

APPALACHIAN COMMUNITY CAPITAL

IN PARTNERSHIP WITH PROGRAM SPONSORS



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

Project Sponsor: City of Madisonville, Madisonville, TN

Project Name: Kefauver Hotel (Project Summary provided in Attachment B.)

Release Date: June 29, 2022
Proposal Due Date: July 27, 2022
Selection Date: August 3, 2022
Contract Period: August 3, 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 August 3, 2022 for an estimated contract start date of August 3, 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.

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: City of Madisonville

Project Name: Kefauver Hotel

Project Summary provided in Attachment B.

TA Requested

- Development and submission of Parts 1 & 2 for the Historic Preservation Certification application
- Completion of a market study and financial projections for the hotel
- Engineering assessment
- Environmental study, including asbestos assessment if applicable (per owner, not likely a concern)
- Commercial real estate appraisal of the building and property
- Developer solicitation and selection, including the development of a prospectus and financial structuring of the deal. May include separate solicitation for hotel operator.

Attachment B

Summary Information

Lead Contact: Karen Carey

Applicant Organization: City of Madisonville

Address: 400 College Street S., Madisonville, TN 37354

Phone: (423) 442-9416

Email: karencarey@madisonvilletn.net

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.

City of Madisonville, Tennessee, Monroe County Tennessee, Census Tract: 47123925300

- ARC-designated Distressed Areas and Distressed and At-Risk Counties - YES

According to the Appalachian Regional Commission (ARC) index of county economic status and the Tennessee Department of Economic and Community Development – Transparent Tennessee website, Monroe County is currently categorized as At-Risk, per the following measures:

*Three-year Per Capita Market Income - \$23,072

*Three-year Poverty Rate: 18.4%

*Three-year Average Unemployment Rate: 3.8%

- Persistent Poverty Communities (defined as any community (county or census track) that has had 20% or more of its population living in poverty over the last 30-year period) NO

However, according to the TNECD Transparent Tennessee website, Monroe County's poverty rate for the last three-year period has been 18.40%. According to the American Community Survey data for ACS Year 2011-2015, Monroe County Tennessee's Poverty Rate was 19.7%.

**The establishment of 2 gated communities is believed to have affected the change in these percentages.

- Rural communities – meeting any of these federal definitions - YES

Monroe County, TN meets the U.S. Census Bureau definition of a "rural" community.

- Federal Opportunity Zones and New Markets Tax Credit census tracts – NO/YES

NO - Non-Qualified Opportunity Zone

YES - New Market Tax Credit Qualified: Severely Distressed

- ARC designated Coal Impacted Communities (dependence, impact, or risk) – NO

2. Service area of applicant (note if different than above, or note same): The City of Madisonville and Monroe County Tennessee
3. Community Development Strategy(ies): In 2019, city of Madisonville leaders and several business and property owners joined together to form the Downtown Madisonville Alliance (DMA) and a Main Street

Program partnership. The partnership successfully completed TNECD’s Tennessee Downtowns Program and in mid-2021 began the process to attain TN Main Street Program designation. The alliance has been able to complete several key foundation steps toward downtown development efforts including the creation of an outdoor food truck and event space, downtown destination branding, marketing tools, and 3 successful downtown events bringing over 6,000 people to downtown. Redevelopment of the Kefauver Hotel is central to the community’s broader revitalization vision for downtown development and was identified as a top priority for downtown redevelopment and regional tourism visitation through new destination lodging. Work is underway to apply for a TNECD Downtowns Improvement Grant in the summer of 2022 for funding for improvements for 15+ buildings in our downtown district located all around the hotel property. Approval of Opportunity Appalachia Technical Services in the spring of 2022 will provide Madisonville’s Main Street leaders just what is needed to advance the redevelopment and active reuse of this catalytic downtown anchor property and boutique hotel enterprise. This project also leverages past University of Tennessee Community Partnership Center Report recommendations for downtown development and rural cultural and heritage tourism economic development. With the assistance of Opportunity Appalachia Technical Services, our community will now be positioned to facilitate forward progress and future implementation of this critical project and take advantage of supporting recommendations from this study for the property. The iconic Kefauver Hotel was built conveniently in the county seat of Monroe County, alongside county government buildings so it could house travelers coming in for everything from events to business affairs. The hotel rooms, dining and event space and retail and grooming services provided guests with everything that was needed for their stay and care. Today, Madisonville and Monroe County leaders see the redevelopment and reuse of the historic hotel property as central to attracting visitors to Downtown Madisonville from the nearby outdoor recreation attractions including Tellico Lake, the Cherochala Skyway and the Cherokee National Forest.

Project Information

4. Proposed Projects (list up to 3):

- I. **Name of Project, address:** Kefauver Hotel, 104 Main Street, Madisonville TN 37354
 - **Size in Sq Ft.:** 14,600
 - **Total anticipated financing need \$:** 5,840,000
 - **Financing identified/anticipated, list source and dollar amount or note ‘None’:**
 - New Market Tax Credits - TBD
 - CDFI Financing - TBD
 - Tennessee Historic Development Grant – Up to \$300,000 on a \$1,000,000 on approved improvements
 - National Historic Preservation Tax Credits – 20% on approved improvements
 - TNECD Downtowns Improvement Grant - TBD
 - ARC -TBD
 - USDA Rural Development - TBD
 - **Project description (include url link if available):**

This structure is a 14,600+ sq. ft., two-story brick building with a full basement. In its heyday it was a “modern, up-to-date hotel in every respect; two stories, with full basement; thirty rooms; steam heat; water in every room; tiled lobby, with metal ceiling.” In addition to the hotel, the building also provided room for a drug store, barber shop, telephone exchange office and other office rooms.

The “Kefauver Hotel”, as referred to by Monroe County residents, both young and old, although

currently sitting worn and forgotten, is a majestic reminder of glory days long gone when small town Madisonville boasted with pride as the hometown of Senator Estes Kefauver. Carey “Estes” Kefauver, born in Madisonville in 1903, grew to be the golden child of the city after attending Yale Law School and embarking on a 12-year legal career, before going on to serve five terms in the U.S. House of Representatives and the rest of his life as a U.S. Senator. Although grand, these achievements are not what he was most known for. In the U.S. House, Kefauver backed the controversial Tennessee Valley Authority, and was not afraid to tackle tough issues such as economic power in the U.S. As Senator, he headed a U.S. Senate Committee investigating organized crime which was popularly known as the Kefauver committee. These committee hearings, taking on high profile crime bosses, were televised live, just as televisions became available to the public for purchase, making Kefauver nationally famous, so famous, in fact, that he was able to run for President of the United States in 1952, only losing by a few hundred votes.

The Kefauver Hotel, built by Estes Kefauver’s father Robert Cook Kefauver, who was also Mayor of Madisonville for several terms, was used frequently by Senator Kefauver, who was a teenager when it was built, as a place to come home to as well as a place to entertain. The hotel still stands tall and beams with pride even in its current vacant and neglected state. With several original pieces still intact, including original beds in the rooms, one can’t help but think of the term “if those walls could talk” while doing a walk-through. Bringing life back to this magnificent structure and historical reminder, would most definitely bring life back to small town Madisonville, Tennessee.

▪ **Community Impact (quantify / provide estimates):**

The successful redevelopment of the Kefauver Hotel property will have immediate and long-term positive business development effects and economic impacts on the Madisonville and Monroe County economy.

Donovan Rypkema of Place Economics Principal is a leading expert in the economics of revitalization of historic buildings and teaches the National Main Street Institute’s Economic Transformation for Historic Downtown Commercial Business Districts course. His work to evaluate the lost revenue and costs of an empty building illustrates lost revenue in the following sectors:

Property owner - Rent revenue, declining real estate value

Local Governments – Property tax generation

State Government – Sales tax generation

Banks – Fees, interest, deposits

Utility Providers – Water, sewer, power, internet services fees

Media – Marketing, advertising, public relations

Professional Services – Insurance, accounting, property management services

Suppliers – Food and beverage, retail, building and operating materials, other supplies

Workers – Wages and owner’s compensation and profits

Based upon this evaluation framework, we propose use of the following METRICS for the redeveloped hotel property:

Initial impacts will come from new local economic activity in the banking, finance, and construction sectors. We plan to prepare these specific METRICS to evaluate these business development and economic impacts:

Projected construction, supplier & sector jobs

Long-term impacts will be measured in the number of new businesses and jobs created at the property as well as the creation of new business opportunities for related suppliers and professional service providers. We plan to prepare specific METRICS to evaluate these long-term business development and economic impacts:

Projected Hotel, Hotel Food Service & Hotel Event businesses

Projected Retail and Personal Service businesses

Projected related Supplier and Professional Services jobs/businesses

Future project impact and evaluation METRICS can be derived from future property & sales tax collections, future income and government payments.

The average number of overnight stays and expenditures of tourists can be projected once we know the number of hotel rooms created. This information will lead to the METRICS of annual room rentals, visitor spending per night and new businesses and services providers to support the Kefauver Hotel anchor property.

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

Madisonville Main Street program leaders have created a unique new partnership with the property owner, the City of Madisonville, and the Downtown Madisonville Alliance to sponsor our Opportunity Appalachia project. All three parties have a great need for the Technical Services that are available and are ready to join forces to take full advantage of this opportunity.

Property Owners:

OA has provided our community with the ability to create new interest and buy-in from Kefauver Hotel owner. The owner of the Kefauver Hotel has not been involved with the community, reinvested in, or maintained the property for the past several years. With this new opportunity to participate in Opportunity Appalachia Technical Services, the owner is now agreeable to participate in this program in conjunction with the launch of Madisonville's new Main Street program. Without Opportunity Appalachia assistance, the current owner will not have the capacity to perform the technical processes to position redevelopment of the Kefauver Hotel property to see it to fruition.

Main Street Madisonville Collaborative Partnership:

As a result of our current opportunity to partner with the owners, the City of Madisonville and the Downtown Madisonville Alliance have taken this building on as a project for the greater good of the community. As the OA process is finalized, we know that working with the owners to determine their next steps in ownership or sale will be important and that securing potential funding sources and developers will be critical for the future implementation and success of the project.

The City of Madisonville and Madisonville Downtown Alliance partners are committed to provide Project Management support for our Opportunity Appalachia participation through our new Madisonville Main Street program and will continue to serve as a resource to support implementation of OA recommendations upon completion of the program. The Downtown Madisonville Alliance will provide the required \$5,000 cash matching contribution.

- **Technical Assistance Needed:**

To the uneducated eye, the Kefauver Hotel appears to be an overwhelming project that many investors would shy away from for fear of low return on investment or potential failure. All aspects

of available technical assistance support from Opportunity Appalachia are clearly needed for this project including:

- 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
- Investor outreach for project finance/investment
- Architectural and engineering

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

5. **Clean Energy Focus:** The redevelopment and adaptive reuse of existing, historic buildings is one of the most important ways to implement sustainability efforts. Historic properties such as the Kefauver Hotel were built with the best architectural design and construction techniques of the period and materials that are superior to those used today. The Kefauver Hotel has several interesting designs and construction elements that position it for new green energy technologies and systems including: Central Outdoor Courtyard: The hotel was built entirely around a small outdoor courtyard with window access on all levels. This design element allows maximum air circulation to help with ventilation and cooling while providing natural light throughout the structure. Steam heat: An important element of the original Kefauver Hotel was the source of steam heat. The original unit, radiators, and steam pipes are still in place throughout the hotel. High Ceilings and Broad Hallways: All common areas, hallways and rooms were constructed with extremely high ceilings and broad connecting hallways and stairways. All ceiling tiles, wood floors and wood working elements are still intact and in excellent condition for restoration. We look forward to working with the Opportunity Appalachia team to select a team of architectural and engineering experts who can help us understand the brilliance of the original design elements and systems that are still intact in the Kefauver Hotel property. We hope to preserve and enhance all contributing elements that contribute to sustainable practices and the integration of new green energy designs and practices that will build upon the hotel's legacy of excellence in design, construction, and function. We hope that the pristine condition of past systems can position the redesign to integrate modern-day green energy technologies such as the use of solar energy, rainwater harvesting and geothermal energy systems, while updating original ventilation, natural lighting and radiator heating systems originally designed and constructed.

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: The applicant team is a collaboration of the City of Madisonville, the Downtown Madisonville Alliance Board of Directors, and the Main Street Program Director, who together make up the leadership of the Historic Downtown Madisonville Main Street Program. The City of Madisonville currently employs the Main Street Program Director who serves as a liaison between the Downtown Madisonville Alliance and the City. The Main Street Director and Chair of the DMA will serve as co-directors of the Opportunity Appalachia project. By forming this type of alliance, the City has been able to ensure that all downtown Madisonville projects and programs involve downtown merchants, property owners, and community members that are focused on the mission of revitalization and downtown economic development. The community has shown tremendous support for this partnership and the results that it has already produced in just one short year. Projects completed during the Tennessee Downtowns Program include: construction and programming of the Memorial Park Food Truck Court that hosted 20+ food truck events serving over 2000+ people; creation of new Downtown Destination branding

and marketing resources; hosting of 2 large fall and Christmas events that brought over 1500+ people to the doorsteps of the Historic Kefauver Hotel property. The DMA raised nearly \$75,000 for events and other downtown improvements. The city contributed over \$75,000 to program projects and allocated the same amount to staffing and project funding for the new Madisonville Main Street program in 2022. This community engagement strategy has resulted in an alliance membership of over 200 members to date who regularly provide their volunteer time, services, and valuable input on future projects and goals. Additional sponsors including Monroe County Government, the Fort Loudoun Electric Cooperative, several corporations, and downtown business and property owners have also contributed to all funding and in-kind contributions raised to date. The owner of the Kefauver Hotel property is not a resident of the County, and lives over an hour from the area. This inconvenience, along with her age and financial state has made it hard for her to maintain the property. When approached with this opportunity to participate in Opportunity Appalachia Technical Services, she became hopeful for the future of this property. Without this assistance the owner will simply not have the capacity to redevelop this property.