

Liquid Proof, LLC (dba Four Fathers Distillery)
Project Summary – August 9, 2023

Company: Liquid Proof, LLC (dba Four Fathers Distillery)
2917 Borden Street
Jacksonville, FL 32209
Tim Daniels, President

Background: Liquid Proof, LLC (dba Four Fathers Distillery) was founded by Tim and Sandra Daniels in September of 2013 for the purposes of creating 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 works with companies like Bacardi and Angel's Envy to distill and bottle various cases of specialty spirits for national distribution. The company also distills a proprietary brand of vodka, rum, and whiskey which is available in local stores.

Mr. Daniels purchased the facility at 2917 Borden Street in May of 2015 to create the distillery. The building was originally developed in 1963 as an office with a small warehouse. Due to its age, utilities serving the building were in need of upgrades to support the new use. In addition to building renovations, a new 6" water line was installed to provide the water pressure needed to support the required sprinkler system.

The Original Project & Agreement – September 19, 2017

The Project was for the conversion of the existing 8,000 square foot office/warehouse building at 2917 Borden Street into a distillery, including infrastructure upgrades. The property is located in a Level 2 Economically Distressed Area of Northwest Jacksonville and comprises around 1.4 acres, leaving additional room for expansion.

- Original Performance Schedule:
 - Commence construction by September 1, 2017 and complete construction by February 1, 2018.
 - Create 5 new full-time equivalent jobs at an average annual salary of \$30,000 within 18 months of grant disbursement.
- Project incentives included: 1) a NWJEDF Business Infrastructure Grant (BIG) Grant up to \$25,000; and 2) a NWJEDF Loan of \$61,000 amortized over a period of 20 years, at an interest rate of 3 percent per annum. The term of the loan is 5 years, with a balloon payment due at the end of the loan term.
- The estimated capital investment for the project was \$522,000.
- Both the grant and loan were disbursed, in full, on May 8, 2018.
- The loan payment is due and payable on the first day of each month throughout the loan term.
- Clawbacks for the BIG Grant include: 1) if the property is sold, leased or transferred within the first five years following 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); and 2) if the company fails to create 5 new full-time jobs within 18 months of grant disbursement, the company must repay the grant back to the city on the basis of \$5,000 per job below the 5-person new job creation target.
- The loan was secured by a Second Mortgage on the real and tangible property.
- Annual Survey and Job Report are required to be submitted until all terms of the Project, Loan, and associated employment have been complied with by the Company.

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Amendment 1 – August 23, 2020

Amendment 1 extended the job creation deadline by a period of 12 months, from November 8, 2019 to November 8, 2020.

Status of Project

The Project has been completed, funds were disbursed in full, and the distillery remains open. The total cost of the Project was over \$620,000 and, as of December 31, 2022, the company had six full-time employees. The loan matured on June 1, 2023, at which time a balloon payment was due in the amount of \$49,318. The company was unable fulfill the balloon obligation and requested additional time to repay the loan.

As of today, Four Fathers has performed in its commitment to hire employees and continues to make monthly payments of \$338.31 to the City. Additionally, the company is up to date on reporting requirements as outlined in the Redevelopment Agreement.

Recommended Action

The Office of Economic Development recommends re-amortizing the loan at the current interest rate of 3% and extending the Maturity Date by a period of 10 years to bring the project current with the NWJEDF loan obligation and get it back on track as a successful enterprise in Northwest Jacksonville. This would extend the Maturity Date from June 1, 2023 to June 1, 2033 and would require monthly payments of \$474.15*.

*Based on a balance of \$49,103 as of August 1, 2023. Amount subject to adjustment for any payments made or interest accrued between now and the date of closing. Payments are due by the 1st of every month. A payment will be deemed as late if not received by the 10th of the month.