CAB Market Participation Deliberation Session

Tuesday, 11.21.2017

Attendees

Shanel A. Lindsay, Chair
Nichole Snow
Matt Allen
Tessa Murphy-Romboletti
Lydia Sisson
John Lebeaux
Kim Napoli
Ray Berry

Session Opening

Opening Motion

Shanel A. Lindsay call's the session to order at 2:48pm with a quorum present. Shanel asks if everyone can hear her and let's everyone know that they may be being recorded as people are filming the session.

Last Meeting Follow-up

1. **Motion to approve the minutes for 11.13.17 - John Lebeaux seconds.**
   All in favor (via roll call): Kim Napoli , John Lebeaux, Lydia Sisson, Matt Allen, Nichole Snow , Shanel A. Lindsay, Ray Berry
2. **Holding off on approval of 11.9.17 minutes as Kim Napoli mentioned that edits are needed**

Future Meetings

- **Next week's meeting on Tuesday, 11.28.17 will start at 2pm**
- **Shanel suggests that another deliberation session is set for 11.30.17 from 1:00-2:30pm**
    - **All agreed, and some may only be available by phone**
- **This sub-committee will submit resources, hopefully by today**

Thoughts on Listening Sessions

- **Nichole Snow**
    - **Loved that people felt comfortable discussing their experiences openly**
    - **Saw that these cannabis businesses are operational, but have no pathway to legitimacy currently**
    - **Thought the sessions were a good depiction of how our economy is made up small businesses**
- **Tessa Murphy-Romboletti**
    - **Agrees with Nichole's thoughts and added that the cannabis industry has not been accessible for most so far, esp the medical side of the industry. This has caused a lot of people who want to get involved in the regulated market to already feel like they won't have access into the industry**
- **Kim Napoli**
    - **Found people with past criminal justice backgrounds wanting to get involved very moving and sees this industry as being able to help people who are trying to move forward, and their families**
- **Lydia Sisson**
    - **Expressed that the social justice component of this sub-committee is very very cool**
- **JohnLebeaux**
    - **Liked that the small craft farmers are getting involved and wants the advisory board and the commission to keep these people in mind**

- **Matt Allen**
    - **Heard a lot of frustration about the application process and the insurmountable barrier of fees as these fees and financial requirements make many people feel like they can't get involved**
    - **While in Roxbury, he heard that existing companies in this industry have lots of resources. This is shown in the legal and lobby teams, as well as other tools they employ to help push their needs and desires**
    - **Matt wants requirements within the regulations to be accessible by small businesses in all aspects of the industry**
    - **Thinks it is important that we address differences in regulations. For example, does a small grow need the same kind of security as a huge one with thousands of plants?**
    - **Saw that the lack of capital affects small businesses throughout the process, not just the application process**
- **Shanel A. Lindsay**
    - **Is impressed by the quality of people who came and spoke at the sessions, and saw representation of every piece of the regulation that the sub-committee are writing recommendations on**
    - **A couple of themes she noticed:**
        - **Frustrations with current lay of the land in the cannabis industry in the state**
        - **Most people in the community cannot meet the financial standards set**
        - **Over and over again, the sub-committee saw the need for limited licenses and more accessible requirements and fees**
        - **The need to set up a system to foster relationships between smaller operations and retailers (and the like) to keep patient's medicine clean and regulated**
    - **Shanel wants the sub-committee to consider these themes throughout the process as application challenges are not only barrier**
- **Ray Berry**
    - **Thinks it is important that we go out into various pockets of the community, and that everyone has a voice as we are the ones that need to take those conversations and form them into recommendations and regulations**

- **Agrees that regulations should be put in place, and wants something in place to help converse and adjust moving forward**

Discussion on Sub-Subcommittee Recommendations

Impacting communities that have been affected by prohibition

- **Redress of the harms of prohibition is the underlying mandate about the commission promulgating regulations to foster full inclusion from communities**
- **What other states and cities are doing can be helpful for this**

Local and State Diversity Programs and Recommendations (doc)

- **In this document one can see some of the goals and recommendations coming out of these cities pertaining to diversity**
- **More along the lines of a diversity program**
- **Encouraging diverse populations to be involved**
- **PA also had diversity as part of its original act with a requirement that diverse groups (with qualifying definitions) to be a part of this system**

San Francisco Equity Report

- **People of color and in lower socioeconomic groups across the country are incarcerated at higher rates and have more barriers to entry**
- **San Francisco is looking to Oakland and Los Angeles to help them build their diversity programs**
- **The core involved keeping those who are most affected by prohibition as also getting to benefit from the new regulated system**
- **There are ways that we can generate money besides taxes to help support these endeavours**

Los Angeles Social Equity

- **Encouraging competition**
- **They have provisional licensing, like things we are including in our system**
- **Uses a 1:1 ratio for social equity licenses : general licenses (which is becoming a very popular way of doing this)**
- **Some kind of monitoring to ensure licenses are being properly assigned is important**

- **In Cambridge it came out that liquor licenses were not going to people of color and they were in fact being given to friends of people involved for free (while others had to pay)**

City of Oakland (also see San Francisco Equity report doc)

- **One of, if not *the* best equity piece out there**
- **½ of all licenses will be equity licenses**
- **Every regular license is tethered to an equity one as they apply together and get licenses together**
    - **This ensures that the largest more resource-rich applicants are supporting the smaller licenses who have less access to capital and resources**
- **Oakland has resident requirements with exceptions being afforded for people who have, for example, been incarcerated**
- **This system is great but it is not enough as the smaller equity licenses need support to get themselves up and running. For example, equity licenses are working out of the library because they don't have a computer, etc. This begs the question, how can we ensure support outside of the license itself?**

Nichole:

- **Spoke about a business plan workshop as she is very worried about small business licenses and wants applicants to have a great experience and the tools so that they can apply. Subjects taught in the workshop would include writing a business plan, applying for loans, etc.**

Kim

- **Likes the residency requirement for communities disproportionately affected by the war on drugs so that people don't move into those communities for purely opportunistic purposes.**
- **The 1:1 ratio makes sense, and how are they enforcing it?**
    - **Shanel mentioned that it is already in place. Each applicant that put in an application yesterday (the 1st day they were accepted) had to have an equity license with them, and works closely with them although they are independent entities**

- The general applicants expressed that it would have been helpful if there was additional support for the equity applicants
- Nichole wants Massachusetts to have something available at all times for these licenses, not just workshops. Maybe even have a remote center so the people who need them can acquire these resources

Lydia

- Requested an elaboration on the Los Angeles expungement program. Were any managed by the state, or just the city?
  - Shanel spoke about there being 0 and low interest loans have being in discussion with the commission, although it is a little complicated and will look into the expunging details and how LA is handling that.

Tessa

- An investment program is really important and she likes the idea of waiving fees for equity applicants

Kim

- In reference to the Oakland 1:1 application process, how would you implement this state wide, and not just in the city?
- How do the businesses find each other? She doesn't want people with more money preying on people with less for their own benefit and doesn't want the larger businesses to hold onto equity applicants merely for the application process, and then leave after licensing instead of providing further partnership.
  - Shanel mentioned that the information she has is that they self-identify. We can also get people designated as equity applicants and they go on a list, which will also give them exposure
  - Brought up the idea that complementary businesses that go together (not 2 dispensaries, but rather dispensary and delivery, etc.)
  - Wants to encourage equity applicants to have businesses all over state, not just in equity areas, but we should still have provisions for equity areas to give back to those communities
  - Shanel needs to look into this and get more info
- Shanel wants equity licensing to be useful in a broader sense, not just licensing, and keeping people included at ALL levels of the industry. While making sure that it does not creates more barriers
- There is an education component that helps identify equity companies, which would help as well for previously incarcerated people

- **Lydia wants there to be standards before they apply, so that people find out if they would be eligible for equity before spending time and money on the application**
- **Kim Spoke to the provisions for priority licensing like equity and existing companies**
- **Shanel doesn't see the importance of equity applications going down moving forward, it is instead more akin to building an "equity foundation". And in fact, doing it this way will be the only way to ensure equity in the industry**
- **Kim wants us to be aware that we are talking about both ongoing licenses and initial licenses, and asked if the system we are building now would work moving forward**
- **Shanel hopes more people will read into the Oakland regulations and she will as well**

Sub Sub Committee on Small Licenses Recommendations (doc)

- **Nichole started by stating that these are broad strokes and that the advisory board needs to put more verbiage into it (see her printouts).**
    - **Acknowledges that current businesses are in existence, and that some do not touch any products and that part of the structure of business in massachusetts is small businesses getting products from co-ops and vice versa**
    - **Farmers and small businesses are not going to be able to reach the current medical licensing requirements**
    - **Listening sessions showed her even more how many businesses incorporate cannabis, but are not cannabis businesses (such as yoga, massage, lounge, etc.) They already have professional licenses from the proper board, how do we incorporate those with cannabis licenses.**
    - **Nichole is concerned that people will continue to operate, but not legally. If they do, they would be legally liable for anything unintended, and could lose their professional licenses**
- **Lydia is wondering how sub-committees are communicating as some content is overlapping**
- **Shanel suggests we pull in some of the recommendations already approved in other sub-committees and see if they are in line with the current ones in this sub-committee and suggested we present some of these in the next meeting**
    - **Lydia requested that Nichole pull together and present industry sub-committee's thoughts on these smaller licenses at the next session**
    - **Kim said that they will be presenting some information that will address these small business issues and can bring it in next time**

    - Nichole wants to make sure current professional licenses are being considered
    - Kim said they have looked at it as: Who would want a license and how would they go about it ? Is this sub-committee allowed to do the same?
    - Shanel answered that as long as open meeting laws are followed, sub-committee's should be able to share the information
    - Kim will share with that group first, then share with Shanel who will share with this sub-committee
    - Shanel requested that everyone pull together recommendations from the Industry Sub-Committee for next week's meeting, and will discuss the rest the last 2 meetings
- Lydia wants to make sure people have a way to legitimize their business, whatever that may be

Sub Sub Committee on Co-Operatives (doc)

- Shanel wants this sub-committee to come up with recommendations based on other sub-committees recommendations
- Lydia wants anyone in a co-op to be able to participate in any tier to ensure inclusion
- Shanel wants Lydia, John and Nichole, to present the information to this sub-committee so that they may be voted on next week
- Lydia will present to the Industry Sub-Committee on Monday and then to this sub-committee on Tuesday

Recommendations from The People of Color Sub Committee (doc)

- Shanel asks if there are any other recommendations we can include here
- Ray feels strongly that after hearing some of the other regulations out there, we will be able to create even stronger ones here
- Giving individuals with a record the opportunity to be included in the industry
- Because of some barriers to access capital, there should be a discussion on loans for eligible people (like common capital in Western Massachusetts)
- Communities of color should be given some sort of priority along with community residents
- Implement an avenue or vehicle that provides technical assistance along the way to eligible applicants
- Wants incentives to business owners to hire from within community

- **Likes the community board but might need more conversation around this. The benefit is to strengthen the ongoing conversation from the community**
- **Money being set aside for community benefit**
- **Not in the notes, but it's important to ensure there is a conversation about zoning for these facilities. There is a concern that there will be a disproportionate number of cannabis businesses in communities of color, much like liquor stores**
- **John wants to know what is an agricultural business defined as in question 4 in the document?**
    - **Ray is unsure and will have to check**
- **Kim has an issue with not giving the community the choice on which businesses will be allowed in those communities**
- **Nichole mentions that they are not considering the small licenses in the 20%. Let's preserve some of these for small businesses**
- **Shanel notes that this piece was brought up in session, and it continues to need clarity. She requests that it be discussed with other sub-sub-committee members**
- **Shanel mentions that these ideas are paralleling others, and it is good to know we are on the same page with a lot of the people who are working on these**

Women and Veterans

- **Nichole talks about education and allowing women to be independent really helping. For any citizen this helps, but for women it is particularly helpful**
    - **Women tend to have their ducks in a row order before applying**
- **(Lydia leaves at 3:57pm. There is a still a quorum)**
- **Shanel asks what people think about having somen requirements in terms of diversity for equity designation**
    - **Tessa thinks it is great, as long as the process doesn't feel like more of a barrier to get that designation**
- **Shanel emphasizes the importance of aggregating data. With data, the state can understand who is in the industry and what are they doing within it, which will help during the adjustment process.**
    - **We can get data, and then thoughts directly from the groups**
- **Kim: The Cannabis Control Commission should lobby the joint committee for an appointment of a veteran on the advisory board, as there is no representation of a veteran currently.**

    - **Shanel agrees that it is hard to create regulations for a group who has no representation amongst the board and commission**
- **Matt thanked everyone for pulling this information together. He thinks Pennsylvania seems to be weakest as sub contractors would satisfy equity needs, and we want ownership among the marginalized**
- **Matt is also wondering how these licenses will be ready to give in the spring,if there has been no decision on funding for a lot of these provisions**
    - **Shanel answered that part of the recommendations will be that these parts be figured out ASAP**

Finishing Thoughts

- **Went over dates for next 2 meetings on the 28th and 30th of November.**
    - **11/28/17 - 2-4pm**
    - **11/30/17 - 1-2:30pm**
- **Shanel requests that any members please bring more recommendations if they have any and/or a more detailed documents , and that this sub-committee will get a slideshow together.**

Question from The Community

Speaker 1

- **Age is also a requisite for equity and there is not a lot of discussion around college age people trying to get involved. There are a lot of people who are young but who are ready to get involved. It is really hard for schools to get behind the cannabis industry, and it would be good if the Market Participation Sub-Committee should think about age as well.**
    - **Shanel spoke that this sub-committees is focused on ownership market participation and is wondering how to create a pipeline program for young people in the equity category to bring them into the industry**

Speaker 2

- **Spoke about the linkage program from Oakland (the 1-general:1-equity ratio) and the location issues with these relationships, and thinks geographic matching should be a key factor**
    - **Additionally, how would this provision deal with 2 groups that want the same kind of license in one area?**
    - **Where is the line of control drawn between the 2 companies?**

Speaker 3

    - **Wondering if it is possible to implement the1:1 equity ratio within the confines of a co-op**

        - **Shanel wants to make sure these aren't conflated into the exact same group. Equity and co-op both will need additional support like technical assistance on the business side of things but are different**

Session Closing

- **Lydia leaves at 3:57pm. There is a still a quorum**
- **Shanel makes motion to adjourn at 4:10pm**
    - **Passed by Kim, John, Tessa, Matt, Nichole, Shanel, and Ray**