



September 3, 2019

Via Email

Mayor Steve Chirico  
Naperville City Council Members  
Manager Douglas Krieger and Staff  
City of Naperville  
Municipal Center  
400 S. Eagle Street  
Naperville, IL 60540

Re: Item K-1 on Agenda for September 3, 2019 City Council Meeting

Dear Mayor Chirico, Members of the Council, Manager Krieger, and City Staff:

Green Thumb Industries (“GTI”) operates the City of Naperville’s only medical dispensary under the name 3C Compassionate Care Center (“3C”). 3C has served registered medical cannabis patients at 1700 Quincy Avenue since February 2, 2016. Under the Cannabis Regulation and Tax Act (the “Act”), which was signed into law on June 25, 2019, GTI has a right to add adult-use sales at the existing 3C facility if it receives state approval to do so and if zoning is authorized by Naperville. 3C has received state approval to serve adult use customers in Naperville, and 3C seeks zoning approval to serve adult use customers, in addition to medical cannabis patients, at its current location.

We appreciate the time and effort that City staff and the council has dedicated to the discussion of adult-use cannabis. We recognize that it has been an emotional, and at times difficult, discussion. We continue to believe that 3C is an appropriate location for an adult-use dispensary and respectfully request that Naperville continue with the process to approve an opt-in ordinance.

Several council members have expressed concern about the tight deadlines and the impact of having adult-use sales on January 1, 2020. 3C wishes to confirm its understanding and acceptance that Naperville can establish a reasonable effective date of any “opt-in” amendment to the Naperville Zoning Ordinance—perhaps April 1, 2020. This would give 3C and other companies who seek to operate an adult use dispensary in Naperville the legal certainty needed to invest in Naperville, and at the same time alleviate concerns that the City is being rushed in its process.

We ask that the conversation regarding the contours of an opt-in ordinance continue, and that you provide direction to staff to draft an ordinance that would enable adult-use retailers to invest, operate, and serve adult use customers and medical cannabis patients in your community.

To that end, we offer the information below as potential guidance for purposes of your discussion.

**Cannabis businesses regulated by the Act:**

1. **Dispensing Organization.** GTI proposes to operate an adult-use dispensing organization in tandem with the medical dispensing facility that is currently operated in Naperville. Details regarding that operation are discussed in more detail below.
2. **Craft Growers, Cultivation Centers, and Processing Organizations.** GTI owns and operates two large-scale medical cannabis cultivation and processing facilities in Illinois. Under its current licenses, GTI is able to cultivate, process and infuse products at those facilities, and, once it obtains licensure, will be able to produce adult use cannabis products at those facilities. As a result, GTI does not seek to obtain licenses to operate additional adult use cultivation, craft grower, or processor facilities and therefore are not pursuing zoning approval for any such facilities in Naperville. The Department of Agriculture, which is responsible for licensing cultivation centers, craft growers, processors and infusers has yet to publish necessary regulations or application materials for these new categories of licenses. We do not believe discussion of these new categories of licenses is ripe and we support Naperville tabling that discussion and decision until regulations have been finalized.
3. **Transporting Organization License.** The Act creates a new category of license, a transporter license, which allows the licensee to transport cannabis products between cannabis facilities (cultivation centers, craft grower facilities, and dispensaries). It is important to note that the transporting organization license does not allow for home delivery services – deliveries to consumers remain illegal.

**Issues related to an Adult-Use Dispensary:**

1. **On-Premises Consumption Lounges (Cafes/Smoke Lounges).** We have no interest in operating an on-site consumption lounge in Naperville. Recognizing the broader community discussion that is occurring, we support efforts to prohibit consumption lounges in the City of Naperville.
2. **Taxes.** Naperville has the authority to impose a 3% tax on the sale of adult-use cannabis which is additive to the 1% local distributive share of the sales tax and the .75% home rule sales tax. Accordingly, Naperville would receive tax on all adult-use sales at a rate of 4.75%. Based on its analysis of potential demand, GTI projects that annual tax revenue to the City of Naperville from the sale of cannabis, assuming Naperville imposes a 3% tax, could range from \$1,100,000 to \$3,000,000 (inclusive of medical and adult-use sales).
3. **Number of Retailers.** The Act restricts the total number of adult-use dispensaries that will be permitted in each region throughout the state, and authorizes the City of Naperville to limit the number of dispensaries within city limits. Based on the population and general land area of Naperville, we believe that over time having 2-3 dispensaries would be appropriate and satisfy the local demand but starting with 1 might be prudent.
4. **Zoning.** Naperville currently permits medical dispensaries in the B2, B3, HS, RD, ORI and I zoning districts. We understand the City’s desire to exert control over dispensaries and would recommend that adult-use dispensaries are permitted only as a conditional use.

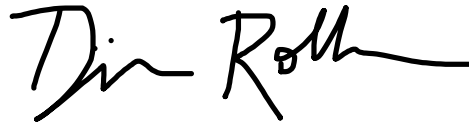
We seek to operate the combined adult-use/medical dispensary in the I-Industrial District and do not believe that a more retail storefront is necessary. We also have no concern with the 250 foot setback to residential properties or the 1,000 foot setback from any existing school or daycare.

5. **Drive Through Facilities.** The Act prohibits operation of a drive through window at a medical cannabis or adult use cannabis dispensary.
6. **Hours of Operation.** 3C currently operates Monday-Friday from 11:00 a.m. to 6:00 p.m., Saturdays from 11:00 a.m. to 5:00 p.m., and Sundays from 11:00 a.m. to 3:00 p.m. The Act establishes maximum retail hours of 6:00 a.m. to 10:00 p.m., but we would work with Naperville to have hours of operation that you deem appropriate.

We acknowledge that the process of approving an opt-in ordinance will take time and should be thoughtfully done. We are prepared to be an active participant in those discussions and look forward to engaging with the City of Naperville and all stakeholders, including District 203, District 204, the Naperville Police Department, local service organizations and others.

Thank you for the time and energy you are dedicating to this issue and for engaging with 3C in this discussion. We remain available to answer any questions you may have.

Sincerely,

A handwritten signature in black ink that reads "Dina Rollman". The signature is fluid and cursive, with a long horizontal stroke extending to the right from the end of the name.

Dina Rollman  
SVP, Government & Regulatory Affairs  
Green Thumb Industries