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Tapping into a growing client base

Jeff O'Brien is key player in booming craft beer market

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To brew beer you need water, hops and barley. To start a brewery you need money, a license and production space.

If you can provide the beer, Jeff O'Brien can help you start the brewery.

In case you haven't been paying attention, there is a craft beer boom going on in Minnesota. Beer drinkers are trading in Budweiser and Miller Lite for Chocolate Milk Stouts and Coffee Porters. The group Minnesota Beer Activists reports there are about 45 homegrown brewers responsible for about \$800 million for the state's economy and more than 8,000 jobs. Minnesota brewed 308,000 barrels of beer in 2012— good enough for the No. 10 spot of top producing states.

Surly, Summit, Lift Bridge and Boom Island have all helped to put Minnesota brewers on the map, but so too has O'Brien, a business and real estate transactions lawyer at Lommen Abdo in Minneapolis.

O'Brien has found a niche among the ales, lagers and ryes. He lists about a dozen breweries and one liquor distillery among his clients. He guides entrepreneurs from thinking about brewing beer for a living to actually doing it, while avoiding the hangovers along the



STAFF PHOTO: BILL KLOTZ

Jeffrey O'Brien, left, and client Rob Miller test the product at Dangerous Man taproom in Northeast Minneapolis. Miller, the taproom's founder, says when he first met the lawyers at O'Brien's firm, Lommen Abdo, he was impressed because they asked him why he didn't bring beer to sample.

way.

"You really don't have to twist my arm to take a 3 p.m. meeting at my client's office," he said. "They have good ideas; work hard and they are risk takers. I like working with people like that. It's rewarding and a lot of fun."

He started working with beer and liquor clients in 2009 and soon after wrote a 10-step guide on how to open your own brewery for The Growler, a local craft beer magazine. The text became his manifesto and introduction

to potential clients. The article quickly drew attention from many in the brewing community and the calls started coming in from people curious to see what they needed to do to start a brewery.

Around the same time O'Brien wrote the guide on how to start a brewery, a new law took effect that dramatically sped up the renaissance in local brewing. In 2011, Minnesota passed the so called "Surly Bill." Named after the Surly Brewing Co. in Brooklyn Park the

Beer 'People ask me if this is all a fad. I don't think so'

Continued from page 1



STAFF PHOTO: BILL KLOTZ

The exterior sign at Dangerous Man Brewing Company in Northeast Minneapolis. Dangerous Man is among attorney Jeff O'Brien's oldest taproom clients.

measure allowed commercial brewers that sell fewer than 250,000 barrels of beer a year to sell their beer on-site. Small breweries now don't have to pay the cost of bringing their product to market. They can control the distribution and cut out the middle man. There are at least 35 taprooms in the state with more opening all the time.

"That bill was the game changer," O'Brien said. "It used to be you had the big guys like Summit and Surly and Fulton. You can buy their product at the liquor store or it's on tap at bars. But the taproom bill allowed for the second wave of breweries that brew their own beer in back and sell in front."

When the bill passed, O'Brien positioned himself as one the go to sources for help. He joined Lommen Abdo in 2012 and did a lot of blogging and networking in the industry. He was a fan of the band KISS as a teenager and said he used their approach to marketing by

getting your name out there as much as possible to drum up business.

Soon, he started getting referrals from happy clients and now inquiries come in from out of state. Cities and municipalities now ask O'Brien to review their laws and ordinances to make sure they are friendly to breweries. To capitalize on the new business, Lommen Abdo firm started the brewery and distilleries law team with O'Brien, employment attorney Stacey Dekalb and trademark attorney Tim Matson. The firm forms smaller groups within practice areas from time to time to focus on specific industries or clients, said Phil Cole, the firm's president.

One recent Friday O'Brien visited one of his first clients at the Dangerous Man taproom in Northeast Minneapolis, to have a beer and talk some business. He was in the Minneapolis City Council chambers

when the city approved Rob Miller's request to build the taproom. It opened in January 2013. The brewery is across the street from a church so the city needed to approve an ordinance exemption.

Miller started home brewing a decade ago and got serious about opening his own brewery when the Surly bill passed. He refined his beer recipes and signed up investors. When it came time to hire an attorney, he asked other breweries for recommendations. O'Brien's name was at the top of the list. For Miller, his lawyer had to know the industry and be excited about the project.

The first time he met with the Lommen Abdo lawyers he was impressed because they razzed him about not bringing beer in to sample.

After that we hit it off, Miller said.

"For the next meeting I snuck four beers in to this downtown skyscraper and we sampled them at the big table in

Beer

Continued from page 2



The brewer's lawyer

Minneapolis attorney Jeffrey O'Brien has an impressive client list in the beer and liquor business. Below is a taste:

Breweries

Dangerous Man Brewing Company, Mpls.

Joseph Wolf Brewery, Stillwater

Day Block Brewing, Minneapolis

Hayes Public House, Buffalo

Bent Brewstillery, Roseville

Opening this year:

U4IC Brewing, Blakeley

Urban Growler Brewing Company, St. Paul

Insight Brewing Company, Minneapolis

Distilleries

The 11 Wells Spirits Company, St. Paul

"Jeff has taken more than one highly successful brewer from concept to keg while handling legalities from the local to the federal level. Jeff is making Minnesota a better place one brewery client at a time," Schmitt said.

O'Brien prefers to start working with his clients early on to take a look at the business plan and give a realistic picture of what his services will cost. Sometimes the firm will extend credit to the clients while the business is in the incubation stage and raising money.

"That's the nature of working with startups. The clients aren't always ready to write the checks to their lawyers

the conference room," he said. "You could tell they liked beer and they knew what they were doing. I had confidence that they could handle anything that came up."

There's a lot of work in beer law across many disciplines. O'Brien helps his clients form a business, secure financing and setup shareholder agreements, acquire real estate and apply for licenses. He trademarks the name of the brewery and the beers and negotiates agreements with distributors and irons out employment disputes. His most important service might be walking clients through the process of getting a license from the federal government to start commercial brewing.

It's not easy getting a license to brew in Minnesota compared with neighboring states, said Andrew Schmitt, a board member of Minnesota Beer Activists. It is very difficult for a brewer to go it alone.

right away, but the tradeoff is when they are up and running you have a nice, high profile client," he said.

Miller said one of the main reasons he hired O'Brien was that he gave him a flat rate for the first year.

"For a startup like us, that was huge," he said. "There was no B.S. There was nothing hidden. We knew what it would cost and then we looked at the numbers and said, 'Yes. We can do that. We can swallow that number.'"

O'Brien knows his beers. He can talk IBUs and IPAs with the people that brew beer for a living like Miller. When he goes out to eat, or to the liquor store, he buys his clients' products. But don't ask him to choose a favorite.

"I love all of them like my children," he said. "It depends on what I'm going to

be doing. Am I sitting outside on the deck? Am I pairing it with a meal? What kind of food?"

He said he prefers lighter beers like Kolschs and German style pilsners. Lift Bridge's Pathway Pilsner is a favorite. He recently had a Berlin Style Weisse beer from Joseph Wolf that "blew me away."

"My wife is more of a wine drinker, but she is a good sport about all the beer. She recently had some of the [Joseph Wolf beer] and loved it. I had to make a special trip to pick up more," he said.

O'Brien said the third wave of the beer boom, and the next spot for expanding his practice, is outside the metro. Breweries are opening in the suburbs, exburbs and outstate Minnesota. He already has clients in Jordan, Buffalo and Belle Plaine. In addition to new breweries, a handful of liquor distilleries have opened recently in Minnesota with more in the works. The distilleries have pushed for legislation that would allow them to sell their spirits on site, using the taproom model.

"People ask me if this is all a fad. I don't think so. It's Minnesota. We have that German heritage. We've always had beer here, from Hamm's, Schmidt, Shell's and Cold Spring. This is just the latest version: small, independent craft brewers." 



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