A Special Video Conference Meeting of the Dormitory Authority of the State of New York ("DASNY") was held on Wednesday, August 10, 2022 with proceedings commencing at 9:30 a.m.

CALL TO ORDER / ROLL CALL

The Meeting was called to order by Alfonso Carney, Board Chair at 9:30 a.m. and a quorum was declared present. The Chair thanked the Members for agreeing to participate in this special August meeting.

Ms. Richards stated that the DASNY Board is authorized to meet and conduct business remotely due to the extension of the Executive Order which suspends various provisions of the Public Officers Law due to the ongoing COVID public health emergency. She stated that as a result, members of the public may meet and act without permitting in-person access to the meeting. Members of the public may view or listen to the proceedings in accordance with the posted notice. An audio and video recording of today's meeting will be accessible from DASNY's website (www.dasny.org) within two days, and a transcript will be posted as soon as practicable under the circumstances.

Ms. Richards then called the roll. The following Board Members and Staff were present:

Board Members Present—Via Zoom

Alfonso L. Carney, Jr. – Chair
Gerard Romski, Esq. – Vice Chair
Beryl L. Snyder, Esq. – Secretary
Jonathan Gardner, Esq. – Board Member
Joan M. Sullivan – Board Member
Janice McKinnie – Board Member
Wellington Chen—Board Member
Lisa Gomez—Board Member
Adrian Swierczewski--Designated Representative of the Director of the Budget, Board Member (ex officio)
Phyllis Morris---Designated Representative of the Commissioner of Education, Board Member (ex officio)

Board Members Absent

Ken Evans, Designated representative of the Commissioner of Health, Board Member (ex officio)

Staff Members Present—Via Zoom

Reuben R. McDaniel, III, President and Chief Executive Officer
Paul G. Koopman, Vice President
Nadine Fontaine, Esq., General Counsel

Kimberly A. Ellis, Chief Financial Officer
Portia Lee, Managing Director, Public Finance and Portfolio Monitoring
Stephen Curro, Managing Director, Construction
Ricardo Salaman, Esq., Deputy General Counsel
Sara Potter Richards, Esq., Managing Senior Director, Governance and Administration
Jenilee Flinton, Director, Internal Audit
Dena Amodio, Esq., Assistant General Counsel
Jeffrey Gordon, Senior Director, Communications & Marketing
Deborah Fasser, Director, Strategic Communications and Business Development
Ann E. Dodson, Director, Insurance
James P. Lupoli, Director, Real Property
John Savona, Project Executive
Karen E. Ehlinger, Manager, Internal Control Analysis
Alex Sirdine, Financial Analyst
Amanda Nazario, Confidential Legal Assistant

Outside Counsel Present

Alethia Nancoo, Esq., Squire Patton Boggs
Ed Steiner, Esq., Squire Patton Boggs
Samantha Casper, Esq., Squire Patton Boggs

Several members of the public were also present via Zoom.

Upon a motion by Mr. Chen and a second by Ms. McKinnie, the Minutes of the DASNY June 17, 2022 Special Meeting were approved unanimously.

Upon a motion by Ms. Sullivan and a second by Mr. Romski, the Minutes of the DASNY June 22, 2022 Regular Meeting were approved unanimously.

FINANCE COMMITTEE REPORT

Mr. Romski reported that after approving the Finance Committee Meeting Minutes from the May 10, 2022 Meeting, the Finance Committee voted to recommend the Raise the Age financing to the Full Board for a Resolution to Proceed.

OFFICE OF CHILDREN & FAMILY SERVICES (RAISE THE AGE)—RESOLUTION TO PROCEED

The President thanked the Members for holding this Special Meeting to consider the Raise the Age transaction. He stated that this an important criminal justice initiative by the State of New York and introduced Ms. Lee.

Ms. Lee expressed her appreciation to the Members as well. She then presented the Transaction Report and stated that the Board is being asked to adopt a Resolution to Proceed in connection with the issuance of an amount not to exceed $22,000,000 for a term not to exceed 18 years for the first bond issuance under the Raise the Age Program.

Ms. Lee stated that Albany County will be the first Participant County and sole obligor for this initial issuance, and that additional Counties are expected to participate in the future. She informed the Members that Raise the Age is a major juvenile justice reform initiative that removes 16 and 17-year-old Adolescent Offenders from the adult criminal justice system and places them in age-appropriate settings. The law provides that 16 and 17-year-old Adolescent Offenders must be housed separately from adults in facilities that are preferably located closer to the offender's home and family with the ability to provide services in smaller, closely supervised groups. She stated that the goals of the Raise the Age Program are to reduce recidivism rates; provide for a more fair and equitable justice system; and provide more age-appropriate services.

Ms. Lee stated that the proceeds of the Bonds will finance the costs associated with additions and renovations to the existing Detention Center in Albany County, including adding a secure housing wing to provide an additional 12 beds and support space; adding three additional beds to the existing facility for a total of 39; creating additional medical, administrative, secure visitation, classroom, and counseling space; an expansion to the secure entrance way and garage to provide sufficient space for intake procedures; an expanded recreation yard; additional parking, and new safety and security features including a fire suppression system, a full coverage security camera system and an upgraded central control unit to control access and egress throughout the facility.

Ms. Lee informed the Members that the bonds will be secured by a pledge of all funds payable by the Office of Children and Family Services ("OCFS") to Albany County (Pledged State Aid Revenues) and a Financing Agreement with Albany County which includes a pre-default intercept of these Pledged State Aid Revenues. The intercept mechanism is a pre-default intercept as the financing agreement payments will be due to the Bond Trustee at least 4 months prior to the debt service payment dates. Ms. Lee noted that because the Pledged State Aid Revenues include a pledge of all funds payable by OCFS to Participant Counties, the debt service coverage is projected to be substantial. Based on recent historical interceptable aid paid to Albany County by OCFS, the projected debt service coverage ratio is expected to be approximately 11.6:1.0.

Ms. Lee stated that in addition to the reimbursement that is provided for debt service associated with capital costs related to Raise the Age and non-Raise the Age facilities, other OCFS reimbursement includes funding related to foster care, social services, independent living, and child welfare services. She informed the Committee Members that Albany County owns the land on which the Detention Facility is located and leases the land to the Capital District Youth Center, Inc. or CDYCI. Ms. Lee explained that CDYCI was created jointly by Albany County, Rensselaer County, Saratoga County and Schenectady Counties as a not-for-profit public corporation and administers the Detention Facility. She noted, however, that these counties are not obligors on the financing and the financial aid paid to these counties is not subject to intercept. Ms. Lee stated that Albany County is the sole obligor for the Project and will assume full financial responsibility, including its Pledged State Aid Revenues, and the corresponding intercept of such revenues, for Rensselaer, Saratoga, and Schenectady Counties' use of the facility. The Expected Rating based on the intercept is Aa2 by Moody's.

The Board Chair thanked Ms. Lee for her presentation and stated that he is very pleased that DASNY is playing a role in this important initiative to provide age-appropriate services for younger offenders. He thanked Ms. Lee and Mr. Bergin for their efforts.

Mr. Chen moved the adoption of the following entitled Resolution:

RESOLUTION OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK (DASNY) AUTHORIZING STAFF AND BOND COUNSEL TO PROCEED TO TAKE THE NECESSARY ACTION TO PREPARE THE APPROPRIATE DOCUMENTS TO PROVIDE FOR THE FINANCING OF THE RAISE THE AGE PROGRAM (ALBANY COUNTY)

Ms. Sullivan seconded the motion and the Resolution to Proceed was unanimously adopted.

PRESENTATION REGARDING STATE INVESTMENT IN SOCIAL EQUITY CANNABIS INVESTMENT FUND AND PROPOSED LIMITED PARTNERSHIP AGREEMENT

The President explained that this is an important program for the State, as it is designed to help people who have been negatively impacted by the war on drugs by helping them work in the adult recreational use cannabis market. He stated that, while other States have enacted regulatory licensing programs, they have not successfully incorporated the social equity component that New York envisions. The President noted that the Office of Cannabis Management is responsible for selecting the licensees and that DASNY will provide financing and construction management services.

President McDaniel introduced Ms. Fontaine, General Counsel, and Alethia Nancoo, Esq., Ed Steiner, Esq., and Samantha Casper, Esq. of Squire Patton Boggs to provide a presentation outlining the legal and regulatory roles of the various entities, including the DASNY subsidiary Social Equity Servicing Corporation (SESC), with respect to a Limited Partnership Agreement to be entered into New York Social Equity Cannabis Investment Fund L.P., a new private investment fund (the "Fund."). He stated that the Members will be asked to vote on the Limited Partnership Agreement at the September meeting, but he wanted to provide background and additional information to the Members at this time. The President noted that Ann Dodson, DASNY's Director of Insurance; Jim Lupoli, DASNY's Director of Real Property; and John Savona, Project Executive, are also present and available to answer questions from the Members.

Ms. Fontaine provided background regarding DASNY's statutory authority to invest in the Fund, DASNY's proposed investment and limited partnership interest in the Fund and the general purpose of the Fund, which is intended to raise money for the purpose of financing the initial build-out of storefront adult-use retail cannabis dispensaries throughout the State of New York for the benefit of certain social equity licensees who are selected by the New York State Cannabis Control Board (CCB) and the Office of Cannabis Management (OCM). Ms. Fontaine provided a brief overview of these entities describing OCM's responsibility to oversee the licensure, cultivation, production, distribution, sale and taxation of medical and adult-use cannabis and CCB's approval and oversight responsibilities over OCM, including issuing applications and licenses to cannabis businesses and drafting and approving the rules and regulations that will govern the industry. She underscored that DASNY is not involved in the licensing or selection of licensees nor is the Authority involved in the drafting or approval of the cannabis related rules and regulations.

Ms. Fontaine discussed SESC and its role as an agent to the Fund and/or the Fund's operating subsidiary, referred to as the "Fund Operating Company." SESC, acting as an agent to the Fund and the Fund Operating Company, will act within the scope of the authority delegated to it under the New York Cannabis Law, with discretion only within the scope of that delegated authority. In conducting its work, SESC will have the benefit of contractual indemnification from the Fund and/or the Fund Operating Company in certain contracts and will also be a named insured in the insurance policies required to be maintained under the contracts it enters into as agent.

Ms. Fontaine further discussed the Fund's General Partner, which is expected to serve as a third-party investment professional, referred to as the "General Partner." As a limited partner in the Fund, DASNY will not be involved in the management of the Fund.

Ms. Fontaine summarized that some of this authority may seem new to DASNY as DASNY has not previously provided services for entities or businesses relating to the cannabis industry is. In addition, DASNY's financial role is not that of an issuer of bonds but rather that of a limited partner investor in the Fund. However, the services provided to the private fund would be more familiar. The DASNY subsidiary, acting as an agent to the Fund and Fund Operating Company, will be involved in the design and construction of the retail cannabis dispensaries and the servicing of leases and loans for the dispensary operators.

Ms. Nancoo provided an overview of the new Cannabis Law. She discussed that the State's goal in creating the fund to benefit communities and people disproportionately impacted by cannabis related laws and the enforcement of such laws, by promoting and facilitating the social equity licensees' access to funding directly or indirectly, by supporting the leasing of space and equipment to properly conduct the commercial activity for which they have been granted a license by the Cannabis Control Board.

Ms. Nancoo informed the Members that the new cannabis law expressly authorizes DASNY to enter into one or more agreements with the Office of Cannabis Management, the Cannabis Control Board, or a private debt or equity fund for the limited purpose of funding the capital costs associated with establishing conditional adult-use cannabis retail dispensaries for operation by social equity licensees for certain purposes, including the following: (i) leasing or subleasing real property to construct cannabis retail dispensaries, (ii) acquiring personal property for the construction of such dispensaries, (iii) preparing plans for designing, constructing, or equipping dispensaries, (iv) entering into leases or subleases with social equity licensees, and (v) entering into non-recourse loan or other agreements, as lender, with the social equity licensees.

Ms. Nancoo stated that the Fund is being formed for the purpose of, among other things and whether acting directly or indirectly through the Fund Operating Company, financing the build-out of storefront conditional adult-use retail cannabis dispensaries in New York State, as permitted by the Cannabis Law. The dispensaries will be operated by social equity licensees, selected by the New York State Cannabis Control Board, under subleases from the Fund

Operating Company (as the sublandlord) and with financing from the Fund (either made directly or through the Fund Operating Company) pursuant to non-recourse but collateralized loans.

Ms. Nancoo explained that in order to properly comply with the Cannabis Law, DASNY was required to select the Fund's Fund Manager and General Partner through a statutorily mandated procurement process via a Request For Proposal. The deadline for the Request for Proposal was June 8, 2022. She stated that DASNY received two responses to the Request for Proposal, and the Fund Manager and General Partner were announced at the end of June. Selection criteria included, among other items, (i) organization and management structure, (ii) experience raising and managing private debt and equity capital of $200,000,000 or more, (iii) capacity to handle the responsibilities of the Fund, (iv) internal controls, and (v) financial strength. Ms. Nancoo noted that, because the procurement process was statutorily mandated, DASNY had limited discretion when selecting the Fund Manager and General Partner.

Ms. Nancoo informed the Members that DASNY would be an investor in the Fund. DASNY's subsidiary would assist the Fund (as agent to the Fund and/or the Fund Operating Company) with negotiating, executing, and administering (i) all contracts relating to design-build and other contracts for the design, construction and equipping of the dispensaries; (ii) leases and subleases required for the operation of the dispensaries by social equity licensees; and (iii) loans to social equity licensees. She stated that the Fund will also provide administrative, operational, and other support services to social equity licensees.

The Board Chair asked for additional details regarding the non-recourse, collateralized loans. Mr. Steiner responded that as a policy matter, it was determined that the social equity licensees would have a better chance of success without a threat of personal liability. He distinguished the structure from that more typically seen in commercial lending situations, where the signer of the loan documents also provides a personal guarantee of payment. Here, there is no personal guarantee or other personal recourse under the loans.

Mr. Steiner further explained that the term "collateralized" refers to the overall structure, whereby the dispensary would be built out and equipped by the DASNY subsidiary, not by the entrepreneur. Mr. Steiner explained that the structure is somewhat similar to a franchise package, and the loan is intended to be supported by the tenant improvements as well as the licensee's leasehold interest.

Ms. Fontaine noted that the Legislature intentionally drafted the legislation such that the licensees would not incur penalties as a result of participating in the cannabis program. Therefore, non-recourse loans are required by statute.

Mr. Carney asked about the default provisions under the agreement. Mr. Salaman responded that the loan agreements have not yet been finalized, but he anticipated they would contain standard events of default, including the failure to pay. In response to a comment from Mr. Romski, Mr. Salaman explained that a default may occur under either the loan agreement, whereby the licensee is obligated to pay for the construction and equipping of the dispensary, or the sublease. In response to Mr. Carney and Mr. Romski' s request for additional explanatory information about the roles of the parties, Ms. Fontaine explained that the Office of Cannabis Management is a department within the State Liquor Authority and is responsible for the oversight and licensure of the cannabis program which the Cannabis Control Board serves as the Board of OCM and provides general oversight.

Mr. Gardner inquired about the amount that the DASNY subsidiary, as a limited partner, would be required to contribute pursuant to the terms of the Partnership Agreement. Mr. Steiner responded that up to $50 million would be invested by DASNY in the event that $150 million in private equity is raised. He clarified that although DASNY is making the up to $50 million equity contribution, the DASNY subsidiary will be entering into contracts with contractors and leases, and acting as agent to the Fund. Mr. Gardner inquired whether DASNY would be in default under the limited partnership agreement if it didn't contribute its share and subject to a lawsuit. President McDaniel responded that the Legislature has already appropriated $50 million to be invested in the Fund. Mr. Gardner requested that the Partnership Agreement clearly state that DASNY's contribution is subject to State appropriation so that DASNY would not be in default to the private investors. Ms. Fontaine confirmed that such language would be included in all agreements, where relevant.

Mr. Gardner suggested that the Board retain separate, independent Counsel to evaluate the transaction. He acknowledged the hard work and quality of the legal work that has been undertaken to date; however, given the complexity of the transaction and the roles of the parties, he stated that it might be prudent to have separate legal representation. Ms. Fontaine stated that in her position as General Counsel, she acts as Counsel to the organization and to the DASNY Board; not solely as the attorney for the President. The Board Chair responded that unless and until a determination has been made as to an actual or apparent conflict, the current legal staff and outside counsel may continue to represent the various DASNY parties. He stated that the matter would be revisited if a conflict is later deemed to exist. Mr. Gardner and the Board Chair acknowledged the role of General Counsel and thanked Ms. Fontaine for her excellent work. The Board Chair asked Mr. Steiner to further explain the roles of DASNY and the DASNY subsidiary in regard to the Limited Partnership, including how those roles relate to the acquisition, buildout, and equipping the retail facilities.

President McDaniel stated for the record and for the benefit of those present that although the Social Equity Servicing Corporation was noticed to begin at 10:00 a.m., the DASNY Board Meeting would continue and at its conclusion, the Atlantic Avenue subsidiary would meet, followed by SESC.

Mr. Steiner presented on the structure of the partnership and informed the Members that the project would unfold in two district phases. In the first phase, the Fund will be formed as a limited partnership under the laws of the State of New York. Social Equity Impact Ventures, LLC, was selected as the general partner, and the general partner and two limited partners, DASNY and Impact Ventures LLC, will enter into a limited partnership agreement. Mr. Steiner stated that SWS Capital Management LLC will be the Fund's "Fund Manager". He stated that the limited partners will be managed by the General Partner and not the Limited Partners. Mr. Steiner further stated that the Fund will be managed on a day-to-day basis by its general partner with certain decisions and determinations to be made by the Public Policy Committee, which will be comprised of the Chair of the Cannabis Control Board, the Executive Director of the New York State Office of Cannabis Management, and the President of DASNY. The Public Policy

Committee will advise the Fund and the Fund Manager with respect to matters that implicate public policy goals and concerns that emanate from the Cannabis Law and its implementation and the program generally. The Public Policy Committee will provide advice and direction to the Fund Manager where investment and credit matters implicate public policy matters to ensure they are resolved in a manner consistent with the objectives of the Cannabis Law. The general partner will have contractual fiduciary duties to the Fund and the limited partners, including DASNY.

Mr. Steiner stated that in phase one, it is anticipated that DASNY will contribute a minimum of $4.0 million to the Fund pursuant to the initial Limited Partnership Agreement. He informed the Members that there will be two limited partnership agreements. The first Agreement will be between DASNY (as a limited partner investor) and the General Partner. No public investors will be a party to this first limited partnership agreement. The maximum that the State, through DASNY, can contribute to this program is $50 million, and the other limited partner (Impact Ventures LLC) will contribute a minimum of $4.2 million to the Fund. Mr. Steiner stated that the maximum amount that all limited partners will contribute is $150 million when all limited partners have been identified. He explained that the closing of the initial Limited Partnership Agreement between DASNY and the General Partner is referred to as the "initial closing" and will occur as soon as practicable.

Mr. Steiner informed the Members that the initial Limited Partnership Agreement will require the Fund to contract with DASNY or the DASNY subsidiary, as Fund agent, to take such actions as are necessary to establish, construct, and equip three or four dispensaries. The actions may include: (i) site location; negotiating, executing and administering design-build or other contracts for the design, construction, and equipping of the dispensaries; (ii) negotiating, executing, and administering leases with landlords for dispensary facilities; and (iii) obtaining all necessary or appropriate permits, licenses, appraisals, and authorizations and arranging for customary insurance coverages. He emphasized that these actions are expressly authorized and permitted pursuant to the Cannabis Law.

Mr. Steiner explained that as the Fund is working on establishing dispensaries, the Fund Manager will develop an offering package to attract private investors in connection with the second stage of the transaction. He stated that losses, liabilities, and expenses incurred by the Fund are allocated among the limited partners in proportion to their capital contributions. However, DASNY will not be liable for, or subject to, any loss, liability, or expense of the Fund beyond the amount of its capital investment, which will be at least $4 million in the first phase. He explained that under the structure of the Limited Partnership, the General Partner has unlimited, but secondary liability for the obligations of the Limited Partners, while the Limited Partners are liable only for the amount of their capital contributions. Mr. Steiner noted that this structure is similar to corporate structures where stockholders are only liable for the amount paid for their stock.

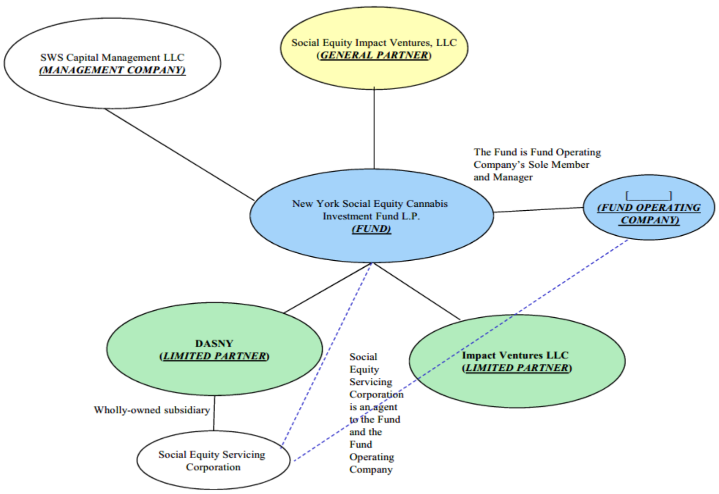
Mr. Steiner then addressed the various forms of indemnification that may be involved in this structure. The first is where the DASNY subsidiary acts as agent for the Fund and can act on behalf of the Fund. If the subsidiary is sued as a result of a contractual relationship, such as by a landlord, etc., there will be indemnification from the Fund to the DASNY subsidiary in its capacity as agent. Mr. Steiner noted that this type of indemnification is fairly typical. If an agent acts within the scope of its authority and is undertaking authorized business, and the agent is sued on behalf of the principal, the agent is indemnified.

Mr. Steiner stated that the second form of indemnification occurs within the partnership itself, whereby the General Partner or the Fund Manager or their representatives, affiliates, and agents (including the DASNY subsidiary) may be defendants in litigation relating to the Fund. He explained that in some circumstances, the Fund (and not DASNY or any state entity) will defend, indemnify, and hold harmless the General Partner, Fund Manager or representative, affiliate, or agent defendants (including the DASNY subsidiary as agent) against the costs of the litigation (including legal fees) and any judgment or settlement in the litigation, unless the defendants' conduct that prompts the litigation constituted fraud, breach of fiduciary duty, willful misconduct, bad faith, gross negligence, or a material breach of the law. In response to a question from the Board Chair, Mr. Steiner explained that while the standard of conduct is simple negligence, indemnification is not implicated in the absence of gross negligence.

Mr. Steiner informed the Members that DASNY's board members are covered under blanket policies such as DASNY's directors' and officers' liability insurance policy. He noted that, as with other subsidiaries of DASNY, the members of the SESC will be covered under the directors' and officers' liability insurance policy in place for board directors.

Mr. Steiner directed the Members' attention to the following chart, which depicts the Fund's structure after the initial closing. He explained that the Fund will form a Fund Operating Company for liability purposes, and the General Partner of the Fund will operate the Fund Operating Company. The Fund Operating Company will therefore have a single Member and a single Manager—the Fund. Mr. Romski asked whether it is in this phase when DASNY will make the contribution, and Mr. Steiner stated that it is. Mr. Salaman clarified that the amount contributed by DASNY will be the less than the amount contributed by the others, and may be in the form of a letter of credit that may be drawn upon if needed. Mr. Steiner noted that the only parties involved at this phase of the transaction are DASNY, the DASNY subsidiary, and the Fund.

Initial Closing



Mr. Steiner then described phase two of the transaction. He explained that after the Fund and the Fund Operating Company have been formed and after the initial Limited Partnership Agreement has been signed, the Fund and the Fund Operating Company will, with the assistance of DASNY, commence the process of identifying, designing, building out, and equipping the initial dispensaries. Mr. Steiner stated that while the dispensaries are being identified, designed, and built out, the General Partner and the Fund Manager (not DASNY) will seek to identify private sector investors to become limited partners in the Fund and will create a fundraising document in connection with the private sector investment. He noted that DASNY will have no responsibility for identifying private sector investors or for preparing the fundraising documentation other than approving any references therein to DASNY, the DASNY subsidiary, or the State's role in the Fund. Mr. Steiner stated that the private sector investors will be unaffiliated with the Fund or DASNY, and up to 95 unaffiliated investors are permitted, and these private sector investors are referred to as the "Class A Limited Partners". He explained that after the Class A Limited Partners have been identified and have committed to invest at least $25 million in the aggregate (but may be up to $150 million) in capital commitments to the Fund and have further satisfied all of the relevant legal and regulatory requirements to become limited partners in the Fund, the General Partner or the Fund Manager will organize and schedule a second closing.

Mr. Steiner informed the Members that the initial capital call made in connection with the second closing is expected to raise investment proceeds for the Fund in an aggregate amount equal to the amount necessary to fund all of the Fund's anticipated operating expenses for the next 90 days, the amount needed to fund a Reserve Account, and the amount needed to pay for or reimburse for Fund organizational expenses.

In response to a question from the Board Chair, Mr. Steiner explained that at the time of the second closing, the initial partnership agreement between DASNY, SESC, and the Fund will be superseded by a new Limited Partnership Agreement created by the Fund Manager and the General Partner. He stated that this will be investor-friendly, and will contain standard terms and conditions. Mr. Steiner noted that although a minimum of $25 million must be raised in order for the closing to occur, the parties are optimistic that a greater amount will be raised so that only one such closing need occur and more of the anticipated 150 dispensaries can be funded. Additional closings will need to occur if insufficient funds are raised.

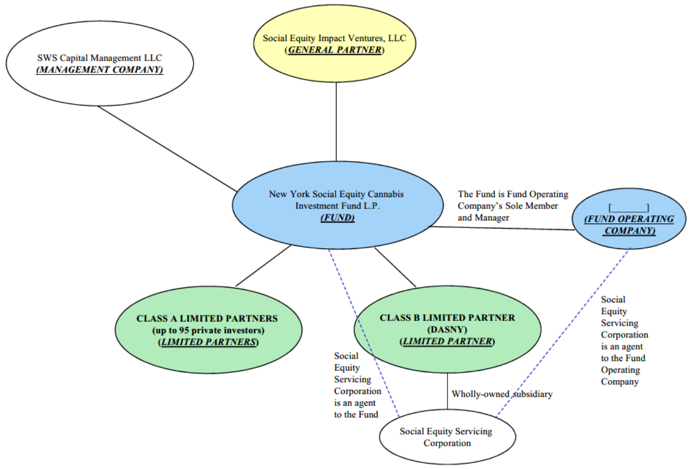
Mr. Steiner stated that at the second closing, the Fund's Limited Partnership Agreement will be amended and restated to be in a form that is "market" in private credit or debt funds. The Fund will continue to be managed on a day-to-day basis subject to the decisions and determinations of the Public Policy Committee and to contractual fiduciary duties noted above. DASNY will be a Class B Limited Partner in the Fund pursuant to the Amended and Restated Agreement of Limited Partnership and bear the residual risk of losses up to the amount of the initial investment. He explained that as a Class B limited partner, DASNY will bear a disproportionate number of losses, which will be marketed to the private investors. He further explained that the Class B Limited Partner interest will be subordinated to the Class A Limited Partners with respect to the proceeds distributable pursuant to the "waterfall" contained in the Agreement. DASNY will be the only Class B Limited Partner.

Mr. Steiner stated that the Fund's total capital commitments will not exceed $200 million, including the State commitment of $50 million. The Fund will stop accepting capital commitments on the date that is the earlier of 24 months from the initial closing, or when the Fund has received private sector commitments of $150 million.

Mr. Steiner explained that the subordination of the Class B Limited Partner interest held by DASNY to the Class A Limited Partners held by private investors has the effect of the Class B Limited Partner bearing the losses of the Fund (if any) up to the amount of capital contributed by DASNY to the Fund. He further explained that DASNY would not have exposure to day-to-day management, as that function is assumed by the General Partner.

Mr. Steiner stated that the indemnification provisions are the same in Phase II as in Phase I, in that the Fund (not DASNY or any other state entity) is required to indemnify the General Partner and the Fund Manager and their representatives, affiliates, and agents (including the DASNY subsidiary) except when the defendant's conduct in question amounts to gross negligence, willful misconduct, fraud, or a material violation of law or if the dispute is between the defendants and the State of New York or the Public Policy Committee. Mr. Steiner further stated that the Fund also indemnifies the members of the Public Policy Committee and the Advisory Committee under similar terms. The DASNY subsidiary will also be the beneficiary of indemnification and insurance provisions under the various contracts it enters into as agent to the Fund or the Fund Operating Company. Mr. Steiner directed the Members' attention to a slide depicting the structure after the second closing, which now includes the Class A and Class B Limited Partners. He noted that all limited partners, as well as the Fund Operating Company, continue to be managed by the General Partner.

Second Closing



Ms. Sullivan inquired whether phase two was dependent upon the success of phase one. Mr. Steiner responded that the first phase is designed to better market the Fund to private investors as well as increase the ability to bring dispensaries online more quickly by creating a cash flow. President McDaniel stated that this will also enable workforce training to commence at an earlier point in time. In response to a question from Mr. Romski, President McDaniel stated that several dispensaries in various regions of the State are under discussion.

Ms. Sullivan asked whether the State needs to reappropriate the $50 million each year and if so, what would happen if there was no reappropriation. President McDaniel responded that the State has already appropriated the funds, and no reappropriation is needed at this time. Mr. Gardner asked whether DASNY is primarily responsible to indemnify the Board Members, or whether the Members will be covered by the liability insurance. Mr. Steiner said it would depend upon the nature of the claim. He explained that if SESC is sued in a common slip and fall case based upon its role as servicing a loan or a lease, then SESC and DASNY would be protected by the contract with the Fund, as set forth in the operative documents. Mr. Steiner pointed out that the dispensary operator is also obligated to carry insurance, and DASNY, SESC, and others will be named as additional insureds. Mr. Steiner stated that as a second layer of protection, the Fund is obligated to indemnify its agents, including SESC. In sum, the Board would be indemnified by the Fund documents as well as the contracts that provide for insurance and contractual indemnity.

Mr. Gardner stated that he would prefer to have the indemnification provisions structured such that DASNY would indemnify the Members regardless of the nature of the underlying lawsuit, and then seek payment from the carrier. Mr. Gardner indicated that he would not want the Members to be responsible for paying a deductible or negotiating with carriers to determine coverage. The Board Chair stated that he would like to see additional materials in order to better understand the structure of the program as well as the Members' risks and obligations.

Ms. Snyder requested additional information regarding the responsibilities of the Board in connection with the program, other than depositing the funds. Mr. Romski observed that DASNY will not be receiving a return on the investment, so the term "investor" is a misnomer. Mr. Salaman responded that the program is structured to further a public purpose and although there will be no financial returns, the benefit to the State will be in furthering the social equity component. He noted that the program is structured to attract private investors and they will experience financial returns. Mr. Romski stated that he is fully supportive of the overall goal. Ms. Gomez observed that the Members' exposure is likely more in tort liability as opposed to on the Fund end. Mr. Salaman pointed out that DASNY plays two roles in this project. First, it makes an investment into the fund and its liability is capped by the amount of the investment. In addition, the subsidiary acts as agent for the fund in terms of leasing and construction activities.

Ms. Fontaine said SESC will serve as agent for the fund and will enter into a CM advisor agreement with the Fund that will set forth the roles of the parties and will include indemnification provisions that will shield SESC from liability. She noted that there are two subsidiaries involved: the Fund has an operating entity, and SESC is a subsidiary of DASNY. Mr. Koopman stated that DASNY will not be entering into construction agreements with contractors.

Ms. Fontaine, Mr. Steiner, and Ms. Nancoo stated that they are available to answer any questions.

The Board Chair asked Ms. Ellis to explain the Resolution before the Members for their consideration.

Ms. Ellis stated that the Members are being asked to approve a Resolution Authorizing an Exception to DASNY's Financing Guidelines. She explained that Section 8 of the current guidelines allows the Board and the Treasurer to specifically authorize investments that are consistent with the overall objective of the Program. The exception being requested will allow the investment into the New York State Social Equity Cannabis Investment Fund. Ms. Ellis stated that the current guidelines do not authorize investment into a credit facility; therefore, this Resolution is needed to enable DASNY to invest up to $50 million in State funds into the Fund.

Mr. Chen moved adoption of the following entitled Resolution:

RESOLUTION OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK EXPRESSLY AUTHORIZING INVESTMENT OF ANY AND ALL FUNDS RECEIVED FROM, OR ON BEHALF OF, THE NEW YORK STATE CANNABIS REVENUE FUND IN LIMITED PARTNERSHIP INTERESTS OF THE NEW YORK SOCIAL EQUITY CANNABIS INVESTMENT FUND, A PRIVATE CREDIT FUND SELECTED PURSUANT TO PAL §1678(32).

The Chair seconded the motion and the Resolution was unanimously adopted.

Ms. Sullivan moved to adjourn the meeting, Ms. Snyder seconded the motion and the meeting was adjourned at 11:05 a.m.