



BUCKEYE POWER CURRENT

August 2015

How Infrastructure Won BrewDog's USA Headquarters



It's hard to top the glitz associated with a site selection project that includes craft beer production, a tap room and internationally-known celebrity company founders. But it was the less glamorous infrastructure that almost stole the show in BrewDog's search for its North American headquarters and first stateside production facility.

BrewDog is one of the fastest growing craft beer brands in the fastest growing segment of the beer market. The Brewers Association, a national trade group, has an aspirational goal for craft brewers to increase their 11 percent market share in 2014 to 20 percent of the beer market by 2020.

With BrewDog's desire to be operational by July 2016, a shovel ready site with excellent logistics, industrial zoning, and future rail access for incoming grain and outbound shipment of distiller's solids was just the starting point. The capacity, quality and reliability of water, electricity and sewer were critical factors in the site decision.

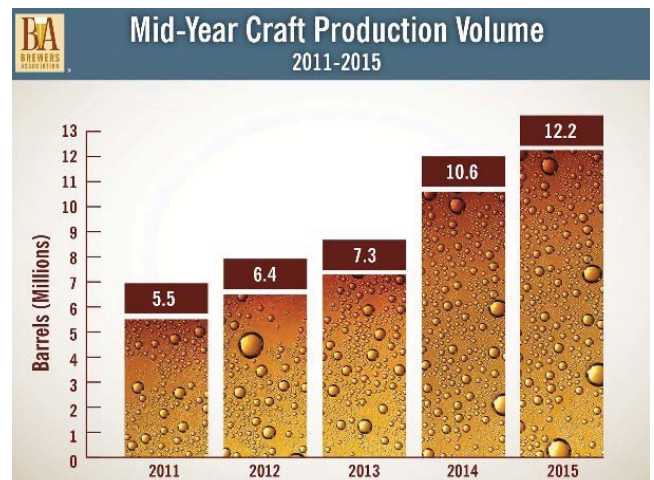
Substantial water need filled by excess capacity.

The U.S. BrewDog brewery expects to produce 85,200 barrels in its first year and 852,000 barrels at full capacity. When production starts, BrewDog will be using approximately 32,000 gallons of water per day and will use more than 300,000 gallons per day at peak capacity.

"BrewDog will be the largest water user in Canal Winchester," according to Lucas Haire, Development Director for the City of Canal Winchester. "The city has enough reserve capacity to be able to meet their needs. The only accommodation is that we'll likely have to use wells continuously that we currently only use during peak summer usage."

Sewage surcharge in lieu of pre-treatment.

The initial BrewDog facility will be 100,000 square feet with an expected expansion to 300,000 square feet and 250,000 barrels of production in three years. Eventually the brewery will need to install facilities to pre-treat production discharge in order to reduce the volume of biologics and total



According to new mid-year data released by the Brewers Association, American craft beer production volume increased 16 percent from January through the end of June 2015. Approximately 12.2 million barrels of beer were sold by craft brewers, up from 10.6 million barrels during the first half of 2014.

suspended solids. But because Canal Winchester has the capacity to treat both the strength and volume of the initial-phase discharge, the city created a sewage surcharge that will allow BrewDog to delay installation of expensive pre-treatment equipment.

Significant electricity requirement solved with on-site substation.



The BrewDog facility will have several fermentation and processing silos that are each 65-feet-tall. During production, the beer in the silos must be maintained at precise temperatures. The brewery has a substantial power requirement and a significant requirement for back-up power as well.

Canal Winchester is home to several major manufacturing companies that each have large power loads and redundancy requirements. Jeff Campbell, South Central Power Company Director of Energy Services, said, “The electric cooperative already serves several heavy-load members nearby and has capacity for future growth in this area. In fact, South Central Power Company has a substation located adjacent to BrewDog’s site.”

Creative incentives help close the gap.

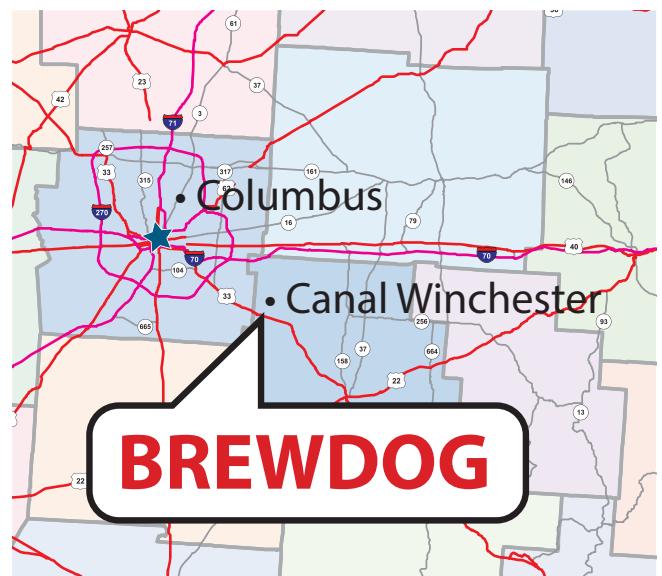
The new BrewDog site was excess land owned by auto supplier TS Tech. A portion of the 52-acre site was under a long-term lease until 2034 to Canal Winchester for use as parkland and soccer fields. The site was also 10 acres larger than BrewDog needed. Canal Winchester opted to immediately capitalize their lease and purchase the excess land outright for \$400,000 which reduced BrewDog’s upfront costs.

In addition to an eight-year, 60% Ohio income tax break and a 15-year, 100% property tax abatement on improvements, the City of Canal Winchester waived more than \$325,000 in building permit fees and water and sewer capacity fees. Income taxes from the project’s 125 employees are expected to exceed \$100,000 per year.

Where there’s one dog, there’s likely a pack.

The Brewers Association’s mid-year data reported that as of June 30, 2015, 3,739 breweries were operating in the U.S, an increase of 699 breweries over the same time period of the previous year. Additionally, there were 1,755 breweries in planning.

“Craft brewers are collaborative and clusters are a big thing in this industry,” said Haire. “BrewDog will be a great tourism generator for Canal Winchester and the region. The nearly 30 craft breweries in the Columbus 2020 region will attract visitors for brewery visits, tours and events as well as additional brewers.”



Kenny McDonald, CEcD, Chief Economic Officer of Columbus 2020, added, "More than 170 food and beverage manufacturing companies thrive in the Columbus Region. Our strategic location, robust logistics facilities, abundant natural resources, and exceptional infrastructure provide access to suppliers and consumers around the world."



About BrewDog:

Growing from two men based in a shed in the northeast of Scotland in 2007, BrewDog has become the UK's fastest-growing food & drinks brand, opening 28 bars worldwide since 2010, now exporting to 55 countries and employing more than 365 staff. It announced its sixth consecutive year of record growth earlier this year, having increased its annual turnover by a whopping 63 percent.

About Canal Winchester:

The City of Canal Winchester is one of Central Ohio's fastest growing communities with a friendly and thriving business climate, historic downtown, two successful and growing industrial parks, a medical campus, and abundant retailers and restaurants. Located on the U.S. Route 33 corridor, the City is within a one day drive of 60% of the U.S. population and 40% of the Canadian population. With only a five-minute drive to I-270 and 15 minutes to downtown Columbus, Canal Winchester is easily accessible to Port Columbus International Airport, Rickenbacker Air Cargo and Intermodal Facility and the entire region.



Buckeye Power and Ohio's Electric Cooperatives can help with:

- Comprehensive site and building portfolios
- Preliminary site studies
- Site search tours
- Assistance in identifying financial incentives
- Electric rate analyses
- Community profiles
- State and local government contacts
- Contractor introductions

Look for Us:

Industrial Asset Management Council (IAMC) Fall 2015 Professional Forum

September 26 - 30, 2015
Cleveland, Ohio

Ohio Economic Development Association (OEDA) 2015 Annual Summit

October 21 - 23, 2015
Columbus, Ohio



Contact Us:

Dennis Mingyar

Buckeye Power Inc.

www.buckeyepowersites.com

6677 Busch Boulevard

Columbus, OH 43229

614-430-7876

dmingyar@buckeyeenergy.com