

## INVESTMENT SUMMARY

### EXPANSION OF JACK & JAKE'S REGIONAL FOOD HUB IN NEW ORLEANS, LOUISIANA



Jack & Jake's, Inc., a New Orleans-based company founded in 2010, seeks interested social impact investors to support the expansion of its regional food hub – the first of its kind in Louisiana -- towards meeting the rapidly growing wholesale and retail market demand for local fresh food.

#### **Mission**

Jack & Jake's mission is to provide high quality, safe and affordable local fresh foods from regional farmers, and fishers to underserved neighborhoods within three days of harvest. In addition, Jack & Jake's provides prepared foods based on local ingredients and New Orleans culinary fare. It works to address the market failures that have resulted in the under-utilization of farm and fisher producers in the southeastern U.S., an incredibly fertile region that is not adequately reaching the local marketplace. Simultaneously, Jack & Jake's seeks to improve health outcomes by addressing food access challenges that contribute to the high obesity and diabetes rates throughout the region.

#### **Company Overview**

Jack & Jake's, Inc. is a New Orleans-based company founded in 2010 to rebuild a local food system serving metropolitan New Orleans, Baton Rouge and the Gulf Coast region. It utilizes a supply chain of more than 200 regional farms and fishers located within an average of 65 miles of New Orleans. The company is currently operating as a wholesale operation out of a 120,000 sf facility in Robert, Louisiana; through this distribution center, fresh food is delivered and then prepared, packaged and shipped to area customers. The distribution facility has received HACCP Certification (Hazard Analysis & Critical Control Points), and undergoes facility and food safety audits by Silliker. In addition, Jack & Jake's identifies the farm name, location, food miles traveled and growing method for all produce.

Jack & Jake's is now poised to secure its inaugural retail location, a 26,000 square foot public food market being developed by Alembic Community Development through the adaptive reuse of the historic former Myrtle Banks School building on Oretha C. Haley Boulevard in Central City, New Orleans. The market will be situated on a 65,000 square foot site within three blocks of St Charles Avenue and the Central Business District, including close proximity to the interstate and public transportation. Jack & Jake's has programmed the market space with an emphasis on fresh produce and prepared foods, thereby leveraging its existing wholesale operation and increasing the scale of production required for the company's long-term profitability. Furthermore, the market's uniqueness will create a major food destination for local residents and visitors to New Orleans.

Through this business model, Jack & Jake's brings several competitive advantages. First, it controls its own supply chain, and its status as the first and only food hub in Louisiana means that Jack & Jake's can move its product from farm to market far faster than competitors and can reduce food miles traveled, transportation costs, refrigeration and holding times. By controlling its supply chain, and limiting the costs from farm to market, Jack & Jake's can offer a high quality product at a lower price point than competitors and still achieve a 36% to 40% margin on items such as fruit and vegetables. Second, the Jack & Jake's label is increasingly recognized as a trusted source for safe, high quality local food at an affordable price, a claim that is unique in the New Orleans marketplace. Third, Jack & Jake's planned

strategic partnerships with established retailers, such as Cochon Butcher and St. James Cheese Company, will bring an established customer base and prepared food offerings to the retail market at Myrtle Banks. Lastly, Jack & Jake's attracts diverse customers with both affordable and high-end offerings, capitalizing on the ever-growing trend of consumer spending on local, organic and "beyond organic" products as well as on New Orleans' renowned food culture.

### **Supply Network & Customers**

The backbone of Jack & Jake's business model is its reliable and diverse network, built over several years, of more than 200 regional farms and fishers located within an average of 65 miles of New Orleans. Many of these suppliers lack the scale and certifications required to sell to chain supermarkets and other retail markets, and thus utilize Jack & Jake's for distribution – which includes product liability and health inspection – to reach previously inaccessible markets.

Jack & Jake's has more than 350 customers in the New Orleans and Baton Rouge metropolitan areas. These customers include public schools, hospitals, restaurants, supermarkets, and civic institutions. A representative list of customers includes 22 Recovery School District public schools in New Orleans and Baton Rouge, under a contract with Chartwells; the Ernest N. Morial Convention Center; several hundred New Orleans restaurants, including establishments owned by renowned restaurateurs such as John Besh, Adolfo Garcia, Donald Link, and others; and supermarkets, including Rouses, Whole Foods and Breaux Mart.

### **Management**

Jack & Jake's is led by its founder and CEO, John Burns, Jr. John's diverse experience has provided him with unique experience and qualifications to rebuild a local food system in New Orleans. Prior to this endeavor, he worked for more than 25 years as a restoration ecologist, as principal of a major engineering firm (Mactec Engineering), director of a nonprofit organization (Florida Lake Management Society) and start-up company (Aquafiber Technologies). He also owned and managed a café and catering company utilizing local organic food (Jeansonne's Café). Furthermore, John's family owns and operates a farm in Washington Parish, Louisiana, and he helped to establish and manage the Hollygrove Market and Farm in New Orleans.

### **Financial Overview**

The company has received \$800,000 thus far in seed investment from local and national social investors over two rounds of capital raises. This group of investors includes Keller Enterprises, First Light Ventures, the Social Venture Fund at the University of Michigan, AMCREF Community Capital and individual investors. In less than a year of operating its wholesale business, Jack & Jake's has grown from generating revenue of approximately \$1,000/month to \$50,000/month, and with upcoming contracts in negotiations, is poised to grow to \$100,000/month by the end of 2012.

### **Investment Opportunity**

The summer of 2012 represents a critical juncture for Jack & Jake's and the food hub it has built. Thus far the company has grown incrementally and developed its internal infrastructure, but it now needs additional capital and capacity, in particular added management and operational personnel, in order to capitalize on two major opportunities:

- ***Retail Market at Myrtle Banks.*** This unique food market will build upon New Orleans' public market historical tradition by introducing affordable, fresh food to an underserved population and food desert. The property also offers an opportunity to build an ancillary facility to function as a new

distribution center, thereby consolidating the company into one centrally sited, sustainable food hub. Jack & Jake's requires investment in order to build-out the retail market space as well as staff the initial operations.

- **Public School Food Contracts.** Due to recent progressive changes in public school food contracts for local produce, major distributors are soliciting Jack & Jake's to partner on food delivery to New Orleans and Baton Rouge public schools. While it is already performing under a contract with Chartwells to service 22 schools, Jack & Jake's is also in negotiations with another distributor to service dozens more. It requires additional investment to scale up its delivery capacity and management personnel.

In order to realize these opportunities, Jack & Jake's is currently seeking investment totaling \$7.9 million. This amount breaks down as:

- \$2.9MM for equipment and fixtures and furnishings for retail market
- \$1.2MM for graphics and signage
- \$2.7MM for expanded wholesale operations and retail startup
- \$1.1MM for build-out of new warehouse space

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