



The Official Newsletter of the Cloudy Town Brewers

February 2002

<http://www.cloudytownbrewers.org>

Next Meeting

Wednesday February 6, 2002

7:00 P.M. at

Granite City Food & Brewery

Meeting Minutes

Thanks to Muligan's Restaurant for hosting the January meeting.

Tom Zupanc was given a check to pay Jasper Bonds for the mugs with the club logo. We discussed ideas for the club to do such as a brewery tour of Schell's or Summit. We discussed possible club equipment purchases such as a basic brewing kit for beginners and apple press. We discussed purchasing more books for the library.

To help improve our relationship with the new owners of Baker's and to help improve their employee's knowledge of brewing we suggested we contact them and do a brewing training session for their employees. Tom has been in contact with them and has left some club members' phone numbers who are willing to field questions. They have graciously extended a 10% discount to club members and are

willing to add special orders to their orders. They order 2 to 3 times a month and would appreciate feedback on how to improve their inventory selection for the intermediate to advanced brewer. We have left club brochures and Deb Dusich has volunteered to create a poster for us to have in Baker's.

We also discussed the possibility of getting someone in to MC the competition. Larry Nusbaum was going to post the competition on listservs as he did last year. The date for the best of show has been set for March 23 from 1 p.m. to 5 p.m. Granite City is not going to do a special prize for stout but they will still donate a bag of grain. Granite City is also willing to do a social the night before the competition from 9 p.m. to midnight with a 20% off guest check. We also discussed sending out a postcard to those who entered the competition last year notifying them of this year's competition. Driving expenses and paying for hotel rooms were also brought up as promotion to help get us judges.

Competitions

On March 23, 2002 the Urban Knaves of Grain will be hosting their Drunk Monk Challenge. Entries are due between March 7, 2002 and March 15, 2002. Entries are \$6 for the first and \$5 for each additional. For more information see

<http://www.sgu.net/ukg/dmc>.

On March 23rd, we will also be hosting our competition, March Mashness. Entries are \$6 and we will be accepting entries from February 25th through March 8th. Last year our club members took 5 medals. This year lets improve on this.

For more competitions visit the Events & Calendar on the AHA's web site at <http://www.beertown.org/cgi-bin/Cal/calgen.cgi?category=HB>.

Club Only **Competitions**

Please bring any Porter you might have to the March meeting so they can be judged for the next club-only competition.

March 30, 2002 – Porter

Hosted by Phil Clarke and the New York City Homebrewers Guild

Entries due by March 23, 2002
Entries will be judged on Saturday
March 30, 2002

Shipping Address
NYCHG
c/o Marc LaPointe
425 Park Avenue South #6A
New York, NY 10016

Category 15 Porter

May 2002 - India Pale Ale

Hosted by Jeff Smith and the South Gasconade Brewing Society of Owensville, MO

Category 7 India Pale Ale

AUGUST 2002 - American Lager Competition

Hosted by Dave Houseman and the Beer Unlimited Zany Zymurgists (BUZZ) of Malvern, PA

Category 1 American Lager

SEPTEMBER/OCTOBER 2002 - Strong Belgian Ale Competition

Hosted by Mike Moranz and the Minnesota Homebrewers Association of Minneapolis, MN

Category 18 Strong Belgian Ale

March Mashness

Darin Dorholt has been in contact with Larry Bell, president of Kalamazoo Brewing Company. He is willing to come for the competition and the social the night before and help out in any way possible. At the February meeting we will discuss what we want him to do, MC, judge or something else.

Please support the sponsors of our competition. The confirmed sponsors we have as of now are:

Granite City Food & Brewery
Beer, Beer, and More Beer
Kalamazoo Brewing Company
St. Patrick's of Texas
Northern Brewer
Great Lakes Brewing News
Brew Your Own Magazine
Cargill Specialty Malts
Promash

White Labs, Inc.
Wyeast Laboratories, Inc.
LD Carlson Distributors
HopUnion
Three Floyds Brewing Company
Puterbaugh Farms Hops Direct
Briess Malting Company
Midwest Homebrew Supplies
Nortwestern Extract

Cloudy Town Brewers **Mugs**

Tom Zupanc will have some of the Cloudy Town Brewers mugs available for sale at the February meeting. The mug has wider base in a gray color with the club logo stamped in blue gray and green hop ring decal. The mugs cost the club \$7.50 a mug and we agreed on selling them for \$10.

Cloudy Town Brewers **Website**

We have launched a new design for the club website. The frames have been eliminated and many new features have been added. A member's area has been added. It includes an update form for your information such as address, phone and email; the ability to add links to the club's links page; add an award that you have won in a competition; add a competition sponsor that you have contacted and a link to the website usage statistics. The member's area is password protected so you need a username and password to access it. If have not received yours please contact James Michael at 253-0933 or jmichael@astound.net.

An events calendar has also been added and anyone whether they are a

member or not can add a beer related event. Just click on "Add An Event" at the bottom of the calendar page. All events are subject to approval and verification before they are added to the calendar. This is major benefit to the club and other brewing-relating organizations giving them a location to post their events and promote them.

More features will continue to be added. If you have any ideas or suggestions, please contact James Michael. With your help we can make the site even better not just for us but also for the whole home brewing community.

St. Paul Brewery May **Shut Down**

By Tony Kennedy
Submitted by Erik Nelson

Star Tribune

Published Jan 30 2002

St. Paul would lose its second brewery in five years if the city doesn't guarantee repayment of a \$2 million bank loan needed to save Minnesota Brewing Co. from financial ruin, the brewery's majority shareholder said Tuesday.

"If they say they don't want to do it, we'll just close her down," said Bruce Hendry, the investor who saved the West 7th Street beer plant from demolition in 1991.

Despite the addition two years ago of an ethanol plant that was supposed to boost business, the maker of Grain Belt and Pig's Eye beer is \$14 million in debt and out of cash. Hendry personally covered the plant's payroll last week.

Under a turnaround plan forged by Minnesota Brewing Chief Executive

and President Jack Lee, \$5.5 million in new loans would be enough to restructure the brewery's finances, fix its bottling line and capture high-volume business that will return the company to profitability and keep the plant's 180 to 225 workers on the job.

Hendry, the principal owner of the brewery and ethanol plant, said he leads a group of investors willing to lend \$3 million of the needed money. But the group's participation is contingent on city backing for an additional \$2 million bank loan, Hendry said. The bank won't lend the money without the city's guarantee of repayment.

"I'm not going to put more money into this operation unless we have the city as a partner," Hendry said. Because of neighborhood complaints about ethanol odors and brewery noise, the city has been at odds with the West 7th Street plant for more than a year. The complaints began after the ethanol plant opened in April 2000.

Lee said neighbors should realize that if the job-intensive brewery closes, the ethanol plant and a related carbon dioxide operation would stay open. The brewery's parent company, MBC Holdings Inc., is separate from the profitable Gopher State Ethanol Co. "We're looking for acknowledgement from the city that it, too, wants the brewery to continue," Lee said.

Dan Smith, project manager for the St. Paul Department of Planning and Economic Development, said the city's credit committee has rated the proposed loan deal and prepared a report for the City Council.

Smith said the committee judged the collateral for the loan -- the ethanol plant -- to be fairly strong. But he said the prospects for repayment were viewed as a problem, based on the brewery's

history of production problems and possibly unrealistic sales projections. The end result was a "doubtful" rating, which doesn't disqualify it for council consideration. "The city has done 'doubtful' loans before," Smith said. Hendry and Lee acknowledged the restructuring plan has risk. But an outside consulting firm, Twin Cities-based Manchester Group, has endorsed it as sound, Lee said.

"There's plenty of risk, yes, but it's reasonable," Hendry said.

When Hendry bought the idle brewery in 1991 from G. Heileman Brewing Co., he received an \$800,000 loan from the St. Paul Port Authority to help bring it back to life. That loan has been repaid.

Several years later, the city of St. Paul granted four acres of land valued at \$370,000 to Summit Brewing Co. for a new plant. Summit's founder, Mark Stutrud, said the new brewery is profitable and in the middle of a self-financed expansion of its production capacity.

In nearby Wisconsin, the La Crosse City Council has lent \$1.8 million to City Brewing Co. in the past two years to revitalize the former G. Heileman plant. City Brewing is a competitor of Minnesota Brewing. Hendry was a vocal opponent of state aid for Northwest Airlines in the early 1990s. Asked how he justifies government help for his brewery, he said: "I'm not asking for help. If they want to keep the jobs, this is what they do. I'm giving them an opportunity to invest in this community. It's not something I'm dying to do." Since Hendry reopened the former Jacob Schmidt brewery, it has incurred combined operating losses of \$12

million. Last year, the brewery lost about \$3 million.

Lee said the biggest problem was a bottling-line upgrade that went bad. Minnesota Brewing bought used bottling equipment to increase production from 30,000 cases of beer a day to 50,000 cases. The investment promised to make the brewery comfortably profitable; especially since the ethanol plant had lowered the brewery's fixed costs. Instead, the bottling line sputtered for most of the year as technicians struggled to keep it working. Production was only 15,000 cases of beer a day. Lee said managing the problem was complicated by the sudden demands of meeting noise and odor limits.

By the end of last year, the brewery was more than \$1 million overdrawn on its bank line of credit, and it owed suppliers and vendors about \$7 million. Meanwhile, the ethanol plant made \$4 million in operating profit before interest and taxes.

"The vision was correct. We lowered production costs and attracted good business," Lee said. "The ethanol plant saved the brewery. In the year 2000 we made our first profit in nine years."

Despite last year's production fiasco, Lee said the brewery still has ample contracts to fill orders for outside beverage companies. It also has its own beer to make.

The brewery president said he wouldn't have a restructuring plan to bring to the city if it wasn't for the \$3 million loan commitment from Hendry and other ethanol plant investors. The long-term plan is to combine the ethanol plant, the carbon dioxide operation and the brewery into a single business.

"Once again, the ethanol investors are saving the brewery," Lee said.

Proceeds from the \$5.5 million loan package would go to bottling line improvements, debt restructuring and operating capital. Bremer Bank, where Minnesota Brewing is overdrawn by more than \$1 million, would get \$1 million of the money. (Lee hasn't specified where the additional \$500,000 will come from.)

Frank Warner, the second-largest beer distributor for the St. Paul brewery, said the turnaround plan is sound because Lee has enough business to fill the plant's capacity.

"It's a temporary situation to get over," said Warner, president of Maple Plain-based Day Distributing Co. He said it would be a loss for the entire state to see another old-line brewery close. In November 1997, 350 jobs were lost when the Stroh Brewery closed after 135 years. Minnesota Brewing's West 7th Street brewery opened in 1855.

David Berg
President, Minnesota Craft Brewer's Guild
Head Brewer, Water Tower Brewing Company

Cola Beer Aimed at Young Drinkers *Submitted by Erik Nelson*

BERLIN (Reuters) - German brewers, famed for centuries for their strict adherence to beer purity laws, have found they can only tap trend-conscious young Germans by watering down their classics with lemonade and fruity syrups. Visitors to the beer hall at this week's "Green Week" farming and food show

could sample the new product from Veltins, it's "V+" beer with cola, the latest in the brewing offensive on the youth market.

Nearby, the Berliner Kindl brewery has introduced a new product in their wheat beer range. Already available with raspberry and woody herb shots creating bright red and green concoctions, it now comes with a dash of pineapple.

Brewers acknowledge the ideas are not novel. Germans have for decades drunk the "Radler" or "cyclist" lemonade mix, while cola and beer are known as diesel. But the pre-packaged mixes are newer on the shelves.

"I think it's a bit of a fad we're going through. I wonder whether you'll actually see all these beer mixes in five years time. Four years ago, we all had to make light beers. Since then there's been a small push towards drinking the authentic stuff. I don't think that will ever die," Detlef Feldheim, marketing manager at Berliner Kindl said.

The German brewers' association estimates that the share of beer mixes in the carry-home market has risen from around one percent in 1996 to 2.3 percent in the first half of last year. The percentages may be small, volumes are not. Despite a steady decade-long decline, Germans are still the third heaviest beer quaffers. Their annual 124.5 litres (27 gallons) per man, woman and child is only topped by the Czechs and the Irish.

The new brands appear to fly in the face of Germany's long beer-making tradition. In 1516 the German Beer Purity Law that decreed nothing but natural ingredients could be added made German beer a standard others tried to imitate.

However, with beer sales declining according to some estimates by a further five percent last year, the brewers must act.

Name That Beer Bottle

Match the beer bottle with the appropriate brand at http://www.chilliman.com/beer_labels_frame.htm

For Sale

A half-barrel that has been converted into a boiling kettle for \$35.00.

Contact Jerry Dusich.
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