



Highwall Project: Mingo County, West Virginia

Creating economic opportunity and pathways to recovery in rural Appalachia



Location: 1,000 King Coal Highway Delbarton, WV 25670

Census Tract: 54059957500

Non-Metro. NMTC Severely Distressed: 22.6% Poverty, 55.9% AMI, Unemployment 9.8% (2.7 X National Rate), Brownfield, Appalachian Regional Commission Distressed, Coal Impacted County, Persistent Poverty County.

Total Project Costs: \$8M

Project Financing:

\$8M NMTC Allocation - People Incorporated Financial Services CDE (Committed)

NMTC QEI – Truist (Letter of Interest)

Leverage Debt – Fahe CDFI (underwriting review)

Private Investors - (solicitation underway)

Federal and State grants – (application pending)

Target Closing Date: Q3 2021

Project Sponsor: Coalfield Development, Wayne, WV

Executive Summary

Coalfield Development is a nationally recognized non-profit organization working to rebuild the Appalachian economy from the ground up by incubating social enterprises to create new jobs and development opportunities for people facing barriers to employment. The Highwall project provides two opportunities for community development: 1) an escape to outdoor adventure for riding enthusiasts and their families looking for a unique Appalachian lodging experience, and 2) a place for substance abuse recovery programs to host recovery trainings, events, and retreats. The project will develop 8 – 12 lodging cabins, a Restoration Center and Retreat Pavilion, solar power generation, and other amenities. These activities will result in the creation of 30 permanent job positions, 60 temporary construction jobs, and 120 on-the-job training positions – all of which will be quality jobs with benefits. In addition, 35% of employment will target persons in substance abuse recovery that are harder to employ, and the 120 on-the-job training positions will be filled by Low Income Persons. Coalfield utilizes a holistic 33-6-3 employment and training model, where each week there is 33 hours of paid work, 6 hours of higher education, and 3 hours of personal development. More than 1,300 people in recovery from Substance Use Disorder (SUD) will be served at the facility each year.

The project has been developed with substantial local community engagement and support, including participation from the local County Redevelopment Authority, the Hatfield McCoy Trails System, West Virginia Development Office, and other state and local partners.

Development will be financed through owner equity, New Market Tax Credits equity, leverage debt, and public and private grant subsidy.

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Coalfield Development is a nationally recognized non-profit organization working to rebuild the Appalachian economy from the ground up. We envision this new economy being more diversified and more sustainable than our coal-based economy has been. We incubate and grow new businesses (we call them social enterprises) and then use these enterprises to create new jobs and development opportunities for people facing barriers to employment. These social enterprises then employ and empower low-income persons through the holistic 33-6-3 model each week: 33 hours of paid work, 6 hours of higher education, and 3 hours of personal development.

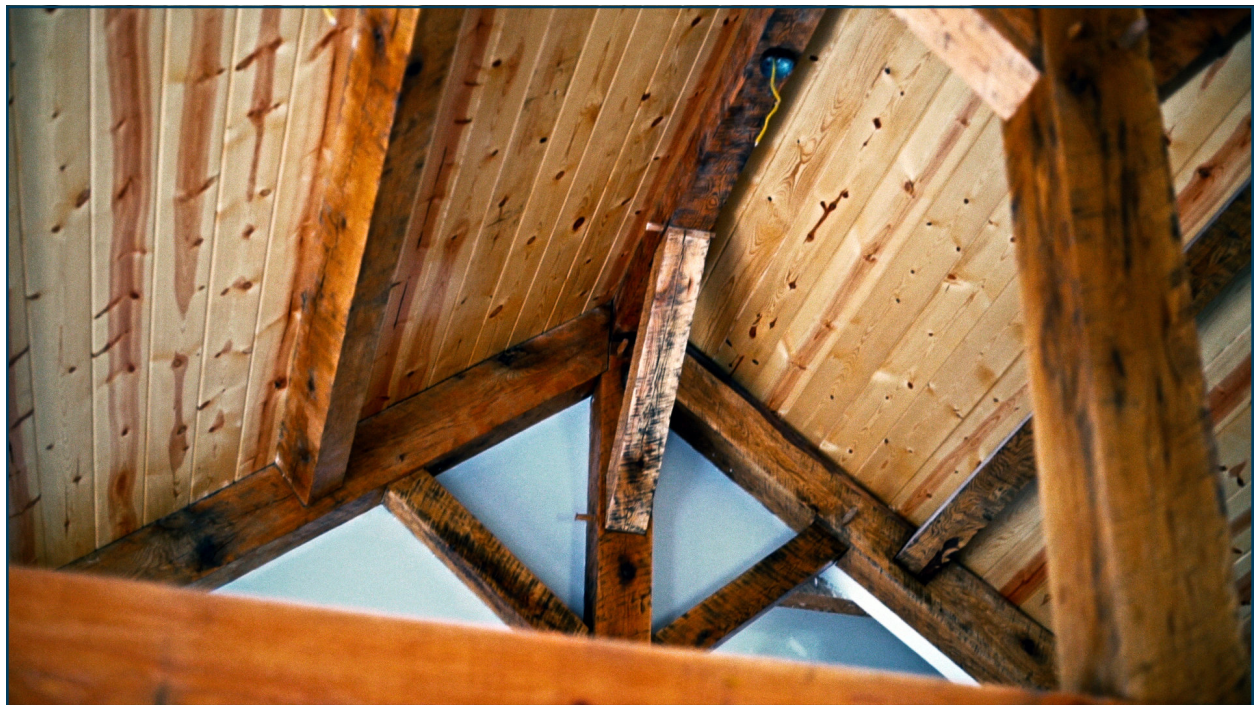
Coalfield Development was created 10 years ago in the depths of the Great Recession, a creative response to the pain and suffering of that time. Now, we aim to innovate anew in this most recent COVID-19 downturn. Since 2010, we have created more than 250 new jobs, funded more than 50 new businesses, and redeveloped

over 200,000 square feet of formerly vacant and dilapidated property. We have directly attracted over \$20 million in public/private financing to southern West Virginia, which has led to over \$50 million in follow-on leveraged investment.

The work of Coalfield Development to support economic transition in coal country has been featured in the Wall Street Journal, New York Times, National Public Radio, and the TriBeca Film Festival (NYC) with a feature length film.¹²³⁴ We are part of premier global networks advancing bold social innovation including: Ashoka, Draper Richards Kaplan Foundation, REDF, and New Profit.

Project Description

The Highwall project provides two opportunities: an escape to outdoor adventure for riding enthusiasts and their families looking for a unique Appalachian lodging experience, and a place for substance abuse recovery programs to host recovery trainings, events, and retreats. As recreational riders look for locations and destinations closer to their home cities that are within driving distance, the Highwall will be a beacon for enthusiasts and their families. This facility will also provide recovery groups and residential treatment programs a unique destination that



1) <https://www.wsj.com/articles/job-renewal-in-appalachia-1499449363>

2) <https://www.nytimes.com/2017/09/30/business/energy-environment/coal-alternative-energy-jobs.html>

3) <https://www.pri.org/stories/2017-09-12/after-generations-working-coal-young-west-virginians-are-finding-jobs-solar>

4) <https://www.tribecafilm.com/festival/archive/from-the-ashes-2017>

reframes a stunning post-extractive landscape into a vista of opportunity and renewal, displaying what is possible in areas like Southern West Virginia through entrepreneurial grit and gumption.

In a Post-COVID-19 Economy, places like the Highwall will be sought after for its focus on outdoor immersion, remoteness, and recognition of society's new attention to social distancing and cleanliness. The site is designed to allow guests the ability to enjoy the incredible network of rural riding trails while providing families the privacy and programming that merit both short-term and lengthy stays to the facility. By creating an oasis for recreation and retreat in an area that is within a reasonable driving distance from a large part of the US Population, the Highwall is a unique project that addresses future COVID-19 and Pandemic concerns by creating an economic development opportunity in rural Appalachia.

The Highwall project is located on a reclaimed mine site that is being redeveloped by the Mingo County Redevelopment Authority for post-mine uses. Our project consists of three components that will employ at least 50 former coal-miners or people in recovery from Substance Use Disorder (SUD) with supportive apprenticeship and life skills training programs led by the Project Sponsor, Coalfield Development. Jobs will be created through Coalfield Development's 33-6-3 model both through the buildout of the facility and then also through the on-going operations of the facility, meaning the project will continually create jobs for decades into the future. The project components include:

- **Rustic, Elegant Cabins** filling the need for more rental lodging in conjunction with the Hatfield McCoy trail system, which receives 50,000+ visitors annually. These timber-framed structures retain a natural feel but also have modern amenities and comforts. We project building 8-12 cabins depending on final site plans from our architecture and engineering team. The cabins will be managed in partnership with local entrepreneur and community leader Terry Sammons, who has operated a successful trail-system lodging business for more than a decade now. They will be constructed by Coalfield Development's contractors and will include opportunities for 20 on-the-job training and construction apprenticeships for former coal-miners and those in recovery from addiction (See Community Outcomes, below.) These cabins are isolated from each other, providing families and small groups the privacy and seclusion desired by many looking to make a trip to Southern WV. These cabins are built with convenience, comfort, and cleanliness in mind, creating a safe atmosphere for a relaxing getaway experience.

- **Retreat Pavilion and Restoration Center** (open air mountainscape overlook), taking advantage of the sweeping view shed, will serve an important purpose for addiction recovery retreats. Recovery events, graduation, reflections, meditations, and wellness seminars can be held here at a Grand Overlook with views stretching hundreds of miles. There is an important connection to be made between a landscape (having been surface mined) that is healing and reclaiming itself and wounded people retreating into the hills to find new meaning and purpose in their lives.

Addiction recovery groups throughout the region have expressed interest in using this facility for retreats and workshops, including in-patient program such as Recovery Point, Serenity Point, West Virginia Sober Living, and Reintegrate Appalachia. In-patient treatment facilities will bring recovery cohorts “up on the mountain” for a day of reflection and restoration, and Medicaid can be billed for this service, contributing to financial sustainability. **Thus, a former mountaintop removal site becomes a place of mountaintop renewal.** We project the Highwall to serve 1,300 people in recovery per year (an average of 25 per week). As a Grand Pavilion, the overlook will also be available for special events such as weddings and family reunions, generating additional revenue for the property.

The Restoration Center will provide a wellness and fitness center for lodging residents, local citizens, and participating addiction recovery groups. This 5,000 square foot structure will include a cardio fitness center, weight-lifting, sauna, steam room, whirlpool, and addiction recovery yoga. We also envision acupuncture and massage therapy; all features important for recovery retreats as well as vacationing guests. Jeff Lusk, Director of the Hatfield McCoy trail system, reports this a particularly attractive project component and “fills a unique gap not currently provided anywhere else in our market.” This Complex will include outdoor fitness programming that allows guests to enjoy nature while exercising and unwinding. Activities include adventure trails with cross training equipment, ropes courses, and meditation gardens. Instead of a traditional communal onsite pool, the Highwall would feature a collection of shallow pools and splash pads, using Appalachian streams and other natural features as inspiration. This interwoven collection of flowing water would allow clients or guests to cool off with their families in isolated pockets while adding an aesthetically engaging feature that would be a unique draw for guests. The Restoration Center can also serve as a staging point for family outdoor activities during the Fall and Winter Holidays.

- **Restorative Tourism** – Several weeks out of the year will be reserved for environmentally minded visitors who want to combine their vacation with a service opportunity. Through partnership with The Nature Conservancy, we will facilitate reforestation tree-planting projects on former mountaintop removal sites as well as streambed restoration in coal-damaged waterways. Visiting authors and activities lectures/workshops will be a value-add experience.

- **Highwall Track, Trail, and Rental (HTTR)** – Providing ATV/UTV/Motorcycle rental in conjunction with a track and trail course near the Hatfield McCoy Trail System provides new and seasoned riders an opportunity to hone their skills before entering the vast network of trails. For guests of Highwall, the HTTR provides safety classes and beginner trainings so the whole family can safely enjoy learning to ride in the mountains. The rental component of HTTR allows guests that do not own an ATV/UTV/Motorcycle to make Highwall their destination of choice. In addition, families and individuals can rent larger, multiple seat UTV’s so they can enjoy Hatfield-McCoy Trail in larger groups.

• **Trail Access and Agri-Landscaping** – To supplement ATV opportunities on the Hatfield McCoy Trail (see below) as well as to supplement the Restoration Center, an on-site trail system will offer equipment rentals to explore the natural landscape and mountain, including but not limited to: mountain bikes, mountain boards, cross training, and ropes courses. Users will pay rental fees for the equipment, generating additional income for the property. Edible Landscaping and Gardening will add value to the rural experience visitors have. In addition to first-rate landscaping, our grounds will incorporate local, organic agriculture.

• **Local Agriculture Production** – Coalfield Development's sustainable agriculture business, Refresh Appalachia, will handle landscaping and will incorporate vegetable and herb production in the landscaping of the site. These agriculture crews will be staffed by 15 former miners/people in recovery according the 33-6-3 model, and will grow healthy food on site. First cuts will go to cabin residents and additional produce will go to market to help local agripreneurs build up this important emerging market in the community. Additional acreage adjacent to our property (owned by Pocahontas Land Holding Company) could also become available for increased agricultural production. Since 2015, Refresh Appalachia has sought to grow an intensive agriculture industry and skilled workforce, creating and retaining community wealth through local and regional food system jobs and markets.

• **Mountaintop Solar System** – The site has been assessed for solar production and is very well positioned for significant solar power generation. Land Art Generation Institute (which specializes in clean energy design) projects the potential for approximately 315 MWh produced by approximately 1,000 modules. Local crews will be employed to install and maintain the system, which will supply power directly to the assets on site. There is also potential for significant utility-scale solar production at the site. However, this would require regulatory changes at the state policy level before taking place.

Our team now has full site control of this flat location with paved road access. The site has municipal water, full electricity access, ample fire and police protection, and is adjacent to the new Mingo Central High School. Perhaps most importantly, our site literally has some of the best views available in all of southern West Virginia. Truly breathtaking, one can see all the way to Virginia or Kentucky.

Our project leverages these site advantages into a modern, unique, and inspiring development: The HighWall. **HighWall** is a term important to the mining history in central Appalachia. It is the face or bank on the uphill side of a contour strip mine excavation. There is a dramatic highwall visible at the site. **The name we've selected also carries an additional layer of symbolic importance, as we seek to take our community and our economy to a higher, better place. In doing so, we honor our past but also boldly leap into a more sustainable future.**

The Opportunity

The largest source of both visitation and investment in southern West Virginia is the Hatfield McCoy ATV Trail System. In 2019, over 50,000 people paid for permits to ride the system, with over 80% of visitors coming from out-of-state. This is a tremendous economic opportunity for the region. The System has nearly 1,000 miles of trails and has helped create nearly \$30M in economic activity, including 300 jobs and 45 new businesses. However, demand for lodging and additional recreation opportunities is not being met. Trail System Executive Director Jeff Lusk reports, “Terry Sammons already has a top five lodging site for our entire trail system at his current location. **He knows as do I that for every one reservation we can facilitate for visitors, we have to turn three away.**”

The Hatfield McCoy ATV Trail System has embarked on a \$1.2M marketing campaign to continue to grow the customer base, having placed ads in national and regional print and online travel publications, search engine placement, tourism expo attendance, engaged regional visitor association partners for co-branded marketing, and involved local business partners. Data indicate Trail visitors are 73% male, between 30 - 60 years old (65%), college or tech school graduates (62%), with 43% having income over \$70,000.

In addition to the trail system, “Tourism and Hospitality” is consistently reported by the State of West Virginia Department of Commerce to be the fastest growing sector





for southern West Virginia's economy. Visitors seeking natural beauty, cultural heritage, and spiritual renewal are coming to these mountains in greater and greater numbers. There is true potential in these new markets.

Located in a severely distressed Low-Income Community, the need for this development is tremendous. Traditionally, Mingo County has been considered the heart of coal country. In the 1990's this was the "million-dollar coalfield" and in the 2000's this became the "billion-dollar coalfield." But in the last decade the industry has experienced unprecedented decline. Today, the result is a poverty rate twice the national average (the county is in the bottom quartile nationally for household income) and employment rates substantially below the national average (2.7 times the national average).

As has been widely reported, the rate of overdose related to the use of opioids has drastically increased over the last decade in the United States, and the epicenter has been West Virginia with the highest rates of overdoses accounting for 41 deaths per 100,000 people.⁵ Even after effective treatment, successful reintegration back into the workforce is challenging for many who have previous negative records. Often times, the employers who want to help, fail to establish the kinds of patient, friendly, and flexible work environments needed for those in recovery. As explained in the Appalachian Regional Commission "Final Report on Recovery-To-Work Listening Sessions" (July 2019), "Expanding education and skills training opportunities, and encouraging recovery friendly workplaces are important for those in recovery to obtain employment."

The Highwall project provides the specific training opportunities those in recovery need and creates a recovery-supportive workplace. Interventions funded through this project present the holistic approach that can address the addiction problem from multiple angles, both through direct recovery support and also through broader job-training and job-creation. The Highwall will change thousands of lives and support the recovery of thousands of people.

Community Outcomes

We project the following outcomes to be achieved through this development opportunity:

- 30 permanent new job positions created a year (through 33-6-3 model)
- 50 temporary construction jobs created through initial development
- 100% quality jobs with benefits
- 120 on-the-job trainees graduated (100% LI persons)
- At least 50% of jobs created will be for people in recovery served

- 1,300 persons in recovery attending programs annually
- 315 MWh of solar power generated per year (potential for more than 1 KW when utility-scale installation becomes legal in West Virginia)
- \$20 million in follow-on private investment represented by: additional tourism/hospitality investment spurred by the project, new cultural assets developed such as coal-history museum, and new grocery and retail development nearby

The Coalfield Model

Too many job-training programs are unsuccessful because the jobs just are not there on the back end to employ the newly trained people, especially people of color. For example, in West Virginia we had hundreds of laid-off coal miners trained to be HVAC technicians even though there are only a dozen or so HVAC jobs available. **Our approach at Coalfield Redevelopment Corp simultaneously trains unemployed people and creates the new businesses (Social Enterprises) necessary to create the quality jobs trainees seek.** The 33-6-3 employment program catalyzes transformations at the individual and community levels. It does so because our model bridges divides and fills gaps that other public programs and the private sector are failing to bridge and fill. Because of the many social/psychological challenges facing people out of work for long periods, combined with their inexperience in a modern workforce, simply creating new jobs is not enough to reduce poverty, especially if these are low-paid positions. Social enterprises are uniquely positioned to not only create quality new jobs, but to create these new jobs in supportive environments with affirming networks, flexible scheduling, and access to community resources. Immediately, employees of our social enterprises have a greater sense of agency and connection to community.

Each Coalfield 33-6-3 employee participant completes regular peer-reviewed surveys which track progress on deeper “life issues” related to well-being. Participants also have monthly professional evaluations to track improvements in technical skills (“hard skills”) and monthly personal reflections to monitor growth in life-skills (“soft skills”). While these outcomes are not as clear-cut as jobs created or certificates earned, they are measurable, and we have robust systems to ensure good tracking. These deeper human outcomes are the essence of the individual transformations that 33-6-3 inspires: renewed self-confidence, purpose, and hope.

The opioid crisis has ravaged rural communities in West Virginia. Our response to this scary problem is the renewed hope and opportunity via 33-6-3, paired with focused treatment and recovery. Through a partnership called Reintegrate Appalachia, we’ve partnered with West Virginia University Health Sciences as well as Sober Living to train and place more than 100 people in recovery in new jobs. These participants work a 33-6-3 “Plus” model; the “Plus” is for recovery coaching and peer support.

Our crew members start at \$12 an hour with full health, dental, and life insurance benefits. Pay raises and promotions are made abundantly available to incentivize growth and development. Trainees are recruited from local public assistance agencies, recovery centers, United Mine Worker Halls, and vocational centers.

Community Engagement

From day one, this project has been developed with local community engagement and support. To initiate activities, a planning charrette was held with community members and representatives from Mingo County Redevelopment Authority, Hatfield McCoy Trails, West Virginia Development Office, and other state and local partners. Subsequent to the charrette, we received the endorsement and support of the participating local entities to pursue this project, including the sale of the project site by the Mingo County Redevelopment Authority, support from the non-profit Trail system for needed lodging, and have included local leaders on our Project Team, noted above. In addition, local substance abuse treatment programs have encouraged this development as a way to expand treatment services offered in the region.

At the state level, the Director of the Hatfield McCoy Trail system also serves as the Chair of the WV Tourism Commission as appointed by the Governor, and the State has identified tourism and outdoor recreation activities as priority engines of economic development in rural communities like Mingo County, as highlighted in the West Virginia Tourism Plan.

As a non-profit developer, Coalfield highly values community engagement, and works tirelessly to build trust and relationships on the ground level. Our board of directors are all (100%) local community leaders that live and work in our market area of rural West Virginia.

In our communities, as in much of rural America, we have a broken economy that often leads to either community apathy or anger, and deep political fault lines have opened as a result. We understand that a more vibrant economy fostering entrepreneurship is essential to rebuild community engagement and cohesion, and Coalfield positions our activities to provide community leadership to address this challenge.

Long term, we intend to convert our social enterprises to worker-owned businesses with both low-income representation on boards, and employee councils.

Capacity

Coalfield Development's executive team, has more than 50 years of combined experience managing federal and state funds totaling more than \$30 million. Funders have included the following:

- Appalachian Regional Commission
- U.S. Department of Agriculture
- U.S. Economic Development Agency
- U.S. Department of Health and Human Services
- U.S. Department of Housing and Urban Development

The organization has an annual single audit according to federal OMB standards. Coalfield Development is a licensed general contractor/developer, having revitalized more than 200,000 square feet of formerly vacant/dilapidated property. Since 2010, Coalfield has created more than 250 jobs and trained over 1,200 low-income workers.

The Development Team

Coalfield Development is the lead Project Developer and has attracted more than \$20 million in financing to southern West Virginia over the past decade. Coalfield has experience developing or re-developing over 200,000 square feet of mixed-use, mixed-income properties and has assembled a strong team to see this project through:

- Coalfield Development Founder and CEO Brandon Dennison will personally lead the team. In 2017 he was named West Virginian of the Year by WV Living Magazine, is a Draper Richards Kaplan Fund Fellow 2018-2020, and was named an Ashoka Fellow in 2018. He was lead organizer and author of winning the Communities Thrive Challenge project funded by the Chan Zuckerberg Initiative and Rockefeller Foundation; one of only 1 applicants across the country. Brandon has authored four research studies on community-based real estate development.
- Terry Sammons, a long-time Mingo County leader, attorney, and local lodging developer, Sammons served on the Mingo County Redevelopment Authority board for 15 years before becoming an advisor to the current board. Terry has been appointed by the Governor to the West Virginia Higher Education Policy Commission, is a member of the West Virginia Flood Disaster

Recovery Board, and owns Sammons Law Office in Gilbert specializing in environmental law. Terry and his wife currently operate six different lodging facilities in Mingo County.

- Robert Ferry & Elizabeth Monoian, Founding Directors, The Land Art Generator (LAGI). The Land Art Generator is an award-winning organization accelerating the transition to a post-carbon economy by providing models of renewable energy infrastructure that add value to public space, inspire, and educate. Robert is a registered architect and LEED accredited professional with two decades of professional practice experience, and Elizabeth has published, exhibited, and presented globally on the aesthetics of renewable energy.

- Ray Daffner, consultant, has over 30 years of economic development experience in rural communities including 20 years of activity in Appalachia. Ray has served on seven NMTC Advisory Boards and works with multiple CDE clients that have deployed over \$1B in QLICs, and is also engaged in development finance activities supporting Opportunity Zone investment in Appalachia, CDFI capital formation, and rural Angel Investment Fund formation.

- Max Knapp joins the team as an Investment Manager with United Bank, the largest bank headquartered in the state. Max's background includes time spent on Wall Street working in Mergers & Acquisitions before transitioning to a Private Equity / Venture Capital role, and his experience and technical background has helped the team derive realistic financial forecasts. Max also owns several small businesses in West Virginia and understands the complexities and importance of making commerce work in rural America.

Coalfield and Sammons have formed a jointly owned for-profit subsidiary to own and operate the facility: HighWall Properties LLC. Included on this board is the following expertise:

- Earl Gohl, was appointed by President Obama as the 11th federal co-chair of the Appalachian Regional Commission, and has served as Associate Assistant Secretary of the U.S. Department of Labor. Gohl has 20 years of experience in state and local government, and community economic development.

- Chris Bailey is a strategist and entrepreneur focused on improving the lives of those around him and developing new ways of work in the modern economy. Chris started his career at Bain and Company in Dallas after graduating Summa Cum Laude with a BS in Mechanical Engineering from The University of Alabama. While at Bain, he worked in companies ranging from small, PE owned ventures to Fortune 500 enterprises, with engagements ranging from high level corporate strategy development to detailed organizational changes. Chris now works as a Business Operations Manager at the retail marketing tech start-up BounceX (soon to be Wunderkind) and advises Coalfield Development impact investing SEED Fund.

- Justin Goldbach is Program Director of The J.M.K. Innovation Prize and is the Founder and Managing Director of Social Strategy Associates LLC, a strategic philanthropy and social impact consultancy based in New York City. He has worked with dozens of foundations and corporations to enhance their community investment activities, and is a founding member of the Aspen Institute's Center for Business Education. Justin holds a BA from New York University, and an MSc in Public Policy from the London School of Economics.

Project Readiness

The team has full site control. Seven acres are already owned, and we have an option on the remaining 23 acres available at the site. The first cabin is already in operation and site improvements have already begun. Coalfield Development has more than 35 private foundations and public agencies supporting its innovative approach to community and economic development. This extensive funding network will be leveraged to bring this project to completion.



Financing: Sources and Uses

Source

State Grant / Philanthropy	\$1,000,000
Federal Grant, U.S. Dept. of Education	\$800,000
Private Investors	\$700,000
NMTC Leverage Loan	\$3,300,000
NMTC B Loan	\$2,200,000
Total	\$8,000,000

Use

Predevelopment & Acquisition	\$1,000,000
Construction	\$6,650,000
Operating Reserve	\$350,000
Total	\$8,000,000

Contact Information

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