
CAB Market Participation Deliberation Session

Tuesday, 11.28.2017

Attendees

Shanel A. Lindsay, *Chair*
Nichole Snow
Matt Allen
Tessa Murphy-Romboletti
Lydia Sisson (via phone)
John Lebeaux
Kim Napoli
Horace Small

Opening Motion

Shanel A. Lindsay call's the session to order at 2:29pm 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 11.9.17 - Approved by all
All in favor (via roll call): Kim Napoli , Lydia Sisson, Shanel A. Lindsay, Tessa Murphy-Romboletti, John Lebeaux, Matt Allen, Nichole Snow, Horace Small

Issues and Recommendations

Issue: How does the CCC achieve the statutory mandate of mitigating and correcting the disparate harms of prohibition

Recommendation 3

- Horace Small wants a recommendation of % of sales, or revenue, or something clearly defined to be able to work off of for the fund (i.e. the allocated money). % of
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sales or fees makes sense at the moment. We have to give these communities a roadmap taking into account the fund, and general Massachusetts tax situation

- Shanel agrees that language should be added to the recommendation
- Kim Napoli suggested that this could be taken out of the initial fees so it is not prohibitive to people. Nichole Snow said it should be careful because fees go to the costs associated with licensing, and Matt adds that the licensing fees will change in a few rounds and we want money coming in consistently
- Horace added that if we left it up to the legislature to figure out where this money comes from, their community-specific opinions come into play and it is important we give them a structure for them to go off of
- Kim mentioned that we can have both (sales and licensing fees) as sources
- John spoke about which source would accumulate more money
- Shanel concluded that the overarching piece is to push the commission to define this funding, and should include that we have found a few different options

Recommendation 4

- Shanel is hoping to discuss whether or not to keep this one

Recommendation 5

- Shanel wants to add more to the loan fund and Kim includes that business costs can be large a unexpected things come up
- Horace later asks if it make sense to include coop startups in this fund as it could be a great inclusion. Johns says that along the same lines you can apply this to technical assistance

Recommendation 6

- Shanel doesn't want to limit coops to being small

Recommendation 7

- Kim asked what terms should be used for residency requirements
 - Shanel answered that we can do it different ways, for example in Oregon they did a sunset residency (a requirement that faded after a few years)
 - Nichole added that one thing we are missing currently is a conversation about community members instead of businesses. Maybe we could get some sort of community member/neighbor requirement in
 - Horace explained that let's say you are from Roxbury, you can finding funding all over, but the business owner should be indigenous to the communities. That way you know the community and are a part of it. You are

investing in the community and you want the community to invest in you. We don't care where that person gets support (or money) from, but rather that the owner meets these requirements

- Kim added that for a statewide program it should be more similar to for what is required for in state tuition at state universities, 1 year of residency is required. Maybe in specified areas it will have a longer residency requirement, so that a big company can't just use a name on paper of a community member in marginalized communities to get in by a loophole
- Shanel suggested that we can use this one to keep special requirements for these communities and that what she's hearing is that the CCC should consider time and location for these requirements. Considerations of time are important as well as what the structure of that would be (what % of the team would need to meet that requirement and all the underlying standard that goes along with that). Horace added that we can write it in a way that stands up legally
- Kim responded that like for businesses defined as "minority", 51% of the business should be owned by minorities to be meet the minority standards.
- It was concluded that we want these and considerations for things like resources and support for small businesses and that we can pull this into the small business recommendations

Recommendation 8

- This recommendation seems very important according to this sub-committees last discussion
- Nichole suggested that whatever seed to sale tracking is required should not be prohibitive

Recommendation 9

- Horace spoke about technical assistance programs and having them focus on business plans, loans, other things that have to do with business development as a resource center
 - Shanel mentioned that other states that were mentioned at the last session are implementing these programs. We will add more clarity to these and we should include some of the language pertaining to women and veterans

Recommendation 11

- Pertaining to residency requirements, what should be included here and should this included as a part of this sub-committees recommendations for small businesses
 - Nichole spoke to the importance of removing this, and adding it to small business recs, but add more color and add that owners will better be able to connect to the communities if they are a part of them. This is important

because of cultural competency. If a business is a representative of the community they will have more success. (Neighbors/municipalities who are pushing back about who is going to come in might be more comfortable if the prospects are from the community)

- Want to make sure it isn't counterproductive, as some different cities/areas differ widely. Some places will have more available licenses that won't all be snagged up, while other will have more significantly more applicants. We should try to make a way for people in marginalized communities to be able to open in the suburbs and not just in their own communities
- Shanel sees this one as more of a state residency to promote small businesses in the state, but other recommendations speak to residency for members of disproportionately affected communities

Recommendation 13

- Shanel spoke about this recommendation originating from part of the statute regarding women, veterans, and marginalized communities, and that there is talk of developing programs to support and promote for these groups. Let's make sure we include this in the recommendations to the CCC
- Kim adds that she would add a few things and referred to her handout for details
 - This is a guide where people can get information on grants, loans, finances, and would include other types of grants as well as the defined ones that are somewhat "vetted" by the state as a resource
 - Businesses that don't come into direct contact with cannabis should be able to register with the CCC to get accreditation. It would be optional, but gives an accreditation to people in the cannabis world, or who want to get into the cannabis world
 - Shanel asks if people think that there will be a secondary accreditation for minorities and marginalized people, to which Kim responds no
 - Shanel suggests that we take #2 in the handout and add it into the small business recommendations and have the CCC define what is each of these definitions which will help them in data aggregation and support. Shanel adds that within the accreditation we want a secondary tier for marginalized and encourage the CCC to incentivize people to hire from communities of disparate impact. Having this defined will allow these to be enforced
 - Kim and Shanel discuss removing 2 completely from Kim's handout and placing it elsewhere

- # 4 in the handout refers to a mentor program to help people who want to get into the industry but who don't know anything about cannabis (or about business). We can try to decide later if it would somehow benefit the mentor, but training will be the most important
- # 5 in handout: The CCC should engage the legislature to create a fund to, among other things, ensure that all cannabis employees all have to be properly trained, for minority businesses this is an especially difficult cost and a fund can help.
- (Definition of minority businesses included in handout)

Issue: How should the CCC prioritize review and licensing decisions for applicants for marijuana business licenses who demonstrate experience in or business practices that promote economic empowerment in communities disproportionately impacted

Recommendation 1

- Referencing the 1:1 equity:general applicant recommendation:
 - Shanel understands that Massachusetts is way behind schedule in ensuring access and diversity in this industry and this will help

Recommendation 2

- All licenses should be on the same standards as being able to profit (and not be required to be non-profit)

Recommendation 3

- There are other standards in other cities, but nuanced standards. The CCC should consider these when crafting the regulations, but as there were issues with some of these, improve upon them. For example, the concept of pairing people with other applicants is great, but there are drawbacks to the process. The overarching feeling is to support small businesses, but we need to find a way to best craft that support. We can pinpoint them to that guidance and we will most likely continue to discuss even after the recommendations are handed in to the CCC
- Kim would like to add that the CCC should ensure that the licensing upper limits is adhered to. So for example, people currently are consulting or managing through consultant roles, but have ownership of companies, and there is no cap on how many they can do this with. Shanel asks what % ownership triggers the current rules. Kim says you can't be on more than 3 boards, but there is no specifications for consultants. It's this way that people end up basically owning or running multiple companies. It is important to make sure people can't circumvent these limits.

Issue: How does the CCC meet the mandate to provide meaningful participation from women and women business enterprises

- Refers to the inclusion of women in the industry
- Shanel suggests we add the mentoring piece into this one and add a recommendation for technical assistance for women and asks if there is anything people think we are missing to ensure access here.
- Kim responds that it is important to have one centralized database of information to other entities that promote female entrepreneurship as a lot of this information is already out there, but needs to be organized
- Shanel: Add the designation piece here for women (like we just discussed about minority definition)

Issue: How does the CCC meet the mandate to provide meaningful participation from veterans and veteran business enterprises

- This issue, veterans, is similar to the women issue, and let's add designation information and mentoring similar to the language discussed for the women issue
- This sub-committee discussed last time about recommending to add a veteran to the advisory board. Will add this to the official recommendation for Thursday's session
- Nichole mentioned a veteran who is on the board, and might be a good fit to discuss veterans issues. Kim mentions that he maybe doesn't know a huge amount about veterans in cannabis, but his opinion is still valuable. Shanel will share this sub-committee's recommendations to him and other veterans to get feedback
- Officially going to add to recommendations to appoint a veteran

Co-Operatives

- Did not get into this topic in depth, but Lydia shared that people have shared coop models with her and that a lot of coops have said they wanted things like employee betterment services, etc. Shanel agrees and says these will be added
- Rec 8 - Nichole: whatever seed to sale tracking is required should not be prohibitive
- Read Rec9,
- Rec 10:
 - Shanel likes this one. It is important to incubate diff types of coops to see which work the best.

Small Businesses

- Shanel mentions that most of the craft cooperatives recommendations were in the industry subcommittee. Our farmers and craft coops are similar to the industry sub-committee's recommendations on small businesses
- 3 members of this sub-committee have already voted in favor of these pieces in the industry sub-committee
- Nichole is working on the small business recommendations, which will also go through other sub-committees. We will start with this one on Thursday, then go through today's topics with the edits applied, and then vote.
- And we can talk about tuesday on thursday.

Sub-Sub Committee on Co-Operatives Presentation

- Nichole, John, and Lydia pulled these together
- Read recs 1, 2, 3, and 4
- Rec 5:
 - Fees based on sq footage
 - John mentioned that they had lots of discussion on this, and thought originally about yield but wanted instead to have a clear measurable defined structure; Sq footage of the grow, and tie the tiers to any growing that is going on in those spaces
 - Tier structure is arbitrary, we grabbed it from a different state. The question before us is how should the tiers be structured
 - Established a base of \$1/sq ft. (Craft coops may want this to be lower)
 - Led to a discussion of what these fees will pay for. Maybe when the CCC figures out what they will be used for, one can work backwards and get the best answer
 - Shanel suggests adding a caveat in there, but that its general purpose is to provide pathways for smaller farmers and coops so fees are not all the same regardless of size
 - Kim asks if in the sq ft system, we considering vertical space. (cubic sq ft). So people don't cheat the system.
 - John explains that they are trying to set a definition, and Kim suggested consideration of vertical cultivation space.

Next Meeting Agenda Items

We will start with the small business topic on Thursday, then go through today's topics with the edits applied, and then vote.

The plan for next Tuesday will be discussed on Thursday.



Session Closing

Motion to adjourn at 3:40pm approved by all