**Meeting Minutes for the Third Meeting of the Cannabis Social Equity Advisory Board**

**Monday, July 24, 2023**

**4:30 PM**

**Board Members in Attendance via Remote Access:**

* Keisha Brice (Chair)
* Meaka Brown
* Chris Fevry

**Meeting Minutes:**

Welcome and Introductions

* Chair Keisha Brice called the meeting to order at approximately 4:34pm.
* Chair Brice moved to approve the meeting minutes from the June 16, 2023 Meeting. The motion carried.

Advisory Board Update

* Chair Brice indicated that Social Equity Advisory Board Member Phil Smith has resigned.

Update on Board Member Eligibility to Apply to Fund

* Executive Office of Economic Development (EOED) Deputy General Counsel Rob McGovern provided an update regarding Advisory Board members who inquired whether they would be able to apply to the Cannabis Social Equity Trust Fund. Mr. McGovern indicated board members are considered state employees and are subject to the state’s conflict of interest law and therefore any board members seeking to apply to the fund would require filings of certain conflict of interest forms.

Cannabis Social Equity Trust Fund Regulation Discussion

* Mr. McGovern provided an update on the regulation process, timeline, public hearing process and draft regulations.
* Mr. McGovern provided a recap of the regulation topics previously discussed by the board at prior meetings, including eligibility requirements, license status, & stage of business.

Board members commenced discussion on regulations, including the following topics:

* When financial assistance should be structed as grants rather than loans - Chair Brice offered that loans could be made available when a grant amount exceeds a certain threshold, if a grant applicant was denied, or if they need additional funding. Board member Chris Fevry indicated that initial funding should be targeted towards businesses that are already in operation. Mr. Fevry stated loans should be 0% interest because the intent of the Fund is not to make money, but assist social equity businesses.
* Requirements and conditions to apply for grant - Chair Brice indicated that applicants should only need to meet eligibility requirements, then can have access to some amount funds. Mr. Fevry stated that priority should go to existing businesses and use of funds could include legal support, reimbursement for agent registration of hiring expenses, and real estate holding costs. Board member Meaka Brown suggested specific use of funds should be identified for certain stages of businesses. Chair Brice indicated that use of funds may need to be applied broadly. Mr. Fevry supported using some funds for emergency or unanticipated business purposes.
* Requirements and conditions to apply for loans - Chair Brice urged conducting due diligence of applicant’s ability to repay loans for the purpose of business success. Mr. Fevry stated loans may be more appropriate for capital intensive businesses such as manufacturer and cultivation licensees and that the challenge with loans is they require assessing whether a business will be successful or not, which is not the Fund’s purpose. Mr. Fevry noted that the program could offer deferred payments of loans up to 6 to 8 months and forgive a portion of the loan if the borrower demonstrates financial hardship. Board members generally agree that loans will be difficult to implement and not as impactful or helpful as grants.
* Further discussion regarding grant awards - Mr. Fevry commented that he would not want to establish a maximum grant award amount and Chair Brice followed that grant amounts should be based on need and intended use.
* Potential requirement for applicants to provide matching funds - Ms. Brown and Mr. Fevry expressed concerns about matching requirements. Chair Brice suggested regulations should have flexibility for program to adapt in the future in case matching funds would be appropriate. Juan Vega (EOED) provided context that other EOED programs use a match component and could be useful in extremely competitive programs to differentiate applicants.
* Avoiding duplication of fund resources, including applicants receiving funds from CCC programs and Boston’s Social Equity program, and require applicants to disclose other awards.
* Mr. Fevry suggested funding allocated for municipalities could be used to incentive municipalities that prohibit the adult use/sale of marijuana to authorize such use/sale for the purpose of allowing social equity businesses to open and operate at such municipalities. Mr. McGovern suggested funds could be allocated for municipalities to establish their own social equity programs. Ms. Brown suggested funds could be used for towns that establish certain programs to offset disproportionate impact of cannabis laws.

 Annual Report

* Rory O’Hanlon provided summary of annual report, as required by Section 14A of Chapter 94G of the General Laws, that will include information such as the membership of the CSEAB, number of public meetings held to date, updates on discussions & regulation developments, and expressions on technical issues impacting transfer of funds.

Adjournment

* Chair Brice called for a motion to adjourn the meeting at 5:56 PM, which was made and seconded. All members present voted in the affirmative. The meeting was adjourned.