

BORING



BREWING co.

**THE ONLY BORING
THING ABOUT
THIS BEER IS
WHERE IT'S MADE**

Agenda

- History of Boring Brewing
- Home Occupation route
- Regulatory Agencies
- Distribution
- Current trends on sales in Oregon by Oregon Breweries.

History

- Started Homebrewing 1989
- Started process to get licensed in fall of 2011
- Built Brewery in 2012
- Brewed first batch December 28th, 2012
- Signed with Morgan Distributing May 2013
- Switched Distributors in 2015 after sale of Morgan to AB Inbev.

History

- Opened formal Taproom Dec. 2015.
- Mutual release from Distributor agreement Jan 2016.
- Returned to Self-Distribution.
- Majority of sales now through taproom.
- Crowler / Growlers / Pints
- Some permanent handles with local establishments.

Went from this -



The beginnings



Added Additional capacity fall 2013



Home Occupation

- Zoning may limit your total square foot usage by business.
- No Rent
- Easy to check on brewery / clean kegs, etc. if working another job.
- Needs to be a separate building from residence (TTB).

Agencies / Approval Timelines

- County / City Zoning – Land Use
 - 4 months – Home Occupation Permit Approved
- TTB
 - 5 months (but is constantly in flux)
- OLCC
 - 90 days
- ODA / FDA
 - Planning meeting / Initial Inspection / License issued.

TTB

- Will require signed lease or ownership documents.
- Background information on all owners over 10%.
- Land Use approvals
- Brewery equipment / layout
- New for 2017 – no bond requirement for breweries owing less than \$50k in taxes.

OLCC

- Background and criminal histories on all owners and associates (spouse)
- Local Sheriff or Police will be involved with signing off.
- Submit layout of seating, bar, hours, etc.
- Requires \$1,000 bond.
- Postings

Taxes and Filing Requirements

- TTB – Currently \$7.00 per bbl sold (31 gallons)
- Can now be filed on a yearly basis for small breweries.
- OLCC - \$2.60 per bbl sold
- Filing monthly.

Utility Consideration

- Septic – not a long term solution.
- Sewer was not available to be hooked up to.
- County would not allow me to expand if I found a building on the sewer.
- Would need to move to area with industrial capacity.
- More municipalities are measuring effluent at point of discharge.

Distribution in Oregon

- Level playing field – unlawful to extend credit.
- Cash or Check on delivery.
- Can't discount for volume buying.
- Distributor can have net terms with supplier (brewery).

Self – Distribution - Cons

- Taprooms / Pubs / Taverns like dealing with one or two distributors.
- Don't price below market
- Tough to get permanent handle
- Hard to have broad geographic distribution
- Some accounts don't trust self-distribution

Self Distribution - Pros

- Margins are better.
- Build value to your brand that can be purchased by distributors.
- You control the brand message.

Distributors

- Getting very hard to be picked up!
- How much will they buy your brand for?
- Margin – be prepared to have them take around a 30% margin.
 - Calculating margin (not markup)
 - Selling Price X 0.70 to calculate a 30% margin for what you will net.
 - Distributor sells 1/2 bbl for \$150 – you will get \$105
 - Distributor sell 1/6 bbl for \$68 – you will get \$47

Distributors

- Who pays for samples?
- Cost sharing on things like tap handles and other swag (signage).
- Advertising Costs / Budgets.
- Dedicated Craft Beer sales team?
- What happens if you want to switch distributors – buyout costs

Morgan Distributing

UINTA
BREWING
CO.

two beers
brewing co.
Seattle, WA

BORING
BREWING CO.

SISTERS, OREGON
THREE
CREEKS
BREWING CO.

Silver Moon
BREWING
BEND, OR

TWO KILTS
BREWING CO.
SHERWOOD, OREGON

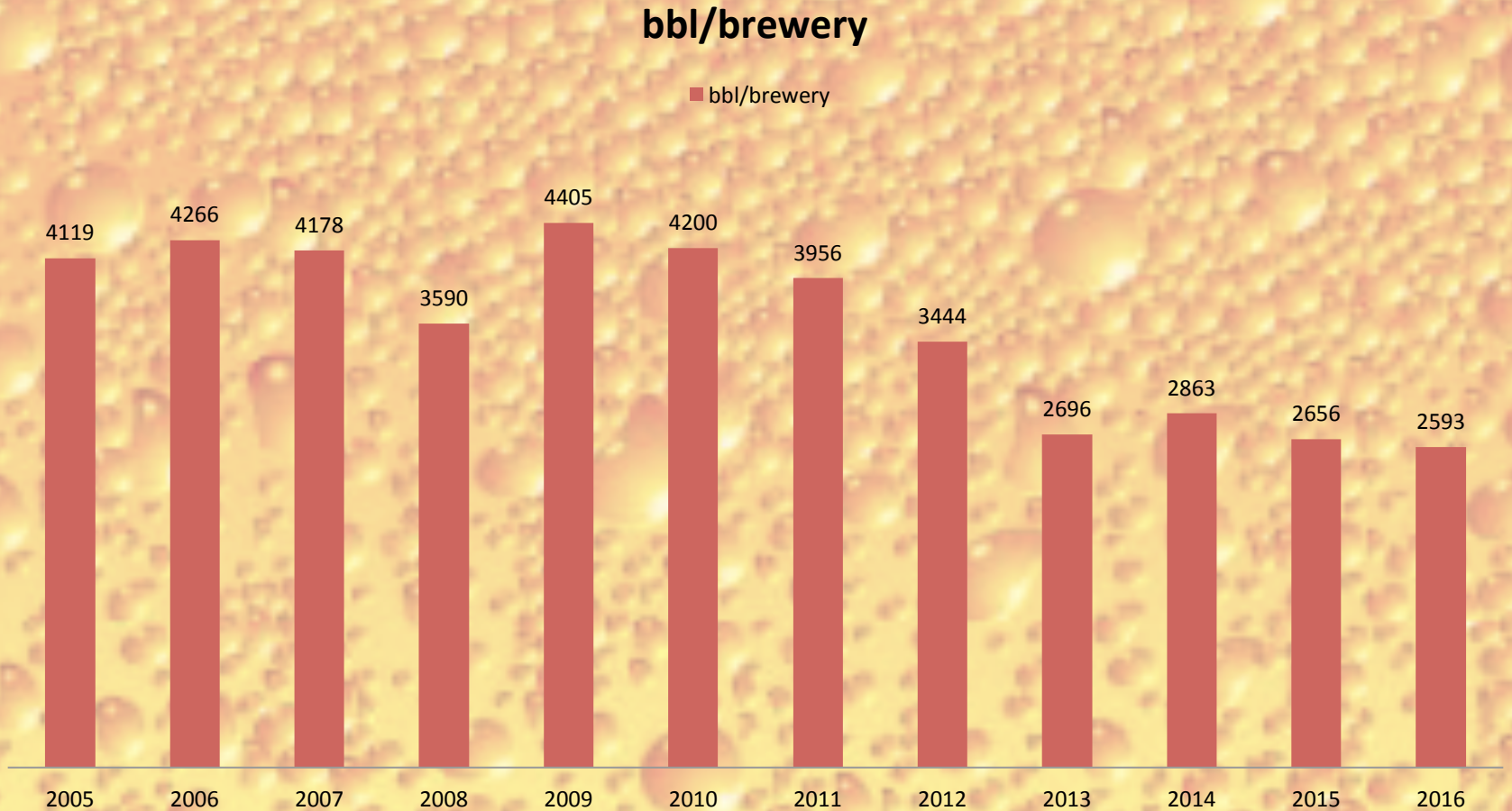
GILGAMESH
BREWING

MDI

MORGAN
Distributing Inc.
SINCE 1959

www.morgandist.com

BBLs per Oregon Brewery sold in Oregon



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