

GROWERTALKS

GT in Brief

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This Story is About Hemp

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Meet Darlene Brandstatter, head of the trials program at ColorPoint in Granville, Illinois. During a visit in May, Darlene showed us her extensive in-house production trials, sharing all the details about how she was testing 859 different cultivars and combinations to see how they'll work in ColorPoint's production.

We intended to tell you all about it this month ... and then ColorPoint's owners, Art and Ken VanWingerden, went and sold this location to a Canadian hemp producer.

So much for the flower trials story!

Instead, the news is that ColorPoint not only sold this location, they're converting their original ColorPoint location in Paris, Kentucky, to hemp, in partnership with a company called AgTech Scientific, founded in 2015 to research CBD

as an additive for pet and horse food. The companies have been granted both a Hemp Grower License and Hemp Processor License from the Kentucky Department of Agriculture. Art and Ken will stay on and be active partners in the new venture.

The conversion of the two facilities to hemp will remove 5.4 million sq. ft. (124 acres) of greenhouse production capacity from the Midwest mass market business—plus lots of accompanying outdoor production space.

The greenhouse pictured here, which Art and Ken bought from their brother Nick in 2014, has been sold to Red, White & Bloom (RWB), an operating division of MichiCann Medical, a private cannabis investment firm based in Ontario, Canada. RWB plans to use the greenhouse as its U.S. anchor, establishing large-scale production capabilities focused on hemp extraction and product manufacturing. They already have experience establishing standardized cannabis production in Canada to produce hemp CBD and CBD-derived medicines and products.

Both deals got their start in 2017, when AgTech was searching for greenhouses to help meet their hemp CBD needs. They beta-tested greenhouse-grown hemp at ColorPoint Kentucky in 2018 and formed a business relationship for the 2019 outdoor farming season. AgTech planned to work in between ColorPoint's flower season. However, Art and Ken, recognizing the ground-floor opportunity in the burgeoning hemp business, and knowing the ongoing challenges of mass market bedding plants, wanted to accelerate the relationship, which is why they've merged and are now converting the entire Kentucky greenhouse to produce hemp exclusively—young plants for local farmers and greenhouse-grown finished plants for extraction.

As for the Illinois location, it sounds as though that's an outright sale. The VanWingerden brothers were introduced to RWB through their association with AgTech. They were granted a Hemp Grower License and Hemp Processor Registration from the Illinois Department of Agriculture this spring.

In a press release, RWB CEO Brad Rogers stated, "We continue with our plan to rapidly expand from our base in Michigan and invest in scaled operations across the United States as we bring together additional components of our multi-state operator strategy."

Sounds like they might have their eyes on more greenhouse operations ...

Back in Kentucky, about 15 minutes from the ColorPoint greenhouse, AgTech is busy building a 50,000 sq. ft. extraction and manufacturing facility projected to open in August. They expect to be able to process 14,000 lbs. of hemp biomass daily by Q2 of 2020.

Of course, any time we hear about a big sale or purchase like this, we want to know what's behind it. Why did ColorPoint decide to do this deal? We got an answer from ColorPoint spokesman Steve Sloan, VP of Business Development:

"The Big Box retail environment has become increasingly competitive and challenging over the past decade as retailers compete against each other and ever-formidable online shopping options for consumer market share. As a result, it has become increasingly difficult for floricultural suppliers to successfully provide increasingly costly products and services at margins that will support a successful and sustainable business. In response to these pressures, over the last several years we have been looking for new customers, new products and new approaches for our business with the purpose to be more sustainable and successful by more fully utilizing greenhouse space during off-peak seasons."

Darlene's trial greenhouse is now empty, and likely to soon be filled with hemp plants, either young or finished. However, Darlene, a 10-year veteran of the company (she started as a plug grower straight out of high school in 2009 when it was still Mid-American Growers) will stay on at the new venture.

Perhaps growing hemp trials? **GT**