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

Project Sponsor: MBTC, Harlan, KY

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

Release Date: June 11, 2024

Proposal Due Date: July 9, 2024

Selection Date: July 19, 2024

Contract Period: July 19, 2024 – February 28, 2025 (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](#) TA provider webpage. 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 8 projects to participate in the program to bring jobs, business support, and investment to Central Appalachia. The selected projects propose to create over 280 jobs and attract over \$27M in financing to develop and expand food business hubs; outdoor recreation; childcare centers; regional airport facilities; and hotels; in downtown and rural areas across East Tennessee and Southwest Virginia.

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.

As project technical assistance is completed, investor connections will be made between projects and 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, Dogwood Health Trust, Claude Worthington Benedum Foundation, US Bank, and M&T Bank.

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 – Kentucky, North Carolina, Ohio, Tennessee, Virginia, West Virginia



IV. Project Timeline

It is anticipated that the contractor will be selected by July 17, 2024 for an estimated contract start date of July 17, 2024 through February 28, 2024.

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.
 - *Please note:* to reduce administrative burdens and management costs, OA requires a maximum of 3 invoices per contract (the first may be a retainer/deposit totaling no more than ~20% of the contracted amount. Payments are made based upon satisfactory completion of deliverables and approval by the project sponsor.
- 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 with anticipated deliverable and associated invoicing schedule
- Requests from project sponsors

Attachment A

Requested Scope of Services

Project Sponsor: MBTC

Project Name: Harlan Hotel

Project Description: Restoration of a 100-year-old, five-story hotel on historic Harlan's Main Street. Estimated costs total \$5.5 MM with creation of about 15 permanent jobs.

Full project summary provided in Attachment B.

TA Requested

- Completion of an existing conditions engineering study and construction cost estimates
- Hotel feasibility study and real estate appraisal, expertise in the hotel/hospitality industry preferred
- Development of pro forma financial projections and an investment prospectus, to include financial structuring with historic tax credits, KY Tourism tax incentive, and others as relevant
- Advising on other capital raise strategies - Project sponsor plans to carry out a WeFunder Campaign, and is interested in bank CRA credits, energy efficiency-related financing, and other capital raise strategies
- Hotel Operator solicitation and selection and advising on structuring the appropriate relationship with the operator

Attachment B

Summary Information

Lead Contact: Gill Holland

Applicant Organization: MBTC

Address: MBTC mailing address: 2509 Portland Ave, Louisville KY 40212

Harlan Hotel: 116 South Main St, Kentucky Harlan, 40831

Phone: (502) 561-1162 (O); (502) 777-3601 (M)

Email: gillholland@gmail.com

Community Information

1. Communities targeted by this application (municipality(ies), county(ies), and census tract(s)):

The Harlan Hotel will be a restoration of a 100 year old hotel on Main Street in downtown Harlan, KY. The city of Harlan recently did a hotel survey and they need 50-60 new rooms. Harlan County has so many tourism opportunities that are still under-leveraged.

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

The Hotel will serve folks coming to Harlan and we believe attract even more visitors to the area as there is no boutique hotel available (aside from the Benham Inn up in Lynch maybe).

3. Community Development Strategy(ies):

We can expand on this but the heritage tourism potential of Harlan County, USA is huge! I wrote a very popular article about this <https://www.voice-tribune.com/post/why-harlen-county>. The community needs more non-coal jobs, we need more jobs training, the city has the study saying it needs more hotel rooms, and being the first hotel in historic downtown Harlan one block from the Courthouse Square will be a game-changer for the area. We opened the Harlan County Beer Company, a brewpub one block away in another historic building on the courthouse square and the feedback and positive ripple effects have been fantastic. Last time I checked, we have more employees now in Harlan country than there are working coal miners. Many of our employees were employed in the past by coal companies, several are "second chance" employees as well (addiction recovery or folks coming out of state custody).

Project Information

4. Proposed Projects (list up to 3):

I. **Name of Project, address:** Harlan Hotel, 116 South Main Street, Harlan, KY 40831

- **Size in Sq Ft.:** 15,200 sq. ft.
- **Total anticipated Project Cost \$:** \$5,500,000
- **Financing identified/anticipated, list source and dollar amount or note 'None':** \$100,000 private investors and \$100,00 bank line for pre-development work
- **Project description:** The Harlan Hotel is a historic 100-year-old, five-story, 15,200 square-foot brick building on historic Harlan's Main Street. Across the street is Moonbow Tipple coffee shop/bookstore and around the corner is the Harlan County Beer Company with its outdoor stage and beer garden. Other amenities within one block are Portal Pizzeria, Sassy Trash boutique, and Sports Café. Construction began in 1922 and it opened early 1924 as the Joe S. Kelly Hotel, later becoming the Lewallen Hotel and operating until 1955 when Powers and Horton Clothiers

remodeled the ground floor into retail storefront. It has been abandoned/vacant for decades now, a blight on Harlan's historic Main Street which is part of a National Historic Preservation District. [See a two-pager here.](#)

- **Community Impact (quantify / provide estimates):** At the neighboring Harlan County Beer Company, we have employed lots of young people in their first "real" jobs, several folks in addiction recovery and several coming out of jail. I don't yet know how many employees this hotel would need but we pay at least a living wage with benefits after a certain amount of time employed.
 - **Name(s) of project sponsors, developer, and/or business owner, if identified:** Gill Holland, Gregg Rochman, the property is owned by us in MBTC LLC but the hotel will form a new LLC once we get further along in the process
 - **Technical Assistance Needed (refer to Attachment A, page 5, for TA requested in this RFP):** We have never done a hotel so need help with the business plan, the pro forma, historic tax credits, and capital raise. We have architects working on drawings and we acquired the property thus far. We will need an engineering study and an idea of construction costs in this region, having only worked on a one floor renovation nearby thus far.
5. **Clean Energy Focus:** Having built The Green Building (www.thegreenbuilding.com) which I believe is still the greenest commercial structure in Kentucky, while we will not apply for LEED on this one, we plan to use many of the same techniques for this renovation. We are not sure yet if we will have a rooftop bar or will do solar on the roof. I don't think geothermal can work as the building covers the entire property.
6. **Applicant Capacity:** My grandfather worked in Harlan for the coal company in the 1930's and my father was born in Lynch, KY (Harlan County). My great-grandfather died in Harlan County. I have been active in Harlan for the last three years, we have a nearby AirBnB, bought a building on the corner to renovate and have brought some high level developers and urban thinkers to Harlan to help the community. We have support from the Mayor, County Judge Executive, head of One Harlan (Economic Development) and Harlan Tourism.