



GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY SPECIAL MEETING AGENDA

**Monday, October 16, 2023
7:30 AM**

NOTICE IS HEREBY GIVEN, that a special meeting of the Grand Rapids Economic Development Authority will be held in the City Council Chambers in the Grand Rapids City Hall, 420 North Pokegama Avenue, in Grand Rapids, Minnesota on Monday, October 16, 2023 at 7:30 AM.

CALL TO ORDER

CALL OF ROLL

BUSINESS

1. Consider the adoption of a resolution in support of the HWY35 LLC cannabis grow and manufacturing project.

ADJOURN

MEMBERS & TERMS

Tom Sutherland - 12/31/2023 Council Representative

Tasha Connelly - 12/31/2023 Council Representative

Mike Korte - 3/1/24

Wayne Bruns - 3/1/25

Sholom Blake - 3/1/25

Al Hodnik - 3/1/27

Bill Martinetto - 3/1/27



REQUEST FOR GRAND RAPIDS EDA ACTION

AGENDA DATE: October 16, 2023

STATEMENT OF ISSUE: Consider the adoption of a resolution in support of the HWY35 LLC cannabis grow and manufacturing project.

PREPARED BY: Rob Mattei, Executive Director

BACKGROUND:

For several months, staff have been working closely with IRRR staff and HWY35 LLC (the Company) on plans for the Company's purchase and redevelopment of the 135-acre former Ainsworth site, presently owned by Voyageur Capital Group. As you know, this industrial site has been vacant since the Ainsworth OSB plant ceased operations in 2008 and approximately 180 jobs were permanently lost in our community.

The planned project will renovate 240,000 square feet within the existing vacant building to convert it into a cannabis grow and manufacturing business. The project will be completed in two phases, approximately equal in size with a total budgeted investment of \$67MM, which includes approximately \$36MM of equipment purchases. When both phases of the project are implemented the operations of the plant will directly employ approximately 400 FTE positions.

RECOMMENDATION:

REQUIRED ACTION: Make a motion to adopt a resolution in support of the HWY35 LLC cannabis grow and manufacturing project.

Grand Rapids Economic Development Authority Commissioner _____ introduced the following resolution and moved for its adoption:

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 23 - ____

**A RESOLUTION IN SUPPORT OF
THE HWY 35 LLC CANNABIS GROW & MANUFACTURING PROJECT**

WHEREAS, HWY35 LLC, a registered Minnesota Limited Liability Corporation in good standing (the Company), has proposed a project to redevelop the 135-acre Grand Rapids industrial site of the former Ainsworth OSB manufacturing plant, converting it into a cannabis grow and manufacturing facility (the Project); and

WHEREAS, the Project will invest approximately \$67MM into equipment and buildout of approximately 240,000 square feet of the facility shell, which has been vacant since Ainsworth ceased operations on the site in 2008, resulting in the loss of approximately 180 jobs in the community; and

WHEREAS, the Project will make full use of the public investment in infrastructure available at the site, including high voltage power supported by a new substation and the recently completed \$6.0MM sanitary sewer and water infrastructure extension funded by multiple local, state and federal agencies; and

WHEREAS, as proposed and if supported by DEED and the IRRR, the Project will scale up quickly with a two-phase plan to create up to 400 direct jobs with varying skill levels from low to highly technical and with annual wages ranging from \$40,000 to \$160,000; and

WHEREAS, the jobs, many of which are required by the law to be union positions, will be filled by a workforce already residing in our broader region and some which will move to our region; and

WHEREAS, the owners of the Company have expressed an interest in supporting new workforce housing development and have begun to dialogue with housing developers considering housing projects in the area; and

WHEREAS, the owners of the Company have a verified reputation of experience and wherewithal to finance, obtain licenses, develop, startup and successfully operate cannabis manufacturing facilities in several other states; and

WHEREAS, the Company has established relationships with other multi-state operators, packaging companies, transportation companies and third-party testing labs. This, together with their plan to be a first mover to market will provide opportunities to solidify their brands in the market and attract spin-off development to the site in addition to the Project; and

WHEREAS, City and Grand Rapids Economic Development Authority (GREDA) officials, in the areas of community and economic development, administration, fire, and law enforcement have visited Company facilities in Kansas City, MO to observe their operation, technology, workforce, and security systems; and

WHEREAS, City and Itasca Co. law enforcement and emergency management officials have also communicated directly with law enforcement from those jurisdictions where the Missouri facilities are located to gather information; and

WHEREAS, all this due diligence work, together with our collaboration with the IRRR staff in their extensive due diligence efforts have resulted in strong support from GREDA for the Project; and

WHEREAS, GREDA understands well that the establishment of Minnesota facilities, such as this Project, will be required to produce product for this new Minnesota industry as shipping into the state from other states is not permitted and, furthermore, that this may be our only regional opportunity to capture the economic benefit of this new industry for decades to come; and

WHEREAS, GREDA supports and values the IRRR and DEED proposal to use funds from the Douglas J. Johnson Trust Fund and the 21st Century Fund to support the Project with secured equipment financing with incentivized employment targets to promote an expedited scaling up of this new industry; and

WHEREAS, GREDA also supports the City's consideration of a Redevelopment TIF District to support the Project and future spin-off development located at the site.

NOW, THEREFORE, BE IT RESOLVED BY THE ECONOMIC DEVELOPMENT AUTHORITY OF GRAND RAPIDS, MINNESOTA: that the Grand Rapids Economic Development Authority fully supports the establishment of the Project in our community.

Adopted by the Grand Rapids Economic Development Authority this 16th, day of October 2023.

Sholom Blake, President

ATTEST:

Tasha Connelly, Secretary

Grand Rapids Economic Development Authority Commissioner _____seconded the foregoing resolution and the following voted in favor thereof _____; and the following voted against same; _____, whereby the resolution was declared duly passed and adopted.