

## COMPANY OVERVIEW

### What is a Craft Brewery?

According to the Brewers Association, the trade association representing small and independent American craft brewers, an American craft brewery is:

*Small:* Annual production of 6 million barrels of beer or less. Halpatter Brewing Company will be further defined as a Microbrewery, producing less than 15,000 barrels of beer per year with 75 percent or more of its beer sold off-site. Microbreweries sell to the public by one or more of the following methods: the traditional three-tier system (brewer to wholesaler to retailer to consumer); the two-tier system (brewer acting as wholesaler to retailer to consumer); and, directly to the consumer through carry-outs and/or on-site tap-room or restaurant sales.

*Independent :* Less than 25 percent of the craft brewery is owned or controlled by a beverage alcohol industry member that is not itself a craft brewer.

*Traditional:* A brewery that has a majority of its total beverage alcohol volume in beers whose flavor derives from traditional or innovative brewing ingredients and their fermentation.

### Why Craft Beer?

Craft beer has been described variously as 10 minutes of pleasure, pure happiness in a glass, authentic, archetypical, an intellectual beverage that is to be savored not swilled and much, much more. It is enjoyed for everyday celebrations and is viewed by many as one of the special things in life that makes the day taste and feel a little better.

Each glass displays the creativity and passion of its maker and the complexity of its ingredients. Craft beer is treasured by millions around the world who see it as not merely a fermented beverage, but something to be enjoyed in moderation, shared and revered. It is a versatile beverage that not only enhances food when paired, but is also often brought into the kitchen as a cooking ingredient.<sup>1</sup>

### Our Name

Halpatter Brewing Company takes its name in an effort to pay homage to the history and culture of their home town of Lake City, Florida and the surrounding Suwannee Valley region. The company is named after Halpatter Tustenuggee, or Alligator Warrior, the best known former resident of Alligator Village, the Seminole Indian community which was originally located in the vicinity of the lakes of what is now known as Columbia County, and which was renamed Lake City by the Florida Legislature in 1859.

---

<sup>1</sup>What is Craft Beer?, [craftbeer.com](http://craftbeer.com)

## COMPANY OVERVIEW (CONTINUED)

### Our Story

In the summer of 2013, the original concept of Halpatter Brewing Company was conceived by beer aficionados, home brewers, and brothers-in-law Chris Candler and Jeremy Gable over beers, in a pool, at a family birthday party. Though the desire and dedication were present, the idea never progressed past a dream because the two simply did not possess the entire set of necessary abilities. Fast forward two years to May 2015 when, by happenstance, Chris learned of fellow home brewer Jonny Frazier and contacted him in hopes of finding another local brewer interested in sharing thoughts and techniques. Though the intent was never to open a brewery, after several brewing sessions, the three became fast friends and realized that they created a dynamic team, each with a different but vital set of skills: with Chris as a long time business owner, Jonny as an engineer, and Jeremy as a graphic designer. And with the introduction of Jonny's passion, extensive knowledge of automated manufacturing processes, and unwavering attention to detail, the quality and reproducibility of the now formed venture's offerings skyrocketed. Public interest began to grow almost immediately and within months Halpatter was accepting invitations to attend tasting and charity events and festivals. These invitations culminated this past April with Halpatter's attendance at the Hogtown Craft Beer Festival, a popular annual event in Gainesville, Florida which features over 110 local, national, and international breweries and an annual attendance of 1,600. The future looks extremely bright for Halpatter Brewing and the guys look forward to pursuing their passion of brewing great beer and seeking opportunities to positively impact their neighbors and visitors alike.



Jonny, Chris, and Jer at the Gateway City Craft Beer and Wine Festival - Feb. 2016

## **COMPANY OVERVIEW (CONTINUED)**

### **Mission Statement**

The mission of the Halpatter Brewing Company is to craft and serve the highest quality beers in an environment that seeks to positively impact our patrons and community.

### **Core Values**

Halpatter Brewing will always go the extra mile for the sake of quality and craftsmanship. Our standard is not to be okay or even good but to be a company who sets standards for other breweries.

Halpatter Brewing will always strive to positively impact people and our community. Whether through charity work and community involvement and/or simply by creating a place people feel connected to, a place they will come and stay awhile, a place to take pride in, and a place where they know they can find “real beer” and “real people”.

Halpatter Brewing will always seek to obey a moral compass. Being profitable is essential, but never at the expense of others. Families, marriages, and friendships come first: for owners AND employees.

Halpatter Brewing will always seek to provide an environment where its owners and employees can pursue their passions and will never stifle creativity. It is our intent to provide an environment where our work is meaningful and where we can experience others enjoying what their laborings produce.

## INDUSTRY AND MARKET ANALYSIS

### Market Overview

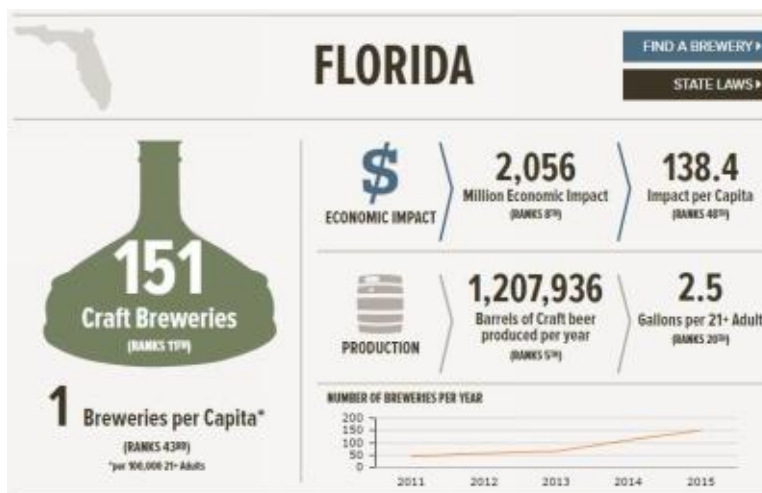


**National Trends:** According to the Brewer's Association, past growth in craft brewing has been stunning, with the number of micro breweries increasing from 273 in 1995, to 345 in 2005, to 2,397 in 2015. Further, craft beer and brewing remains a growth industry, with a 12.2% share of the overall beer market volume in 2015 but, predicted to grow to 20% by 2020. By comparison, in 2010, craft brewers commanded only a 5.0% market share. In a March 22, 2016 press release, Bart Watson, chief economist with the Brewers Association indicated. "For the past decade, craft brewers have charged into the market, seeing double digit growth for eight of those years". Mr. Watson further stated, "There are still a lot of opportunities and areas for additional growth. An

important focus will remain on quality as small and independent brewers continue to lead the local, full-flavored beer movement."

**State of Florida Trends:** Surprisingly, Florida is extremely under represented in the market, ranking 43rd in breweries per capita and 48th in economic impact per capita. A February 2014 report prepared by the University of Florida indicates the following:

"The Florida craft brewing industry has grown rapidly over the past few years. The number of planned breweries and industry optimism suggest that growth will continue. Based on capita-per-brewery data from states with mature craft-beer industries (California, Colorado, Oregon and Washington), Florida's population could support almost 550 craft breweries." "At that level, the total output contribution of craft brewing in the state could reach \$2.5 billion and more than 40,000 jobs. The growth potential for the craft brewing industry in Florida is immense."



## INDUSTRY AND MARKET ANALYSIS (CONTINUED)

Local Trends: It's no secret that Lake City and Columbia County is a market with tremendous growth potential. This growth potential is being realized in a myriad of recent past projects situated along the primary corridors of the area. Within the past five years, the primary corridor of US Highway 90 has seen the addition of Olive Garden, Longhorn Steakhouse, Chick-Fil-A, Dairy Queen, Panda Express, 1000 Degrees Pizza, Buffalo Wild Wings, and Panera Bread restaurants; several major retailers including Discount Tire, Harbor Freight Tools, Tractor Supply, and Ashley Furniture; newly constructed Honda and Kia automobile dealerships; and numerous professional and medical office facilities. This growth is expected to continue into at least the near future, with several major projects currently under construction or planned for the coming months. These include a 30± acre tract in the northwest quadrant of the Interstate Highway 75/US Highway 90 interchange that is currently being developed as a retail center that will house a multi-pump service station, a Denny's Diner restaurant, and a national flag hotel; a three unit multi-tenant strip center currently under construction and planned for occupancy by Dunkin Donuts and several other national chain restaurants; an 18± acre parcel which is planned for redevelopment with a "Big Box" retailer and junior anchor; and a dilapidated hotel which is proposed for demolition and redevelopment as an Aldi grocery store.

In addition to catering to its local residents, Lake City serves as the regional hub of development by being the largest population center in the Suwannee Valley region. Lake City businesses therefore enjoy exposure to a potential population of nearly 180,000 from five surrounding counties.

Lake City is also a municipality that has recently embraced downtown redevelopment with hopes for a vibrant central business district. The recent addition of the Marion Street Café to the Marion Street corridor, the planned 14 million dollar renovation of the Blanche hotel, and the planned 1.6 million dollar expansion and renovation of the downtown Wilson Park all will serve to revitalize the neighborhood to which Halpatter Brewing will belong.

With regard to craft breweries, however, a review of the location of existing breweries in the North Florida market reveals that Lake City sits in the middle of a "50-mile hole" where the nearest offerings are in Gainesville, Tallahassee, and/or Jacksonville. Demographics research has revealed that nearly 90,000 individuals over the age of 21 reside within a 25-mile radius of the proposed location of the brewery. Further statistical research has indicated that, with no local brewery option, a potential population of between 25,000 and 35,000 "beer drinkers" are currently underserved in the Greater Lake City market. This is further supported by the recent success of the Gateway City Craft Beer and Wine Festival which was held for the first time on the shores of Lake Desoto in downtown Lake City in February 2016. The event drew 29 breweries, a crowd of nearly 1,000, and rave reviews.

### Potential Market Impact

The research we have performed on the national craft beer industry has indicated that "Craft breweries are good for local economies. They create jobs, contribute to city coffers, are often generous to local charities and causes, and are usually willing to move into areas that are in need of rehabbing. (Craft Beer's Positive Community Impact, *Craft Beer Magazine*, August 2014)"

## INDUSTRY AND MARKET ANALYSIS (CONTINUED)

The economic impact of the craft brew industry is well documented. The Brewers Association reports that the industry contributed \$33.9 billion to the U.S. economy in 2012, and more than 360,000 jobs. In 2014, BA reported approximately 3,418 craft breweries in operation throughout the U.S., up 19.4 percent since 2013. Just over 450 new breweries came online in 2014 while less than 25 ceased operations.

The impact, however, transcends potential financial gains. In a March 2016 article for *All About Beer Magazine* titled “Breweries Are the Mark of a Thriving Community”, author Jeff Alworth states that breweries “are people magnets, bringing folks in who are curious to try a pint of locally made IPA. In fairly short order, breweries can create little pockets of prosperity in cities that can (and often do) radiate out into the neighborhood. Pretty soon, other businesses see the bustle and consider moving in, too. It doesn’t hurt that breweries often find run-down parts of towns that have great buildings. Once a brewery moves in and refurbishes an old building, it reveals the innate promise of adjacent buildings to prospective renters.” He further, and likely more importantly, continues “But the effect may even be stronger in smaller communities. Little towns are often underserved with regard to cool places to hang out. When they open up shop, they provide much-needed social hubs. That the rent is cheaper there than in big cities gives these breweries a competitive boost, to boot—and we have seen many small towns (like Petaluma, California; Kalamazoo, Michigan; and Milton, Delaware) spawn outsized breweries. And whether they’re in small towns or cities, breweries serve an important community-building function. They’re not only a nice place to spend an evening, but serve as venues for events like meetings, weddings, and even children’s birthday parties.”

His observations are not unique either, they are echoed in numerous articles and publications touting craft breweries’ positive impact on communities. And his observations were derived in response to the results of a three year study published in *The Atlantic* which identifies the presence of craft breweries as one of 11 markers of a successful town.

**“11. They have craft breweries.** One final marker, perhaps the most reliable: A city on the way back will have one or more craft breweries, and probably some small distilleries too. Until 2012, that would have been an unfair test for Mississippi, which effectively outlawed craft beers by setting maximum alcohol levels at 5 percent. Now that law has changed, and Mississippi has 10 craft breweries. Once-restrictive Utah has even more. A town that has craft breweries also has a certain kind of entrepreneur, and a critical mass of mainly young (except for me) customers. You may think I’m joking, but just try to find an exception. (Eleven Signs a City Will Succeed, *The Atlantic*, March 2016)”

As indicated in our Mission Statement, it is the intent of Halpatter Brewing Company to create “an environment that seeks to positively impact our patrons and community.” Whether through our economic contribution; special events; planned event space for weddings, meetings, etc.; or community involvement; we are convinced that our impact on Lake City will be beneficial, tangible, and sustainable.