two 5-ton crane trolleys.

Site specs: Recently renovated modular office spaces, conference rooms and cafeteria. Power: 1400 amp, 3 Phase, 440/277 volts.

Surrounding assets: Easy access to Route 279 and Route 7, with shopping center, outdoor park, and technical high school nearby. Within Bennington's designated Growth Center.

Project timeline: Available now.



200 North Street: River & North

Description: Up to 7,500 sf of retail and warehousing space, formerly car dealership.

Project Sponsor/ key contact: John MacAffer, CBRE Albany.

Site assets: High visibility, corner lot, with 10,000+ ADT count in 2018. Parking for 60 vehicles on site. Ample outdoor lighting. Single story layout includes showroom, office, and shop.

Site specs: Ceiling heights of 9' to 12'. Power: 240 volt, 400 amp, 3 Phase.

Surrounding assets: The site is within Bennington's Designated Downtown area and Growth Center district. Near restaurants, riverside walking trails, co-working hub, and short walk to town center. 1.3 miles/two traffic lights to Route 7/Route 279 interchange.

Project timeline: Available now.





INSTITUTIONS



The Town of Bennington provides an integrated suite of services under a Select Board/Town Manager system of governance.



The Bennington Area Chamber of Commerce advances the needs and interests of Bennington's business community and its social networks.



The Better Bennington Corporation supports and enhances downtown vitality and coordinates merchant communications.



Shires Young Professionals brings the region's emerging professionals together for social gatherings and professional development.



The Bennington County Regional Commission and the **Bennington County Industrial Corporation** provide community and economic development services to the town.

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Our town is served by knowledgeable, experienced, and well-regarded professionals who are ready to answer any questions you may have about Opportunity Zone investments in Bennington. Please reach out to them, they'll be delighted to hear from you!

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.