REQUEST FOR PROPOSAL ("RFP") FOR OPPORTUNITY APPALACHIA OZ PROJECT TECHNICAL ASSISTANCE

Release Date: April 9, 2020
Proposal Due Date: April 30, 2020 (extended thru May 8, 2020)
Selection Date: May 15, 2020
Request for Proposals:

*Technical Assistance for Opportunity Appalachia*

*OZ Projects*

I. Overview of Request for Proposals

Appalachian Community Capital (ACC) seeks contractual support for specified Technical Assistance for Opportunity Zone project development.

The Technical Assistance contractor will report to the Project Director of Opportunity Appalachia. The requested Scope of Services is noted in Attachment A, and may involve:

- development of investment prospectus, preparation of pro forma financial projections, structuring of projecting financing,
- market research
- demand assessment, operations planning, identification of project developers / business operators
- architectural and design
- outreach to OZ investors / public and private project finance
- other types of assistance.

Entities interested in providing Technical Assistance must complete the Request for Qualifications RFQ, as noted on the Opportunity Appalachia web page.

Proposals will be evaluated on contractors’ qualifications (per the RFQ), expertise, track record, Scope of Work, budget/timeline, and OZ project requests.

II. Background

About Opportunity Zones

Opportunity Zones (OZ) were established by the U S Congress in the Tax Cuts and Jobs Act of 2017 to encourage long-term investments in low-income communities. The tax incentive provides relief to individuals and businesses that have significant capital gains if they elect to invest into Opportunity Funds or Qualified Opportunity Zone businesses.

Federal Opportunity Zones present the Appalachian Region with a unique opportunity to bring investment to areas that have historically struggled to attract investment and resulting development. To maximize this opportunity, the Region must deploy a holistic approach to marketing, business support services, alignment of state laws and local incentives, capital investment and attraction strategies, as well as engagement of community-based development and service partners.
About the Appalachian Region

The Appalachian Region, as defined in ARC's authorizing legislation, is a 205,000 square-mile region that follows the spine of the Appalachian Mountains from southern New York to northern Mississippi. It includes all of West Virginia and parts of 12 other states: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia. Forty-two percent of the Region's population is rural, compared with 20 percent of the national population.

The Appalachian Region's economy, which was once highly dependent on extractive industries, has become more diversified in recent times and now includes larger shares of manufacturing and professional services, among other industries. Appalachia has made significant progress over the past five decades: its poverty rate, which was 31 percent in 1960, had fallen to 16.3 percent over the 2013–2017 period. The number of high-poverty counties in the Region (those with poverty rates more than 1.5 times the U.S. average) declined from 295 in 1960 to 98 over the 2013–2017 period.

These gains have transformed the Region from one of widespread poverty to one of economic contrasts: some communities have successfully diversified their economies, while others still require basic infrastructure such as roads, clinics, and water and wastewater systems. The contrasts are not surprising considering the Region's size and diversity—the Region extends more than 1,000 miles from southern New York to northeastern Mississippi, and it is home to more than 25 million people.

About Opportunity Appalachia

Opportunity Appalachia will provide technical assistance to develop and structure investable transactions, and it will create investment prospectuses and pitch decks that will be used to bring Opportunity Fund investment to rural coal communities. Investment priorities include projects focusing on downtown development, manufacturing, IT, healthcare, education, food systems, clean energy, tourism, and recreation.

The initiative recently announced selection of 16 projects to participate in the program to bring jobs, business support, and investment to Central Appalachia. The selected projects propose to create over 1,800 jobs and attract over $365M in financing to develop manufacturing facilities, downtown development, tech business, agricultural facilities, hotels, broadband deployment, and retail enterprises in federally designated Opportunity Zones.

These proposed projects are particularly important at this challenging time as local economies look to restart once public health concerns resolve. Opportunity Appalachia will work closely with both private investors and Federal agencies that have prioritized support for Opportunity Zone (OZ) communities, an essential component of our national economic recovery.

Once project technical assistance is completed, a highly visible OZ Investor Convening event will be held in late 2020 that will target both local and pre-vetted national investors, as well as
federal and state funders. A curated web-based platform hosting prospectus / pitch decks will also be made available to facilitate investor due diligence.

Opportunity Appalachia is a Forbes Opportunity Zone 20 Catalyst, which designates the Opportunity Appalachia program as a top national example of community-focused efforts to revitalize distressed communities using the new Opportunity Zone (OZ) investment tool.

The program is supported by a POWER grant from the Appalachian Regional Commission with additional support from the Benedum Foundation.

III. Project Timeline

It is anticipated that the contractor will be selected by May 15, 2020 for an estimated contract start date of May 15, 2020 through January 30, 2021.

IV. Instructions to Submit a Proposal

Contractors seeking to provide these services should submit the following:

- Scope of Work (max 3 pages) describing proposed activities to be undertaken as requested in Attachment A, with identified staffing (lead and support) for each work element.
- Budget that defines deliverables, rates and proposed payment schedule including indirect costs. **A Not to Exceed cost for the full engagement must be provided. Costs not to exceed $75,000.**
- Timeline for Scope of Work, with deliverable milestones
• Biography/resume for all staff noted in proposal (or provided in RFQ)
• References from current or prior clients, including name, title, organization, contact information, and a brief description of the relevant work performed (or provided in RFQ).

Please submit responses via email in one pdf attachment by Proposal Due Date to Ray Daffner oa@acc1.org.

V. Proposal Evaluation

ACC will select contractors through a competitive process based on the following criteria.

• Qualifications (per the RFQ), expertise, track record, and staff bios.
• Scope of Work and Timeline
• Budget
• Requests from OZ project sponsors
Attachment A
Requested Scope of Services

Project Sponsor: Micronic Technologies
Project Name: Micronic Industrial Waste Water Technologies

Project Summary provided below.

TA Requested:
Market analysis and financial pro forma development to validate unit sales assumptions, including revenue projections, cost of goods, and profit margins; market validation; and sales and marketing strategy. Tasks include the following:

- Developing/refining the total addressable target market in cheese and other markets, including international markets.
- Creating high-fidelity pro forma financial projections, internal costs estimates, contract manufacturing costs and opportunities, and anticipated profits.
- Developing methods and tools for estimating the fixed, variable, and indirect costs needed for projecting profits in various markets.
- Evaluating incurred costs accounting categorization to validate their use for estimating future costs. In addition, deal structure activities and marketing prospectuses are needed.
- Using the business model hypothesis to identify and attract potential strategic partners to create the pipeline for closing agreements.
- Developing Commercialization Roadmap based on a well-developed business case and value proposition.
- Developing investment and marketing prospectus to attract investors and secure opportunity zone capital.
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LEAD CONTACT:
Karen Sorber

APPLICANT ORGANIZATION:
Micronic Technologies

ADDRESS
14570 Industrial Park Road
Bristol, VA 24202

WORK PHONE MOBILE PHONE
(276) 285-8970 (703) 531-7442

EMAIL
ksorber@micronictechnologies.com

Narrative Responses

Note: Narrative responses to each question are limited to 2,500 characters unless otherwise noted.

1. OZ COMMUNITIES TARGETED BY THIS APPLICATION (MUNICIPALITY(IES), COUNTY(IES) AND OZ CENSUS TRACT(S):

Address: 14570 Industrial Park Road, Suite F, Bristol, VA 24202
Census Tract: 51191010100 (Qualified Opportunity Zone)
https://www.dropbox.com/s/3cbypx4hcnhcn5j/Micronic%20OZ%20Hud%20Map%20Location.pdf?dl=0
County: Washington County

Why Washington County? Micronic is dedicated to operating and expanding in Southwest Virginia. Originally located in Northern Virginia, Micronic moved operations to Appalachia, first to Wise, VA and now to their current location in Bristol, VA in 2019; in order to capitalize on the economic incentives provided businesses who operate in this part of the state. Realizing that Washington County was a solid fit for their business’s expansion plan, Micronic has strived to take steps to improve the community through their operations.

Washington County, VA is a very pro small business community. Identified as an economic development objective in the County’s Comprehensive Plan, Washington County strives to retain existing businesses and industries located in the county and encourage their vitality and expansion. As an industrial product manufacturer, Micronic fits well with Washington County’s objective to create a manufacturing and technology “Center of Excellence”. A letter of support
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from the Director of Economic Development is linked to this application.

Also located in Washington County is the Southwest Virginia Advanced Manufacturing Center of Excellence that serves the entire region with a dynamic network of advanced manufacturing resources that support industry by developing an exceptionally skilled workforce. Micronic relies on its resources and this application includes their letter of support.

2. SERVICE AREA OF APPLICANT (NOTE IF DIFFERENT THEN ABOVE, OR NOTE SAME):

Micronic Technologies, a certified woman-owned small business, was established to develop, patent, and commercialize an advanced state-of-the-art water purification system. The system, MicroEVAP™, removes virtually all contaminants from almost any source water. Leveraging various corporate and educational institution relationships, Micronic is rapidly moving toward commercializing its technology in the industrial wastewater markets. Once to market, Micronic will be a worldwide manufacturer and distributor of industrial wastewater products.

Since 2014 Micronic has been committed to Appalachia. Looking to the future, the current operating facility in Washington County has additional space available that can be leased for the near term. As Micronic grows organically and embraces contract manufacturing to satisfy unit sales, Micronic is committed to securing additional space within an opportunity zone, that would also be eligible to be included in a New Markets Tax Credit transaction. Further Micronic has a commitment to the region based on Tobacco Region Revitalization Commission grants obtained over the past several years.

Over the years, Micronic has employed welders, computer scientists, lab technicians, and administrative staff from Wise County, Scott County and Washington County. With Micronic now located in Bristol, VA, Scott County and Washington County remain primary residences of its employees. Regarding purchases of products and services, Micronic’s priorities have always been to seek vendors from the local area and will continue to do so.

Micronic is currently in due diligence with two major OZ investment firms for investment in the current equity round. As part of the due diligence Micronic has developed a Self Determination letter based on the current regulations for operating businesses in OZs. This technical assistance application supports market pro forma development and enhances the likelihood of closing the round with OZ investors.

3. COMMUNITY DEVELOPMENT STRATEGY(IES):

As a pre-manufacturing company, Micronic is energetically embracing the manufacturing industry in the region. Micronic is interested in establishing a pipeline of employees with local colleges and universities and various state organizations chartered to help train and place displaced workers. Currently, Micronic has existing relationships with East Tennessee State University, the University of Virginia at Wise, and Virginia Tech. ETSU will eventually be a large
pipeline for new hires. Initial estimates project that there will be 85 jobs created with Micronic’s operation and contract manufacturing within the next 5 years. Roughly 90% of the positions within Micronic will require an associates or bachelors degree or training in a skilled trade. Additionally, the starting wages for all FTE and part time positions are at least double the Federal Minimum Wage. All FTE positions receive an excellent benefits package including health insurance, paid vacation, paid sick leave, paid job training, and assistance with educational pursuits. Because of the specialized nature of this industry, job training is provided for all employees.

4. Proposed OZ Projects (list up to 3):

I. NAME OF PROJECT, ADDRESS, OZ CENSUS TRACT

Project: Micronic Technologies Industrial Waste Water Technology
Address: 14570 Industrial Park Road, Suite F, Bristol, VA 24202
OZ Census Tract: 51191010100
Size: 6,000 SF
Total Anticipated Financing Needs: $1M
Financing already identified:
$200,000 of the $1,000,000 Series Seed Preferred Equity Raise has closed:
$50,000 from the Virginia’s Center for Innovation
$150,000 from three high net worth individuals
$1,735,737 Convertible Debt (as of 2.4.20)
$3,468,903 Grant Funding (as of 2.4.20)
$634,316 Common Stock Equity Investment
$ 6,038,956 Total

Link to Combined Letters of Support:
https://www.dropbox.com/s/uzhl5rvjqq6eez1/Letters%20of%20Support%20OZ%20Appalachia.pdf?dl=0

SIZE       TOTAL ANTICIPATED FINANCING NEEDED:       FINANCING ALREADY IDENTIFIED
6000       $1,000,000                                          $200,000

PROJECT DESCRIPTION:

Project Description: Mic https://www.theopportunityexchange.com/projectDetail/580/
Micronic seeks $1M in Series Seed Preferred Equity Investment to move a wastewater treatment system from pilot to pre-production. With $6M in prior funding, Micronic has developed a fully functioning R&D facility; validated superior performance of its MicroEVAP™ technology; secured 10 patents; secured its first customer; and executed several grants. Planned use of proceeds include developing a marketing and sales team; closing additional sales and patent protections;
and installing systems at EPA and Micronic’s first customer; Grande Cheese.

Billions of gallons of industrial water are used daily, with 69% of it not reused. Driven by environmental, economic, and regulatory pressures, industry is fully embracing Zero Liquid Discharge (ZLD). Evaporator systems are the only presently viable solution to treat and reuse contaminated wastewater, especially to achieve ZLD, where wastewater is reused with minimal discharge. Traditional evaporators are energy intensive, costly, and technically challenging. Micronic’s MicroEVAP™ solution enables ZLD by concentrating highly contaminated wastewater and is 70% less capital and operating costs.

Technical Assistance Needed:
Micronic is in need of financial sales and cost pro forma; historical cost validation; and a marketing prospectus.

COMMUNITY IMPACT (QUANTIFY / PROVIDE ESTIMATES):

Community Impact:
85 FTE positions by 2025
100% of employee salaries 50% higher than living wage
Excellent benefits
Paid job training

Exemplary support from the region and beyond is demonstrated and represents several different industries and agendas.

The Washington County Office of Economic Development (LOS included) helps manufacturing companies expand. The County offers a pro-business environment, low operating costs (Corporate income tax rate of 6%), access to global markets, and a skilled and educated workforce.

People Incorporated (LOS included) is working with Micronic to provide technical assistance and project development advisory services to ultimately secure a New Markets Tax Credit transaction for the construction and inventory of the manufacturing space.

The SWVA Advanced Manufacturing Center of Excellence provides advisory and training in advanced manufacturing and supports Micronic with these resources.

EPA and Micronic have a Cooperative Research & Development Agreement for testing and evaluation, with expected EPA publication of ME-2 performance results. This is where the Pre-Production Prototype will be tested in EPA’s national T&E facility.

Grande Cheese, a large cheese manufacturer serving commercial customers across the US, is
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the first Micronic customer that issued us a purchase order for engineering funding and a written commitment to purchase a pilot unit, https://www.grande.com/.

NAME(S) OF PROJECT SPONSORS, DEVELOPER, AND/OR BUSINESS OWNER, IF IDENTIFIED:

Project Sponsors:
Karen Sorber: CEO, Executive Chair, and Co Founder

As CEO/Executive Chair, Karen leads company capital acquisition, develops strategic relationships, secures federal and state grants, and manages all Board activities to mature the company’s growth. The company has developed a research and development facility, two lab prototypes that enabled proof of concept to compete for federal and state grants, and a field pilot that enabled design of the pre-production system.

To access state development funds sponsored by Virginia’s Tobacco Region Revitalization Commission, under Karen’s leadership, she relocated the entire operation to Wise, VA in 2014, where the Company partnered with the University of Virginia’s College at Wise and successfully secured a $2M grant. In that same year, the US Department of Agriculture awarded the Company its second and third grant; and the Navy awarded yet another grant. With development capital in hand, she led the company into full scale engineering development and field piloting of the technology. The Company is now ready for commercialization. Notable validation points to Micronic’s history include:

Competed successfully in an international technological challenge awarded by General Electric (GE) and Statoil of Norway to address the fracking market. Micronic was chosen, as 1 of 4 from over 100 applicants representing 23 countries, speaking to the power of MicroEVAP™.

Awarded a Commendation from the Commonwealth of Virginia for having been selected for the GE-Statoil Award.

Selected in Top 100 Entry in the Create the Future 2019 Design Contest (Tech Briefs Media Group).

Prior to Micronic, Karen, with a M.S. in Contracting and Acquisition Management, fulfilled a robust career in consulting to Government, conducting and managing studies and assessments in policy, management, and the technology aspects of acquisition.

Kelly Rock, Chief Technology Officer, Co-founder

Kelly Rock is an inventor of technologies that address energy, fuel efficiency, desalination, and water purification issues through particle size reduction. He has cultivated lifelong research, development, and engineering competencies in high-efficiency systems leading to revolutionary automotive fuel, medical, and water devices. He is the inventor for 31 U.S. patents and highly
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practiced in evolving engineering designs into alternative product applications.

TECHNICAL ASSISTANCE NEEDED:

Micronic completed a viable Business Model Generation exercise and draft commercialization plan with GENEDGE in 2019. Several commercialization opportunities were provided confirming the US Cheese market is viable for market entry and initial high-level financial projections. Micronic is now in need of market analysis and financial pro forma development in order to validate unit sales assumptions, including revenue projections, cost of goods, and profit margins; market validation; and sales and marketing strategy. Tasks include the following:

• Developing/refining the total addressable target market in cheese and other markets, including international markets.

• Creating high-fidelity pro forma financial projections, internal costs estimates, contract manufacturing costs and opportunities, and anticipated profits.

• Developing methods and tools for estimating the fixed, variable, and indirect costs needed for projecting profits in various markets.

• Evaluating incurred costs accounting categorization to validate their use for estimating future costs. In addition, deal structure activities and marketing prospectuses are needed.

• Using the business model hypothesis to identify and attract potential strategic partners to create the pipeline for closing agreements.

• Developing Commercialization Roadmap based on a well-developed business case and value proposition.

• Developing investment and marketing prospectus to attract investors and secure opportunity zone capital.

Proposed OZ Project:

II. NAME OF PROJECT, ADDRESS, OZ CENSUS TRACT

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<th>FINANCING ALREADY IDENTIFIED</th>
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PROJECT DESCRIPTION:
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COMMUNITY IMPACT (QUANTIFY / PROVIDE ESTIMATES):

NAME(S) OF PROJECT SPONSORS, DEVELOPER, AND/OR BUSINESS OWNER, IF IDENTIFIED:

TECHNICAL ASSISTANCE NEEDED:

Proposed OZ Project:

III. NAME OF PROJECT, ADDRESS, OZ CENSUS TRACT

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PROJECT DESCRIPTION:

COMMUNITY IMPACT (QUANTIFY / PROVIDE ESTIMATES):

NAME(S) OF PROJECT SPONSORS, DEVELOPER, AND/OR BUSINESS OWNER, IF IDENTIFIED:

TECHNICAL ASSISTANCE NEEDED:

5. APPLICANT CAPACITY:

Exemplary support from the region and beyond is demonstrated and represents several different industries and agendas:

Washington County offers a pro-business environment, low operating costs (corporate income tax rate of 6%), access to global markets, and a skilled and educated workforce.

The SWVA Advanced Manufacturing Center of Excellence provides advisory and training in advanced manufacturing and supports Micronic with these resources.
GENEDGE assisted in strategic consulting and a subcontracted effort to RTI International who conducted a strategic and tactical market research analysis and validated that the ZLD market is the best fit for Micronic to enter. On Micronic’s behalf, GENEDGE is now managing the design engineering of the new iteration of the technology.

EPA and Micronic have a Cooperative Research & Development Agreement for testing and evaluation of the pre-production prototype at its national T&E facility, with EPA expected to publish ME-2 performance results.

Grande Cheese, a large cheese manufacturer serving commercial customers across the US, is the first Micronic customer to issue a purchase order for engineering funding and a written commitment to purchase a pilot unit, https://www.grande.com/.

People Incorporated is providing technical assistance and project development advisory services to ultimately secure a New Markets Tax Credit transaction for the construction and inventory of the manufacturing space.

National Center for Earth and Environmental Nanotechnology Infrastructure (NanoEarth) at Virginia Tech (Blacksburg, VA) is working with Micronic’s technology for volume reduction capabilities to enhance availability of nanomaterials in the supply chain.

Micronic has developed, patented, and is ready to commercialize advanced and innovative wastewater treatment systems providing extreme benefits beyond that of current technologies. It has successfully executed over $3M in grants from USDA, Department of Navy, and the Tobacco Region Revitalization Commission. Significant accomplishments include the following:

- Design, development, and testing of two laboratory prototypes and a field pilot that processed water at a pond contaminated with mine drainage.
- Conducted 3rd party testing on myriad samples of treated contaminated water.
- Designed and fabricated a robust engineering flow bench for testing technology.
- Designed the pre-production system currently being engineered by a third party.

6. Provision of Technical Assistance:
The types of technical support to be provided by the Opportunity Appalachia program include: development of investment prospectus, preparation of pro forma financial projections, structuring of project financing, market research / demand assessment, identification of project developers and business operators, feasibility assessment, outreach for project finance / OZ investors, and other types of support. This support will be provided on contract by
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experienced business and development partners. It is anticipated that support of $30,000 - $75,000 will be provided for each OZ applicant, averaging $50,000 per applicant. The Scope of Work timeline for provision of technical support is anticipated to be 6 – 12 months, from March 2020 to March 2021, with capital raise activities beginning in Q3 2020 – Q1 2021.

Applicants may choose to use technical assistance providers offered by Opportunity Appalachia or may work with technical assistance providers they have identified.

AMOUNT IN $ OF TECHNICAL ASSISTANCE SUPPORT REQUESTED / ANTICIPATED FROM OPPORTUNITY APPALACHIA, OR STATE ‘UNKNOWN $’.

75,000.00

Please complete either b) or c), below. No preference is given in the Opportunity Appalachia selection process to either 6(b) or 6(c).

b) If known, please provide name(s) and contact information of Technical Assistance provider(s) you prefer to support the above project activities.

Note: Each TA provider must complete the Request for Qualifications, see Appendix III, to be eligible to provide TA for this program. If your OZ project is selected to participate in Opportunity Appalachia, proposals from Technical Assistance providers will be required, which will be reviewed for adequacy.

NAME 1: CONTACT NAME

COMPANY NAME

ADDRESS

EMAIL

PHONE

URL

NAME 2: CONTACT NAME
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COMPANY NAME

ADDRESS

EMAIL

PHONE

URL

NAME 3: CONTACT NAME

COMPANY NAME

ADDRESS

EMAIL

PHONE

URL

7. MATCH REQUIREMENT:

KS

8. ATTESTATION:

03/02/2020

Karen Sorber

CEO

Micronic Technologies, Inc.