EXECUTIVE BRIEF: BALDWIN SALOON REVISION

Historic Preservation Meets Craft Industrialization

1. Executive Summary

The Baldwin Saloon Revision is a multi-phase development project centered on the iconic 1876 Baldwin Saloon in The Dalles, Oregon. By combining the restoration of a historic landmark with the launch of "Baldwin Spirits™," a small-run micro-distillery, we are creating a unique destination that bridges the gap between historical tourism and the modern craft spirits movement. This proposal invites an initial **$1.1 Million Phase 1 investment** into a turnkey historical asset poised for significant value appreciation following a $7M municipal streetscape revitalization.

2. The Asset: A Landmark in Transition

- **Property:** 205 Court St, The Dalles, OR. A 2,718 sq ft historic masonry building.

- **Context:** Currently valued at approximately $700,000, featuring a turnkey commercial kitchen and an iconic 18-foot mahogany bar.
- **External Catalyst (Timeline Synergy):** The City of The Dalles has launched a $6.92M First Street Reconstruction Project, rebuilding retaining walls and sidewalks immediately abutting the Saloon. We are mapping our 6-month construction window to conclude as the city finishes, creating a high-profile "Re-Opening" moment. This municipal investment effectively "primes" the property and protects the investor's principal through market-wide urban renewal appreciation.

3. The Multi-Phase Vision

Phase 1: Expansion & Industrialization ($1.1M Ask)

- **The Patio & Exterior Overhaul:** Converting seasonal outdoor space into a 900 sq. ft. year-round atmospheric lounge to capitalize on the new pedestrian-friendly upgrades.
- **Baldwin Spirits (Micro-Distillation):** The introduction of a 1,000 sq. ft. small-run distillation facility at the back end of the lot. Produces high-margin retail bottle sales and exclusive on-site cocktail programs.
- **The Revision Interior:** A complete atmospheric overhaul using the Ablaze Atmospherics philosophy (dark-stained wood, backlit original brick, advanced acoustic treatments, and warm-tone lighting).

Phase 2: Strategic Scaling ($400k Capital Reserve)

- Data-driven deployment of a $400k reserve based on Year 1 metrics. We will scale into either **Fine Dining Integration** (to escalate check averages) or **Distillery Production Expansion** (to capture wholesale demand).

4. Value Proposition & The ROI Multiplier

- **Asset Appreciation:** Historically significant buildings in "Urban Renewal Zones" typically see a 20–30% value increase following major streetscape improvements.
- **Turnkey Efficiency:** With the lower-level commercial kitchen already in place, capital is diverted away from "back-of-house" infrastructure and directly into revenue-driving atmospherics.
- **New Revenue Stream (The Distillery Core):** The micro-distillery is the core "Value Add." It shifts the business from a traditional restaurant into a vertically integrated production facility.

THE MANUFACTURING MULTIPLIER (BALDWIN SPIRITS)

- **Direct-to-Consumer Margins:** Producing spirits on-site captures the full retail margin on every bottle, bypassing 25-35% distributor cuts.
- **The "Margin Swing" Cocktail Economy:** Replacing premium wholesale house pours (Avg. 21% COGS) with house-distilled stock (Avg. 12% COGS) adds an estimated $115,000 annually to the net profit.
- **The NA "Zero-Lag" Revenue:** Production of high-quality Non-Alcoholic (NA) spirits allows for immediate, high-margin sales and brand building during the initial 6-month TTB alcohol licensing window.

5. Project Capitalization & Development Costs

Phase	Investment Target	Primary Strategic Milestones
Phase 1	**$1,100,000**	Property Acquisition ($700k), Distillery Build-out, Patio Enclosure, Renovations and Brand Launch.
Phase 2	**$400,000**	Strategic Scaling: Data-driven expansion of Dining or Distillery.
Total Basis	**$1,500,000**	Total Project Capitalization for the physical and brand transformation.

PHASE 1 CAPEX BREAKDOWN ($400,000 Transformation Budget)

- **Patio Enclosure & Remodel ($50k-$90k):** Year-round, atmospheric lounge capacity.
- **Micro-Distillery Facility ($200k):** Build-out and specialized equipment.
- **Basic Interior Upgrades ($50k):** Aesthetic refinements and sanitary infrastructure (doubling restroom capacity to handle high-volume crowds).
- **Business Development ($50k):** Branding, digital ecosystem, and launch marketing.
- **Design & Project Oversight ($50k):** 6-month project management and fabrication.

6. The Operational Beat & "Draw" System

To ensure consistent $22,000+ weekly gross revenue, the venue operates a high-frequency, 6-day-a-week schedule built on a rotating "Event Engine" to eliminate slow nights.

- **The Patio:** High-Energy Entertainment (Karaoke, Live Music, Billiards).
- **The Saloon:** The Premium Experience (Tasting Nights, Spirit Release Parties).

- **The I-84 Intercept:** Strategic billboard placements turn the massive daily traffic flow (20,000+ vehicles) into a predictable customer pipeline for our destination experience.

7. Ablaze Value Engineering: The "Sweat Equity" Discount

Beyond aesthetic design, the Ablaze Atmospherics team provides a comprehensive operating system that ensures the Baldwin Saloon Revision functions as a premium, high-efficiency brand from day one. By executing leadership, design, and fabrication internally, we provide a massive "Sweat Equity Discount" to the project.

- **Capitalized Developer Fee:** The $50k oversight fee acts as a standard Developer Fee, serving as compensation during the zero-revenue construction phase to keep the build on a strict 6-month timeline.
- **The Operator Advantage:** Having managed the Baldwin Saloon for 1.5 years, our Operations Director brings invaluable knowledge of the building, completely eliminating the operational "learning curve."
- **The Maker's Multiplier:** Our Master Distiller wears multiple critical hats—technical distillation, recipe R&D, brand development, and digital media—effectively cutting typical corporate manufacturing overhead in half.
- **The "Maker" Moat:** In-house fabrication of specialized interior elements creates an "un-copyable" environment and a proprietary aesthetic without the 300% markup of luxury showrooms.

8. Financial Performance & Valuation Targets

MILESTONE 1: PHASE 1 STABILIZATION

Revenue Stream	Annual Target	Rationale
Baldwin Spirits (Retail)	**$148,800**	4,000 bottles @ $37.20 weighted avg.
Hospitality (Saloon + Patio)	**$1,150,000**	$22,000 avg. weekly gross; 33% capacity increase.
Total Gross Revenue	**$1,298,800**	Base hospitality + new manufacturing vertical.

- **Net Operating Income (NOI):** Projected at $389,640 (assuming a standard 30% margin).
- **Asset Valuation:** At an 8% Cap Rate, the property is valued at $4.8M upon the completion of Phase 1.

9. Equity Structure & Exit Strategy

The "Maker" Partnership

- **Target Equity Split:** 60% Investor / 40% Investee.
- **The Investor Payout Waterfall:**
    1. **Preferred Return:** 8% Annualized Yield paid to Investor first.
    2. **Capital Recovery:** 100% of Net Cash Flow paid to Investor until full principal is returned.
    3. **Stabilized Split:** Ongoing monthly profits shared 60/40.
    4. **Strategic Exit:** 60/40 share of final sale.

The Three-Tiered Exit Strategy (3-5 Year Horizon)

1. **Strategic Brand Acquisition:** As "Baldwin Spirits" achieves regional scale, it becomes a prime target for acquisition by global spirits conglomerates.
2. **The Unified Asset Sale:** Selling the 'World of Baldwin' as one piece—historic real estate, manufacturing license, and established cash flow—to private equity.
3. **Structured Buy-Back:** Utilizing the significant property appreciation following the city's streetscape revitalization to buy out initial equity investors at a pre-negotiated Preferred Return.

INVESTMENT NEXT STEPS

The Baldwin Saloon Revision is more than a restoration; it is the strategic re-industrialization of a 150-year-old landmark.

- **Contact:** Katherine Greenhoot, Founder/Project Lead
- **Email:** contact@ablazeatmospherics.com
- **Website:** baldwinsaloonrevision.com

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