Tremaine Wright: Hello, and welcome everyone. I am Tremaine Wright, the chair of the Cannabis Control Board, and recognizing that we have all board members present and participating remotely, I am pleased to call to order the seventh meeting of the Cannabis Control Board and to welcome all of you, who are participating via real-time livestream. This meeting will be recorded, and the recording and transcript will be available to the public on the Office of Cannabis Management website, cannabis.ny.gov. Information on Cannabis Control Board meetings is available on a designated section of the OCM website. Today’s agenda is a little lengthy and includes several items that we are excited to tackle. The agenda is as follows: Welcome brief remarks, then we will have a review and approval of the meeting minutes from the Cannabis Control Board meeting held on February 17th. The board will then proceed into executive session to discuss proposed, pending, and/or current litigation matters, as well as the training on statutory interpretation and drafting. Then, we will consider the proposed conditional adult-use retail dispensary regulations, then consideration of opening the application window and approval of the application for adult-use conditional cultivator licenses. Thereafter, we will hear one matter of administrative procedure to consider employee disclosure of notary public, as required by the cannabis law, followed by an update from board member McDaniel on the social equity cannabis investment fund, and finally, a report from the Office of Cannabis Management’s executive director Chris Alexander. And then, we will adjourn. Let’s get started with some opening remarks, then we will have a review and approval of the meeting minutes of the February 17th Cannabis Control Board meeting. However, before we get much further, I want to make a couple of brief remarks regarding open meetings law, and as I stated, every meeting, we are open
to the open meetings law, which is intended to ensure the greatest levels of transparency and public participation in the affairs of government. Due to the ongoing pandemic, we have requested that members of the public join us via video conference, which we will continue to offer to keep the members, as well as the public, members of the body and the public safe. Now, I will read a brief statement into the record. Pursuant to chapter one of the laws of 2022, enacted on January 14, 2022, board members may continue to fully participate in meetings via video conference from locations that are not open to the public provided that the public had the ability to view or listen to such proceedings, and the meetings are recorded and later transcribed. The public was provided with information on how to access this meeting within the public meeting notice distributed to members of the press and posted on the OCM website. A recording of this meeting, together with the transcript, will also be available on the OCM website. Previous recordings, meeting minutes, and transcripts are archived on our website, as well, and please note, there is a designated tab on the website, which reads Board Meetings. That provides access to all of this information. May I please have a motion to approve the February 17, 2022, board meeting minutes?

Jen Metzger: I will make that motion.

Tremaine Wright: Thank you, Jen. May I have a second?

Reuben McDaniel: I second the motion.

Tremaine Wright: Thank you, Reuben. Is there any discussion by any board member? Hearing none, I will call for a vote. All in favor?

All: Aye.

Tremaine Wright: The motion is approved. The February 17, 2022, board meeting minutes carry. Concerning the next order of business, may I please hear from the Office of General Counsel? Rick or Elizabeth?

Rick: I think first Elizabeth will present some information about the litigation, and I will step out while she does that, and I will come in….

Everyone starts talking at once

Elizabeth: That is why he is saying it because we are going to make the motion. He just wanted to tell them what he was talking about.

Rick: So, I will step out now, but I will come back when you are done, Elizabeth.

Elizabeth: Okay.

Tremaine Wright: So, may I please have a motion to consider and approve an executive session to discuss proposed, pending, and current litigation, as well as a training.
Adam Perry: So moved.

Tremaine Wright: May I have a second?

Male: I will second.

Tremaine Wright: Any discussion or comment by any board members? Okay, I will call for a vote. Ms. Metzger?

Jen Metzger: Aye.

Tremaine Wright: Ms. Garcia?

Jessica Garcia: Aye.

Tremaine Wright: Mr. McDaniel?

Reuben McDaniel: Aye.

Tremaine Wright: Mr. Perry?

Adam Perry: Aye.

Tremaine Wright: And I, so the motion to approve, to discuss the proposal, sorry, proposed, pending, and current litigation, as well as training carries. To my fellow board members, we will now move into the executive session. Everyone else, the video screen will now have a hold screen until we return to continue the remaining items on the agenda.

Tremaine Wright: Welcome back. The executive session has concluded, and we have received an update on litigation and training matters. Now, we will move onto our next order of business. May I please have a motion to consider and approve resolution number 2022-04, a resolution directing the Office of Cannabis Management to file certain proposed conditional adult-use retail dispensary regulations.

Male: I will be happy to make that motion.

Tremaine Wright: Thank you. May I have a second?

Jen Metzger: I will be happy to second.

Tremaine Wright: Thank you, Ms. Metzger. Mr. Alexander, could you please provide an overview of the regulation.
Chris Alexander: Thank you, Madam Chair. I would actually like to invite Axel Bernabe to provide this update to the board. Axel is the senior policy director and chief of staff to the office, and for the last six years, he has helped oversee and lead the state’s medical cannabis and cannabinoid-hemp programs. He led the team to spearhead the legalization of recreational cannabis in New York and helped to draft and build consensus around the MRTA, so I am happy to have him here on our team. Axel, please present the regs.

Axel Bernabe: Thank you, Chris. It is a real honor to be here today to do this, and I thank you for the opportunity, board members, to present here today. We are extraordinarily proud, as an office, to be presenting to you a way forward on licensing, in particular with a social equity emphasis. We would like to note that we are just under the one-year anniversary of the MRTA, so I believe all of us collectively have made up some time for the delays early on, and we are very proud of that fact. We are also very proud to be proposing a framework for licensing, which includes a supply chain that starts with farmers in New York and ends with social equity and justice involved individuals owning dispensaries in the state, right out of the gate. Herb Barbot and I will be speaking to opening the application for the farming side, but I would like to propose to the board today is on the dispensary front, the dispensaries and retailers that would be selling the product that we would have grown by New York farmers, so the proposal we have in terms of regulations is to identify a group of potential applicants and support that we would be providing those applicants in a way to get them open really quickly. A quick summary of the proposed regulations is essentially, we have defined a group of applicants. We have done so, we have done a two-step process for your review. The first would be to set a minimum eligibility criterion for people to be able to apply, and once those minimum eligibility criteria have been met, there will be some scoring rubrics, which would differentiate between those eligible applicants in order to pick winners. And the eligibility criteria are fairly straightforward. It is justice-involved individuals, either themselves justice involved or someone in their family is justice involved, and that they are owners of a small business or business, and those two criteria would allow you to then apply. Once you have applied under the regulations, you would be scored according to three criteria. The first would be whether you, yourself, was arrested or convicted of a marijuana-related offence or whether it was someone in your family. That would score differently, and then you would also be asked to provide your permanent address at the time of the arrest or conviction, and that would be compared to other local communities on the basis of arrest record data and other prohibition and over criminalization of certain communities and household income. So, we would be looking for individuals that come from communities that have been impacted, frankly, that is the mission of the MRTA, and we know that is what you are looking for, so we would like to present you with an option there. And finally, in order to make sure that the program is as successful as possible for this group of dispensaries, we would like to look at the way that these individuals have run their business, and make sure that we look for successful businesses that have an opportunity to really grow and create opportunities. And so, there will be criteria that we will be proposing to you in an application after the public comment on these regulations, which would identify criteria to evaluate those businesses, but we would ask in these regulations that you provide us with the ability to do so. And the last thing I would like to just add, and I think Chris will be speaking to this, there are provisions in the regulations that would provide support for these dispensaries in the form of either loans or help with the retail functions, and again, this is designed to get them up and running as quickly as
possible, but it would also provide certain restrictions with respect to this license. The reason it is called a conditional dispensary license is that it has a four-year term, and during those four years, the individual that we have been speaking about would be required to keep a majority of ownership and control over that entity and not be able to sell it for those four years, with the idea that they would build the kind of wealth that hopefully would result in the sort of intergenerational wealth that I think, again, folks are looking to achieve. So, we hope that you find these satisfactory, and we are very excited to present these to you. Thank you.

Tremaine Wright: Thank you. Is there any discussion, questions, or comments by the board members? Ms. Metzger.

Jen Metzger: I would just like to underscore how significant these proposed regulations are, and they really, they, this is really the spirit of the MRTA that is being implemented or hopefully it will be passed and implemented, and combined with the social equity fund, I mean, this has been such a huge barrier in other states to equity applicants to move in forward, and I am just really thrilled to see this happening and just want to thank everyone for their work on this.

Male: Amen.

Tremaine Wright: Any other comments, questions? I am just going to add that I am really happy that we have gotten to this point and that we have been able to come together and build what I think will be a model or hopefully a model for others to look at and see how it might be possible to bring to fruition the goals of equity in the program, in the Cannabis Program. I think that this is a huge lift, and I do want to say thank you to everyone that has been involved in it. We know and understand that it takes a lot of work to come up with this and to put all of the parts in place to actually execute it. This has been a very quick, I want to say like eight months for us together and for us to be at a place where we are ready to begin examining and offering an opportunity to the public, people who were at the center of the conversation, it is really important, so thank you. And if there are no other questions, I will call for a vote. Ms. Metzger?

Jen Metzger: Aye.

Tremaine Wright: Ms. Garcia?

Jessica Garcia: Aye.

Tremaine Wright: Mr. McDaniel?

Reuben McDaniel: Aye.

Tremaine Wright: Mr. Perry?

Adam Perry: Aye.
Tremaine Wright: And I approve the affirmative. The motion to approve resolution number 2022-04 passes.

*Everyone claps.*

Tremaine Wright: …Office of Cannabis Management to file certain proposed condition of retail dispensary regulations carries. For our next order of business, we will hear from the Office on a legislative overview of the conditional adult-use cultivator license. Mr. Alexander.

Chris Alexander: Thank you, Madam Chair. I would like to invite Herb Barbot, Director of Operations, to provide this update.

Herb Barbot: Thank you, Chris, and Madam Chair. On behalf of the board at OCM, we talked about MRTA being almost a year anniversary, but in a very real sense, a lot of the staff really began twelve one. That is really when the staff started coming together, and we have been increasing every month since, so I want to thank the board for that opportunity. But the staff has been working double time to get here today with these two resolutions. It is just an incredible feat, so I personally want to thank the staff that we have been asking so much of in the last four months. So, to get to the script, so again, on February 22nd, Governor Hochul signed the law creating a new adult-use conditional cannabis cultivator license. The positions enable eligible New York State hemp farmers to be the first to grow cannabis for the New York cannabis adult-use market. The law also includes several eligibility requirements that applicants must meet to participate, and it is very important. We want them to be very careful. One of the things that we have done here is the application fee is nonrefundable, so applicants should be sure that they meet these qualifications before they apply. So to be eligible, applicants must have been authorized to grow hemp under the Department of Agriculture and Markets industrial hemp research pilot program, specifically for CBD hemp not for grain or private. Applicants must have also grown and harvested CBD hemp for two of the past four years, between 2018 and 2021, and be able to provide the office with proof documenting such activities. And we will be liberal in the proof, but there must be proof of that activity. Additionally, applicants must hold at least a 51 percent or more ownership in the entity that held the industrial hemp grower authorization from the Department of Agriculture and Markets. In addition to meeting program criteria and maintaining compliance with the program rules and regulations, we will also include three additional requirements, which I will highlight at this point. The first is that applicants must practice safe, sustainable, and environmentally friendly cultivation practices. The Office will soon issue guidance outlining the initial requirements to meet these environmental standards. Second, applicants must participate in the social equity mentorship program. Such mentoring program will be used to train individuals interested in becoming licensed cultivators. Lastly, the law also requires that licensees within six months of being licensed, enter into a labor peace agreement with a bona fide labor organization to represent the applicant’s employees. Finally, I would like to provide a brief explanation of how a qualifying hemp farmer will begin the process of applying for the adult-use conditional cultivator license. First, applicants must login if they already have an existing account or create a New York Business Express business profile. Next, applicants will upload information pertaining to their previous authorization to grow hemp under the Department of Ag and Markets program. Lastly, applicants must attest to
the requirements of the license, including adherence to the statutory requirements discussed previously, such as participation in the social equity mentorship program and maintaining a labor peace agreement. Finally, the license application must include the submission, again, of a nonrefundable $2,000.00 license application fee.

Chris Alexander: Thank you, Herb. Madam Chair, the office is proposing a following application window to the board for the conditional adult-use cultivator license. It would be March 15, 2022, until June 30, 2022.

Tremaine Wright: Thank you. May I please have a motion to consider and approve resolution number 2022-05, resolution approving an application form for the conditional adult-use cultivator license and ordering that a new application period for a conditional adult-use cultivator license open on March 15, 2022, and close on June 30, 2022.

Jen Metzger: I would like to make that motion.

Tremaine Wright: Thank you, Ms. Metzger. May I have a second?

Rueben McDaniel: I will second it.

Tremaine Wright: Mr. McDaniel, thank you. Are there any questions or comments from the board?

Jen Metzger: As usual, I have comments. Everyone laughs.

Tremaine Wright: Ms. Metzger:

Jen Metzger: Thank you, Madam Chair. So, just a couple of comments about the conditional license, and Herb and staff, I want to reiterate, you know, thank you for all the work you have done on this. You know, I am thrilled we are taking this step today. First, it aligns our regulatory process with the natural growing season, making it possible to grow cannabis, adult-use cannabis outdoors in the sunlight and get products to the first dispensaries when they open. And from a climate perspective, I know I always talk about this, but it is great too because it is very low impact, and we are enabling hemp farmers opportunities to grow. But, I also just want to make sure we are providing opportunities to growers that meet the social and economic equity criteria of the MRTA, and we have the mentorship, you mentioned the mentorship program, Herb. I recognize that we have to work within the bounds of the law that we just passed, but I would really like us to explore how we can enable equity growers in the mentorship program to grow adult-use cannabis on their own land, if that is possible, potentially for sale through a partnership with hemp growers that are licensed under the program. This is just one idea, but, you know, whatever opportunities we can explore to really widen those opportunities for equity applicants and equity participants in the mentorship program and really build that program.

Tremaine Wright: Thank you. Are there additional comments? Mr. McDaniel?
Reuben McDaniel: Yes, I would just like to say, again, thank you, Herb and the team because you have done a great job on this. We should recognize publicly that this is a small segment of the supply that we will need in New York, so it is not like this is going ahead of people, as Ms. Metzger said, it does allow us to get this growing season, which is important. I think we have always committed, and your board and staff have done a great job, of executing in making sure social equity applicants are considered and are considered here, as well. So, I just want to remind us all that this is the first of several grow licenses that will be needed and the first of a lot of grow opportunities that will be needed to supply the market for adult-use recreational cannabis. So, this is a first great step, great outline of where we will be going in the future, but I just want to remind us all that this is the first step of many step.

Tremaine Wright: Thank you for amplifying that. I think that we all need a reminder sometimes that this is just beginning. We are very excited about the beginning, but it is just the beginning for us. Are there any additional comments? Hearing none, I will call for the vote. Ms. Metzger?

Jen Metzger: Aye.

Tremaine Wright: Ms. Garcia?

Jessica Garcia: Aye.

Tremaine Wright: Mr. McDaniel?

Reuben McDaniel: Aye.

Tremaine Wright: Mr. Perry?

Adam Perry: Aye.

Tremaine Wright: Tremaine, and I vote affirmative, as well. The motion to approve resolution number 2022-05, resolution approving an application form for the conditional adult-use cultivator license and ordering that a new application period for conditional adult-use cultivator license open on March 15, 2022, and close on June 30, 2022, carries.

Everyone claps enthusiastically.

Tremaine Wright: And now, we will consider a resolution to allow Cannabis Control Board members and OCM employees to serve as notary publics. May I please have a motion to consider and approve resolution number 2022-06, resolution to permit Office of Cannabis Management employees to hold the office of notary public?

Reuben McDaniel: So moved.

Tremaine Wright: Great, we have a move, now a second. Thank you very much. Mr. Alexander, could you provide us with a little background regarding the need for this resolution?
Chris Alexander: Thank you, Madam Chair. Pursuant to Section Seven of the Cannabis law, an employee of the OCM must request permission from the board to hold any public office, including notary public.

Tremaine Wright: So, thank you, and is there any discussion, question, or comment by any board member? Hearing none, I will call for the vote. Ms. Metzger?

Jen Metzger: Aye.

Tremaine Wright: Ms. Garcia?

Jessica Garcia: Aye.

Tremaine Wright: Mr. McDaniel?

Reuben McDaniel: Aye.

Tremaine Wright: Mr. Perry?

Adam Perry: Aye.

Tremaine Wright: And Tremaine, aye. The motion to approve resolution number 2022-06, resolution to permit Office of Cannabis Management employees to hold the office of notary public carries. And now the next order of business, during the last Cannabis Control Board meeting on February 17th, Board member Mr. McDaniel presented an overview of the 200-million-dollar public private fund that will provide funding to certain eligible applicants from communities impacted by disproportionate policing during the decades-long cannabis prohibition, and now I would like to invite Mr. McDaniel to please provide an update on the funding.

Reuben McDaniel: Thank you, Madam Chair. I think it is important for us all to remember that we talk about social equity a lot. Equity and equality are two different terms, and sometimes, they get confused, but it is great that the legislature and the governor understand that without equity, you can’t start from an equal place. And one of the places where our social equity candidates have really struggled is access to capital, and this fund is really designed to address a portion of that program. Also, like I said about the licenses for grow, this is the first of other programs we are doing. It is not the only way we are going to spend our money, and we want to make sure we leverage the money of the Office of Cannabis Management with private investment. So, this fund does all of those things. So, we have been working very diligently over the past couple of months on organizing this program. We worked with the legislature and the governor to make sure that everything fits what we need and get the legislature approval for this over the next couple of weeks. So, we are working very hard with them. We also have been looking at just programmatically how we will identify sites, how we will assist our candidates in, our winning candidates, in getting the facilities open, have people do some of the work with the
partners, as we really just kind of frame how this is all going to work, while we work with the legislature and others to get this program finalized. We are very excited about the work and the opportunity. It has also been very heartening to spend some time looking at the state to see that we have a lot of opportunities for locations around the state, but also this program will make sure that as we roll out the first adult-use cannabis sites that they will be all over the state. That is important. Also, with the initial program we passed regulation wise, this will help us get all of our dates right, so we have applications in for licensees that run the places, we are going to get some supply in place. We will also make sure the facilities are up and running when it is time, and this does that. So, we issued an RFI, a request for information, to qualified investment managers to assist us in managing this fund. Those requests are due on March 16th. That will give us some additional information about what the market thinks we should do from a structuring perspective. This is not an RFP. We will have a request for proposal as soon as the legislation passes to actually put this fund in place to then hire a general partner and fund manager. This RFI is an important component. So, we are working very hard at this, the Office of Cannabis Management has been a partner of the DASNY and other outside consultants, so that when the legislation passes, and we are ready to go, we will make sure that our time meets up with all the good work the office has done on supply and on making sure we have applicants who are ready to run these dispensaries. So, we are very excited about it, and we are making great progress, and we will have more to come.

Tremaine Wright: Thank you. That is amazing! Lots of applause. That is what everybody wants to hear that money will be available soon, and that is really the crux of the problem in most of our small businesses across the board, so thank you very much. And now we are going to switch gears a little bit, and I would like to ask Chris to please give us your executive update.

Chris Alexander: Thank you, Madam Chair, and I want to take a moment to echo the excitement in this room for those who are tuning in, and I want to thank you, Madam Chair, I want to thank you all members of the board for what you have done today. This was a groundbreaking moment, soon to be a literal groundbreaking moment, as we get these dispensaries ready, but we have really set New York’s cannabis industry up for success with the actions that have been taken by the board. I want to also thank Governor Hochul and the legislature for providing our office and our board with the tools needed to do what we are doing, to do what has not yet been done, which is being the first state to set up our adult-use market using an existing farmer population to supply that market, using sustainable practices and outdoor cannabis largely. So, we are jumpstarting the cannabis industry today and its investment into the communities that have been most impacted by the criminalization of cannabis prohibition with the first adult-use sales, and we are excited to say that those sales should all continue to go right and can be executed before the end of 2022. I want to highlight that we are doing this and taking in the lessons that we learned from other states, trying to apply them. We have seen how access to capital and real estate have been significant barriers to getting equity entrepreneurs into the space, so we are doing the work now to remove those barriers and provide real meaningful support. Later today, the governor will be announcing the seeding opportunity initiative, which tackles these barriers head on, and it is composed of three programs, two of which we have acted on today, and one of which we got an update on, the Farmers First program, the Equity Owners Lead program, and the New York Social Equity Cannabis Investment program. The hemp
farmers in the Farmers First program will soon be able to grow the first adult-use cannabis in New York, and they will be supplying the flour for the product, the flour products that will line the shelves of dispensaries owned by the equity entrepreneurs that we license moving forward. Participants in the Equity Owners Lead program are supported by the Cannabis Investment Fund that board member McDaniel has highlighted.

There is a message on the screen that states, “Experiencing technical difficulties”.

Chris Alexander: Apologies for those technical difficulties. But as I was saying, we are doing this by taking the lessons that we have learned from other states and applying them. We have seen how access to capital and real estate, along with market timing have become significant barriers for entrepreneurs to enter the space, and we are working every day to address those and provide real opportunity for entrepreneurs in the State of New York. Today, the governor will be announcing the Seeding Opportunity Initiative, which tackles these barriers head on and is composed of three key programs. The first, the Farmers First program, we have just taken action on to open the initial cultivator application window. The second, the Equity Owners Lead program, we have just taken action on to form the first regulations for that program for public comment, and the last, the Social Equity Cannabis Investment program, that was just updated by board member McDaniel. The hemp farmers and the Farmers First program will soon be able to grow the first adult-use cannabis in New York, and they will be supplying the flour for the product that will line the shelves of dispensaries owned by equity entrepreneurs participating in the Equity Owners Lead program. Those participants will be supported by real investments. As board member McDaniel has explained, this program is going to provide resources to renovate retail dispensary locations across the state in high-traffic, prime commercial areas. These locations will be renovated and outfitted by DASNY and its partners, which will include MWBE firms and provided as turnkey or turnkey-ready facilities to the licensees in the Equity Owners Lead program. As a reminder, this is just the start of our efforts to put equity first as we open the adult-use market here in New York. Regulations for the broader program will be coming as previously stated in May, and as we develop this full slate of adult-use regulations, we are also working on developing opportunities for accessing capital, incubating businesses, and technical support for the entire industry. There is a lot more to come, but today, we have made a huge advancement in our efforts to prioritize New York’s small and distressed farmers, our equity entrepreneurs, and ultimately, our goal to generate the resources that will drive the investments into communities that have been most impacted by cannabis criminalization. Before we move on, I want to provide a quick update on the medical program. With more staff coming on board, we are dedicating additional resources to speed up the turnaround on patient registration and strengthen our support for the new patient certification and registration system we launched earlier this year. We know it is important to patients that they get access to their medication, and I want to assure them we are always working to make that a priority. Additionally, as it relates to the assessment of public comments on the medical home cultivation regulations, please note that the office continues to work through the comments provided, and we will share more information soon. With that, I will hand it back to you, Madam Chair.

Tremaine Wright: Thank you. Now that the Cannabis Control Board has approved the opening of the adult-use cultivator license application period, I wanted to notify everyone that we will be
holding a webinar in the coming days for those interested applicants to learn more about the eligibility standards, the application process, and forthcoming guidance. This will be recorded and posted on our office’s website. Thank you again, Chris. That was really informative and exciting for all of New York, and so, now I would like to put a note on our next board meeting. Please note that the time, location, and livestream link will be shared on cannabis.ny.gov in advance of the meeting, and a recording of today’s meeting, meeting minutes, and a transcription will also be posted. That concludes today’s public agenda. May I please have a motion to adjourn this meeting?

Jen Metzger: I will make that motion.

Reuben McDaniel: Second.

Tremaine Wright: Second. So moved to second it. I would like to say are there any questions or comments from the board before? Hearing none, I call for the vote. Ms. Metzger?

Jen Metzger: Aye.

Tremaine Wright: Ms. Garcia?

Jessica Garcia: Aye.

Tremaine Wright: Mr. McDaniel?

Reuben McDaniel: Aye.

Tremaine Wright: Mr. Perry?

Adam Perry: Aye.

Tremaine Wright: Perfect. The motion to adjourn carries. I just want to say thank you again to everyone for your patience during our executive session and your patience with us also during our technical difficulties. We are very excited about the information that we were able to share today and for concluding today’s meeting. So, we will now adjourn. Thank you.

All: Thank you, Madam Chair.

Questions and Answers

Chris Alexander: Good afternoon and thank you for joining us. Before I take questions, I want to take a few moments to recognize and to discuss with you the action that was taken by the Board today and what we’ve achieved as a state, as an office, and as a team. We’ve been trying to build a market that lives up to the promise of the Marijuana Regulation and Taxation Act that delivers on social equity, justice, and inclusion. Today, the Governor is announcing the Seeding Opportunity Initiative and we are thankful for her and the legislature support in launching New
York’s Adult Use Cannabis market. Through the initiative, we are prioritizing equity entrepreneurs and putting our farmers first and we are building a stable market that will create the necessary resources to allow us to reinvest in the communities that are most impacted by cannabis prohibition. Last year when the legislature passed the Marijuana Regulation and Taxation Act, they set a goal of delivering 50% of all licenses in the adult use market to equity entrepreneurs. The law provided tools in its market structure to create multiple entry points into the market to encourage small business and prevent market consolidation. When you look at other states and how they’ve established and built up their markets, they’ve always prioritized moving quickly. As we’ve come into build this market here in New York, we acknowledge the need to move quickly but also the need to do it right. And we understand that if we want a different outcome for our equity entrepreneurs in this state that we have to take a different approach. That’s what it means to learn from the lessons that others have already learned. I’m thankful to support Governor Hochul and the action taken by the Board today and thankful to them, we are now breaking the mold. We’re taking the harder path and it’s one that no state has done before. We are putting our farmers and those who have been justice involved at the front of the line and at the forefront of this industry. Instead of opening our market with the same existing operators who are dominating the national space, we have instead decided to put those who have been most impacted at the center of what we are building here. The Seeding Opportunity Initiative is composed of three programs; the Farmer’s First program, the Equity Owners League program, and the proposed New York Social Equity Cannabis Investment program. All three were discussed at today’s Board Meeting and two of those programs were advanced. The Board today approved the Adult Use Conditional Cultivator license application and opened the application window so that farmers that make up the backbone of this industry will be able to get started this season growing cannabis that will be supplying the adult use market this year. The Board also directed OCM to file for public comment the regulations for the Conditional Adult Use Retail Dispensary License. Lastly, Board member McDaniel provided an update to the Board on the New York Social Equity Cannabis Investment Program. And as he noted, that program which was proposed by the Governor in her Executive Budget remains under discussion with the legislature, but we remain optimistic.

The Seeding Opportunity Initiative is just a start of our efforts to put equity first as we open this market. As we develop the full slate of Adult Use Regulations, we are also working on developing opportunities for accessing capital, incubating businesses, and providing technical support across the entire industry. So there is a lot more to come, and this is just one initiative, but it’s an important one and it establishes a national model. I could not be prouder of the work that’s been done by our team here at OCM. I am again, thankful to those who have led the way on this issue for so many years. We’ve made a huge advancement in our efforts with this initiative. We’re prioritizing those who have been most impacted and those who will become the backbone of this market moving forward. And so with that I will open for questions.

Male: Reporters please put up your hands if you would like to ask a question, we will start with Morgan McKay.
Morgan McKay: Quick question for you. If someone has a marijuana conviction and they’ve also been convicted of let’s say selling heroin or meth or something like that, are they eligible to apply for one of these recreational licenses or retail licenses?

Chris Alexander: Thank you for the question Morgan. So, the evaluation criteria provided in the regulations are being proposed today does prioritize individuals who have been convicted of marijuana related offense. Those other offenses however can result in the exclusion of an individual from moving forward in this program and making them eligible for licensure. As you will note in the regulations, there remains a good conduct standard that will allow for the office to determine eligible applicants that can move forward and several other provisions across the cannabis law formerly the MRTA that allow for the exclusion of individuals who otherwise are unfit to lead in this marketplace.

Male: Thank you. We will now hear from Kesha Cleff.

Kesha Cleff: Just curious, so in order to get one of these licenses, you would have to be someone who either has a prior conviction or is a family member or dependent of someone but they also must be a business owner is that correct? And how many people do you think would fall under that category?

Chris Alexander: That is correct. And we’ve done the analysis and we think that there’s a significant population of New Yorkers ones who have been impacted by the disproportionate enforcement of cannabis prohibition. To my last counts, the state has arrested over almost a million people over the last 20 years for cannabis offenses and a lot of those individuals have gone on to open and operate successful businesses, small businesses that will become, as I said earlier, the backbone of this market. So, we’re confident that there are a lot of folks that fit in that criteria.

Male: Next question is from Bobby Cusack.

Bobby Cusack: Can you hear me? Okay sorry I’m on my phone and on my computer. So, what happens going forward, first of all, the application process hasn’t actually opened for these initial licenses right? And then after this batch, there is a whole other process for the rest of the licenses right? Like what percentage of the overall universe of licenses does this represent?

Chris Alexander: It’s a great question. And you’re spot on. This application period for the application discussed in the regulations provided today has not opened yet. These regulations are going out for public comment and it should be 60 days of public comment at which point the office will analyze and respond to and assess the comments that have been made, suggestions from the public and other interest groups to ensure that we’re moving forward on solid footing. The general reg packages we’ve been referring to it will come out in May and the application window tied to those other license types and other retail licenses as well will come out after again, those regulations go through a public comment period and if the office has a chance to respond to those comments. So we’re anticipating end of year for that application window and we’re anticipating July or so for the application tied to these conditional retail licenses. And I
want to emphasize again, this is a small segment of the potential dispensary licenses and even a small segment of the total licenses provided in the Adult Use Program. But we found it prudent to get this market off the ground as soon as possible and to rely on existing or individuals who have both been impacted but also had the experience and the tenacity of owning and operating businesses to be the foundation of our market moving forward.

Male: We will go to Brad Racino.

Brad Racino: There we go. Hi Chris how are you?

Chris Alexander: I apologize to everybody for this, we’ve had some difficulties at the Board meeting at the press conference and the office as well but we’re working on it.

Brad Racino: Not a problem. Chris, I was hoping, could you talk a little bit about the nonprofit element of these draft regs like is there any concern about federal regulations over nonprofits conflicting with what’s being proposed in New York? As you know the IRS certifies nonprofits so just curious about that. Thanks.

Chris Alexander: No, we fully appreciate and recognize the consequences of federal prohibition as it restricts our ability to operate fully. We’re thankful that we have leaders in our state who are working on ending prohibition on the federal level. But the intent there was to capture a group of folks who are also doing relevant community work, trying to target those communities that have been impacted by a lot of different things and have been left behind in many ways but also still with a similar requirement that those folks are engaged in some social enterprise. So that’s the language that’s included there to capture where folks are doing community based work but has some social enterprise that is generating revenue to support that effort. So we just want to make sure we capture a wide enough tent to capture those who are operating nonprofits as well.

Male: Alright, thank you. We will next hear from Kevin Dugan.

Kevin Dugan: Certification for sales to be able to start at the end of the year will the application window open sooner than that? Like can it be as soon as when that 60 days common period wraps up.

Chris Alexander: It could. And in the case that we have limited public comments, there’s limited suggestions to pivot the regulations and the approach that we’ve taken for this particular license type, we should be able to open it a little bit sooner but we understand that the public is going to be very interested in engaging on this issue as well as other reg packages that we put out so we are reserving that space and want to provide clarity to the public on when to get ready. When to provide and secure their application material so, we’re trying to give clarity but also understanding that should there be a longer engagement it may take a little bit more time. But we’re optimistic that we can get this done and get some stores open by the end of this calendar year.
Male: Thank you we’ll next hear from Darla Miles.

Darla Miles: Darla Miles from WABC TV, we appreciate your time. Just a few things; in terms of the requirement for previous cannabis convictions, we know 7 other states also have that as part of their criteria. Can you clarify for those who may be preoccupied with the word conviction what that means? What the scope of convictions. Are they precluded because of a felony conviction? So if you can explain to us what convictions qualify and what convictions may not qualify. Also just a broader scope of what again, let’s not just focusing on the cannabis conviction, the previous conviction, but obviously there are other metrics that need to be met in order to achieve this license.

Thirdly, do we have a number? 100 licenses of how many is there going to be a cap in the City of New York? So again, we want to get a better sense of what percentage of these licenses we’re talking about.

And fourthly, sorry, you know just looking at some of the headlines that have come out today; drug dealers are getting the first licenses. I mean kind of again paint a portrait of the target client that we’re talking about. Are we talking about El Chapo because that’s kind of been the characterization today? So kind of characterize again who we’re looking at, what kind of convictions quality and disqualify and what percentage of licenses these are. Thank you so much.

Chris Alexander: Yeah I want to tackle, thank you for that I want to tackle the backend of that first and clarify to folks for the eligibility criteria for this particular license type, it is not just an individual that’s had a marijuana related conviction or cannabis related conviction, its also if they’re owning and operating a small business. These are small business owners. These are individuals who come from certain communities, have been impacted in a case of people coming from the City it may have been the case that they were thrown up against the wall and asked to empty their pockets and produced a small amount of marijuana and was saddled with a misdemeanor conviction and that has been with them up until 2021 when we cleared and expunged those records in 2019 when we expunged those first batch of records. And then, they went on to operate successfully small businesses. That tool is going to be making up this first tranche of licensees the small business owners that’s who we’re relying on to be the backbone of this market. And I keep saying that because it’s so fundamentally true to what we’re trying to do here.

Now as I spoke to the cannabis related offenses, the marijuana related offenses, we have captured all prely associated cannabis or marijuana related offenses that were included in the penal law as well as marijuana offenses that were not as distinguished also in the penal law pre 1977. So in going through the regulations that have been proposed, you’ll see that definition captured previous offenses under article 221, section 221 of the penal law which were the marijuana offenses prior to the passage of the MRTA, as well as convictions that were reached prior to 1977 when there was a singular drug offense where marijuana would be distinguished. Sorry if I got into the weeds there. But those are the convictions that are captured by the language marijuana related conviction. I would add too that this also captures the violation level
of offenses. So over the last 20 years, I gave the number of almost a million arrests for marijuana offenses, almost 90% of that were lowest level activity. And that’s the individual getting arrested for a single joint, a small baggie and again, having that same criminal consequence that would prohibit their access to federal funding for their education. That would force them to vacate their public housing should they live there and would, of course, be a challenge to them as they sought employment following that conviction. So, it’s capturing all of those individuals but again, I want to censor this because it’s so important, that we’re starting our industry here with existing small business owners who we believe can translate those skills to building out New York’s cannabis industry.

Male: Next we will hear from Kyle Yager.

Kyle Yager: Yes, can you hear me? Alright yes, my name’s Kyle Yager I’m with Marijuana Moment. I just wonder how you would respond to possible criticism from existing businesses to this proposal. I think there’s an understanding that New York wants to take a bold and novel step toward ensuring equity in a way that other states haven’t approached it. But for those that have already invested in the medical program, what would you say to their desire to open the Adult Use market as soon as possible and not be second in line?

Chris Alexander: The existing medical operators will absolutely be able to participate but they knew and they supported the cannabis law the Marijuana Regulation Taxation Act and the language included in the law that guides our actions today was that individuals who have been most impacted will be given priority as we build this Adult Use market. So I think there’s definitely an avenue and a pathway forward for those existing operators. Those are our folks who have been supplying the patients of the State of New York for some years and they will be able to participate. But equity will lead and those who have been most impacted will go first.

Male: Next we’ll hear from Sam Reisman.

Sam Reisman: Thank you for taking my question. Sam Reisman from Walk 360. I’m curious is there any language in these rules that bars or at least gives some guidance on when and how these licenses can be transferred or sold? And is there any language that sort of operates as a de facto state residency requirement to make sure these go to New Yorkers? And if so, how is that written in such a way as to survive a legal challenge such as we’ve seen in other states.

Chris Alexander: No, there is no residency requirement in the cannabis law or in these regulations as they’re provided but there is a requirement as we’re working through to prepare the harms that were done to individuals who either lived in, occupied at some point in time the State of New York that they had to have suffered that harm or had that conviction in New York State. So, that connection to the state is also extended to the evaluation of the businesses. That the business should be active in the State of New York whether it be their primary place of business, the location of their corporation but those approaches are intended to show we’re being specific to the harm that we’re trying to repair and that harm has been done in the State of New York. And I would also add there is one restriction on the transfer of ownership. In the MRTA currently there is a restriction for social equity applicants that they are unable to transfer their
license except to another social equity applicant within that first 3 years of licensure without Board approval. This group, as they will be provided a location that’s built out or a _______ built out there’s a four year timeframe where they’re restricted from said transfer which is close to consistent with what we have in place in the cannabis law and its for the same purpose; to ensure that we’re stabilizing and building the market out and we’re meeting our equity goals.

Male: Next we’ll hear from Shawn Teehan.

Shawn Teehan: I was just wondering on the conditional licenses for farmers, do you have any idea any projections on how much supply people who get these licenses will provide to the market coming out of the gate?

Chris Alexander: We do not. We will have a much clearer idea after the application period and before farmers get going, we’ll have a better idea of how much supply we will have generated. The reason for that is not knowing which farmers will meet the requirements of the program; being able to produce the documentation that the legislature has required. And so while we know the total eligible pool of existing hemp farmers who participated in the program over the last couple of years through Ag and Markets, we don’t know who has actually kept tract of the materials that are required to be submitted, and we don’t know how much land they have to grow on. So we will know soon after these applications come in exactly how much supply these farmers will be able to produce but not really until then. But I will add and I’m sure will be a follow up question is, we do through summer vision we have kind of a ballpark idea of folks who actually have met the basic eligible requirements of having grown 2 of the last 4 years so we’re anticipating between 150 and 200 farmers or so on the conservative basis of those who have actually grown and participated in the program and remained in compliance.

Male: Alright and seeing no more hands up, we will conclude today. Thank you everybody for joining us. Oh we have one more, we’ll take it and then we’ll conclude. We’ll call on Joe Mahoney.

Joe Mahoney: Hello. Hi, Chris so were these regulations well draft regulations right they haven’t been actually promulgated, you have to have a comment period, but you’ve been speaking as if these are going to take effect. The comment period hasn’t even begun yet. Also they would be potentially subject to court review if people want to challenge them. I don’t know if that would be something I guess a state court review. And it’s not the fact that you are allowing other or people in this category to get the jump on things but the fact that you are telling other entities you have to wait and that’s where the challenge could come. So have you had this vetted by lawyers who looked at the legality of this approach and are you confident that they would withstand court scrutiny?

Chris Alexander: I mean we’re guided and we have a significant and robust legal team here at the Office of Cannabis Management and we’re guided by the existing law that passed almost a year ago today and was signed into law last year that tells us and directs the activities of this office. So the strategies that we are advancing are ones that are guided by and informed by the
law as it stands already. So we’re not, we believe that the actions that we’re taking are full in line with the law as it has been written and in line with the spirit and intent of the cannabis law.

Male: Alright thank you again everybody for joining us today. Have a wonderful afternoon.