



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF AGRICULTURE
AND RURAL DEVELOPMENT

GARY MCDOWELL
DIRECTOR

DATE: September 18, 2019

TO: Michigan Commission of Agriculture and Rural Development

FROM: Peter Anastor
Director, Agriculture Development Division

SUBJECT: SFT Foods, LLC (Browndog Creamery) - Food and Agriculture Investment Fund

Background

In 2015, Paul Gabriel and Brian Scherle started Browndog Creamery, a retail restaurant location that makes baked goods, confections, and gourmet ice creams from scratch in Northville. The company has grown and now has two locations, including a retail and ice cream manufacturing site in Farmington. The company has over 40 employees at the two locations and sources 100 percent of the dairy used in their products from Michigan suppliers.

Paul was introduced to ice cream and business at a young age when his parents opened a local soft serve ice cream shop named Stuart's (named after his first rescue Boston Terrier). He eventually bought the shop from his parents and began to produce and create a unique experience for the community. All this experience parlayed perfectly into the opening of Browndog.

Brian Scherle has multiple years of food experience that began with cooking/baking in his mother's kitchen and ran a successful small business for eight years. He currently holds a position in the Department of Cardiac Surgery at the University of Michigan Hospital.

SFT Foods currently maintains wholesale accounts with nine individual Michigan businesses and has reached maximum capacity at the current locations. SFT Foods has already been in negotiations with Meijer to supply 20 locations with ice cream and has been asked by retailers, ice cream shops, and Comerica Park (The Detroit Tigers) to provide ice cream at their venues. Once the manufacturing facility is up and running, there are plans to take on more wholesale accounts, expand into the regional and national wholesale to retail market, and nationwide shipping of ice cream.

SFT Foods has also been approached by other businesses to act as a co-packer of ice cream and baked goods. SFT foods is currently talking with four other businesses who are in this growth stage. All these businesses need larger kitchens and increased storage capacity to grow their businesses to the next level. Sharing this facility will provide them with what they need to increase their production, as well as allow all the businesses to combine their purchasing power of Michigan agricultural products.

Project Description

The SFT Foods project includes the purchase of an industrial manufacturing building in Oak Park, Michigan, that will bring the ice cream and bakery/confections manufacturing into a single building. Combining the bakery and ice cream manufacturing will allow for wholesale and distribution growth, an increase in production and efficiencies, future pasteurization, and eventual further growth into the dairy space with cheese manufacturing. The new production facility will have a focus to grow Browndog's presence in the wholesale and distribution market. The project will require an investment of \$876,200 and lead to the creation of seven new jobs.

This facility will allow an increase of their production volume five times their current annual capacity of approximately 6,400 gallons of ice cream, made from 4,000 gallons of dairy mix. With the addition of new equipment and increased storage, they will be able to annually produce 408 gallons of finished ice cream (255 gallons of dairy) per 12-hour period, approximately 145,000 gallons of ice cream (91,000 gallons of dairy) per year.

The project has not received any other incentive/support from state, county, local governments, or organizations.

MDARD Staff Recommendation

Michigan Department of Agriculture and Rural Development staff recommends the Michigan Commission of Agriculture and Rural Development approve a Food and Agriculture Investment Program performance-based grant of \$75,000 for SFT Foods, LLC.



FOOD AND AGRICULTURE INVESTMENT PROGRAM
MICHIGAN DEPARTMENT OF AGRICULTURE AND
RURAL DEVELOPMENT

TERMS SHEET

PROJECT TITLE

Browndog Creamery Production Facility Expansion

COMPANY INFORMATION

Company Legal Name: SFT Foods, LLC
Address: 12930 Capital Avenue, Oak Park, Michigan, 48237
Federal ID Number: 83-4677549

COMPANY PROJECT

Project Location (Address): 12930 Capital Avenue, Oak Park, Michigan
Total Project Investment Amount: \$876,200
Total Project Jobs Created: 7

MDARD PROJECT SUPPORT

Type of Project: Performance Based Grant
Grant Amount: \$75,000


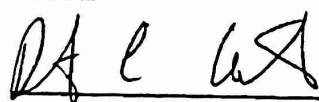
Milestones:

1. Building renovation at the new food production facility in Oak Park, Michigan, including plumbing, electrical, HVAC and kitchen/production space improvements; and
2. Purchase, installation and operation of new machinery and equipment, including walk-in freezers and coolers, batch freezer, piston filler, ovens, kitchen equipment and hood at the renovated facility in Oak Park; and;
3. Documentation of necessary state food processing permits, and local building occupancy permits for the facility in Oak Park.

All milestones must be completed prior to receiving a disbursement of the performance-based grant.

If the terms of this Letter of Intent for a grant are accepted, the project will be taken to the Agriculture and Rural Development Commission for approval. If approved by the Commission, a grant agreement will be signed between the company and MDARD incorporating the terms included in this term sheet.

ACKNOWLEDGEMENT OF TERMS OF SUPPORT FOR PROJECT

Company	Date	MDARD	Date
 Paul Gabriel Member	8/29/19	 Peter C. Anastor, Director, Agriculture Development	8/28/19



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GARY MCDOWELL
DIRECTOR

DATE: September 18, 2019

TO: Michigan Commission of Agriculture and Rural Development

FROM: Peter Anastor
Director, Agriculture Development Division

SUBJECT: Michigan State University Department of Forestry - Mass Timber STEM Building
Food and Agriculture Investment Fund

Overall Project

The primary goal of the three-year project is to provide extensive outreach on mass timber design and construction to stimulate greater utilization of mass timber in the construction of buildings in Michigan and neighboring states. Increasing demand for mass timber in Michigan and neighboring states will aid in the State of Michigan's efforts to attract a mass timber manufacturer.

Background

One of the top research universities in the world, Michigan State University (MSU) pushes the boundaries of discovery and forges enduring partnerships to solve the most pressing global challenges while providing life-changing opportunities to a diverse and inclusive academic community. The 5,200-acre main campus hosts more than 50,000 students, with 110 academic buildings. The Department of Forestry was established in 1902 as one of the first academic forestry programs in the United States. Today, it continues a long tradition of education of leaders, research innovation, and impactful outreach.

The proposed outreach project leverages the \$100 million mass timber Science, Technology, Engineering, and Mathematics (STEM) Teaching and Learning Facility currently under construction at MSU. This is the first mass timber building (incorporating cross laminated timber) in the State of Michigan and neighboring states including Ohio, Indiana, Illinois, and Wisconsin. The STEM Facility consists of two mass timber wings added to a mass-timber renovation of the former Shaw Lane Power Plant right next to Spartan Stadium.



The three stories of mass timber (45-foot height) incorporates 1.31 million board feet of softwood lumber. The 120,000 square feet of modern teaching labs will host introductory lab courses for greater than 12,000 students per year in physics, chemistry, biology, and computer science. A building with state-of-the-art wet and dry teaching labs represents a novel application of mass timber.

Although universities are uniquely qualified to educate students and the public, university-based outreach on mass timber has been negligible, even on those campuses with mass timber buildings. Universities provide unique advantages for outreach, including incorporation of material into courses on architecture, engineering, and construction management, as well as public outreach through the extension system and large public events that occur on campuses. These attributes uniquely position MSU to influence decisions on design and construction well into the future.

Project Description

This project will fund outreach on mass timber construction with the primary goal to stimulate additional mass timber construction in the State of Michigan and neighboring states. Increasing demand for mass timber in Michigan will aid in the State of Michigan's efforts to attract a mass timber manufacturer that would utilize Michigan's forest resources. The project is a partnership with several funding partners including MSU Extension, MSU Forestry, MSU Construction Management Program of the School of Planning, Design, and Construction, and the Michigan Department of Natural Resources.

Specific activities of the \$351,200 project include the hiring of an outreach specialist devoted to mass timbers and the development of marketing and educational information, including a comprehensive website that will serve as a long-term resource for mass timber projects. Other activities being led by the outreach specialist include educational activities for both industry and students, including workshops and pop-up outreach on mass timber construction and design.

MSU has excellent capacity to deliver the proposed outreach. Unique aspects of this proposal include the close working relationship between MSU's Department of Forestry and the Construction Management Program of the School of Planning, Design, and Construction (SPDC), and the collaboration with MSU Extension, which has a long track record of successful outreach. Forestry holds wood science knowledge and teaching, with important stakeholders in the forest products industry. SPDC holds construction management knowledge and is well connected with the architecture, engineering, and construction (AEC) industry, important downstream consumers of wood.

Recommendation

Michigan Department of Agriculture and Rural Development staff recommend the Michigan Commission of Agriculture and Rural Development approve a Food and Agriculture Investment Fund performance-based grant of \$75,000 for Michigan State University's Department of Forestry. The grant will be funded over a three-year period.



**FOOD AND AGRICULTURE INVESTMENT PROGRAM
MICHIGAN DEPARTMENT OF AGRICULTURE AND
RURAL DEVELOPMENT**

TERMS SHEET

PROJECT TITLE

Michigan State University Mass Timber STEM Building Project

COMPANY INFORMATION

Company Legal Name: Michigan State University Department of Forestry
Address: 480 Wilson Road, Room 126, East Lansing, Michigan, 48824
Federal ID Number:

COMPANY PROJECT

Project Location (Address): Statewide Outreach
Total Project Investment Amount: \$351,202
Total Project Jobs Created: 1

MDARD PROJECT SUPPORT

Type of Project: Performance Based Grant
 Grant Amount: **\$75,000 (\$25,000 in 2020, \$25,000 in 2021 & \$25,000 in 2022)**



Milestones:

1. Verification of Salary expenses for Outreach Specialist to be hired by Michigan State University, and;
2. Creation of a website that will serve as a long-term resource for mass timber projects, and;
3. Creation of fact sheets highlighting opportunities for mass timber projects, and;
4. Completion of tours for architecture, engineering and construction (AEC) industry, students and influencers, and;
5. Participation in hosting at least one mass timber workshop per year.

All milestones must be completed prior to receiving a disbursement of the performance-based grant.

If the terms of this Letter of Intent for a grant are accepted, the project will be taken to the Agriculture and Rural Development Commission for approval. If approved by the Commission, a grant agreement will be signed between the company and MDARD incorporating the terms included in this term sheet.

ACKNOWLEDGEMENT OF TERMS OF SUPPORT FOR PROJECT:

Company	Date	MDARD	Date
	<u>9 Sept 19</u>		<u>9/16/19</u>
Diane Cox, Sponsored Programs Manager		Peter C. Anastor, Director, Agriculture Development	
Print Name and Title			

MC
9/19/19

PURE OPPORTUNITY: MASS TIMBER IN MICHIGAN

Michigan's manufacturing infrastructure offers unmatched resources for mass timber manufacturing including softwood and hardwood lumber, metal fabrication, logistics and supply chain, adhesives, materials sciences, construction, market development and more.

Did you know?

MICHIGAN'S FOREST PRODUCTS INDUSTRY

- With a rich history of forests and forest products, Michigan boasts 20 million acres of sustainably managed forests and the 5th largest timberland in the nation, growing nearly twice what is harvested.
- Michigan's four million acres of state-owned forests, the most in the lower 48 states, are sustainably managed with dual certification to the Forest Stewardship Council® (FSC®) and Sustainable Forestry Initiative® (SFI®) standards.
- Michigan's growing forest product sector contributes \$20 billion to Michigan's economy annually and supports 91,000 total jobs, 6% of Michigan's manufacturing jobs.
- Softwood lumber production from Michigan-based or headquartered companies exceeds 460 Million Board Feet (MMBF). Sawmills hold FSC Chain of Custody Certification, with capacity to grade and increase production of necessary dimensions and grades.

TRANSPORTATION INFRASTRUCTURE

Michigan not only has abundant resources for the mass timber industry, it is within 500 miles of half the U.S. and Canadian markets – perfectly located for doing business quickly and economically.

- Road: 1,244 miles of interstate highway; 8,480 miles of toll-free U.S. and state highways. U.S. - Canada border crossings in Detroit, Port Huron and Sault Ste. Marie.

- Rail: Four Class I railroads, three with intermodal terminals (26 total freight railroads covering 3,634 miles).
- Ports: 40 commercial ports (38 deep-water ports); The Port of Detroit connects the Great Lakes to the St. Lawrence Seaway.
- Airports: 18 Commercial airports, including Detroit Metropolitan Wayne County Airport, ranked as one of the top international airports in the world.

ACCESS TO TALENT

Thanks to its legacy of advanced manufacturing leadership, whether you are looking for skilled trades, engineering, science or other expertise, Michigan has access to abundant talent.

- More than 130,000 engineers statewide: Michigan has the highest concentration of engineering workforce in the nation.
- 250,000 Skilled trades workers: Michigan ranks in the top 10 for its number of workers in the skilled trades.
- More than 6,000 commercial and industrial designers, and over 2,500 resident architects.
- Michigan has 28 community colleges, 15 public universities and 57 private universities.
- Forest product skilled trade automation process control and wood science technology programs at Kirtland Community College.

RESEARCH AND DEVELOPMENT

Michigan colleges and universities actively support the mass timber industry through programs and research, including:

- Cutting-edge research in mass timber adhesives and coatings, and mass timber construction management at Michigan State University (MSU)
- Fabrication and testing of full scale cross laminated timber panels (including hardwood species) at Michigan Technological University

MARKET DEVELOPMENT

Many partners including the Michigan Forest Biomaterials Institute, Michigan state agencies and universities, and WoodWorks host educational workshops that promote mass timber construction. These efforts supported MSU's decision to use mass timber for the new 117,000-square-foot STEM Teaching and Learning Facility, scheduled to be completed in fall 2020. The project showcases the potential for mass timber in commercial construction and includes multi-year outreach to architecture, engineering and construction industries and students to stimulate additional mass timber construction in Michigan and surrounding states.



MICHIGAN'S MASS TIMBER INDUSTRY

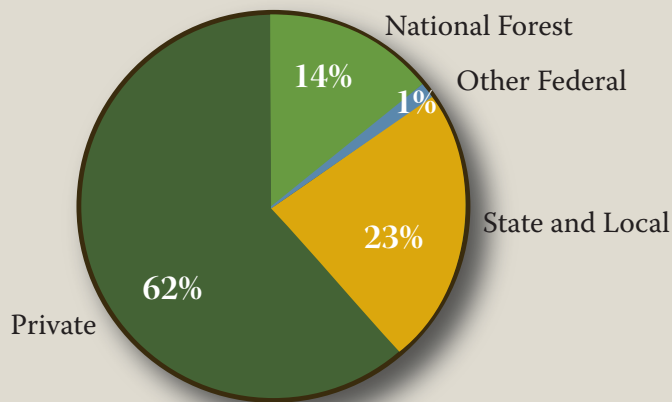
THE BUSINESS CASE FOR MICHIGAN

The bottom line is that Michigan is a business- and manufacturing-friendly state with a low cost of doing business and many resources to help businesses succeed.

- Low 6% corporate income tax
- A wide portfolio of business development incentives, including some specific to the forest product sector
- Streamlined environmental permitting pathways with defined timelines

The State of Michigan is the largest landowner sustainably managing four million acres of state forest land.

MICHIGAN FORESTLAND OWNERSHIP



Michigan can provide access to additional softwood lumber from Canada and other parts of the U.S. through Michigan headquartered manufacturers and well-established distribution channels.

LUMBER MANUFACTURERS

- 1. PotlatchDeltic – Gwinn, MI
- 2. Biewer Lumber – McBain, MI
- 3. Biewer Lumber – Lake City, MI
- 4. Universal Forest Products – Grand Rapids, MI
- 5. Biewer Lumber – Prentiss, WI
- Mill sources in Ontario and Quebec, Canada
- Mill sources in Minnesota



Michigan offers unmatched timber assets, unrivaled forestry expertise, a strong pipeline of current and future talent, and a business-friendly environment. Contact us to learn more about Michigan's many opportunities in the mass timber industry.

For more information about mass timber and Michigan, contact:
Donna LaCourt, Michigan Department of Agriculture and Rural Development
Email: Lacourtd2@michigan.gov
Cell: 517-614-5518

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

Michigan Department of
AGRICULTURE
& Rural Development

