

APPALACHIAN COMMUNITY CAPITAL

IN PARTNERSHIP WITH PROGRAM SPONSORS



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

Project Sponsor: Zephyr Development Group, Oak Ridge, TN

Project Name: Roane Custom Beef and Pork (Project Summary provided in Attachment B.)

Release Date: August 22, 2022
Proposal Due Date: September 19, 2022
Selection Date: September 23, 2022
Contract Period: September 28, 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 including experience in meat processing and USDA regulations
- Market research/demand assessment
- Development of investment prospectus, preparation of pro forma financial projections, structuring of projecting financing
- Feasibility assessment
- Identification of project developers
- Investor outreach for project finance/investment
- Legal support for business structure and articles of incorporation
- 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 September 23, 2022 for an estimated contract start date of September 23, 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: Zephyr Development Group

Project Name: Roane Custom Beef and Pork

Project Summary provided in Attachment B.

TA Requested

- Market/demand survey and feasibility study, Business Plan, pro forma financial projections.
- Architectural and design, with expertise in meat processing plant design and regulatory requirements
- Legal support for business structure and articles of incorporation
- Capital raise, including federal loans and grants. Expertise with agricultural projects preferred.

Attachment B

Summary Information

Lead Contact: Lee Salzman

Applicant Organization: Zephyr Development Group

Address: 1143 Oak Ridge Tpke #226, Oak Ridge, TN 37830

Phone: (865) 266-8254

Email: ldsalzman@pm.me

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.

In order to solve the current problems plaguing the US food supply-chain, we are building a custom beef and hog meat processing plant in Roane County, TN to bring healthy locally-grown meat to area families. This facility will receive livestock from county farmers, butcher and package the meat then freeze it for customer pickup. Our operation will target customers in the following rural cities and towns: Kingston, Rockwood, Harriman, Oliver Springs, Midway, Paint Rock, Oak Hill, Fairview, Lawnville, Bradbury, Kalida, Blair, Cardiff and the communities surrounding Watts Bar Lake.

2. Service area of applicant (note if different than above, or note same):

Our customers are comprised of two segments: 1). the producers who raise the animals that we will be processing, and 2). the families who will be purchasing the finished cuts of meat. The servicing area for our beef and pork producer segment will be within an hours drive of the county seat of Kingston, TN. This equates to a circle with a radius of roughly 50 miles from the center of Kingston. This is assumed to be the farthest most farmers would be willing to drive while towing multiple animals in a livestock trailer.

The primary servicing area of our family segment will include Roane County along with customers living in the eight neighboring counties of Knox, Anderson, Morgan, Cumberland, Meigs, McMinn, Rhea and Loudon. Our secondary area will be customers state- and nation-wide. This is due to our facility's online marketing and sales presence that will allow families across the country to order our Roane County-grown and raised meats. Eastern TN is considered the Logistics Capital of America based on its geography and confluence of major thoroughfares. This is important as it means that our frozen meat products can reach 2/3rds of the US within one day.

3. Community Development Strategy(ies):

The recent COVID-related lockdowns and employment shortages have exposed the fragility of America's food supply chain. These vulnerabilities are many; there are only a handful of centralized corporate meat processing plants left to service the needs of the entire country, the logistic tails needed for these products to reach their customers are long and complex and the number of intermediaries involved introduce many costly expenses and detrimental health issues. When pressure is applied to any one of these failure points, the result is evident: low prices for farmers, high prices and/or empty shelves for grocers and food insecurity for consumers. Our meat processing facility aims to solve these supply-chain problems by sourcing locally- grown livestock and processing it into high-quality freezer-ready cuts for health-conscious families across the county, the state and even the nation. This project will benefit community development in many ways, to include rural development, healthcare, education, food systems, clean energy, agricultural heritage, tourism and IT. Our

facility will be built on commercial or agricultural zoned property, away from population centers that may shy away from the smells, commotion and visibility of animals and the slaughter process. The economic activity of our construction crews, employees, customers and network farmers will benefit the small businesses surrounding our location, to include restaurants, gas stations and stores. Further, the proximity and quality of our locally-grown farm meats will help improve the health and nourishment of our neighbors by offering an alternative to the traditional store-bought products shipped from long distances, raised by unknown entities, preserved by unknown agents and touched by many handlers along the way. Our on-site solar-powered backup array, energy-saving construction methods and waste-free by-product strategies will also conserve energy and help improve the environment. Finally, by providing an on-site store and farmers market, our facility will function as an agritourism attraction, bringing in further traffic that will benefit the local economy as well as helping educate our visitors as to their lost rural heritage. This will also be accomplished by our online website that will be designed to introduce our urban customers to our farm producers, further educating them to where their food comes from.

Project Information

4. Proposed Projects (list up to 3):

- I. **Name of Project, address:** Roane Custom Beef and Pork, 1143 Oak Ridge Tpke #226, Oak Ridge, TN 37830
 - **Size in Sq Ft.:** 5,600
 - **Total anticipated financing need \$:** 1,000,000
 - **Financing identified/anticipated, list source and dollar amount or note 'None':**
 USDA Meat and Poultry Processing Expansion Program Grant \$200,000
 USDA Food Supply Chain Guaranteed Loan Program \$700,000
 Personal funds \$100,000
 - **Project description (include url link if available):**
 Our meat plant will process up to 12 market-ready steers and hogs per day from local area farmers and butcher, package and freeze them for customers county-, state- and nation-wide. This will require 12 employees working inside a 5600 square foot building sited on a 3+ acre lot as close to major Roane County thoroughfares as possible. The projected cost to build this facility is \$1MM.
 The animal-handling section of the plant will feature a loading ramp for easily unloading livestock, an outside holding pen for animals awaiting slaughter, a kill room, a dressing room where the hides and offal are removed, an overhead rail system for moving carcasses between rooms, a hanging room where the carcasses undergo a 10-day aging process, bone and meat saws for halving and quartering the primal cuts, grinders for making ground beef and pork, a finishing room where the final retail cuts are fabricated and packaged and finally, dual coolers where the cuts will be frozen while awaiting customer delivery or pickup.
 The plant will also house rooms for support functions, to include offices for the inspector, manager and administrators as well as a mechanical room, clean room for sanitizing utensils and equipment, employee break room and bathrooms. Outside, a 50kw solar array will providing shade and protection for the animals.
 The remaining space will be devoted to value-added enhancements that will create additional revenue-streams for our operation, to include a sausage kitchen, curing and smoking rooms for our hams and bacon and a retail storefront for selling our meats to the public alongside other farm products such as eggs, jams, honeys and soaps sourced from small producers in the community. These backyard farmers will also be encouraged to sell their goods at our weekly

farmers market located under a picnic pavilion we have built out in the parking lot. Our plant's biggest competitive advantage will come from our customer brokerage service. This online feature will enable producers to advertise their herds to those customers seeking healthy locally-grown meat for their families. These farmer portals will include pictures, stories and testimonials designed to educate the public and re-establish our county's lost links to its agricultural heritage. Once a match is made, our website will handle all the transactions, records and order processing. To further offer value to our network producers, we will also offer an optional animal pickup service.

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

Our meat processing plant will directly employ 11 full-time employees, to include two butchers, six cutting/packing technicians, a plant manager, a retail sales clerk and an admin/marketing clerk. A part-time driver will be used to pick up animals from our network farmers.

The butcher position is critical to the success of any meat processing operation. It is a high-skill trade that requires formal schooling and training. Due to the importance of this job, butcher's pay is in the 90th percentile of pay according to the Bureau of Labor Statistics. They will receive a \$60,000 salary as they advance their way to USDA-certified status.

Meat cutters/packers work under the supervision of the butchers and are the second most critical position in the plant. We plan on paying these workers \$42,000 per year (experienced) and \$32,000 per year (entry-level). This position is open to unskilled, unemployed and underemployed individuals with the opportunity to advance to butcher, of which we will train and help fund their schooling.

The clerk positions are also open to the unskilled, unemployed and underemployed. We have budgeted \$36,000 per year for these workers. The marketing clerk can also expect to earn bonuses based on the number of new farmers they add to our producer network.

The plant manager is a skilled position that requires a minimum of a bachelor's degree in business management. Due to the regulatory nature of the food-processing business, we will require this person to have industry experience and accordingly, we have budgeted \$85,000 per year for them.

Finally, the community impact of our meat processing facility will also provide economic benefits for our area producers. By matching them to our database of local, state and national customers, our network farmers will be able to bypass the price volatility of the auction houses by direct-marketing their animals and setting their own price. By cutting out the middleman, this new revenue stream will enable our local producers to make a profit, expand their businesses, improve the quality of their herds, scale their operations, forecast their livestock purchases, preserve the rural lifestyle and invest in their communities. With an anticipated producer network of 100 farmers, we expect this farm-to-table feature to yield them a 25% rate of return for each animal. This will add over \$750,000 per year to our local economy.

NOTE: all salaries mentioned above include benefits.

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

Lee Salzman, Business Owner

- **Technical Assistance Needed:**

To apply for grants, investment and bank financing, we must provide our lenders and investors with a business plan, a pro forma, a market survey and a third-party feasibility study, at a minimum. To conduct the feasibility study, it will be desirous for us to have our parcel identified and secured

with an option agreement or letter of intent, a draft of our architectural plans and a contractor schedule and quote.

We are looking for this Opportunity Appalachia grant to provide the funding to accomplish these tasks. Specifically, we need to hire an attorney to generate the land acquisition agreements, negotiate zoning requests and file letters of incorporation. We will require a CPA to create a pro forma and also set up a chart of accounts. A marketing specialist will be required to perform the market survey. An architect who specializes in meat processing plant design will also need to be paid to design our facility to government regulation standards. And a third-party independent business consultancy will need to be hired to write the feasibility study. Finally, to apply for the various government grants, we will need the assistance of a grant writer/researcher experienced in agricultural projects.

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

5. **Clean Energy Focus:** We estimate that it will take approximately 65kw of power to run our meat processing facility. Our plans call for a pad-mounted solar array to provide 50kw of that usage, which would save close to \$20,000 per year in electric costs and add an additional \$13,000 in revenue from selling excess electricity back to the utility company. This array would also be situated to provide shade for our animals in the holding pen during hot summer days, reducing their stress and improving the quality of their meat. We also plan on building our facility with structurally-insulated panels. These panels are comprised of a 6" foam panel sandwiched and glued between two sheets of plywood. These SIPs would interconnect to form the outside and inside walls of the plant as well as the roof and result in 60% savings in heating and air-conditioning costs over that of a traditional stick-built building. The improved structural strength will also improve survivability during extreme weather and can withstand winds of up to 200 mph. Finally, we plan on recycling all the inedible parts of our animals ,to include bones, hides, ligaments, organs and other offal. Instead of composting or incinerating them, we plan on wholesaling these byproducts to pet food manufacturers, leather-goods companies and renderers. This not only helps reduce the stress on our landfills but it also provides us with a separate revenue stream.
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: I am involved in community affairs through my membership in the Roane County Chamber of Commerce, the Kingston Optometrist Club, the Roane County Cattleman's Association, where I am a certified Master Beef Producer and the Roane County Farm Bureau. I also am involved in agricultural affairs at the state level where I am a founding board member of the Tennessee Farmer Veteran Coalition. Support comes through the University of Tennessee, through the involvement of its extension offices in Roane and Morgan counties as well as the Center for Profitable Agriculture. Business-wise, this project is being assisted by the Tennessee Small Business Development Center at Roane State College. We have garnered the interest of the state legislature through our local senator and house representative as well as the TN Department of Agriculture. Finally, the federal government has expressed special interest in supply-chain solutions via USDA Rural Development grants and loan guarantees. As the principal, I am uniquely qualified to launch, manage and grow this project. I have proven leadership skills garnered from my 10 years in the US Air Force as an officer and fighter pilot. My technical expertise comes from my electrical engineering work at a large military contractor and my management expertise is derived from the many Fortune 500 corporations I have consulted for as well as the SMB start-ups I have founded as a business incubator, to include a healthcare company, a publishing house, a construction company, a software development consultancy as well as my current agribusiness concern. Intangible character traits

are needed to weather such unforeseeable business setbacks as construction delays, regulatory changes and engineering re-designs. By working three jobs to put myself through engineering school and over-training to earn my pilot wings despite a horrific auto accident, I learned the importance of perseverance. By finding new ways to work with the Army and Marines in urban terrain during Operation Desert Storm, I became confident in my ability to innovate. By sorting through the labyrinth of policies and procedures of dozens of disparate departments and integrating them into a single unified lead system, I witnessed what diligence can do by saving Vanguard Financial Corporation millions of dollars in lost business. These are some of the demonstrable capacities I possess to complete and oversee the project activities of this meat processing plant.