

Northwest Jacksonville Economic Development Fund (NWJED)  
Request for Funding Assistance  
Four Fathers Distillery  
Project Summary

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**Applicant Contact Information:** Tim Daniels, Founder  
President  
Liquid Proof, LLC  
2917 Borden Street  
Jacksonville, FL 32209

**Project Description:** Liquid Proof, LLC dba Four Fathers Distillery was founded by Tim and Sandra Daniels in September of 2013. The purpose of the corporation was to create a distillery to manufacture limited production quantities of a variety of authentic craft spirits, private label production and private barrel aging for consumers. Four Fathers is developing a proprietary brand of Vodka, Rum, White Still Vodka and a specialty series of Hardbrew House Spirit Beers. They currently are working with Bacardi to distill and bottle up to 250,000 cases of specialty spirits for national distribution. They also propose to open their distillery to the general public for tours similar to Anheuser-Busch. Mr. Daniels purchased the facility at 2917 Borden Street in May of 2015 to create the distillery. The various permitting issues and costs associated with converting the building to a distillery are becoming problematic and creating an economic hardship for this emerging small business.

The building was originally developed in 1963 as an office with a small warehouse. As a result utilities serving the building are minimal. The project site is served only by a 1 inch water line and a septic system versus a sewer. To operate a distillery the Fire Marshal has dictated that the building had to be sprinklered. To sprinkle the building requires a new 6" water line be run to the building to provide the water pressure needed to support the sprinkler system. The cost to run the new 6" water line to the building and connect to the JEA system costs \$36,244. The cost to install the required sprinkler system is \$50,000. To assist the business to make the water line and sprinkler system upgrades Liquid Proof, LLC is requesting the City provide the financial assistance totaling \$86,000 from the Northwest Economic Development Trust Fund or they will have to relocate their operation to another leased facility outside of the NW Economic Development Fund area.

Initially the project will result in the creation of 5 employees within the first 18 months of operation. The average wage is \$48,500, plus benefits. The project is located within a Level 2 Economically Distressed Area (Census Tract 162) within Jacksonville's Northwest Economic Development Fund Area. The threshold for qualifying for enhanced economic development incentives is an average wage of \$29,500 the proposed new jobs will pay 165% of the threshold wage. Payroll generation for the business is estimated to be \$229,000 per year. The private capital investment is estimated to be \$522,000 including the cost of the water line hook-up and sprinkler installation.

To support and induce Liquid Proof, LLC's objective to convert the office/warehouse building into a distillery the company has indicated that a NW Fund Grant of \$36,000 to offset the cost of extending the 6" water line to their building and a \$50,000 NW Fund loan to pay for the proposed sprinkler system to meet the fire and safety standard dictated by the Fire Marshall is respectfully requested.

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The estimated Sources and Uses of Funds are summarized as follows:

Sources		Uses	
1 <sup>st</sup> Mortgage Loan	\$ 180,000	Acquisition	\$ 80,000
Owners' Equity	\$ 256,000	Renovations	\$ 136,000
NW BIG Grant	\$ 25,000	M & E, FFE	\$ 220,000
NW SBDI Loan	\$ 61,000	Water Line/ Sprinkler	\$ 86,000
<b>Total</b>	<b>\$ 522,000</b>	<b>Total</b>	<b>\$ 522,000</b>

**City Assistance:** To assist the company the following is recommended:

- Northwest Business Infrastructure Grant (BIG) in the amount of \$25,000 to pay for a portion of the cost to extend the 6" water line to the building necessary to operate the sprinkler system;
- Northwest Jacksonville Small Business Development Initiative (SBDI) loan of \$61,000 to finance the cost of installing the sprinkler system (\$50,000) and (\$11,000) to finance the remaining balance for the extension of the water line to the building. The proposed SBDI loan in the amount of \$61,000 will be made for a term of 60 months, based upon an amortization period of 240 months requiring a balloon payment at the end of the fifth year. The interest rate is 3% percent per annum. Monthly payment during the five year term is \$338.31. The loan will be secured by a 2<sup>nd</sup> mortgage on the land and building. There would be no prepayment penalty to pay off the loan. The lump sum principal payment to be paid at the beginning of the 6th year is \$48,988.
- Overall the Northwest Fund Assistance proposed (\$86,000) represents 16% of the project cost. The infrastructure grant portion (\$25,000) represents 5% of the project cost.
- Grant amount per new job created is \$5,000 per job.
- The project has a positive ROI of 1.20, for the City of Jacksonville.

**Security/Guarantees for City Obligation:** 2<sup>nd</sup> Mortgage on the Real and Tangible Property

**Project Implementation Timeline:** The infrastructure work can be completed within ninety (90) days after the Economic Development Agreement (EDA) is executed by the parties.

**Employment Goals:** It is anticipated that 5 new full time jobs will be created within the first 18 months after the infrastructure work has been completed and the distillery is in operation. The average wage is not less than \$30,000 per year plus benefits.

**Clawback Provisions:** In the event of sale or transfer of the property by the Applicant within five years of grant disbursement, the City is to be reimbursed based upon a declining scale of 20% per year (e.g. 100% year 1, 80% year 2, 60% year 3, 40% year 4 and 20% year 5).

**Job Requirement:** In the event the Applicant fails to maintain 5 new full-time jobs 18 months after the disbursement of the \$25,000 grant, the Applicant will repay the grant back to the city on the basis of \$5,000 per job, below the 5-person new job creation target.

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**NWJED Policy Waivers:**

- None.

**Public Purpose:** The project supports the following public purpose objectives:

- Leverages new private capital investment in the target area; and
- Stimulates new private capital investment within the Northwest area adding to the tax base; and
- Supports the creation of 5 new full-time manufacturing jobs at an average wage of not less than \$30,000 plus benefits; and
- Places a formerly vacant property located within a Level 2 Distress Area in the Northwest Economic Development Fund Area and places it back into productive use; and
- Supports Jacksonville's desire to support new manufacturing businesses within the Northwest Jacksonville area.