

**Grant Agreement**

**Regarding the**

**Great Lakes Hops Collaborative Grow Group Initiative**

**Between the**

**Michigan Department of Agriculture and Rural  
Development**

**and**

**GREAT LAKES HOPS – A subsidiary of  
DUTCH TOUCH GROWERS INC.**

**Michigan Department of Agriculture and Rural Development  
Specialty Crop Block Grant (HR-133)**

By authority granted under Act No. 87 of the Public Acts of 2022, the Michigan Department of Agriculture and Rural Development, (hereinafter the "Grantor") hereby agrees to provide the Great Lakes Hops – a subsidiary of Dutch Touch Growers Inc. (hereinafter, the "Grantee") with grant assistance subject to the terms and conditions, and limitations as set forth herein.

The maximum amount of grant assistance hereby offered is \$85,800.00.

The grant shall be effective from October 1, 2022, through September 30, 2024.

If the project is not completed in the initial period, a grant extension may be considered by the Grantor. Approval of an extension is not guaranteed and is dependent on the Grantee's compliance with the enclosed Terms and Conditions. If the Grantee requires an extension, the Grantee should contact the Grant Administrator as soon as it is evident an extension is needed. Any request for extension must be made to the Grant Administrator in writing before the expiration of the grant.

Funds will be made available for this program in accordance with the attached Terms and Conditions.

This grant is valid contingent upon the availability of funds. If the Grantor's funds are reduced by the Legislature as part of a budget reduction or reduced for any other reason, this grant may be reduced or canceled.

This grant does not commit the State of Michigan or the Department of Agriculture and Rural Development to approve requests for additional funds not contained in this grant.

Grantee accepts the grant and agrees that the funds made available through the grant will be used only as set forth herein.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2022

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Austin Kemme  
Great Lakes Hops-A subsidiary of Dutch  
Touch Growers Inc.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2022

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Jamie Zmitko-Somers, Director  
Agriculture Development Division

Michigan Department of Agriculture and Rural Development  
Grant Agreement

**TITLE:** Great Lakes Hops Collaborative Grow Group Initiative

**GRANTEE/ADDRESS:** Austin Kemme, Operations Manager  
Great Lakes Hops-A subsidiary of Dutch  
Touch Growers Inc.  
11712 Port Sheldon Street  
Holland, MI 49424  
Phone: 616-886-1187  
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**GRANT ADMINISTRATOR/  
ADDRESS:** Heather Throne  
Michigan Department of Agriculture & Rural  
Development  
Agriculture Development Division  
P.O. Box 30017  
Lansing, MI 48909  
Phone: 517-712-0841  
E-Mail: throneh@michigan.gov

**TOTAL AUTHORIZED  
BUDGET:** \$85,800.00

**GRANT NUMBER:** 230000000501

**ACCOUNTING TEMPLATE:** 791AGD8109

## **I. GENERAL TERMS AND CONDITIONS**

### **A. Record Retention**

Grantee shall retain all financial reports, supporting documents and statistical records for a period of three years after the close of the grant. Grantee shall also require all subcontractors retained for the performance of this grant to retain all financial reports, supporting documents and statistical records for a period of three years after the close of the grant. The retention period starts from the date of receipt of the Final Report by the Grant Administrator. Examples of documents to be retained might include but are not limited to: original and/or electronic invoices, billings, packing slips, reports, checking account statements, accounts payable records, contracts, and sub-contracts.

### **B. Procurement**

The Grantee agrees that all procurement transactions involving the use of funds from this grant shall be conducted in a manner that provides maximum open and free competition.

### **C. Grant Changes**

The Grantee must obtain prior written approval for program changes from the Grant Administrator. Grant changes include:

1. Changes in substance in the program activities.
2. Additions or deletions in the project work plan or location.
3. Any single or cumulative change in the budget of 20% or more of the grant amount.

### **D. Regulation Compliance**

The Grantee and Grantee's contractors and subcontractors are responsible for compliance with all federal and state laws and municipal ordinances and regulations that in any manner affect the work or performance of this grant and shall at all times carefully observe and comply with all rules, ordinances, and regulations.

### **E. Non-Discrimination Clause**

In the performance of this grant, the Grantee agrees not to discriminate against any employee or applicant for employment, with respect to their hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental disability unrelated to the individual's ability to perform the duties of the particular job or position. The Grantee further agrees that every subcontract entered into for the performance of this Grant Agreement will contain a provision requiring non-discrimination in employment, as herein specified, that is binding upon each subcontractor. This covenant is required pursuant to the Elliot Larsen Civil Rights Act, 1976 PA 453, as

amended, MCL 37.2101 *et seq.*, and the Persons with Disabilities Civil Rights Act, 1976 PA 220, as amended, MCL 37.1101, *et seq.* Any breach of this covenant may be regarded as default under Section J and grounds for cancelling the Grant Agreement.

#### **F. Unfair Labor Practices**

Pursuant to Act No. 278 of the Public Acts of 1980, as amended, MCL 423.321 *et seq.*, the State of Michigan (the State) shall not award a contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled pursuant to MCL 423.322.

Grantee shall not enter into a contract for the performance of this grant with a subcontractor, manufacturer, or supplier whose name appears in this register. Pursuant to MCL 423.324, the Grantor may void this Agreement if, subsequent to entering this Agreement, the name of the Grantor or the name of any of Grantor's subcontractors, manufacturers or suppliers appears in the register.

#### **G. Liability Insurance**

During the term of this grant, the Grantee and all contractors and subcontractors will provide and maintain public liability, property damage, and worker's compensation insurance in an amount sufficient to protect the interests of all parties to this Grant Agreement against any and all claims which may arise out of the Grantee's operations under the terms of this Grant Agreement.

#### **H. Indemnification**

The State, its officers, agents, and employees shall not, in any manner, be liable for any loss or damage connected to or resulting from any work done under this Grant Agreement; nor for any loss or damage to any materials, equipment, or other property that may be used or employed in connection with the Grant Agreement; or for any damages to any person.

The Grantee agrees to indemnify, defend, and save harmless the State, its officers, agents, and employees from any and all claims and losses accruing or resulting to the Grantee, contractors, subcontractors, material providers, laborers, and any other person, firm, or corporation furnishing or supplying work, services, materials, or supplies in connection with the performance under this Grant Agreement from any and all claims and losses accruing or resulting to any person, firm, or corporation who may be injured or damaged by the Grantee's, contractor's or subcontractor's performance under this Grant Agreement; and against any liability, including costs and expenses, for violation of proprietary rights, copyrights, or rights of privacy.

#### **I. Conflict of Interest**

No member of the legislative, judicial, or executive branch of state or federal governments or any local unit of government official shall personally benefit from

this Grant Agreement. No member of the Grantee's Board of Directors, its employees, partner agencies or their families shall have any personal benefit from this Grant Agreement.

## **J. Cancellation**

This Grant Agreement may be canceled by 30 day written notice by either party. If canceled, Grantee must provide a Final Report and invoice within 30 days of cancellation.

Cancellation or reduction of the grant by the Grantor may be for default by the Grantee, lack of further need for the service at the location named in the contract, or conviction of criminal offense(s) as set forth below.

Default is defined as the failure of the Grantee to fulfill the obligations of the Grant Agreement. In case of default by the Grantee, the Grantor may cancel the Grant Agreement immediately and all unused grant funds must be returned by the Grantee immediately. All disallowed costs and overpayments shall also be returned by the Grantee within 30 days of cancellation.

In the event the Grantor no longer needs the service specified in the grant due to department changes, changes in laws, rules or regulations, relocation of offices, or no longer has appropriations to fund the grant, the Grantor may cancel or reduce the grant by giving the Grantee written notice of such cancellation or reduction 30 days prior to the date of cancellation or reduction. All costs incurred by the Grantee between the grant cancellation or reduction notice and the cancellation or reduction date, with the exception of previously budgeted personnel costs and non-cancelable obligations, must be approved by the Grant Administrator prior to their incurrence. No costs shall be allowed after the grant has been cancelled.

The Grantor may immediately cancel the grant without further liability to the State, its departments, agencies and employees if the Grantee, an officer of the Grantee, or an owner of the Grantee is convicted of a criminal offense incident to the application for or performance of a State, public, or private contract or subcontract; or convicted of a criminal offense including but not limited to any of the following: embezzlement; theft; forgery; bribery; falsification or destruction of records; receiving stolen property; attempting to influence a public employee to breach the ethical conduct standards for State employees; violation of a state or federal antitrust statute; or any other criminal offense which in the sole discretion of the Grantor, reflects on the Grantee's business integrity.

## **K. Electronic Funds Transfer**

In accordance with Act No. 207 of the Public Acts of 2004, payments under this Grant Agreement must be processed by electronic funds transfer (EFT). Grantees are required to register to receive payments by EFT at the SIGMA website <https://sigma.michigan.gov/webapp/PRDVSS2X1/AltSelfService> .

## **L. Freedom of Information**

This is a grant from public funds and records associated with it are subject to disclosure under Michigan's Freedom of Information Act.

## **II. SPECIAL TERMS AND CONDITIONS**

### **A. Statement of Purpose**

1. New hopyards have high initial start-up and operating costs and low revenue the first and second seasons due to lower yields typically observed in 1<sup>st</sup> and 2<sup>nd</sup> year old plantings, prior to mature oil sets and higher yields reaching peak in and after year 3. These costs are exacerbated by the need for full processing (picking, drying, baling, pelletizing, packing and cold storage) when farms are working completely independently. These costs make starting a small hop farm with plans of slowly expanding nearly impossible as a standalone entity. In contrast, starting a hopyard at scale requires high initial investment with a very small allowable margin of error.

2. Lack of purposefully bred top performing new hop varieties available to Midwest growers has made it difficult for Midwest hop farmers to compete with large hop producers located in the Pacific Northwest. PNW programs rely on their own breeding and selection programs to cultivate new unique varieties which they use to enhance their competitiveness while prohibiting access to small and newly formed farms outside of the PNW. This tactic is nearly monopolistic and detrimental to the success of small Midwest hop farms.

3. There is a need for increased marketing and branding in several key segments. Home brewers, commercial brewers, brew supply stores and final consumers. There is a lack of awareness in the brewing industry and consumer hop market around the necessity of supporting these local supply chains.

### **B. Statement of Work**

#### **Objective 1**

GLH will make small hopyards more competitive, viable and sustainable by utilizing advantages of working in regional growing co-ops. By working inside of this group, small farms avoid many overhead expenses that decrease viability and sustainability due to overhead costs. Growing hubs can provide affordable processing and pelletizing services allowing small farms to avoid infrastructure costs while helping regulate final product quality. Baled hop sale opportunities inside this Midwest network of farms allow small farms more avenues to sell their product within the group and blend product for access to a larger more unified quantity of product to sell. Sharing sales channels allows sharing of product between farms resulting in a larger portfolio of hops to sell and provides access to

a larger total quantity of hops. This volume is essential to create year-round relationships with brewers and to build beers that can go into distribution.

### **Objective 2**

GLH will expand the varieties offered in the GLH Select Hop portfolio by resuming growing trials, data collection, and brewer evaluations of unique hop crosses remaining in the GLH breeding program. This portfolio is a diverse collection of hops that have excellent yields in the Midwest growing region, lower disease pressure and truly unique aromas. They are an essential tool that allow Midwest farms to be more competitive and sustainable. There are many steps involved to release a single new variety. This requires recorded year over year growth data, mechanized picking evaluation, top performance in brewery aroma sensory rankings and brew trials to confirm brew-ability and shelf stability. With 6 new varieties currently released from this program, another 2-4 would cover a wider range of brew styles giving Midwest farms a larger overall sales potential with a more competitive portfolio to offer.

### **Objective 3**

GLH will create a diverse marketing plan that utilizes current recognizable trends such as “Farm to table” and “Support Local” to raise awareness and increase visibility of local hop and barley supply chains. This will be achieved through targeted advertising on social media platforms, industry related Podcasts, GLH hosted home brew and commercial brewing competitions, and GLH’s relationship with educational outlets such as Kalamazoo Valley Community College’s Sustainable Brewery Program. Our current baseline for total hop sales per year is based on a diverse sampling of 3 Medium sized Michigan farms totaling 68 acres of hops. Part of this objective would be to expand the number of farms willing to contribute their total yearly hop sales information to increase the accuracy of this data set. Requests for this information will be added to our yearly crop report form.

Results of market research, data collection and variety performance are disseminated to group members via quarterly newsletters, annual grower meetings and phone or Zoom conference. GLH’s website hosts a variety of collected data and created documents available to the general public including updated variety growth information, observed best practices, grower notes and integrated pest management strategies. GLH will continue to build upon these tools and resources as data is collected. Our organization remains dedicated to direct one on one interaction with any Midwest farms willing to engage. A large portion of our time is allocated to contacting and understanding each individual hop farms business needs so we can connect them with resources or other farms that can directly address those needs.

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#### **OUTCOME MEASURE(S)**

- Outcome 1:** Enhance the competitiveness of specialty crops through increased sales (required for marketing projects)
- Outcome 3:** Enhance the competitiveness of specialty crops through increased access



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## OUTCOME INDICATOR(S)

### **Outcome 1:**

*1.1 Total number of consumers who gained knowledge about specialty crops \_\_\_\_.*

*1.1a Adults \_\_\_\_.*

1.1a for every \$100 spent on social media advertising GLH will reach up to 20,000 people in our target demographics. Our target demographic consists of any potential purchasers of these specialty crops or final products made with these specialty crops. Advertising on social platforms gives us real time analytics including number of views, engagements, and link clicks. This will allow us to quickly assess engagement and effectiveness of our ad campaigns and adjust in real time as well as record total reach of marketing campaigns over time. This ad campaign will be focused towards driving consumer and brewery engagement directly toward local farm sales channels and certified resellers sales channels.

*1.5 Increased sales measured in:*

*1.5a Dollars \_\_\_\_.*

*1.5b Percent change \_\_\_\_.*

*1.5c Combination of volume and average price as a result of enhanced marketing activities \_\_\_\_.*

1.5c Farm members planting proprietary hops will and currently do see measurable increases in yield and in average sale price over average commodity hop yields and pricing. On average, proprietary varieties command an additional \$2-\$8 per pound or a 20%-80% increase in potential sale price depending on regional market, purchase quantity and final product form. We will record and compare average per pound pricing by regional farm group in our network and advise moving product to regions demanding higher sale price for both commodity and proprietary hops varieties. Overall average per pound price a farm can achieve is increased with as newly released varieties reach maturity and gain traction through marketing.

Advertising campaigns serve to increase total specialty crop sales as well as reestablish and enhance the visibility of hop growers in the Midwest region.

Through this advertising campaign we hope to increase total sales for our farm members directly by 10% by the end of the duration of this project. Average selling price across our farm members is roughly \$15/lb. and at a conservative 1000 lbs. per acre we estimate this increase goal to be \$1500/acre in increased sales for farm growers in our Midwest network. Nonmembers will also benefit from these ad campaigns drawing attention to all Midwest hop growers' products and the visibility of local supply chains.

Nationwide advertising campaigns resulting in 3% engagement from the home brew shops segment would generate \$175,000 of increased sales through initial purchases alone. This is based on the success rate of smaller campaigns employed by farms in our network resulting from similarly focused advertising efforts.

- Outcome 1 is currently using the language from the updated performance measures. Since this grant was awarded in FY21, please use the previous version of the performance measures. Outcome 1 should thus read as:
  - Sales increased from \$600,455 to \$660,500.50 and by \_\_\_10%\_\_\_ percent, as result of marketing and/or promotion activities
  - The above figures represent 3 Michigan hop farms gross hop sales in 2021 that we are tracking. These farms are spread across Michigan and represent 68 acres of planted/harvested hops and will act as our sample group. We will expand the subset of tracked farm sales data from farms willing to share but do not currently require or force farms to provide sales data. The data above was provided voluntarily by 3 member farms and they agreed to provide their sales data for the duration of this project. We believe these farms data represents a realistic view of average hop sales (and yearly sales trends) among the majority of members in our group, however, we will as part of Objective 3 request this data from all member farms to increase the size and accuracy of our total hop sales data for FY 21 – 24.

### **Outcome 3:**

*3.1 Number of stakeholders that gained technical knowledge about producing, preparing, procuring, and/or accessing specialty crops \_\_\_.*

Farm members planting proprietary hops and utilizing shared cooperative grow practices will see measurable increases in yields with enhanced crop resilience, increasing average yearly sales capability and volume. GLH collects crop report data from farm members via online submission annually. The groups collected growth data can then be compared to university crop reports to see increased yields and stability over yearly industry standard.

- Under Data Collection, how will the project track and assess data for the Outcome 3 indicators?
  - How will knowledge gains be measured (for instance, a pre-and-post questionnaire, survey, or a different method?)
- An Airtable survey performed yearly will capture farm feedback regarding knowledge gains.

*3.3 Total number of market access points for specialty crops developed or expanded \_\_\_.*

*Of those:*

3.3 As of Spring 2022 we currently have 6 member farms in Michigan and 8 in other Midwest regions for a total of 14 member farms growing GLH proprietary varieties and actively engaged in collaborative sales and growing practices. We will add up to 20 more hop farm members during the duration of this project that are actively growing proprietary hops and increasing acreage of this specialty crop.

Each new farm is an access point for consumer purchasing. Each member can add the entire portfolio of hops to their website increasing their total number of offered products. Hop varieties sold through these channels but not grown at the specific farm listing the varieties are fulfilled by the group network. Funneling hops

from parts of the network with large, blended, stable supplies while increasing sales potential for new farms acting as these access points.

- How will the project track the number of market access points developed or expanded?
- Each access point is identified and created by the work being done by GLH and its group members. GLH approves all resellers and growers as well as the use of trademarks and branding. As such we are aware of and already tracking all entities referred to as “access points” for the purposes of this project. Number of new access points acquired can be reported yearly.

**DATA COLLECTION TO REPORT ON OUTCOMES AND INDICATORS**

Farm members report yields and growth data annually via online Air table submission form created by GLH. This same method can be used to track average sale price data at those farms.

Airtable is a tool GLH will be significantly expanding to collect and disseminate shared information among hop farmers we interact with. The capability of this tool allows real time updating, viewing, and filtering as well as broad access.

Advertising analytics are available for all targeted advertising campaigns launched on social media platforms or via email blasts. This data includes total reach, “opens”, “clicks” and other types of interactions with targeted demographics.

**C. Budget**

This is a cost reimbursement-based grant funded by federal revenue.

<b>Budget Summary</b>	
<b>Expense Category</b>	<b>Funds Requested</b>
<b>Personnel</b>	\$75,000
<b>Fringe Benefits</b>	
<b>Travel</b>	
<b>Equipment</b> (see info on pg. 8)	
<b>Supplies</b>	
<b>Contractual</b>	\$6000
<b>Other</b>	\$4800
<b>Direct Costs Subtotal</b>	
<b>Total Budget</b>	<b>\$85,800</b>

**PERSONNEL**

<b>#</b>	<b>Name/Title</b>	<b>Level of Effort (# of hours OR % FTE)</b>	<b>Funds Requested</b>
1	Austin Kemme	35% of FTE over 24mo	\$35,000
2	Chris Vogel	40% of FTE over 24mo	\$40,000
<b>Personnel Subtotal</b>			<b>\$75,000</b>

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## PERSONNEL JUSTIFICATION

### **Personnel 1: Austin Kemme**

-New Hop variety evaluations, data collection, breeding program labor, late spring-Fall

-Marketing materials creation and advertising, year-round with heavy emphasis on harvest time in late fall.

-Newsletter content generation, quarterly

-Crop report data collection, late fall – early spring

The percent of labor this grant request would cover as allocated is far less than is required to fully cover the time that will be input into these activities but would be extremely useful in achieving these goals on an increased timeline. Having this level of external financial support would allow hopyard trials and breeding program activities to resume this fall instead of later in the future and would allow more time spent on our marketing plan for Midwest farmers. COVID has left many parts of the hop industry in the Great Lakes region in difficult positions. The results of this program will be most important and beneficial to Midwest farms in the next 24 months.

Personnel 1 has multiple years of college instruction majoring in Business and Marketing and has been the acting Marketing manager of GLH since 2016 until adding Operations Manager duties in 2020. This person has created the website, website content, social media content and product branding, email advertising campaigns, sourced video creation, licensing, and contracts for GLH since 2016. We feel they are fully capable of producing media content for targeted social media campaigns, Email campaigns and sourcing video creation on behalf of Midwest farmers to promote this region specialty crops, these unique supply chains and emphasize the importance of local relationships to its target demographic.

Example of Crop Report Submission form:

<https://airtable.com/shrfKMoHmQN1ztzxl>

Crop data is collected and analyzed; any relevant data is cascaded out to farms. Variety growth performance metrics and oils are updated on advertising materials and websites and marketing materials provided to farms.

Example of current Newsletter to grower members:

<https://us5.campaign-archive.com/?u=d19f3e18b23fb4ffea70cd479&id=7ee25c8487>

### **Personnel 2: Chris Vogel**

-Farm network communications and coordination, year-round with most interaction happening late fall through spring

-Brewing evaluations, aroma sensory panels, brewing competitions, post-harvest in the fall – early spring

-Breeding program labor, spring - summer - fall

Our Hop sensory process has been the most significant and impactful part of releasing new varieties. It allows brewers to form a connection with local hops and hop farms while offering incredible insights into their breweries buying decisions,

beer styles, supply chain struggles and daily operations. The information gained from this feature of our program alone has been and will continue to be one of the most important aspects of bridging the gap between local farms and craft breweries and has been our greatest source of actionable data. To date, GLH has done hop sensory panels with over 150 breweries in the Great Lakes region, here is a breakdown of this process. <https://www.greatlakeshops.com/hop-sensory.html>

**FRINGE BENEFITS**

N/A

**TRAVEL**

N/A

**EQUIPMENT**

N/A

**SUPPLIES**

N/A

**CONTRACTUAL/CONSULTANT**

**ITEMIZED CONTRACTOR(S)/CONSULTANT(S)**

#	Name/Organization	Hourly Rate/Flat Rate	Funds Requested
1	Justin Razmus/616 Media	Flat Rate \$1200	\$6000
<b>Contractual/Consultant Subtotal</b>			<b>\$6000</b>

**CONTRACTUAL JUSTIFICATION**

**Contractor/Consultant 1:** We have worked with Justin Razmus at 616 Media for video creation and editing in the past. The level of quality and cohesiveness of this type of media will be essential to increase Midwest hop farms visibility and promote the uniqueness of this regions hops as a specialty crop. While the specific media company to create the video is subject to change based on scheduling/availability we feel the price target for the type/length/quality of video as showcased below is on target.

Example of video type/style:

[https://www.greatlakeshops.com/uploads/b/10597916-849133062702943390/great\\_lakes\\_and\\_new\\_holland\\_2019\\_v2\\_814.mp4](https://www.greatlakeshops.com/uploads/b/10597916-849133062702943390/great_lakes_and_new_holland_2019_v2_814.mp4)

Videos would feature Michigan farms (Not GLH exclusively) and other Midwest farms.

These would then be available for use by all Midwest farms and grow group members as part of cohesive marketing push in all types of advertising media and platforms.

Major activities that the contractor will complete during the grant period.

- Spring2023 – Video shoot and editing
- Summer 2023 – Video shoot and editing
- Fall 2023 – Video shoot and editing
- Spring 2024 – Video shoot and editing
- Summer 2024 – Video shoot and editing
- The Contractor would be utilized to create edited promotional videos (4-6) that coincide with important times of the year in the hop industry, primarily spring during plant emergence and field preparation (an important time of the season with usually lower interaction between hop farmers and breweries) and Summer just prior to harvest to help re-engage brewer to farmer interactions just in time for harvest brew/wet hop season coming into harvest. These are crucial times to document field actions and would be when the heaviest pushes of email, social media, and website advertising is pushed. These videos as well as other GLH created media will be promoted with the “Targeted social media ads” budget outlined in the “Other” section below.

## CONFORMING WITH YOUR PROCUREMENT STANDARDS

By checking the box to the right, I confirm that my organization followed the same policies and procedures used for procurements from non-federal sources, which reflect applicable State and local laws and regulations and conform to the Federal laws and standards identified in [2 CFR Part 200.317 through.326](#), as applicable. If the contractor(s)/consultant(s) are not already selected, my organization will follow the same requirements.

## OTHER

Item Description	Per-Unit Cost	Number of Units	Acquire When?	Funds Requested
Targeted Social media ads	\$200/mo.	24/mo.	10/01/2022	\$4800
<b>Other Subtotal</b>				<b>\$4800</b>

## OTHER JUSTIFICATION

Targeted social media ads would be ads created by GLH of mixed media. Pictures or video that promote the grow group member farms product sales and promotional offerings as well as draw attention to all Midwest hop farms and the advantages of supporting local relationships.

\$200/month would be spent on the specific platforms used to advertise not on the creation of the advertisement. i.e., Facebook, Instagram, Google, etc.

For Example, \$100.00 spent to push an ad on Facebook at \$4 per day reached 40,000 targeted users and generated 600 link clicks over a 30-day duration of a targeted ad GLH previously ran.

We will leverage multiple social media platforms with targeted ads that parallel our regional hop farmers advertising strategies and target demographics to promote the offerings of the farms, their promotions, and relationships with these farms.

Please Note\* “Media/Promotional Video Creation” is separate from the other Media, ads, ad campaigns and promotions we would be creating. Time Allocated to Personnel 1 for media and advertising would be for media such as:

- Email campaigns on behalf of our grow group members sent to GLH’s brewery contacts for pellet sales and farm specific promotions on product.
- Ad content creation for “Targeted Social Media ads” as listed above

PROGRAM INCOME: N/A

#### D. Payment and Reporting Schedule

Payments will not be made until reports have been received by the Grant Administrator as required in Section II-D. Grantee’s invoice must include a reconciliation of actual expenses incurred during the reporting period for reimbursement.

Report	Due Date	Reimbursement	Requirements
Summary Performance Report 10/1/22 thru 6/30/23	<b>OPTIONAL July 14, 2023</b>	Reimbursement up to 70% of grant amount.	Submit report and <u>invoice made out to MDARD</u> , with copies of <u>receipts/proof of payment</u> , if requesting reimbursement with this report.
<b>DUE 9/15/2023 – Payables Report</b>	By September 15, 2023, Grantee shall submit an estimated billing for expenditures incurred and not reimbursed for (value of the work- time and/or purchases) in the fiscal year ending September 30, 2023. Send to <a href="mailto:mda-grants@michigan.gov">mda-grants@michigan.gov</a> . Also, please add your company name on the subject line when you reply with your estimate.		
Annual Performance Report Period 10/1/22 – 9/30/23	<b>DUE DATE October 13, 2023</b>	20% is available with the Second Performance Report.	<b>REQUIRED</b> – Submit Performance Report with an invoice to MDARD, include copies of all paid receipts and invoices w/proof of payment.
<b>DUE 9/14/2024 – Payables Report</b>	By September 14, 2024, Grantee shall submit an estimated billing for expenditures incurred and not reimbursed for (value of the work- time and/or purchases) in the fiscal year ending September 30, 2024. If the second report is submitted timely, it is not necessary to submit the “Payable” information. Send to <a href="mailto:mda-grants@michigan.gov">mda-grants@michigan.gov</a> . Also, please add your company name on the subject line when you reply with your estimate.		
Final Performance Report Period October 1, 2022, through September 30, 2024	<b>DUE DATE October 12, 2024</b>	Reimbursement of remaining balance of total grant amount	<b>REQUIRED</b> - Submit Final Report with invoice to MDARD; include copies of all paid receipts and invoices.

## **E. Audit**

The project will be subject to audit by the State who may review the adequacy of the financial management/reporting system during or at any time subsequent to the award.

Grantee must comply with requirements in Attachment A.

## **F. Additional Information**

MDARD may impose sanctions if the sub-recipient fails to adhere to any of the audit requirements in the grant. In cases of continued inability or unwillingness to comply with audit requirements, MDARD may impose sanctions such as:

- Withholding a percentage of the award until the audit is completed satisfactorily;
- Withholding or disallowing overhead costs;
- Suspending future awards until the audit is conducted; or
- Terminating the grant or contract.

All reports must be submitted in **Word** to **mda-grants@michigan.gov**. Invoice to MDARD and supporting financial information may be sent in a PDF document.



**Michigan Department of Agriculture and Rural Development (MDARD)  
Requirements for Sub-recipients Accepting Federal Funds**

Updated October 1, 2019

**Sub-Recipient Relationship**

Accepting this grant sub-award constitutes a sub-recipient relationship with MDARD. With the sub-recipient relationship come many responsibilities that you are bound to as the sub-recipient. Generally, the sub-recipient is required to comply with all federal regulations that apply to the State of Michigan for the federal award used to fund this contract. The broad categories of regulations that the sub-recipient is responsible to comply with include:

1. Those requirements found under the Catalog of Federal Domestic Assistance (CFDA) number associated with the federal award.
2. Provisions found in Office of Management and Budget (OMB) Circular A-133 pertaining to requirements for a Single Audit.
3. Administrative requirements found in OMB circulars.
4. Cost Principles found in OMB circulars.
5. For all construction contracts awarded that are in excess of \$10,000, Executive Order 11246 of September 24, 1965, entitled "Equal Employment Opportunity.
6. For all construction contracts and sub-grants for construction or repair, the Copeland "Anti-Kickback" Act.
7. For all construction contracts in excess of \$2,000, the Davis-Bacon Act.
8. For all construction contracts in excess of \$2,000 and all other contracts which involve the employment of mechanics or laborers in excess of \$2,500, Sections 103 and 107 of the Contract Work Hours and Safety Standards Act.
9. For sub-grants in excess of \$150,000, Section 306 of the Clean Air Act, Section 508 of the Clean Water Act, Executive Order 11738, and Environmental Protection Agency regulations.
10. Mandatory standards and policies relating to energy efficiency, which are contained in the State energy conservation plan issued in compliance with the Energy Policy and Conservation Act.
11. 7 CFR § 3015.
12. Specialty Crop Competitiveness Act of 2004 (7 U.S.C. 1621 note) of Public Law 108-465.
13. Specialty Crop Block Grant Program (SCBGP) final rule 7 CFR § 1290 for the SCBGP FY 2006-FY 2008 program.
14. 7 CFR § 1291 for the SCBGP-FB FY 2009-FY 2012 program
15. If the Grant is funded by a federal "funding agreement" as defined under 37 CFR § 401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignments, or performance of ...research work under that "funding agreement," 37 CFR § 401
16. 2 CFR § 200.322.

Depending on your organization as the sub-recipient, you should comply with the following.

If you are a state, local government, or Indian Tribal government:

- OMB Circular A-87 for Cost Principles
- OMB Circular A-102 for Administrative Requirements
- OMB Circular A-133 for Single Audit

If you are a non-profit organization, hospital, or institution of higher education:

- 2 CFR § 220 (for universities), 2 CFR § 230 (for non-profit organizations), or 45 CFR § 74 (for hospitals)
- 2 CFR § 215 for Administrative Requirements
- OMB Circular A-133 for Single Audit

These circulars are available on the Internet at the following URL:

<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>

In order to comply with the above circulars, MDARD provides the Grantee with the following information regarding the funding of this grant:

**Federal Agency:** US Department of Agriculture (USDA), AMS

**CFDA (Catalog of Federal Domestic Assistance) Number:** 10.170

**CFDA Title:** Specialty Crop Block Grant Program – Application HR 133

**FFP (Federal Financial Participation) Rate:** 100%

**Federal Award Number:** AM21SCBPMI1104

**Federal Award Name:** State of Michigan Department of Agriculture & Rural Development 2022 SCBGP-Farm Bill HR-133

### **Audit Reporting Requirements**

If a Single Audit has been required, a copy including a corrective action plan for any finding affecting the grant shall be submitted to:

Michigan Department of Agriculture and Rural Development  
Executive Office, Federal Aid  
Constitution Hall, North Tower, 6<sup>th</sup> Floor  
PO Box 30017, 525 W. Allegan Street  
Lansing, MI 48909 (for PO Box) or 48933 (for street address)

### **Audit Cost**

No audit cost may be charged to MDARD when audits required by this grant have not been performed or have not been performed in accordance with OMB Circular A-133 requirements or are not required in accordance with OMB Circular A-133. Late submission of the Single Audit Report is considered noncompliance with this section and may be grounds to impose sanctions.

### **Sanctions**

MDARD may impose sanctions if the sub-recipient fails to adhere to any of the audit requirements in the Grant Agreement. In cases of continued inability or unwillingness to comply with audit requirements, MDARD may impose sanctions such as:

- Withholding a percentage of the award until the audit is completed satisfactorily; or
- Withholding or disallowing overhead costs; or
- Suspending future awards until the audit is conducted; or
- Terminating the Grant Agreement.

**Michigan Department of Agriculture and Rural Development  
Certification of Federal Audit Requirements**

1. Grant Number: 23\*501
2. Sub-recipient's name as reported in the MDARD grant: Great Lakes Hops - A subsidiary of Dutch Touch Growers Inc.
3. Sub-recipient's fiscal year: Beginning \_\_\_\_/\_\_\_\_/\_\_\_\_ Ending \_\_\_\_/\_\_\_\_/\_\_\_\_  
Month, Date, Year Month, Date, Year
4. Identify any other name(s) used by the sub-recipient.  
  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
5. Will your organization be required to have a Single Audit for the current fiscal year in accordance with OMB Circular A-133?  
  
YES NO (circle one)
6. Is your organization on the Federal Debarment List?  
  
YES NO (circle one)
7. Federal Identification Number: \_\_\_\_\_
8. DUNS Number: \_\_\_\_\_
9. Unique Entity Identifier (UEI): \_\_\_\_\_

**NOTE** - The sub-recipient must notify MDARD if the status of the organization changes during the fiscal year.