

# PILOT APPLICATION

46 N B.B. King Blvd, Memphis TN 38103

Administered by:  
Center City Revenue Finance Corporation

Dear Members of the Board,

I am pleased to submit the enclosed Payment In Lieu Of Taxes (PILOT) application for the refurbishment and transformation of The Dermon Building into a Holiday Inn Express hotel.

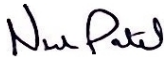
The site located at 46 B.B. King (The Dermon Building) has undergone rigorous evaluation involving comprehensive due diligence, budget analysis, and schematic planning to ascertain the project's viability. In collaboration with the CCRFC, we are confident that this development will substantially contribute to downtown revitalization by refurbishing a dormant historic building and redeveloping adjoining vacant lots.

The development will introduce roughly 150 new hotel rooms to the downtown area and provide on-site garage parking at a nearby facility owned by the developer. By renovating a National Register-listed historic building, the project rejuvenates an overlooked downtown sector while stimulating economic activity through job creation and increased support for local businesses.

The unique architectural elements and historical relevance of the Dermon Building make it a compelling destination for both tourists and business travelers, thus aligning with the city's long-term objectives for growth and urban renewal.

We respectfully request your review of the enclosed PILOT application. We are confident that the project aligns with the stated goals of the CCRFC and serves the broader community's interests. We look forward to the opportunity to collaborate with the DMC in bringing this transformative project to successful completion.

Sincerely,



Nick Patel

Dermon Building OZ LLC

**1. Applicant Background:**

- a. **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:

Nick Patel, Dermon Building OZ LLC

Representative:

John Halford, **cnct.** design, PLLC

*Contact information, such as email and phone, will be provided to Board Chairman or Board Attorney as required.*

- b. **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.**

i. **Organizational Structure:**

Dermon Building OZ LLC is a MWBE-owned development firm operating in the State of Tennessee. Formally launched in August 2022, the company's primary focus lies in infill new construction and redevelopment projects.

ii. **Principal and Experience:**

The owner of Dermon Building OZ LLC, Nick Patel has a rich background in the development and management of hotels. Mr. Patel is the President of Turkey Creek Hospitality (a Tennessee based company) and has experience in handling urban projects that are historically significant. His investment and development initiatives have significantly contributed to the growth and vitality of his home town, Knoxville, TN.

iii. **Current Focus:**

The firm's flagship project, the redevelopment of The Dermon Building, exemplifies Mr. Patel's dedication to merging historical preservation with modern requirements. This initiative resonates with Memphis 3.0's goals of urban renewal and economic expansion.

iv. **Corporate Intent:**

The developer's commitment to Memphis's growth is evident both in strategic business choices and personal investment in the region. A proven track record in comparable projects further bolsters the credibility and likelihood of success for the proposed development.



## 2. Proposed Project Description:

### a. Location:

Project Address: 46 N B.B. King Blvd, Memphis, Tennessee 38103  
 Parcel ID: 002027 00030  
 Parcel ID: 002027 00029  
 Parcel ID: 002027 00028

### b. Intended Use:

The renovation at 46 N B.B. King Blvd. will transform The Dermon Building into a hotel, managed by Holiday Inn Express. With an estimated 150 new hotel rooms, the development is strategically positioned to bolster Downtown Memphis's growth and vitality. The project is thoughtfully designed to align with goals for urban and cultural development in the downtown area. By repurposing this historic building into a hotel with varied amenities and leveraging a team of skilled professionals, the initiative marks a notable advancement in addressing the evolving needs of Downtown Memphis, enhancing its walkability and stimulating economic activity.

### c. The square footage of the building / land area to be renovated:

- i. New Residential: approx. 150 Hotel Rooms
- ii. New off-street parking: Approx. 25 spaces + 3 accessible spaces
- iii. Total: Appx. 92,900 sf / 0.505 ac

### d. Attached are the conceptual plans and renderings.

Please see attached Exhibit G.

### e. An overview of the project's parking or mobility strategy, including the number of parking spaces provided on site, any plans to lease off-site parking, and a description of any features that would reduce the need for parking by facilitating alternate travel modes like biking, walking, and transit.

The developed site will provide 25 new off-street parking spaces to the east of the hotel, including 3 accessible spaces, primarily to serve those requiring mobility assistance and staff. All other parking will be provided from an existing parking garage at 156 Court Ave.

### f. Economic and Environmental impact:

The Dermon Building, listed on the National Register of Historic Places, is set for a redevelopment that will add approximately 150 new hotel rooms and additional off-street parking. This venture will rejuvenate an idle historical site and address gaps in the Downtown Memphis market by appealing to business travelers, cultural tourists, and event attendees.

The development aligns with city's goals, leveraging existing infrastructure to promote urban renewal. Spearheaded by an experienced hotel developer and contractor, the project supports the Memphis's commitment to the quality restoration of its historic building stock.

### g. Any available history on the property.

Please see attached Exhibit G.

- h. **Attach information about the financial history of the project and previous attempts to develop, if possible:**  
Prior attempts to develop The Dermon Building by former owners were not executed, the reasons for which are not known to the current team. Upon acquisition, Mr. Patel initially considered a mixed-use residential concept, but the building's historic significance and structural limitations made this impractical. Following comprehensive analysis, the team concluded that a hotel best suits the building's constraints and potential. This choice was informed by the building's dimensions, compatibility with the selected prototype, and the ability to introduce inviting semi-public spaces on the ground floor, thereby enhancing Downtown Memphis. With a pending PILOT application and a clear understanding of the site, the team is confident in successfully completing this transformative project.
- f. **A Letter from certified engineer, licensed in the State of Tennessee, as to the structural integrity of the building for its intended usage, if applicable.**  
The renovation of the building is being designed by Tennessee licensed architects and engineers and will meet all applicable building code requirements.
- g. **Marketing plans identifying the development's targeted market.**  
Upon completion of construction, all hotel guest rooms will be open for bookings at market rates appropriate for a limited-service hotel. Meeting and assembly spaces on Level 01 will be available for guest reservations. The project is anticipated to attract a diverse clientele, including business travelers, event attendees, and cultural tourists visiting the Downtown and Midtown areas.
- i. **If the project is speculative, how long is full occupancy expected to take and who will manage the project?**  
The project is not speculative. All commitments are in place for it to be a limited-service hotel managed by Holiday Inn Express of IHG pending approval of the PILOT.

### 3. Site Control:

- a. **Name of the property owner at the time of application:**  
Nick Patel; Dermon Building OZ LLC
- b. **Describe any and all existing financing, options, and liens on the property:**  
There are no existing liens on the property. Demon Building OZ LLC (or its assignees) will use bank financing to complete the construction.

### 4. Project Team:

- a. **Architects and Engineers:**
  - i. Architecture: cnct. design, PLLC
  - ii. Structural Engineering: TBD
  - iii. Civil Engineering: TBD
  - iv. M,P,E & FP: TBD
- b. **Contractor for Project:** Hospitality Builders of America, Inc.
- c. **Other Professionals:**  
Project Management: cnct. development, LLC
- d. **Does the applicant or guarantor have any previous or ongoing relationship with any board member or legal counsel of the board:**  
No.

## 5. Project Timeline:

- a. **State the proposed time schedule for the Project including the dates anticipated for the following:**
  - i. **Closing of the loan or contributing financing availability.**  
Upon PILOT approval & prior to the Commencement of Construction (see attached project schedule).
  - ii. **First expenditure of funds with regard to the project.**  
Soft cost expenditures have begun as well as acquisition funds.
  - iii. **Anticipated construction will begin.**  
See attached project schedule, Exhibit B.
  - iv. **Anticipated completion date.**  
See attached project schedule, Exhibit B.

## 6. Development Budget & Assumptions:

- a. **Provide a sources and uses statement outlining the following:**
  - i. **The total project budget:**  
Please see attached Exhibit D.
  - ii. **All sources of funding:**  
Please see attached Exhibit D.
  - iii. **Project costs broken down by component (e.g. land acquisition, hard costs, design fees, etc.)**  
Please see attached Exhibit D.
- b. **For the hard costs associated with the project, provide an itemized construction budget.**  
Please see attached Exhibit D.
- c. **Provide all the market assumptions used to estimate the project's financial performance, including:**
  - i. **The estimated stabilized occupancy rate of any commercial or multifamily space:**  
68% occupancy rate.
  - ii. **The estimated rent per square foot for any commercial or multifamily space:**  
Please see attached Exhibit F.
  - iii. **Estimated annual rent and expense increases:**  
Please see attached Exhibit F.
  - iv. **Estimated PILOT and conventional property tax payments:**

Estimated Total Cumulative Taxes with PILOT	\$633,851
Estimated Hypothetical Total Cumulative Taxes without PILOT	\$2,118,738
- d. **If the project includes funding from other federal, state, or local incentive programs, provide any information necessary to understand the nature of this funding.**

The project team is actively seeking state and federal grants and tax credits, in accordance with the building's historic classification and the guidelines set forth by the National Park Service and State Historic Preservation Office.

## 7. **Financing Terms:**

### a. **Provide the following information about the loan or proposed loan for the project:**

#### i. **Name, address, and phone number of lender and contact person with lender.**

To be provided to Board Chairman or Board Attorney as required.

#### ii. **For loans, the amount of the loan, interest rate, term, and amortization period.**

To be provided to Board Chairman or Board Attorney as required.

#### iii. **Commitment letter from the lender.**

To be provided to Board Chairman or Board Attorney as required.

### b. **Detailed description of as to why a PILOT is needed, including all steps that were taken to mitigate the need for a PILOT.**

The Dermon Building has been wholly vacant for 13 years and largely underused for nearly two decades. Revitalization efforts have been stymied by challenges such as the gutting of the building by previous owners, exposing it to weather damage and inflating restoration costs. In addition, current market conditions, rising construction costs due to material and labor shortages, and inflation have led to significant delays in hotel development planning. The restoration of the Dermon Building is a significant undertaking due to its size and, in part, because of the development team's commitment to a high-quality and Historically sensitive restoration. Without the Payment In Lieu Of Taxes (PILOT) program, the renovation and development of The Dermon Building would not be financially viable.

## 8. **Pro Formas:**

### **Provide two project pro formas - one that shows the project's performance with conventional property taxes, and the other showing the project's performance as a PILOT property:**

See attached pro formas, both with and without PILOT, in Exhibit F.

#### i. **The numbers of years included matches the PILOT term requested.**

#### ii. **The pro formas reflect the same information used to acquire financing.**

#### iii. **Each pro forma includes standard financial metrics for comparison.**

#### iv. **The income and expenses used in the proforma are consistent with the applicant's stated assumptions around rent, occupancy, and property taxes.**

## 9. **Financial Statements:**

**If requested, send current audited financial statements of the applicant and guarantors under separate cover.**

**If audited financial statements are unavailable, non-audited statements can be submitted. If the applicant is an individual, three years of tax returns may be requested.**

To be provided to Board Chairman or Board Attorney as required.

**10. Credit References:**

**a. Personal References:**

- i. Mark Heinz; Dewhirst Properties
- ii. Nadeem Siddiqi; Siddiqi Holdings
- iii. Heetesh Patel; Aakash International, LCC

**b. Business References:**

- i. Shawn Massey; The Shopping Center Group
- ii. Lee Patton; Patton Taylor Enterprises
- iii. Lisa Keegan; Citizens National Bank

*Contact information, such as email and phone, will be provided to Board Chairman or Board Attorney as required.*

**11. Items for Lease Preparation:**

***State law stipulates that in order for the CCRFC to grant a PILOT, title to the property must be conveyed to the CCRFC. The CCRFC then leases the property to the applicant or entity designated by the applicant.***

**a. Indicate who the lessee will be for the Project.**

Dermon Building OZ LLC (or its assignees)

**b. State the tax parcel number for all Property involved with the project and the current assessed value of the Property.**

- i. Address: 46 N B.B. King Blvd  
Parcel ID: 002027 00030  
Assessed Value: \$570,000
- ii. Address: 0 Court Ave  
Parcel ID: 002027 00029  
Assessed Value: \$92,600
- iii. Address: 0 Court Ave  
Parcel ID: 002027 00028  
Assessed Value: \$110,600

**c. Are there any assessments presently under appeal?**

No

**d. Will the Project result in the subdivision of any present tax parcel?**

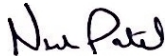
No

**12. 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. **Also, disclose whether the applicant has ever filed for bankruptcy.**  
No.

**13. Applicant Affirmation:**

*This application is made in order to induce the Memphis Center City Revenue Finance Corporation (CCRFC) to grant financial incentives to the applicant. The applicant hereby represents that all statements contained herein are true and correct. All information materially significant to the CCRFC in its consideration of the application is included. The applicant expressly consents to the CCRFC's investigation of its credit in connection with this application. The applicant acknowledges that it has reviewed the descriptions of the CCRFC financial program for which it is applying and agrees to comply with those policies. The applicant shall also be required to show a good faith effort with regard to the employment of MWBE contractors. The applicant specifically agrees to pay all reasonable costs, fees, and expenses incurred by the CCRFC whether or not the incentive is granted or project completed.*



Nick Patel, Owner  
8/20/2023

## INDEX OF EXHIBITS

A	PILOT Length Qualification
B	Project Schedule
C	Sources & Uses
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E	Construction Budget
F	Pro Formas
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## EXHIBIT A PILOT Length Qualification

Eligible projects qualify for a standard PILOT length of 10 years. Longer PILOTs are possible under the following conditions:

- a. **15-Year PILOTs are available for projects that meet three bonus criteria from the list below.**
  - i. *Alternatively, multifamily projects with over 50 units can qualify for a 15-Year PILOT by providing affordable housing within the development under the terms of the DMC's Affordable Housing Program.*

The project qualifies for a 15-Year PILOT, as it meets the following three (3) Bonus Criteria as noted below. It includes the adaptive reuses of an existing building, the building is an individually listed property on the National Register of Historic Places, and the building is located within the Downtown Core per Memphis 3.0.

The alternative path does not apply, as no housing is provided in this project.
- b. **20-Year PILOTs can be awarded to projects that meet the requirements for a 15-year PILOT and include over \$100 million in total project costs.**

Project cost does not qualify.

### PILOT Bonus Criteria

- a. **Project includes the redevelopment of a property certified as blighted by DMC staff.**

Does not apply. (X)
- b. **Project includes the adaptive reuse of an existing building.**

Qualifies / Applies. (1)
- c. **Project will Infill a vacant lot or surface parking lot in the Downtown Core (must be condition prior to acquisition).**

Does not apply. (X)
- d. **Project includes the renovation of a contributing structure in a National Register Historic District or an individually listed property on the National Register of Historic Places.**

Qualifies / Applies. (2)
- e. **Project will achieve LEED or Net Zero Certification.**

Does not apply. (X)
- f. **One of the following geographic priorities can be counted:**
  - i. **Project is located in a Memphis 3.0 Accelerate Anchor.**

Does not apply. (X)
  - ii. **Project is located in a designated retail node or the Downtown Core.**

Qualifies / Applies. (3)
  - iii. **Project is located in a census tract with poverty rate over 20%.**

Does not apply. (X)

While the project qualifies for a 15-Year PILOT, due to the project history we are only requesting a 10-Year PILOT.



## EXHIBIT B Project Schedule

1.	Programming & Concept Phase	05/29/2023 – 09/12/2023
2.	PILOT Application	08/22/2023
3.	PILOT CCRFC Review	09/12/2023
4.	Schematic Design Phase	09/13/2023 – 10/13/2023
5.	Design Development Phase	10/16/2023 – 11/15/2023
6.	Construction Document Phase	11/26/2023 – 01/10/2024
7.	Bidding & Negotiation	Q1 2024
8.	Permitting	01/12/2022 – 3/12/2023
9.	Commencement of Construction	Q1 2024
10.	Substantial Completion	Q1 2025
11.	Full Occupancy Expected	Q2 2025

## EXHIBIT C Sources & Uses

### Sources of Funds:

Project Debt	\$16,756,575
Rate	10%/yr
Amortization	20 years
Owner's Equity in Project	\$5,585,525
Total Sources of Funds	\$22,342,100

### Uses of Funds:

#### Detail of Project Costs:

Land & Building Purchase	\$5,000,000
Construction Costs	\$13,542,100
Soft Costs <sup>1</sup>	\$520,000
Financing Fees <sup>2</sup>	\$425,000
PILOT Fee	\$190,621
Remaining Project Costs <sup>3</sup>	\$2,164,379
Other Uses <sup>4</sup>	\$500,000
Total Uses of Funds	\$22,342,100

1. Includes professional fees: architecture, engineering, & geotechnical

2. Includes legal, insurance, and interest during construction

3. Includes Owner-Directed Purchases, initial franchise fee, etc.

4. Includes contingency

## EXHIBIT D Total Development Budget

### Dermon Building

\*PROPERTY OF DERMON BUILDING OZ LLC. DO NOT DISTRIBUTE.

# of Rooms 150

Square Feet 90,000

	<u>Amount</u>	<u>Per Room</u>	<u>Per Sq Ft</u>
<b>Total Land Cost</b>	5,000,000	33,333	55.56
<b>Total Hard Construction</b>	13,542,100	90,281	150.00
<b>Soft Costs</b>			
Impact/tap-in fees	10,000	67	0.11
Soils, environmental, testing fees	10,000	67	0.11
Architect and other consultant fees	500,000	3,333	5.56
Financing Cost	350,000	2,333	3.89
Initial franchise fee/other development cost	100,000	667	1.11
Property taxes	25,000	167	0.28
Closing costs (land, const/perm loan)	50,000	333	0.56
Legal/accounting fees	50,000	333	0.56
Pre Opening	100,000	667	1.11
<b>Total Soft Costs</b>	<b>1,195,000</b>	<b>7,967</b>	<b>13.28</b>
<b>Owner-Direct Purchases</b>			
FF&E including freight & taxes	1,165,500	7,770	12.95
Televisions	78,000	520	0.87
Microfridges	36,500	243	0.41
Ice machines	35,000	233	0.39
Kitchen/food service/suite shop	50,000	333	0.56
Business center equipment	10,000	67	0.11
Telephone system/cabling/high speed internet	100,000	667	1.11
Property management system	150,000	1,000	1.67
Indoor/outdoor signs	60,000	400	0.67
Door locks	60,000	400	0.67
Exercise equipment	50,000	333	0.56
Opening supplies	100,000	667	1.11
Laundry equipment	50,000	333	0.56
Camera system	30,000	200	0.33
Pre-opening marketing, training, etc.	100,000	667	1.11
Sound system	30,000	200	0.33
<b>Total Owner-Direct Purchases</b>	<b>2,105,000</b>	<b>14,033</b>	<b>23.39</b>
Contingency	500,000	3,333	5.56
<b>GRAND TOTAL</b>	<b>22,342,100</b>	<b>148,947</b>	<b>248.25</b>

## EXHIBIT D Construction Project

### Dermon Building

\*PROPERTY OF DERMON BUILDING OZ LLC. DO NOT DISTRIBUTE.

# of Rooms                      150  
Square Feet                      90,000

	<u>Amount</u>	<u>Per Room</u>	<u>Per Sq Ft</u>
Land Improvements	125,000	833	1.39
Concrete	70,000	467	150.00
Masonry	10,000	67	0.11
Metals	500,000	3,333	5.56
Wood & Plastic	275,000	1,833	3.06
Thermal/Moisture Protection	100,000	667	1.11
Doors & Windows	1,610,000	10,733	17.89
Finishes	1,657,100	11,047	18.41
Specialties	145,000	967	1.61
Exterior Patio	100,000	667	1.11
Conveying Systems	1,825,000	12,167	20.28
Fire Protection	750,000	5,000	8.33
Plumbing	1,000,000	6,667	11.11
Mechanical	1,500,000	10,000	16.67
Electrical	1,775,000	11,833	19.72
<u>Contractor Costs</u>	<u>2,100,000</u>	<u>14,000</u>	<u>23.33</u>
<b>GRAND TOTAL</b>	<b>13,542,100</b>	<b>90,281</b>	<b>150.47</b>

EXHIBIT F Pro Forma Without PILOT

Pro-Forma Financial Statements

Dermon Building  
Memphis TN

\*PROPERTY OF DERMON BUILDING OZ LLC. DO NOT DISTRIBUTE.

	Year 1		Year 2		Year 3		Year 4		Year 5		Year 6		Year 7		Year 8		Year 9		Year 10		Year 11	
Rooms	150		150		150		150		150		150		150		150		150		150		150	
Available Rooms	54,750		54,750		54,750		54,750		54,750		54,750		54,750		54,750		54,750		54,750		54,750	
Rooms Sold	30,113		32,850		34,493		34,493		35,588		35,588		35,588		37,230		37,230		37,230		37,230	
Occupancy	55.0%		60.0%		63.0%		63.0%		65.0%		65.0%		65.0%		68.0%		68.0%		68.0%		68.0%	
ADR	\$130.00		\$132.60		\$135.25		\$137.96		\$140.72		\$143.53		\$146.40		\$149.33		\$152.32		\$155.36		\$158.47	
RevPAR	\$71.50		\$79.56		\$85.21		\$86.91		\$91.47		\$93.29		\$95.16		\$101.54		\$103.57		\$105.65		\$107.76	
Revenue																						
Rooms	\$3,914,625	91.3%	\$4,355,910	91.9%	\$4,665,180	92.2%	\$4,758,483	86.7%	\$5,007,737	87.0%	\$5,107,892	86.9%	\$5,210,050	86.7%	\$5,559,524	87.2%	\$5,670,714	87.0%	\$5,784,129	86.9%	\$5,899,811	86.8%
Food & Beverage	\$30,000	0.7%	\$30,600	0.6%	\$31,212	0.6%	\$357,000	6.5%	\$367,710	6.4%	\$378,741	6.4%	\$390,104	6.5%	\$401,807	6.3%	\$413,861	6.4%	\$426,277	6.4%	\$439,065	6.5%
Parking	316,181	7.4%	325,667	6.9%	335,437	6.6%	345,500	6.3%	355,865	6.2%	366,541	6.2%	377,537	6.3%	388,863	6.1%	400,529	6.1%	412,545	6.2%	424,921	6.3%
Meeting Rooms & Office space rental of 9000 sq ft	25,000	0.6%	25,500	0.5%	26,010	0.5%	26,530	0.5%	27,061	0.5%	27,602	0.5%	28,154	0.5%	28,717	0.5%	29,291	0.4%	29,877	0.4%	30,475	0.4%
Total Revenue	\$4,285,806	100.0%	\$4,737,677	100.0%	\$5,057,838	100.0%	\$5,487,513	100.0%	\$5,758,373	100.0%	\$5,880,776	100.0%	\$6,005,844	100.0%	\$6,378,911	100.0%	\$6,514,396	100.0%	\$6,652,827	100.0%	\$6,794,272	100.0%
Departmental Expenses																						
Rooms	\$939,510	24.0%	\$1,045,418	24.0%	\$1,119,643	24.0%	\$1,142,036	24.0%	\$1,201,857	24.0%	\$1,225,894	24.0%	\$1,250,412	24.0%	\$1,334,286	24.0%	\$1,360,971	24.0%	\$1,388,191	24.0%	\$1,415,955	24.0%
Food & Beverage	\$15,000	80.0%	\$15,300	80.0%	\$15,606	80.0%	\$178,500	80.0%	\$183,855	80.0%	\$189,371	80.0%	\$195,052	80.0%	\$200,903	80.0%	\$206,930	80.0%	\$213,138	80.0%	\$219,532	80.0%
Parking	158,091	100.0%	162,833	100.0%	167,718	100.0%	172,750	100.0%	177,932	100.0%	183,270	100.0%	188,768	100.0%	194,432	100.0%	200,264	100.0%	206,272	100.0%	212,461	100.0%
Meeting Rooms & Other	12,500	50.0%	12,750	50.0%	13,005	50.0%	13,265	50.0%	13,530	50.0%	13,801	50.0%	14,077	50.0%	14,359	50.0%	14,646	50.0%	14,939	50.0%	15,237	50.0%
Total Departmental Expenses	\$1,125,101	26.3%	\$1,236,302	26.1%	\$1,315,972	26.0%	\$1,506,551	27.5%	\$1,577,175	27.4%	\$1,612,336	27.4%	\$1,648,309	27.4%	\$1,743,979	27.3%	\$1,782,812	27.4%	\$1,822,540	27.4%	\$1,863,185	27.4%
Gross Operating Income																						
	\$3,160,706	73.7%	\$3,501,375	73.9%	\$3,741,866	74.0%	\$3,980,962	72.5%	\$4,181,198	72.6%	\$4,268,440	72.6%	\$4,357,535	72.6%	\$4,634,931	72.7%	\$4,731,583	72.6%	\$4,830,287	72.6%	\$4,931,087	72.6%
Undistributed Operating Expenses																						
Administrative and General	\$300,006	7.0%	\$331,637	7.0%	\$354,049	7.0%	\$384,126	7.0%	\$403,086	7.0%	\$411,654	7.0%	\$420,409	7.0%	\$446,524	7.0%	\$456,008	7.0%	\$465,698	7.0%	\$475,599	7.0%
Franchise Fees	214,290	5.0%	236,884	5.0%	252,892	5.0%	274,376	5.0%	287,919	5.0%	294,039	5.0%	300,292	5.0%	318,946	5.0%	325,720	5.0%	332,641	5.0%	339,714	5.0%
Sales & Marketing	171,432	4.0%	189,507	4.0%	202,314	4.0%	219,501	4.0%	230,335	4.0%	235,231	4.0%	240,234	4.0%	255,156	4.0%	260,576	4.0%	266,113	4.0%	271,771	4.0%
Repairs & Maintenance	85,716	2.0%	142,130	3.0%	202,314	4.0%	219,501	4.0%	230,335	4.0%	235,231	4.0%	240,234	4.0%	255,156	4.0%	260,576	4.0%	266,113	4.0%	271,771	4.0%
Utilities	171,432	4.0%	189,507	4.0%	202,314	4.0%	219,501	4.0%	230,335	4.0%	235,231	4.0%	240,234	4.0%	255,156	4.0%	260,576	4.0%	266,113	4.0%	271,771	4.0%
Total Undistributed Operating Expenses	\$942,877	22.0%	\$1,089,666	23.0%	\$1,213,881	24.0%	\$1,317,003	24.0%	\$1,382,009	24.0%	\$1,411,386	24.0%	\$1,441,403	24.0%	\$1,530,939	24.0%	\$1,563,455	24.0%	\$1,596,679	24.0%	\$1,630,625	24.0%
Gross Operating Profit																						
	\$2,217,828	51.7%	\$2,411,709	50.9%	\$2,527,985	50.0%	\$2,663,959	48.5%	\$2,799,189	48.6%	\$2,857,054	48.6%	\$2,916,132	48.6%	\$3,103,993	48.7%	\$3,168,129	48.6%	\$3,233,609	48.6%	\$3,300,462	48.6%
Fixed Expenses																						
Insurance	50,000	1.2%	51,500	1.1%	53,045	1.0%	54,636	1.0%	56,275	1.0%	57,964	1.0%	59,703	1.0%	61,494	1.0%	63,339	1.0%	65,239	1.0%	67,196	1.0%
Property Taxes	211,874	4.9%	218,230	4.6%	224,777	4.4%	231,520	4.2%	238,466	4.1%	245,620	4.2%	252,988	4.2%	260,578	4.1%	268,395	4.1%	276,447	4.2%	284,740	4.2%
Management Fees	128,574	3.0%	142,130	3.0%	151,735	3.0%	164,625	3.0%	172,751	3.0%	176,423	3.0%	180,175	3.0%	191,367	3.0%	195,432	3.0%	199,585	3.0%	203,828	3.0%
Reserve for Replacement	85,716	2.0%	94,754	2.0%	101,157	2.0%	109,750	2.0%	115,167	2.0%	117,616	2.0%	120,117	2.0%	127,578	2.0%	130,288	2.0%	133,057	2.0%	135,885	2.0%
Total Fixed Charges	\$476,164	11.1%	\$506,614	10.7%	\$530,714	10.5%	\$560,532	10.2%	\$582,660	10.1%	\$597,622	10.2%	\$612,983	10.2%	\$641,017	10.0%	\$657,453	10.1%	\$674,327	10.1%	\$691,650	10.2%
Net Operating Income																						
	\$1,741,664	40.6%	\$1,905,096	40.2%	\$1,997,271	39.5%	\$2,103,427	38.3%	\$2,216,529	38.5%	\$2,259,432	38.4%	\$2,303,149	38.3%	\$2,462,976	38.6%	\$2,510,675	38.5%	\$2,559,282	38.5%	\$2,608,812	38.4%
Debt Service																						
	\$1,940,455	45.3%	\$1,940,455	41.0%	\$1,940,455	38.4%	\$1,940,455	35.4%	\$1,940,455	33.7%	\$1,940,455	33.0%	\$1,940,455	32.3%	\$1,940,455	30.4%	\$1,940,455	29.8%	\$1,940,455	29.2%	\$1,940,455	28.6%
Cash Flow after Debt Service																						
	-\$198,791	-4.6%	-\$35,359	-0.7%	\$56,816	1.1%	\$162,972	3.0%	\$276,074	4.8%	\$318,977	5.4%	\$362,695	6.0%	\$522,521	8.2%	\$570,220	8.8%	\$618,827	9.3%	\$668,357	9.8%
Debt Service Coverage Ratio																						
	0.90		0.98		1.03		1.08		1.14		1.16		1.19		1.27		1.29		1.32		1.34	

EXHIBIT F Pro Forma With PILOT

Pro-Forma Financial Statements

Dermon Building  
Memphis TN

\*PROPERTY OF DERMON BUILDING OZ LLC. DO NOT DISTRIBUTE.

	Year 1		Year 2		Year 3		Year 4		Year 5		Year 6		Year 7		Year 8		Year 9		Year 10		Year 11	
Rooms	150		150		150		150		150		150		150		150		150		150		150	
Available Rooms	54,750		54,750		54,750		54,750		54,750		54,750		54,750		54,750		54,750		54,750		54,750	
Rooms Sold	30,113		32,850		34,493		34,493		35,588		35,588		35,588		37,230		37,230		37,230		37,230	
Occupancy	55.0%		60.0%		63.0%		63.0%		65.0%		65.0%		65.0%		68.0%		68.0%		68.0%		68.0%	
ADR	\$130.00		\$132.60		\$135.25		\$137.96		\$140.72		\$143.53		\$146.40		\$149.33		\$152.32		\$155.36		\$158.47	
RevPAR	\$71.50		\$79.56		\$85.21		\$86.91		\$91.47		\$93.29		\$95.16		\$101.54		\$103.57		\$105.65		\$107.76	
Revenue																						
Rooms	\$3,914,625	91.3%	\$4,355,910	91.9%	\$4,665,180	92.2%	\$4,758,483	86.7%	\$5,007,737	87.0%	\$5,107,892	86.9%	\$5,210,050	86.7%	\$5,559,524	87.2%	\$5,670,714	87.0%	\$5,784,129	86.9%	\$5,899,811	86.8%
Food & Beverage	\$30,000	0.7%	\$30,600	0.6%	\$31,212	0.6%	\$357,000	6.5%	\$367,710	6.4%	\$378,741	6.4%	\$390,104	6.5%	\$401,807	6.3%	\$413,861	6.4%	\$426,277	6.4%	\$439,065	6.5%
Parking	316,181	7.4%	325,667	6.9%	335,437	6.6%	345,500	6.3%	355,865	6.2%	366,541	6.2%	377,537	6.3%	388,863	6.1%	400,529	6.1%	412,545	6.2%	424,921	6.3%
Meeting Rooms & Office space rental of 9000 sq ft	25,000	0.6%	25,500	0.5%	26,010	0.5%	26,530	0.5%	27,061	0.5%	27,602	0.5%	28,154	0.5%	28,717	0.5%	29,291	0.4%	29,877	0.4%	30,475	0.4%
Total Revenue	\$4,285,806	100.0%	\$4,737,677	100.0%	\$5,057,838	100.0%	\$5,487,513	100.0%	\$5,758,373	100.0%	\$5,880,776	100.0%	\$6,005,844	100.0%	\$6,378,911	100.0%	\$6,514,396	100.0%	\$6,652,827	100.0%	\$6,794,272	100.0%
Departmental Expenses																						
Rooms	\$939,510	24.0%	\$1,045,418	24.0%	\$1,119,643	24.0%	\$1,142,036	24.0%	\$1,201,857	24.0%	\$1,225,894	24.0%	\$1,250,412	24.0%	\$1,334,286	24.0%	\$1,360,971	24.0%	\$1,388,191	24.0%	\$1,415,955	24.0%
Food & Beverage	\$15,000	80.0%	\$15,300	80.0%	\$15,606	80.0%	\$178,500	80.0%	\$183,855	80.0%	\$189,371	80.0%	\$195,052	80.0%	\$200,903	80.0%	\$206,930	80.0%	\$213,138	80.0%	\$219,532	80.0%
Parking	158,091	100.0%	162,833	100.0%	167,718	100.0%	172,750	100.0%	177,932	100.0%	183,270	100.0%	188,768	100.0%	194,432	100.0%	200,264	100.0%	206,272	100.0%	212,461	100.0%
Meeting Rooms & Other	12,500	50.0%	12,750	50.0%	13,005	50.0%	13,265	50.0%	13,530	50.0%	13,801	50.0%	14,077	50.0%	14,359	50.0%	14,646	50.0%	14,939	50.0%	15,237	50.0%
Total Departmental Expenses	\$1,125,101	26.3%	\$1,236,302	26.1%	\$1,315,972	26.0%	\$1,506,551	27.5%	\$1,577,175	27.4%	\$1,612,336	27.4%	\$1,648,309	27.4%	\$1,743,979	27.3%	\$1,782,812	27.4%	\$1,822,540	27.4%	\$1,863,185	27.4%
Gross Operating Income																						
	\$3,160,706	73.7%	\$3,501,375	73.9%	\$3,741,866	74.0%	\$3,980,962	72.5%	\$4,181,198	72.6%	\$4,268,440	72.6%	\$4,357,535	72.6%	\$4,634,931	72.7%	\$4,731,583	72.6%	\$4,830,287	72.6%	\$4,931,087	72.6%
Undistributed Operating Expenses																						
Administrative and General	\$300,006	7.0%	\$331,637	7.0%	\$354,049	7.0%	\$384,126	7.0%	\$403,086	7.0%	\$411,654	7.0%	\$420,409	7.0%	\$446,524	7.0%	\$456,008	7.0%	\$465,698	7.0%	\$475,599	7.0%
Franchise Fees	214,290	5.0%	236,884	5.0%	252,892	5.0%	274,376	5.0%	287,919	5.0%	294,039	5.0%	300,292	5.0%	318,946	5.0%	325,720	5.0%	332,641	5.0%	339,714	5.0%
Sales & Marketing	171,432	4.0%	189,507	4.0%	202,314	4.0%	219,501	4.0%	230,335	4.0%	235,231	4.0%	240,234	4.0%	255,156	4.0%	260,576	4.0%	266,113	4.0%	271,771	4.0%
Repairs & Maintenance	85,716	2.0%	142,130	3.0%	202,314	4.0%	219,501	4.0%	230,335	4.0%	235,231	4.0%	240,234	4.0%	255,156	4.0%	260,576	4.0%	266,113	4.0%	271,771	4.0%
Utilities	171,432	4.0%	189,507	4.0%	202,314	4.0%	219,501	4.0%	230,335	4.0%	235,231	4.0%	240,234	4.0%	255,156	4.0%	260,576	4.0%	266,113	4.0%	271,771	4.0%
Total Undistributed Operating Expenses	\$942,877	22.0%	\$1,089,666	23.0%	\$1,213,881	24.0%	\$1,317,003	24.0%	\$1,382,009	24.0%	\$1,411,386	24.0%	\$1,441,403	24.0%	\$1,530,939	24.0%	\$1,563,455	24.0%	\$1,596,679	24.0%	\$1,630,625	24.0%
Gross Operating Profit																						
	\$2,217,828	51.7%	\$2,411,709	50.9%	\$2,527,985	50.0%	\$2,663,959	48.5%	\$2,799,189	48.6%	\$2,857,054	48.6%	\$2,916,132	48.6%	\$3,103,993	48.7%	\$3,168,129	48.6%	\$3,233,609	48.6%	\$3,300,462	48.6%
Fixed Expenses																						
Insurance	50,000	1.2%	51,500	1.1%	53,045	1.0%	54,636	1.0%	56,275	1.0%	57,964	1.0%	59,703	1.0%	61,494	1.0%	63,339	1.0%	65,239	1.0%	67,196	1.0%
Property Taxes	63,385	1.5%	65,287	1.4%	67,245	1.3%	69,263	1.3%	71,340	1.2%	73,481	1.2%	75,685	1.3%	77,956	1.2%	80,294	1.2%	82,703	1.2%	84,740	4.2%
Management Fees	128,574	3.0%	142,130	3.0%	151,735	3.0%	164,625	3.0%	172,751	3.0%	176,423	3.0%	180,175	3.0%	191,367	3.0%	195,432	3.0%	199,585	3.0%	203,828	3.0%
Reserve for Replacement	85,716	2.0%	94,754	2.0%	101,157	2.0%	109,750	2.0%	115,167	2.0%	117,616	2.0%	120,117	2.0%	127,578	2.0%	130,288	2.0%	133,057	2.0%	135,885	2.0%
Total Fixed Charges	\$327,675	7.6%	\$353,670	7.5%	\$373,182	7.4%	\$398,275	7.3%	\$415,535	7.2%	\$425,483	7.2%	\$435,680	7.3%	\$458,395	7.2%	\$469,353	7.2%	\$480,583	7.2%	\$491,650	10.2%
Net Operating Income																						
	\$1,890,153	44.1%	\$2,058,039	43.4%	\$2,154,802	42.6%	\$2,265,684	41.3%	\$2,383,654	41.4%	\$2,431,570	41.3%	\$2,480,452	41.3%	\$2,645,598	41.5%	\$2,698,776	41.4%	\$2,753,025	41.4%	\$2,608,812	38.4%
Debt Service																						
	\$1,940,455	45.3%	\$1,940,455	41.0%	\$1,940,455	38.4%	\$1,940,455	35.4%	\$1,940,455	33.7%	\$1,940,455	33.0%	\$1,940,455	32.3%	\$1,940,455	30.4%	\$1,940,455	29.8%	\$1,940,455	29.2%	\$1,940,455	28.6%
Cash Flow after Debt Service																						
	-\$50,302	-1.2%	\$117,584	2.5%	\$214,348	4.2%	\$325,230	5.9%	\$443,199	7.7%	\$491,115	8.4%	\$539,998	9.0%	\$705,143	11.1%	\$758,321	11.6%	\$812,570	12.2%	\$668,357	9.8%
Debt Service Coverage Ratio																						
	0.97		1.06		1.11		1.17		1.23		1.25		1.28		1.36		1.39		1.42		1.34	

<b>PILOT Request</b>	
Requested PILOT Term (years)	10.0
Project Type	Rehabilitation
Located in the CBID?	Yes
<b>Current Amounts</b>	
Base Appraisal	\$570,000
Base Assessment	\$228,000
Annual City Tax on Base Assessment	\$6,160
Annual County Tax on Base Assessment	\$7,729
<b>Annual RE Taxes on Base Assessment</b>	<b>\$13,889</b>
<b>Project Costs</b>	
Acquisition Cost	\$5,000,000
Hard Costs	\$13,542,100
Soft Costs	\$520,000
<b>Total Project Costs w/o PILOT fee</b>	<b>\$19,062,100</b>
<b>Hard Costs Investment Check - 71.0%</b>	<b>YES</b>
Public grants eligible for PILOT fee basis reduction	\$0
PILOT fee basis	\$19,062,100
<b>PILOT fee</b>	<b>\$190,621</b>
<b>Total Project Costs w/ PILOT fee</b>	<b>\$19,252,721</b>
<b>Valuation &amp; CBID Assessment</b>	
Base Appraisal	\$570,000
Percentage of Hard Costs	\$8,125,260
Estimated Appraisal after Improvements	\$8,695,260
<b>Estimated Assessment after Improvements</b>	<b>\$3,478,104</b>
<b>Estimated Annual CBID Assessment after Improvements</b>	<b>\$22,543</b>
<b>Annual RE Taxes</b>	
<i>Hypothetical annual taxes without PILOT*</i>	
Estimated Hypothetical Annual City Tax without PILOT*	\$93,966
Estimated Hypothetical Annual County Tax without PILOT*	\$117,908
<b>Estimated Hypothetical Total Annual Taxes without PILOT*</b>	<b>\$211,874</b>
<i>Estimated annual taxes with PILOT</i>	
Estimated Annual City Tax with PILOT	\$28,111
Estimated Annual County Tax with PILOT	\$35,274
<b>Estimated Total Annual Taxes with PILOT</b>	<b>\$63,385</b>
<b>Estimated Annual Benefit</b>	<b>\$148,488</b>
<b>Cumulative RE Taxes</b>	
<i>Hypothetical cumulative taxes without PILOT*</i>	
Estimated Hypothetical Cumulative City Tax without PILOT*	\$939,658
Estimated Hypothetical Cumulative County Tax without PILOT*	\$1,179,077
<b>Estimated Hypothetical Total Cumulative Taxes without PILOT*</b>	<b>\$2,118,736</b>
<i>Estimated cumulative taxes with PILOT</i>	
Estimated Cumulative City Tax with PILOT	\$281,113
Estimated Cumulative County Tax with PILOT	\$352,738
<b>Estimated Total Cumulative Taxes with PILOT</b>	<b>\$633,851</b>
<b>Estimated Cumulative Benefit over 10-Year PILOT</b>	<b>\$1,484,885</b>
<b>Estimated Cumulative Increase in Taxes due to PILOT</b>	<b>\$494,962</b>

\*Staff has concluded that this project would not go forward without a PILOT. Hence, the "Estimated Hypothetical" amounts are fictional/moot numbers used to calculate the benefit of the PILOT to the project. The benefit figure does not represent lost tax revenue to the City or County. Without the PILOT, the property would remain unimproved and the tax assessment would continue to be based upon the unimproved value. With the PILOT, the amount listed above as "Estimated Cumulative Increase in Taxes due to PILOT" would be the approximate benefit over the PILOT term to the City and County from newly generated property tax revenue. That amount does not include any new sales taxes that will be generated by the construction and operation of the project. Furthermore, after the PILOT term has finished, it is expected that the annual taxes will be approximate to the amount listed as "Estimated Hypothetical Total Annual Taxes without PILOT".



THE DERMON BUILDING  
HOLIDAY INN EXPRESS  
August 2023

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Precedents



Image is the property of cnct. design, PLLC.  
\*All graphics are preliminary, and the design is subject to change.



# PROJECT TEAM

## OWNERSHIP

### NICK PATEL

Nick Patel, a University of Tennessee graduate, has been a significant contributor to the hospitality industry in Knoxville, TN. In August 2022, he founded The Dermon Building OZ LLC with the aim of revitalizing the historic Dermon Building and stimulating downtown Memphis. Serving as President of Turkey Creek Hospitality LLC, Nick has been instrumental in regional hotel development and management. His role spans long-term strategic planning, financial coordination, contract negotiation, and operational oversight. His industry expertise and vision position him as a vital asset in the urban development and renewal efforts across Tennessee.

### SANDIP ‘SAM’ PATEL

Sam Patel, a Memphis native and University of Tennessee at Knoxville graduate, has over 35 years of experience in the hospitality industry. Since 2010, he has been the Managing Partner of Hospitality Builders of America, Inc., where he oversees construction and asset operations. A CPA with a finance background, Sam joined HBoFA in 2007 and has since gained extensive expertise in construction, commercial real estate, and hotel management. Son of industry veteran Mike Patel, Sam is committed to elevating the family business through his innovative development strategies and hands-on involvement in all project phases. His vision for rejuvenating BB King Blvd in downtown Memphis highlights his dedication to community engagement and urban renewal.

### TURKEY CREEK HOSPITALITY, LLC.

Founded by Babu Natha, from humble beginnings in India, Turkey Creek Hospitality (TCH) is a hotel development and management firm rooted in principles of hard work and integrity. The company specializes in custom hotel designs tailored to local markets and cultures, emphasizing high-quality assets and premium brand affiliations. TCH adopts a selective, data-driven approach to project selection, aiming to exceed industry norms in guest satisfaction, employee performance, and operational efficiency.

Nick Patel serves as a key driver of the company’s financial growth and strategic direction, overseeing areas such as long-term planning, financial management, and asset transactions. Turkey Creek Hospitality’s disciplined approach and commitment to quality set it apart as a leading entity in the hospitality industry, underscored by its focus on building enduring relationships and its commitment to continuous improvement.

### SELECTED EXPERIENCE

- Holiday Inn Express & Suites Pigeon Forge Near Dollywood – Pigeon Forge, TN*
- Edgewater @ The Aquarium – Gatlinburg, TN*
- Tru by Hilton Knoxville West Turkey Creek – Knoxville, TN*
- Aloft Knoxville West – Knoxville, TN*
- Home2Suites by Hilton – Sevierville, TN –Under Construction*
- SpringHill Suites by Marriott – Knoxville Old City, TN – Under Construction*

## HOLIDAY INN EXPRESS

### ASHLEY HERNANDEZ, AIA NCARB

Ashley Hernandez, a licensed architect with over 20 years of experience, currently serves as the Regional Manager of Plan Review for InterContinental Hotels Group (IHG). Specializing in brand compliance for the Holiday Inn Express brand, he oversees new and existing properties across multiple states including North Carolina, Maryland, Virginia, and Georgia. During his five years at IHG, Ashley has successfully managed complex projects, including the conversion of historic buildings, through effective problem-solving and collaboration with clients and consultants.

Prior to IHG, Ashley managed Construction Document standards, Administration, and Specifications, demonstrating a deep understanding of design and construction processes. More than just a project overseer, Ashley is committed to aligning brand standards with innovative architectural designs, ensuring the highest quality outcomes. His extensive experience and collaborative approach position him as an invaluable asset in both his team and the wider architectural community.

### EXPERIENCE

- Regional Manager Plan Review - IHG - 2018-Current*
- President, NOMAtlanta - 2019*
- Project Architect - Cooper Carry - 2014-2018*
- Owner - HART Design Group, PLLC - 2006-2014*
- Project Architect - Little - 2004-2006*
- Project Manager - The New Synergy Inc - 1999-2004*

DESIGN

cnct. design, PLLC

**cnct.** design, pronounced “connect” is a multi-disciplinary design firm with a diverse portfolio of work that demonstrates a commitment to enhancing the lives of clients, partners, and the larger Memphis community through high-quality built environments and the pursuit of design excellence. We believe there is no inherent contradiction in an economically feasible project and one that is well designed. Our team comes from a variety of backgrounds with experience in a wide range of project types.

As architects & real estate professionals, we have direct experience in every aspect of project delivery from strategic planning & market analysis, project design, construction administration, and building operations management. Our unique experience results in more effective communication between team members and allows us to better direct the flow of information relative to individual responsibilities & the project critical path.

In addition to architects and project management personnel, our team includes Historic Tax Credit consulting, and LEED accredited professionals experienced in sustainable & high-performance design strategies.

SELECTED EXPERIENCE

- The Ambassador Hotel - Memphis, TN*
- 107 S Main (Historic Renovation) - Memphis, TN*
- Hotel Pontotoc - Memphis TN*
- 631 Madison (Inkwell) - Memphis TN*
- La Federal Hotel - Memphis, TN*
- 620 Madison - Mempihs TN*
- 372 S Main - Memphis TN*
- Edge District Masterplan & Developments (Multiple Projects) - Memphis TN*
- 18 S Main - Memphis TN*
- 24 S Main - Memphis TN*
- 47-51 S Main - Memphis TN*
- The Heartbreak Hotel - Memphis TN*
- 354 N Main (Comeback Coffee) - Memphis TN*

CONSTRUCTION

HOSPITALITY BUILDERS OF AMERICA, INC.

Hospitality Builders of America, Inc. (HBofA) is a multifaceted development firm with a primary focus on hotel development. Founded in 1991 by Manher ‘Mike’ Patel, the company has since expanded into the industrial, healthcare, and education sectors, constructing nearly 40 projects, with 28 in the hospitality industry. These projects span various brands, scales, and locations.

Under Mr. Patel’s guidance, HBofA has developed and managed hotel properties, acquiring a comprehensive understanding of the specific needs and demands of each project. The company’s success is attributed to its established relationships within the industry, connecting with architects, subcontractors, material suppliers, testing and inspecting officials, FF&E, signage, and telephone equipment suppliers.

The coordination with these various entities ensures that each project is executed smoothly from start to finish, reflecting the company’s commitment to timely completion and superior quality. HBofA’s broad expertise and dedication to excellence have made it a prominent name in the construction and development fields.

SELECTED EXPERIENCE

- Holiday Inn Express & Suites – Atlanta, GA – ‘10*
- Americas Best Value Inn – Horn Lake, MS – ‘16*
- Fairfield Inn & Suites – Memphis, TN – ‘19*
- Tru by Hilton – West Memphis, AR – ‘20*
- Holiday Inn Express & Suites – Graceland/Memphis Int’l Airport – Memphis, TN – ‘18*
- Candlewood Suites – Newnan, GA – ‘20*
- Best Western – West Memphis, AR – December ‘95*
- Comfort Inn – Clarksville, AR – May ‘94*
- Super 8 – Memphis, TN – Aug ‘96*
- Magnolia Inn & Suites – Southaven, MS – Jan ‘93*
- Best Western – Olive Branch, MS – Jan ‘07*
- America’s Best Value Inn – Byhalia, MS – May’08*
- Holiday Inn Express & Suites – Atlanta, GA – ‘10*
- Eagle Inn & Suites – Dilley, TX – May ‘13*
- Holiday Inn Express & Suites – Montgomery, AL – June ‘14*
- America’s Best Value Inn – Horn Lake, MS – Mar ‘16*
- Quality Inn – Farmington, MO – Mar ‘16*
- America’s Best Value Inn – Corpus Christi, TX – May ‘16*
- Holiday Inn Express & Suites – Memphis, TN – Current*
- Motel 6 – Junction City, KS – June ‘17*
- Holiday Inn Express & Suites – Memphis, TN – Aug ‘18*
- Tru by Hilton – West Memphis, AR – Mar ‘20*
- Candlewood Suites – Newnan, GA –May ‘20*
- Home2 by Hilton – Jonesboro, AR – ‘21*



# VICINITY MAP

Located at 46 N BB King Blvd in downtown Memphis, the Derman Building will be renovated into a Holiday Inn Express. Its strategic positioning at the junction of Court Ave and BB King Boulevard places it in close proximity to several key attractions. Directly west is Court Square Park accommodating both residents and tourists. Adjacent to the park, the Memphis Main Street Mall offers a mix of shops, restaurants, and entertainment venues. A block to the south lies AutoZone Park, a notable venue for baseball and soccer events. Furthermore, the building is near the upgraded Memphis Convention Center, which features 300,000 square feet of meeting space. Given its location, close to other downtown attractions such as the Brooks Museum, Tom Lee Park, and Mud Island, the Derman Building's renovation is set to catalyze further development and interest in this area of downtown Memphis.

- i
1.

The Derman Building
2.

Hotel Indigo
3.

The Sterick Building
4.

Visible Music College
5.

Hotel Napoleon
6.

YMCA
7.

AutoZone Park
8.

Hilton Garden Inn
9.

Double Tree by Hilton Hotel
10.

The Peobody
11.

Canopy by Hilton
12.

Holiday Inn
13.

Residence Inn by Marriott
14.

Brooks Museum (*In Progress*)
15.

Memphis Riverboats
16.

Hu. Hotel
17.

Exchange Building
18.

Court Square Park
19.

Sprinkhill Suites by Marriott
20.

Moxy Hotel
21.

Hotels of Court Square
22.

Courtyard by Marriott
23.

Fourth Bluff Park
24.

Mississippi River Park
25.

Comfort Inn
26.

Downtown Memphis Commission

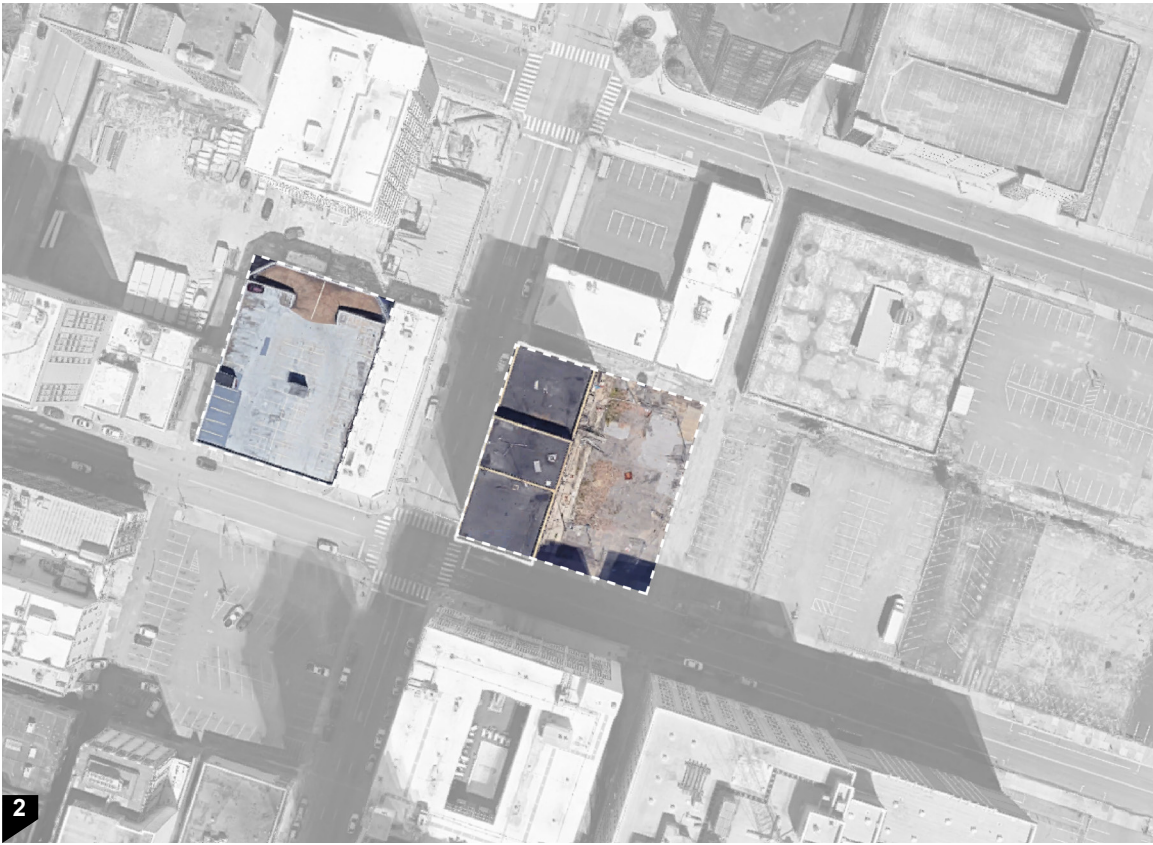




# PROJECT BRIEF

The Dermon Building is set to be transformed into a hotel featuring 159 contemporary guest rooms, lounge spaces, conference facilities, a fitness center, and a breakfast area.

Located amidst commercial and institutional settings, the project aims to breathe new life into a formerly vacant structure in Downtown Memphis. While preserving key elements of the building's history, the renovation aims to incorporate essential modern amenities to accommodate business travelers. The revitalized Dermon Building is anticipated to contribute to Downtown Memphis' ongoing development by offering lodging for those attending a range of events, from conventions and concerts to museum visits. The renovation is designed to meet the area's existing demand for diverse accommodations.



- i

1. Axonometric View

Angled view from southwest of current context & building conditions.
2. Bird's-Eye View

Overhead view of current context & building conditions.
3. Exterior Ground-Level View

Street view from southwest corner showing current context & building conditions.





# HISTORY

Constructed in 1925 by Dave Dermon, the Dermon Building is an architectural landmark distinguished by its unique brown brick and ornate terra cotta detailing. This ten-story structure serves as both a testament to the architectural ingenuity of its era and a symbol of Memphis's rich entrepreneurial and architectural heritage.

Throughout its history, the building has undergone several transformations. Its enduring structure and iconic design features make it an excellent subject for contemporary adaptive reuse. Plans are currently underway to convert this significant historical edifice into a hotel. The inherent architectural elements of the building not only render it well-suited for this modern transformation but also position it as a link between Memphis's illustrious past and its promising future.



- 1. East Elevation**  
*The prominent building elevation as one travels towards the downtown on Court Ave.*
- 2. Office Directory**  
*Image of the old directory board, where the numerous businesses leasing space in the building were listed.*
- 3. Historic Corner Perspective**  
*View from from Court Ave & BB King Blvd of the building's contruction nearing completion in 1925.*
- 4. Terra Cotta Detail**  
*Detail view of the uniquely colorful green- and yellow-terra cotta "rope" motif, present across the exterior.*
- 5. Historic Corner Perspective**  
*The active building and streetscape in 1940.*



# EXISTING EXTERIOR

The Dermon Building, constructed in 1925, stands as a prominent architectural landmark in Memphis with its distinct dark brown brick façade accentuated by Renaissance-inspired details in yellow, green, and white terra cotta. The ten-story edifice is rectangular in shape, measuring 149 feet in width by 75 feet in depth. Its design showcases rich ornamentation on its front and sides, notably the vertical bands of yellow and green terra cotta rosettes and a dentilated belt course separating the first two stories. The windows, uniformly one-over-one double-hung sash, are complemented by yellow terra cotta sills. The top floor and penthouse windows on the front and side facades are framed by decorative foliated borders, including central quatrefoils, and unique medallions depicting squirrels, eagles, and cherubs. Gargoyle waterspouts of green terra cotta and a simple yellow terra cotta coping elegantly finish the roofline. The building's exterior has retained much of its original charm, with only minor alterations made over the years.

- i

1. Front Facade

View up the face of the front facade, emphasizing the fenestration & parapet-level ornamentation.
2. Roof Parapet

View south along the west roof parapet, showing in detail the intricate terra cotta ornament & brick work.
3. Penthouse

View west, toward a typical Penthouse window bay & detailed masonry work. The windows will be restored.
4. Upper Levels of Facade

View of southwest corner; despite some damage to the windows, the overall building is remarkably intact.
5. Level 10 Exterior

View of tympanum & ornate terra cotta work, with motifs, foliated borders, and gargoyles.
6. Level 02 Exterior

View of typical Level 02 window bay, with terra cotta rosettes & dentilated base course.





# EXISTING INTERIOR

The Dermon Building's historic interior showcases a rich architectural lineage, evident in details including its ground floor lobby adorned with gray marble floors, and its upper-story hallways featuring original terrazzo. Over the years, the building underwent various interior remodels, specifically within some of its office spaces. Despite the majority of its interiors being largely demolished in recent times, significant historic elements, especially on the ceilings and floors, remain in a restorable state. The design team is prioritizing documenting, protecting, and restoring these existing historic features as they transition the building to accommodate its new function as a hotel, ensuring a seamless blend of the past with modern necessities.



- i** 1. Ninth Level  
*View from existing location of elevator lobby*
- 2. Core Circulation  
*Existing staircase and three cart elevator shaft from the north side. The only vertical circulation to the existing building*
- 3. Second Level Corridor  
*Covered in layers of dust and dirt, the original floors are a peppered terrazzo with contrasting border detail. The ceiling's original crown moulding can be seen with remnants of its the previous paint palette.*
- 4. Typical upper level  
*Levels 2-9 were previously demolished leaving none of the original partitions or interior components besides the concrete stucture and core building elements.*
- 5. South Entry  
*One of the only two primary entrances to the first level of the building. This secondary entrance is connected visually to the main lobby by the existing plaster moulding details of the ceiling.*
- 6. Ground Level Elevator Lobby  
*View of the first level grand elevator lobby and etrance.*



# PROGRAM

The Dermon Building is set to be repurposed as a Holiday Inn Express. The main entrance for visitors will be through the west entry off of BB King Blvd. The adjacent lobby retains historic features, including ornate ceilings, marble floors, and original detailing.

The building's core circulation is facilitated by the existing staircase and a three-cart elevator shaft located on the north side. On the second level, the corridors display terrazzo flooring with contrasting borders and remnants of the original crown moulding on the ceilings. From the second to the ninth levels, most previous partitions have been removed, leaving the core concrete structure and essential building elements intact. This offers a straightforward canvas for the incorporation of standard Holiday Inn Express amenities while respecting the historic integrity of the Dermon Building.

**i** 1. Exterior Rendering  
*View northeast from the corner of Court Ave & BB King Blvd., with new street activity & ground floor revitalized.*



Image is the property of cnct. design, PLLC.

*\*All graphics are preliminary, and the design is subject to change.*





Image is the property of cnct. design, PLLC.

\*All graphics are preliminary, and the design is subject to change.



## SITE PLAN

1. Streetscape  
*New concrete curb and sidewalks.*
2. Greenscape  
*New tree grates with integrated lighting and trees.*
3. Entry  
*Primary hotel entry.*
4. Entry  
*Secondary hotel entry.*
5. Traffic  
*New sidewalk curbcut at parking main entry/exit.*
6. Parking  
*Primarily staff, maintenance, delivery, service, visiting, and ADA parking spaces.*
7. Waste Management  
*Dumpster enclosure and waste pickup location*
8. Utility  
*Concrete pad mounts for grade level utilities and equipment.*
9. Accessibility  
*Multi level rear entry/exits including an ADA ramp.*
10. Amenity  
*Hotel private patio adjacent to interior dining and conference rooms.*
11. Parking Garage  
*Existing parking garage dedicated to the hotel use and guest parking. (not in project scope)*



Image is the property of **cnct.** design, PLLC.

*\*All graphics are preliminary, and the design is subject to change.*

BASEMENT

SPACE MATRIX

Staff / BoH:	423 SF
Utility / Support:	2,348 SF
Primary Public:	3,869 SF

FLOOR TOTAL  
8,425 GSF



- 1. Elevator Lobby
- 2. Existing Elevator Shafts Repurposed
- 3. Existing Circulation Stair
- 4. New Service Elevator in Existing Shaft
- 5. New Egress Stair
- 6. Laundry Center
- 7. Engineering and Maintenance
- 8. Employee Break Room
- 9. Fitness Center
- 10. Future Business and Meeting Center
- 11. Utilities

Image is the property of **cnc+** design, PLLC.  
*\*All graphics are preliminary, and the design is subject to change.*

# GROUND LEVEL

## SPACE MATRIX

<div></div> Staff / BoH:	802 SF
<div></div> Utility / Support:	934 SF
<div></div> Primary Public:	1,554 SF
<div></div> Public Amenity:	986 SF
<div></div> Commercial Tenant:	1,511 SF

FLOOR TOTAL  
8,425 GSF

- i

1. Elevator Lobby

2. Existing Elevator Shafts Repurposed

3. Existing Circulation Stair

4. New Service Elevator in Existing Shaft

5. New Egress Stair

6. Management Offices

7. Leasable Space

8. Lounge and Express Market

9. Reception

10. Great Room

11. Meeting Room

12. Pantry and Coffee Sation

13. Serving Room

14. Kitchen

15. Patio

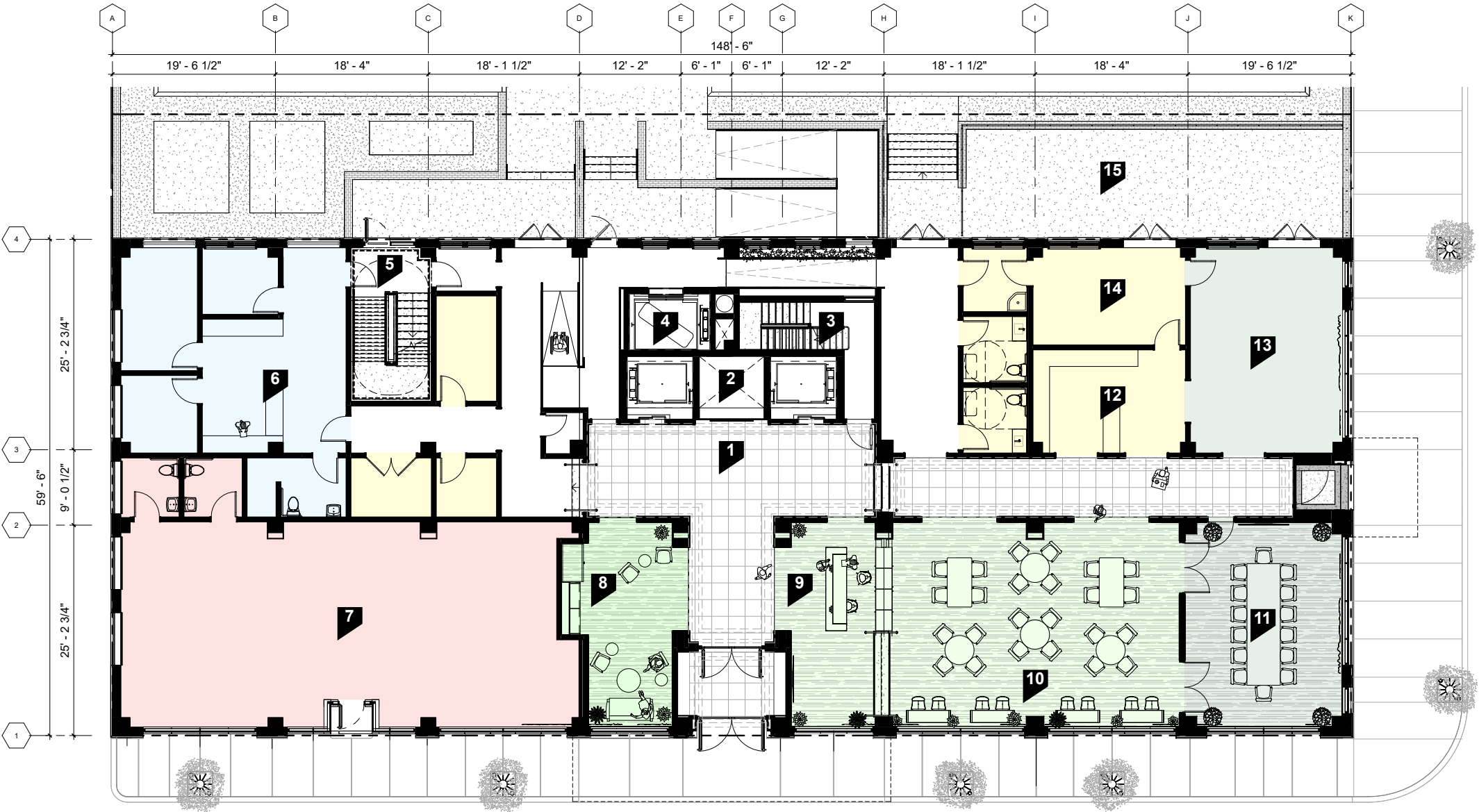


Image is the property of **cncf.** design, PLLC.

*\*All graphics are preliminary, and the design is subject to change.*

LEVEL 2-9

ROOM MATRIX

- 1 Bed:

11 Units (62%)
- 1 Bed Corner:

4 Units

318 SF / each
- 1 Bed:

5 Units

332 SF / each
- 1 Bed Efficiency:

1 Unit

290 SF / each
- 1 Bed Extended:

1 Unit

443 SF / each

- 2 Bed:

7 Units (38%)
- 2 Bed:

5 Units

340 SF / each
- 2 Bed Efficiency:

2 Unit

292 SF / each

FLOOR TOTAL  
8,425 GSF  
18 Rooms



- i

1. Elevator Lobby
2. Existing Elevator Shafts Repurposed
3. Existing Circulation Stair
4. New Service Elevator in Existing Shaft
5. New Egress Stair

Image is the property of **cncf.** design, PLLC.  
\*All graphics are preliminary, and the design is subject to change.



LEVEL 10

ROOM MATRIX

- 1 Bed:

10 Units (67%)
- 1 Bed Corner:

4 Units

318 SF / each
- 1 Bed:

5 Units

332 SF / each
- 1 Bed Extended:

1 Unit

443 SF / each

- 2 Bed:

5 Units (33%)
- 2 Bed:

5 Units

340 SF / each

FLOOR TOTAL  
8,425 GSF  
15 Rooms



- i

1.

Elevator Lobby

2.

Existing Elevator Shafts Repurposed

3.

Existing Circulation Stair

4.

New Service Elevator in Existing Shaft

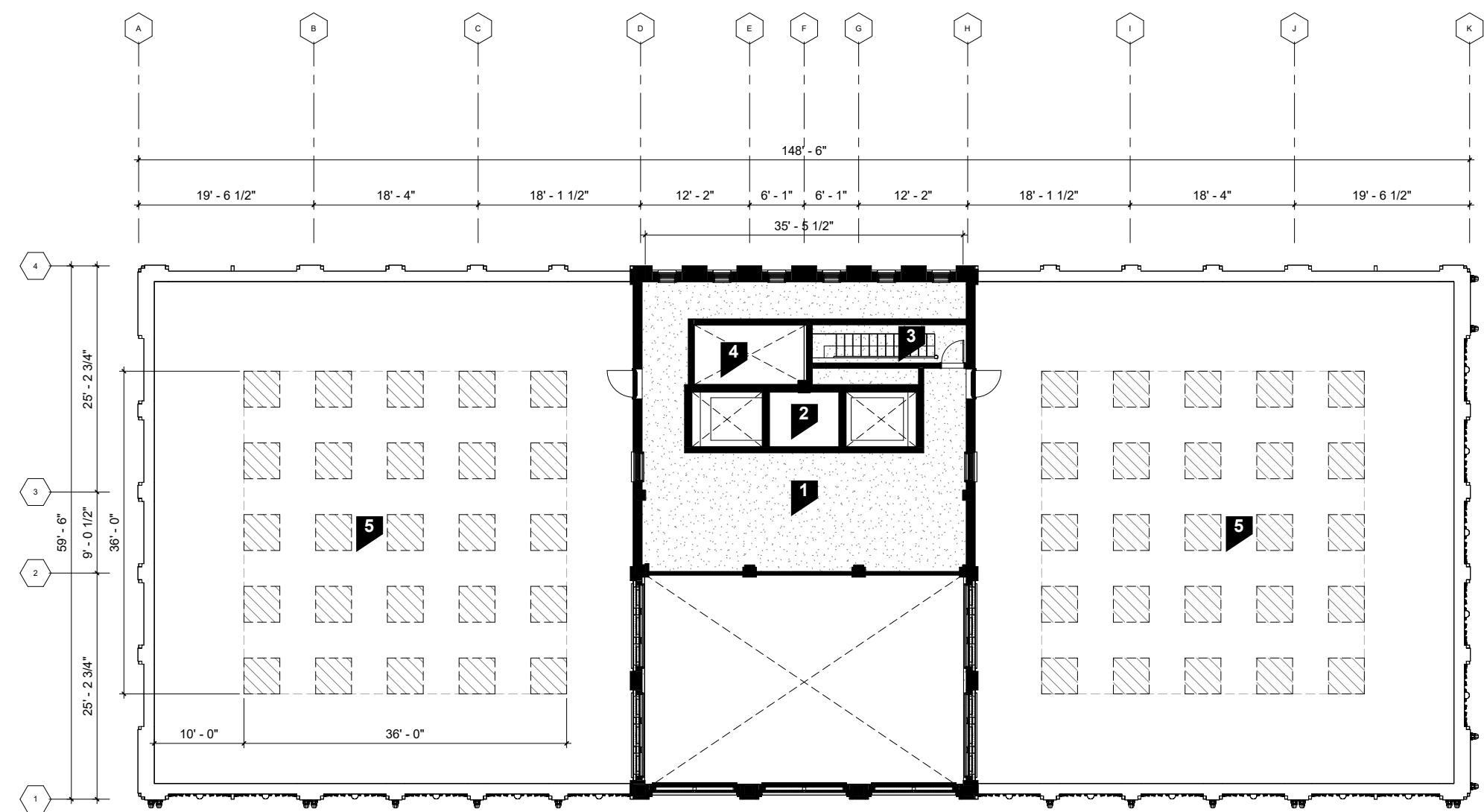
5.

New Egress Stair

Image is the property of **cncf.** design, PLLC.

*\*All graphics are preliminary, and the design is subject to change.*

ROOF PLAN



- i** 1. Elevator Penthouse
- 2. Existing Elevator Shafts
- 3. Existing Circulation Stair
- 4. Existing Shaft
- 5. Rooftop Mechanical Equipment Zones

Image is the property of **cnc+** design, PLLC.  
\*All graphics are preliminary, and the design is subject to change.



# WEST ELEVATION

- i

1.

New concrete sidewalks and curbs.

2.

Sidewalk landscaping and trees.

3.

Repair existing pre-cast stone base.

4.

New historicly accurate storefront system.

5.

New storefront entries.

6.

Existing canopy structure re-cladded.

7.

New single hung insulated windows

8.

Tuckpoint and brick repair where needed

9.

Ornate details inspected and repaired as required.

10.



11.



12.



*\*All graphics are preliminary, and the design is subject to change.*



SOUTH ELEVATION

- i

1.

New concrete sidewalks and curbs.

2.

Sidewalk landscaping and trees.

3.

Repair existing pre-cast stone base.

4.

New historicly accurate storefront system.

5.

New storefront entries.

6.

Existing canopy structure re-cladded.

7.

New single hung insulated windows

8.

Tuckpoint and brick repair where needed

9.

Ornate details inspected and repaired as required.

10.



11.



12.



*\*All graphics are preliminary, and the design is subject to change.*



EAST ELEVATION

- i

1.

Raised patio and railings.

2.

Landscaping and lighting.

3.

New Accessible entry ways

4.

Glazing in existing openings.

5.

New storefront entries.

6.

Existing canopy structure re-cladded.

7.

New single hung insulated windows

8.

Tuckpoint and brick repair where needed

10.



11.



12.



*\*All graphics are preliminary, and the design is subject to change.*



# MAIN LOBBY

The redesigned lobby of the Derman Building draws inspiration from historic photos and descriptions documented in the National Historic Registry. Gray marble flooring establishes a refined foundation for the space, complemented by tan walls adorned with dark wood wainscot and trim. Textured wallpaper adds depth and sophistication to the space. The ceiling, showcasing historic patterning, is meticulously restored using samples of the original paint to capture and revive its original character. Thoughtfully blending the building's history as an office space with its future role as a hotel, the interior spaces are conceived to strike a balance between the two. This nuanced design approach results in a series of interconnected spaces, offering expansive views into the grand dining areas while still preserving the distinct separations inherent in the original building's layout.



**i** 1. Main Lobby Rendering  
View south along the Main Lobby & Elevator Core, looking toward the south door & amenity spaces.

Image is the property of **cnc+** design, PLLC.  
\*All graphics are preliminary, and the design is subject to change.



# GREAT ROOM

The Great Room of the Dermon Building overlooks BB King Blvd, offering clear views of the street. It serves as the hotel's main social and gathering space. Equipped to host events and meetings, the room can also be utilized as a dining area. Its location near the street ensures the space is lively and interactive, promoting both guest and street activity.



**i** 1. Great Room Rendering  
View south along the West Storefront & Great Room,  
looking toward the felxible meeting space.

Image is the property of cnct. design, PLLC.  
\*All graphics are preliminary, and the design is subject to change.



# GUESTROOM DESIGN

The Guestrooms will be arranged around the perimeter of the existing building, with no fewer than 3 windows per each room. The anticipated standards of the hotel will instead be modified and adjusted, to suit the historic character and framework of the building. A bulkhead will be provided in front of the windows, to allow for concealed curtains as well as a backdrop to receive the recreated historic ceiling trim, corresponding with the recreated wall base. These touchpoints to the buildings' past are melded with the contemporary forms and character of the hotel, to create a refreshing user experience that is simultaneously grounded in the building's history and character.



- i** 1. View of Typical King Entry Wall  
*The IHG standards, shown adapted to the historic framework of the building.*
- 2. View of Typical King Bed Wall  
*Ceiling molding & window bulkhead to incorporate historic conditions & column structure.*
- 3. View of Accessible / Extended-Stay King Suite  
*Additional seating & kitchnette provided.*
- 4. View of Typical King Window Wall  
*Ceiling Molding, adapted standards & finishes visible.*
- 5. View of Typical Double Queen Window Wall  
*Ceiling Molding, adapted standards & finishes visible.*

*\*All graphics are preliminary, and the design is subject to change.*



# EXTERIOR & ENTRY

The upcoming transformation of this vacant structure into a hotel in Downtown Memphis mirrors successful urban revitalization efforts observed in other cities including Baltimore and Dallas. The Dermon Building will be carefully designed to modernize the existing building with state-of-the-art accommodations and amenities, while respecting and preserving its historical significance.

This balanced approach ensures that the hotel will be an integral part of Downtown Memphis’s continued growth and will meet the rising demand for quality accommodations in the area.



- i** 1. Baltimore HIE Conversion Exterior  
*View of the front facade & main entry, with the historic character & canopy unencumbered & unobscured.*
- 2. Baltimore HIE Conversion Interior  
*View of entry procession to reception with historic finishes and open floor plan.*
- 3. Dallas HIE Conversion Exterior  
*View of exterior entry canopy, with adjusted brand scale and unique detailing.*
- 4. Baltimore HIE Conversion Exterior  
*View of exterior & entry, with limited signage & new lighting to compliment the historic detailing at night.*



# INTERIOR COMMONS

The upcoming transformation of this vacant structure into a hotel in Downtown Memphis mirrors successful urban revitalization efforts observed in other cities including Baltimore and Dallas. The Dermon Building will be carefully designed to modernize the existing building with state-of-the-art accommodations and amenities, while respecting and preserving its historical significance.

This balanced approach ensures that the hotel will be an integral part of Downtown Memphis’s continued growth and will meet the rising demand for quality accommodations in the area.



- i** 1. Baltimore HIE Conversion Lobby  
*View of retained & unobscured detailing and character looking across the lobby & reception.*
- 2. Dallas HIE Conversion Lobby  
*View of original wall & column stone finish, respected with minor touches of contemporary detailing.*
- 3. Dallas HIE Conversion Great Room  
*View of original column stone finish, metal pan ceiling & molding, melded with new lighting and flooring.*
- 4. Baltimore HIE Conversion Great Room  
*View of historic finishes and spatial arrangement, with appropriate furnishings and details.*