



Testimony of Amy Fox
President/Operations, Spiral Brewery

House Committee on Small Business Hearing on
“Honoring the Nation’s Small Business Heroes”

May 8, 2019

Spiral Brewery
111 2nd Street East
Hastings, MN 55033
spiralbrewery.com

Thank you, Chairman Velázquez, Ranking Member Chabot, and the other members of the House Small Business Committee for the opportunity to speak with you about Spiral Brewery and our experience as a small business in Hastings, Minnesota.

Thank you also to Representative Craig for inviting Nick, Jen and I here today to testify and represent Minnesota's Second Congressional District and our hometown.

Spiral is proud to be "brewing community" through quality beer and rich history, and we are thrilled to be able to tell you all about the Spiral Story today.

The Spiral Story

About six years ago, we started dreaming of beer. Jen Fox, Nick Fox, and Amy Fox were drinking Minnesota craft beer and discussing our deep love for our hometown, Hastings, MN. In that moment, we saw Spiral Brewery. After a few months of dreaming, we started transforming our big ideas into a plan. With countless and tiring hours of industry research and informational interviews with the generous craft beer community in Minnesota we had the beginning of a business plan. After being reconnected with our friends Luke McGuire and Claire Sandahl, we had the beer and we had our team.

At this time, 2015, the craft beer market was beginning to boom in Minnesota, but our region was completely void of a taproom and distribution brewery. Hastings is a unique town on the Mississippi River that was in a time of transition and growth. The combination of this geographical brewery void, the town's continued growth and our desire to contribute to our beloved hometown made it the perfect time to bring Spiral Brewery to fruition in Hastings' historic downtown riverfront district.

After releasing our business plan in 2015 in order to publicly announce Spiral Brewery, we began working with the City of Hastings to amend brewing ordinances and regulations. Since Hastings' had not had a beer manufacturing facility since prohibition, there was a fair amount of learning that took place on both sides in order to successfully complete the various processes and paperwork required on the city, state and federal level. Luckily the city, both staff and elected officials, and our local Chamber of Commerce is supportive of new business and was yearning for creative entrepreneurs.

Spiral Brewery was always going to be located in Historic Downtown Hastings. Now we needed to find the right building and the appropriate financing.

Financing Story

Opening a brewery is an extremely expensive small business endeavor. Spiral Brewery needed to raise \$1,200,000 for the initial construction and upfront costs to cover

brewing equipment and materials, taproom renovation, branding and marketing, and professional expenses.

Through consultation and advice from the brewing community, industry research, and valued business consultants, we knew we would like to solicit over half of our funds from an SBA Loan to support our business. Finding a financial institution to back a brewery is a complex process and quickly became one of our biggest challenges. Our team met with and discussed possible loans with about ten different financial institutions locally and statewide.

As stated above, breweries are expensive upfront, with the renovation of the manufacturing space being very different than your average construction project. That is a tough conversation to have with a financial institution who is unfamiliar with the financing of a distribution brewery. Despite our efforts to keep our financing local, we ended up securing funds through Pioneer Bank out of Mankato, Minnesota in Congressional District 1. The team at Pioneer Bank continues to be involved and dedicated to the success of our business. A benefit of our relationship with Pioneer Bank is our connection to Prairieland Economic Development Corporation (Prairieland EDC), our SBA 504 Loan financier.

Pioneer Bank makes it their business to support brewing and distilling in Minnesota. They understand the beer and liquor industry and are willing to learn and grow with their customers. Spiral Brewery is fortunate to work with them to support the pricey up front cost of starting Spiral Brewery. This was most apparent in their creative structuring of our financing. Pioneer Bank's intimate knowledge of the SBA 504 Loan Program, along with the expertise of Prairieland EDC, allowed for the appropriate budgetary line items to be covered under the SBA 504 Loan, while the other items were financed by a loan direct from the bank. Spiral Brewery would not have been able to open without the financial assistance from our lender and the SBA 504 Loan Program.

The remaining financing of Spiral Brewery came through individual equity investors. With community being in the forefront of our business model, a community-based funding model was developed with nearly 100% of our equity investors coming directly from the Hastings community. And continuing with this fundraising model, we created a Kickstarter campaign to raise community investment, both financial and personal. We ended up surpassing our original goal of raising \$25,000 in 30 days by raising over \$48,000 from 452 unique backers. It has been this community support that has been one of our biggest joys and kept us going through the countless challenges of opening Spiral Brewery. They continue to be a pillar of support in our ongoing progress.

Everyday our Spiral Team are manufacturers, custodians, event planners, servers, apparel designers, saleswomen, delivery drivers, and cicerones. Running a small

business comes with daily joys and challenges, as we often face unexpected hurdles. When challenges present themselves, we think creatively, we research, and we rack our brains to make sure we are brewing the best beer possible. We would not be where we are today without each one of our backgrounds and experiences.

Hastings' Story

Spiral Brewery has been open for just over a year now, and in that time, it has proven itself to be a destination brewery and taproom that excels at sharing its craft with its patrons. Beyond the product line, we provide the community with a unique destination to socialize and experience the craft brewery culture. Over the past year, Spiral Brewery has become a destination for beer lovers from across Minnesota's metropolitan area and a beer to seek out at liquor stores, bars, and restaurants in our region.

Hastings is well known for its rich history, which in turn draws tourists to our riverfront and historic downtown area. The addition of Spiral Brewery adds to the vitality of established businesses along our main street, where over half are also women owned and operated. Spiral builds and encourages our local business, and helps our city prosper with new people to experience our community. Our taproom provides a destination for Hastings community members to spend time and money in our Historic Downtown District.

The story of Spiral Brewery encourages our community to believe in people with a dream and supports people who work hard for things they are passionate about.

Hastings was a brewing community before Prohibition and Spiral Brewery brought it back to its brewing roots. Our work is based in history and built on the bright future of our town on the Mississippi River and the economic strength of Minnesota.

Thank you again for allowing me to testify today before the Small Business Committee. I am happy to answer any questions you may have.