

RESOLUTION 2023-12-05

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) ACTING AS THE NORTHBANK COMMUNITY DEVELOPMENT AGENCY (“GRANTOR”) APPROVING THE AWARD OF A RETAIL ENHANCEMENT PROGRAM GRANT TO VIBE LIVE STUDIOS, LLC (“APPLICANT”), TO OPERATE A FOOD AND BEVERAGE ESTABLISHMENT IN A PROPERTY LOCATED AT 245 E ADAMS STREET JACKSONVILLE FL 32202 WHERE APPLICANT MAINTAINS A LEASE FEE INTEREST (“GRANTEE”); AUTHORIZING THE CEO OF THE DIA TO NEGOTIATE A GRANT AGREEMENT (FORGIVABLE LOAN SECURED BY A NOTE); AUTHORIZING THE DIA CEO TO EXECUTE SUCH AGREEMENTS; AND FINDING THAT THE DEVELOPMENT PLAN IS CONSISTENT WITH THE DIA’S BUSINESS INVESTMENT AND DEVELOPMENT PLAN, INCLUDING THE DOWNTOWN NORTHBANK CRA PLAN (“BID PLAN”) AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Grantee submitted an application to the DIA under the Basic Retail Enhancement Program to facilitate the development of a cereal bar and music venue establishment in the Cathedral Hill neighborhood of Downtown Jacksonville; and

WHEREAS, the application was reviewed by the DIA staff and found to be consistent with program guidelines, the BID Plan and CRA Plan for Downtown Northbank; and

WHEREAS, the DIA is authorized to utilize the Downtown Northbank Tax Increment District funds, in accordance with the CRA Plan, to foster the redevelopment of the Downtown Northbank Community Redevelopment Area; and

WHEREAS, to assist the Grantee with build out costs for the purpose of establishing The Cereal Bowl Live (“the Project”) the DIA proposes to provide a Grant (forgivable loan secured by a note) in an amount not to exceed TWENTY-ONE THOUSAND FIVE HUNDRED DOLLARS and 00/100 (\$21,500.00) to the Grantee; and

WHEREAS, the financial assistance to the Project will be in the form of the proposed terms and incentives on the Term Sheet, attached as Exhibit A to this Resolution; and

NOW THEREFORE, BE IT RESOLVED, by the Downtown Investment Authority:

Section 1. The DIA finds that the recitals set forth above are true and correct and are incorporated herein by this reference.

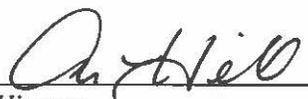
Section 2. The DIA hereby approves the award of a Retail Enhancement Grant in the amount of \$21,500.00 from the Downtown Northbank TID to the Grantee to be provided in accordance with the term sheet attached hereto as Exhibit A.

Section 3. The Chief Executive Officer is hereby authorized to negotiate and execute the contracts necessary to document this approval and otherwise take all additional actions necessary to effectuate the purposes of this Resolution.

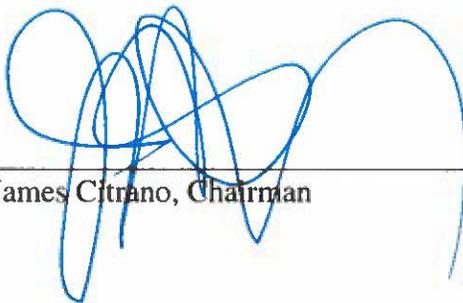
Section 4. The Effective Date of this Resolution is the date of execution of this Resolution by the Chair of the DIA Board.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY



Witness



James Citrano, Chairman

12/20/23
Date

VOTE: In Favor: 7 Opposed: 0 Abstained: 0

Exhibit A:

**BASIC RETAIL ENHANCEMENT PROGRAM GRANT
TERM SHEET**

**Vibe Live Studios, LLC
245 E Adams Street
Jacksonville FL 32202**

Project Name: **The Cereal Box Live**

Applicant/Grantee: **Vibe Live Studios, LLC
Mr. Paul F. Jackson (Owner/Manager)**

Total Build Out and Equipment Costs (estimate): **\$84,200**

Total Eligible Costs (estimate): **\$43,000**

Eligible Funding: **\$21,500**

Project: Applicant is a tenant in the property that is owned by East Adams Properties LLC (Mr. James Saada, owner) of Hollywood, Florida.

The applicant is expected to remain in business in the location at these service levels for a minimum of three (3) years, and to provide a lease for a minimum of that time frame.

City Funding: Not more than **\$21,500**, through the Northbank CRA, as follows:

Infrastructure: No City of Jacksonville or CRA infrastructure funding or support is requested.

Land: No City of Jacksonville or CRA land or building is requested.

Loans: No other City of Jacksonville or CRA loans have been requested.

Basic Retail Enhancement Program Grant: \$21,500 from the Retail Enhancement Program funding of the Northbank CRA. The award will be structured as a forgivable, 0% interest grant (forgivable loan secured by a note) that will amortize at the rate of 2.778% each month following closing for three (3) years so long as no event of default exists.

The Applicant acknowledges that these Grant funds are awarded and shall be used in accordance with the Basic Retail Enhancement Program guidelines.

Minimum Capital Contribution:

- A) The minimum total capital contribution through completion to remain eligible for the Basic REP Grant is \$75,780 (Total of all costs including eligible and ineligible improvements, equipment, and other costs submitted for underwriting as found in Figure 1. below, reduced by 10%).

Eligible Costs:

- A) Eligible costs as identified below are those that will be reimbursed up to 50% (subject to maximum program funding). Each expense, both eligible and ineligible, must be documented with invoices marked "paid," cancelled check, or other such document that provides evidence of actual costs incurred to demonstrate the Minimum Capital Contribution and the amounts submitted for reimbursement.

Figure 1:

Build Out Budget		
Venue Renovation and Construction		Eligible
Architectural Design and Construction	9,700	
Interior Renovations	20,000	20,000
Exterior Aesthetic Enhancements	5,000	
Outdoor Seating Area	2,500	
Stage Lighting Infrastructure	10,000	10,000
Acoustic Treatments	5,500	5,500
Restroom Facilities (ADA Compliance)	3,500	3,500
Total Renovation and Construction	56,200	39,000
Equipment and Furnishings		
Sound System and Equipment	12,000	
Lighting Rig and Accessories	4,000	4,000
Furniture and Seating	5,000	
Café Kitchen Equipment	7,000	
Total Equipment and Furnishings	28,000	4,000
	84,200	43,000
	90%	50%
	75,780	21,500

- B) Only expenditures made for improvements to the first floor and exterior of the building are eligible for submission for reimbursement as outlined in Figure 1.

Performance Schedule:

- A) Redevelopment Agreement to be executed within one hundred twenty (120) days of the DIA Board Approval Date which shall establish the Redevelopment Agreement Effective Date.
- B) Commencement of Construction: Within three (3) months following the Redevelopment Agreement Effective Date, Applicant commits to Commencement of Construction, meaning receipt of all required approvals, permitting, and closing on all required financing to allow the start of construction activities and has actually commenced buildout type work.
- C) Substantial Completion: Within twelve (12) months following the Commencement of Construction Date, as defined above, Grantee shall provide evidence of completion of construction, payment of all subcontractors, material providers, and laborers, and receipt of licensing necessary to conduct the business as outlined in the application submitted.
- D) The DIA CEO will have the authority to extend this Performance Schedule, at the CEO’s discretion, for up to three (3) months for good cause shown by the Applicant. Any extensions to the

Commencement Date shall simultaneously have the same effect as extending the Completion Date.

Additional Commitments:

- A) Applicant shall build the project and establish business operations following the description as outlined in the application and as Project above.
- B) All rehabilitation work and design features must comply with all applicable city codes, ordinances, the established Downtown Development Review Board Guidelines and the Downtown Zoning Overlay.
- C) Per Basic REP guidelines, the award will be structured as:
 - 1. Zero-interest, Grant agreement, payable upon Substantial Completion of the work and receipt by DIA of invoices for goods and services rendered and proof that recipients paid for such goods and services.
 - 2. No interest shall accrue upon the principal of the total grant amount, with the principal forgiven monthly in equal amounts monthly over a thirty-six (36) month period.
 - 3. The total principal balance will amortize 2.778% each month of the compliance period.
 - 4. At the end of thirty-six months, the Grant shall be entirely forgiven on the condition that the business remains in operation as proposed, improvements are installed and maintained in reasonably good condition, all taxes are maintained in current status with no tax certificates, and no City Code violations are incurred during the compliance period.
 - 5. If it is determined that the recipient(s) is in default, full payment of any unamortized balance remaining on the grant may be demanded.

Conditions:

This Term Sheet is limited by the following conditions:

- A) Prior to funding:
 - 1. Applicant to provide evidence of Substantial Completion, as required above; and,
 - 2. Applicant to provide evidence of business articles of incorporation and licensure prior to funding; and,
 - 3. Applicant to provide executed lease with landlord, East Adams Properties LLC prior to execution of the Redevelopment Agreement; and,
 - 4. Downtown Investment Authority to receive copies of all necessary permits and invoices and other documentation as may be requested in evidence of eligible expenditures.
- B) Throughout the Compliance Period:
 - 1. Continuing operation of the Project as a cereal bar, cafe, and music venue as found in the business plan submitted with the application is required during the term of the agreement; and
 - 2. The first floor of the business will be open to the public not less than 60 hours per week including Friday and Saturday evenings until 12:00 midnight at minimum; and
 - 3. Annual financial summary and reporting is required to demonstrate compliance with terms and conditions as approved; and
 - 4. The Project will maintain not less than two full-time employees throughout the term of the agreement.

- C) Joint, several, and unlimited guaranty of payment and indebtedness in the event of default prior to the end of the thirty-six-month compliance period is required by:
1. Mr. Paul F. Jackson
 2. Ms. Victoria Jackson

There may be additional terms, conditions, rights, responsibilities, warranties, and obligations for both parties which shall be determined in a later negotiated mutually agreeable written contract.



Downtown Investment Authority

DIA BASIC RETAIL ENHANCEMENT PROGRAM

“The Cereal Box Live”
245 E Adams Street, Jacksonville FL 32202
Vibe Live Studios, LLC
December 20, 2023

Applicant: **Vibe Live Studios, LLC D/B/A The Cereal Box Live (“Applicant” or “Tenant”)**
Mr. Paul F. Jackson (Owner/Manager)

Project Location: **245 E Adams Street**
Jacksonville FL 32202

Total Build Out and Equipment Costs (estimate): **\$84,200**

Total Eligible Costs (estimate): **\$43,000**

Eligible Funding: **\$21,500**

Project Description:

The Applicant, Vibe Live Studios, LLC, is a tenant in the two-story property located at 245 E Adams Street at the intersection with Market Street in the Cathedral Hill neighborhood of the Northbank CRA in Downtown Jacksonville. This property is found directly across E Adams Street from the Yates Garage and is within the boundaries of the Basic Retail Enhancement Program. Mr. Paul F. Jackson is the manager of the Applicant and has operated the business as a “pop-up” for approximately one year in various locations, primarily in the Springfield, Historic Eastside, and Downtown Jacksonville areas.



Tenant improvements are proposed for an approximately 7,312 square foot cereal bar, cafe, and music venue located in the Cathedral Hill neighborhood the Northbank CRA with 3,656 sf on the first floor and 3,656 sf on the second floor. ABT Construction, Inc., led by Ms. Andrea Troutman, has been engaged to serve as General

Contractor. Ms. Troutman has been a State Certified General Contractor for over thirty years and holds a Bachelor of Building Construction degree from the University of Florida. ABT Construction specializes in commercial construction, specifically churches, tenant buildouts and restaurants. The property is owned by East Adams Properties LLC (Mr. James Saada, owner) of Hollywood, Florida. Per the Basic REP program guidelines, the property owner is not required to serve as a co-applicant and does not have prescribed investment requirements in the tenant improvements.

Business Information:

Cereal cafés and restaurants were highlighted as a growing trend in a recent article found in “Rosetto Serving Solutions” as found here: <https://www.rosseto.com/blog/cereal-cafes/>. From this article, entitled “17 of the Coolest Cereal Cafes from Around the World”, the universal appeal and low cost and overhead associated with cereal creates an opportunity for fun and interesting environments enjoyed by a wide range of patrons. Many of the cereal restaurants highlighted in the article date back to the early- and mid-200’s. A similar article was published by Travel Noire in July 2019 entitled “Grab A Bowl at One Of These 14 Cereal Bars Around the World.” From that article, found at <https://travelnoire.com/cereal-bars-cafes-around-the-world>, “Now, with the introduction of unique breakfast restaurants and the popularity of cereal bars, you can have the ultimate cereal experience every single day.” Other articles posted by TripAdvisor and Yelp list various cereal bar restaurants found in Tampa and Orlando.

Business Plan and Bio:

The business plan calls for renovation of the property to create a two-story café and music venue with each floor open to the public. The business is proposed to be open in the early morning hours to provide a low-cost, comfortable place to enjoy a quick cereal breakfast, nostalgic breakfast offerings, smoothie bowls, bagels, muffins, and breakfast sandwiches along with coffee, tea, and juices. The business plans to remain open until 3:00 PM daily to continue with the same menu offerings during the lunchtime period.

In the evening hours, proposed from 5:00 PM to 3:00 AM, a food menu will be offered; however, the focus of the venue turns towards live music. Music, both recorded and live, will be a common theme emphasized in the culture and atmosphere of the venue. Although it is not a large space for a live music venue, it will provide up-and-coming local artists with a place to showcase their talents in a fun and unique environment for both performers and patrons. Beer and wine is also proposed to be offered for sale on premises.

As provided in the brand identity and messaging section of the business plan submitted, “*The Cereal Box*” is not just a music venue and café; it’s a journey into nostalgia, combining the joy of live music with a playful twist of your favorite childhood cereals. Our tagline: “*Tunes & Spoons.*” The space is described as “immersive” and that it “pays homage to different eras of music and pop culture, enhancing the nostalgia factor.” Both the cereal box wall and the stage with LED light wall are intended to generate interest and Instagram photo opportunities.

Success of the operation is driven by Mr. Jackson’s involvement in the local music industry where he serves as the leader of the popular Let’s Ride Brass Band. From the band’s website (<https://letsridebrassband.com/epk>) “*This funky fusion brass band began in 2018 and their original album "Rollercoaster" is currently streaming on all platforms. Although the band plays with many guest vocalists, Let’s Ride is predominantly instrumental and was*

voted 2021 Best Band in Jacksonville by Void Magazine. The band is mostly made up of graduates from Jacksonville University and University of North Florida. These guys started jamming together in college, creating horn lines on small gigs and grew into a brotherhood of musicians. Band leader and lead trumpet player Paul Jackson Live describes their sound as "That Duval Sound". He is a multi-instrumentalist entrepreneur who has led the band from bar gigs to private events, corporate venues, and headlining festivals." The Let's Ride Brass Band is featured regularly at Downtown and surrounding events including Art Walk, Jazz Fest, Jax River Jams, Jax Taco Fest, Porchfest, and many others.

Mr. Jackson is also the proprietor behind Vibe Live Records and Vibe Live Studios, and those businesses are proposed to operate onsite at The Cereal Box Live. Additional details regarding the recording studio are not provided in the business plan other than to say that the studio "boasts a diverse portfolio of revenue streams, encompassing studio session, music/sound/light engagements, and private investments." This speaks principally to the activities of the studio currently which is proposed to bring additional activity and energy to the business operations of The Cereal Box Live.

Improvements to the exterior of the property will focus primarily on painting, signage, and lighting. The interior will include buildout of a kitchen area, millwork, bathroom upgrades, booth seating and table seating, a stage area with LED light wall, and lighting and sound baffling for live music performances.

Target Market and Promotion:

As indicated in its business plan, The Cereal Box Live will attract a combination of music lovers, foodies, and full families looking for "things-to-do."

Promotions are varied and focus on the following approaches:

- Themed nights, such as "'90's Throwback, Indie grooves, Jazz and Jazzercise, and Poetry nights."
- Cereal specials that introduce limited time cereal combinations named after famous songs or artists.
- Local radio advertising, podcasts, and promotions that cater to the target demographic.
- Local events and fairs to introduce the food/merch to the local community.
- Newsletters with event updates, exclusive offers, and cereal of the month features.
- Cereal club loyalty program that offers frequent visitors the opportunity to earn rewards including free event entries.
- Social media engagement to include Instagram, Facebook, Twitter, to share event highlights, behind the scenes moments, and cereal of the month promotions.
- Video production and digital graphics related to music, food, and nostalgia coordinated through local influences to generate wide reach.

Operating Plan

Operating hours proposed in the business plan include 8:00 AM to 3:00 PM to provide breakfast and lunch options followed by reopening at 5:00 PM and operating until 3:00 AM each day. The applicant expects that the opening hours will require flexibility as awareness is generated regarding the business, but intends to offer "the

Vibes, Cereal, Smoothies late into the night/early morning. The only place to get a healthy snack like smoothies and açai bowls after 9pm is WAWA. Now you can get them until 3am!"

The Basic REP does not require explicit minimum operating hours, and the 119-hour schedule proposed may be difficult to maintain over time. Accordingly, the proposed requirement for funding is for the first floor of the operation to be open to the public a minimum of 60 hours per week including Friday and Saturday evenings until 12:00 midnight minimum, to allow the business time to build its operation, reputation, and clientele.

The business plan outlines seven positions to be filled including Café Manager, Café Server/Cashier, and Café Facilities within the Café Team, and Sound Operator, Stagehand, Facilities, and Booking Manager within the Venue Team. Individuals to carry out these responsibilities are not named, and it is not clear if these are separate positions or responsibilities to be carried out by individuals hired to work in the establishment. Mr. Jackson states that he has seven years' experience running his businesses, but that he is always seeking to learn and improve. To that end, he counts Pete and Allison Berger of Sweet Pete's and Jacob Smith of Southern Social among his advisors and mentors in getting this business established.

Pro Forma

The pro forma operating budget provided with the application suggests the Business should generate revenue of \$1,118,000 in the first full year of operation, representing sales of \$240 sf. Revenue includes revenue estimated at \$5 per person during meal periods (breakfast and lunch), and \$10 per person for live music events with the expectation of approximately 200 customers per day for each which would provide approximately \$15,000 weekly. On weekends, the guest count for meal periods is expected to increase to 500 daily, while Special events on Sundays would attract an estimated 200 patrons at \$20 per person providing an additional \$6,500 per week. In total, weekly revenue is estimated at \$21,500 and pro forma growth is provided at 5% annually.

Expenses center on rent \$120,000 annually (\$16.13 square foot), salaries and payroll taxes of \$124,800, which appears understated for seven employees, and inventory/cost of sales of \$48,000 (26.3.3% of food and bev sales). Net profit for the operation is estimated at \$813,200 in the first year, although revenues appear optimistic based on estimated customer counts and expenses are considered to be understated. Still, the unique nature of the business and low overhead and operating costs suggests a high probability of profitability even if revenue estimates are cut by 50% ($\$1,118,000 \times .5 = \$590,000$) and expenses are increased by 50% ($\$304,800 \times 1.50 = \$457,200$) the business stands to generate profit of \$132,800.

Property Consideration:

The property at 245 E Adams Street is well situated on a street corner just one block away from the Elbow FAB-REP District and two to three blocks away from Myth Nightclub, Justice Pub, D&G Deli, and other venues that provide synergy for common patronage. Parking is readily available across the street in the Yates Garage during open hours, or the surrounding streets and surface lots otherwise.

Buildout and equipment costs presented in Figure 1 below are taken from the application provided by Mr. Jackson. Cost for improvements and equipment totals \$84,200, or approximately \$18.11 sf, which exceeds program the minimum established at \$50,000. However, as shown below, costs determined to be eligible for

program funding total only \$43,000. All improvements are slated to apply only to the first-floor principal operating area, and exterior of the building. As such, expenditures related to improvements to the upper floor will be ineligible for reimbursement.

Figure 1:

Build Out Budget		
Venue Renovation and Construction		Eligible
Architectural Design and Construction	9,700	
Interior Renovations	20,000	20,000
Exterior Aesthetic Enhancements	5,000	
Outdoor Seating Area	2,500	
Stage Lighting Infrastructure	10,000	10,000
Acoustic Treatments	5,500	5,500
Restroom Facilities (ADA Compliance)	3,500	3,500
Total Renovation and Construction	56,200	39,000
Equipment and Furnishings		
Sound System and Equipment	12,000	
Lighting Rig and Accessories	4,000	4,000
Furniture and Seating	5,000	
Café Kitchen Equipment	7,000	
Total Equipment and Furnishings	28,000	4,000
	84,200	43,000
	90%	50%
	75,780	21,500

Property taxes on the subject property totaling \$10,731.59 are confirmed to have been paid for the 2022 tax year as required, while 2023 property taxes of \$12,925.82 remain unpaid with a deadline for payment of March 2024.

Scoring Rubric Recommendation:

The primary consideration for approval of any retail incentive is the feasibility of the business plan. A successful business plan will be the one that conveys the most promising combination of relevant experience, financial feasibility, product and market research, growth potential and job creation. A minimum score of 30 points out of 55 points possible is required to have the proposed project referred to the REPD Committee for funding consideration. Staff scored the application on the following categories defined in their business plan.

A. Business Plan (see point breakdown below) – (up to 40 points)

Categories	Points Available	Points scored
The plan shows good short-term profit potential and contains realistic financial projections	10	6
While revenue estimates appear aggressive and expense estimates may be understated, the short-term profit potential is probable given the low cost of operations and overhead, supported by the experience of the operator in related activities.		

The plan shows how the business will target a clearly defined market and its competitive edge	5	3
Mr. Jackson's experience in the live music industry across Jacksonville creates an opportunity for generating interest in the business from individuals who also move in those circles. This success has been demonstrated in pop-events over the past year following a similar model.		
The plan shows that the management team has the skills and experience to make the business successful	10	5
Mr. Jackson demonstrates seven years of related industry experience and while positions have been identified, the individuals who will be integral to the day-to-day operations have not been identified. Overall, specific details of food and beverage operations not provided. Day to day, onsite manager FOH and BOH is not known.		
The plan shows that the entrepreneur has made or will make a personal (equity) investment in the business venture	10	5
With approximately 25.5% of total funding proposed through a Basic REP Grant, the remaining \$62,700 is to be derived through debt and equity.		
Number of FTE job positions created in excess of the required two (2) positions	5	4
The business plan calls for seven employees including three for the Café Team and four for the Music Venue Team.		
TOTAL	40	23

- B. Expansion of the local property tax base by stimulating new investment in existing Downtown properties (up to 5 points for properties five years and older and an additional 5 points if the property is a historic property (local landmark status or contributing structure status) – maximum of 10 points)

Properties	Points Available	Points scored
245 E Adams Street	5	4
Historic Property	5	N/A
The assessed value of \$698,000 for the 1954 property that has been largely vacant in recent years puts the property back into productive use and creates an opportunity for increased property taxes. Although the building is within the Downtown National Historic District, it is not a contributing structure.		
TOTAL	10	4

- C. Expansion of the state and local sales tax base by increasing sales for new or existing shops (up to 5 points)

Expansion of sales tax	Points Available	Points scored
Bar/Restaurant	5	3
Moderate sales per square foot projected. Local Option Sales Tax estimated at up to \$11,180 per year.		

TOTAL	5	3
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OVERALL TOTAL	55	30
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Basic REP Consideration:

Total eligible costs equal \$43,000 per Basic REP guidelines. Per requirements, the eligibility of funding is the lesser of $\$43,000 \times 50\% = \$21,500$ or total eligible square feet of $3,656 \times \$20$ per sq ft = \$73,120. Accordingly, maximum funding eligibility is limited to \$21,500.

Type	Eligible Square Foot	Eligible Cost	Max Funding for BASIC REP	Lesser of Three Approaches
Bar/Restaurant	3,656 sf X \$20 sf = \$73,120	\$43,000 X .5 = \$21,500	No max	\$21,500