KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)

AGRICULTURE AND RENEWABLE ENERGY DEVELOPMENT COMMITTEE

MINUTES

November 15, 2018

Kandiyohi Power Cooperative, Spicer

Present: Rollie Boll, Ian Graue, Kevin Halvorson, Larry Konsterlie, Dustin Kotrba, Kim Larson, Dan Lippert, Keith Poier and Dan Tepfer

Excused: Jon Folkedahl

Absent: Bruce Reuss

Guests: Harold Stanislawski, AURI, Charles Levine, Hemp Acres, LLC and Margaret Wiatrowski, Minnesota Department of Agriculture

Staff: Connie Schmoll, Business Development Specialist

Secretarial: Diane Beck, Legal & Administrative Assistants, Inc. (LAA)

Chairperson Dan Tepfer called the meeting to order at approximately 7:38 a.m. and welcomed attendees. Chair Tepfer introduced Harold Stanislawski of Agricultural Utilization Research Institute (AURI); Stanislawski introduced Margaret Wiatrowski, Industrial Hemp Plant Coordinator, with the Minnesota Department of Agriculture (MDA)and Charles Levine, owner of Hemp Acres, LLC of Waconia, an industrial hemp food grade protein and oil extraction plant (the first plant approved by the state of Minnesota).

Presentation: U.S./Canada Production/Processing of Industrial Hemp. Stanislawski provided an overview of AURI, which is a one-of-a-kind resource that provides assistance to Minnesota businesses looking to create more value for the state's agriculture products. Currently, specialists are working on industrial hemp to find a market for industrial hemp grain and protein for various uses in products, i.e., chocolate and a high protein additive in some alcohol products as well as CBD oil, which can be added to tinctures, soaps, etc. AURI is also working with an animal feed study with the MDA and North Carolina University is working on a feed study. AURI is interested in partnering with entities for industrial hemp food processing and bio mass. Industrial hemp is sometimes associated with marijuana; however, cannabis consists of two species: 1) cannabis; and 2) marijuana (the flower part of the plant).

Charles Levine explained the decortication process, which is a machine that removes the tough woody interior (the hurd material), from the softer, fibrous exterior of the stalk. He reported there are Minnesota market opportunities for industrial hemp. It has a high R value for use in green building materials, i.e., guitars, dashboards, door panels, etc. A question was raised if industrial hemp is cost prohibitive. Levine stated it is now, but in the long run it may be less expensive. Europe is ahead of the United States in hemp production and uses. Levine shared the differences in raising hemp for food products and fiber versus growing hemp for cannabidoil (CBD) used in

dietary supplements or pharmaceuticals. Levine shared the differences in the planting and harvesting process between grain and CBD. Growing hemp for CBD is more labor intensive, but financially beneficial and could generate over $2,000 an acre in profits.

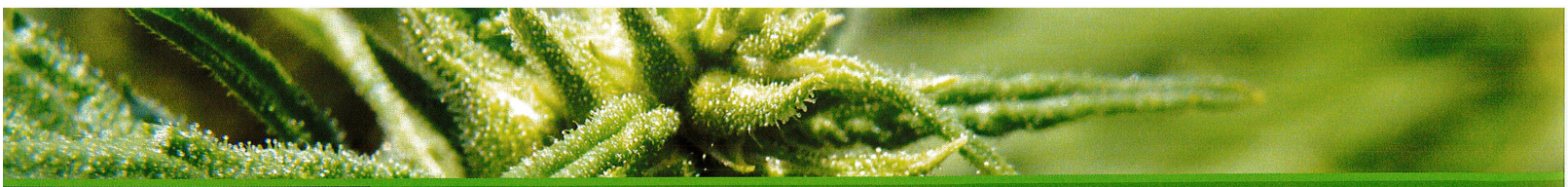
Margaret Wiatrowski reported things are changing fast in the industrial hemp field. The growing of industrial hemp in Minnesota began in 2014 when the federal government allowed states to administer pilot programs to research industrial hemp. In 2015, Minnesota passed the Hemp Farming Act with the same language as the federal Farm Bill and gave the MDA the responsibility of running the program. In 2015, seven applications were received and in 2017, the application process was opened up with a straight up application process that resulted in 40 license holders. In 2018, there were 45 license holders. Wiatrowski reported that background checks are the largest portion of the application process. In 2018, approximately half of industrial hemp growers grew for CBD production, which takes less acres of land. Wiatrowski shared the 2019 application process has been open for approximately one month and over 40 applications have been received. Most of the applications are for growing CBD due to the less acreage and the financial benefits. She explained the rules for growing CBD at the federal level are difficult due to the legality issue. Testing is performed on all growers for CBD. She explained the flower of the plant contains the controlled substance. The FDA has approved a CBD drug used to control childhood epilepsy. Minnesota passed the medical cannabis program but CBD is not legal. Levine shared there is not a location in Minnesota to sell the industrial hemp grain; however, there is one Canadian company and one in Wisconsin. Growing and getting a license for growing and extraction of CBD production is legal to do if licensed through the State of Minnesota and the oil can be sold to other states and countries where it is legal. Producers can sell industrial hemp grain to North Dakota, if the proper licenses are in place, but are not allowed to sell CBD or flower products. The industrial hemp pilot program will continue unless new legislation is passed to discontinue. Wiatrowski commented there is a disconnect between enforcement and political will. Discussion was held on the anticipated 2018 Farm Bill.

Stanislawski suggested it may be beneficial for the Ag Committee to team up with surrounding states to study options for processing industrial hemp and how it affects Kandiyohi County.

Chair Tepfer thanked Stanislawski, Wiatrowski and Levine for their interesting presentations.

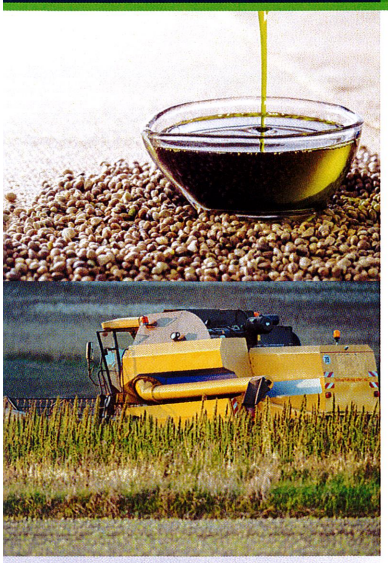
Due to time constraints, the remaining agenda items will be discussed at the December 20, 2018 meeting,

NEXT MEETING—The next regular committee meeting is **7:30 a.m., December 20, 2018** at Christianson PLLP, 302 Fifth Street SW, Willmar.



DEPARTMENT OF AGRICULTURE

INDUSTRIAL HEMP PILOT PROGRAM

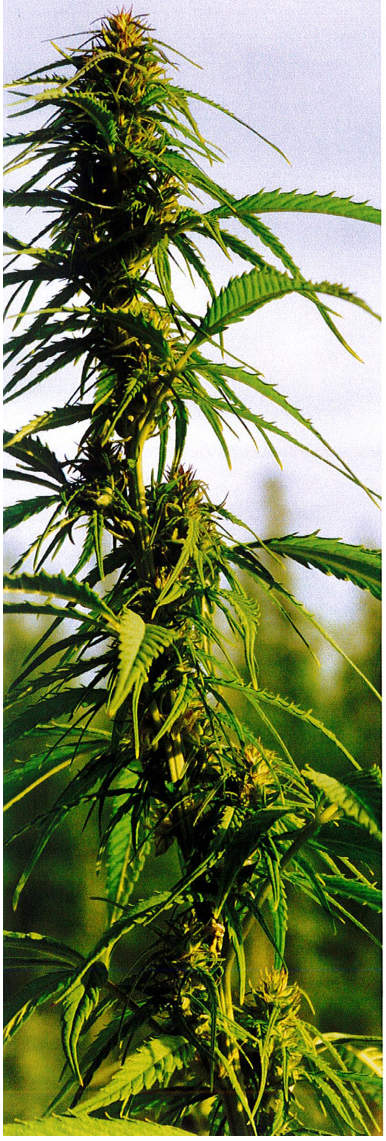


BACKGROUND

The 2014 Farm Bill defined industrial hemp for the first time under federal law and allowed states to develop research pilot programs to study the growth, cultivation, and marketing of industrial hemp. After the Minnesota Industrial Hemp Development Act (MS 18K) became law in 2015, the Minnesota Department of Agriculture (MDA) was tasked with administering the Industrial Hemp Pilot Program. Industrial hemp is defined as *Cannabis sativa* L. with a delta-9 tetrahydrocannabinol (THC) content of 0.3% or less.

Individuals must get a license to grow or process hemp through the MDA. They submit their research proposal and field locations, undergo a criminal history background check, and pay the program fees. At the end of the growing season, licensees are required to report agronomic, processing, and marketing findings.

All fields are sampled within 30 days of harvest by MDA inspectors. The plant samples are tested for delta-9 THC concentration to ensure compliance with the statutory industrial hemp definition.



DETAILS

Year	Applicants	License Holders	Acres Grown
2016	8	7	38
2017	42	38	1,210

License holders have grown hemp predominantly to harvest grain, mainly for oil and animal or human food consumption. Some licensees are also planning to process the stalks for fiber, with applications such as textiles, animal bedding, and landscaping or building materials. There is no established hemp processing industry in Minnesota yet—the markets and economic opportunities are newly developing.

UNIVERSITY OF MINNESOTA RESEARCH

Dr. George Weiblen at the University of Minnesota has been doing feral hemp and cannabis genetics research for several years. In 2017, Dr. Weiblen and his team continued the feral hemp research, and conducted agronomic hemp variety trials for the MDA pilot program. Twelve of the highest-yielding oilseed varieties from Canada were tested for suitability in Minnesota. The results of the variety trials can be found on the MDA website at **www.mda.state.mn/plants/hemp/umnvarietytrials.aspx**. The University of Minnesota, with cooperation from the Agricultural Utilization Research Institute (AURI), is currently analyzing the harvested grain from the 2017 hemp variety trials for oil yield and nutritional content.

FOR MORE INFORMATION

www.mda.state.mn.us/industrialhemp

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4/2018