

WEBVTT

1

00:00:03.890 --> 00:00:04.580

HVCC - BTC Meeting Room 2: It isn't

2

00:00:15.750 --> 00:00:16.640

HVCC - BTC Meeting Room 2: so.

3

00:00:17.760 --> 00:00:19.560

HVCC - BTC Meeting Room 2: Yeah, it's right here.

4

00:00:25.525 --> 00:00:27.340

HVCC - BTC Meeting Room 2: Level of anxiety.

5

00:00:29.232 --> 00:00:32.007

HVCC - BTC Meeting Room 2: Honest? Well, it is a level.

6

00:00:32.490 --> 00:00:33.820

HVCC - BTC Meeting Room 2: So.

7

00:00:34.220 --> 00:00:35.959

HVCC - BTC Meeting Room 2: But it's not an action.

8

00:00:41.820 --> 00:00:42.394

HVCC - BTC Meeting Room 2: Alright.

9

00:00:43.300 --> 00:00:46.450

HVCC - BTC Meeting Room 2: We ready to go. Are we live?

10

00:00:47.730 --> 00:00:51.029

HVCC - BTC Meeting Room 2: We're being live streamed. Excellent. Okay.

11

00:00:52.245 --> 00:00:56.699

HVCC - BTC Meeting Room 2: Good morning. Everybody. Today is Friday, December 13.th

12

00:00:59.610 --> 00:01:05.180

HVCC - BTC Meeting Room 2: Which we're going to turn into a lucky day

for our Canvas Advisory Board meeting.

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00:01:05.614 --> 00:01:17.210

HVCC – BTC Meeting Room 2: We are here at Hudson Valley Community College. My name is Joe Bellick. I'm chair of the Campus Advisory Board. I'd like to thank Hudson Valley Community College

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00:01:17.420 --> 00:01:21.740

HVCC – BTC Meeting Room 2: and Suny, which shares

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00:01:21.800 --> 00:01:29.000

HVCC – BTC Meeting Room 2: oversight of our community colleges with local governments for hosting us and allowing us to have

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00:01:29.698 --> 00:01:31.641

HVCC – BTC Meeting Room 2: our meeting here.

17

00:01:32.500 --> 00:01:58.630

HVCC – BTC Meeting Room 2: We have a majority of Board members present here in person, and also a number of voting board members joining us via live stream from various locations, including New York City. I'm going to call the meeting to order and welcome all of you who are participating in person or via the live stream, and would like to remind you that

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00:01:58.640 --> 00:02:15.220

HVCC – BTC Meeting Room 2: the meeting is live captioned over live stream, both English and Spanish, to individuals who are watching online. The meeting is also being recorded and a transcript will be available on the office of cannabis management website, cannabis.ny.gov.

19

00:02:15.720 --> 00:02:24.930

HVCC – BTC Meeting Room 2: we have a full agenda today where we're going to get a presentation on the current state of the canvas market.

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00:02:25.602 --> 00:02:49.780

HVCC – BTC Meeting Room 2: And perhaps most importantly, have a conversation at this cab meeting on the number of adult use cannabis licenses and discuss recommendations from the cab that will inform hopefully that conversation, and then we'll get some updates from the office of cannabis management.

21

00:02:49.980 --> 00:02:55.619

HVCC - BTC Meeting Room 2: Okay, our 1st item of business is to approve

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00:02:55.760 --> 00:03:07.109

HVCC - BTC Meeting Room 2: the minutes from our September 24th meeting, unless anybody has any changes or comments, can I have a motion to approve the minutes

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00:03:08.710 --> 00:03:14.550

HVCC - BTC Meeting Room 2: motion to approve in the second one second?

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00:03:14.710 --> 00:03:15.810

HVCC - BTC Meeting Room 2: Thank you.

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00:03:15.990 --> 00:03:17.919

HVCC - BTC Meeting Room 2: Anybody opposed.

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00:03:19.120 --> 00:03:25.400

HVCC - BTC Meeting Room 2: Okay, the motion to approve the minutes is past.

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00:03:28.220 --> 00:03:37.989

HVCC - BTC Meeting Room 2: we that's now going to be presented with an in-depth overview of the current state of the cannabis market.

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00:03:38.772 --> 00:03:43.746

HVCC - BTC Meeting Room 2: And then we are going to

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00:03:44.760 --> 00:04:13.939

HVCC - BTC Meeting Room 2: fulfill one of the statutory responsibilities of the cab which is to provide recommendations to the Cannabis Control board to advise them on the number of licenses that they should issue in the adult use cannabis market using a data driven approach. As such we will be voting later on a motion to consider a proposed letter and formal recommendations to provide to the Ccb. On licensing.

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00:04:14.090 --> 00:04:26.870

HVCC – BTC Meeting Room 2: as we go through the meeting. Keep in mind that the letter can be modified and adjusted, based on the information that we're receiving today. And any discussion that occurs during the meeting.

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00:04:27.352 --> 00:04:35.920

HVCC – BTC Meeting Room 2: And with that I would like to turn it over to John Kgia to provide us with a presentation on the market data.

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00:04:37.430 --> 00:04:54.740

HVCC – BTC Meeting Room 2: Thank you very much. Chair Bellak. Thank you. Board members of the Cannabis Advisory Board. It's a pleasure to be here this morning to provide both an overview of the latest developments and trends in New York's regulated cannabis market, as well as our outlook for this market's growth.

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00:04:55.073 --> 00:05:12.429

HVCC – BTC Meeting Room 2: Based on the trends that that we have been seeing in this market, we'll be making recommendation or proposal for the number of licenses we anticipate this market being able to support moving forward and recommendation of how many we anticipate should be issued as as we look forward.

34

00:05:12.980 --> 00:05:36.149

HVCC – BTC Meeting Room 2: and before we get started, I think I'd like to just make a brief comment about a lawsuit and injunction that was filed against the office yesterday. That will have some implications for the immediate, have some immediate implications on the review of licenses. That the office is currently considering.

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00:05:36.690 --> 00:06:00.289

HVCC – BTC Meeting Room 2: We are still waiting for guidance and clarification from our Council's office, on specifically which groups of applicants and stakeholders might be implicated. The office will be, is in the process of developing, and will be circulating some guidance that will be shared with our community on which groups are going to be impacted by the injunction that was issued yesterday.

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00:06:01.405 --> 00:06:08.880

HVCC – BTC Meeting Room 2: But so so please kind of look out for some communications related to that coming out later this afternoon

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00:06:09.180 --> 00:06:10.460

HVCC - BTC Meeting Room 2: to

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00:06:10.812 --> 00:06:29.110

HVCC - BTC Meeting Room 2: you know, I'd like us to kind of go into this conversation less thinking about specifically the the queues and queue orders. And and this is this con this presentation we've prepared here is going to be broader than that. It's going to be a presentation more specifically about the capacity of this market

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00:06:29.110 --> 00:06:47.579

HVCC - BTC Meeting Room 2: based on the insights, data, outcomes. We have seen in other legal jurisdictions, the mature markets in the West Coast, Oregon, California, Washington, etc, the newer markets that have grown very quickly in places like Oklahoma

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00:06:47.810 --> 00:07:04.039

HVCC - BTC Meeting Room 2: in Massachusetts. We've tried to ingest and distill and understand the developments of those regulated markets, to inform the perspective of both where we are benchmarking to other jurisdictions, and where we anticipate this market going over the next few years.

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00:07:04.590 --> 00:07:28.649

HVCC - BTC Meeting Room 2: So with all of that said, the presentation is kind of broken out into 3 broad chapters. The 1st is a current. Look at the size, growth, and evolution of New York's market to date, basically a bit of a year in review. The second part of this is going to be a detailed look at some of the capacity in this market currently, as well as

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00:07:28.650 --> 00:07:49.500

HVCC - BTC Meeting Room 2: the anticipated capacity of this market, based on the Commitments office has made for licensing folks to date, and then the 3rd is going to be a brief review of some of the outcomes we have seen in mature markets as they reach saturation and the impact that those

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00:07:49.640 --> 00:07:57.890

HVCC - BTC Meeting Room 2: and the impact that the maturation and saturation of those markets has had to the cannabis economies in those jurisdictions.

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00:07:57.950 --> 00:08:12.719

HVCC – BTC Meeting Room 2: I'd welcome this to be a discursive presentation or conversation, so please to board members both here and virtually joining us. Please feel free to interrupt me as we go along, happy to answer questions and and provide clarification as we walk through this.

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00:08:14.300 --> 00:08:30.090

HVCC – BTC Meeting Room 2: So with that said, I'll begin 1st with just an overview of our retail sales trends. New York's market continues to grow very aggressively, and our performance to date, I think, has exceeded most expectations.

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00:08:30.550 --> 00:08:46.860

HVCC – BTC Meeting Room 2: November was another blockbuster month for us. I will caveat here that November was a 5 week reporting period rather than a 4 week, reporting period as usual, but in November we saw 131 million dollars in sales reported through the end of the month.

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00:08:47.070 --> 00:08:55.189

HVCC – BTC Meeting Room 2: bringing the program total since sales began essentially in January 2023 to 919 million dollars

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00:08:55.570 --> 00:09:16.570

HVCC – BTC Meeting Room 2: at the rate we're going with 4 reporting weeks left in the year. We're comfortable with the projection that we will hit a billion dollars before the end of this year. And I think that's a very strong foundation for the robust opportunities we see for regulated cannabis in New York. Moving forward.

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00:09:17.600 --> 00:09:45.509

HVCC – BTC Meeting Room 2: I will also note that in the chart that you have before you we include the number of reporting stores that send in data to us every month. You'll note that the number of reporting stores is a little bit lower than the number of officially counted open doors, and that's because there tends to be a bit of a lag between when a store gets its door open, and when we start ingesting the sales, reporting data into our system

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00:09:45.510 --> 00:10:01.780

HVCC – BTC Meeting Room 2: because we don't yet have the seat to sale system in place. The seed to sell system which kind of automatically tracks, transactions on the supply side and the retail side. We're expecting that to go live going to the second quarter of next year.

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00:10:02.476 --> 00:10:13.230

HVCC - BTC Meeting Room 2: But without that being in place. We're still dealing with a manual reporting process. And so some of our licenses take between 3 to 4 to to 6 to 8 weeks

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00:10:13.230 --> 00:10:37.290

HVCC - BTC Meeting Room 2: to between the time that their doors are open, and when they've kind of dialed in their reporting in a way that we can ingest it into these reports. So there's a bit of undercounting here that we are factoring. We do not project the sales of stores who have not submitted their 1st reports to us, partly because the performance has been so variable across these stores, but just wanted to explain why you're seeing 215 stores open for November, when we had roughly 240

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00:10:37.290 --> 00:10:37.940

HVCC - BTC Meeting Room 2: operational.

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00:10:42.020 --> 00:11:00.969

HVCC - BTC Meeting Room 2: November's sales were partly buoyed by green Wednesday, the Wednesday before Thanksgiving, which is one of the top selling sales days of the year. You know we had several stores. Report to us that on green Wednesday they saw double their revenue compared to a typical Wednesday.

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00:11:01.958 --> 00:11:20.359

HVCC - BTC Meeting Room 2: and so November's the weekly sales for the last week of November exceeded 29 million dollars. The the biggest weekly sales that we've seen so far, and 11% week over week growth. And so just you know, the the

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00:11:20.360 --> 00:11:41.339

HVCC - BTC Meeting Room 2: fascinating to see the role that cannabis themed holidays play in really boosting our weekly and or monthly revenue, and I will note that we do have 2 big additional sales days, cannabis sales, days. As we look out to the end of the year. Christmas Eve and New Year's Eve tend to be like the

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00:11:41.340 --> 00:11:54.930

HVCC - BTC Meeting Room 2: 3, rd 4, th or 5th best sailing days of the year. And so we're expecting to see very strong performance as we did on Green Wednesday, going to the next couple of weeks. That, I think,

is also going to help with our strong forecast through year's end.

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00:11:56.800 --> 00:12:25.100

HVCC - BTC Meeting Room 2: So just to recap these sales trends to recall, we did 160 million dollars in total in 2023. So far, in 2024, we're roughly at 760 million dollars. Q. 4 sales are already at 228 million, which puts them very close to what we did in all of Q. 3, with 4 reporting weeks to go. And so, you know, a very, very strong

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00:12:25.190 --> 00:12:49.649

HVCC - BTC Meeting Room 2: trajectory so far, and I just want to acknowledge the incredible work that our licensees have done in getting their doors open, in creating offerings and retail settings that are drawing consumers in from the unregulated market to buy New York's legal regulated products. And we're very bullish about the outlook and the future growth that's to come based on the

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00:12:49.650 --> 00:13:08.889

HVCC - BTC Meeting Room 2: revenue and sales data that we've seen today. Consumer demand is very strong. And this is no longer a question of whether cannabis consumers want legal product. It's really more a function of access. And we're going to be working very hard to get as many doors open as quickly as possible in the months and years to come.

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00:13:12.800 --> 00:13:17.919

HVCC - BTC Meeting Room 2: So with the the with that level set.

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00:13:19.600 --> 00:13:25.139

HVCC - BTC Meeting Room 2: we want to talk about a little bit about the revenue trend per store that we've seen over time.

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00:13:25.582 --> 00:13:37.879

HVCC - BTC Meeting Room 2: And so plotted on screen. Here are on the green bars are the number of stores that that we have open and have had open each month since June of last year through November of this year.

64

00:13:38.080 --> 00:14:02.099

HVCC - BTC Meeting Room 2: and the orange line is the average revenues that we have seen reported per store, and without kind of getting into the nitty gritty of the specific average revenue number, I'll come back to that. I just want to kind of call out the correlation that

we're seeing in New York, and that we have seen in every other regulated market, which is, as you open more doors. The revenue per store declines.

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00:14:02.537 --> 00:14:10.419

HVCC - BTC Meeting Room 2: In the 1st chapter of a legal markets growth. You see that the the legal market is

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00:14:10.420 --> 00:14:31.220

HVCC - BTC Meeting Room 2: cannibalizing consumers or pulling in consumers from the illegal market. So the primary competition for the legal market is the illicit market. But as the market grows as the map fills out as more stores open. Then you start to see kind of cannibalization start to happen between competitors in the legal market, and an easy way to think about it is.

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00:14:31.220 --> 00:14:46.049

HVCC - BTC Meeting Room 2: if you have in a given community, say, a single shop, and so a consumer is driving 2 miles to go purchase from that shop. When a second store opens that is closer to them, they're less likely to travel to that 1st shop. They'll start purchasing from the second one

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00:14:46.743 --> 00:14:53.460

HVCC - BTC Meeting Room 2: and so you end up having this gradual shift from the primary competition of the legal operators being

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00:14:53.840 --> 00:14:59.450

HVCC - BTC Meeting Room 2: the illicit market, and then gradually over time, that, becoming the illicit market.

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00:14:59.540 --> 00:15:16.430

HVCC - BTC Meeting Room 2: It's been part of the reason why we've been so focused on addressing the illicit market, and the task force has done phenomenal work related to that this year. But we want to be mindful that this is going to be a sustained trend over time, and we'll talk a little bit more about that as we get through this presentation.

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00:15:17.856 --> 00:15:25.506

HVCC - BTC Meeting Room 2: Yeah, I was. I was actually gonna ask you a question about that and what

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00:15:27.620 --> 00:15:33.600

HVCC - BTC Meeting Room 2: you you may have just answered it, but what you are sort of forecasting about the viability

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00:15:33.910 --> 00:15:46.150

HVCC - BTC Meeting Room 2: of some of the retail locations like in the Woodstock Kingston area. Where I live.

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00:15:47.620 --> 00:15:51.430

HVCC - BTC Meeting Room 2: We went from basically 0 stores.

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00:15:52.016 --> 00:15:58.739

HVCC - BTC Meeting Room 2: And we now have 2 very close together, Etane, which was an ro that

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00:15:58.780 --> 00:16:04.789

HVCC - BTC Meeting Room 2: converted to a recreational domes, which is basically across the street.

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00:16:05.330 --> 00:16:11.800

HVCC - BTC Meeting Room 2: Catskill Mountain high, which is not too far away in the store in Woodstock, is going to be opening

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00:16:12.468 --> 00:16:14.379

HVCC - BTC Meeting Room 2: I think, in February.

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00:16:15.108 --> 00:16:19.289

HVCC - BTC Meeting Room 2: And you know, it just seems to me it's not

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00:16:19.775 --> 00:16:26.310

HVCC - BTC Meeting Room 2: clear to me that that size community is going to be able to support or

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00:16:26.360 --> 00:16:29.810

HVCC - BTC Meeting Room 2: and potentially, you know, if you include the surrounding

82

00:16:29.960 --> 00:16:42.430

HVCC - BTC Meeting Room 2: areas which are a little farther away. But

there's a store in Rosendale. There's a couple of stores in Newports now. There's there's a lot there for not a significantly large population.

83

00:16:42.690 --> 00:16:46.840

HVCC - BTC Meeting Room 2: So is there some concern about

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00:16:46.870 --> 00:16:50.860

HVCC - BTC Meeting Room 2: how that's gonna impact the viability of these locations and

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00:16:50.870 --> 00:16:54.460

HVCC - BTC Meeting Room 2: other than just splitting the sales up amongst the source.

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00:16:55.710 --> 00:17:01.739

HVCC - BTC Meeting Room 2: So great question. And maybe 3 points, I would, I would say in response to that.

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00:17:01.820 --> 00:17:08.970

HVCC - BTC Meeting Room 2: First, st you know, the office's view is that we want this to be a robustly competitive market.

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00:17:09.010 --> 00:17:37.800

HVCC - BTC Meeting Room 2: The idea isn't to create kind of very exclusive zones that allow an individual or one or 2 operators to have full capture of the market. We want there to be competition. I think competition sharpens the businesses it allows them, it forces them to operate more efficiently. It forces them to think creatively about how to retain the competitive position, but it also benefits consumers. I think you end up getting broader, better offerings, more competitive pricing and getting better consumer experiences, because people are trying to do each other to ensure they can keep the customers.

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00:17:38.030 --> 00:17:51.090

HVCC - BTC Meeting Room 2: The idea isn't to maintain such a controlling, such an aggressive control on the market. Such a constrictive control on the market that we're not allowing there to be the sort of vibrant, rich competition that you would see in any other aspect of the consumer economy.

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00:17:51.170 --> 00:18:06.370

HVCC - BTC Meeting Room 2: There are some rules that are designed to kind of prevent the creation of green zones, the 1,000 2,000 distance requirement. But we are encouraging licensees to be very clear about the markets they're getting into.

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00:18:06.883 --> 00:18:14.189

HVCC - BTC Meeting Room 2: The the distancing rules, I think, are one of the elements that serve both.

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00:18:14.270 --> 00:18:21.179

HVCC - BTC Meeting Room 2: We believe, a public health interest as well as a some kind of competitive.

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00:18:21.850 --> 00:18:35.139

HVCC - BTC Meeting Room 2: It retains some competitive positioning in the market. It allows folks to develop roots. It allows the communities to understand kind of what these businesses are without being flooded, but

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00:18:35.140 --> 00:18:56.649

HVCC - BTC Meeting Room 2: it was never the intent that we would be so constrictive that each jurisdiction of a certain population would only have a single license. We're just encouraging folks to be very clear about where they're choosing to operate, understanding the competitive capacity for those markets and approach their businesses with an orientation to not just where the market is, but where the market is going.

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00:18:56.880 --> 00:19:00.440

HVCC - BTC Meeting Room 2: Yeah, I mean, just from my perspective.

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00:19:00.680 --> 00:19:07.159

HVCC - BTC Meeting Room 2: I think one of the stores in new faults is a micro that's vertically integrated, which might be a little different. But

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00:19:07.500 --> 00:19:12.420

HVCC - BTC Meeting Room 2: 3 of the locations are driving to

98

00:19:12.750 --> 00:19:16.000

HVCC - BTC Meeting Room 2: a parking lot. Next to the location.

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00:19:16.010 --> 00:19:19.279

HVCC - BTC Meeting Room 2: the products are not all that different.

100

00:19:19.660 --> 00:19:24.150

HVCC - BTC Meeting Room 2: You go in there. The brands, the selection, you know, if

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00:19:24.280 --> 00:19:32.150

HVCC - BTC Meeting Room 2: if the store in Woodstock opens in February, maybe a little different, because people go walk around the town, it might happen upon

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00:19:32.460 --> 00:19:39.160

HVCC - BTC Meeting Room 2: the store, but the other 3 of or 4 of the other ones you're driving to.

103

00:19:39.420 --> 00:19:43.120

HVCC - BTC Meeting Room 2: Oh, as the destination, basically. So

104

00:19:43.190 --> 00:19:50.219

HVCC - BTC Meeting Room 2: it's just it's not really clear to me what they're competing on. You know all the stores you walk in. They're beautiful. The customer service is great.

105

00:19:52.300 --> 00:19:53.260

HVCC - BTC Meeting Room 2: So

106

00:19:53.840 --> 00:20:03.410

HVCC - BTC Meeting Room 2: and I think that's a great question. And maybe one of the things I would say, having spent quite a lot of time in high saturation or high density, retail cannabis, retail environments in other States.

107

00:20:04.770 --> 00:20:24.740

HVCC - BTC Meeting Room 2: the product, composition, the service model, and the orientation of that service model. I think all play a really meaningful difference in what consumer experience ends up being. And in the same way you end up having your favorite liquor store favorite kind of pizza joint in the city that might have 4 or 5 create some of that differentiation.

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00:20:25.150 --> 00:20:38.179

HVCC - BTC Meeting Room 2: So I'll give a couple of examples that I've seen recently that to me underscore some of the innovative ways in which retailers in other jurisdictions have found a way to to

109

00:20:38.200 --> 00:20:41.600

HVCC - BTC Meeting Room 2: and separate themselves from from the competition.

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00:20:42.240 --> 00:21:05.450

HVCC - BTC Meeting Room 2: One is a dispensary in Oregon that I visited, where they spent a lot of time on their butt, tender training about the science of cannabis. And so it was a Phd. Kind of masterclass on how to think about what the cannabinoid, terpenoid, flavonoid profile, how that's going to impact your experience

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00:21:05.840 --> 00:21:09.410

HVCC - BTC Meeting Room 2: presented in a very accessible way for people who didn't know cannabis.

112

00:21:09.420 --> 00:21:16.490

HVCC - BTC Meeting Room 2: So what they ended up doing was positioning themselves as the place that you send people who don't know cannabis, but are willing to to try for the 1st time.

113

00:21:16.780 --> 00:21:38.600

HVCC - BTC Meeting Room 2: There's a dispensary recently visited in California, where they're about all about efficiency getting you in and out as quickly as possible. And in order to do that one of the things they've done is put most of their products out on the floor. So it's a shopping. It's almost a grocery store model where you can go, take your things off the shelf, put them in a basket, take them to the counter rather than talking to a bud tender, and having them

114

00:21:38.620 --> 00:21:41.249

HVCC - BTC Meeting Room 2: talk to a runner who goes to the Mac to pull the product

115

00:21:42.187 --> 00:22:00.519

HVCC - BTC Meeting Room 2: for customers who know that you can get in and out in 3 min. The the speed factor, was a differentiating thing, and they've locked in the consumer who's looking for efficiency. The

consumer who knows exactly what they want, will get it off the shelf. We'll go pay for it and be gone without a lot of engagement with bug tenders or sales forces.

116

00:22:00.670 --> 00:22:04.130

HVCC - BTC Meeting Room 2: I think there are a lot of. And then, 3rd is product differentiation.

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00:22:06.680 --> 00:22:33.800

HVCC - BTC Meeting Room 2: there's some California dispensaries that we visited, some in Colorado as well, who think very specifically about which communities that they're in and which products they're going to carry to serve those communities. I will say, because we are still relatively young in our market. There may have been a bit of gravitation toward the same initial set of products on shelves kind of understandable because we have a limited number, and that has grown dramatically.

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00:22:34.157 --> 00:22:38.919

HVCC - BTC Meeting Room 2: But we have over a thousand strains available now in the New York market. We've got

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00:22:39.230 --> 00:22:59.599

HVCC - BTC Meeting Room 2: nearly housing different brands being sold in the market. I would encourage our retailers to think expansively about brand product, mix and the customers that you're serving again as a way to differentiate yourself from the market. If everyone kind of gravitates toward the middle.

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00:23:01.040 --> 00:23:03.780

HVCC - BTC Meeting Room 2: it it becomes a less

121

00:23:03.870 --> 00:23:25.049

HVCC - BTC Meeting Room 2: differentiated experience for the consumer. And then you start basing the choices on price, and I don't think that has to be the case. So for the retailers, both currently operational and coming a real opportunity to think about how you're going to set yourself apart in the market, where there's a lot of opportunity to do that, because it is only going to get more competitive moving forward.

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00:23:25.190 --> 00:23:43.289

HVCC - BTC Meeting Room 2: Okay, John, before you continue, I I apologize. I wanted to introduce and acknowledge and thank our acting

executive director, Felicia Reed, for joining us at this cab meeting and if at any point you would like to say anything or

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00:23:43.778 --> 00:23:46.920

HVCC - BTC Meeting Room 2: offer any comments, please do. But we

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00:23:47.100 --> 00:23:54.020

HVCC - BTC Meeting Room 2: really really appreciate you coming to the meeting and participating. And thank you

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00:23:54.070 --> 00:23:57.770

HVCC - BTC Meeting Room 2: absolutely. Thank you, Joe. I'll let John continue. But I'll talk later.

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00:24:00.191 --> 00:24:09.400

Ebro: Hello, everyone, John, thank you for everything you're saying. This is Ebro from the cab. Hi, everyone. Just while we had this having this discussion.

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00:24:09.430 --> 00:24:19.719

Ebro: I feel like we're saying a lot of great words right now, and it and it sounds awesome. But what we're dancing around is the fact that, as you could see on this chart, the more stores in the marketplace, the more it hurts.

128

00:24:20.513 --> 00:24:22.930

Ebro: The the revenue per store.

129

00:24:23.860 --> 00:24:31.939

Ebro: and it needs to be said that whom that's gonna hurt the worst will be the licensees who are

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00:24:32.340 --> 00:24:34.849

Ebro: black, brown minority.

131

00:24:35.750 --> 00:24:36.840

Ebro: And

132

00:24:37.230 --> 00:24:47.060

Ebro: and so I just want to put a PIN in that, because, as this

discussion goes on, and as we discuss the number of licenses available, or that will be available in this market.

133

00:24:48.400 --> 00:24:52.659

Ebro: we need to know. We're headed the same direction that other States ended up.

134

00:24:53.566 --> 00:24:56.000

Ebro: You know, going like Washington.

135

00:24:56.110 --> 00:25:08.930

Ebro: which allowed a lot of people to have licenses and a lot of stores to open, and ultimately, after a couple of years, the major corporations came in and took over a lot of those stores because licenses couldn't sustain.

136

00:25:09.480 --> 00:25:12.709

Ebro: And so I just want to put that out there because

137

00:25:12.870 --> 00:25:17.229

Ebro: that is what we were trying to avoid when we started this journey.

138

00:25:17.580 --> 00:25:24.980

Ebro: We wanted to protect small businesses. We wanted to help small businesses.

139

00:25:25.170 --> 00:25:31.560

Ebro: We wanted this market to be something that people could create and sustain and not

140

00:25:31.600 --> 00:25:33.850

Ebro: at the end of the journey

141

00:25:35.030 --> 00:25:39.689

Ebro: end up with all of the stores, or most of the market being controlled by the rich

142

00:25:39.770 --> 00:25:41.880

Ebro: or by the big corporations.

143

00:25:41.980 --> 00:25:46.840

Ebro: So I just wanted to put that out there while we're at this point. And looking at this chart.

144

00:25:49.030 --> 00:26:15.340

HVCC - BTC Meeting Room 2: Thank you, Bro, and we'll definitely come back to that point. I've got a couple of other slides that will build on that point, both showing where I think we are going from a competitive basis in this market, as well as what we've seen in other jurisdictions that have hit that saturation point. And you're absolutely right. I think we've got some data here that shows that it has become a very challenging market dynamic in other jurisdictions. And I would urge all of our stakeholders to think deeply about

145

00:26:15.340 --> 00:26:23.879

HVCC - BTC Meeting Room 2: that element. Some of the inevitability of outcomes based on what we've seen fairly consistently in some of the mature and saturated markets.

146

00:26:27.285 --> 00:26:27.880

HVCC - BTC Meeting Room 2: So

147

00:26:28.520 --> 00:26:46.400

HVCC - BTC Meeting Room 2: the trend line has it that we're currently at through at least October, roughly, 454,000 per month per store. But I will also note, and and you'll see it. I should just skip over to the next slide that there's a very wide range in revenue profiles per store.

148

00:26:47.040 --> 00:26:57.860

HVCC - BTC Meeting Room 2: So the averages tend to get a little bit skewed by the fact that we have some outsized performers in New York. New York absolutely has some of the best performing dispensaries in the country.

149

00:26:57.890 --> 00:27:19.020

HVCC - BTC Meeting Room 2: New York has a sophisticated consumer base. We have historically paid a premium for cannabis, and that, I think, has extended into our legal regulated market. We tend to have very affluent communities which increases our spending power. And so, as a function of kind of that combination. We have a very strong.

150

00:27:19.020 --> 00:27:42.910

HVCC - BTC Meeting Room 2: We've had some very strong performers in the market currently, and it's also because it's early days. So there's some folks who've been able to open in jurisdictions where, whether because of municipal rules or because of opt out markets, there just isn't a lot of other service there, and that's enabled them to maintain stronger performance. But and so I caution about relying too heavily on the averages, and rather just kind of thinking about this as a

151

00:27:42.910 --> 00:27:49.269

HVCC - BTC Meeting Room 2: pattern of behavior where competition does tend to drive down average revenues as it currently stands.

152

00:27:49.623 --> 00:28:04.840

HVCC - BTC Meeting Room 2: While the so based on the most recent performance revenue given reported to us, and future costing that out the average store would be on a run rate of roughly 6.5 million dollar or 6 to 6.5 million dollars a year.

153

00:28:05.500 --> 00:28:28.530

HVCC - BTC Meeting Room 2: That may sound like a lot. I would just urge folks to recall the unique aspects of operating a cannabis business, including the regulatory costs that make operating cannabis retail more expensive than most of the jurisdictions that make the 2 Ade that ends up, meaning that cannabis businesses, cannabis licensees will be paying anywhere from

154

00:28:28.740 --> 00:28:52.619

HVCC - BTC Meeting Room 2: 30 to 75% of their revenues in taxes, because you're not able to make the kinds of deductions that other cannabis other businesses in the economy are able to make, and so the dollar earned in cannabis, the gross revenue earned in cannabis tends to go a lot less further than it would in other sectors of the economy, because of some of the structural factors of this market.

155

00:28:54.950 --> 00:29:05.209

HVCC - BTC Meeting Room 2: So I'll just call out the kind of percentile ranges that we're talking about. As this market matures, we will. We fully expect to see revenue price compression.

156

00:29:05.240 --> 00:29:16.070

HVCC - BTC Meeting Room 2: but, like the bottom quartile, are already

at about 2.5 million dollars. Average run rate, and the median, the midpoint between high and low is about 4 million dollars.

157

00:29:18.040 --> 00:29:19.960

HVCC - BTC Meeting Room 2: so the the

158

00:29:20.880 --> 00:29:44.139

HVCC - BTC Meeting Room 2: the spread. There is a broad spread of performance in this market. But to board Member Ibro's point we do want to kind of be cognizant of. If the Median number is 4 million dollars per store. Then there's a lot of folks who are below that line, and a lot of folks who are going to get squeezed as compression continues

159

00:29:44.400 --> 00:29:45.880

HVCC - BTC Meeting Room 2: in in the coming months.

160

00:29:54.070 --> 00:30:09.950

HVCC - BTC Meeting Room 2: Because the market has now officially been opened roughly. 1224 months, you know. Our 1st stores opened in December of 2022 and and we're now in December of 24. We have a good spread of

161

00:30:09.950 --> 00:30:31.300

HVCC - BTC Meeting Room 2: stores that have been open for a range of periods. So the bar chart on the left shows that we've got 52 stores, who've been open for 10 weeks, or less 35 that have been open for 20 weeks or less, going down to 15 who've been open for 71 weeks or more. So we've got a really good kind of cross section or mix of stores who've been open across a stretch of time.

162

00:30:31.430 --> 00:30:39.889

HVCC - BTC Meeting Room 2: and one of the things that we have seen that I think, is a positive here is that stores generally continue to grow their revenues over time.

163

00:30:41.459 --> 00:31:10.319

HVCC - BTC Meeting Room 2: And so the the average revenues across most of our producers, particularly, who are in this early cohort of you, know, less than less than been open for less than 40 weeks. Most folks have been able to continue growing their revenues 4, 5, 6 months after they have grown. So it's generally not that the revenues you're making. In week 2 week 3 will be where your revenue is going to be

capped.

164

00:31:10.320 --> 00:31:22.380

HVCC - BTC Meeting Room 2: As I said earlier, because we are still pulling in a lot of consumers out of the illicit market, partly because we're shutting down illicit stores, partly because consumers have shown strong interest in purchasing from the legal market. There's opportunity here.

165

00:31:22.380 --> 00:31:32.930

HVCC - BTC Meeting Room 2: but one of the things we are seeing is that the rate of growth amongst the stores who are opening now is a little bit lower than for the stores that opened

166

00:31:33.328 --> 00:31:39.539

HVCC - BTC Meeting Room 2: a year ago. Again, that kind of makes sense, because the map is more crowded. Now there's more stores open. The competition is more intense.

167

00:31:40.040 --> 00:32:05.009

HVCC - BTC Meeting Room 2: So the 2 points here I'm trying to make are one, because we have a number of stores, because we've got a cross section of stores that have been open across this entire period. It's enabling us to group these licensees in cohorts and to see how the revenue trend was for people who opened 18 months ago versus those who opened 6 months ago. And one of the things that we're seeing is that on average, as you can see on the right.

168

00:32:05.010 --> 00:32:18.460

HVCC - BTC Meeting Room 2: But the trend line shows a fairly consistent pattern of growth over the time period that we're looking at, I will just note that we are seeing that the rate of revenue growth

169

00:32:18.765 --> 00:32:24.269

HVCC - BTC Meeting Room 2: the starting point is lower, and the the point at which it. Plateaus is also lower for people

170

00:32:25.836 --> 00:32:29.666

HVCC - BTC Meeting Room 2: more, currently versus those who've been open for for

171

00:32:30.180 --> 00:32:35.370

HVCC - BTC Meeting Room 2: for who opened first.st So the people who enter the market first.st

172

00:32:35.730 --> 00:32:42.819

HVCC - BTC Meeting Room 2: because there was very little competition at the time, associated a longer period of ramp before they started to plateau.

173

00:32:43.340 --> 00:32:50.650

CAB NYC: Hey, John, this is June 10. I have a quick question. Do you have that broken down by region in New York.

174

00:32:52.080 --> 00:32:54.000

CAB NYC: this trend that you're seeing.

175

00:32:55.170 --> 00:32:57.469

HVCC - BTC Meeting Room 2: By region within the State, we.

176

00:32:57.470 --> 00:32:58.343

CAB NYC: And then.

177

00:32:58.780 --> 00:33:02.740

HVCC - BTC Meeting Room 2: Yes, we do. We didn't include it here.

178

00:33:03.500 --> 00:33:22.209

HVCC - BTC Meeting Room 2: for a couple of reasons. The data was still a little bit messy, but I will say this about the regional analysis. Dr. Chen. One is that we are definitely seeing some variability in performance across the different regions. and you know some of that is population based

179

00:33:23.760 --> 00:33:29.099

HVCC - BTC Meeting Room 2: and cost profile based but 2. I would also say that.

180

00:33:30.180 --> 00:33:41.100

HVCC - BTC Meeting Room 2: I'd be cautious about looking purely at revenues as a determinant of how businesses are doing. So I'll use the example of 2 different kind of jurisdictions here.

181

00:33:41.100 --> 00:34:01.320

HVCC - BTC Meeting Room 2: A licensee in Manhattan may be doing, say, 5 million dollars on a run rate of 5 million dollars per year, and that feels like a big number versus. And these are not hard examples. These are just illustrated. Licensee in Manhattan may be doing 5 million dollars a year in average revenue versus, say

182

00:34:01.320 --> 00:34:21.220

HVCC - BTC Meeting Room 2: licensee in the Mohawk Valley, who may be doing 2.5 million dollars on its face. You might be compelled to say that the licensee in Manhattan is doing better than the licensee in the Mohawk Valley. However, if you look at the operational cost basis, the licensee in Manhattan may be paying \$60,000 a month in rent the licensee in the Mohawk valley might be paying 5,

183

00:34:21.380 --> 00:34:40.510

HVCC - BTC Meeting Room 2: and so that Delta, in their cost, profile the cost of operating their business in those 2 different jurisdictions might actually mean. When you look at the gross and net revenues for those 2 businesses, the licensee in the Mohawk Valley might actually be taking home more than the one in Manhattan, because the operational cost basis is so much lower.

184

00:34:40.580 --> 00:34:58.329

HVCC - BTC Meeting Room 2: so just flagging. That is one of the reasons why the looking just at the top line. Revenue numbers at the regional basis isn't definitive because we are seeing really wide variability, and particularly in rent, is one of the highest line items of cost for these businesses.

185

00:34:58.740 --> 00:35:01.175

CAB NYC: Thank you. That makes sense the variabilities. Thanks.

186

00:35:09.400 --> 00:35:37.479

HVCC - BTC Meeting Room 2: I'll also note just a point about the enforcement efforts of the State and our other Government, both state and municipal partners over the last 6 months or so. First, st just a massive, massive shout out to the Enforcement unit for leading the illicit cannabis Enforcement Task Force, which began in May and has had really meaningful impact on

187

00:35:37.860 --> 00:35:40.849

HVCC - BTC Meeting Room 2: the revenues and the performance of our

licensees

188

00:35:40.860 --> 00:36:04.870

HVCC - BTC Meeting Room 2: between the enforcements of the State task force and our municipal partners. We've padlocked well over a thousand stores across the State, and we've seized nearly 50 million dollars worth of illicit product just during the task Force enforcement period. We've seized over 110 million dollars of product across the illicit enforcement period.

189

00:36:04.870 --> 00:36:11.369

HVCC - BTC Meeting Room 2: Total. And it's been. It's been a great deal of work, but the team has done it with aplomb.

190

00:36:11.895 --> 00:36:21.179

HVCC - BTC Meeting Room 2: I will also say, just in alignment with our social equity and kind of mission not to recriminalize

191

00:36:21.380 --> 00:36:42.439

HVCC - BTC Meeting Room 2: kind of individuals. We have been successful in criminalizing the businesses that are selling these unregulated products. But we've had almost no arrests coming out of this. So we're criminalizing the businesses, not the individuals. And I think that's a testament to a program that is unique in the country.

192

00:36:42.861 --> 00:36:53.149

HVCC - BTC Meeting Room 2: In in achieving this very impressive outcome without ending up, having to to kind of lock up a new cohort of folks for cannabis offenses.

193

00:36:53.960 --> 00:37:12.040

HVCC - BTC Meeting Room 2: 3, rd the illicit cannabis enforcement work. The task force has had a meaningful impact on the revenues being earned by our licensees. So statewide, we've seen over a 50% increase in revenues across all of the licensed businesses that were open

194

00:37:12.040 --> 00:37:28.730

HVCC - BTC Meeting Room 2: before the task force work began. I will note that there's a bit of a delta between in performance and revenue impact in the upstate versus downstate dispensaries, partly because we've had such.

195

00:37:28.730 --> 00:37:49.020

HVCC - BTC Meeting Room 2: because the city in particular, the sheriff's office, had such an important role in padlocking locations downstate. So the number of locations that have been padlocked downstate because of the efforts by the Nypd. By the sheriff's office.

196

00:37:49.599 --> 00:37:55.029

HVCC - BTC Meeting Room 2: Was a big boost for the number of locations that have been padlocked downstate. But

197

00:37:55.140 --> 00:38:18.180

HVCC - BTC Meeting Room 2: 2 point, and that's part of the reason why we're seeing a greater post enforcement drift downstate versus upstate. But all of our licensees seemingly benefit from this. Everyone who was open before the task force work began saw their revenues rise after these stores got padlocked, and we remain fully committed to continue these Enforcement actions until all of these illicit shops have been addressed.

198

00:38:18.180 --> 00:38:25.539

HVCC - BTC Meeting Room 2: So the work goes on. It has been a massive undertaking to this point, but it is far from over.

199

00:38:26.270 --> 00:38:29.200

CAB NYC: Hey, John, can? It's Nikki. Can I ask a question

200

00:38:29.610 --> 00:38:59.200

CAB NYC: so obviously, major kudos to the task force? There's been a noticeable difference. Particularly in the city of shops being shut down, but in light of the court decision around Sheriff Enforcement, I personally have noticed some folks are starting to creep back in who are operating without a license, and was curious. If you had some insight into how you think that's going to potentially impact, or if it's going to be net neutral because

201

00:38:59.200 --> 00:39:01.279

CAB NYC: of the work of the task force.

202

00:39:03.590 --> 00:39:08.369

HVCC - BTC Meeting Room 2: So I I think 1st I'll flag that the court case

203

00:39:08.400 --> 00:39:19.109

HVCC - BTC Meeting Room 2: kind of applied to the work being done by the city, not by the the State's task force. So the State's work continues apace and is, is.

204

00:39:19.220 --> 00:39:23.460

HVCC - BTC Meeting Room 2: yeah, is not implicated by that decision.

205

00:39:24.765 --> 00:39:26.273

HVCC - BTC Meeting Room 2: To, you know.

206

00:39:27.740 --> 00:39:50.730

HVCC - BTC Meeting Room 2: while we're obviously paying very close attention to this, and I'm not in a position to speak about pending legal matters. I will say that we remain unequivocally committed to continuing to do this work, to protect public health, to protect public safety, and to protect the performance of our legal market. And so we hear you that

207

00:39:50.730 --> 00:40:04.519

HVCC - BTC Meeting Room 2: there may be some opportunities, opportunists who might be seeking to capitalize on what they think might be a slowdown here. But we are not slowing down as a state, and we're going to continue to do this work until the job is done.

208

00:40:07.220 --> 00:40:18.409

CAB NYC: Thanks, John, so I will make sure that as I'm seeing folks pop up that I'm making sure we're I'm filing that anonymous report. So maybe a good time to plug that that. That link.

209

00:40:18.410 --> 00:40:41.940

HVCC - BTC Meeting Room 2: I'm just about to do that. Thank you. Thank you for bringing that up. And so I would continue to urge the members of our community, our licensees, and all of our stakeholders to let us know as you're seeing these unlicensed businesses in your communities. If you go to ocm.ny.gov, the State's website. There's an incident reporting form at the bottom of our landing page

210

00:40:41.940 --> 00:40:58.919

HVCC - BTC Meeting Room 2: where you can report an illicit business. Give us an address. You can upload photos, and that ensures that it is on our radar and helps us prioritize where we're going to be targeting our efforts. So Ocm, ny.gov. File. An incident report that enables us

to know who is

211

00:40:59.210 --> 00:41:09.170

HVCC - BTC Meeting Room 2: kind of operating in an unregulated way in your community, and and that enables you to to ensure that we have that information, and so that we can pursue these cases.

212

00:41:09.170 --> 00:41:30.129

HVCC - BTC Meeting Room 2: I would also say that on Ocm. ny.gov, on our website, we have the list of all of our licensed regulated businesses. So if you're also not sure about whether somebody's operating legally or not, you can find a licensed dispensary list on our website, and it'll give you the address, the website, and enable you to engage with them as well.

213

00:41:31.520 --> 00:41:33.480

HVCC - BTC Meeting Room 2: So thank you for letting me give that plug

214

00:41:39.580 --> 00:41:49.290

HVCC - BTC Meeting Room 2: to Dr. Chen's earlier question about the upstate downstate, or the the municipal no

215

00:41:50.806 --> 00:42:06.150

HVCC - BTC Meeting Room 2: to this to the revenue splits that we're seeing by municipality. Here. We're showing them upstate, downstate. I will note that we have them at the regional level. But showing here the point which I, which I kind of tried to speak to a little bit earlier.

216

00:42:06.690 --> 00:42:20.669

HVCC - BTC Meeting Room 2: So 1st the main blue boxes, the one on the left is upstate. The one on the right is downstate, and the average revenues we are seeing reported by these 2 cohorts. Again, average is 5 million versus 6.5 million downstate.

217

00:42:23.580 --> 00:42:35.599

HVCC - BTC Meeting Room 2: Through the middle of the bars you get to see a bit of comparison there between the 25th percentile, basically, the lower quarter, the 50th percentile, the midpoint, and the 75th percentile.

218

00:42:37.080 --> 00:42:40.050

HVCC - BTC Meeting Room 2: which is the the upper performing cohort.

219

00:42:40.930 --> 00:42:52.039

HVCC - BTC Meeting Room 2: and maybe just to underscore the fact that we are seeing such a wide diversity of performance across our licensees. The lower quartile

220

00:42:52.630 --> 00:43:05.659

HVCC - BTC Meeting Room 2: upstate is currently reporting a roughly less than 1 million dollar run rate. The lower. The bottom quartile downstate is reporting roughly 1.6 million dollars.

221

00:43:05.700 --> 00:43:24.809

HVCC - BTC Meeting Room 2: The outsized performance of the top cohort may be masking the fact that we have this really broad spread. And there are some folks who are kind of already on the lower end of this. And so that's something to think about as we think about the future competitive intensity of this market

222

00:43:24.870 --> 00:43:42.710

HVCC - BTC Meeting Room 2: point I would make to all of our licensees is, and I'll continue to make this point plan, for where this market is going, not where it currently is, focus on the efficiency of your operations, so that you can kind of generate and sustain your revenues, or keep as much of your revenue or your operating capital as long as possible.

223

00:43:43.320 --> 00:44:01.499

HVCC - BTC Meeting Room 2: But 2. As the board considers the licensing recommendations here to be kind of cognizant of the fact that our top performers, and particularly the top performers, who have been quite public about their performance to date, are not necessarily indicative of the broader climate in the market

224

00:44:07.000 --> 00:44:12.593

HVCC - BTC Meeting Room 2: next if no questions on that. So this is a bit of an eye chart. But

225

00:44:13.030 --> 00:44:23.620

HVCC - BTC Meeting Room 2: We wanted to show the bars on the left. The 2 bars show how many stores we have. Open, either upstate or downstate and

226

00:44:23.760 --> 00:44:40.560

HVCC - BTC Meeting Room 2: the drift we're seeing is after it being about a 1 to one ratio for the 1st chapter of growth. Over the last couple of months we've seen a big push for stores to open upstate. So we've got a little over 110 stores open, upstate compared to about 90 open downstate.

227

00:44:41.710 --> 00:44:51.049

HVCC - BTC Meeting Room 2: and something to think about as we. As we kind of contrast the number of stores open versus the population served, and I'll just quickly walk through this.

228

00:44:53.190 --> 00:44:58.060

HVCC - BTC Meeting Room 2: so far in 2024. We've had roughly 65 stores

229

00:44:58.080 --> 00:45:04.589

HVCC - BTC Meeting Room 2: upstate, serving around 130,000 people versus 55 stores downstate, serving 203,000 people.

230

00:45:04.630 --> 00:45:14.539

HVCC - BTC Meeting Room 2: So basically, there's there's more of more people per store downstate than there has been upstate

231

00:45:15.450 --> 00:45:43.190

HVCC - BTC Meeting Room 2: that asymmetry is going to maintain. Even as we look out at future licensing. So if we account for the number of locations that are currently receiving proximity protection, so we're using that as a proxy of places that are guaranteed open. We have currently 556 stores locations on the map being protected upstate and that's going to be about 15,000 people per protected location.

232

00:45:43.570 --> 00:46:10.259

HVCC - BTC Meeting Room 2: downstate. It's about 450 stores 450 locations being protected and 25,000 people per store. That's just a function of you know what we have received currently to date as locations where people want to operate and suggest that there might be a higher retail density upstate than there is downstate as we go into the next season.

233

00:46:10.990 --> 00:46:16.750

HVCC - BTC Meeting Room 2: We we I I will know now that we have a robust

234

00:46:16.930 --> 00:46:41.130

HVCC - BTC Meeting Room 2: cohort of licensees that have their doors open. We are 263 officially. Now, which is just blockbuster, we have enough data to actually start providing regional level analysis. These breakouts by region. We weren't able to do that to this point, because in the regions where we may have only had one or 2 stores, our concern was that if you report that, then it becomes really easy to figure out who is earning what

235

00:46:41.542 --> 00:46:59.189

HVCC - BTC Meeting Room 2: but as we, as we move forward you will be getting from us more detailed regional breakdowns and the regional licensing questions are, one of the things that that we're looking forward to to seeding as a conversation now, but something that will be an ongoing point of analysis, moving forward.

236

00:46:59.400 --> 00:47:03.130

HVCC - BTC Meeting Room 2: Hey, hey, John, I have a quick question. Sorry. Let me get this microphone.

237

00:47:05.630 --> 00:47:26.369

HVCC - BTC Meeting Room 2: this number all the way at the bottom on the population served by proximity protected locations. So is what you're saying. Upstate. Currently, if all of the proximity protected locations open. Each store on average is gonna only have 15,000 people to serve.

238

00:47:26.850 --> 00:47:28.219

HVCC - BTC Meeting Room 2: Yes, that's right.

239

00:47:28.640 --> 00:47:30.910

HVCC - BTC Meeting Room 2: Okay? And older.

240

00:47:31.310 --> 00:47:32.360

HVCC - BTC Meeting Room 2: Yes.

241

00:47:32.630 --> 00:47:40.320

HVCC - BTC Meeting Room 2: what was that? Actually, no, that's that's just straight population. Okay, just straight population, right? Not 21 and over. So

242

00:47:40.760 --> 00:48:00.610

HVCC - BTC Meeting Room 2: it has always been my, I guess. Understanding. Whenever I've looked at different business models and pro formas for store. You need about 20,000 people to actually operate something that is profitable. Have, have you guys looked at that base number of population per store

243

00:48:00.660 --> 00:48:01.909

HVCC - BTC Meeting Room 2: that is needed.

244

00:48:04.390 --> 00:48:08.710

HVCC - BTC Meeting Room 2: Yes, we have. So I think this is

245

00:48:08.750 --> 00:48:11.760

HVCC - BTC Meeting Room 2: where the there's been some divergence in the

246

00:48:11.860 --> 00:48:39.430

HVCC - BTC Meeting Room 2: revenue performance, and the population served by store by market. There has been some variability there, and at least based on the data that we're seeing out of New York. I think our tolerance is going to be higher than it might have been in other jurisdictions for that. But, Alan, I think the point you're making is correct, which is that even just based on the 1,000 plus locations that are currently receiving proximity protection. We are looking at a competitive market. No question about that.

247

00:48:40.210 --> 00:48:41.950

HVCC - BTC Meeting Room 2: Okay, Cool. Thank you, John.

248

00:48:45.000 --> 00:48:54.120

HVCC - BTC Meeting Room 2: Thank you. I agree, and and this actually to to your question, Alan actually shows how that distribution is going to look across the state.

249

00:48:54.140 --> 00:49:10.080

HVCC - BTC Meeting Room 2: So we have here the Esd regions plus Manhattan and the boroughs showing in green the lower part of these bars the number of stores that are currently open and in orange the number of stores that have been proposed, based on the number of places that are receiving proximity protection.

250

00:49:10.850 --> 00:49:35.429

HVCC - BTC Meeting Room 2: There are some places like mid Hudson, where there's 79 locations that receive protection, a couple of others like Queens and Western New York, where you've got nearly 60 places receiving protection and then more modest estimates for places like Central New York, North Country, Mohawk Valley, and Staten Island, where there are lower population areas, and as a function of

251

00:49:35.430 --> 00:49:46.089

HVCC - BTC Meeting Room 2: had fewer stores expected to open. Generally there is some correlation between a Esd. Region's population and the number of places that are currently receiving proximity protection.

252

00:49:46.499 --> 00:50:05.040

HVCC - BTC Meeting Room 2: I will also note that one of the factors here is also things like the opt out regions where you know the the ends up being some gravitation towards some jurisdictions versus others based on the number of municipalities within an Esd region that opted in versus opted out of having canvas businesses in their boundaries.

253

00:50:05.916 --> 00:50:21.410

HVCC - BTC Meeting Room 2: But flagging that. You know we. We have our 261 locations currently open, but many, many more to come, and these are at least the ones that have already been signaled to us, and that have received a PIN on our proximity protection map.

254

00:50:23.520 --> 00:50:28.500

HVCC - BTC Meeting Room 2: And I I think it's I mean, this data confirms

255

00:50:29.652 --> 00:50:34.169

HVCC - BTC Meeting Room 2: the point I was making earlier for earlier anecdotally.

256

00:50:35.690 --> 00:50:37.960

HVCC - BTC Meeting Room 2: If you just look at the mid Hudson

257

00:50:38.520 --> 00:50:40.960

HVCC - BTC Meeting Room 2: region and a number of potentials.

258

00:50:41.320 --> 00:50:44.503

HVCC - BTC Meeting Room 2: locations and the population. That's

259

00:50:46.160 --> 00:50:51.920

HVCC - BTC Meeting Room 2: I think it's I'm glad that you're getting this data out, John. And I think it's important that

260

00:50:52.120 --> 00:50:57.540

HVCC - BTC Meeting Room 2: people who are planning to open a retail location understand

261

00:50:57.950 --> 00:51:03.599

HVCC - BTC Meeting Room 2: the playing field. Yeah, we people have a right to open a business, and if they have a license, and.

262

00:51:03.780 --> 00:51:04.800

HVCC - BTC Meeting Room 2: you know.

263

00:51:04.910 --> 00:51:11.630

HVCC - BTC Meeting Room 2: meet the requirements. But they should be going into it with their eyes open and their livelihoods and investments. And.

264

00:51:13.210 --> 00:51:21.070

HVCC - BTC Meeting Room 2: yeah, the more information like this. We can get out there. At least people can make informed choices about what they want to do.

265

00:51:21.230 --> 00:51:31.289

HVCC - BTC Meeting Room 2: I think that's a critical point of this exercise chair balek is. We think it's critically important for people in terms of understand the competitive dynamics that they're going to be facing in in this market.

266

00:51:31.510 --> 00:51:58.010

HVCC - BTC Meeting Room 2: I will also point kind of the inverse of the point there, you know, if the mid Hudson is clearly looking like it's going to be a high saturation area. Long Island is one of the anomalies as a high population area that has very few proposed locations, and that's partly as a function of the kind of the municipal zoning rules and the opt outs that we're seeing in Long

Island, which is making it very difficult for licensees, applicants to find qualifying locations.

267

00:51:58.010 --> 00:52:25.470

HVCC - BTC Meeting Room 2: And so a very modest number of stores being forecast currently in roughly 50 locations being 55 locations being being pinned on Long island a jurisdiction that could clearly support a lot more than that. But people just can't find a place to open up their doors. Well, that's, I guess, goes back to Dr. Chin's question about the regionality, and why those Long Island stores are doing so well, and they're kind of.

268

00:52:26.190 --> 00:52:34.180

HVCC - BTC Meeting Room 2: you know, weighing your numbers in a certain direction. Just because of that, what's happening in Long Island, which

269

00:52:34.900 --> 00:52:40.579

HVCC - BTC Meeting Room 2: it's not happening. Other places may actually be making the locations there more successful than

270

00:52:41.480 --> 00:52:44.439

HVCC - BTC Meeting Room 2: the ones in other parts of the State.

271

00:52:45.360 --> 00:53:03.059

HVCC - BTC Meeting Room 2: It's been part of the reason why we've been calling out this issue of the top performers, particularly top performers who can crow above the numbers shouldn't be a reference point for the average or aggregate performance of most folks. I think the operators in mid Hudson would be reporting a very different story.

272

00:53:05.780 --> 00:53:10.644

HVCC - BTC Meeting Room 2: Well, I'll I'm I know you have more to go through. But

273

00:53:11.720 --> 00:53:16.950

HVCC - BTC Meeting Room 2: just in terms of the discussion we're gonna have later on about the number of licenses.

274

00:53:19.170 --> 00:53:29.410

HVCC - BTC Meeting Room 2: I think this information is critically important to inform what we're doing and recommendations we make to

the Cannabis control board. Because.

275

00:53:29.790 --> 00:53:35.500

HVCC - BTC Meeting Room 2: hold on, I think I think we can see very clearly what

276

00:53:36.340 --> 00:53:40.719

HVCC - BTC Meeting Room 2: a large increase in the number of licenses, what the impact is going to be.

277

00:53:42.280 --> 00:53:44.339

HVCC - BTC Meeting Room 2: We're getting more and more information.

278

00:53:45.130 --> 00:53:51.170

HVCC - BTC Meeting Room 2: Be able to have more and more data about to inform

279

00:53:52.360 --> 00:53:59.041

HVCC - BTC Meeting Room 2: the number of licenses and the steps forward with that. So anyway, he did go on.

280

00:54:00.200 --> 00:54:13.439

HVCC - BTC Meeting Room 2: and maybe just quickly to that point we are. We've been working very hard to build systems that would enable us to report these data out. More consistently moving forward or more readily moving forward. It's taken us a little while to get that infrastructure done. But as part of the

281

00:54:13.580 --> 00:54:28.639

HVCC - BTC Meeting Room 2: process for developing this presentation for you, for the Ccb. And for our stakeholders. It's given us a referential template that we'll be able to use to provide updates on this moving forward. And the Ccb. Has been provided. The same information that we're getting.

282

00:54:28.840 --> 00:54:29.800

HVCC - BTC Meeting Room 2: Yes.

283

00:54:35.204 --> 00:54:52.825

HVCC - BTC Meeting Room 2: so the next part of the presentation. We'll talk a bit a little bit about the market growth output. So we've

talked. We've provided a kind of referential base on where we are so far. The the next phase is going to be, or the next chapter of this is going to be, about the

284

00:54:54.760 --> 00:55:04.479

HVCC – BTC Meeting Room 2: The growth of the market as we expect to see it, both from a consumer standpoint as well as from an industry and operational capacity standpoint.

285

00:55:05.500 --> 00:55:13.470

HVCC – BTC Meeting Room 2: So 1st is, I think we should all kind of appreciate the fact that demand for cannabis in New York is rising

286

00:55:14.189 --> 00:55:18.501

HVCC – BTC Meeting Room 2: over the last decade or so we have seen.

287

00:55:19.560 --> 00:55:48.350

HVCC – BTC Meeting Room 2: the number of people who report consuming cannabis increased by 30% from 14 to nearly 19%, the number of people who report consuming in the past month. So what we would consider more frequent users has increased to 12 and a half percent. So we're basically saying that at this point, one in 10 consumers, one in 10. New York adults, people over the age of 18 are consuming at least once a month

288

00:55:49.640 --> 00:56:10.390

HVCC – BTC Meeting Room 2: the idea or the truth that New Yorkers are consuming more regularly over. Time is important to understand, because the growth of this market isn't just going to be exclusively the transition of consumers from the unregulated market to the legal market. It is also going to be the

289

00:56:10.780 --> 00:56:15.010

HVCC – BTC Meeting Room 2: the increase of people who have never consumed before, who are consuming for the 1st time.

290

00:56:15.950 --> 00:56:28.069

HVCC – BTC Meeting Room 2: and there's some specific groups there that we've seen over the last few years that have contributed to that. We've seen significant increase. In fact, nationally, we've seen some of the fastest growth rates of demand amongst adults over the age of 65,

291

00:56:28.280 --> 00:56:32.509

HVCC - BTC Meeting Room 2: we've seen, demand increase significantly amongst women.

292

00:56:32.620 --> 00:56:48.630

HVCC - BTC Meeting Room 2: and so generally this used to be a very asymmetrical market with younger men being the largest cohort and women being significantly less likely to consume. We're almost getting to the point where there's gender parity in usage, even though men tend to consume more than women.

293

00:56:49.510 --> 00:57:12.559

HVCC - BTC Meeting Room 2: and we should also be cognizant of the fact that there's going to be. This is a significant generational change. They're going to be young adults who are coming of age for the 1st time in American history, where cannabis is as legal as alcohol, and who are going to be assessing the kind of the effect of alcohol versus effect of cannabis. And generally, I think we're seeing

294

00:57:12.800 --> 00:57:25.740

HVCC - BTC Meeting Room 2: greater acceptance of, and preference for cannabis amongst consumers. The idea that you can consume cannabis and not wake up with a hangover the next day. The idea that you can use cannabis in a bunch of in a lot of different contexts

295

00:57:25.750 --> 00:57:37.090

HVCC - BTC Meeting Room 2: based on the breadth of experiential profiles that are possible with the plant, I think, suggests to me that we're going to see a very significant generational change over time over the next few years.

296

00:57:38.050 --> 00:57:47.159

HVCC - BTC Meeting Room 2: So demand is growing by 2 vectors, but capturing consumers from the illicit market. But there's also this new cohort of folks who are who are going to be coming into this market.

297

00:57:48.520 --> 00:58:01.809

HVCC - BTC Meeting Room 2: I will flag, because we almost get this question immediately when we say that the the demand is rising, that we are not seeing A corresponding increase in usage rates by minors.

298

00:58:01.910 --> 00:58:31.359

HVCC - BTC Meeting Room 2: So we've been tracking underage use for a long time. Obviously as a public health priority. This is a really important issue for us on the chart that you have on screen. New York is in blue. The country is in orange, and I think it's worth noting that you know, kudos to our public health teams and the messaging that we're doing work we're doing, trying to ensure that young people don't use or consume these products, but the numbers have been largely flat over the last decade, and we're working very, very hard to at least keep it that way, if not, bring them down.

299

00:58:31.400 --> 00:58:53.620

HVCC - BTC Meeting Room 2: And so the adoption rate is happening amongst adults. It is based on these data, not happening amongst young people, which I think is a great public health outcome, and one that we will remain singularly focused on. But I think that is worth addressing, because I just don't want there to be confusion about the impact of legalization on driving higher underage use.

300

00:58:57.730 --> 00:58:58.700

HVCC - BTC Meeting Room 2: So

301

00:58:59.000 --> 00:59:13.909

HVCC - BTC Meeting Room 2: as with that consideration, knowing that demand is going to be growing across 2 vectors growing based on capture of the legal market versus growing based on ingress of new consumers.

302

00:59:14.140 --> 00:59:20.559

HVCC - BTC Meeting Room 2: We built out a legal market growth forecast based on the the outlook for this market

303

00:59:21.880 --> 00:59:28.960

HVCC - BTC Meeting Room 2: consensus estimates based on economists who've been working on this for a while are that New York is roughly a 6 and a half to 7.5 billion dollar market.

304

00:59:29.420 --> 00:59:43.020

HVCC - BTC Meeting Room 2: That's how much consumers are already spending on cannabis in New York. There's a huge amount of money being spent on cannabis in New York, and that number is going to grow over time because of the ingress of the groups I mentioned.

305

00:59:43.610 --> 01:00:06.159

HVCC – BTC Meeting Room 2: It is going to take a while for all of that demand to be captured by the legal market. And the reason for that is one. A function of access. Consumers aren't going to drive 500 miles to the closest dispensary. If there's other sources that they have already been using for many years that are down the street that are in the neighborhoods that are in the community.

306

01:00:07.346 --> 01:00:12.890

HVCC – BTC Meeting Room 2: And so what we're showing on screen here is a fairly aggressive growth outlook

307

01:00:13.090 --> 01:00:38.359

HVCC – BTC Meeting Room 2: that suggests that we're starting right now, this year we're going to be on pace for roughly, 900 million dollars, a little bit less than a billion dollars in sales, a billion dollars over the 1st 2 years. And at the rate that we have been growing so far and based on the growth rates we have seen in other jurisdictions. We can estimate maybe a 2.5 billion dollar market by next year, going up to well, over 3 billion going to 4 billion by 2026,

308

01:00:38.690 --> 01:00:44.299

HVCC – BTC Meeting Room 2: and starting to plateau as we get to that 5.5 billion dollar number.

309

01:00:44.620 --> 01:01:07.049

HVCC – BTC Meeting Room 2: several factors will will influence how high or or will influence this specific numbers that these will end up netting out at. But I think we're fairly comfortable, that at maximum kind of competitive intensity peak saturation. New York should be able to capture. You know, 5 and a half to 6.5 billion dollars in legal revenue.

310

01:01:07.640 --> 01:01:17.439

HVCC – BTC Meeting Room 2: and between now and the end of the decade we will be. We will have collected over 30 billion dollars in sales in the legal market.

311

01:01:17.600 --> 01:01:26.320

HVCC – BTC Meeting Room 2: Very significant opportunity in this market demand is growing. The number of stores that will serve that demand is the question that we're here to to solve.

312

01:01:28.520 --> 01:01:32.079

HVCC - BTC Meeting Room 2: We expect that New York can support a lot more stores than we currently have. Open.

313

01:01:32.320 --> 01:01:56.219

HVCC - BTC Meeting Room 2: The question is going to be, how many of those licenses to issue, and how quickly. Those licenses are going to get out, but we wanted to underscore that there's a lot more demand to be served to come that demand largely already exists. This is not about creating new consumers. The bulk of the demand we're going to be serving through the end of the decade is going to be people who are already buying cannabis.

314

01:01:56.320 --> 01:02:13.719

HVCC - BTC Meeting Room 2: The New York's legal market creates a very compelling value proposition for consumers. We've got some really kind of compelling some very exciting products in the market, some very New York centric New York, relevant brands available.

315

01:02:14.260 --> 01:02:39.099

HVCC - BTC Meeting Room 2: And so the work over the next few years is going to be to ensure that the State's legal market's value proposition is sufficient to draw consumers from the unregulated market into the legal market, and the second part of our role is to try and get as many doors open as possible to serve this robust demand in a way that doesn't create some of the

316

01:02:40.220 --> 01:02:46.549

HVCC - BTC Meeting Room 2: unintended or undesirable outcomes that we may have seen in other jurisdictions, trying to strike that balance

317

01:02:49.092 --> 01:02:59.720

HVCC - BTC Meeting Room 2: to the point that Ibru raised a little while ago about the revenue compression that we see as more stores open.

318

01:03:00.170 --> 01:03:09.320

HVCC - BTC Meeting Room 2: So this is a model that is based on what we have seen in jurisdictions about how the average revenue reported per store compresses. As you open more stores

319

01:03:09.720 --> 01:03:25.779

HVCC - BTC Meeting Room 2: based on the growth forecast that we have,

we've developed for New York. We're basically saying, you know, last year the average store is doing about 6.5 million this year. The average store is probably going to be reporting or be on a run rate for about 5.5 million.

320

01:03:26.070 --> 01:03:41.379

HVCC - BTC Meeting Room 2: As we start opening more stores, and as we transition from the stores competing primarily or principally against the illegal market to the stores primarily competing against each other. Then that price compression starts to happen. It starts to happen pretty quick.

321

01:03:42.060 --> 01:03:52.890

HVCC - BTC Meeting Room 2: So we're forecasting that if you split that 6.5 billion dollar revenue by 2030 across say 2,400 stores open.

322

01:03:53.970 --> 01:03:54.870

HVCC - BTC Meeting Room 2: It's math

323

01:03:55.360 --> 01:04:01.919

HVCC - BTC Meeting Room 2: each source. Average revenue is going to be is going to have fallen from 5.5 million to 2.5 million.

324

01:04:03.010 --> 01:04:16.130

HVCC - BTC Meeting Room 2: Now that's the average number, which means a significant number of people will be performing well well below that, because we've seen here that the averages tend to be higher because you've got some outsized performers than

325

01:04:16.880 --> 01:04:36.710

HVCC - BTC Meeting Room 2: the averages tend to be high because of the outsized performers. So at 2.5 million being the average, it means that there'll be a substantial cohort of folks who are coming in well below that. And if you're, you know, a Manhattan based location is \$60,000 in rent. If you're generating less than a million dollars in revenue. That's a very difficult operating position to be in. Just speaking plainly

326

01:04:37.780 --> 01:04:40.600

HVCC - BTC Meeting Room 2: so. The the.

327

01:04:41.430 --> 01:05:07.060

HVCC - BTC Meeting Room 2: This is not to necessarily say that the market will support 2,400 stores, but it is to show what happens. If we were to open 2,400 stores with the level of demand that we see that the average revenue per store is going to decline. You could almost mask the numbers here, and the principle would remain true that with every new store you open, the average revenue per store starts to decline.

328

01:05:07.060 --> 01:05:23.649

HVCC - BTC Meeting Room 2: So, based on this model, assuming the store state, was even able to support 2,400 open doors, based on some of the regulatory requirements we would be expecting to see approximately a 60% decline in average reported revenue per store over that period.

329

01:05:24.390 --> 01:05:30.600

HVCC - BTC Meeting Room 2: I mean, I I don't think you can underscore this point enough.

330

01:05:30.760 --> 01:05:41.169

HVCC - BTC Meeting Room 2: And the slide, the previous slide slide 21 which says, you know, 6 billion dollars and 30 billion dollars.

331

01:05:41.210 --> 01:05:59.660

HVCC - BTC Meeting Room 2: You know it. It reminds me of a television ad, that says, you know, there's 30 billion dollars available. And when you you contact them, you know, yeah, there's 30 billion dollars available. But you know, you. Your piece of it is a hundred \$50, you know. And

332

01:06:02.580 --> 01:06:03.500

HVCC - BTC Meeting Room 2: I'm

333

01:06:04.140 --> 01:06:14.840

HVCC - BTC Meeting Room 2: I'm not saying you shouldn't put these numbers out. But the the you know, high level headline should not be that there's 30 billion dollars of money

334

01:06:14.860 --> 01:06:18.419

HVCC - BTC Meeting Room 2: out there to be made, or 6 billion dollars it.

335

01:06:18.440 --> 01:06:28.570

HVCC - BTC Meeting Room 2: you know, people should understand what's gonna happen as more and more stores open, both for the reasons that Ibro is mentioning. And also

336

01:06:28.760 --> 01:06:41.780

HVCC - BTC Meeting Room 2: so the market grows in appropriate, measured way. You know we're stewards for this, and the Ccb. Is a steward for this, and if it's not done in a thoughtful, measured way.

337

01:06:42.040 --> 01:06:47.350

HVCC - BTC Meeting Room 2: you know, a lot of people are going to put their life savings and and resources at risk.

338

01:06:48.505 --> 01:06:51.220

HVCC - BTC Meeting Room 2: So I just

339

01:06:52.180 --> 01:07:01.629

HVCC - BTC Meeting Room 2: wanted to underscore that point, because when when you see a number like 30 billion or 6 billion, you know, it's very easy for people to think. Oh, there's

340

01:07:01.690 --> 01:07:05.550

HVCC - BTC Meeting Room 2: you know, all I gotta do is open a store, and everything's gonna be fine.

341

01:07:07.177 --> 01:07:14.649

ebrodarden: Joe, taking it a step further, I think we need to be more more deliberate yet again.

342

01:07:15.070 --> 01:07:25.189

ebrodarden: I believe this will be politicized by the major corporations that want to be in this market, and they may just run with the headline you just said.

343

01:07:26.380 --> 01:07:31.529

ebrodarden: And as we've seen on multiple occasions when it comes to corporations and even government

344

01:07:33.020 --> 01:07:35.770

ebrodarden: you know, not protecting the

345

01:07:36.020 --> 01:07:46.150

ebrodarden: small business owner or the consumer, for you know, reasons of of financial and political gains is something that really continues to occur.

346

01:07:46.290 --> 01:07:51.619

ebrodarden: So we can't act like history won't repeat itself here. And so then you have to ask the question.

347

01:07:51.750 --> 01:07:56.320

ebrodarden: if we are going to make this information transparent.

348

01:07:56.830 --> 01:08:05.590

ebrodarden: shouldn't we also be making it even more detailed in the sense of what is the exact average cost

349

01:08:05.790 --> 01:08:15.570

ebrodarden: for running a store with all of the fees and all of the things, because.

350

01:08:16.310 --> 01:08:27.000

ebrodarden: you know, many people will see numbers like a few 1 million dollars and still be, you know, Bullish about going out and trying to attempt to get in this marketplace.

351

01:08:28.129 --> 01:08:44.889

ebrodarden: Which we don't want to deter people from wanting to have their dream of opening a store. But I also want to protect against major corporations coming in and decimating this market, and people not being able to have a store at all.

352

01:08:45.069 --> 01:08:54.839

ebrodarden: or or a marketplace that's viable for small individual mom and pop, black brown women, etc.

353

01:08:55.260 --> 01:08:57.520

ebrodarden: you know store owners and operators.

354

01:08:57.970 --> 01:09:06.960

ebrodarden: So I think we need to be on the offensive here in some

way, shape or form. I also have to assume that Governor Kathy Hochul, and her interests.

355

01:09:06.970 --> 01:09:13.050

ebrodarden: which seem to be aligned more with corporations based on what I'm reading. She's going to use this as well.

356

01:09:13.850 --> 01:09:16.640

ebrodarden: The same way. They've tried to act as if

357

01:09:16.740 --> 01:09:21.900

ebrodarden: you know us being slow to market with licenses wasn't partly

358

01:09:22.350 --> 01:09:26.360

ebrodarden: controlled by them and their inability to get us. Staff.

359

01:09:26.970 --> 01:09:45.669

ebrodarden: you know, infrastructure and things that needed to expedite some of the licenses in the beginning, and also the lack of support for shutting down illegal stores in the beginning, which many, many requests were made, and no support was given until it was politicized. So I think we have to take all that into account.

360

01:09:46.060 --> 01:09:47.109

ebrodarden: And

361

01:09:47.740 --> 01:09:55.900

ebrodarden: this as we've discussed, and I see a lot of new faces here, and people who are new here. We've been having this discussion since day one.

362

01:09:58.570 --> 01:10:03.329

ebrodarden: This isn't new. We knew this was coming. We knew it was going to be politicized.

363

01:10:03.370 --> 01:10:08.120

ebrodarden: and we knew there was going to be pushback from major corporations. So what are we going to do.

364

01:10:12.717 --> 01:10:19.480

HVCC - BTC Meeting Room 2: John, do you have information about the cost of

365

01:10:19.580 --> 01:10:22.220

HVCC - BTC Meeting Room 2: opening and operating a store that

366

01:10:23.241 --> 01:10:27.479

HVCC - BTC Meeting Room 2: you share or could be shared with potential licensees?

367

01:10:27.730 --> 01:10:29.210

HVCC - BTC Meeting Room 2: Yes.

368

01:10:30.270 --> 01:10:33.580

CAB NYC: Chair. Ballok. We have some questions here in New York.

369

01:10:36.040 --> 01:10:37.339

HVCC - BTC Meeting Room 2: In New York City.

370

01:10:38.110 --> 01:10:42.320

HVCC - BTC Meeting Room 2: Yes, okay, fair.

371

01:10:43.375 --> 01:10:49.688

HVCC - BTC Meeting Room 2: Look. Can we have John? Just answer that question about the cost. And then

372

01:10:51.100 --> 01:10:55.419

HVCC - BTC Meeting Room 2: anybody who has questions in New York City will entertain.

373

01:10:55.660 --> 01:10:59.660

HVCC - BTC Meeting Room 2: Yes, 2 good points. One is, you know.

374

01:11:00.040 --> 01:11:22.319

HVCC - BTC Meeting Room 2: I'd also like to kind of hat tip out to our Academy a contractor that's been working with the State to provide training and resources for our licensees, and one of the things that they have done that I think they've done a phenomenal job on is building pro formas to help people understand realistically how both

the cost of operating a business and how revenue is likely to trend over time.

375

01:11:22.810 --> 01:11:32.299

HVCC – BTC Meeting Room 2: We can work to build kind of a average pro forma that allows folks to clearly see where the money goes. As these revenues are being billed.

376

01:11:33.000 --> 01:11:55.970

HVCC – BTC Meeting Room 2: and to kind of clarify something I said earlier, this presentation, as it is being done, has not been presented yet to the Ccb. The intent was to use the conversation being had here today to refine, to improve, to build upon, to solicit your feedback, so that when we're presenting the

377

01:11:56.270 --> 01:12:22.929

HVCC – BTC Meeting Room 2: the full presentation to the Ccp. It accounts for both the places where the cab believes that we should be kind of either providing more data providing more supporting documentation, and to show that the Ccp. Has the fullest view possible. So this specific presentation has not yet been presented. But it will be okay? Well, maybe at a future cab meeting you could give us a few slides on the operational costs

378

01:12:22.930 --> 01:12:37.294

HVCC – BTC Meeting Room 2: so that we can understand it, but also help highlight it for potential licensees, or people who are thinking of going into the market. I also

379

01:12:39.830 --> 01:12:59.300

HVCC – BTC Meeting Room 2: did want to say that I I think the Governor is very supportive of the small business retail locations and and the social equity mission, and in conversations leading up to this meeting. I I think they

380

01:12:59.530 --> 01:13:04.534

HVCC – BTC Meeting Room 2: understand a lot of the concerns. That

381

01:13:05.530 --> 01:13:16.589

HVCC – BTC Meeting Room 2: Ebro and and others are raising, and in conversations that I've had, and I know Pete and Alan have also had I think, have underscored

382

01:13:17.065 --> 01:13:21.614

HVCC - BTC Meeting Room 2: some of the same concerns that Ebro is raising. So

383

01:13:22.140 --> 01:13:24.360

HVCC - BTC Meeting Room 2: we're gonna turn it over to New York City.

384

01:13:26.390 --> 01:13:28.929

HVCC - BTC Meeting Room 2: Does anybody there have questions.

385

01:13:28.930 --> 01:13:29.375

CAB NYC: Yes,

386

01:13:29.820 --> 01:13:30.720

HVCC - BTC Meeting Room 2: Comments.

387

01:13:31.300 --> 01:13:32.810

CAB NYC: Can you hear us? Can you hear us?

388

01:13:32.810 --> 01:13:34.530

HVCC - BTC Meeting Room 2: Yes, we can hear you. Yes.

389

01:13:34.530 --> 01:13:59.840

CAB NYC: Good. So so, John, it's Nikki. I have a clarifying question. And then a follow up question related to this. So 1st the clarifying question. Right? So when you say new stores, right, that means new brand new licensees for opening location, one or does that also include what the Mrta allows which folks to operate 2 and 3 locations 2 and 3. So that's clarifying. Question one. And then second question is.

390

01:14:00.214 --> 01:14:23.039

CAB NYC: obviously delivery licenses haven't yet been announced or issued, and those licenses right were intended in the Mrta to go for folks who qualify for C. So how does the delivery license apply in context of retail right? Because essentially, they're same same, but different. So how are you also viewing the role of delivery licenses as we're thinking about

391

01:14:23.150 --> 01:14:27.979

CAB NYC: stores and the quantity of stores that the market can sustain.

392

01:14:30.177 --> 01:14:36.530

HVCC - BTC Meeting Room 2: Thank you, Nikki. So a couple of thoughts on that first, st we are treating

393

01:14:36.780 --> 01:14:52.799

HVCC - BTC Meeting Room 2: each store as an independent location, regardless of what structure it's operating under. So, whether it is a licensee that has received 3 licenses and is permitted to operate 3 stores versus, whether those 3 stores are being operated by 3 independent operators.

394

01:14:53.139 --> 01:15:10.769

HVCC - BTC Meeting Room 2: The for us, the net effect on customer service ends up being the same. So at least here we're not making a distinction between whether it is a single entity that has been like that has received 3 separate operating licenses versus a 3 entities that have received 3 independent licenses.

395

01:15:11.920 --> 01:15:13.680

HVCC - BTC Meeting Room 2: 2

396

01:15:14.127 --> 01:15:22.440

HVCC - BTC Meeting Room 2: on actually, both delivery and on consumption. Which, is is another, vector by which demand will be served.

397

01:15:24.050 --> 01:15:32.280

HVCC - BTC Meeting Room 2: I would view kind of this idea of store under all 3 of those umbrellas. So because all of them are serving demand in different ways.

398

01:15:32.280 --> 01:15:56.730

HVCC - BTC Meeting Room 2: Now, consumption, let me set aside for now but delivery, particularly in some jurisdictions, and we've seen this used very effectively in other markets where people have opened delivery operations that serve opt out municipalities. Delivery can be a very kind of robust way in which to serve consumer demand in places where retail access is not permitted. So we think that's going to be an opportunity

399

01:15:56.730 --> 01:16:17.190

HVCC - BTC Meeting Room 2: there again. Here we're not talking about the the type of license or the queue. It's simply about how many kind of operational businesses are there that are serving each customer, and as you increase the number of vectors by which consumers can purchase cannabis, you necessarily reduce the amount of revenue those businesses are going to be able to earn.

400

01:16:17.762 --> 01:16:22.840

HVCC - BTC Meeting Room 2: Because of the competitive element. Consumption is going to be a little bit different

401

01:16:23.376 --> 01:16:35.240

HVCC - BTC Meeting Room 2: and and we would kind of maybe draw the analog between the the bar versus the carry out or or the the package store.

402

01:16:36.267 --> 01:16:42.230

HVCC - BTC Meeting Room 2: There's going to be a subset of demand that will be served by consumption. Once

403

01:16:42.260 --> 01:16:55.659

HVCC - BTC Meeting Room 2: consumption, in whatever form it ends up. Going live is is active, but we just want to flag that there's a subset of the demand that would have been served by retail that is also going to be captured by consumption.

404

01:16:56.060 --> 01:17:01.909

HVCC - BTC Meeting Room 2: and and so that introduces an additional competitive dynamic for purposes of this exercise you know

405

01:17:02.460 --> 01:17:10.960

HVCC - BTC Meeting Room 2: the number of assumptions that would need to be made to calculate the precise impact of a license that doesn't even exist yet on demand, I think, would be too much of a stretch.

406

01:17:10.960 --> 01:17:33.739

HVCC - BTC Meeting Room 2: What we're trying to show, and I don't want to kind of get too hamstrung on the specific numbers. But what I want to show is just this general relationship we have consistently seen across every regulated market, that, as you increase the number of stores the revenue per store declines, you may still be able to

maintain a certain number of very high performers in the market, but on average those revenues will decline

407

01:17:33.740 --> 01:17:34.620

HVCC - BTC Meeting Room 2: on average.

408

01:17:39.340 --> 01:17:40.869

HVCC - BTC Meeting Room 2: Does that answer the question?

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01:17:42.430 --> 01:18:05.520

CAB NYC: It does. I'm just thinking a little bit in terms of right, like, for example, like opt out, you mentioned municipalities that opt out right. So right now, like folks on Long Island are doing quite well. So I'm just trying to process inevitably when delivery does open, you know, right? That's obviously going to have a retail sale impact. So I'm just processing. But I appreciate all the clarifications. John.

410

01:18:06.010 --> 01:18:06.720

HVCC - BTC Meeting Room 2: Sure.

411

01:18:11.700 --> 01:18:29.519

HVCC - BTC Meeting Room 2: So with this kind of macro level view on revenues and potential stores and kind of the interplay between those dynamics, I'll give a quick snapshot on our product landscape. Because I think this is also going to be informative, as you think about production and supply and the future of retail in New York.

412

01:18:30.430 --> 01:18:31.370

HVCC - BTC Meeting Room 2: So

413

01:18:32.340 --> 01:18:56.980

HVCC - BTC Meeting Room 2: based on our sales data from the beginning of November we've seen what has been a continued shift, continued drift over the last 12 or so months, where, when we 1st launched flower sales, so loose flower and pre-rolls made up a little more than half of our total sales, and over time that has started to fall a little bit, partly because non flower sales has started to do really well in this market.

414

01:18:57.483 --> 01:19:18.136

HVCC - BTC Meeting Room 2: That's a function of when when we 1st

launched there was a lot of you know. There was a limited number of value added products. The edible landscape was fairly limited. There were a more limited number of, say, vaporizers, disposable vapes, tinctures, topicals, etc, and over the last

415

01:19:19.120 --> 01:19:29.299

HVCC - BTC Meeting Room 2: 12 months we've seen very strong growth in the number of value added product companies in the space diversity of brands, diversity of product options.

416

01:19:29.460 --> 01:19:47.560

HVCC - BTC Meeting Room 2: And so, as a result of that, the share of flour, it remains the largest category at 45% flour and pre-rolls. But just noting that you're seeing flour has now fallen below that 50% mark and vaporizers at 28% edibles at 14% are pretty strong categories.

417

01:19:47.640 --> 01:20:12.509

HVCC - BTC Meeting Room 2: A second point and chair Belloc, we've talked about this episodically. Pre-rolls continue to be a very strong category in New York. Both pre-rolls that are being sold just as flour products as well as pre-rolls that are being sold that are infused with key for concentrates 2 very strong performing product categories. In New York. I think the convenience factor has been strong. And so those are

418

01:20:12.804 --> 01:20:15.359

HVCC - BTC Meeting Room 2: high performing categories, and we expect that to sustain.

419

01:20:15.580 --> 01:20:21.980

HVCC - BTC Meeting Room 2: as we think about the future growth of demand in New York, we

420

01:20:22.470 --> 01:20:40.849

HVCC - BTC Meeting Room 2: expect that flour will remain the biggest category, but we will see progressively the share of flower fall over time. So by the time we're getting to 2030, the share of flower may have fallen to about 40% is what kind of our modeling assumes. But we are accounting for this drift that is happening as the value added landscape becomes more sophisticated.

421

01:20:40.930 --> 01:20:59.649

HVCC - BTC Meeting Room 2: got some really cool products that are either in the pipeline or hitting our shelves. Now, you know, on the edible side, I was looking at some of our retail sales data. And just on the kind of cooking based kitchen based products we have maple syrup, olive oil, ghee.

422

01:21:00.160 --> 01:21:23.640

HVCC - BTC Meeting Room 2: sugar. All now is things that you can buy and mix into your products. And so these are categories that consumers are engaging with, that are starting to gain, share the share of market is still quite small, but I think an indication of the diversity that is increasingly coming online and cherbelic to your point about, are you going to lecture me about what a Chillum is again? No, I certainly wouldn't do that again.

423

01:21:23.670 --> 01:21:52.340

HVCC - BTC Meeting Room 2: But to your point about ways in which retailers can differentiate themselves. I can totally understand the reflex to just kind of gravitate towards the known names, but I would urge our product purchase managers to think very clearly about some of the incredible, incredibly rich, diverse products that are available in the market that might serve as a competitive differentiation opportunity in an increasingly competitive retail space.

424

01:21:54.190 --> 01:21:57.279

HVCC - BTC Meeting Room 2: I think it's good. We we remind people

425

01:21:57.610 --> 01:22:02.910

HVCC - BTC Meeting Room 2: who may be using some of the products that John is mentioning, like maple syrup or

426

01:22:03.210 --> 01:22:07.260

HVCC - BTC Meeting Room 2: things like that to be careful, awesome.

427

01:22:07.300 --> 01:22:11.628

HVCC - BTC Meeting Room 2: They're not always easy to measure and

428

01:22:12.180 --> 01:22:15.570

HVCC - BTC Meeting Room 2: people put syrup on their pancakes like I do. They may

429

01:22:16.270 --> 01:22:18.229

HVCC - BTC Meeting Room 2: need to take a couple days off.

430

01:22:19.477 --> 01:22:22.259

HVCC - BTC Meeting Room 2: But I you know I

431

01:22:22.270 --> 01:22:25.789

HVCC - BTC Meeting Room 2: I got a call from a friend of mine

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01:22:27.260 --> 01:22:32.669

HVCC - BTC Meeting Room 2: a couple of weeks ago, and they asked me if I could teach teach them how to roll a joint

433

01:22:33.076 --> 01:22:43.509

HVCC - BTC Meeting Room 2: with some flour they had purchased from one of our dispensaries, and I said I could do that, or you could go buy a pre-roll which is readily available at

434

01:22:43.520 --> 01:22:49.629

HVCC - BTC Meeting Room 2: many of the retail locations. So I think it's good to remind people that there are a lot of options and

435

01:22:49.880 --> 01:23:09.339

HVCC - BTC Meeting Room 2: new and exciting products coming on the market all the time, and people should try them and see what they like, but also be careful. Yes, low and slow. It's like smoking meat, low and slow.

436

01:23:10.500 --> 01:23:26.229

HVCC - BTC Meeting Room 2: Read the labels, you know, all credit to our packaging, labeling, and marketing advertising rules. The dosing should be very clearly indicated on every package that we have. So, while it can be tasty and delicious, please read the label on how much is supposed to be served in a single serving.

437

01:23:29.730 --> 01:23:30.600

HVCC - BTC Meeting Room 2: Alright,

438

01:23:31.760 --> 01:23:41.429

HVCC - BTC Meeting Room 2: So building off this conversation about flour, I thought, I thought. It's really important that we also understand where the flour in our market is coming from, because flour

is primary product category that we have.

439

01:23:42.220 --> 01:23:52.140

HVCC - BTC Meeting Room 2: So we currently have 5 registered organizations that are selling flower branded flower products in our adult East market. They're allowed to do that under their license authorization.

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01:23:52.390 --> 01:24:06.939

HVCC - BTC Meeting Room 2: The Ros currently account for 23% of our sales in our adult use dispensaries. So these are registered organization brands that are being sold in in retail dispensaries.

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01:24:07.860 --> 01:24:36.399

HVCC - BTC Meeting Room 2: and we are seeing a fairly significant kind of distinction between the way the ro share of sales versus the Auc adult use cultivator, share of sales in that part of the strategy. I think here has been through the focus on larger package sizes. The Ros have been able to capture a pretty significant share of flower sales. So there's rough

442

01:24:36.909 --> 01:24:42.289

HVCC - BTC Meeting Room 2: looking at the table below the pie chart, which I hope you can see. You know, when you look at the

443

01:24:42.350 --> 01:24:49.379

HVCC - BTC Meeting Room 2: 3 and a half gram, the 8, th the 7 gram, the quarter, or the 14 gram, the the

444

01:24:49.780 --> 01:24:50.650

HVCC - BTC Meeting Room 2: Paul

445

01:24:50.800 --> 01:25:08.099

HVCC - BTC Meeting Room 2: eighths roughly priced on parity on average, at the 7 gram and 14 gram. The Ru product is slightly more expensive, you know, being positioned as a premium product. The arus have indoor production, and we've noticed quite a number of products being sold as indoor grown.

446

01:25:08.650 --> 01:25:23.960

HVCC - BTC Meeting Room 2: But where the real distinction happens is on the larger package sizes, where at the ounce level, the ru product

is priced significantly, more affordably than ounces being produced by the Au cultivators, and as a result of that.

447

01:25:23.960 --> 01:25:51.980

HVCC - BTC Meeting Room 2: 41% of the flour being sold by the Ros is happening at that ounce size or more. You can see that on the bar chart on the right, compared to just 5% of the Auc product being sold at the ounce size or more. So worth noting that Ros do have a significant share of market thus far, and that's kind of one of the considerations. But I think it's important for our sequel to be aware about as we think about production and operational capacity in this market.

448

01:25:52.896 --> 01:26:02.510

HVCC - BTC Meeting Room 2: John, I have a question for you right now. There are 18, approved Ros, with the new new approvals last month.

449

01:26:05.680 --> 01:26:17.292

HVCC - BTC Meeting Room 2: each one of those is approved up to 100,000 square feet of indoor canopy, so that that puts us at 1.8 million square feet of indoor canopy.

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01:26:17.890 --> 01:26:19.540

HVCC - BTC Meeting Room 2: this is a big number.

451

01:26:19.770 --> 01:26:38.849

HVCC - BTC Meeting Room 2: for you know, for one license type that only has 18 licenses to have a share of that level of market of those 18. How many are actually growing flour and getting it to market? Currently.

452

01:26:40.250 --> 01:26:57.400

HVCC - BTC Meeting Room 2: so fair question, Alan, currently only 5 are selling product into our into the EU market, and none of them are producing at maximal capacity. Yet, in fact, most of them are well below half of their operational capacity right now.

453

01:26:59.010 --> 01:27:03.359

HVCC - BTC Meeting Room 2: So I think I think this underscore Ebro's concern

454

01:27:04.256 --> 01:27:08.013

HVCC - BTC Meeting Room 2: with this part of of the market.

455

01:27:08.880 --> 01:27:16.730

HVCC - BTC Meeting Room 2: and with the clarification to Alan. This is gonna get worse over time.

456

01:27:17.675 --> 01:27:24.320

HVCC - BTC Meeting Room 2: The square footage is gonna increase the ro square footage of growing is gonna increase.

457

01:27:25.260 --> 01:27:34.380

HVCC - BTC Meeting Room 2: If if you're saying 5 of the 18 or only 5 of the 18 are open and the 5 are not a maximum capacity, they're going to be producing

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01:27:34.950 --> 01:27:48.660

HVCC - BTC Meeting Room 2: more and more and more going forward realistically. You know, it is not our expectation that all 18 are going to end up producing are going to end up setting grows, or and that those who are operating are going to end up operating at maximal capacity.

459

01:27:48.740 --> 01:28:16.679

HVCC - BTC Meeting Room 2: I think there's a lot of analysis being done by all of our licensees on market growth. Outlook anticipated demand capacity and how to prevent some of the very challenging outcomes that I'm going to show here momentarily that we've seen in other jurisdictions. And one of the ways you preserve value in this market is by not flooding the market with product that ends up cutting the knees out from everyone.

460

01:28:17.134 --> 01:28:34.945

HVCC - BTC Meeting Room 2: So yes, there is a lot of theoretical, theoretically kind of issued capacity. But I I would caution that I don't expect that this is this is capacity is going to be all fully activated anytime soon.

461

01:28:36.290 --> 01:28:39.019

HVCC - BTC Meeting Room 2: simply because there are limits to what the market will be able to support.

462

01:28:39.460 --> 01:28:52.589

CAB NYC: Hi, this is Tabitha from New York City. I also just want to chime in with what John shared what we see right now amongst the 9 operating Ros is that they, too specialize, even though they are

463

01:28:52.610 --> 01:29:13.390

CAB NYC: under the statute authorized for all activities across the supply chain we see that some grow, others don't right. We see that some process, but others don't. So there is some degree of specialization that we anticipate will continue, and with the new entrance. I also want to correct the record. There are

464

01:29:14.340 --> 01:29:18.509

CAB NYC: 9 operating Ros and 7 newly registered

465

01:29:18.650 --> 01:29:23.509

CAB NYC: Ros. So for a total of 16, we do not have 18 for the record.

466

01:29:23.510 --> 01:29:30.509

ebrodarden: And and and then what is the capacity? Is there a capacity of Ros that we'll ever meet.

467

01:29:35.200 --> 01:29:37.080

HVCC - BTC Meeting Room 2: Sorry. Could you please repeat the question?

468

01:29:37.882 --> 01:29:41.750

ebrodarden: I, I said, is there is there a max capacity of ros

469

01:29:42.050 --> 01:29:44.499

ebrodarden: like, are we? How many of these are we gonna approve.

470

01:29:44.840 --> 01:29:50.079

CAB NYC: Right. So we received 10 ro applications.

471

01:29:50.290 --> 01:29:53.989

CAB NYC: We have processed 7 of them thus far.

472

01:29:54.010 --> 01:30:11.819

CAB NYC: and those have gone before Ccb. This fall. It's also worth noting that not all of these Ros are Msos right? Some of them have

presence in other states. Some of them have operated at scale, others of these newly entered Ros are

473

01:30:11.820 --> 01:30:41.510

CAB NYC: small operations within New York State who have focused, for example, on medical who have experience serving patients not in cannabis, but in other healthcare industries and are bringing that expertise over. So again, there is a discussion that remains to be had around what position all of them will take in the au market, if at all, and what they intend for their specialization to be both at scale and also within the sector.

474

01:30:41.900 --> 01:30:45.409

ebrodarden: But we don't have a we don't have a max capacity number.

475

01:30:47.040 --> 01:30:56.830

CAB NYC: The application period has closed. We received 10 applicants at this point in time. We don't anticipate opening that application again.

476

01:30:56.830 --> 01:30:57.590

ebrodarden: Got it.

477

01:30:58.020 --> 01:31:04.910

ebrodarden: And so we also don't have say so on what they decide they want to do. Correct, we have no.

478

01:31:05.120 --> 01:31:10.929

ebrodarden: If they decide to change course or change their business model or change their focus. We have no say so on that. Or do we.

479

01:31:12.800 --> 01:31:18.100

CAB NYC: For some of the activities that the Ros want to participate in. They do have to go before the board.

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01:31:18.540 --> 01:31:19.200

ebrodarden: Got it.

481

01:31:20.550 --> 01:31:30.840

HVCC - BTC Meeting Room 2: Can I? Can I ask 2 questions? The the ro grows are mostly indoors correct.

482

01:31:31.110 --> 01:31:39.260

HVCC - BTC Meeting Room 2: and the non ro grows are mostly outdoor outdoor mixed light green light next slide. Yeah.

483

01:31:40.270 --> 01:31:49.300

HVCC - BTC Meeting Room 2: Okay? So in okay, and in terms of the ownership of

484

01:31:50.102 --> 01:31:55.729

HVCC - BTC Meeting Room 2: the ros, is there any diversity in the ownership.

485

01:31:55.810 --> 01:31:57.380

HVCC - BTC Meeting Room 2: As far as we know.

486

01:32:00.000 --> 01:32:02.209

CAB NYC: Sorry chair, Bella. Can you repeat that question?

487

01:32:03.650 --> 01:32:07.140

HVCC - BTC Meeting Room 2: Is there any diversity in the ownership of the Ros.

488

01:32:07.470 --> 01:32:16.019

CAB NYC: Oh, definitely a number of them. A number of the 10 are minority owned majority and women owned majority.

489

01:32:19.990 --> 01:32:24.619

HVCC - BTC Meeting Room 2: Second 10, not the 1st of the new court. Yeah, no, I understand

490

01:32:24.660 --> 01:32:37.720

HVCC - BTC Meeting Room 2: 1. 1 of the points, I think, is worth also underscoring. And and this is informed by perspective from some of the retailers that we went to see while at Cannabis Regulators Conference in California a few weeks ago, was.

491

01:32:38.920 --> 01:33:05.270

HVCC - BTC Meeting Room 2: even in California, which is arguably the most congested cultivation ecosystem in the world that has a huge

number of producers. The last time I looked at the ratios. They had something like 8.5,000 licensed cultivators to roughly 12 to 1,500 stores. So massive asymmetry there, they've got some producers who are producing millions of square feet of greenhouse grows.

492

01:33:05.270 --> 01:33:14.620

HVCC - BTC Meeting Room 2: you know, massive, massive environments there. But in the stores there's still a lot of product being sold by small craft, high quality producers.

493

01:33:15.009 --> 01:33:25.839

HVCC - BTC Meeting Room 2: And you know the the and and it's not not, and they're not being sold at at fire sale prices. So I think it's worth understanding. And as a as a kind of just

494

01:33:27.530 --> 01:33:55.040

HVCC - BTC Meeting Room 2: point of competitive consideration for our smaller producers, that scale does not guarantee success and for discerning consumers as consumers become more sophisticated. There's absolutely going to be a market for people who are looking for the highest quality product who are looking for very specific genetics that aren't being, say, quote unquote mass produced, who are looking at for brands that just feel like they reflect and resonate

495

01:33:55.040 --> 01:34:00.720

HVCC - BTC Meeting Room 2: with the identity of the consumer. And so, yes, we kind of understand the

496

01:34:00.780 --> 01:34:23.879

HVCC - BTC Meeting Room 2: the issue raised by this slide here, but I don't want to suggest that it is a foregone conclusion that there's not going to be a lot of room for people who are dialed in in the way they're producing their products, who are effective in defining their brands and segregating themselves from the rest of the market, and who are efficient in ensuring that

497

01:34:24.189 --> 01:34:33.469

HVCC - BTC Meeting Room 2: whatever product, whatever price the product is selling at that, because the operations are efficient, they're able to maintain margins that allow them to be sustainable into the long term.

498

01:34:34.650 --> 01:34:46.209

HVCC - BTC Meeting Room 2: Yeah, thanks, John. I you know for me it's more about trying to understand the total capacity of

499

01:34:46.450 --> 01:35:04.530

HVCC - BTC Meeting Room 2: canopy or square footage, or or production that each class of license can have. And how does that fit into the retail landscape? And the reason, you know, my mind goes there. You know. We looked at the retail slide, and it's all about the number of stores and the revenue.

500

01:35:04.820 --> 01:35:11.049

HVCC - BTC Meeting Room 2: But you know you bring up California, or we could look at Michigan or several other States, where

501

01:35:11.140 --> 01:35:31.669

HVCC - BTC Meeting Room 2: there's become such an oversupply that the retail prices are so cheap. I mean, I just saw the one gram vapes in Michigan selling for \$6 at the register. And so to me, it's it's a twofold problem. One, it is the concentration of retail stores. That is a problem. But when you have

502

01:35:31.670 --> 01:35:56.649

HVCC - BTC Meeting Room 2: potential oversupply, and the prices crash. Now the retailers are also racing to the bottom with the discounts and the buy one. Get one freeze that you know when, Joe, you asked before, like, how much does it take to run a store like they could be doing 6 million dollars in revenue? But they they could have bought 5 million dollars worth of cannabis right? And they have absolutely no margins left. So to me, this is like, it's a balancing act right. It's it's

503

01:35:56.720 --> 01:36:09.840

HVCC - BTC Meeting Room 2: scales on both sides of the equation. And so that's why I'm you know, just trying to understand. You know what our options are here as we try to recommend licensing to to balance this thing as we go forward.

504

01:36:10.260 --> 01:36:21.170

HVCC - BTC Meeting Room 2: A absolutely. And that was part of the reason why I want to highlight. This is, we actually get into the final couple of slides kind of providing this overview. But I thought it was important to understand that there is this

505

01:36:21.250 --> 01:36:26.099

HVCC – BTC Meeting Room 2: that we are thinking about licensing on both sides of the ledger, both on the supply side and on the retail side.

506

01:36:30.480 --> 01:36:53.970

HVCC – BTC Meeting Room 2: I'm not going to dwell too long on this, because I've already made the point that pre-rolls make up a significant portion of the market here. We're showing our concentrate sales and just 2 points. I wanted to make pre-rolls as a category in of itself. Just raw flour are doing quite well, but infused pre-rolls also make up more than half of our concentrate sales. There's very strong demand for that.

507

01:36:53.970 --> 01:37:18.870

HVCC – BTC Meeting Room 2: Some of that might be folks who are using who are extracting flour that they might not have been able to sell. If you didn't have a good harvest, you can extract from that and turn it into other products. And so not only are prerolls a strong category, but there's also a value proposition there, because we are generally seeing on a 1 for one basis, that whether it's an infused preroll or infused blunt. You're able to charge nearly 2 x

508

01:37:18.870 --> 01:37:37.360

HVCC – BTC Meeting Room 2: or more of the cost of an uninfused one. So another potential way in which our producers may be able to extend both their products as well as drive. Some revenue from it is through turning flour into some of these value added products that are clearly doing quite well in New York.

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01:37:41.900 --> 01:37:45.390

HVCC – BTC Meeting Room 2: So with all of that said.

510

01:37:45.950 --> 01:37:54.260

HVCC – BTC Meeting Room 2: we want to now just kind of talk 1st about our supply side outlook and how we're thinking about the outlook for growth in this market.

511

01:37:54.330 --> 01:38:02.740

HVCC – BTC Meeting Room 2: So essentially, we view this as a market that is going to be using 3 types of biomass coming out of our fields.

512

01:38:03.133 --> 01:38:08.239

HVCC – BTC Meeting Room 2: There's going to be let's call it the grade

8 flower. This is what's intended to be smoked

513

01:38:08.450 --> 01:38:18.669

HVCC - BTC Meeting Room 2: the flour that is sold in loose packages, eighths, quarters, ounces, and the pre-rolls that are uninfused and sold to smokable flour

514

01:38:19.280 --> 01:38:22.739

HVCC - BTC Meeting Room 2: that currently makes up around 45, 46% of our market.

515

01:38:23.348 --> 01:38:39.239

HVCC - BTC Meeting Room 2: The second category are the smokable concentrates where? You know, this may be slightly lower quality flour, but but still high enough quality that it can be sold to the discerning, concentrate consumer, the wax shatter hashish

516

01:38:39.240 --> 01:39:09.229

HVCC - BTC Meeting Room 2: infused pre-roll consumer. We're taking flour that may not necessarily be smokable quality. It may not have that glass glass feel, but is well suited to make extracts out of. So again, a higher quality extract. And then you've got other categories like edibles, vapes. The non-smokable extract, the topicals and tinctures where this is primarily using isolated compounds, the isolated thc isolated cbd

517

01:39:09.760 --> 01:39:32.210

HVCC - BTC Meeting Room 2: mimixing a few other things. But here the quality of the product, the input flower isn't necessary. It doesn't need to be as high because you're stripping it down to its individual molecule to produce these value added products, and so that will also include lower quality flour. It includes the leaf, the trim, the stuff that ends up on the cutting floor. As you're getting the glass ready products

518

01:39:32.400 --> 01:39:33.360

HVCC - BTC Meeting Room 2: together.

519

01:39:34.150 --> 01:39:35.110

HVCC - BTC Meeting Room 2: So

520

01:39:36.110 --> 01:39:48.327

HVCC – BTC Meeting Room 2: we see the demand for all 3 of these categories growing over time with some adjustment in our model for the fact that smokable flour will be

521

01:39:48.790 --> 01:40:12.300

HVCC – BTC Meeting Room 2: It's going to remain a very strong category, but its share of the market is going to decrease a little over time earlier. I said, we're currently at about 45% by 2030. We're expecting to be at about 40% of smokable flour being share of market. And then these value added products. Both the concentrates and categories, like edibles, are going to continue to grow quite strongly. So those each will grow, you know, say, 2 to 5% going into the end of the decade.

522

01:40:13.540 --> 01:40:30.110

HVCC – BTC Meeting Room 2: And so, you know, we're expecting that this market will be ingesting roughly 2 million pounds of cannabis for cannabis through the end of the decade. And that's a lot of cannabis product. We're expecting there to be a lot of cannabis grown.

523

01:40:30.150 --> 01:40:33.779

HVCC – BTC Meeting Room 2: processed and sold in New York.

524

01:40:35.671 --> 01:40:44.100

HVCC – BTC Meeting Room 2: And obviously, you know the the we we have some assumptions in there about the efficiency of processing, and you know how much

525

01:40:44.230 --> 01:40:46.819

HVCC – BTC Meeting Room 2: extract you can get out of

526

01:40:47.060 --> 01:41:10.320

HVCC – BTC Meeting Room 2: out of the biomass over time. But if the technological advancements and innovation we have seen over the last decade are any indication. I wouldn't be surprised if the innovators have found ways to get even further to produce more and more efficiently over time. So one of the wild cards here is just the rate at which this market innovates launched over time

527

01:41:11.580 --> 01:41:18.590

HVCC – BTC Meeting Room 2: so referential. Number 2 million pounds of flour of biomass over time.

528

01:41:18.760 --> 01:41:23.809

HVCC - BTC Meeting Room 2: Now I apologize for the eye chart. I hope. You all are able to to- to

529

01:41:26.150 --> 01:41:33.829

HVCC - BTC Meeting Room 2: see the table on screen, and I'll I'll just give you the thumbnail kind of takeaway here.

530

01:41:35.300 --> 01:41:37.299

HVCC - BTC Meeting Room 2: The takeaway number here is that

531

01:41:37.991 --> 01:41:41.330

HVCC - BTC Meeting Room 2: based on the capacity that we have already licensed

532

01:41:41.640 --> 01:41:55.289

HVCC - BTC Meeting Room 2: one. We are assuming that we currently have 5 cultivators, 5 Ros, who are licensed to produce, and who are already selling into the au market. By the end of the decade top row of this table we are assuming that only grows to about 10.

533

01:41:55.300 --> 01:41:59.764

HVCC - BTC Meeting Room 2: So we're not assuming that every ro that has been licensed is going to be

534

01:42:00.430 --> 01:42:03.790

HVCC - BTC Meeting Room 2: is going to be growing.

535

01:42:04.870 --> 01:42:27.430

HVCC - BTC Meeting Room 2: We have our Aucs. These are the people who've been serving the markets to this point to date roughly, had around 200 last year have 170 who are kind of transitioning right now. By the end of the decade we're expecting. We'll have 210 folks from our current base of auc transitioning growers who become final adult use cultivators over time.

536

01:42:28.110 --> 01:42:37.549

HVCC - BTC Meeting Room 2: We have already issued approximately 50 indoor cultivation licenses from folks who are in our December queue.

537

01:42:38.320 --> 01:42:56.960

HVCC - BTC Meeting Room 2: And so this model is assuming that, assuming we didn't issue any more cultivation licensing. But we we factored in just what we've issued already so far and based on the decision to license the entire November queue. There were 350 micro business applicants in that November queue.

538

01:42:57.485 --> 01:43:05.169

HVCC - BTC Meeting Room 2: We're assuming that in this model, roughly, 300 of those will get licensed, and maybe 250 of those will get operation.

539

01:43:06.130 --> 01:43:25.560

HVCC - BTC Meeting Room 2: So based on just the commitment already made to the November queue that we are going to review that entire cohort. The the this estimate has us assuming that we'll be about 250 operational micro business licenses. From that November cohort by the end of 2030.

540

01:43:27.120 --> 01:43:28.000

HVCC - BTC Meeting Room 2: If

541

01:43:28.810 --> 01:43:40.090

HVCC - BTC Meeting Room 2: each of those licenses we built a model that we're happy to share, that that makes some assumptions about how much would be drawn from each of these types of producers. But suffice it to say, collectively.

542

01:43:40.680 --> 01:43:51.689

HVCC - BTC Meeting Room 2: these producers conservatively, could be producing over 3 million pounds of cannabis by the end of the decade. With each of these, each of these

543

01:43:52.170 --> 01:43:55.440

HVCC - BTC Meeting Room 2: accounting for portion of that now.

544

01:43:55.878 --> 01:44:15.760

HVCC - BTC Meeting Room 2: You know the the pink line which looks like the the pink section of the column, which is our Aucs, I understand, will look like the account for a significant portion of our output. But I I would just caution that, you know. Let's not just assume that because they have the ability to produce all of that. That is where the bulk of the sales are going to be coming from.

545

01:44:15.760 --> 01:44:33.870

HVCC - BTC Meeting Room 2: So you know, we've seen in the preceding slide that on the larger package size the arrows have captured some share of market there already. And so you know, this market is going to be competitive, based on the amount of production capacity that has already been permitted.

546

01:44:36.107 --> 01:44:39.670

HVCC - BTC Meeting Room 2: we we are expecting the

547

01:44:40.707 --> 01:44:50.709

HVCC - BTC Meeting Room 2: but most of these licenses will continue to produce and so by the end of the decade, we're expecting we'll have over 500 cultivation licenses operation

548

01:44:55.140 --> 01:44:57.599

HVCC - BTC Meeting Room 2: in the prior slide. You said that the

549

01:44:57.630 --> 01:45:00.669

HVCC - BTC Meeting Room 2: you think the demand is going to be 2 million pounds?

550

01:45:01.250 --> 01:45:04.889

HVCC - BTC Meeting Room 2: Yes, and so let's actually overlay the 2 against each other.

551

01:45:06.455 --> 01:45:07.360

HVCC - BTC Meeting Room 2: So

552

01:45:07.590 --> 01:45:16.369

HVCC - BTC Meeting Room 2: the 1st slide was, how much output we can expect. The second slide is how much demand we expect to sell through this slide shows the 2 together, and the Delta that we're expecting

553

01:45:16.490 --> 01:45:45.709

HVCC - BTC Meeting Room 2: the blue bar shows what we are expecting to need for our sell through the red bar is how much we're producing, and we'll be expecting to see a delta of roughly a million pounds by the time we get to 2030 based on cultivation capacity that's already been authorized. We're expecting to see at least currently a 42% delta

between production and sell through by the time we get to 2030. So based on what's already approved

554

01:45:46.210 --> 01:45:48.310

HVCC - BTC Meeting Room 2: already approved or already committed to.

555

01:45:48.700 --> 01:45:51.380

HVCC - BTC Meeting Room 2: based on what's already approved or committed to.

556

01:45:51.460 --> 01:45:57.040

HVCC - BTC Meeting Room 2: There's gonna be a million pounds extra.

557

01:45:58.360 --> 01:46:00.795

HVCC - BTC Meeting Room 2: That's right, General. Okay, alright,

558

01:46:02.210 --> 01:46:05.010

HVCC - BTC Meeting Room 2: Can you finish up in 10 min or so?

559

01:46:05.669 --> 01:46:10.599

HVCC - BTC Meeting Room 2: I can. Excellent cause. I want to just leave time for the conversation.

560

01:46:11.860 --> 01:46:13.989

HVCC - BTC Meeting Room 2: Found our letter and the other.

561

01:46:15.480 --> 01:46:15.995

HVCC - BTC Meeting Room 2: Sure.

562

01:46:16.760 --> 01:46:17.555

HVCC - BTC Meeting Room 2: So

563

01:46:26.040 --> 01:46:33.830

HVCC - BTC Meeting Room 2: based on everything we've discussed so far, I'll summarize the offices. Recommendations of these preliminary recommendations as follows.

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01:46:34.770 --> 01:46:43.371

HVCC - BTC Meeting Room 2: one, the decision to license the November

queue has meant that we are expecting to issue roughly 800 licenses based on

565

01:46:44.650 --> 01:46:50.920

HVCC - BTC Meeting Room 2: our current trajectory. Assuming everyone in the November queue who qualifies is getting 1 1 license.

566

01:46:51.280 --> 01:46:57.540

HVCC - BTC Meeting Room 2: So of the roughly 2,000 applicants we had in November queue, we're expecting to issue roughly 800 licenses from the November queue.

567

01:46:57.970 --> 01:47:21.750

HVCC - BTC Meeting Room 2: We recognize that there's a lot of folks in the December queue. We had nearly 4,000 retail applicants there, and we want to ensure that, particularly because there's a lot of folks in the December queue who kind of made the intentional choice to wait and assess the market conditions before they applied. We want to account for the reality that there's

568

01:47:21.970 --> 01:47:30.579

HVCC - BTC Meeting Room 2: a large and largely equity based cohort in the November in the December queue. Who who are awaiting consideration.

569

01:47:31.270 --> 01:47:59.905

HVCC - BTC Meeting Room 2: So our recommendation, our preliminary recommendation, is to issue a thousand retail licenses from the December queue in acknowledgment of the fact that there's a lot of folks in that cohort who have not yet been considered to to issue 100 more micro business licenses. Again. There's over 800 applicants who applied for micro businesses in the December queue. you know, this is a it's it's going to be a large cohort. But

570

01:48:00.270 --> 01:48:08.050

HVCC - BTC Meeting Room 2: we are. We're proposing, considering, at least issuing some my businesses micro business licenses for the for the

571

01:48:08.550 --> 01:48:10.990

HVCC - BTC Meeting Room 2: from from the December cohort.

572

01:48:11.170 --> 01:48:30.779

HVCC - BTC Meeting Room 2: but specifically on cultivation based on what we have just seen, the Delta that we already have in place. We're not recommending issuing any more cultivation licenses, until we at least have a better sense of the outlook and state of production. Moving forward. One of the things that we have learned from other jurisdictions is that

573

01:48:31.470 --> 01:48:57.450

HVCC - BTC Meeting Room 2: when you have a hypersaturated market of production, cultivators generally don't reduce how much they produce. What ends up happening is they all produce maximally believing what they'll be able to sell what they produce. And then you start seeing products seeping out of the back of the barns and falling off the back of trucks into the illicit market. We just want to avoid that as much as possible because of the public health and public safety issues. It creates.

574

01:48:58.430 --> 01:49:04.569

HVCC - BTC Meeting Room 2: We're we're for kind of speed of

575

01:49:04.570 --> 01:49:28.820

HVCC - BTC Meeting Room 2: this conversation, because there are a few additional points I want to make. We're fairly comfortable that we can issue quite a number more processor licenses. And with the processors. Yes, it's going to be a competitive market, but it doesn't necessarily add production. It's not bringing in new biomass. So there's the ability to support that. But we think that there's opportunity there to increase the number of type one processors.

576

01:49:28.820 --> 01:49:36.340

HVCC - BTC Meeting Room 2: at least 150, and then to move all of this product around the States. We are recommending issuing up to 60 distribution licenses.

577

01:49:36.881 --> 01:49:42.550

HVCC - BTC Meeting Room 2: I think the real crux here, the the the the and

578

01:49:43.280 --> 01:49:57.609

HVCC - BTC Meeting Room 2: focus of this discussion largely has been around retail and cultivation. And I think that's appropriate, because that's where the 2 pressure points, I think, are going to be felt most acutely, and so to recap our recommendation on the retail side is a

thousand from the December queue

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01:49:58.035 --> 01:49:59.280

HVCC - BTC Meeting Room 2: or I thought

580

01:49:59.300 --> 01:50:07.060

HVCC - BTC Meeting Room 2: the ability to support a thousand more licenses wherever they may be coming from. Beyond the 800 that we are expecting

581

01:50:07.965 --> 01:50:17.479

HVCC - BTC Meeting Room 2: to issue from the November queue and we are suggesting a moratorium on further cultivation. Licenses until we have a better bead on on

582

01:50:18.580 --> 01:50:20.049

HVCC - BTC Meeting Room 2: the outlook for our production.

583

01:50:20.520 --> 01:50:30.620

HVCC - BTC Meeting Room 2: One additional important point we're making here. We understand that not every person who gets a license is going to be operation able to operationalize the business, finding locations raising capital.

584

01:50:30.929 --> 01:50:54.159

HVCC - BTC Meeting Room 2: Just kind of doing. The business of cannabis is a very challenging thing. And so, while these numbers are aggressive. Here we will be talking about between retail micro and cards, a total of 2,500 licenses issued. We're estimating that roughly, 500 of those folks aren't going to be able to to open, so we would be looking at roughly 2,000 stores open by the time all of this is done.

585

01:51:00.100 --> 01:51:02.110

HVCC - BTC Meeting Room 2: This is a bit of an eye chart, but

586

01:51:03.110 --> 01:51:09.638

HVCC - BTC Meeting Room 2: the 3 green bars on the left are where New York currently is is the tall bar in that we have

587

01:51:10.290 --> 01:51:17.040

HVCC – BTC Meeting Room 2: we. We have right now around 75,000 people, citizens per store open

588

01:51:17.457 --> 01:51:31.800

HVCC – BTC Meeting Room 2: based on the 800 stores we expect to open well, the 800 licenses we expect to issue from the November queue. that would drop us to about 25,000 people per open store.

589

01:51:32.686 --> 01:51:41.569

HVCC – BTC Meeting Room 2: If we were to get 2,000 retail doors open, it would put us closer to 10,000 people per store.

590

01:51:41.650 --> 01:52:03.640

HVCC – BTC Meeting Room 2: and that puts us right in line with some of the most mature and competitive markets in the range of Colorado, Maine, and Michigan, in the most mature and hyper competitive markets, we see roughly between 2,000 15,000 people, so population per dispensary. And so with 2,000 doors

591

01:52:03.820 --> 01:52:08.950

HVCC – BTC Meeting Room 2: and a 10,000 people per door

592

01:52:09.160 --> 01:52:18.180

HVCC – BTC Meeting Room 2: range. New York would be estimated to be right in line with the States that are most mature and most competitive. Right now

593

01:52:18.580 --> 01:52:21.400

HVCC – BTC Meeting Room 2: I do have a question on this one. So oh,

594

01:52:23.360 --> 01:52:38.620

HVCC – BTC Meeting Room 2: the population that you're using to calculate these figures is that based on current population? And does it incorporate projections around population. The reason I'm asking is because I'm thinking about the last 4 years where we saw a lot of population decrease unexpectedly. So how does this speak to that

595

01:52:38.660 --> 01:53:00.699

HVCC – BTC Meeting Room 2: great question. And this is a static view. It's based on our current population and not making any assumptions about population. Drift over time. If we end up having a significant exodus. I hope this is not going to be the case, but if we end up

seeing significant population decline in New York over the coming decades. Then that obviously, is also going to implicate the level of saturation we're seeing, and it just drives us down

596

01:53:00.710 --> 01:53:04.319

HVCC - BTC Meeting Room 2: closer to the Oregon kind of New Mexico range potentially.

597

01:53:06.266 --> 01:53:11.940

HVCC - BTC Meeting Room 2: A couple of quick points I'll I'll close with, and because I do want to ensure that the board has sufficient time for the discussion.

598

01:53:12.020 --> 01:53:16.893

HVCC - BTC Meeting Room 2: One is just licensing cadence based on where we are currently so

599

01:53:17.800 --> 01:53:23.250

HVCC - BTC Meeting Room 2: assuming here that we were trying to get to a total number of 2,000

600

01:53:23.290 --> 01:53:32.130

HVCC - BTC Meeting Room 2: licenses issued between now, and when we get to that point at our current capacity, haven't changed for you. This is the slide

601

01:53:32.920 --> 01:53:34.719

HVCC - BTC Meeting Room 2: at our current capacity.

602

01:53:35.100 --> 01:53:36.090

HVCC - BTC Meeting Room 2: We've been

603

01:53:36.510 --> 01:53:52.100

HVCC - BTC Meeting Room 2: roughly averaging 100 to 150 licenses issued per month over time. So the Orange Bar is the cumulative total number of licenses issued, and we're saying that by June 2026 we would have those 2,000 stores issued

604

01:53:52.100 --> 01:54:16.890

HVCC - BTC Meeting Room 2: here. We're assuming that as we get through the next season we will quickly transition from issuing the final

supply, said licenses, because there's only a subset of those left, and most of our horsepower is going to drift to issuing retail licenses. So we're saying that as we're getting into mid 2025, not only are we transitioning from the November queue to the December queue, as they're currently structured. But with the bulk

605

01:54:16.890 --> 01:54:31.220

HVCC - BTC Meeting Room 2: of the licenses we're going to be issuing are going to be retail licenses. But even if we're assuming that we're going to be doing between 100 150 licenses per month issued and approved by the board. It is going to take us until mid 2026 to get them all done.

606

01:54:31.660 --> 01:54:47.679

HVCC - BTC Meeting Room 2: So I say that because it's a really important point to understand that this isn't going to be a flip switching moment where all of these licenses are approved and operational simultaneously. This is going to be a long drawn out process, critically important for folks to understand that, and

607

01:54:48.110 --> 01:55:01.210

HVCC - BTC Meeting Room 2: plan their resources accordingly. But this is going to be a long protracted process. And and if our target number ends up being 2,000 licenses it is going to take us till mid 2026 to get there

608

01:55:01.670 --> 01:55:07.629

HVCC - BTC Meeting Room 2: bye 3 closing just quick snaps.

609

01:55:08.090 --> 01:55:09.870

HVCC - BTC Meeting Room 2: I don't need to be. Yes.

610

01:55:10.220 --> 01:55:27.769

CAB NYC: John. It's Nikki, and I have a question for you on the market share side before you move on to the lessons learned. So I really appreciate all this data, but I just wanted to ask a couple of follow up questions in terms of like market share. So

611

01:55:27.770 --> 01:55:52.350

CAB NYC: love to have a little bit more data on in terms of you know who the maybe top 5 cultivators and and processes are in terms of their market share. You know there's been concerns raised already about multi-state operators. So I'm curious if there's data on brands,

because I'll be honest. I went to a dispensary last week, and almost every shelf was a brand that I've

612

01:55:52.350 --> 01:56:17.740

CAB NYC: purchased in Massachusetts, Colorado, California. So I don't know if that's coming up, but I would love to see sort of the market share about, you know the the, you know, top 5 folks in New York, currently. But also, if there's data on, you know, Mso brands versus, you know, folks who are transitioning from legacy, or who are, you know? No pun intended like homegrown New Yorkers who are launching their brands here.

613

01:56:20.300 --> 01:56:41.760

HVCC - BTC Meeting Room 2: It's it's a good question. It! I didn't include it in the slide, just partly out of of brevity. But I can just share some some data, and we can get this information to you. We actually shared this at our Ccb meeting. So first, st there's nearly 500 brands 490 by our account, that are currently operating in New York, so that number has increased significantly from the beginning of the year, when we had less than 200

614

01:56:41.770 --> 01:56:43.040

HVCC - BTC Meeting Room 2: to.

615

01:56:43.250 --> 01:56:59.110

HVCC - BTC Meeting Room 2: There is a bit of brand concentration that's happening. So of those 4 90, the top 10 brands have roughly 32% of market share the top, 20 have 46% of the market share. So the top 10 brands have have a 3rd of the market. The top 20 have 50% of the market.

616

01:57:00.690 --> 01:57:10.219

HVCC - BTC Meeting Room 2: Can you? either before or at the next meeting, include some of that next presentation? Certainly. Okay.

617

01:57:11.430 --> 01:57:26.499

HVCC - BTC Meeting Room 2: And then, just really quickly, a couple of things that I think speak to the concerns that have been voiced and expressed so far, one is around the supply side impact of cultivation, saturation.

618

01:57:27.030 --> 01:57:53.690

HVCC - BTC Meeting Room 2: This is data from Colorado. That State has

seen the share. The price of flour fall from \$2,000 a pound at the beginning of 2015 to roughly \$650 a pound, a 67% decline in price per pound, as of last month trim has fallen 71% very intense competition there, even though there's a bit of a surge during the pandemic period.

619

01:57:53.840 --> 01:58:09.350

HVCC - BTC Meeting Room 2: Similarly, these are 3 different markets where we're seeing in blue the price of a gram in Colorado, in red, the price of a gram in Massachusetts, in green, the price of an ounce in Michigan, and

620

01:58:09.450 --> 01:58:37.520

HVCC - BTC Meeting Room 2: the data speaks for itself 75% in the decline in the price of a gram in Colorado, 64 in Massachusetts, 61 for an ounce in Michigan, and I'll just note that the compression is happening on a more aggressive timeline. It took Colorado 120 months, 6 years for that compression of 75% to happen. It took Michigan 51 months for that compression to happen. It took sorry it took Massachusetts 51 months it took Michigan 32 months.

621

01:58:38.710 --> 01:58:41.059

HVCC - BTC Meeting Room 2: and Michigan has been very aggressive in its licensing.

622

01:58:41.390 --> 01:58:54.819

HVCC - BTC Meeting Room 2: 3. We are seeing declines in licensing happening in the most saturated market. Oklahoma has seen a 45% decline in the number of licensed businesses because of the number of people who are crashing out

623

01:58:55.699 --> 01:59:04.690

HVCC - BTC Meeting Room 2: the scale of kind of destruction that happens, the the kind of capital that that ends up being

624

01:59:05.810 --> 01:59:06.540

HVCC - BTC Meeting Room 2: yeah

625

01:59:06.810 --> 01:59:35.760

HVCC - BTC Meeting Room 2: impacted by these contractions in California. It's a 32%. It's a 30% declining. Colorado's a 21% declining licenses. We are seeing even Colorado, which has been largely viewed as a well regulated, largely stable market. 20% of the

businesses have closed their doors in the last couple of years. It's an acute impact. Nationally, we're down about 11%. And that's even with states like New York, New Jersey, some of the East Coast markets, Pennsylvania growing, the number of licenses

626

01:59:35.760 --> 01:59:40.429

HVCC - BTC Meeting Room 2: the national trend has been for contraction and consolidation.

627

01:59:41.260 --> 01:59:42.940

HVCC - BTC Meeting Room 2: And one of the

628

01:59:43.160 --> 02:00:03.300

HVCC - BTC Meeting Room 2: important impacts of that is that you end up with a lot of businesses who don't pay their bills. They close out before they can. They end up either going bankrupt or closing business before they don't meet their financial obligations. Currently based on a recent estimate by Whitney economics. There's 3.8 billion dollars in outstanding debts that have not been paid.

629

02:00:03.440 --> 02:00:31.289

HVCC - BTC Meeting Room 2: That's massively disruptive for the business owners that are holding these these unpaid invoices, and it ends up cascading inevitably to the cultivators, because the processor will take the product and not be able to repay them, because the processor doesn't get paid by the retailer. We've seen distributors like California's largest distributor went out of business with nearly 200 million dollars in unpaid bills. This becomes a real issue in hypersaturated markets.

630

02:00:31.490 --> 02:00:34.689

HVCC - BTC Meeting Room 2: And then, finally, the impact on tax revenue

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02:00:36.237 --> 02:00:43.949

HVCC - BTC Meeting Room 2: in Colorado, the amount of tax revenue being generated by the legal industry has fallen 39% since its peak.

632

02:00:44.260 --> 02:00:49.370

HVCC - BTC Meeting Room 2: From 400 million dollars 3 years ago to to 250 million dollars. Now

633

02:00:49.960 --> 02:01:09.059

HVCC - BTC Meeting Room 2: this is important, because if you think about the way in which the money that is being generated by the regulated market is supposed to be used in Colorado, they had prioritized building schools, drug treatment and mental health program support after school programs. That's a lot of money that they have built models around that they build budgets around that's not coming in.

634

02:01:09.060 --> 02:01:24.310

HVCC - BTC Meeting Room 2: And so the cascading implication of getting a market hyper saturation, then, having the crash out that happens after ends up acutely impacting the money that is intended to support these social programs that this industry was intended to support through its revenues.

635

02:01:24.620 --> 02:01:29.769

HVCC - BTC Meeting Room 2: So I'll close with that. Know, it's been a lot and turn over to the board for the discussion.

636

02:01:30.520 --> 02:01:31.350

HVCC - BTC Meeting Room 2: Alright, John.

637

02:01:31.350 --> 02:01:35.779

ebrodarden: We show this slide every week, and did a black presentation.

638

02:01:35.940 --> 02:01:41.556

HVCC - BTC Meeting Room 2: Yeah, John. Thank you.

639

02:01:42.310 --> 02:01:46.144

HVCC - BTC Meeting Room 2: I don't know where we would be without you. I'm not just saying that. But

640

02:01:47.066 --> 02:01:54.660

HVCC - BTC Meeting Room 2: this information is critically important. And we appreciate so much the work that you did. And

641

02:01:55.420 --> 02:02:00.230

HVCC - BTC Meeting Room 2: I think I think

642

02:02:02.340 --> 02:02:04.179

HVCC - BTC Meeting Room 2: you know, some of this is not.

643

02:02:05.102 --> 02:02:08.360

HVCC - BTC Meeting Room 2: I think a lot of this has been predictable.

644

02:02:09.110 --> 02:02:12.229

HVCC - BTC Meeting Room 2: I I remember having a conversation

645

02:02:12.410 --> 02:02:14.551

HVCC - BTC Meeting Room 2: 6, 7 years ago with

646

02:02:15.160 --> 02:02:19.520

HVCC - BTC Meeting Room 2: retail operator and an affluent area of Colorado.

647

02:02:19.989 --> 02:02:28.549

HVCC - BTC Meeting Room 2: I was asking him about his retail operation, and he said to me, The money is not gonna be in retail. It's gonna be in branding, and the people in the business who

648

02:02:29.290 --> 02:02:50.016

HVCC - BTC Meeting Room 2: are in the business are focused on branding right now, not owning retail locations. So I think, even in Colorado, several years ago, even anecdotally people understood what was gonna happen to the market. And I'm now gonna turn this over to Pete Schaeffer.

649

02:02:51.480 --> 02:03:05.479

HVCC - BTC Meeting Room 2: I want to just say that you know the purpose of this Advisory Board is in the statute is to advise the Cannabis control board on their regulations, and this board is set up and populated

650

02:03:06.198 --> 02:03:16.891

HVCC - BTC Meeting Room 2: with people from all parts of the industry and the market and government agencies. And

651

02:03:19.560 --> 02:03:24.470

HVCC - BTC Meeting Room 2: communications and other areas. Specifically.

652

02:03:24.870 --> 02:03:29.540

HVCC - BTC Meeting Room 2: to have people who have in-depth knowledge to share.

653

02:03:30.419 --> 02:03:35.269

HVCC - BTC Meeting Room 2: So we are very fortunate to have Alan

654

02:03:35.330 --> 02:03:49.399

HVCC - BTC Meeting Room 2: Gandelman and Pete Schaefer as part of this Advisory Board. Because they have very sophisticated understanding of the marketplace. And we are going to be sharing a draft letter

655

02:03:49.410 --> 02:04:08.010

HVCC - BTC Meeting Room 2: that was sent to all the cab members prior to the meeting to see if we can agree on recommendations in this letter that we can send to the Ccb. To underscore the cabs view based on in part

656

02:04:08.060 --> 02:04:18.489

HVCC - BTC Meeting Room 2: our collective knowledge and experience, and also the data that John just presented to help be stewards of this market. So, Pete, I'm going to turn it over to you.

657

02:04:20.220 --> 02:04:24.486

HVCC - BTC Meeting Room 2: Thank you, Joe. Thank you, John. I think

658

02:04:25.800 --> 02:04:29.970

HVCC - BTC Meeting Room 2: this is really just opening remarks meant to trigger a discussion.

659

02:04:31.980 --> 02:04:36.310

HVCC - BTC Meeting Room 2: And I think it's our responsibility to merge

660

02:04:37.220 --> 02:04:47.560

HVCC - BTC Meeting Room 2: the spirit of the Mrta to Ibro's point. To merge the data that we hear from John to merge data that we see

661

02:04:48.275 --> 02:04:54.334

HVCC - BTC Meeting Room 2: from 3rd party, independent economists ie. The Whitney report.

662

02:04:55.730 --> 02:04:59.080

HVCC - BTC Meeting Room 2: look at number stores per population.

663

02:04:59.790 --> 02:05:08.200

HVCC - BTC Meeting Room 2: and merge that all together, as it's our responsibility from the cab. And look at

664

02:05:08.690 --> 02:05:11.874

HVCC - BTC Meeting Room 2: all of those things combined, including proximity.

665

02:05:12.820 --> 02:05:17.339

HVCC - BTC Meeting Room 2: waivers and and just open this up for a discussion.

666

02:05:17.860 --> 02:05:20.139

HVCC - BTC Meeting Room 2: on what we think the market can bear.

667

02:05:20.830 --> 02:05:35.139

HVCC - BTC Meeting Room 2: So to kick that off. This letter is really just a a guideline for the conversation, in the hopes that at the end of this discussion we can come to terms with what might be a good recommendation

668

02:05:35.180 --> 02:05:38.949

HVCC - BTC Meeting Room 2: from the cab to the Ccb specifically regarding licensing.

669

02:05:39.180 --> 02:05:58.789

HVCC - BTC Meeting Room 2: So I really just want to open it up for conversation discussion and see if we can collectively come to terms. You know, there's 3 points at the end of the draft letter that are pretty specific for recommendations. And we tried to really get to a total number. And

670

02:06:00.470 --> 02:06:02.719

HVCC - BTC Meeting Room 2: it does take into consideration

671

02:06:02.940 --> 02:06:20.029

HVCC - BTC Meeting Room 2: the percentage of open rate. So this this number of 1,600 wasn't just arbitrary it was. It was taking and merging all of those points of data. It's really a data driven conversation to try to give the Ccb. Some guidance on on what we collectively think the market can bear.

672

02:06:20.710 --> 02:06:28.945

HVCC - BTC Meeting Room 2: So from that I'll just open it up hope everybody's had a chance to read the letter, and we can use it as a working document.

673

02:06:29.710 --> 02:06:31.800

HVCC - BTC Meeting Room 2: to try to come to some consensus.

674

02:06:33.640 --> 02:06:48.770

CAB NYC: So it's Nikki. I actually just I want to kick it off with a clarifying question, because we've heard about the independent report by Whitney economics, and I'd like a little bit more background on who they are. If this was an Ocm Commission study, and if not.

675

02:06:48.790 --> 02:07:07.150

CAB NYC: who commissioned it and who financed it. Because I think if we're including something in our official capacity as cab members, we should just make sure we're all being very cautious of the optics of that, and that we're doing things in a nonpartisan fashion.

676

02:07:10.090 --> 02:07:11.573

HVCC - BTC Meeting Room 2: I can appreciate that. But

677

02:07:12.070 --> 02:07:20.704

HVCC - BTC Meeting Room 2: I'm not able to answer that question. I just don't know enough about Whitney themselves, or who they were funded by. But

678

02:07:21.380 --> 02:07:26.826

HVCC - BTC Meeting Room 2: I took that information with a grain of salt as a 3rd party economist organization.

679

02:07:27.220 --> 02:07:33.240

HVCC - BTC Meeting Room 2: that's really all I know. Does anybody else

have any? Yeah, a couple of thoughts there? One. It was not commissioned by the Ocm.

680

02:07:34.090 --> 02:07:56.889

HVCC - BTC Meeting Room 2: Yeah, it was independently done to a thumbnail about within economics. There have been a long time kind of economist and slash analysts in the cannabis sector. They've been doing this a lot for a lot of different jurisdictions, both at the National and at the State and sub-state level. I don't know whether it was a commissioned report or an independently generated one.

681

02:07:56.890 --> 02:08:21.819

HVCC - BTC Meeting Room 2: They do a combination of both sponsored and ad hoc reports. But I don't know what the genesis of this one specifically, specifically was. I will note in our review of it. One of the assumptions made there was for a higher average revenue per store than we are assuming in our assumptions, and so part of the reason why their number is a little bit lower than we think the market

682

02:08:21.820 --> 02:08:28.440

HVCC - BTC Meeting Room 2: and bears because they're expecting, or they were assuming, a slightly higher revenue average revenue per store.

683

02:08:28.680 --> 02:08:29.410

HVCC - BTC Meeting Room 2: Oh.

684

02:08:29.810 --> 02:08:45.089

HVCC - BTC Meeting Room 2: but you know, if you account for that piece, then our models are roughly similar, in that the the truism remains in place, truism remains true that as you increase the number of stores you reduce the average revenue per store.

685

02:08:48.468 --> 02:08:50.310

HVCC - BTC Meeting Room 2: I have a question. I

686

02:08:50.520 --> 02:08:57.980

HVCC - BTC Meeting Room 2: can. You just do me a favor, and tell me what is the difference between what the letter is recommending and the recommendations we just heard from the agency.

687

02:09:02.178 --> 02:09:15.479

HVCC – BTC Meeting Room 2: the 1,600 number, which is really the number in question. Would be the total number of licenses awarded. Then to account for percentage of open rate.

688

02:09:15.690 --> 02:09:21.829

HVCC – BTC Meeting Room 2: and then to add in existing stores, so in a nutshell.

689

02:09:22.850 --> 02:09:29.229

HVCC – BTC Meeting Room 2: theoretically, that 1,600 number would actually be a little bit more aggressively lower than a little bit

690

02:09:29.350 --> 02:09:30.500

HVCC – BTC Meeting Room 2: lower than.

691

02:09:30.890 --> 02:09:32.170

Ebro: What John!

692

02:09:33.090 --> 02:09:34.270

HVCC – BTC Meeting Room 2: Give this presentation.

693

02:09:35.510 --> 02:10:00.230

HVCC – BTC Meeting Room 2: Yeah, I guess I just want to be on the record. It's very clear from the data that we just saw that we have an obligation to make sure that we are ensuring market stabilization protecting the retailers. I have the same concerns as a majority of the cab members, including Ebro, about the social equity applicants and licensees, and making sure that they're protected. I also want to commend

694

02:10:00.230 --> 02:10:25.120

HVCC – BTC Meeting Room 2: acting Director Reid and John. You know I haven't seen this much data since I started on the cab. So that was a lot of data to take in the one piece. I always, you know I would like to see more of is the public health impact data. Even the data that we saw around youth youth use was from 2122, which was in the middle of a pandemic. So I think we should take

695

02:10:25.120 --> 02:10:54.626

HVCC – BTC Meeting Room 2: that into consideration. I do think that the public health team at Ocm is doing a fabulous job, and I hope to see data like that in the future. But I think it's just more of a

Testament to the fact that we need more public health data, more timely data around youth use and unintentional exposures, of course, and if the market is having that same impact, I hope that when we do have more timely data we'll see the same kind of things. So

696

02:10:54.970 --> 02:11:08.569

HVCC - BTC Meeting Room 2: and then also the municipalities preparedness in terms of taking on additional retailers and licensees. I do have concerns about that as well. And yeah, that's that's my.

697

02:11:08.570 --> 02:11:31.570

HVCC - BTC Meeting Room 2: That's my pitch. But I think the letter is well written. I do think it looks good. It mentions public health. I'd like to see a little bit more language in there about public health. There is a lot of data out of California, particularly in regard to what the impact on the health of communities is due to density of additional retailers

698

02:11:31.570 --> 02:11:33.250

HVCC - BTC Meeting Room 2: in in communities. So

699

02:11:38.880 --> 02:11:40.889

HVCC - BTC Meeting Room 2: so that's a good point in in

700

02:11:41.880 --> 02:11:44.714

HVCC - BTC Meeting Room 2: on that point. Would you want to put something

701

02:11:45.440 --> 02:11:58.210

HVCC - BTC Meeting Room 2: as a recommendation, as it relates to proximity, I think density, proximity, and density of retail establishments, and just making sure that we're protecting the health of communities.

702

02:12:00.250 --> 02:12:05.119

HVCC - BTC Meeting Room 2: and and that our our recommendation for the 1,600 retail licenses.

703

02:12:06.350 --> 02:12:08.230

HVCC - BTC Meeting Room 2: Factors that in as well

704

02:12:15.209 --> 02:12:18.529

HVCC - BTC Meeting Room 2: thank you. Any any other points of discussion.

705

02:12:19.950 --> 02:12:32.092

CAB NYC: I just make a recommendation for this is Nikki for Number one, where it says, we'll revisit the licensing recommendation with 3rd party market study. I would greatly encourage us to consider.

706

02:12:32.580 --> 02:12:45.419

CAB NYC: maybe using Rockefeller Institute as a resource. They have done significant research on cannabis chair. Bellic. I feel like you love the suny system so this would fit right into that. So.

707

02:12:45.420 --> 02:12:58.209

HVCC - BTC Meeting Room 2: I, I on the Rockefeller Institute Legal Blog Committee. So I am a big fan of Rockefeller Institute, and Bob Meg Magna is currently running it and

708

02:12:58.260 --> 02:12:59.929

HVCC - BTC Meeting Room 2: does a fantastic job.

709

02:13:00.210 --> 02:13:20.859

CAB NYC: Great. So maybe we can make a recommendation to update the language that says, you know that we can. We'll revisit licensing recommendation with in partnership with Rockefeller Institute, and if such they are not able to support our request, then we'll put out an Rfp. For a 3rd party research or entity.

710

02:13:23.730 --> 02:13:24.459

HVCC - BTC Meeting Room 2: Thank you.

711

02:13:26.540 --> 02:13:32.099

HVCC - BTC Meeting Room 2: I just wanna mention quickly, Sarah, to your point. We had a conversation as an agency with OS.

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02:13:32.140 --> 02:13:43.819

HVCC - BTC Meeting Room 2: Omh the other day around vulnerable populations and public policy data. So I'm looking forward to a next year, potentially convening with the agency to discuss where the intersections are, where the concerns are.

713

02:13:49.240 --> 02:13:53.599

HVCC - BTC Meeting Room 2: Turn it over to you, Joe. And also

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02:13:54.971 --> 02:13:59.924

HVCC - BTC Meeting Room 2: Nikki. Just so, you know. There in the large

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02:14:01.430 --> 02:14:05.370

HVCC - BTC Meeting Room 2: Ocm report that came out a couple of months ago.

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02:14:05.923 --> 02:14:14.306

HVCC - BTC Meeting Room 2: That, I think was a required reporting from Ocm. One of the recommendations was to

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02:14:14.940 --> 02:14:21.350

HVCC - BTC Meeting Room 2: work with higher education institutions around the State, and I have asked Pat to

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02:14:21.956 --> 02:14:33.563

HVCC - BTC Meeting Room 2: at one of our next cab meetings, convene some of the higher education leaders to come and talk about how we can continue to work together with them. So

719

02:14:34.320 --> 02:14:46.130

HVCC - BTC Meeting Room 2: okay, so, hearing no other questions or comments, I am going to request a motion

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02:14:46.650 --> 02:14:56.709

HVCC - BTC Meeting Room 2: to approve. Sending the letter to the Cannabis Control board with a modification

721

02:14:57.355 --> 02:15:04.396

HVCC - BTC Meeting Room 2: with respect to the Rockefeller Institute, and recommendation to

722

02:15:05.910 --> 02:15:10.800

HVCC - BTC Meeting Room 2: add proximity, density, language relating to

723

02:15:10.900 --> 02:15:13.640

HVCC - BTC Meeting Room 2: our decisions being based on public health.

724

02:15:14.170 --> 02:15:15.200

HVCC - BTC Meeting Room 2: Okay?

725

02:15:15.748 --> 02:15:18.620

HVCC - BTC Meeting Room 2: Can I have a motion, please? All motion?

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02:15:19.040 --> 02:15:24.940

HVCC - BTC Meeting Room 2: And a second second, okay, anyone opposed

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02:15:27.900 --> 02:15:42.034

HVCC - BTC Meeting Room 2: alright. The motion carries the letter to the campus control board is approved on the number of adult use licenses to issue. And I would would request that

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02:15:43.095 --> 02:15:51.180

HVCC - BTC Meeting Room 2: pat, you work to have that letter finalized and sent to the cannabis control board, and we encourage them to

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02:15:51.190 --> 02:15:57.839

HVCC - BTC Meeting Room 2: read it and rely on it in their decision making. And thank you again to everybody

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02:15:58.398 --> 02:16:02.581

HVCC - BTC Meeting Room 2: involved in the process of getting that letter done. And

731

02:16:03.520 --> 02:16:23.760

HVCC - BTC Meeting Room 2: We are now going to move on to more updates from the office of campus management, and I am now going to turn it over to our Executive Deputy Director of Economic Development and Research and the Acting Chief Equity Officer, Tabitha Robinson, for a social and economic equity Update.

732

02:16:24.690 --> 02:16:28.649

CAB NYC: Thank you, Chair, but I'll try to move quickly through these

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02:16:28.660 --> 02:16:45.880

CAB NYC: first, st our social and economic equity numbers. If you recall the statutory goal is that at 50% we continue to surpass that goal with 54% of adult use, licenses are C owned. Now, the numbers below represent

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02:16:45.930 --> 02:16:50.890

CAB NYC: licenses issued this week and their distribution across sea.

735

02:16:50.900 --> 02:16:58.059

CAB NYC: Usually these numbers are, speak to all of the adult use licenses issued. But this is just a snapshot.

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02:16:58.110 --> 02:17:01.979

CAB NYC: This time we're offering a snapshot to highlight

737

02:17:02.040 --> 02:17:26.589

CAB NYC: our amended way of collecting data. So we have minority owned businesses. 38% women owned businesses. 36% service disabled veterans at 2% distressed farmers at 8% communities disproportionately impacted at 16%. The way that we have collected data throughout the licensing process has generally only afforded

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02:17:26.590 --> 02:17:41.289

CAB NYC: applicants and licensees to be counted under a single c category, and this was in part because of the operational efficiency of moving these applications quickly in order to quickly roll out licensing.

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02:17:41.379 --> 02:17:52.439

CAB NYC: Now we've worked with our its partners to build out a capacity for our C licensees to qualify for more than one category.

740

02:17:52.440 --> 02:18:09.459

CAB NYC: So if you are both from a Cdi and a service disabled veteran, you would be included in both of those categories as opposed to just one. The biggest change here that we've seen from previous cab meetings is this Cdi number at 16%.

741

02:18:09.831 --> 02:18:22.829

CAB NYC: It's something we're very pleased about internally, as it more accurately captures the direction that our licensing is heading

in, and the people that we have the businesses that we have awarded these licenses to

742

02:18:28.370 --> 02:18:29.779

CAB NYC: next slide. Please

743

02:18:31.799 --> 02:18:49.329

CAB NYC: let's think about social and economic equity. Across the supply chain we see fairly equal distribution across the various license types. And I'll show more detail on this next. But the biggest highlight here is that there's a lot of sea activity amongst the micro business license

744

02:18:49.379 --> 02:19:11.070

CAB NYC: and amongst the retail license this comports with a lot of what we see across the nation. Generally we see in other states pretty low activity amongst cultivators and processors. We're happy here that the supply chain, the supply side of the supply chain does have a lot of sea representation. Now, on the next slide

745

02:19:11.650 --> 02:19:16.969

CAB NYC: we offer a breakdown next slide, please.

746

02:19:18.200 --> 02:19:23.260

CAB NYC: We offer a breakdown of the various c categories by license type.

747

02:19:23.889 --> 02:19:37.329

CAB NYC: I know that this is something that has been requested by cab in the past. So we're very pleased to provide this information. And the goal here is to really look at each of the license types and say, What kind of

748

02:19:37.330 --> 02:20:03.730

CAB NYC: see participation. Are we seeing exactly. When we look, for example, at Cdis, we see a lot more Cdi representation amongst distributors and the micro business that's really exciting. We had coming in assumptions and questions around Cdis participation on the supply side, so especially distribution. But noting that that is equal to micro business is a good sign.

749

02:20:03.900 --> 02:20:24.869

CAB NYC: Amongst distressed farmers we see no surprise. A lot of distressed farmers who are cultivators that tracks. We see a lot of distressed farmers who are distributors. What I find really interesting here is not too many distressed farmers are processing. They seem to be sort of skipping that step in terms of interest there. So that's something we want to dive into. More

750

02:20:25.040 --> 02:20:36.209

CAB NYC: women-owned businesses are strong across all of the license types, less participation amongst distribution. But again, still relatively high. There

751

02:20:36.260 --> 02:20:46.099

CAB NYC: minority owned businesses, pretty good performance across all of the license types, mostly in retail on the retail dispensary side, with 50%.

752

02:20:46.390 --> 02:21:11.780

CAB NYC: Again, that tracks with what we see nationally, and service disabled veterans tend to hover amongst the micro business license. Now we recently were at Vetcon. I'll discuss that in a later slide. But given some conversations that we've had amongst the veteran community that also answers a lot of the early assumptions we had around what types of services

753

02:21:11.900 --> 02:21:19.090

CAB NYC: our Sdvob businesses are interested in participating in, and how can they best use their skill? Set to serve this market

754

02:21:20.500 --> 02:21:22.250

CAB NYC: next slide, please?

755

02:21:24.310 --> 02:21:38.079

CAB NYC: This slide looks at our Tpis by license category. So again, I want to highlight that here we're talking about a true party of interest we are not speaking about who owns the most of a different company.

756

02:21:38.370 --> 02:21:52.730

CAB NYC: Our true party of interest, if you recall, includes several categories, including those who have a financial, controlling or ownership interest in a business. So we're talking about your executive staff

757

02:21:52.740 --> 02:22:04.450

CAB NYC: of your license business. We're talking about your equity shareholders of your license business, and we're talking about those who would otherwise have a financial interest, for example, via goods and services agreement

758

02:22:07.600 --> 02:22:23.369

CAB NYC: overwhelmingly, you see, really strong participation amongst white tpis in the industry. And that's across all of the license types, especially on the supply side. When you look at the participation of black tpis.

759

02:22:23.490 --> 02:22:34.720

CAB NYC: heavy concentration in amongst the micro business and retail dispensary licenses, that tracks. What we've seen with the broader minority on business trend as well

760

02:22:34.720 --> 02:22:56.960

CAB NYC: Asian participation is also very heavy in retail dispensary business and other minorities in retail dispensary, so overall, it seems, and this matches what I shared previously, that minority tpis in cannabis generally tend towards the retail dispensary license. And then the micro business license. After that.

761

02:22:57.640 --> 02:23:25.479

CAB NYC: when we look at ethnicity, speaking specifically around Hispanic tpis, we see pretty even participation across all license types, right? And that's pretty unique. We don't see that when we look, for example, at race, even amongst black, white Asian racial categories, you don't see such even distribution across all license types. The way that you see with Hispanic. Tpis

762

02:23:28.190 --> 02:23:29.960

CAB NYC: next slide, please.

763

02:23:33.790 --> 02:23:44.340

CAB NYC: Veteran engagement. So the office for the past 9 months to almost a year has been running an interagency veteran task force.

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02:23:44.450 --> 02:24:05.169

CAB NYC: This task force consists of individuals from within Ocm. We

have about 20 something participants across the agency, including veterans themselves, as well as people who feel closely connected to the veteran community. We also have a number of other agencies participate with us so Department of Labor Department of Health

765

02:24:05.170 --> 02:24:17.090

CAB NYC: Office, of General services amongst other agencies, and we meet regularly to discuss veteran needs ways that we can support the veteran community and provide them with information.

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02:24:17.130 --> 02:24:37.549

CAB NYC: Last week we participated in Vetcon along with our external affairs. Team Vetcon stands for veterans and economic transition Conference, and it's the largest State conference devoted to serving the veteran community. While we were there. It was a wonderful opportunity for us to have conversations with

767

02:24:37.580 --> 02:24:56.300

CAB NYC: organizations, nonprofits and other State agencies around how we can best serve this community. One of the things that we heard there is that overall. There is a lot of opportunity for veteran specific technical assistance, and there are providers for such assistance across other industries.

768

02:24:56.380 --> 02:25:01.550

CAB NYC: There is, however, a major gap in the cannabis industry, as I'm sure we can all imagine.

769

02:25:01.630 --> 02:25:22.450

CAB NYC: And so there's work to be done here around. And Ocm really sees an opportunity here to support veteran specific technical assistance programs. Now, the Ros, as part of their transition into the adult use market, are responsible for paying a special licensing fee set by the statute.

770

02:25:22.530 --> 02:25:25.744

CAB NYC: Part of that fee goes towards

771

02:25:26.330 --> 02:25:46.289

CAB NYC: programs like this technical assistance one. It generally serves our incubation programs. And this veteran specific technical assistance program is a wonderful way in which we can utilize such fees to really address the specific skill set that our veterans have,

as I showed in a previous slide. They're really strong in the micro business.

772

02:25:47.270 --> 02:25:57.539

CAB NYC: So we're thinking about ways that we can build upon that unique skill set that the veterans have and really support them as part of our broader sea initiatives.

773

02:25:57.760 --> 02:26:24.379

CAB NYC: While we were at Vetcon we distributed a document that you'll see here on the right of the screen, and A. QR. Code can take you to it, and this document provides information specific to the vet, so questions about will I lose my benefits. If I consume cannabis, will I lose my benefits if I obtain a license, what does employment look like? What can my employer do or not do? If I consume cannabis?

774

02:26:24.380 --> 02:26:40.619

CAB NYC: How can I consume responsibly. What about my security clearance? Right? There are particular needs of that community. And this document is one of the 1st steps we're taking to speak directly in a very public way to the veteran community. I just have one more slide before I wrap up

775

02:26:41.290 --> 02:26:42.730

CAB NYC: next slide, please.

776

02:26:44.280 --> 02:27:06.580

CAB NYC: Our retail accelerator program with our Academy. John spoke on this a bit earlier. This program is coming to an end. If you recall the agency worked with our Academy in 2023. I'm like, what year are we in in 2023 to provide educational services to card

777

02:27:07.110 --> 02:27:29.600

CAB NYC: and retail services in particular? We've since expanded the program to include 750 card as well as social and economic equity participants. And this is a fantastic program with our partner, our Academy, a 501 c. 3, nonprofit that has extensive experience in this industry, and they've been able to provide our licensees with

778

02:27:29.600 --> 02:27:51.860

CAB NYC: 90 free educational sessions, 92 h of teaching time, one on one engagement. We're at 650 h of that. They're getting pro forma models prepared with mentors. They're getting that sort of guidance

and handholding that we need as an industry and as a state that's doing adult use cannabis for the 1st time.

779

02:27:51.960 --> 02:28:09.129

CAB NYC: This has been a really strong resource, and we're really grateful for the work that they've been able to do on the ground. Now the program is coming to an end, and licensees have access to the live virtual hours and the recordings and and the coursework until December 15.th

780

02:28:09.360 --> 02:28:35.190

CAB NYC: If you need access to it, and you are a licensee, you don't yet have that, please. You can reach out to see@ocmny.gov, and we'll direct you. Put you in the right direction. You can also reach out to this is our Academy at this email down here on the screen. Now, again, this is coming to an end. So we encourage our licensees to tap in. I also just want to close and say that

781

02:28:35.190 --> 02:28:39.579

CAB NYC: this program we were able to launch with our Academy is the largest

782

02:28:39.670 --> 02:28:43.089

CAB NYC: cannabis education program in the country.

783

02:28:43.100 --> 02:29:04.800

CAB NYC: and it has made a profound difference on what we see in the market. You know, when John is sharing his market updates a lot of what we're seeing are the direct results of our incubation programming and our educational programming such as this one. So thank you. And I'm happy to take any questions before I pass it along to Matt.

784

02:29:06.050 --> 02:29:15.322

HVCC – BTC Meeting Room 2: If I could. Just make 2, 1 comment and one request. The comment is,

785

02:29:15.920 --> 02:29:17.819

HVCC – BTC Meeting Room 2: well, first, st thank you very much.

786

02:29:18.385 --> 02:29:22.959

HVCC – BTC Meeting Room 2: And it's good to see the progress that's being reported. But

787

02:29:23.364 --> 02:29:28.979

HVCC - BTC Meeting Room 2: I think it's clear we need to do more in the non retail license categories.

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02:29:29.630 --> 02:29:32.929

HVCC - BTC Meeting Room 2: So we we look forward to

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02:29:33.040 --> 02:29:40.330

HVCC - BTC Meeting Room 2: anything we can do to help and encourage more to get more diversity. And

790

02:29:41.037 --> 02:29:45.039

HVCC - BTC Meeting Room 2: the distribution and cultivation and processing

791

02:29:45.536 --> 02:29:53.289

HVCC - BTC Meeting Room 2: and the request I had is at a future meeting or maybe the next meeting.

792

02:29:53.400 --> 02:29:56.700

HVCC - BTC Meeting Room 2: Can we get information?

793

02:29:57.273 --> 02:29:59.989

HVCC - BTC Meeting Room 2: Or have a conversation about

794

02:30:00.270 --> 02:30:15.200

HVCC - BTC Meeting Room 2: the employees, and also the vendors that the licensees are using. To see if these

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02:30:15.650 --> 02:30:22.350

HVCC - BTC Meeting Room 2: licenses are driving dollars back into the communities. And

796

02:30:24.190 --> 02:30:28.719

HVCC - BTC Meeting Room 2: the diversity is extending to the employees and also to.

797

02:30:29.000 --> 02:30:37.350

HVCC – BTC Meeting Room 2: you know, the electricians and tradespeople and other vendors, that the that the locations are using.

798

02:30:38.790 --> 02:30:57.299

CAB NYC: That's a great set of comments, and it's something that we internally are very curious in tracking as well. I'll check with our data team in terms of what data we ultimately have that we can pull for that. As you mentioned, tracking employees.

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02:30:57.360 --> 02:31:02.050

CAB NYC: I'm thinking specifically, you know, the extent to which we can show the different levels

800

02:31:02.080 --> 02:31:05.040

CAB NYC: amongst employees. Right? We understand that

801

02:31:05.230 --> 02:31:29.910

CAB NYC: amongst an organization's workforce there are different positions and different roles. And so it would be really interesting to see what that looks like across the different roles, also thinking about the vendors, and specifically the vendors that would qualify as a Tpi. So let's say, for example, you're a licensee, and you have a plumber

802

02:31:30.350 --> 02:31:40.509

CAB NYC: who comes in and checks your pipes, and that plumber. You have a goods and services agreement with them. They might not pass the thresholds

803

02:31:40.510 --> 02:32:01.840

CAB NYC: under our Tpi regulations to sort of get on our map and get on our radar. So data for that plumber would be difficult to find, but we might be able to find it for other goods and services. Providers that do, let's say, have a larger financial interest within that license. So yes, definitely, we'll work on getting that. Thank you.

804

02:32:04.010 --> 02:32:11.000

HVCC – BTC Meeting Room 2: Anybody else have any questions or comments before we move on to the community reinvestment fund update.

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02:32:13.270 --> 02:32:23.650

HVCC – BTC Meeting Room 2: All right. I'm going to turn it over to

Matt Wilson, who is going to give us what I think will be an exciting update on our community reinvestment

806

02:32:23.760 --> 02:32:24.680

HVCC - BTC Meeting Room 2: program.

807

02:32:26.990 --> 02:32:29.920

CAB NYC: Thank you. Chair Belick.

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02:32:30.380 --> 02:32:44.060

CAB NYC: I want to start by saying that the application window for the community reinvestment program remains open and the deadline has been extended until December 18.th At 5 Pm.

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02:32:44.070 --> 02:32:50.789

CAB NYC: We received over 200 questions during the Q. And a period

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02:32:51.070 --> 02:32:58.839

CAB NYC: applicants often depend on the answers that we're able to provide in order to craft their proposals.

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02:32:58.890 --> 02:33:07.279

CAB NYC: and due to the large volume of questions we received, we needed extra time to complete and vet those responses

812

02:33:07.730 --> 02:33:19.290

CAB NYC: in order to balance the ledger and afford applicants the same amount of time. After we had provided answers, we added an additional 5 days to the application window.

813

02:33:19.990 --> 02:33:28.500

CAB NYC: the office of general Services, which again hosts Ocm. And is hosting the community reinvestment program

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02:33:28.520 --> 02:33:47.619

CAB NYC: procurement published the most up-to-date addendum on November 27, th that includes answers to the questions that were received. I also want to just inform the cab of a couple other changes that were made in that addendum.

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02:33:47.870 --> 02:34:01.990

CAB NYC: Most of are small in nature. One is, we added, a missing addendum that was related to Mwbe and Eeo requirements.

816

02:34:02.280 --> 02:34:30.149

CAB NYC: In scoring applications we have revised our definition of desperate scores as 10 points or more originally desperate scores would be applications where the spread between highest and lowest score was 20 points. We have narrowed that to create a bit more inter-rater reliability between evaluators.

817

02:34:31.131 --> 02:34:40.280

CAB NYC: We removed a component of the general liability insurance requirement. Specifically, the products completed operations aggregate.

818

02:34:40.590 --> 02:34:53.979

CAB NYC: This presented challenges for another Ocm. Grant opportunity and was likely to cause an unnecessary burden on community reinvestment program awardees.

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02:34:55.248 --> 02:34:59.859

CAB NYC: We Updated the due date again. December 18.th At 5 Pm.

820

02:35:00.070 --> 02:35:23.480

CAB NYC: We clarified some instructions about uploading, signed addenda for anyone who is watching the office of general services requires that applicants sign and acknowledge that they have seen all the addendum issued for the Rfa. And we have added instructions about

821

02:35:23.480 --> 02:35:45.909

CAB NYC: where and how to upload those documents in Ocm. Grants. And finally, we removed a confusion that had emerged about what we would accept as overhead. And we have now just clearly capped that at 10% or \$10,000 of the total grant amount.

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02:35:47.083 --> 02:36:02.699

CAB NYC: I also want to provide the cab. Just a more general update on the preparations we're making inside Ocm. To evaluate applications. While we won't know the number of applications submitted until after the due date.

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02:36:02.770 --> 02:36:30.960

CAB NYC: we can see that more than 600 organizations have registered in Ocm grants, and that many hundreds of applications have been started. On the whole, this is fantastic news. I think it means we're getting the word out there, and there is a lot of interest in this opportunity. But of course the evaluation effort grows in scale as the number of submitted applications increases

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02:36:31.550 --> 02:36:38.949

CAB NYC: as specified in the Rfa. Every application will be scored independently by 3 people.

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02:36:39.390 --> 02:36:44.399

CAB NYC: We are recruiting more than 30 individuals from across the agency

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02:36:44.460 --> 02:36:54.780

CAB NYC: in preparation for that evaluation effort. We're preparing guidance documents, in-depth trainings

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02:36:54.860 --> 02:37:04.190

CAB NYC: to prepare the evaluators, and we will also provide ongoing support throughout the evaluation period as questions and concerns arise.

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02:37:04.260 --> 02:37:12.170

CAB NYC: and then, finally, for anyone watching, I encourage applicants to review the most up-to-date Rfa.

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02:37:12.691 --> 02:37:20.918

CAB NYC: And if I have neglected to mention earlier in this presentation, the due date is December 18th at 5 Pm.

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02:37:21.400 --> 02:37:48.199

CAB NYC: And I also want to remind applicants that you must pre-qualify in the statewide financial system by the application deadline. So for anyone who has started an application in Ocm. E. Grants, please check your status of your Sfs pre-qualification and take the necessary steps to be pre-qualified by the application deadline.

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02:37:48.210 --> 02:38:02.920

CAB NYC: And finally, I encourage anyone watching to please visit

Ocm's website via the QR. Link. There you can find a link to the Rfa. Guidance and support documents, and how to apply.

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02:38:02.920 --> 02:38:18.779

CAB NYC: and some navigation assistance for the Ocm. E. Grants that concludes my presentation here. Happy to take any questions and concerns, otherwise I believe I will pass to John for an update on seed to sale.

833

02:38:21.130 --> 02:38:22.190

HVCC - BTC Meeting Room 2: Thank you, Matt.

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02:38:23.560 --> 02:38:31.390

HVCC - BTC Meeting Room 2: before we do that, John. I just want to acknowledge that chair of the Ccp. Jermaine Wright is with us. Hi, good to see you. Hello!

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02:38:33.230 --> 02:39:00.300

HVCC - BTC Meeting Room 2: Thank you. Just a quick update on the seed to sales system. We are moving full speed ahead to implement this. See? Sales system that's going to provide us the ability to track every product in our ecosystem from the time it is a seed in the ground to the time it ends up in a consumer's basket at the retail store in service of that transition, and this is going to be a significant undertaking over the coming months.

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02:39:00.830 --> 02:39:21.820

HVCC - BTC Meeting Room 2: The office in partnership with our C to sales solution provider biotrack have scheduled 6 webinars that will be made available and accessible to all of our licensees. You should have actually already received the 1st emails about these but between the first, st which begins next Tuesday, December 17, th

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02:39:21.820 --> 02:39:45.900

HVCC - BTC Meeting Room 2: through the final one, which will be hosted on January 23, rd we'll be having a market vertical specific webinar, including for 3rd party integrators, cultivators, testing facilities, manufacturers, retailers, and the second one for the 3rd party integrators, just to provide some orienting context and some critical information to help folks as you begin to transition your businesses

838

02:39:45.900 --> 02:40:10.030

HVCC - BTC Meeting Room 2: to these systems. This is going to be a

really critical part of regulatory process moving forward, and we urge all of our licensees to attend or have their representatives attend these sessions, because this is certainly one of the cases where you don't want to wait until the night before your homework is due to try and flip this on. There's going to be some technical requirements. We want to make sure you understand

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02:40:10.030 --> 02:40:18.129

HVCC - BTC Meeting Room 2: what we're collecting and why. And these webinars, which will be available for replay, will be hosting them on the website. Will be a great place to get that information.

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02:40:18.130 --> 02:40:26.309

HVCC - BTC Meeting Room 2: So look out check your inboxes and look out for further information about this. But the 1st webinar for the platforms that for the

841

02:40:26.460 --> 02:40:39.499

HVCC - BTC Meeting Room 2: 3rd party platforms that are going to be plugging into seats to sale is going to be held on Tuesday, December 17, th at one Pm. And we look forward to working with you through the course of this deployment.

842

02:40:40.420 --> 02:40:44.990

HVCC - BTC Meeting Room 2: Thank you, John. Before we close. I wanted to do 2 things first.st

843

02:40:44.990 --> 02:40:45.550

CAB NYC: So.

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02:40:45.550 --> 02:41:07.549

HVCC - BTC Meeting Room 2: I want to thank all the members of the cab who've expressed an interest in helping to form and being a part of our new Environmental Sustainability Subcommittee. We have quite a bit of interest, and we will have some more information to you soon. Also, I want to

845

02:41:07.907 --> 02:41:33.309

HVCC - BTC Meeting Room 2: acknowledge one of our retail licensee owners, Matt Robinson, from legacy dispensaries who I was fortunate enough to go to the opening of. And Matt, I didn't know if there was anything, appreciate you coming here to support the work of the cab. I didn't know if there was anything you wanted to say before we close

out the meeting. But let me bring the microphone over to you.

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02:41:38.220 --> 02:41:45.220

HVCC - BTC Meeting Room 2: Thank you very much. Like, I say, thank you to the Control Board and Advisory Board

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02:41:45.410 --> 02:41:51.540

HVCC - BTC Meeting Room 2: for just having me here today and just giving us the opportunity to speak and say something. I'm not going to be long. I'm going to be very brief.

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02:41:51.590 --> 02:41:59.410

HVCC - BTC Meeting Room 2: The Advisory Board did very well today on a lot of the stuff they brought up. Those are definitely concerns of retailers.

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02:41:59.940 --> 02:42:02.250

HVCC - BTC Meeting Room 2: John did a great job answering them.

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02:42:02.300 --> 02:42:09.899

HVCC - BTC Meeting Room 2: Really good, really information, and a lot of stuff that nobody really understood or knew came about today. So thank you for that. We appreciate that?

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02:42:10.348 --> 02:42:13.079

HVCC - BTC Meeting Room 2: I did have a couple of things that I still wanna

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02:42:13.310 --> 02:42:15.369

HVCC - BTC Meeting Room 2: sort of bring up and have questions about.

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02:42:16.181 --> 02:42:19.970

HVCC - BTC Meeting Room 2: The tax portion, allowing the adult use

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02:42:20.030 --> 02:42:23.229

HVCC - BTC Meeting Room 2: dispensaries to waive the medical tax

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02:42:23.270 --> 02:42:27.100

HVCC - BTC Meeting Room 2: when medical customers come in with a medical id.

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02:42:27.380 --> 02:42:33.280

HVCC - BTC Meeting Room 2: I'm not asking to vertically integrate. I'm not asking to process, cultivate or do anything outside of my tier.

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02:42:33.390 --> 02:42:37.740

HVCC - BTC Meeting Room 2: but I think that would be appropriate. It would be equal. It would help in our playing field.

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02:42:38.800 --> 02:42:40.829

HVCC - BTC Meeting Room 2: That's gonna be a major thing

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02:42:40.890 --> 02:42:43.949

HVCC - BTC Meeting Room 2: going forward in the future when you say you have 11

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02:42:44.683 --> 02:42:53.350

HVCC - BTC Meeting Room 2: current Ros, or whatever it may be, with another 9 or 6 coming along. They're going to be close to dispensaries. They're gonna have an advantage.

861

02:42:53.490 --> 02:42:56.709

HVCC - BTC Meeting Room 2: And not having that text. That's gonna be a major thing.

862

02:42:57.430 --> 02:43:25.830

HVCC - BTC Meeting Room 2: Also, I wanted to talk to some about something that I know is being done. I think it's sitting on the governor's desk, but just making it so we can do our taxes yearly instead of quarterly. I mean, quarterly is just a headache. It just. It drags our time, and we're trying to be successful. You know. We're trying to stay up to date on what's going on and doing the quarterly taxes, though everything seems easy, it takes time to make sure that everything is correct. So switching that to yearly instead of quarterly is going to be a major thing.

863

02:43:28.180 --> 02:43:36.830

HVCC - BTC Meeting Room 2: also on site consumption as time goes, and we sort of stabilize the market which is starting to happen, which will happen over the next 2 years. I'm assuming

864

02:43:37.186 --> 02:43:40.780

HVCC - BTC Meeting Room 2: we're gonna start moving towards other things as far as on site consumption.

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02:43:40.800 --> 02:43:43.120

HVCC - BTC Meeting Room 2: I'm having a good plan in place.

866

02:43:43.180 --> 02:43:46.269

HVCC - BTC Meeting Room 2: for that is gonna be very, very important.

867

02:43:46.660 --> 02:43:59.480

HVCC - BTC Meeting Room 2: Municipalities aren't going to understand the complexities of having on-site consumption and allowing people to potentially smoke inside of a building where in a state, it's illegal to smoke in a building.

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02:43:59.760 --> 02:44:01.330

HVCC - BTC Meeting Room 2: So that's something that

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02:44:01.500 --> 02:44:14.769

HVCC - BTC Meeting Room 2: you guys are going to have an uphill battle with that. You should start planning if you're not already. And I know you guys are working hard and diligently, but start planning for that in the future as well. There's going to be a lot of issues with that. A lot of stuff is going to come about it.

870

02:44:15.337 --> 02:44:26.040

HVCC - BTC Meeting Room 2: I'm not going to get into like a lot of other things, but those are just some of the things that are my concern. So thank you very much for having me here today, and I appreciate everybody and all the work that Ocm does.

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02:44:27.090 --> 02:44:29.369

HVCC - BTC Meeting Room 2: Thank you and thank you again for coming

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02:44:29.922 --> 02:44:41.269

HVCC - BTC Meeting Room 2: and I want to acknowledge also my friend Rossi, who's been working hard on that legislation. And at parkside strategies. With that.

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02:44:41.270 --> 02:44:48.839

CAB NYC: You've got. There's on the New York City side. We've got 2 questions. One.

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02:44:48.840 --> 02:44:49.820

HVCC - BTC Meeting Room 2: Okay.

875

02:44:49.820 --> 02:45:16.029

CAB NYC: From June. So do you want to go first, st or you want me to ask the question. Okay, so just a question on the seat to sale system. You know I have a question for John or anyone from the Ocm. Team, but obviously, you know, I can't be the only member of the board who's heard concerns about the effects of inversion on the market. So I just love an update on how the seat to sale system is going to

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02:45:16.030 --> 02:45:25.340

CAB NYC: address that. And if there's going to be a task force in partnership with the seed to sale task force going live to make sure that

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02:45:25.772 --> 02:45:32.870

CAB NYC: all the products being sold in New York are, are New York grown both literally and figuratively.

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02:45:35.410 --> 02:45:58.490

HVCC - BTC Meeting Room 2: So maybe I'll just start and welcome other comments from from Staff. But part of the reason why we're so excited and and so keen to get the system operational is because it just strengthens our our regulatory compliance basis, our ability to ensure compliance, adherence. You know, the without the seat to sell system in place.

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02:45:59.070 --> 02:46:27.160

HVCC - BTC Meeting Room 2: really be relying on the licensees to tell us what they have, how much they grew, where it's coming from, etc. And so, if you have a seed to sales system in place, it certainly reduces the ability, for there to be immaculate conception, because theoretically, the tags that will be issued to each of the plants will follow those plants through maturity, and then you can start to understand. Well, you know, how is it possible that 100,000 pounds emerged out of a field that had 10 plants in it?

880

02:46:27.785 --> 02:46:50.359

HVCC - BTC Meeting Room 2: So we see this as a really critical tool to

support our supports, to support our efforts in monitoring the flow of product through our ecosystem. You know we we recognize that you know it is additive, but it is also going to need to be done in coordination with a very robust

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02:46:50.420 --> 02:47:18.330

HVCC - BTC Meeting Room 2: kind of human capital based compliance, adherence, effort. You know, we will have the personnel being sent to farms processors just to make sure things are there and appropriately accounted for. But we're very optimistic that the combination of the sea to sales system being implemented, the additional resources that we're dedicating toward compliance will ensure that the product being sold in our stores are grown bred and manufactured right here in the State of New York.

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02:47:20.310 --> 02:47:21.500

HVCC - BTC Meeting Room 2: Dr. Chen.

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02:47:22.180 --> 02:47:31.120

CAB NYC: Great. That's awesome, John. Thanks. I'm excited to see the seed to sales system invitation, since it really provides a

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02:47:31.480 --> 02:47:37.270

CAB NYC: traceable data on products and consumer behavior which is essential for research.

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02:47:37.540 --> 02:47:41.260

CAB NYC: And I also want to thank the Ocm for

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02:47:41.370 --> 02:47:44.960

CAB NYC: ongoing monitoring of cannabis use among minors.

887

02:47:45.240 --> 02:47:52.349

CAB NYC: I echo Sarah's sentiment. I think public health team's effort in tracking this issue is key.

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02:47:52.740 --> 02:47:58.449

CAB NYC: But I want to note, you know, for the last year our focus has been on the adult use program

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02:47:58.810 --> 02:48:10.120

CAB NYC: and the medical cannabis program faces, critical challenges as patients leave. So we have local health providers recommending patients. Just walk into the closest dispensary

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02:48:10.390 --> 02:48:14.130

CAB NYC: we have existing, Ros closing and consolidating.

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02:48:14.290 --> 02:48:20.329

CAB NYC: We also had these newly licensed Ros entering an adult use dominated market.

892

02:48:20.350 --> 02:48:24.719

CAB NYC: And all this is risking the medical program stability.

893

02:48:25.050 --> 02:48:36.599

CAB NYC: So I really want to take actions to safeguard the medical cannabis program while the adult use program has gained so much of our attention. We can't let the medical program fall

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02:48:36.890 --> 02:48:39.250

CAB NYC: because patients are counting on us.

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02:48:39.990 --> 02:48:46.359

CAB NYC: And I'm also expressing the concerns of the Medical Cannabis Advisory Council.

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02:48:46.400 --> 02:48:53.140

CAB NYC: And this is the team of 13 dedicated health providers who share these critical concerns

897

02:48:53.270 --> 02:49:06.500

CAB NYC: about the program stability and the impact on patients. So I do want to urge the cab and the Ccb. To support any efforts that strengthen health outcomes, advanced research

898

02:49:06.840 --> 02:49:23.940

CAB NYC: enhance public safety, any robust data collection on both patient and consumer outcomes. So I'm looking at both medical and adult use program. It's critical to these goals to guide clinical practices and inform public health initiatives.

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02:49:24.990 --> 02:49:25.820

CAB NYC: That's it.

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02:49:28.360 --> 02:49:31.950

HVCC - BTC Meeting Room 2: Thank you, Dr. Chin, and I think we can all

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02:49:32.130 --> 02:49:58.670

HVCC - BTC Meeting Room 2: say that we are fully aligned on that mission to continue to strengthen, preserve, and advance the medical cannabis program here in New York. I expect you will be seeing some robust proposals coming out of the office in collaboration with our partners to ensure. We can achieve that. Nothing yet that we're discussing since these proposals are under development. But we are fully aligned that there's an opportunity here, and we want to make sure that this program remains strong and vibrant. Well, into the future.

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02:50:00.870 --> 02:50:03.890

HVCC - BTC Meeting Room 2: Thank you, John, and I. I trust you'll

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02:50:04.170 --> 02:50:12.210

HVCC - BTC Meeting Room 2: involve Dr. Chen and her subcommittee and and the cab as you're developing those proposals. Absolutely

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02:50:12.790 --> 02:50:20.010

HVCC - BTC Meeting Room 2: okay. With that, I would like to thank all of the cab members for

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02:50:21.830 --> 02:50:27.881

HVCC - BTC Meeting Room 2: coming and participating in the meeting both in person and via live stream. I'd like to.

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02:50:28.500 --> 02:50:34.870

HVCC - BTC Meeting Room 2: I think. The staff at Ocm. Tabitha, Lila Matt Wilson, Pat

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02:50:35.447 --> 02:50:48.132

HVCC - BTC Meeting Room 2: John, thank interim. Executive Director Reed for participating and also showing up and thank Chair Wright for being here to be part of the conversation.

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02:50:48.860 --> 02:50:57.149

HVCC - BTC Meeting Room 2: the time for the next meeting location and live stream link will be on our website, cannabis.my.gov.

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02:50:57.180 --> 02:51:05.760

HVCC - BTC Meeting Room 2: and a recording of today's meeting, and the minutes and a transcript will be posted there as well. With that can I have a motion to adjourn the meeting?

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02:51:06.410 --> 02:51:07.689

HVCC - BTC Meeting Room 2: All motion?

911

02:51:07.800 --> 02:51:09.720

HVCC - BTC Meeting Room 2: Do I have a second.

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02:51:10.740 --> 02:51:11.280

CAB NYC: Second.

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02:51:12.550 --> 02:51:15.410

HVCC - BTC Meeting Room 2: Excellent. Is anybody object?

914

02:51:16.360 --> 02:51:20.639

HVCC - BTC Meeting Room 2: Okay? With that our meeting is adjourned. Happy holidays.