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THE BURN 'EM PLAN

Fortifying Chicago's leadership position in commercial cannabis

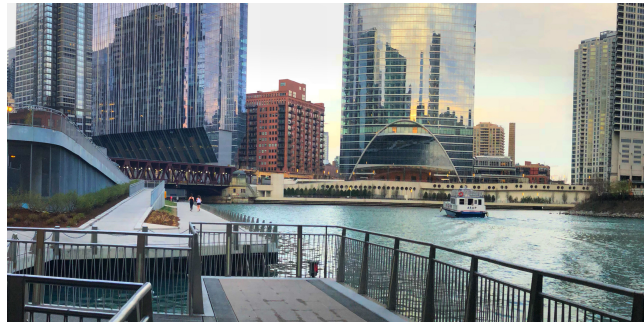
Presented by:



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About The Burn 'Em Plan



The mission of The Burn 'Em Plan is to fortify Chicago's leadership position in commercial cannabis, driving innovation, job creation and economic opportunity in Chicago and beyond.

Inspired by Daniel Burnham's ambitious 1909 plan to make Chicago "attractive, rational, navigable, accessible, full of parks and monumental buildings that would inspire moral uplift and civic pride," we believe that taking a similar approach to building a booming new cannabis industry will require the planning, ambition, and hard, coordinated work of motivated individuals across many sectors. That includes you.

Due to a confluence of factors, Chicago in 2023 is a U.S. commercial cannabis capital. The combination of multiple established multistate operators including Cresco Labs, Green Thumb Industries, Verano Holdings and PharmaCann,

Leading corporations in the consumer-packaged goods, financial services, healthcare and logistics sectors as well as world-class research institutions position the city for sustained global leadership in the ascending industry.

However, these factors alone will not guarantee leadership in commercial cannabis as the industry normalizes nationally and becomes more globally connected.

Capital constraints, delays in the launch of social equity expansion, an unwillingness among most corporations to invest in the sector ahead of federal normalization as well as a lack of capacity among city and state officials to focus on operator growing pains are issues that need to be resolved.

This can only be done through coordinated collaboration between all stakeholders who share the common interest of fortifying Chicago's existing leadership position in commercial cannabis.

Burn 'Em Planners' Launch Meeting

With that in mind, Grown In convened a summit of representatives from leading multi-state operators, canna-curious corporations, social equity startups, government officials, world-class researchers, and companies that provide products and services to the industry for an all-day summit and planning session at Discovery Partners Institute to discuss what it will take to help the cannabis industry in Chicago and Illinois reach its full potential.

Event sponsors included companies like Cresco Labs, Ascend Wellness Holdings, Crowe, Discovery Partners Institute, Nature's Grace and Wellness, HT23, 1871, World Business Chicago, Illinois Equity Staffing, The Bettering Company, Chicago NORML, Organic Urban Revitalization Solutions and Michael Best.

Attendees included representatives from the State of Illinois, the Illinois Department of Agriculture, the Cannabis Regulation Oversight Office, UIC, the City of Chicago, World Business Chicago, the Chicagoland Chamber of Commerce, The Metropolitan Family Council, mHub, The Illinois Venture Capital Association, The International Women's Forum, Certified Financial Analysts of Chicago, Oakton Community College, Olive Harvey, Aon, Wintrust, and Chicago Atlantic.

CuraLeaf, PharmaCann, nuEra Cannabis, Revolution Global, Aeriz, OKAY Cannabis, Blounts & Moore, Combs Global Cannabis, Grasshopper, Cannabis Industry Association of Illinois, The Illinois Independent Craft Growers Association, BDS Analytics, Hoodie Analytics, Umi Farms, Starbuds, The Cannabis Equity Coalition of Illinois, Equilibria, Canopy Growth, Nobo Inc, Contract Canna, Dentons, Acute on Chronic, SuperCritical and several other organizations also joined.

For more than three hours, in often-passionate small group discussions, participants wrestled with the issues keeping the industry from reaching its full potential.

We uncovered five major opportunity areas for problem-solving and collaboration to help encourage the growth of a flourishing, job-creating commercial cannabis industry in Chicago, Illinois and beyond.

CHALLENGE #1: CAPITAL

Although not unique to Chicago and Illinois, lack of access to capital is far and away the biggest hindrance to economic expansion for the local cannabis industry.

While most Burn 'Em planners anticipate eventual relief via federal legislation or executive action, the inability to raise capital from mainstream debt and equity sources makes it prohibitive for most social equity startups to open their doors while also posing an existential threat to established corporations.



High-end edibles brand The Bettering Company raised \$6.7 million in September in preparation of fall launch.

Lack of capital not only threatens the thousands of jobs that exist today within licensed cannabis operators, but also limits hiring from ancillary business and professional organizations. If Chicago is to emerge as an innovation hub for commercial cannabis, we must retain and build upon (or at least retain) the critical mass of industry professionals and subject matter experts that exists today.

Hoping and waiting for federal banking reform is not a strategy. Local solutions that provide permission, incentives and clarity for capital providers seeking financial and Environmental Social and Corporate Governance returns are necessary to address systemic funding gaps.



Recommendation

Establish new capital structures to encourage growth, innovation, and job creation in cannabis.

A plurality of small discussion groups advocated for the establishment of a public-private partnership focused specifically on capitalizing cannabis operators.

One recent industry precedent cited by multiple groups is the **\$150 million New York Social Equity Fund** established earlier this year in coordination with Chicago Atlantic.

One local precedent is the **2006 establishment of the I2A Investment Fund**, a public-private partnership to invest in local early-stage technology companies.

That \$10 million fund was backed by \$1 million from the state of Illinois and \$9 million from the private citizen (and current Illinois Governor) J.B. Pritzker.

CHALLENGE #2: COLLABORATION

In order to more effectively advocate for itself internally, the commercial cannabis industry needs to get on the same page and learn to speak with a unified voice where possible.

The cannabis industry is not a monolith.

The interests of a startup trying to open its first store is a lot different than a multi-state, vertically integrated operator.

And because all politicians have so many competing interests, it's difficult enough to advocate and support cannabis when there is the perception or the reality of disagreements within the cannabis industry.

If a politician hears, "Well, yes, I want to make sure that there's safe banking, I want to make sure that there's 280E reform, I want to make sure that there are general legislation that's going to help all operators," but also hears that there is dissension between operators, it's going to make it more difficult for a politician to go to bat for the industry.



Cannabis industry leaders gather at a Grown In networking event.



(Doug Kelly of the Cannabis Equity Illinois Coalition on the left with Cresco Labs CEO Charlie Bachtell – Credit Kirsten Velasco)

Recommendation

Develop new vehicles to drive increased intra-industry collaboration.

It is incumbent on the industry to identify areas where there is common ground and agree that, while there will always remain significant issues between the Davids and the Goliaths when it comes to passing legislation at the local, state, or federal level, we need to be aligned as much as possible to have a chance at success.

There is a tremendous appetite for the ability to freely discuss the issues cannabis businesses are facing in an open, honest, transparent and neutral platform designed to advance the industry and not one particular interest.

Whether that's in in-person discussion, or online, it's clear that the growth and normalization of the cannabis industry will require better connection, better dialogue and increased understanding.

Participants cited the structure, composition and balance of **The Burn 'Em Plan launch meeting as a template to institutionalize through recurring meetings.** Additionally, convening in-person industry events and small stakeholder conversations at innovation hub 1871- founded in part by J.B. Pritzker and today home to Cannabis Innovation Lab - was cited multiple times.

The **creation of digital communities of practice** on platforms such as Slack and facilitated by impartial industry experts was also cited as a mechanism to keep advancing conversations between in-person functions.

CHALLENGE #3: MOBILIZATION

Local economic development efforts can only go so far. Unless there is real change at the federal level in terms of how this industry can be regulated and operated, operators and the cannabis ecosystem at large will face steep growth challenges.

It was very encouraging to hear that the Health and Human Services issued a letter to the DEA to recommend that cannabis be rescheduled. Additionally, there is renewed momentum for a SAFE Banking Vote



Burn 'Em attendees frequently mentioned the importance of mobilizing consumer and citizen stakeholder capacity.

The best thing we can do is make sure that our elected representatives are not just supporters, but also leaders and advocates to drive regulatory change. This requires more infrastructure than letter-writing campaigns from industry insiders.

Heading into an election year, there is an opportunity to engage consumers in the mass market to make it as easy as possible for them to let their elected representatives more clearly understand how this issue relates to other key voting variables.



Recommendation

Develop and launch new industry and consumer advocacy efforts to drive federal cannabis reform.

In addition to frequent communications efforts in D.C., industry collaboration is required to activate grassroots cannabis consumers and those positively impacted by the new cannabis economy on a political level.

Cannabis consumers consist of many demographics that cross party lines, and many politicians (on both sides of the aisle) are increasingly receptive to the possibilities of cannabis reform.

As an industry, we should agree upon a template and communication parameters to ensure that anybody who visits a dispensary or serves the industry has a clear understanding as to how to convey the importance of regulatory change to their elected officials.

CHALLENGE #4: EDUCATION

Burn ‘Em planners repeatedly highlighted the lack of clarity and unification around how cannabis companies can educate customers about the efficacy, safety and utility of their products.

There are no clear national standards for the education of cannabis company employees.

There is even less coherency and consistency around how those same companies can safely and effectively market and advertise their products within compliance standards.

In the absence of regulatory clarity, it is incumbent upon stakeholders of the ascending industry to help guide the creation of responsible frameworks and guidelines.

This will only speed up the normalization process, and prevent misguided or uneducated attempts at regulation which impede progress.





Recommendation

Standardize education and marketing to help normalize and destigmatize responsible cannabis use.

While each state has some form of required education for employees who touch the plant through retail, manufacturing and cultivation practices, the industry should create a national standard for employee training that focuses on best practices for consumer education.

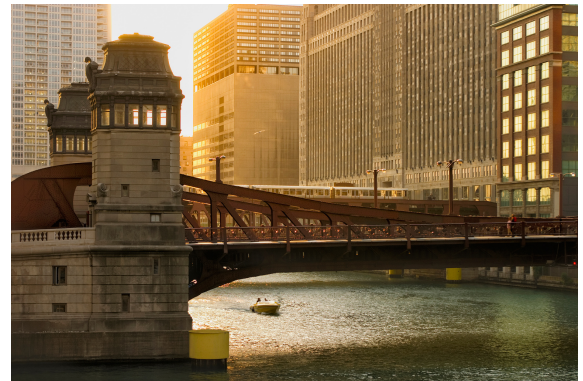
Additionally, the creation of an Advertising Council would allow the industry to access more communication channels via digital, broadcast and print outlets that would respond more proactively to aggregate buying power and unified messaging that navigate through today's federal restrictions.

CHALLENGE #5: PROMOTION

Via organizations including World Business Chicago, Choose Chicago, and the Chicagoland Chamber of Commerce, as well as the State of Illinois, there is wide agreement that the opportunity exists to show and grow the city and state as the nation’s Cannabis industry capital.

There is also widespread recognition within the cannabis community that we need to be more forceful in our communication in terms of Chicago actually being an epicenter.

Chicago’s new Mayor ran on the need to bring strong economic opportunities back to the black and brown communities in Chicago that have been disproportionately impacted and penalized by cannabis prohibition, and the goals of the Burn ‘Em planning community are squarely aligned with that.





Recommendation

Put Chicago front and center as an innovator in cannabis.

Mayor Johnson has inherited a growing, thriving, job-creating industry that needs a lot of support. We need leadership on his part, as well as World Business Chicago, the Governor, and others to say, "Chicago will become a world leader in commercial cannabis. We have all the talent, research and spirit of innovation we need. This is what we're focusing on, this is what we're prioritizing."

Because if we don't more forcefully communicate about the unique strengths and spectacular opportunities we have before us, we're going to lose whatever leadership position we have in this industry before it truly takes off.

But perhaps if we "make big plans; aim high in hope and work, remembering that a noble, logical diagram once recorded will never die, but long after we are gone will be a living thing, asserting itself with ever-growing insistency."




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