CGMC Fall Conference
2025

HWY 35, LLC
Cannabis Grow and Manufacturing Project

Early History - Acceptance

- August of 2023 EDA Director Approached me regarding the potential of a cannabis growing facility.
- It's legal…..but we need to educate.

Education

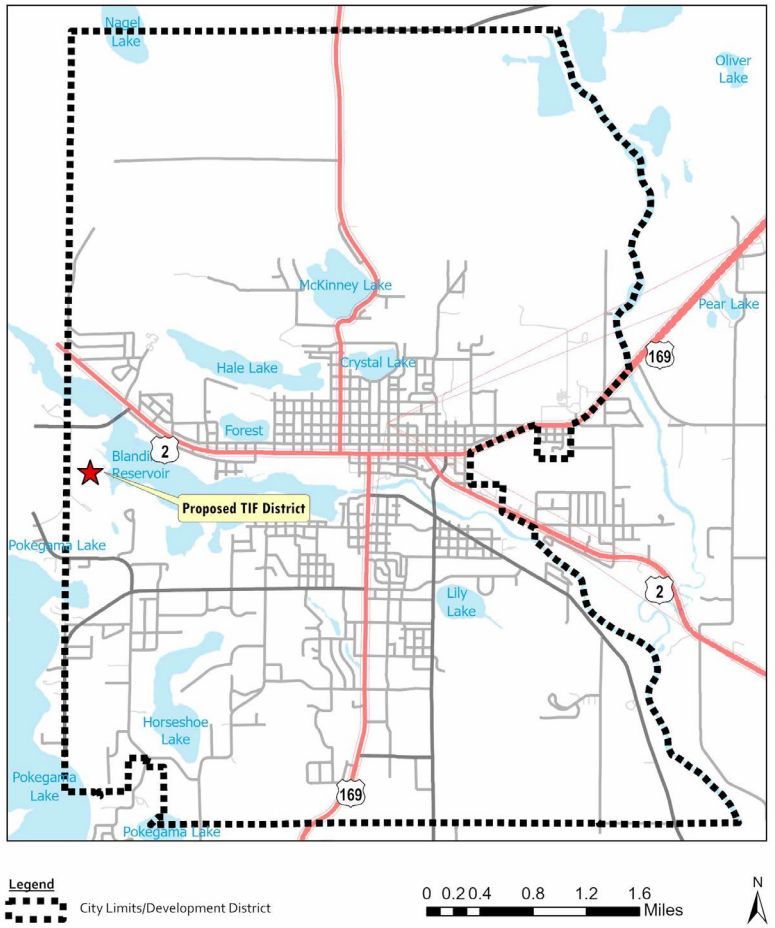
- August 2023 took members of the EDA to Kansas City to tour facilities
- September 2023 took Police Chief and Sheriff to Kansas City to tour facilities

Ordinance Development

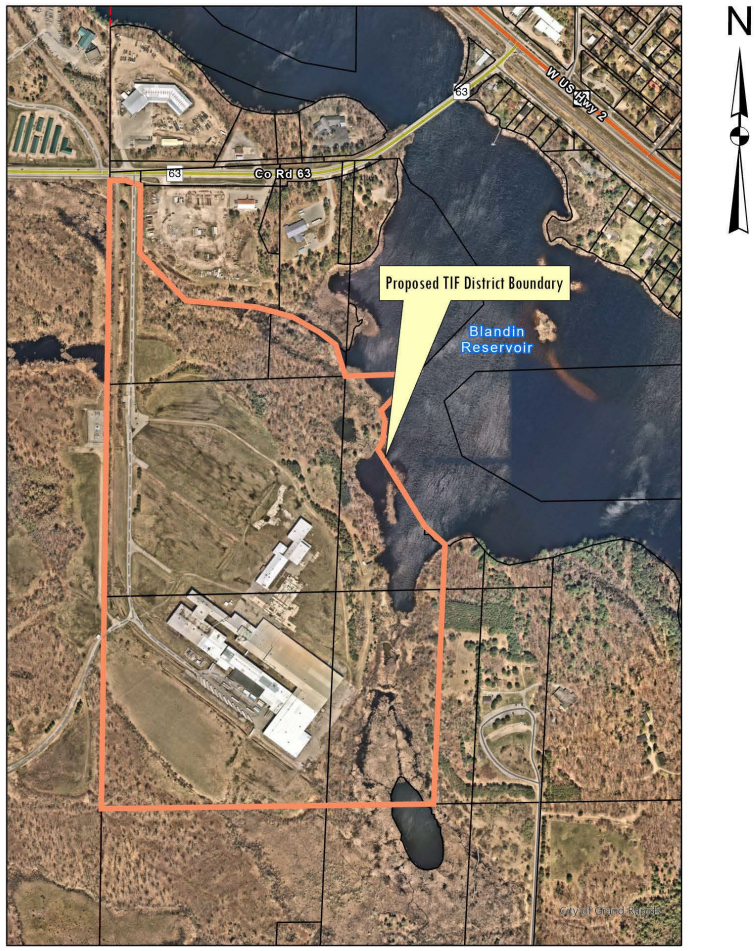
- Don't overthink it.
- Utilized the OCM template
- Edited to somewhat mirror our liquor ordinance
  - Times
  - Locations/zoning
- Difference - Limited to one dispensary until municipal dispensary decision is made.
- Updated our ordinances to reference cannabis and limit public use.

Project Location

Map of City Development District



Project Site



Existing Building

Site History/Data

- 135-acre site
- 240,000 sq. ft. of building
- Ainsworth OSB facility closed in 2008
- A loss of 185 jobs

Itasca Employment History

	2000 Jobs	2010 Jobs	2022 Jobs	Change 2000-2022	2022 Avg. Annual Wage	Total Payroll Impact
Natural Resources & Mining	741	599	595	-146	$113,516	-$16,573,336
Construction	825	849	859	34	$70,200	$2,386,800
Manufacturing	**1,740**	**1,027**	**796**	**-944**	**$64,480**	**-$60,869,120**
Trade, Transportation & Utilities	3,423	3,325	3,325	-98	$49,244	-$4,825,912
Information	140	167	119	-21	$58,864	-$1,236,144
Financial Activities	404	457	422	18	$59,332	$1,067,976
Professional & Business Services	1,208	948	1,015	-193	$43,004	-$8,299,772
Education & Health Services	3,347	4,456	5,128	1,781	$48,516	$86,406,996
Leisure & Hospitality	1,588	1,669	1,654	66	$20,748	$1,369,368
Other Services	762	595	588	-174	$33,540	-$5,835,960
Public Administration	1,231	1.461	1,216	-15	$58,448	-$876,720
Total	**15,502**	**15,556**	**15,719**	**217**		**-$7,285,824**

Source: Quarterly Census of Employment and Wages, 2000, 2010, 2022

Employment History Cont.

- *Itasca County experienced a loss of 54% of its manufacturing jobs. During the same timeframe, the State of Minnesota saw an 18% decrease.*
- *The Project is in a Census Tract that has 16.4% of the population living in poverty, compared to 9.7% statewide.*
- *Majority of losses occurred at UPM Blanding and Ainsworth.*

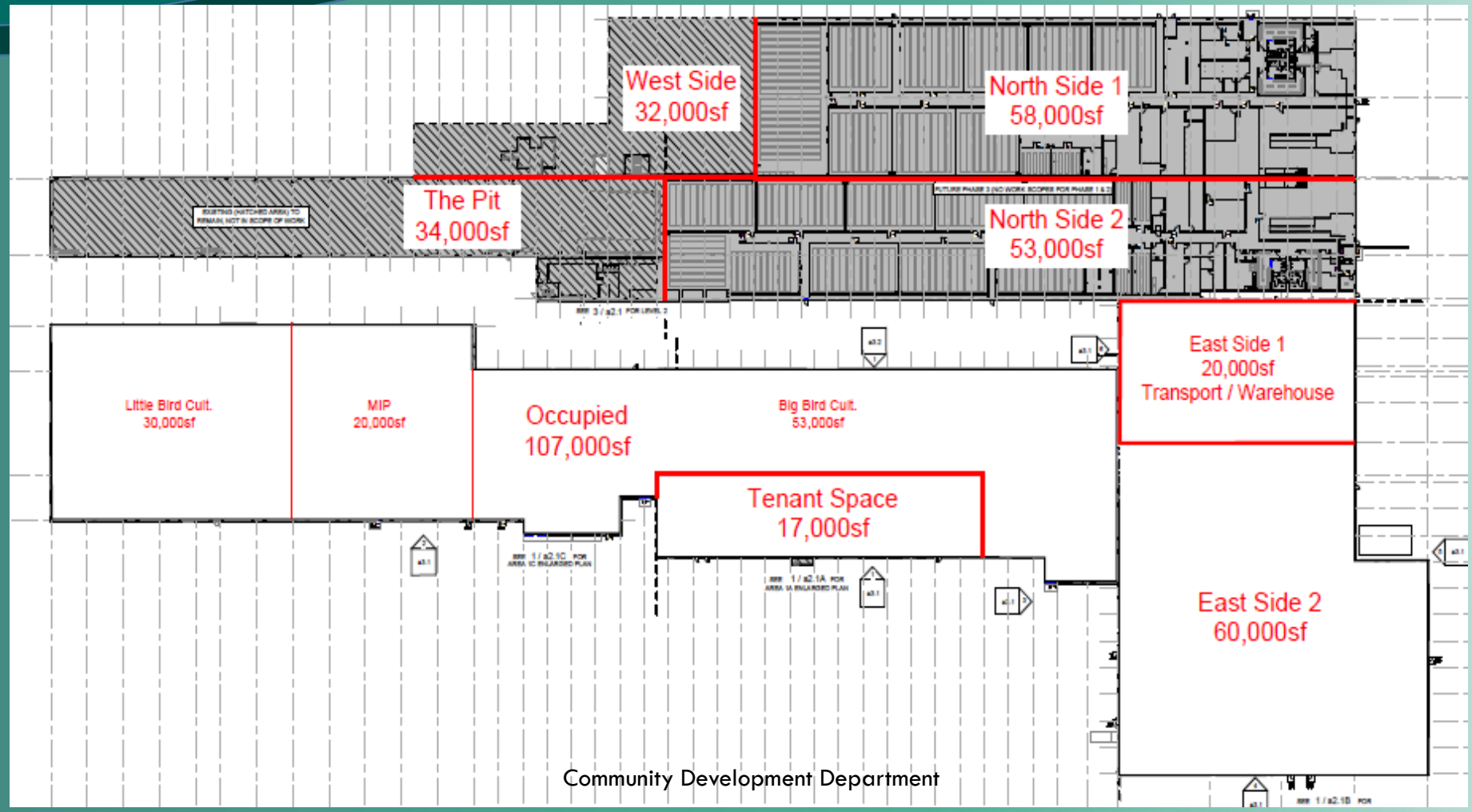
Prior Infrastructure Investments at/to site

Timeframe	Project	Total Cost	Public Investment	
2010-2012	Environmental Investigation and Cleanup	$140,000	DEED	$65,000
2018-2019	Substation/Electrical Infrastructure	$2,800,000		
2021-2023	Sewer and Water Infrastructure	$5,500,000	DEED IRRR US EDA * City GR/GRPUC City Cohasset GREDA	$250,000 $500,000 $1,900,600 $1,778,000 $749,000 $100,000
		$8,440,000		$5,342,600

Concept – Cannabis Campus

- A visionary 400,000+ sq. ft. facility designed to serve as a centralized hub for Minnesota's cannabis industry, fostering collaboration, innovation, and operational efficiency.
    - Cannabis Cultivation
    - Cannabis Manufacturing
    - Cannabis Transportation
    - Cannabis Testing

Complete Project



Ph 1 - Hwy 35 Project Costs

Project Sources and Uses:

Sources/Revenue:		Uses/Development Costs (Both Phases):	
IRRR Financing	$10,000,000	Property Acquisition	$4,500,000
DEED Financing	$10,000,000	Construction Costs	$29,971,800
Equity	$49,148,340	Professional Fees and Permits	$3,500,000
TIF	$2,000,000	Equipment	$28,176,540
		Working Capital	$5,000,000
Total:	$71,148,340	Total:	$71,148,340

Tax Growth (increment)

Current and Future Assessed Value Estimate:

	Base Value (Itasca County Assessor)	Future (Itasca County Assessor)
Land Value (135.0 acres)	$724,100	$4,041,879
Building Value	$1,138,700	$16,263,615
Total Value	$1,862,800	$20,305,494
Annual Property Taxes (Pay 2023 Rate)	$62,000	$765,000

Project Background

Jobs and Wages:

- The HWY 35 project is expected to create approximately 200 full time jobs for each of the two phases of the project (total of 400 jobs).
- The current state law requires that these jobs, exclusive of management, be union represented positions.
- The base wages for the 400 jobs will range from $40,000 to $130,000 annually.

Status of Phase 1

- Phase 1-
  - 30,000 sq. ft cannabis cultivation facility
  - Completed and licensed Sept. 25 2025
  - First harvest December
  - Product to market January 2026

Phase 1

- 15,000 sq ft of Double Tier Cannabis Cultivation
- 1 Veg room
  - Clones
  - Moms
  - 2,000 veg plants
- 6 flower rooms
  - 1350 plants each

Cannabis Clones

Community Development Department

Cannabis Vegetive Plants

- 10 day veg cycle
- 24 hours of light each day
- Temps around 75 degrees

Cannabis Flowering Plants

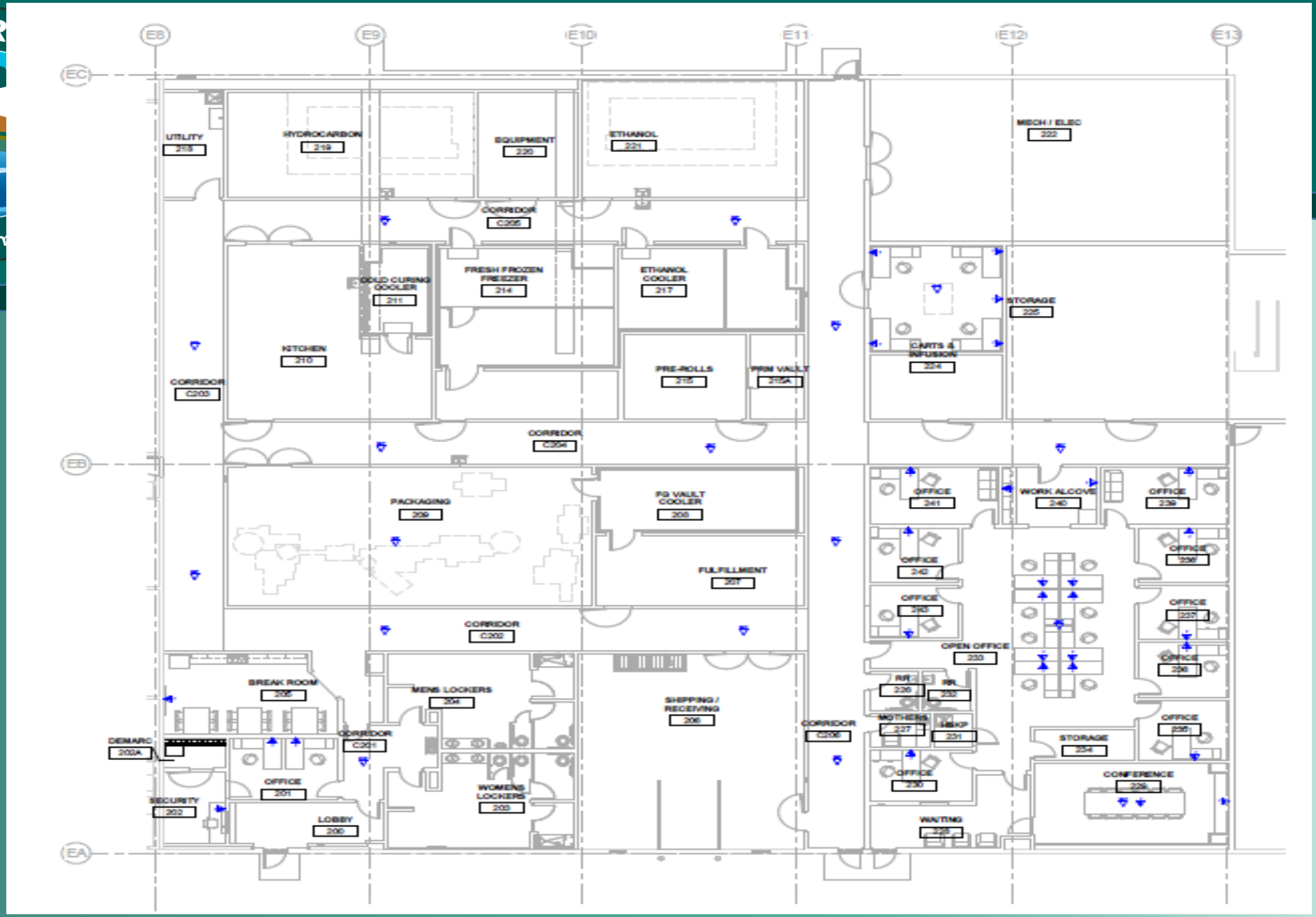
- 56 day flowering cycle
- 12/12 light cycle
- Complete uninterrupted dark
- Temps around 72 degrees

Phase 2
Cannabis Manufacturing Space

- 20,000 sq ft of cannabis manufacturing space
  - Edible Kitchen
  - Pre-Rolls
  - Vape Carts
  - Extraction
    - Ethanol
    - Butane
    - Solventless

Cannabis Manufacturing

- Construction to be finished Dec 2025
- Products to market Feb 2026
  - Concentrates
  - Vap pens
  - Infused pre rolls
  - Gummys
  - Chocolates
  - Topicals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MECH / ELEC
222
CORRIDOR
C205
COLD CURING COOLER
211
FRESH FROZEN FREEZER
214
ETHANOL COOLER
217
STORAGE
225
KITCHEN
210
PRE-ROLLS
215
PRM VAULT
215A
CARTS & INFUSION
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CORRIDOR
C204
PACKAGING
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FG VAULT COOLER
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C202
BREAK ROOM
205
MENS LOCKERS
204
SHIPPING / RECEIVING
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CORRIDOR
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RR
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MOTHERS
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STORAGE
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DEMARC
203A
CORRIDOR
C201
OFFICE
230
CONFERENCE
226
OFFICE
201
WOMENS LOCKERS
203
SECURITY
202
LOBBY
200
WAITING
228

Office Suite

Phase 2 also includes 4,000 sq. ft of office space

This space will include

Management offices

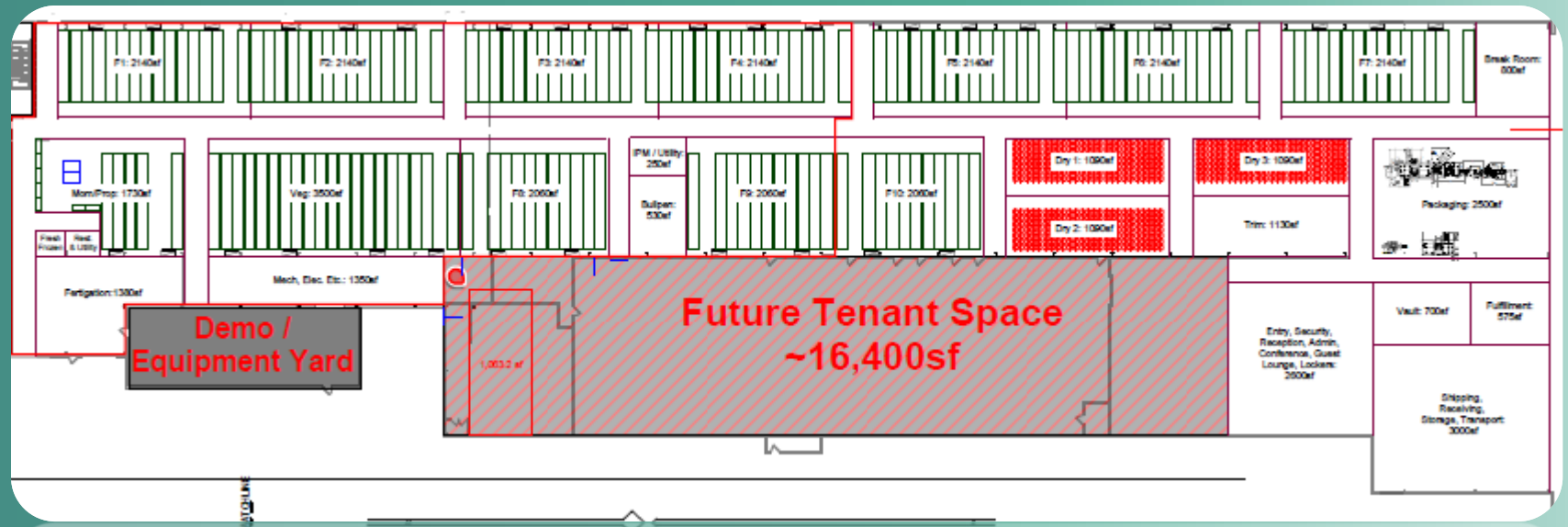
Transportation License

MN North College Training Classroom

Phase 3
Second Cultivation Space

- 100,000 sq ft cultivation space
- 15,000 sq ft cannabis canopy space
- Single tier cultivation
  - 1 propagation room
  - 1 veg room
  - 10 flower rooms
  - 3 dry rooms

Phase 3- Second Cultivation Space



Tennant Spaces

HWY35 will have multiple options for tennant spaces

Three ~60,000 sq. ft cultivation spaces

Two ~30,00 sq ft spaces

Two ~20,000 sq ft spaces

Spinoff Development

- The size of this site and its capacity for additional development as an industrial campus accommodates the greater vision expressed by HWY 35.
- HWY 35 brings nationwide connections to the cannabis industry and is already working toward co-location of:
  - Multi-state Operators
  - Third Party Testing Laboratories
  - Packaging Companies

Questions?