

Meeting Minutes for the Fifth Meeting of the Cannabis Social Equity Advisory Board

Monday, November 13, 2023

4:00 PM

Board Members in Attendance via Remote Access:

- Keisha Brice (Chair)
- Meaka Brown
- Chris Fevry
- Aaron Goines

Meeting Minutes:

Welcome and Introductions

- Chair Keisha Brice called the meeting to order at approximately 4:01pm.
- Chair Brice moved to approve the meeting minutes from September 25th, 2023 Meeting. The motion was approved.

Administration Update on the CSEAB Vacancy and CSETF Transfer Language

- Executive Office of Economic Development's (EOED) Legislative Director and Deputy Director of Policy, Emrah Fejzic, provided an update regarding the CSEAB vacancy and language to transfer funding into the Trust Fund.

Draft Social Equity Grant Program Overview

- EOED Assistance Secretary for Communities and Programs, Juan Vega, introduced the EOED team working on the CSETF and provided an overview of the experience of EOED's grants team and an overview of the grant making process and anticipated timeline from the transfer of funds to the disbursement of grant.
- EOED Cannabis Social Equity Trust Fund Administrator, Joe Gilmore, provided an overview of the first round of financial assistance for the Cannabis Social Equity Trust Fund including eligible use of funds, and review criteria.

General Board Discussion

- Mr. Goines asked if this round is open for existing operators and Mr. Vega clarified that this round will be open to both provisional and operational licensees.
- Mr. Goines asked what the anticipated length or timeline looks like from the application submission to awarding of grants and Mr. Vega indicated the anticipated timeline would be about 8 to 10 weeks, including accepting applications, reviewing applications and making the grant awards. Mr. Goines asked if the awards would be given in lump sums or in tranches and EOED staff responding that this round is cost-reimbursement grants.
- Mr. Fevry asked for clarity around determining viability for businesses, indicating its easier for existing operators to validate success because they are already operating. Mr. Gilmore indicated the application will consist of a review of other sources of funds than just grant award, capacity

to succeed including a detailed plan for spending funds, and a track record of success including progress attained throughout the licensing process.

- Mr. Goines indicated a high failure rate among cannabis businesses and noted that he feels provisional licensees are at a disadvantage when it comes to showing their viability to succeed.
- Mr. Fevry proposed that viability review portion should be removed, and that the review criteria should be needs-based, and ultimately, a short, easy process. He also expressed concern that a formal Request for Proposal process seemed too onerous in this case, especially for the smaller operators. Mr. Vega noted he acknowledges his concerns, and shared that instead of using the term RFP, we could use the term "Notice of Funding Availability" and emphasized that we are not trying to create barriers.
- Chair Brice indicated that a "one-size-fits-all" will not fit for all of our applicants. For this initial round, we should consider a very simple application process based on need. Once the larger funds come, we could make the application process more detailed and cumbersome.
- Mr. Fevry asked how much money will be in the first round of funding. Mr. O'Hanlon answered that we anticipate receiving between \$2-4 million.
- Mr. Fevry proposed requiring applicants to describe a narrative on why they feel they deserve funding. Need-based review would be based on individual applicant stories. For those not awarded, we could put on a waiting list.
- Mr. Goines raised the question as to what the mandate of the fund is and questioned whether businesses on the brink of closure are better suited for financial assistance compared to those in positions to succeed. Mr. Fevry indicated he feels our ultimate goal is to help businesses, not to be the judge of whether businesses will succeed or not, acknowledging that some will fail, some will not.
- Ms. Brown asked if cannabis could be purchased with awarded funds and if applicants who apply for the first round will be able to apply for the next round. Mr. Gilmore clarified that no product or paraphernalia can be purchased with these funds. He noted that applicants are eligible to apply for this initial round and the next round.
- Ms. Brown proposed creating a \$25,000, \$50,000, and \$100,000 grant tier based on stage of licensure and that we should be mindfully selective about how we award funds.
- Discussion commenced on the types of need-based questions board members recommend. Chair Brice recommended similar to first-time homebuyer programs, requiring applicants to disclose documentation showing they qualify for financial assistance. She also noted applicants should provide notices of outstanding expenses to show they have a need for financial assistance. Mr. Goines recommended creating a priority order of claims in cases of potential insolvency, such as payroll, taxes, rent/mortgage, etc. when applying for a needs-based status. Mr. Fevry noted that payroll is the top priority for business owners and suggested that applicants should provide supporting documentation such as bills, statements, or summaries of need for financial assistance, including an attestation for their use of funds. Ms. Brown indicated payment of state or federal taxes should be included among priorities for need.

Adjournment

- Chair Brice called for a motion to adjourn the meeting at 5:27 PM, which was made and seconded. All members present voted in the affirmative. The meeting was adjourned.