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

Release Date: June 26, 2020
Proposal Due Date: July 10, 2020
Selection Date: August 1, 2020 or earlier
Contract Period: August 1 – March 31, 2021
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: Woodlands Development Group
Project Name: Tygart Hotel

Project Summary provided below. The project is a twinned HTC - NMTC transaction.

TA Requested:
• Updated Market Study
• Architectural - Detailed architectural floor plans. The initial plans provide a general estimate of available space and future layout. More detailed drawings are needed to ensure compliance with fire and building codes, impacting project use and capacity. Detailed drawings are also needed to provide visual materials for marketing and outreach.
• Legal – assistance with corporate structuring, including ownership structures for the operation of the hotel by a for-profit hotel management company.
LEAD CONTACT:
Dave Clark

APPLICANT ORGANIZATION:
Woodlands Development Group

ADDRESS
2280 Randolph Ave.
Elkins, West Virginia 26241

WORK PHONE (304) 636-6495 Mobile PHONE (304) 940-5878

EMAIL dclark@wdgwv.org

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):
The proposed projects are located in downtown Elkins, WV, in designated OZ census tract 54083966100.

2. SERVICE AREA OF APPLICANT (NOTE IF DIFFERENT THEN ABOVE, OR NOTE SAME):
Woodlands serves communities located in Randolph, Barbour and Tucker Counties, WV.

3. COMMUNITY DEVELOPMENT STRATEGY(IES):
a

4. Proposed OZ Projects (list up to 3):
I. NAME OF PROJECT, ADDRESS, OZ CENSUS TRACT
Tygart Hotel
206 Davis Avenue
Elkins, West Virginia 26241
Census tract:

SIZE TOTAL ANTICIPATED FINANCING ALREADY
Opportunity Appalachia Application Form

<table>
<thead>
<tr>
<th>FINANCING NEEDED:</th>
<th>IDENTIFIED</th>
</tr>
</thead>
<tbody>
<tr>
<td>13,013,000</td>
<td>Federal historic tax credit equity - $1,572,000; State historic tax credit equity - $752,000; New Markets tax credit equity (committed) - $2,994,000; USDA REAP - $250,000.</td>
</tr>
</tbody>
</table>

**PROJECT DESCRIPTION:**

The former grand hotel of Elkins built in 1907, Woodlands acquired the historic Tygart Hotel in 2018 with plans to restore it to a boutique hotel and restaurant primarily serving recreational visitors to the region.

- **Total Development Costs:** $10M
- **Committed Financing Sources:** Davis Trust Company, Rural LISC, Randolph County Commission, Virginia Community Development Corp
- **Financing Incentives:** NMTC, State & Historic Tax Credits
- **Project Sponsor and Developer:** Woodlands Development Group
- **Status:** Building emptied and mothballed in 2019. Final redevelopment plans for hotel in process. Financing scheduled to close Q4 2020, redevelopment to start Q1 2021.

The renovated boutique Tygart Hotel and restaurant has the potential for 64 rooms and will primarily serve recreational visitors to the Region’s many attractions. Redevelopment plans have been drafted, a preliminary market study completed, sources for financing committed, and community support secured. The project is currently seeking a hotel management partner.

**COMMUNITY IMPACT (QUANTIFY / PROVIDE ESTIMATES):**

Once the grand hotel of Elkins, the Tygart Hotel had transitioned to multifamily housing starting in the 1970s. It had deteriorated to the point of being "housing of last resort" prior to Woodlands' acquisition. Transfer of the building had become a high priority for the community, and so Woodlands secured financing and acquired the building in 2018. The proposal for the Tygart is to once again make it a high end lodging facility that will also feature some retail space on the bottom floor. The historic rehabilitation will incorporate sustainable energy components and systems. It will bring an estimated 64 hotel units into downtown and two to four commercial spaces, creating 50 direct jobs (40 permanent, 10 construction), with permanent jobs paying an average wage of 15% higher than the county’s living wage. The project has already catalyzed additional effort to revive sections of the town, and has become a centerpiece of a comprehensive downtown redevelopment effort.

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

Woodlands Development Group, a non-profit Community Development Corporation, will be the
Opportunity Appalachia Application Form

project developer. As noted above, Woodlands purchased the Tygart Hotel in 2018. Woodlands and its partners currently have a search underway to identify a management partner. Virginia Community Development Corporation (VCDC), tax credit syndicators and CDE, are committed partners on the project as well.

TECHNICAL ASSISTANCE NEEDED:

As noted above, a preliminary design for reuse has been developed, an initial market study completed, and a financing strategy drafted. In order to secure the final investments needed and to finalize financial projections and the business plan, the Tygart Hotel project requires:

1. an updated market study. The initial study was completed in 2016, and so updates of projected use numbers are needed. This includes a local survey of independent lodging facilities.
2. More detailed architectural floor plans. The initial plans developed provided a general estimate of available space and future layout. More detailed drawings are needed to ensure compliance with fire and building codes, impacting project use and capacity. Detailed drawings are additionally needed to provide visual materials for marketing and outreach.
3. Legal Assistance with corporate structuring. Woodlands will need assistance in developing the appropriate legal structure for the project. We are in the process of completing selection of a for-profit Hotel Management Partner.

Proposed OZ Project:

II. NAME OF PROJECT, ADDRESS, OZ CENSUS TRACT

<table>
<thead>
<tr>
<th>SIZE</th>
<th>TOTAL ANTICIPATED FINANCING NEEDED:</th>
<th>FINANCING ALREADY IDENTIFIED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PROJECT DESCRIPTION:

COMMUNITY IMPACT (QUANTIFY / PROVIDE ESTIMATES):

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

TECHNICAL ASSISTANCE NEEDED:

Proposed OZ Project:

III. NAME OF PROJECT, ADDRESS, OZ CENSUS TRACT

SIZE

TOTAL ANTICIPATED FINANCING NEEDED:

FINANCING ALREADY IDENTIFIED

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:

Woodlands is a locally-based CDC, with a strong track record working within its service area of Randolph, Barbour and Tucker Counties. Woodlands owns and operates 20+ properties in the region, including mixed-use and multifamily properties, and has served as the developer on all its projects. Additionally, we work closely with local governments and other partners on community planning -- including downtown inventories, housing studies, and comprehensive planning -- and important community facilities, including parks, trails, and community centers.

Our sister CDFI, Woodlands Community Lenders, supports both small business development and commercial real estate development through technical assistance and direct financing.

Woodlands currently has 4 large projects under construction, including a tax-credit financed downtown redevelopment with local community banks as the tax credit investors; an independent living facility in partnership with our local hospital; and a workforce housing development in partnership with the local Economic Development Authority.

Soon after purchase of the Tygart Hotel, Woodlands convened a group of local stakeholders to help chart a path to redevelopment, and that group continues to provide regular guidance and
Opportunity Appalachia Application Form

support. Members include representatives from local banks, City government, neighboring building owners, Elkins Main Street, and business owners. The stakeholder group recognized early on that the Tygart could not be a stand-alone project if the potential for Elkins' downtown was to be realized. The City and Main Street have since created a downtown beautification plan, and Woodlands led an effort to develop a plan for Elkins' downtown waterfront. The City instituted a new 1% sales tax, and has begun making improvements lined out in these plans. Woodlands additionally has been able to provide technical support, in the form of engineering and architectural work, to private downtown building owners.

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 projecting 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 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 $’.

$65,000.

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
Opportunity Appalachia Application Form

COMPANY NAME

ADDRESS

EMAIL

PHONE

URL

NAME 2: CONTACT NAME

COMPANY NAME

ADDRESS

EMAIL

PHONE

URL

NAME 3: CONTACT NAME

COMPANY NAME

ADDRESS

EMAIL

PHONE

URL

7. MATCH REQUIREMENT:

dc
Opportunity Appalachia Application Form

8. ATTESTATION:

<table>
<thead>
<tr>
<th>Date</th>
<th>Signature</th>
<th>Position</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/02/2020</td>
<td>Dave Clark</td>
<td>Executive Director</td>
<td>Woodlands Development Group</td>
</tr>
</tbody>
</table>