



08/27/2019

PILOT APPLICATION
For
345 S. Main, Memphis TN 38103
Administered by:
Center City Revenue Finance Corporation

1. Applicant Background of the applying entity

State the name(s) of the applying entity's representatives and any other financial guarantors of the Project and their addresses and telephone numbers if different from above.

Applicant: CABIGAO INVESTMENTS, LLC

Principal: Ed Cabigao

Representative: Patrick Brown; patrick@pkmarch.com
Austin Magruder; austin@pkmarch.com
PKM Architects
676 Marshall Ave Suite 101
Memphis, Tn 38103

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- 2. Provide background information about the applicant and guarantors, including development experience, if any, and all other relevant information this organization may need to consider while reviewing the application. Describe the corporate or partnership structure as applicable.**

Cabigao investments, LLC is a Tennessee limited liability company controlled by Ed Cabigao.

Development and related experience: Ed Cabigao, along with his wife Brittany, opened South of Beale in August 2009 specifically in the South Main Arts District because they believed in the up-and-coming buzz surrounding the neighborhood. Over the past 10 years as the owner of South of Beale, Ed has seen tremendous growth in the neighborhood and felt that growth within his business. South of Beale's revenue has tripled since its opening in 2009, and Ed believes a big part of that is the continued growth in the downtown coupled his with learning how to operate a successful restaurant through trial and error. That learning experience grew even more when Ed opened Zaka Bowl in 2016 and bought Interim in 2017. Gaining operating experience in different local markets has given Ed a new appreciation and excitement for downtown, and South Main specifically.

As a new developer, Ed wants to contribute to the local fabric of the S. Main streetscape and help curate the street with the right mix of businesses that contribute to and complement the existing stakeholders in S. Main. One of Ed's main priorities, when SOB moves into the Ambassador, is to find a restaurateur



for the old SOB space whose concept will not only complement SOB, but also complement the likes of Slider Inn, Green Beetle, Café Pontotoc, Spindini, etc. This is an example of how careful thought and consideration create long term stability within the neighborhood. Ed just recently signed a local marketing firm, Sauce Marketing, to take over the vacant Leadership Memphis space. He is excited about having a creative and disruptive marketing company join the street and become a neighbor, because he believes their newfound visibility will help grow their marketing business while also validating the idea that local businesses can create density and keep a neighborhood thriving. Ed Cabigao believes the Ambassador project is a case of 'unique situation + perfect timing'. Some preconceived downsides of the Ambassador (age, size, condition) became positives for Ed and SOB. A traditional developer may not have been able to make it work but turning the project into an adaptive reuse building with an owner-occupant who plans on staying open for twenty+ years turned out to be a perfect situation. Ed is excited to work with PKM Architects and the DMC to see this project through, because he believes it will be the start of a great relationship and future projects.

3. Proposed Project description

- a) *Location:* **345 South Main Street Memphis, Tn 38103**
- b) *Intended Use:* **Ground floor restaurant, upper floors (2) residential**
- c) *Economic and Environmental impact:* **Renovation of blighted site to become a mixed-use restaurant and residential building.**
- d) *The square footage of the building/ land area to be renovated:* **Approximately 15,000sf building/ .306 Acres**
- e) Attached are the architectural plans, renderings. **See Appendix**
- f) *A Letter from certified engineer, licensed in the State of Tennessee, as to the structural integrity of the building for its intended usage:* **See attached report. Renovations will meet applicable building code requirements.**
- g) *State the Marketing plans for the project identifying the intended market. What types of lessees are anticipated?* **It is the intent that the development will be fully leased before design is complete. The ground floor will be leased by "South of Beale" restaurant. The upper two floors of residential will be leased by a short-term rental company that will sign a 5-year master lease.**
- h) *If the project is speculative, how long is full occupancy expected to take and who will manage the project?* **Full occupancy is expected upon completion**
- i) *Are changes needed to the public space around the project (for example; sidewalks, lighting and planting)?* **NA**



- j) *Other information fully explaining the project and its history. The proposed revitalization is on a prominent site along the South Main Corridor. “South of Beale” restaurant has 10 years of proven success at this location. The new location will double their footprint and allow for growth. The former South of Beale space will be leased to a new restaurant user. The upper story residential will be leased initially as short-term rentals but could be converted back to long term rentals if the market demand were to change.*

4. Site Control

- a) *Name the property owner at the time of application: **CABIGAO INVESTMENTS, LLC***
- b) *Describe any and all existing financing, options, and liens on the property. **CABIGAO INVESTMENTS, LLC has purchased the property through acquisition financing and will use bank financing to complete the renovations.***

5. Financial items:

- a) **Financial Background:**
*Attach current audited financial statements of the applicant and guarantors. If audited financial statements are unavailable, please submit non-audited statements. State the relationship any applicant or grantor has had with any accounting firm of the last five years. **To be provided to Board Chairman or Board Attorney.***

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- b) *Describe any and all existing financing, options, and liens on the property: **CABIGAO INVESTMENTS, LLC has purchased the property through acquisition financing and will use bank financing to complete the renovations.***

*Attach three years of tax returns if applicant is an individual: **NA***

*Provide the following information about the loan or proposed loan for the project: **Attachment***

*Attach information about the financial history of the project and previous attempts to develop, if possible: **A PILOT was previously granted for this property. The project was a very similar use, however the project never came to fruition due to unknow circumstance.***

- c) **Financial Projections:**
*State the estimated Project costs broken down by component (i.e. land, buildings, equipment, soft costs, etc.) attach bid estimates and show amounts to be paid from loans and equity amount. **See attached sources and uses.***



- d) *Attach a cash flow pro-forma along with a statement of Sources and Uses of funds for the project. (See attached cash flow-proforma)*

6. Project Timeline:

- a) *State the proposed time schedule for the Project including the dates anticipated for the following:*
 - a. *Closing of the loan or contributing financing availability. **Prior to construction (see attached project schedule)***
 - b. *First expenditure of funds with regard to the project. **Soft cost expenditures have begun as well as acquisition funds.***
 - c. *Anticipated construction will begin (See attached project schedule)*
 - d. *Anticipated completion date. (See attached project schedule)*

7. Project Team:

- a) *Architects and Engineers: **P K M Architects***
- b) *Contractor for Project: To be determined*
- c) *Other Professionals: na*
- d) *Does the applicant or guarantor have any previous or ongoing relationship with any board member or legal counsel of the board: **None***

8. References:

- a) Aldo Demartino
Bardog / Aldo's Pizza / Slider Inn / Dirty Crow - owner
73 Monroe Ave, Memphis, TN 38103
917.697.0229
- b) Daniel Lynn
Grind City Coffee Expo - owner
Archer Records – head engineer
1902 Nelson Ave, Memphis, TN 38104
901.826.9496
- c) Eric Mathews
Start Co. – Founder & CEO
88 Union Ave. 2nd Floor, Memphis, TN 38103
901.292.7795



9. Items for Lease Preparation:

- a) *State law requires that title to the projects be conveyed to CCRFC in order for it to grant payments in lieu of taxes; CCRFC then leases the property to the applicant or entity designated by the applicant. Indicate who the lessee will be for the Project. **CABIGAO INVESTMENTS, LLC***
 - a. *State the tax parcel number for all Property involved with the project and the current assessed value of the Property. **00210300014 Assessed Value: \$45,440, 00210300005 Assessed Value: \$54,240***
 - b. *Are there any assessments presently under appeal? **No***
 - c. *Will the Project result in the subdivision of any present tax parcel? **No***

10. Disclosures:

- a) *Please disclose whether applicant, guarantor or any other person involved with the project is currently engaged in any civil or criminal proceeding. **No***
- b) *Also, disclose whether any individual involved with the project has ever been charged or convicted of any felony or currently is under indictment. **No**.*
- c) *Please supply detailed information. **N/A***

11. Applicant Affirmation:

A handwritten signature in black ink that reads 'Ed Cabigao'.

Ed Cabigao
4670 Johnson CV
Memphis, Tn 38103
Phone: 901-275-1683



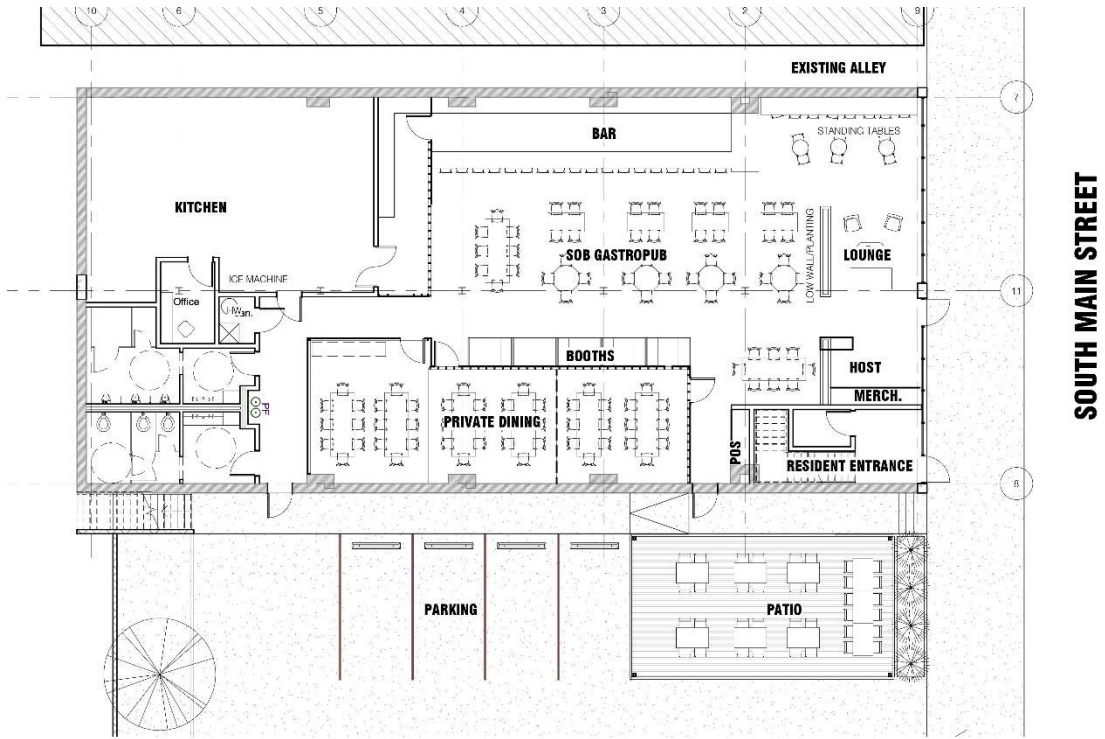
INDEX OF ATTACHEMENTS

- a) Architectural Plans and Renderings
- b) Letter from Certified Structural Engineer
- c) Proof of Financing
- d) Cash Flow Proforma
- e) Sources and Uses
- f) PILOT Grading
- g) Project Schedule
- h) Reference Images

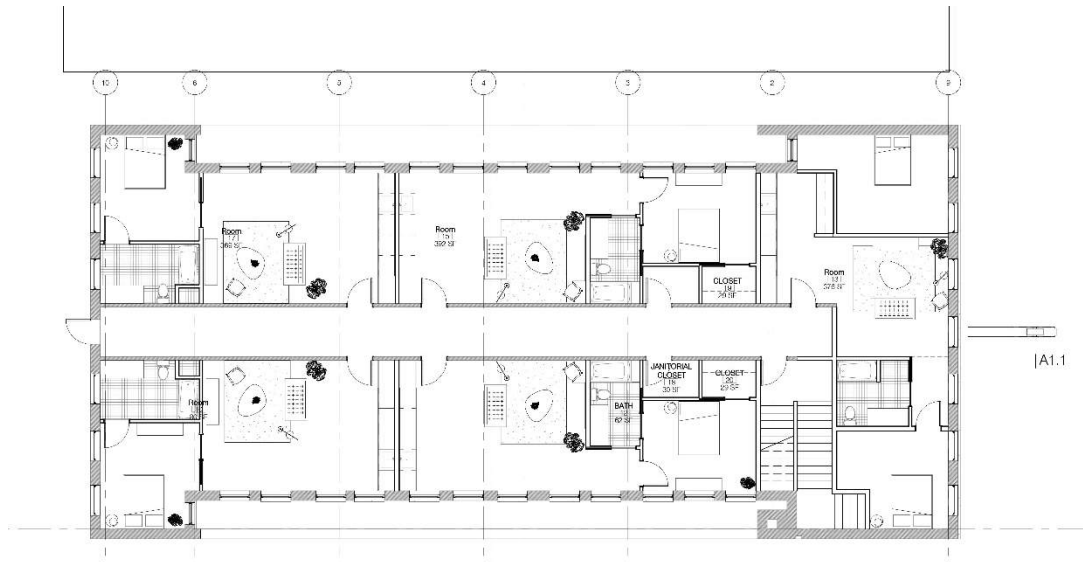
EXHIBIT A
PROPOSED PROJECT SITE



EXHIBIT A
ARCHITECTURAL PLANS & RENDERINGS



GROUND FLOOR PLAN



SECOND FLOOR PLAN

EXHIBIT A
ARCHITECTURAL PLANS & RENDERINGS



EXHIBIT A
ARCHITECTURAL PLANS & RENDERINGS



EXHIBIT B
LETTER FROM CERTIFIED STRUCTURAL ENGINEER



Bologna Consultants, LLC
Antonio R. Bologna, FAIA

OBSERVATION REPORT

DATE: January 24, 2018

TO: Downtown Memphis Commission

SUBJ: Existing Condition Review

REF: Former Ambassador Hotel Segment
345 South Main Street
Memphis, TN

At the request of the Downtown Memphis Commission, a review of the exterior and interior of the referenced property was conducted on Tuesday January 23rd. Review was conducted by Antonio R. Bologna accompanied by Eric Criswell, Structural Engineer with DPC Engineers. In attendance were Cindy Reaves of Sweeney Reaves Consulting, LLC and Brett Roler of the Downtown Memphis Commission. Inspection commenced at 10:00 AM and concluded at approximately 12:00 PM.

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The exterior and interior of the property were observed and photographed and for safety reasons a drone was utilized to review the roof from above.

The purpose of the site visit was to provide an independent opinion on the following criteria:

- (1) Does the property, in its present condition, pose a hazard to the public?
- (2) Is the property so deteriorated that it should be demolished?
- (3) Can the property be rehabilitated and adapted to a new use?

Observations:

The building consists of unreinforced masonry exterior walls. The interior framing is 2"x4" or 2"x6" wood studs that were either finished with metal lath and plaster (rated corridor walls) or wood lath and plaster (non-rated demising walls). The upper floor corridor bearing walls are supported by steel beams and a steel column and beam system on the first floor. The steel system supporting the corridor beams bear unreinforced masonry on the north side and a concrete wall on the south side.

EXHIBIT B
LETTER FROM CERTIFIED STRUCTURAL ENGINEER

The exterior of the building is generally in good shape. There are isolated areas of deterioration and concern. There are relatively few cracks in the exterior masonry veneer. Several of the concrete window sills have deteriorated to the point that the steel reinforcing is exposed. The veneer on the southeast corner column has separated from the steel column behind and the veneer has rotated slightly to the south.

The Owner's representative present indicated that the Owner has been removing piping, ductwork, plaster non load bearing stud walls and debris from the building over the past few months. There is evidence of this throughout the building.

The first floor is generally in good shape with virtually no cracks in the brick and tile floor finish. The first floor is supported by a concrete slab over a partial basement. There is some standing water in the northwest corner of the floor.

The rear concrete stairs up to the second floor were deemed unsafe due to a partial collapse of the roof above. The main stair located in the southeast corner of the property were solid and provided safe access to the upper floors.

The second floor is relatively clear of debris with the exception of the northwest corner below the partial collapse of the roof near the abandoned elevator shaft. It was determined that this area was unsafe as floor joist and decking have failed.

It should be noted that areas where flooring has been removed or failed were identified with yellow caution tape to prevent someone from inadvertently walking into these areas.

At first, there appeared to be a bow in the front (East) wall of about an inch or two. However, after further review it appears that the building was constructed with this abnormality. This condition was not evident on the third floor.

The Northeast corner representing approximately 10% of the floor area was the worst condition in the building. The roof around the elevator equipment penthouse has failed and allowed the elements to penetrate the building down through the second floor. From a cursory review of the debris from the roof, it appears that several layers of roofing material have been installed over the years.

While there was a ladder up to the roof, it was determined that it was not safe to access the roof and the roof would be inspected from a drone flyover.

Observation Conclusions:

- (1) The immediate hazard to the public could be falling pieces of concrete window sill or loose bricks. It would be prudent to block off a portion of the existing sidewalk or in the alternative to install a walkthrough scaffolding system across the front of the building with a plywood top in order to keep the full sidewalk open to the public.
- (2) In my opinion, the property is not so deteriorated that it should be demolished. The northwest 10% of the property is in serious condition and

EXHIBIT B
LETTER FROM CERTIFIED STRUCTURAL ENGINEER

should be carefully cleared out and properly braced and supported and reconstructed, where necessary, to seal out the weather. In anticipation of the building being rehabilitated, the remainder of the roof should be patched to keep out the elements. Removal of the building for an expanded parking lot would produce a further gap in the streetscape and have a negative impact on the historic character of the street and the historic nature of the district.

- (3) In my opinion and from our experience, the property can be rehabilitated and its useful life extended. This building is in no worse condition than the buildings on Beale Street that were rehabilitated and add life and vitality to that historic district. The Owner has made, and continues to make, great progress in removing finishes, fixtures, equipment, piping, ductwork, etc that would not be needed in a rehabilitation program. There are several options for redevelopment (i.e. small studio apartments which is a current trend; fewer large residences; ground floor offices or other commercial uses).

I sincerely hope this report of my observation will be useful and should you have any question, please do not hesitate to call them to my attention.



Antonio R. Bologna

EXHIBIT E
SOURCES AND USES

SOURCES OF FUNDS:

Project Debt	\$1,746,683
Rate	5%/yr
Amortization	25 years
Owner's Equity in Project	\$748,578
Total Sources of Funds	<u>\$2,495,261</u>

USES OF FUNDS:

Detail of Project Costs:	
Land & Building Purchase	\$590,000
Construction Costs	\$1,652,850
* Soft Costs	\$125,000
** Financing Fees	\$127,411
Total Project Costs	\$2,495,261
Other Uses:	N/A
Total Uses of Funds	<u>\$2,495,261</u>

* includes professional fees: architecture, engineering, & geotechnical

** includes PILOT fee, legal, insurance, and interest during construction

EXHIBIT F PILOT GRADING MATRIX

Revised August 8, 2017

APPENDICES

Appendix I – PILOT Grading

A project must meet at least one primary qualification category in order to be eligible for any applicable secondary qualifications and/or additional term accumulation. Exceptions for projects that further the priorities of the CCRFC may be granted at the discretion of the CCRFC board.

PRIMARY QUALIFICATION	SECONDARY QUALIFICATION
RESIDENTIAL	
2 to 5 Units: 1 Year	2 to 5 Units: .5 Year
6 to 10 Units: 2 Years	6 to 10 Units: 1 Year
11 to 15 Units: 3 Years	11 to 15 Units: 1.5 Years
16 to 25 Units: 4 Years	16 to 25 Units: 2 Years
26 to 50 Units: 5 Years	26 to 50 Units: 2.5 Years
51 Units +: 6 Years	51 + Units: 3 Years
OFFICE	
Below 15,000 sf: 1 Year	Below 15,000 sf: .5 Year
15,000 to 50,000: 2 Years	15,000 to 50,000: 1 Year
50,001 to 100,000: 3 Years	50,001 to 100,000: 1.5 Years
100,001 to 200,000: 4 Years	100,001 to 200,000: 2 Years
200,001 to 300,000: 5 Years	200,001 to 300,000: 2.5 Years
300,001 sf +: 6 Years	300,001 sf +: 3 Years
EDUCATION	
Below 15,000 sf: 1 Year	Below 15,000 sf: .5 Year
15,000 to 50,000: 2 Years	15,000 to 50,000: 1 Year
50,001 to 100,000: 3 Years	50,001 to 100,000: 1.5 Years
100,001 to 200,000: 4 Years	100,001 to 200,000: 2 Years
200,001 to 300,000: 5 Years	200,001 to 300,000: 2.5 Years
300,001 sf +: 6 Years	300,001 sf +: 3 Years
HOTEL	
2 to 10 Rooms: 1 Year	2 to 10 Rooms: .5 Year
11 to 25 Rooms: 2 Years	11 to 25 Rooms: 1 Year
26 to 50 Rooms: 3 Years	26 to 50 Rooms: 1.5 Years
51 to 100 Rooms: 4 Years	51 to 100 Rooms: 2 Years
101 to 200 Rooms: 5 Years	101 to 200 Rooms: 2.5 Years
201 Rooms +: 6 Years	201 Rooms +: 3 Years
INDUSTRIAL	
Below 50,000 sf: 1 Year	Below 50,000 sf: .5 Year
50,000 to 150,000: 2 Years	50,000 to 150,000: 1 Year
150,001 to 250,000: 3 Years	150,001 to 250,000: 1.5 Years
250,001 to 350,000: 4 Years	250,001 to 350,000: 2 Years
350,001 to 500,000: 5 Years	350,001 to 500,000: 2.5 Years
500,001 sf +: 6 Years	500,001 sf +: 3 Years
PARKING STRUCTURES	
200 to 300 cars: 1 Year	200 to 300 cars: .5 Year
301 to 400 cars: 2 Years	301 to 400 cars: 1 Year
401 to 500 cars: 3 Years	401 to 500 cars: 1.5 Years
501 to 600 cars: 4 Years	501 to 600 cars: 2 Years
601 to 700 cars: 5 Years	601 to 700 cars: 2.5 Years
701 cars +: 6 Years	701 cars +: 3 Years

EXHIBIT F PILOT GRADING MATRIX

Revised August 8, 2017

RETAIL	
15,000 to 20,000 sf:	4 Years
20,001 to 30,000 sf:	5 Years
30,001 sf + :	6 Years
Below 5,000 sf:	.5 Year
5,000 to 9,999 sf:	1 Year
10,000 to 14,999 sf:	1.5 Years
15,000 to 20,000 sf:	2 Years
20,001 to 30,000 sf:	2.5 Years
30,001 sf + :	3 Years

TOTAL PROJECT DEVELOPMENT COST	
\$1 – 5 Million:	1 Year
\$5+ – 10 Million:	2 Years
\$10+ – 15 Million:	3 Years
\$15+ – 20 Million:	4 Years
\$20+ Million:	5 Years

CCRFC Priorities

General Location	
Located in CBID (Appendix II):	3 Years
Located outside CBID, but inside CCRFC boundaries (Appendix II):	1 Year

Core & Historic	
<i>Project may only qualify for one of the following five:</i>	
Construction of a new structure in the Downtown Core:	1 Year
Renovation of an existing structure in the Downtown Core:	2 Years
Renovation of a structure listed as non-contributing property in a National Register or Landmarks Commission Historic District:	3 Years
Renovation of a structure listed as significant or contributing in a National Register or Memphis Landmarks Commission Historic District:	4 Years
Renovation of a structure listed individually on the National Register of Historic Places:	5 Years

Community-based Initiatives & Economically Distressed Areas	
<i>Project may qualify for up to two of the following:</i>	
Fronting the Main to Main Multi-Modal Connector Route (Appendix II):	3 Years
Located within the boundaries of the Edge Neighborhood (Appendix II):	3 Years
Located within the boundaries of the South City Impact Area (Appendix II):	3 Years
Located within the boundaries of the Pinch Neighborhood (Appendix II):	4 Years
Located in a Census Tract with a Poverty Rate over 20 percent*:	2 Years
Located in a Census Tract earning 80 or less of Area Median Income (AMI)*:	2 Years

Design & Energy	
<i>Project may qualify for one or more of the following:</i>	
Including permanent public art (qualification determined by the DMC Design Review Board):	1 Year
Including enhanced architectural lighting (qualification determined by the DMC Design Review Board):	1 Year
Leadership in Energy and Environmental Design (LEED) Certification:	4 Years

EXHIBIT F PILOT GRADING MATRIX

Revised August 8, 2017

Net Zero Energy Building (NZE) Certification:	4 Years
Memphis Light, Gas and Water (MLGW) Energy Advantage Certification:	1 Years

** Applicants may refer to the HUD map to confirm qualification; <https://www.huduser.gov/gct/qctmap.html>.*

PILOT TERM CALCULATION

Primary Qualification:	2 Years
Secondary Qualification A:	.5 Years
Secondary Qualification B:	
Secondary Qualification C:	
Total Project Development Cost:	1 Years
CCRFC Priorities:	13 Years
PILOT TERM:	16.5 Years

EXHIBIT G
PROJECT SCHEDULE MILESTONES

1. Programming Phase	6/24/2019
2. Programming Review	7/8/2019
3. Schematic Design	7/22/2019
4. Landmarks Application	8/30/2019
5. PILOT Application	8/27/2019
6. Landmarks Design Review	9/5/2019
7. PILOT CCRF Review	9/10/2019
8. Landmarks Commission Meeting	9/26/2019
9. Close on Financing	10/4/2019
10. Construction Documents Due	10/11/2019
11. Bidding & Negotiation	10/20/2019
12. Permit Issued	11/15/2019
13. Notice to Proceed	12/1/2019
14. Commencement of Construction	12/5/2019
15. Substantial Completion	10/01/2020
16. Full Occupancy Expected	12/01/2020

EXHIBIT H
REFERENCE PHOTOS



EXHIBIT H
REFERENCE PHOTOS

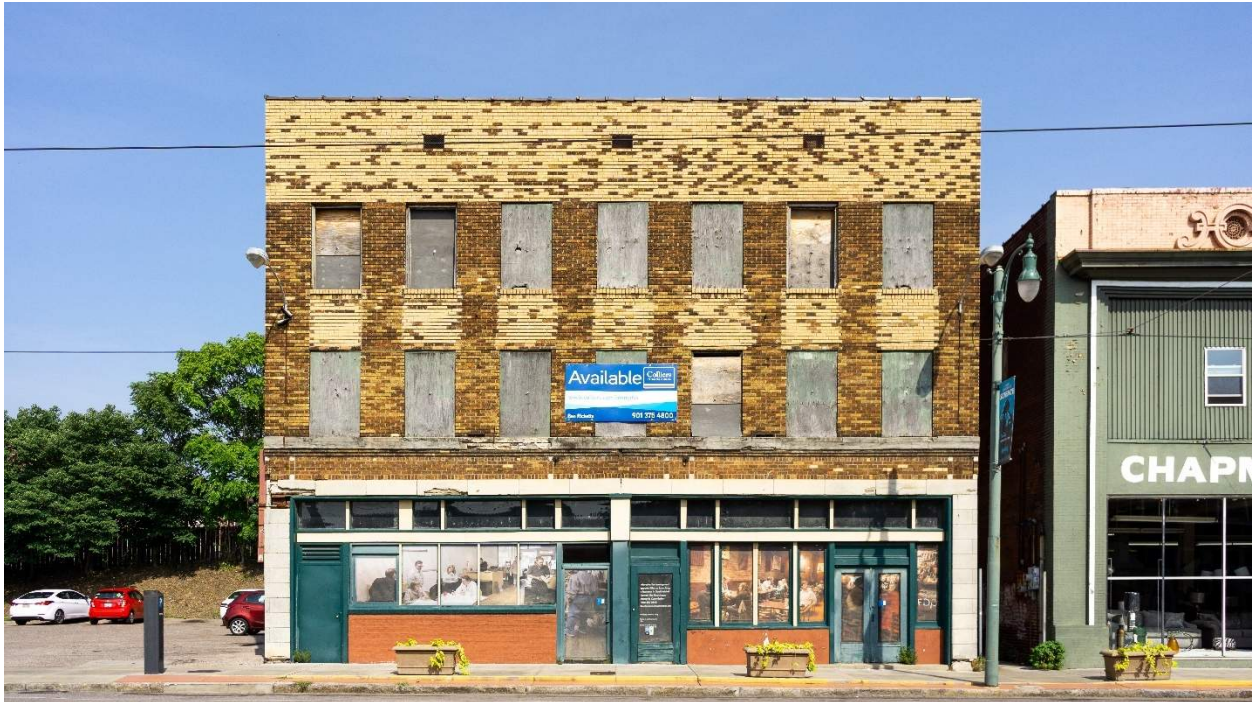


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