



RUTLAND CATALYST FUND LLC

"Where Opportunity Meets Momentum"

Vermont's First City-Wide Opportunity Zone Investment Platform

*Pioneering Flexible Capital Deployment to Capitalize on the New Permanent OZ 2.0
Guidelines for Transformative Downtown Revitalization in Rutland, Vermont "The Marble City"*



Rutland
Redevelopment
— Authority —

INVESTMENT BENEFITS WITHIN THE CITY OF RUTLAND:

KEY DIFFERENTIATORS

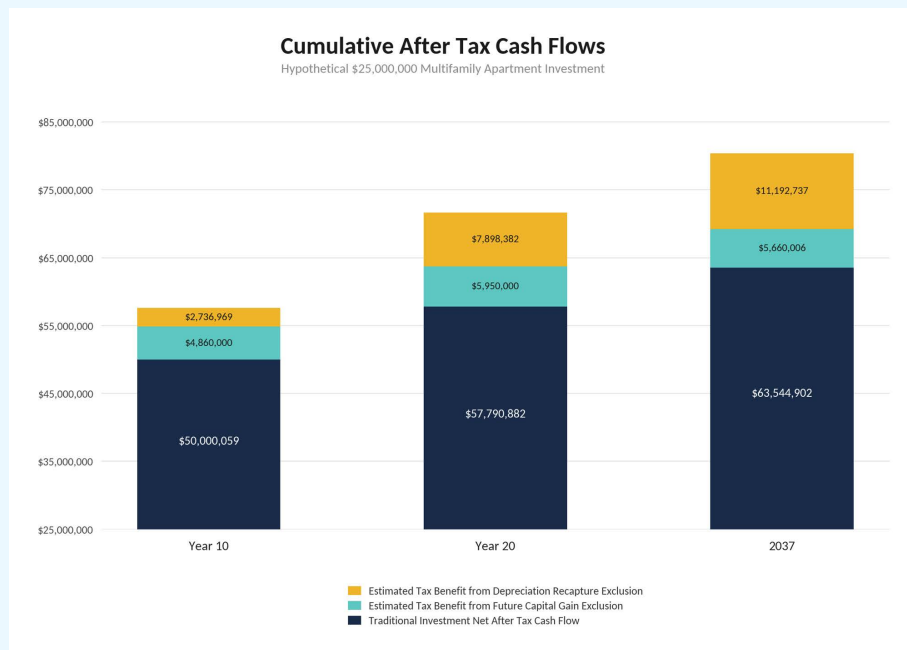
City-Wide Flexibility: Not limited to a single project (after hotel is funded), deploy capital dynamically across a pipeline of high-impact developments in Rutland's OZ-eligible tracts.

OZ 2.0 Ready: Structured to fully capitalize on the permanent Opportunity Zone program (One Big Beautiful Bill Act, 2025) with rolling 5-year deferrals, enhanced rural step-ups (up to 30%), and long-term certainty.

Public-Private Alignment: Deep partnership with Rutland Redevelopment Authority (RRA), active TIF district infrastructure financing, grant leverage, and city-backed catalytic projects.

Rural Qualified Opportunity Fund (RQOF) offers twice the benefit than investment in major cities. Ex: substantial improvement percentage is 50% in the City of Rutland, compared to 100% in NYC.

Stack depreciation benefits on top of capital gains deferrals/offset to increase IRR & ROI



CONFIDENTIAL PRIVATE PLACEMENT SUMMARY

June 2026 | Target Initial Equity: \$15–30 Million | Accredited Investors Only



EXECUTIVE SUMMARY

The **Rutland Catalyst Fund I, LP** (the "Fund") represents a groundbreaking investment vehicle: **Vermont's first city-wide Opportunity Zone fund**. Unlike traditional single-asset or project-specific QOFs, this platform offers investors diversified exposure across multiple transformative real estate and economic development projects within Rutland's designated and eligible Opportunity Zone census tracts.

Why Rutland? Why Now? Rutland stands at an inflection point. With an advancing Tax Increment Financing (TIF) district unlocking infrastructure improvements, a robust pipeline of shovel-ready or near-ready catalytic projects (including potentially a new public library + housing, the city's first modern downtown hotel in a century, adaptive reuse hospitality venues, and mixed-use redevelopments), and strong alignment between public leadership and private capital needs, Rutland offers a rare combination of undervalued assets, motivated stakeholders, and measurable impact potential in a high-quality-of-life Vermont setting.

The timing aligns perfectly with the landmark **OZ 2.0 reforms** enacted under the One Big Beautiful Bill Act (OBBBA, signed July 2025). The federal Opportunity Zone program is now **permanent**, with new decennial designations beginning in 2026/2027, rolling deferral mechanics, simplified yet powerful basis step-ups (10% standard / 30% for Qualified Rural Opportunity Funds), and continued 100% exclusion of post-investment appreciation after a 10-year hold. By structuring as a flexible, city-wide vehicle rather than a single-project fund, the Rutland Qualified Opportunity Fund (QOF) positions investors to fully capitalize on these new guidelines, adapt to evolving designations and guidance, and aggregate capital for comprehensive revitalization rather than piecemeal efforts.

Investment Highlights

- **First-Mover Advantage in Vermont:** No other city-wide OZ fund exists in the state. Rutland's scale (population ~16,000 city / ~60,000 county) and focused downtown core make it ideal for concentrated, high-impact deployment.
- **Flexible, Multi-Project Platform:** Capital is not locked to one development. The Fund can allocate across a curated pipeline, pivoting to the highest-priority or best-performing opportunities as OZ 2.0 guidance clarifies and new tracts are designated.
- **Enhanced Tax Alpha via Rural OZ Benefits:** Rutland's designated tracts (50021963100, 50021963300) qualify for rural incentives under OZ 2.0, offering investors up to a 30% step-up in basis after five years —significantly amplifying after-tax returns.
- **Public Sector Leverage:** Partnership with the Rutland Redevelopment Authority provides access to TIF financing for infrastructure, grant administration expertise, eminent domain/land assembly support where needed, and alignment with the City's 2024-2029 Strategic Plan and downtown revitalization priorities.
- **Compelling Blended Returns:** Target stabilized project-level yields of 7-20%+ (housing/hospitality components) layered with OZ tax benefits (deferral, step-up, exclusion) create attractive risk-adjusted, tax-advantaged returns for capital gains investors.
- **Measurable Community Impact:** Every investment advances housing production, job creation (construction + permanent), tourism/economic activation, historic preservation, and equitable access to amenities — core to Rutland's renaissance.

THE RUTLAND OPPORTUNITY: MARKET & CONTEXT



Downtown Rutland: Historic architecture, walkable core, and untapped revitalization potential at the gateway to Killington Resort and southern Vermont's outdoor economy.

Rutland, Vermont, known as the **Marble City** for its historic marble industry, is the commercial, healthcare, and cultural hub of southern Vermont. With a city population of approximately 16,000 and a county population nearing 60,000, Rutland offers the scale of a small city with the character and livability of a New England town. It serves as the natural gateway for tourists heading to Killington Resort (one of the largest ski areas in the East and host to the World Cup of Skiing) and other outdoor recreation destinations.

Key Market Drivers & Tailwinds

- **Active TIF District:** Rutland's Tax Increment Financing district has received Vermont Economic Progress Council (VEPC) approval for phased implementation. TIF revenues will finance critical downtown infrastructure (streets, sidewalks, stormwater, utilities), directly de-risking and enabling private investment in adjacent properties.
- **Housing Demand:** Vermont faces a well-documented housing shortage. Rutland's downtown and near-downtown sites are prime for new residential units above commercial or institutional anchors, supporting walkability, workforce housing, and market-rate demand from professionals and remote workers drawn to Vermont's quality of life.
- **Tourism & Hospitality Gap:** Despite proximity to Killington and growing outdoor recreation economy, Rutland lacks modern, high-quality downtown lodging options. A new hotel with rooftop amenities, the historic Paramount Theater & Conference space, and integration with local attractions represents a significant unmet need and economic catalyst.
- **Underutilized Historic Assets:** The downtown core features beautiful 19th- and early 20th-century architecture ripe for adaptive reuse (e.g., Royce House at 21 Merchants Row for luxury events/hospitality). Brownfield and under-performing sites (former Berwick Hotel) offer value-add opportunities.
- **Public Leadership & Execution Capacity:** The Rutland Redevelopment Authority (RRA), led by Executive Director Sean Adkins, has deep expertise in project structuring, grant writing/administration (\$100MM+ awarded in career), TIF coordination, investor outreach, and public-private partnership formation. Has led and/or worked on several large-scale developments across the east coast totaling more than \$200MM+ since 2011.
- **State & Regional Support:** Alignment with Vermont ACCD, VEPC, and downtown designation incentives (sales tax reallocation under 32 V.S.A. § 9819 where applicable, historic tax credits, Act 250 considerations). Lower cost basis and less competition than Chittenden County/Burlington markets.

These factors converge to create a compelling environment for a flexible, city-wide OZ vehicle that can respond nimbly to opportunities as they mature. This is precisely the structure needed to maximize value under the new OZ 2.0 framework.

OZ 2.0: THE NEW PERMANENT OPPORTUNITY ZONE FRAMEWORK

Enacted as part of the One Big Beautiful Bill Act (OBBBA) signed July 4, 2025, **OZ 2.0** transforms the original 2017 Opportunity Zone program from a temporary incentive with a 2026/2028 sunset into a **permanent feature of the U.S. tax code**. Key structural changes effective for investments on or after January 1, 2027 include:

Core Tax Benefits Under OZ 2.0 (Post-2026 Investments)

Benefit	OZ 1.0 (Pre-2027)	OZ 2.0 Standard	OZ 2.0 Rural QROF
Capital Gains Deferral	Until 12/31/2026 or sale/exchange (whichever earlier)	Rolling 5-year deferral from investment date	Rolling 5-year deferral from investment date
Basis Step-Up (Reduction of Deferred Gain)	10% after 5 yrs; +5% (total 15%) after 7 yrs	10% after 5 years (single step-up)	30% after 5 years — significant enhancement
Post-Investment Appreciation	100% exclusion if held 10+ years (sunset considerations)	100% exclusion if held 10+ years (permanent framework)	100% exclusion if held 10+ years (permanent)
Program Duration	Temporary; designations through ~2028	Permanent ; new designations every 10 years starting 2027	Same permanent structure

Rural Enhancement Critical for Rutland: Rutland County's designated OZ tracts (e.g.,50021963100, 50021963300) and several eligible tracts under new ACS data are classified as rural. A Fund structured to invest substantially in these areas can qualify as a **Qualified Rural Opportunity Fund (QROF)**, unlocking the enhanced **30%step-up** after five years. This materially improves after-tax returns compared to standard urban OZ investments.

Why a City-Wide Fund Excels Under OZ 2.0

The new guidelines emphasize flexibility, certainty, and impact. Single-project funds face concentration risk and limited ability to adapt if a specific site encounters delays or if new higher-priority opportunities emerge with fresh designations. The Rutland City-Wide Fund, by contrast:

- Aggregates patient capital for multiple projects, achieving economies of scale in management, compliance, and investor reporting.
- Enables dynamic allocation: Prioritize hotel development at 27 Wales St., then dynamic state-of-the-art public library with several floors of housing rising above it, then a slew of future TIF projects, etc., based on timing, returns, and community impact.
- Positions the Fund to participate in whatever tracts are ultimately designated under Vermont's July 2026–Q4 2026 nomination process for OZ 2.0 (effective 2027), without being constrained by current tract boundaries.
- Creates a replicable model for other Vermont and small-city communities seeking to leverage the permanent OZ regime —first-mover branding and expertise advantage.
- Maximizes leverage of layered public incentives (TIF + OZ + grants + potential historic tax credits + C-PACE) across a coordinated portfolio rather than siloed projects.

Investors gain the tax advantages of OZ investing with the added benefit of a professionally managed, diversified, locally anchored platform purpose-built for the new rules — and for Rutland's specific revitalization needs.

INVESTMENT STRATEGY & FUND STRUCTURE

The Fund will operate as a **Qualified Opportunity Fund (QOF)** — and, where advantageous, a **Qualified Rural Opportunity Fund (QROF)** — organized as a Vermont limited partnership (or LLC taxed as partnership). It will make equity and equity-like investments in projects that qualify under IRC §1400Z-2, with a primary focus on real property located in Rutland's OZ tracts (current designated tracts and those eligible/nominated for OZ 2.0).

Core Investment Criteria

- **Location:** Substantially all tangible property and business activity within Rutland County OZ tracts (50021963100, 50021963300).
- **Use of Proceeds:** Acquisition, construction, rehabilitation, or improvement of real property (or interests in OZ businesses) meeting the substantial improvement or original use tests as applicable under OZ rules.
- **Impact Alignment:** Projects that advance Rutland's downtown revitalization priorities: housing production, hospitality/tourism activation, adaptive reuse of historic assets, public-private catalytic developments (library + housing), placemaking (plaza, trail connections), and job creation.
- **Financial Discipline:** Target stabilized unlevered or levered IRRs / cash-on-cash returns in the 7–20%+ range at the project level, with additional alpha from OZ tax benefits. Preference for projects with strong public-sector support (TIF, grants) to improve risk-adjusted returns.
- **Flexibility with Accountability:** Capital deployed across 4–8 projects over the initial 10-year investment period to maintain diversification while allowing meaningful impact.

Fund Terms (Summary — Subject to Full PPM)

Term	Details
Target Equity Raise	\$15–30 million (scalable; soft cap / hard cap TBD)
Minimum Investment	\$250,000 (or \$100,000 at GP discretion for certain investors)
Investor Type	Primarily accredited investors under Reg D 506(c) or 506(b); qualified purchasers where required
Management Fee	Reimbursement for time if granted by investment committee
Carried Interest / Promote	20% above 8% preferred return (with catch-up); OZ-compliant hurdle and high-water mark provisions
Investment Period	10 years from final close; extensions possible (and suggested) with consent
Fund Term	10 years initial term, plus future 5-10 year increments while OZ tracts are active
Manager	Exec Director (RRA), Investment Committee + CPA
Key Alignment	GP co-investment commitment; promote subject to clawback; strong reporting & impact metrics

The structure prioritizes **investor protection, OZ compliance, and operational flexibility** to execute the city-wide strategy effectively while delivering the full suite of tax benefits under the new permanent guidelines.

PROJECT PIPELINE & TARGET INVESTMENTS

The Fund benefits from a ready pipeline of projects developed in close coordination with the Rutland Redevelopment Authority and local stakeholders. These opportunities span housing, hospitality, adaptive reuse, and mixed-use development — all aligned with OZ eligibility, TIF infrastructure support, and Rutland's strategic revitalization goals. The city-wide structure allows the Fund to sequence and size deployments optimally rather than being constrained by any single project's timeline or capital needs.

Illustrative Target Projects (Subject to Due Diligence & OZ Qualification)

Project / Site	Type	Key Features & Impact	OZ / TIF Fit
27 Wales St (Former Berwick Hotel site)	Hospitality Residential	First modern downtown hotel in a century: ~99 rooms (Cambria brand) + 26 market-rate apartments + signature rooftop bar. 4-9% ROI pro forma (including capital gains offset w/OZ)	Excellent — OZ eligible; TIF synergy; major tourism/econ driver; partnership opportunity with Belden Construction
80 West St (Library + Housing)	Mixed-Use Catalytic	~25,000 SF new Rutland Free Library (ground floor, target ≤\$750/SF all-in) + market-rate & workforce housing above. Public anchor + density catalyst.	High — OZ tract eligible; TIF infrastructure support; library as community benefit; 7% ROI target.
Downtown Plaza	Adaptive Reuse Mixed Use New Construction	300,000+ SF Plaza, with several acres of undeveloped/underutilized space. Community is very driven to develop new housing/mixed-use, located directly Downtown along rail	Excellent — OZ eligible; adaptive reuse incentives; high-margin hospitality play.
Core TIF Sites	Placemaking + Mixed-Use	Redevelopment of 10 underutilized City sites w/i TIF District. Retail, dining, public space activation, potential upper-floor residential or office. Catalytic for foot traffic.	Core — Directly supported by TIF infrastructure; high visibility; flexible for multiple configurations.
Creek Path & Supporting Amenities	Recreation / Infrastructure	Shared-use trail connecting key sites; quality-of-life and equity investment. Supports overall downtown attractiveness and active transportation.	Complementary — Grant-eligible; enhances value of adjacent OZ real estate investments.

Note: The above represents a current illustrative pipeline. The city-wide structure expressly permits the Fund to pursue additional or alternative qualifying investments within Rutland's OZ ecosystem as opportunities arise, subject to GP discretion, LP advisory input, and full OZ compliance. Detailed pro formas, renderings, and due diligence materials available upon request under NDA.

Capital Stack Synergies

Each project benefits from a layered capital stack that improves risk-adjusted returns for OZ equity: TIF-supported infrastructure (reducing site development costs), potential state/federal grants (Creek Path model), historic tax credits where applicable for rehab, conventional construction/permanent debt, and possible C-PACE financing for energy improvements. The Fund's OZ equity fills a critical gap — patient, flexible, tax-advantaged capital — while public tools de-risk and amplify impact.

TEAM, GOVERNANCE & COMMUNITY IMPACT

The Fund is anchored by deep local expertise and public-private partnership. Day-to-day management will be provided by an experienced sponsor entity with strong ties to the Rutland Redevelopment Authority (RRA), ensuring alignment with city priorities, access to deal flow, and efficient navigation of local approvals and incentives.

Key Leadership & Partners

- **Rutland Redevelopment Authority (RRA) / Executive Director Sean Adkins:** RRA leads downtown revitalization, TIF administration, grant programs, and commercial real estate development initiatives. Sean Adkins has extensive economic development experience across all levels necessary to get projects to the finish line: investor outreach, capital funding, strategic planning, site prep/readiness, consensus building among stakeholders, and execution pathways.
- **Development & Construction Partners:** Established relationships with local and regional developers and the Belden construction company (partner on hotel and other vertical construction).
- **Advisory & Governance:** The Manager will maintain an investment committee including RRA representation and independent professionals with OZ, real estate, tax, and community development expertise. Strong reporting on both financial performance and impact metrics (housing units, jobs, visitors, tax base growth).
- **Legal, Tax & Compliance:** Engaged w/OZ-specialized counsel (Gravel & Shea) and accountants to ensure ongoing qualification as QOF/QROF, timely 180-day reinvestment compliance, substantial improvement tests, and investor tax reporting (K-1s with OZ-specific information).

Community & Economic Impact

Beyond financial returns, the Fund is designed to deliver tangible, measurable benefits aligned with Rutland's vision:

- **Housing:** New market-rate and workforce units above the library and in hotel/mixed-use projects — addressing Vermont's housing shortage and supporting downtown vitality.
- **Jobs:** Construction jobs during development + permanent positions in hospitality, retail, services, and library operations. OZ funds are explicitly incentivized to create economic opportunity in distressed communities.
- **Tourism & Placemaking:** New hotel and event venue capacity captures more visitor spending locally; improved public spaces (plaza, trail) enhance resident and visitor experience.
- **Historic Preservation & Character:** Adaptive reuse of Royce House and other assets preserves Rutland's architectural heritage while putting it to productive economic use.
- **Tax Base & Fiscal Health:** Increased property values and economic activity generate incremental tax revenues (beyond TIF increment) supporting city services long-term.

The city-wide structure ensures that capital deployment decisions explicitly weigh both financial return and community impact, with RRA partnership providing accountability to local stakeholders.

INVESTMENT PROCESS, TERMS & NEXT STEPS

Who Should Invest: Accredited investors with capital gains seeking tax-advantaged, impact-oriented real estate exposure in a high-potential small-city market. Ideal for family offices, high-net-worth individuals, and institutions with long-term horizons who value flexible deployment, strong local execution, and the certainty of the permanent OZ 2.0 regime.

Investment Process

1. Review this summary and request the full Private Placement Memorandum (PPM), subscription documents, and detailed project data room under NDA.
2. Conduct due diligence (financial, legal, tax, market, OZ compliance). Virtual or in-person meetings with RRA leadership and project sponsors available.
3. Complete accredited investor questionnaire and subscription agreement.
4. Wire funds to escrow or Fund account per instructions. Closings expected on rolling basis or at targeted closes timed to OZ 2.0 transition.
5. Receive ongoing reporting: Quarterly financials + impact metrics; annual K-1s with OZ-specific gain deferral/exclusion tracking.

Key Dates & Timeline

- **June–Q3 2026:** Investor outreach, PPM finalization, initial closings (under OZ 1.0 rules where advantageous).
- **July–Dec 2026:** Vermont OZ 2.0 nomination process; Fund monitors and positions for new designations effective Jan 1, 2027.
- **2027+:** Primary deployment period under full OZ 2.0 framework; first project investments (library/housing, hotel, etc.).
- **Ongoing:** 10+ year hold period encouraged to maximize 100% appreciation exclusion.

Contact

Sean Adkins, MPA

Executive Director, Rutland Redevelopment Authority

Email: Sean@rutlandvtbusiness.com

For additional information, to request the full PPM and data room, or to schedule a presentation, please contact Sean directly. We welcome inquiries from aligned capital partners who share our vision for Rutland's transformation.

IMPORTANT DISCLAIMERS — This document is a summary only and does not constitute an offer to sell or a solicitation of an offer to buy any securities. Any such offer or solicitation will be made only by means of the definitive Private Placement Memorandum and only to persons who qualify as accredited investors (or other permitted categories) and in jurisdictions where such offer or solicitation is lawful. Past performance is not indicative of future results. Real estate and OZ investments involve significant risks, including loss of principal, illiquidity, tax law changes, and execution risk. The tax benefits described are subject to IRS rules, timely investment, ongoing compliance, and each investor's individual tax situation. Investors should consult their own tax, legal, and financial advisors before investing. Forward-looking statements are subject to risks and uncertainties. Rutland Redevelopment Authority and the Fund sponsor make no representations or warranties regarding the accuracy or completeness of this information.

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DOWNTOWN HOTEL: \$10–12 MILLION EQUITY GAP

Downtown Rutland's First Modern Hotel in Decades • Through the Rutland Catalyst Fund



Conceptual rendering — 7-story mixed-use hotel at 27 Wales Street (former Berwick site): ~99 rooms + residential units + rooftop. TIF-supported brownfield redevelopment.

THE OPPORTUNITY

The downtown hotel is the catalytic anchor for Rutland's TIF district and the first full-service hotel built in the core in decades. A remaining **\$10–12 million equity gap** must be filled to move the project forward.

Project Highlights

- Location: 27 Wales St (former Berwick “Pit” site)
- Program: ~99 hotel rooms + 28 residences + rooftop bar
- Status: TIF infrastructure support, brownfield site
- Impact: Jobs, housing, tourism, downtown activation

WHY THE CATALYST FUND

The **Rutland Catalyst Fund** is Vermont's first city-wide rural Opportunity Zone vehicle. Because it is **not limited to a single project**, capital can be deployed with flexibility across the downtown pipeline while prioritizing this high-impact hotel.

Key Advantages

- Rural QOF → **30% basis step-up** after 5 years
- Permanent OZ 2.0 framework
- Ability to optimize across multiple sites
- Strong public-sector partnership (RRA + TIF)

INVESTOR ECONOMICS AT A GLANCE (\$10MM ILLUSTRATIVE)

Immediate tax deferred on \$10MM of capital gains ≈ **\$3.18 million**. After 5 years the rural 30% step-up permanently eliminates tax on \$3MM of the original gain → **~\$954,000 permanent savings**. Ongoing cash yield illustration at 4% = **\$400,000/year**. In addition, the project structure is expected to generate approximately **\$500,000 per year** in depreciation-related tax benefits for the investor. Any post-investment appreciation is 100% tax-free after a 10-year hold.

\$10–12MM	30%	\$954k	~\$500k	4%
Equity Gap	Rural Step-Up (Discount)	Permanent Tax Savings*	Annual Depreciation Tax Benefit*	Illustrative Cash Yield

*Illustrative figures based on a \$10MM deferred gain and expected project depreciation schedule. Actual results depend on final capital structure, tax rates, and individual investor situation.

NEXT STEP — Contact Sean Adkins, Executive Director, Rutland Redevelopment Authority
Sean@rutlandvtbusiness.com • Request the full PPM, hotel pro forma, and data room under NDA.

The Catalyst Fund's city-wide structure allows flexible deployment of this capital while maximizing OZ 2.0 rural benefits across Rutland's downtown pipeline.

Securities are offered only to accredited investors pursuant to the definitive Private Placement Memorandum. Real estate and Opportunity Zone investments involve substantial risk, including loss of principal. Past performance and illustrations are not guarantees of future results. Consult your own tax, legal, and financial advisors.



RUTLAND
REDEVELOPMENT
— AUTHORITY —

Why the Rutland Downtown Hotel (TIF) Project Matters

The opportunity, and what is at stake if we don't fill the funding gap.

For more than 50 years, the corner of Center and Wales Streets (known locally as “the Pit”) has stood as a vacant, contaminated scar in the heart of downtown Rutland. The Berwick Hotel, a community landmark, burned in 1973. Since then, successive redevelopment attempts have failed, largely because of environmental cleanup costs that have ballooned to roughly \$5 million and outdated infrastructure that cannot support new construction.

The Downtown Hotel + Living Project, enabled by Rutland’s Tax Increment Financing (TIF) district, is the first credible plan in a generation to close that wound. It is not merely a hotel; it is the catalytic first move in a broader strategy to modernize downtown infrastructure, attract private capital, and reverse decades of disinvestment—without raising taxes on current residents.

Project Snapshot

\$40–50M	99	28	~30
Private Investment (incl. ~\$5M remediation)	Hotel Rooms (Choice/Cambria Brand)	Market-Rate Apartments	Permanent Jobs

Seven-story mixed-use building • Restaurant, bar & rooftop bar • Completes the Center Street block across from the Paramount Theatre and near the Amtrak station.

Illustrative Annual Benefits (Once Operational)

~\$500k	~\$500k	Growing
Depreciation Benefit (prospective tax shield)	Rooms & Meals Tax (state/local)	Property Tax Increment (TIF)

Depreciation (~\$500k/year prospective) is a non-cash tax benefit that improves project economics and helps make the private investment feasible. Rooms & meals tax and the growing property-tax increment are approximate annual public revenues once the hotel is operating.

Why This Project Is So Important

- 1. Ends a half-century of blight:** The Pit is more than empty space, it is a visible symbol of stalled progress. Filling it removes contamination, restores the Downtown fabric, and signals that downtown is open for investment again.
- 2. Restores essential lodging capacity:** Downtown Rutland has lacked a hotel since 1973. A modern property across from the Paramount Theatre turns a night out into an overnight stay, boosting restaurants, shops, and cultural venues while reducing the need for short-term rentals that reduce local housing inventory.
- 3. Delivers critical infrastructure without burdening taxpayers:** The \$3.9 million TIF bond (approved by 85% of voters in October 2025) funds new water, sewer, and stormwater mains, buried utilities, and streetscape improvements. These upgrades serve the entire downtown—improving fire safety, reducing flood risk, and preventing future main breaks, while being repaid solely from the tax increment generated by the new development, not by existing property owners.
- 4. Generates lasting public revenue and improves project economics:** The project is projected to contribute roughly \$600,000 to the municipal fund and \$2 million to the Education Fund over the first 20 years, plus ~\$500,000 annually in rooms-and-meals tax and additional local-option revenues. After the TIF period, the full increment (~\$860,000+/year combined) flows permanently to city and school budgets. Separately, prospective depreciation of ~\$500k/year provides a meaningful tax shield that strengthens the private investment’s feasibility.
- 5. Acts as the catalyst for the wider TIF district:** The hotel is the first major private project in a plan that anticipates ~385 housing units, \$16–17 million in public infrastructure, and more than \$60 million in new grand-list value over the coming years. Success here unlocks subsequent sites; failure risks stalling future projects and progress.

Consequences If the Hotel Development Falls Apart

Officials and developers have been clear: without the coordinated public-private partnership and the infrastructure enabled by TIF, the hotel does not proceed. The downsides are concrete:

- **The Pit remains:** Contamination stays in place, the visual blight continues, and another generation of Rutlanders grows up with a hole at the center of their downtown.
- **No new private investment of \$40–50 million:** The associated construction jobs, permanent hospitality employment (~30 jobs), and 26 new apartments disappear.
- **Infrastructure work still needs to happen—but at taxpayer expense:** Aging water, sewer, and storm systems will eventually require replacement. Without TIF, those costs fall on the general fund via traditional bonding, raising the tax burden on current residents.
- **Lost tax base and economic activity:** Rooms-and-meals revenue, property-tax increments, and secondary spending by overnight visitors never materialize. Local businesses lose a reliable source of foot traffic.
- **Momentum for the broader TIF district stalls:** Other planned housing and mixed-use projects that depend on the same infrastructure and the demonstration effect of success become far harder to finance or attract.
- **A rare window closes:** State grants, low-interest loans (including an \$8 million commitment from the Treasurer's 10% for Vermont program), and strong local political support have aligned. Such alignment is difficult to recreate once lost.
 - Plus a complete reset of the Center St. redevelopment and upgrades will take place, back to square one. It would squander the \$8-\$10M capital funding stack of approved bonds and grants.

The Downtown Hotel project is the most tangible opportunity in decades to turn a long-standing liability into a lasting asset. It pairs private capital with carefully structured public investment so that the costs of progress do not fall on today's taxpayers, while the benefits of a revitalized downtown accrue to the entire community for generations.

Sources: City of Rutland TIF documents, Rutland Redevelopment Authority, public statements and reporting through mid-2026. Figures are approximate and drawn from official project materials.

