

# APPALACHIAN COMMUNITY CAPITAL

IN PARTNERSHIP WITH PROGRAM SPONSORS



## REQUEST FOR PROPOSAL (“RFP”) FOR OPPORTUNITY APPALACHIA PROJECT TECHNICAL ASSISTANCE

**Project Sponsor:** Cherokee Farm Development Corporation, Knoxville, TN

**Project Name:** Spark Innovation Center (Project Summary provided in Attachment B.)

**Release Date:** July 8, 2022  
**Proposal Due Date:** August 5, 2022  
**Selection Date:** August 12, 2022  
**Contract Period:** August 12, 2022 – February 28, 2023 (or later)

## REQUEST FOR PROPOSALS

### *Technical Assistance for Opportunity Appalachia Projects*

#### I. Overview of Request for Proposals

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

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

- Architectural and engineering,
- Market research/demand assessment,
- Development of investment prospectus, preparation of pro forma financial projections, structuring of projecting financing,
- Feasibility assessment,
- Identification of project developers and/or business operators,
- Investor outreach for project finance/investment,
- And other types of support.

Entities interested in providing Technical Assistance must complete the Request for Qualifications RFQ, as noted on the [Opportunity Appalachia](#) webpage and found [here](#). Proposals will be evaluated on contractors' qualifications (per the RFQ), expertise, track record, Scope of Work, budget/timeline, and other project requests.

#### II. 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 investment to rural and downtown communities. Investment priorities include projects focusing on downtown development, manufacturing, IT, healthcare, education, food systems, clean energy, heritage tourism, and recreation.

The program recently announced selection of 34 projects to participate in the program to bring jobs, business support, and investment to Central Appalachia. The selected projects propose to create over 1,600 permanent and 190 construction jobs and attract over \$177M in financing to develop textile manufacturing facilities; downtown development; community centers; health, wellness, and childcare centers; food and agricultural facilities; hotels; and retail enterprises in downtown and rural areas across Central Appalachia.

These proposed projects are signals of the growing investment potential in our rural and downtown communities in Central Appalachia. Opportunity Appalachia will work closely with private investors, banks, Community Development Financial Institutions, New Markets Tax Credits investors, Historic Tax Credit Investors, and Federal agencies to highlight participating communities and access financing for transactions.

Once project technical assistance is completed, a highly visible Investor Convening event will be held in early 2023 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.

The program is supported by the Appalachian Regional Commission, the US Department of Treasury CDFI Fund, Truist, Goldman Sachs, and the Dogwood Health Trust.

### III. About the Appalachian Region

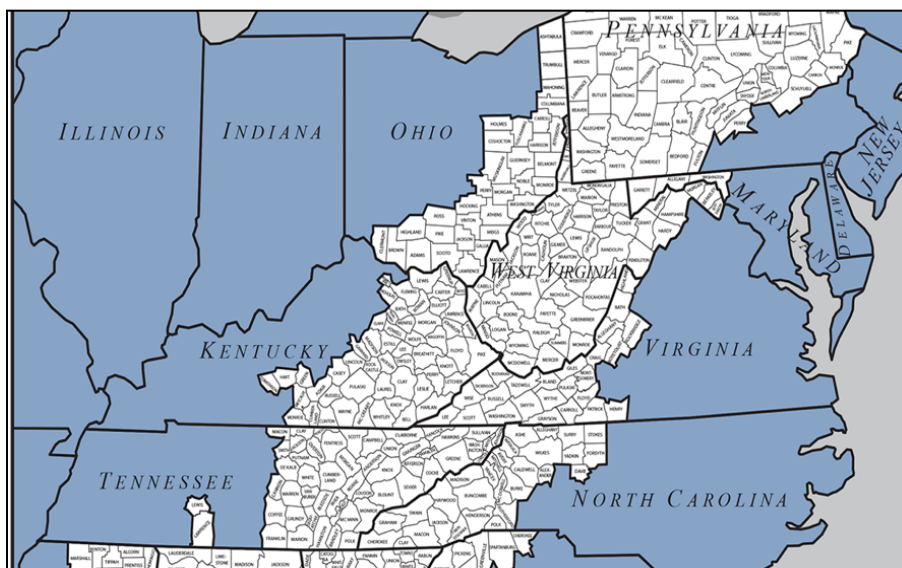
The Appalachian Region, as defined in ARC's authorizing legislation, is a 205,000 square-mile region that follows the spine of the Appalachian Mountains from southern New York to northern Mississippi. It includes all of West Virginia and parts of 12 other states: Alabama, Georgia, Kentucky, Maryland, 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.

#### Target geography

Central Appalachia – North Carolina, Ohio, Tennessee, Virginia, West Virginia



## IV. Project Timeline

It is anticipated that the contractor will be selected by July 15, 2022 for an estimated contract start date of July 15, 2022 through February 28, 2023.

## V. Instructions to Submit a Proposal

Contractors seeking to provide the full suite of TA services should submit the items listed below. It is expected that one proposal should include all requested services, which may mean that multiple entities are providing services, with one identified lead contractor.

- 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. Payment Schedule to be based on deliverables / outcome milestones.
- Timeline for Scope of Work, with deliverable milestones.
- Biography/resume for all staff noted in proposal (or provided in RFQ response).
- 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 response).

Please submit responses via email in one pdf attachment by Proposal Due Date to Kathryn Coulter Rhodes [oa@acc1.org](mailto:oa@acc1.org).

## VI. Proposal Evaluation

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

- Qualifications (per those provided in the RFQ), expertise, track record, and staff bios.
- Scope of Work and Timeline
- Budget
- Requests from project sponsors

# Attachment A

Requested Scope of Services

**Project Sponsor:** Cherokee Farm Development Corporation

**Project Name:** Spark Innovation Center

Project Summary provided in Attachment B.

## TA Requested

- Architectural design for selected site to include two configurations: a ~20,000 sf project and a ~40,000 sf project.
- Financial Projections: Capital budget to include construction, soft costs, and land costs, with pro forma projections including cash flow analysis.
- Financial Structuring and Investment Prospectus. To include potential Opportunity Zone investment, New Markets Tax Credit Investment, public grants from State and Federal sources, university investment, and donations.
- Assistance with capital raise.

## Attachment B

### Summary Information

**Lead Contact:** Tom Rogers

**Applicant Organization:** Cherokee Farm Development Corporation

**Address:** 2641 Osprey Vista Way, Knoxville, TN 37920

**Phone:** (865) 300-8541

**Email:** tom@tnresearchpark.org

### Community Information

1. Communities targeted by this application (municipality(ies), county(ies), and census tract(s):  
Note: See Appendix I for a list of eligible counties.

The proposed Spark Innovation Center will be located at the UT Research Park at Cherokee Farm in Knoxville, Tennessee. The Research Park is in Knox County, Tennessee, within the city limits of the City of Knoxville, is in a qualified Opportunity Zone and a qualified New Markets Tax Credit tract (Census Tract 35). The project will serve qualified technology-based entrepreneurs and businesses currently located throughout the 16-county East Tennessee Development District.

2. Service area of applicant (note if different than above, or note same): same
3. Community Development Strategy(ies): One of East Tennessee's greatest strengths is the presence of the Oak Ridge National Laboratory and the University of Tennessee, which have state-of-the-art research facilities, world-class scientists, and thousands of undergraduate and graduate students in the STEM disciplines. The region has worked very diligently to develop an entrepreneurial ecosystem that supports and nurtures the translation of new ideas into viable technology-based businesses, and then helps ensure that those companies are able to remain in the region for the long term, creating high quality jobs for its residents. Entrepreneurship and small business support is one of seven goals cited in the Action Plan of the 2021 Comprehensive Economic Development Strategy (CEDS) of the East Tennessee Development District. More information can be found at <https://tinyurl.com/CEDS2018-2021> Innovation and Entrepreneurship are also prominently featured in the new Vision Statement for the University of Tennessee-Knoxville: "Strengthen Tennessee's innovation economy by creating and sustaining vibrant high-tech companies and the ecosystems in which they thrive" and "Increase the number of faculty, students, and postdoctoral scholars who think and act like entrepreneurs by promoting participation in entrepreneurship programs." An in-depth assessment of the entrepreneurship ecosystem by TechStars in 2021 concluded that the region has remarkable strengths to support entrepreneurship, but identified a number of gaps that exist and made several recommendations for improvement. An organization called the Innov865 Alliance, composed of all the region's entrepreneurial support organizations, major institutions, and local governments, has pledged to address those gaps and recommendations. <https://tinyurl.com/TechStarsAssessment> Knoxville was recently named the #16 ranked cleantech hub in the country by Saoradh Enterprise Partners. Promising young technology companies need specialized space to work in while they are commercializing their business ideas, frequently including highly specialized wet lab space that includes benches, fume hoods, glove boxes, etc. The goal of the Spark Innovation Center project is to construct specialized, flexible space that can support these promising young companies as they begin to commercialize technologies and introduce them into the marketplace.  
<https://www.saoradh.com/blog/sep-releases-2021-cleantech-innovation-hubs-survey>

## Project Information

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

- I. **Name of Project, address:** Spark Innovation Center, Cherokee Farm Way UT Research Park at Cherokee Farm, Knoxville, TN 37920
  - **Size in Sq Ft.:** 20,000 to 40,000
  - **Total anticipated financing need \$:** 9 million to \$15,000,000
  - **Financing identified/anticipated, list source and dollar amount or note 'None':** To be determined
  - **Project description (include url link if available):**

The Spark Innovation Center will serve the region's most promising technology-based startups by providing affordable access to specialized laboratory space, office space, and open areas to help ensure collaboration. We envision 7 fully equipped wet labs and about 15 office spaces with accompanying meeting and collaboration spaces and common areas. In addition to the space, the UT Research Park staff will provide business guidance and mentoring and deliver a carefully curated curriculum as part of the Spark Cleantech Accelerator.  
(<https://www.tnresearchpark.org/spark/accelerator/>)

The Spark Innovation Center will help ensure that promising young startups have access to the resources they need to succeed in the region. In far too many cases, companies have started in East Tennessee and then migrated to one of the nation's tech centers in pursuit of adequate facilities, capital, and access to suppliers. The Spark Innovation Center will provide a key piece to the region's strategy to accelerate the number of new energy-based startups and then to help them grow in central Appalachia.
  - **Community Impact (quantify / provide estimates):**

The proposed Spark Innovation Center has the potential to have an enormous impact on the East Tennessee region. Spark clients are typically 'hard tech' companies with high growth potential, and as they scale their technologies they are in a position to create high-paying jobs. Our region is highly dependent on a small number of very large institutions such as the Oak Ridge national Laboratory, the University of Tennessee, the Y-12 National Security Complex, and the Tennessee Valley Authority. The Spark Innovation Center also has the potential to help diversify the region's economy over time, providing its residents with additional career opportunities.

The Spark Innovation Center has developed a "Spark Scholars" program in partnership with UT's Center for Materials Processing, which aligns talented undergraduate engineering students with Spark companies as interns, providing great training experiences for students and a pipeline of talent for the companies as they grow. The first five "Spark Scholars" will be selected and employed this summer.

Additionally, experience shows that successful entrepreneurs frequently become leaders in their communities, lending their time, energy, and wealth to a host of important community causes. The City of Knoxville is also a strategic partner of the Spark Innovation Center, and plans are being developed to expose minorities and other disadvantaged groups to STEM and entrepreneurial pathways by introducing them to the Spark entrepreneurs as well.

▪ **Name(s) of project sponsors, developer, and/or business owner, if identified:**

The Cherokee Farm Development Corporation, a non-profit 501 (c)(3) subsidiary of the University of Tennessee Research Foundation, is leading the effort to develop the Spark Innovation Center project at the UT Research Park.

▪ **Technical Assistance Needed:**

If an award is made, we propose to work with the Realty Trust Group, MBI Companies, and perhaps BrightBridge Capital on the work scope described below:

Prepare Development Plan:

- Develop a preliminary space plan and program confirming the potential square footage needs including any planned growth space.
- Prepare a concept building rendering and preliminary/concept design narrative/drawings.
- Facilitate proposal and pricing exercise with select General Contractors for preliminary order of magnitude pricing guidance
- Prepare a conceptual capital budget estimate including building hard costs, soft costs, and land costs and a conceptual pro forma cash flow analysis
- Develop a preliminary project schedule identifying key development and construction milestones.
- Identify and evaluate potential ownership and financing structures.

DELIVERABLE: An executive summary detailing a proposed development plan including a conceptual project budget, proposed pre-development budget and cash flow returns.

Investor/Partner Summary package:

- Determine potential capital needs based on project conceptual pricing to ensure project feasibility and desired returns.
- Work client to identify a potential Investor pool and other funding opportunities (i.e. grants, donations, etc.).
- Work with potential bank partners to understand financing terms, both permanent and construction period.
- Conduct initial meetings with potential investor partners to gauge interest in Project and secure commitments for project funding.

DELIVERABLE: An investor summary package detailing project mission and vision, projected research companies, and investment requirements and opportunity.

Pre-development action plan

- Develop cost estimates to fund site due diligence, (survey, environment, Geotech, etc.) architectural planning (schematics, design development, construction drawings), pricing exercises, financing, and architectural / engineering reviews.
- Prepare monthly schedule detailing activities, monthly spending and key milestones.
- Develop preferred vendor/consultant list for review.

DELIVERABLE: A pre-development plan and budget that details all aspects in order to get the project to the start of construction.

▪ **Describe the connection to other proposed projects listed on this form (if applicable):** N/A



5. **Clean Energy Focus:** Because of East Tennessee’s historical focus on addressing the nation’s energy challenges, a major focus of the region’s entrepreneurial support Initiative has been on clean energy companies. The UT Research Park has established an initiative called the Spark Innovation Center to support energy-based startup companies, and has received two awards from the U.S Department of Energy to support those activities. Those awards have enabled the Park to establish a Spark Cleantech Accelerator, which it will host each year for the next three years beginning this summer. Our region is also unique because it now supports three major entrepreneurial accelerator programs, each focused to at least some degree on clean energy issues. In addition to the Spark Cleantech Accelerator, ORNL hosts the Innovation Crossroads Program and there is a new TechStars program focused on Industries of the future. <https://tinyurl.com/SparkCTAPacket> These programs place our region in a unique position to help establish, nurture, and grow a new generation of clean energy companies offering solutions to challenges like climate change. The proposed Spark Innovation Center will provide a place where these new startup companies can transition their early research findings into true commercial offerings.
6. **Applicant Capacity:** What is the relationship of the applicant to the community? How has the community demonstrated its support of the project(s)? Describe the applicant’s role and capacity for completing or overseeing project activities: Based on our track record of successfully developing projects at the UT Research Park, the Cherokee Farm Development Corporation (CFDC) staff clearly has the capacity to guide the development of the proposed Spark Innovation Center. As a subsidiary of the University of Tennessee Research Foundation, CFDC has the responsibility to develop and manage the UT Research Park at Cherokee Farm, a 150-acre development located immediately across the Tennessee River from the University’s flagship campus in a qualified Opportunity Zone and New Market Tax Credit tract.

The Research Park currently hosts three buildings, including:

1. The Institute for Advanced Materials and Manufacturing, a 144,000 square foot University of Tennessee facility that contains sophisticated laboratories and research facilities that support faculty and students from five different UT departments;
2. Innovation North, a 44,000 square foot public-private partnership involving CFDC and Partner Development, which is host to several private companies that are actively collaborating with the university; and
3. The UT Medical Center’s Orthopaedic Institute, a new 93,000 square foot ambulatory surgical center with space dedicated to collaborative translational medical sciences.

In addition, the University has very recently agreed to enter into a lease to serve as the anchor tenant for a fourth building at the Research Park. The 85,000 square foot facility, called Innovation South, is currently under design with construction scheduled to begin this fall. When Innovation South is completed, the UT Research Park will have 365,000 square feet of buildings representing investment of \$152 million and employing 675 people in well-paying jobs. Because the UT Research Park is owned by the State of Tennessee, each of these prior transactions was complex and required significant sophistication and attention to detail to close. The projects represent a mix of development approaches from public to public-private partnerships to strictly private transactions utilizing ground leases, and we now have the expertise to evaluate and structure the proposed Spark Innovation Center in the manner that will best serve the interests of the investment partners.

