

Burgers* &
Brownies*
& Beers*
oh my!

Summary

Many years ago we came up with a Fast Casual Service concept whose time is now ripe. We called it "Burgers Beers and Brownies." At first we were building up our fine dining restaurant and then, due to the recession and our need to focus on keeping the existing restaurant alive, it was put on a shelf. Now, we believe, is the time to make it a reality.

Fine dining is dying. A few factors lead to this. First, the middle class is shrinking. Second, Millennials are entering the workforce during the deepest modern recession, when wages are stagnant—and they're saddled with unprecedented levels of debt—this leads them to prefer the Fast casual (FC) experience over tablecloth restaurants.

The concept combines the burger craze with Americans' love of beer and chocolate and the desire to eat a more sustainable meal in a casual service setting. Think a gourmet more extensive Five Guys Burgers and Fries that has limited table service with the Chipotle philosophy—sustainable/humane/no antibiotics/no hormones—and the addition of a place where one can satisfy that chocolate/dessert craving in a tasty but sensible way. Then add the Costco belief that a company should pay livable wages.

Silver City is the first location, to work out the kinks, before expanding via corporate stores and/or franchises. To open the Silver City location cost us \$135K in total. For our future expansion into Colorado we are looking for \$175 to \$200K from investors—9-10 people at \$20K each or fewer at higher levels.

Present State of the Restaurant Business

Americans love their burgers and fries. They also crave bacon, especially on their burger. That is why the fastest growing segment of the Fast Casual market in the US continues to be the burger restaurant chain. There is Shake Shack out of NYC and Five Guys Burgers and Fries (who copied the In and Out Burger concept and took it to another level) to name just two. The other thing we Americans (particularly Millennials, according to all industry surveys) want when we dine out is the FC experience. This can mean counter service or wait staff, but it always brings with it a slightly upscale feel with fast/friendly service, a place where they can comfortably bring their kids but that caters to adults and an approach that feels immediate (e.g.: being able to order your food and pay in advance online or by cell phone). The menu is not particularly large, yet gives you a feeling you have lots of choices, like toppings on your burger. This is one reason why Chipotle does so well as a business model. Another is the fact that more and more of us want more healthful food, raised humanely and sustainably, that also makes us feel that we have helped the planet by eating more consciously.

There are many other things we Americans enjoy consuming on a regular-to-frequent basis: beer, chocolate, and ice cream to name a relevant few. We are buying more Craft Beers and imports. Dark chocolate is steadily replacing milk

chocolate as Americans' favorite. Ice cream flavors have become more esoteric and gelato has been a consistently growing part of the US market over most of the last decade. Ethnic foods have also become something we seek out as the food networks and shows have increased the general public's taste for new dishes, so the new burger places include these flavors. Even with all of that, we still crave comfort/familiar foods: our burger with bacon and a beer.

Another growing aspect of the business—though there's still ample time to get in early in the trend—is the tapas market. Under the same corporate umbrella, we will eventually take the 25-35 most popular tapas from our former restaurant concept and use them in a new FC restaurant as well. As soon as Burgers & Brownies & Beers, Oh My! is securely on its feet.

Menu Details

The burgers are 2- (sliders), 4- and 6-ounce patties. Each burger is a build-your-own with several toppings. There will be a special burgers-of-the-month one can choose as well as special holiday flavor combinations—examples follow—for those who want to try something new or don't want to choose the build-your-own option. The burgers' meats will all meet the sustainable, humane, antibiotic- and hormone-free criteria at affordable prices, and the vegetarian "burger" will be organic:

- Grass Fed Beef Burger
- Heirloom breed Middle Eastern Lamb Burger—can call it a North African Burger as well
- Red Bird Chicken Burger (Americans prefer chicken over turkey except on holidays)
- Spanish Chorizo Burger—traditional Spanish chorizo mix using fresh ground pork
- Spicy Asian Fish Burger—made with a blend of sustainable fish species
- Scratch Vegan 3 Bean Burger—organic; vegan until the customer adds a non-vegan topping

The burger buns will be a choice of organic stone ground whole wheat or a gluten-free, and they will be baked on premises.

The toppings available at no extra cost for the build-your-own burgers will include onions (sautéed or raw), mushrooms (sautéed or raw), bell peppers (sautéed or raw), lettuce, tomato, dill pickles, sweet relish, ketchup, mustard (yellow or Dijon), mayonnaise.

At a nominal upcharge, the guest can add bacon (that meets all the same standards as our other meats), real cheeses—pepper jack, Swiss, sharp cheddar or blue and occasional specialty cheeses—Hatch green chile, guacamole, aioli sauces—

basic garlic, basil or with harissa—our scratch 1880's devil's BBQ sauce, harissa Moroccan hot pepper paste, a fried egg or our scratch gluten free bread.

The burger sides will be priced separately, as is the norm in the new burger trend. Besides great French fries we will offer sweet potato fries and six to eight organic salads—potential examples are: a Greek salad, Lebanese Beet, fresh fruit in season, spinach-walnut-Cabrales blue cheese in an aged sherry vinaigrette, Tabouli, Tutto Giardino Italian pasta salad.

Burgers of the Month—each of the burgers above will be presented in a special combination each month, weekly and even sometimes daily/holiday special offerings. With that in mind, here are a few of our special combinations:

- St Patty's Day: Reuben Burger—a beef burger topped with Corned Beef, sauerkraut, Swiss and Russian dressing.
- Cinco de Mayo: a chicken burger in Mole sauce with sautéed onions and bell peppers
- Father's Day: a Venison burger topped with Dijonnaise dressing, lettuce and tomato.
- July 4th and the whole month of July: the Independence Burger—a beef burger topped with an all-beef hot dog, cheddar, lettuce, tomato, dill pickle chips, sweet relish, ketchup, mayo, yellow mustard and potato chips.

Desserts will include 8 different brownies made with cocoa that has a high cocoa butter fat ratio, real butter and semisweet chocolate chips. Examples are: plain brownie, a raspberry swirl, coffee-pecan, cream cheese swirl brownie, with salted caramel and a lemon and green chile brownie—and 2 or more non-chocolate Blondies. The ice creams/gelatos are seasonally based as well as the sherbets, to also match with the brownies. A couple of seasonal sorbets or are also be available since it is vegan and covers the lactose intolerant folks as well. They will all be prepared on premises or will be an appropriate brand.

For alcoholic drinks we offer 18 beers that are very good, not expensive or scary. As examples, Boston's Sam Adams and Samuel Smiths from England come to mind. We will also offer a good and very affordable house red, white and rosé—rosés are becoming the newest "in" segment of the wine market. When possible, good quality local beers and wines will be on the menu.

For non-alcoholic beverages we offer Coke, Dr Pepper and Sprite—from Mexico, free of high fructose corn syrup. Other brands and flavored sodas are also corn syrup free. Various diet sodas made with stevia are available—at least one without caffeine. There will be five to six bottled organic iced teas, three to four upscale juices blends, milk and chocolate milk in individual cartons and four energy drink choices. Apple and grape 100% fruit juice for young kids, as well as lemonade and orange juice. Bottled water will also be available—examples are Perrier and Fiji water. Plain water will be available for free by the cup.

Environmental—Including Atmosphere

All the paper goods will be unbleached from recycled materials. Each store will recycle and there will be obvious but nicely appointed bins for the guests to recycle in-store. Lighting will be LED and fluorescent for both environmental and economic reasons. Every bit of equipment available as Energy Star will be purchased.

We will have a computerized register system—known as a Point of Sale (POS)—that will be able to receive orders from guests' phones and online for quick pickup or dine in. It will even allow payment remotely, as well as allow the guest to sign their credit card receipt on a screen. This not only gives the guest a feeling of more security but reduces a certain amount of paper work.

Music will play continuously using satellite or online radio without commercials. By using this commercial service meant for restaurants and retail stores, BMI/ASCAP will receive their royalties automatically. Failure to use such a service can precipitate lawsuits and fines for theft of property. The music will be upbeat rock/pop that will be loud enough to create the desired 'vibe' without being so loud as to require folks to talk in shouting tones. If appropriate, Friday & Saturday live music will be initiated using local talent.

Other things to make the restaurants not only fun but family friendly include Wizard of Oz pinball machines, Kids Night where kids 5 and under receive a free meal and kids 6-12 get a free item when the parents order food, Trivia Tuesdays and Special burgers, sides and drinks for holidays (i.e.: a chicken mole burger, Mexican beer and calabacitas as a side during Cinco de Mayo).

The color scheme will reflect the logo. A vibrant red for the "burgers"—which not only makes people hungry, but is vibrant enough to keep them in a positive mood. A yellow, suggestive of a lager, on the walls for the "beer". The trim will be relaxing gray with blue hints to keep things from getting out of hand. And a predominantly brown floor for "brownies" broken up by a "yellow brick" road linking various aspects of the restaurant.

Stores in different regions of the United States should reflect those areas' sensibilities similarly to how the Applebee's chain personalizes each store to reflect that store's location. But the predominant decorations will play, within legal boundaries, with The Wizard of Oz.

Chairs and tables will be durable, comfortable for an hour or so and reflect the color scheme as best as possible. High chairs and booster seats will also be available.

Staffing

A restaurant like this needs a friendly staff with each member willing to learn and with some very basic skills. Only each store's managers will need experience in the restaurant business to succeed. We will always use the Costco philosophy of paying a living wage to our staff. This is not only where the country is going

but guarantees that your staff can buy your product and that they stay and grow with the company vs. leaving for a better position, forcing the business into the expensive proposition of constantly training new staff. It is the right thing to do morally—as well as being a good business decision.

To start, there will be a head manager and two assistant managers. The head manager will be paid a minimum of \$600/week to start; though in different markets this amount will be higher accordingly. The assistant managers will start at \$500/week. This will adjust upwards after the probation period of employment is up—90 days for management positions. Managers will be able to earn bonuses for themselves according to the following criteria: the store must make a profit, the staff should rate the manager as having created a fun and supportive work atmosphere overall and the guest response should be mostly positive whether through in store surveys or online ratings.

For the rest of the staff, they will start off at a minimum of \$8.50/hour whether they work part or full time—this includes wait staff—higher in appropriate locals. All the staff, including managers, will get a share of the day's tips split equally according to the total hours worked that day divided by the amount of hours a given employee worked, limited to a maximum to 8 hours per shift. This will increase everyone's pay by several dollars per hour. Full time is 32-40 hours/week. Part time is anything less than 32 hours/week. After a 45 day probation period these folks' wages will be adjusted upwards accordingly. At this point team leaders will be for each of the areas of the restaurant will be chosen, trained as well as given a new 45 day probation period for the new position before being given a raise. There will be 1-2 team leaders for each shift for the 3 areas of the restaurant—Dining room which includes the To Go counter, Prep which also oversees the dish area, and the Line—making for up to 12 team leaders team leaders in the busiest locations. At some point the Leads will be chosen—by their abilities and attitude. Eventually a Lead could become an Assistant Manager or could occupy a position on one of the development teams for new locations.

An AM and PM shifts will be needed to cover the hours the restaurant will be open. Shifts will use both full and part-time staff to cover the busiest times. Prep will begin 2 hours before the 11am opening. The second shift will be expected to also prep and to thoroughly clean the restaurant after closing—a time to be determined by sales, time of year (longer hours in summer) and alcohol laws. Weekend hours will be longer than weekday during most times of the year. The AM shift will also clean up the restaurant during the shift crossover.

The positions broken down by areas of the restaurant are as follows, though not all positions will always be needed at all times and can be inhabited by management, leads or by only one person (i.e.: one person bussing and serving during slow times):

Line: Fry Cook, Grill Cook, Burger Builder, Salad Person and Expeditor.

Prep: Bread Baker, Dessert Maker—baked goods and frozen desserts if appropriate—and Salad/Sauce Cook.

Dining Room: Wait Person, Cashier and Busser.

Locations and Future Growth

The first location opened in the historic downtown of Silver City, New Mexico in the Hub at the former Alotta Gelato location—619 N Bullard Street 88061. It has been up and running since January 20th, 2016. This location isn't ideal but has allowed our chef to build the menu, monthly specials and tweak the recipes as necessary. It has also allowed those involved to learn how to use a great online order system that allows for customers to order for just one to an infinite number of people as much as 7 days ahead of time and pay for their meal, whether eat in or take out. After Silver City the plans are for opening in Tucson, AZ and or Fort Collins, CO. The positive reasons for Tucson are that the corporate chef has a great reputation there and people are waiting for this new concept; plus several of the initial backers are from there as well. The Colorado option means tapping into the Marijuana Tourism market as well as the positives of a university town with the demographics we would want.

As soon as the staffing as well as profitability of the initial location is established, it will be time to look at opening the second location. This should be possible within a year. By going to a larger city it should be possible to get two to three locations up and running profitably by the end of the third year. The fourth year would see the opening of two locations. After that, for the next two years one would move to another logical city and attempt to open a maximum of two locations in each of those years in an attempt to guarantee that each one is run properly as well as profitably—with the express intention of not expanding too quickly to succeed. By this time teams of experienced employees will have been developed for the expressed purpose of opening new stores for the corporation as well as for future franchisees.

Some time within the fourth or fifth year the corporation will begin franchising, though at this time in history a few Fast Casual corporations have decided to restrict themselves solely to corporate-owned locations.

Franchising Details

Franchisees will be required to sign a contract that they will strictly follow all corporate guidelines or else lose all rights to their franchise and all payments made. A franchise will cost \$45K, which will convey the right to use the name for a period of 15 years; at the expiration of this period, another period could be purchased. The cost and duration of the franchise will be adjusted upwards as the market allows. Each franchise will also pay the corporation 5% of their total gross income in fees quarterly. Each potential new franchisee will be required to have \$250K in liquid assets and \$500K in total assets to qualify to purchase a franchise.

They must commit to opening a minimum of 3 locations within a 4 year period; all their locations will revert to corporate if this goal is not met. All locations must be approved by the corporation, as must décor, pricing and employee compensation.

Corporate will commit to comprehensive training and all support materials required for success—a standard requirement in all such contracts.

Finally, to guarantee the success of both corporate and franchise locations, as well as to keep the reputation of the brand, all franchise owners will be required to be hands-on rather than absentee owners.

Incorporation

The business is incorporated as a C Corp due to the liability of selling alcohol and the extra layers of protection from lawsuits it gives the shareholders.

All future investors will receive preferred stock. Preferred stockholders get paid dividends—as the business becomes profitable—but have no vote in the running of the business. Common stockholders have shares that allow them to vote but get paid after the preferred stockholders—all common stock is already accounted for until the business expands in the future.

Stock and Loans

Due to securities reporting regulations, we will be limiting the corporation to 25 shareholders for the foreseeable future. The corporation has created 200 shares of preferred (first paid, no vote) and 100 shares of common (voting, paid later) stock, each with a par value of \$500; however, it has issued only those shares required to represent the investment of our investors. The remaining shares are held for future investors; then-current investors will have the option of purchasing additional shares to retain their percentage of ownership. Each share initially issued will represent between 0.435 and 0.5 percent ownership in the corporation, depending on the total amount of capital raised.

Preferred stock shareholders will receive dividends of 4.5% of their shares' par value per annum. During the first four years, all corporate profits will be dedicated to growth into new markets; therefore, no dividend payments will be disbursed during that period. Preferred shares are cumulative, so the undisbursed dividends (18% of par value) will be paid in the fifth year, along with the 4.5% due for the fifth year.

Common stock shareholders will begin to see dividend disbursements when the level of franchise locations achieves 10% of total locations.

Some investors may prefer simply to make a loan to the corporation. In this case, the corporation will pay back the loan with 12% simple interest per annum to be disbursed in quarterly payments (3% of principal per quarter). For the first 2 quarters the interest will be retained. Starting in the third quarter, payment will

be made. After 3 years, the principal plus first 2 quarters of unpaid interest will be paid in full.

Going Public

There are both positive and negative aspects to taking a company public. This will be a decision to be democratically made after 7 years by all the common shareholders. The decision will be made after a corporate lawyer and a CPA have presented all common shareholders with the complete facts. Some of the most successful restaurant companies have never gone public, though the majority have.

The Numbers

If you are interested in investing, please contact us at info@ohmy.restaurant and request detailed information on our numbers. Thank you,

Margaret E Hutchinson, Secretary

Shevek M Barnhart, Chef/General Manager

