

NY Cannabis Social Equity Investment Fund Program Report as of December 30, 2023

Pursuant to Public Authorities Law § 1678(32)(12)(b)(i)(1-3), the Dormitory Authority of the State of New York (“DASNY”) submits the following regarding the Cannabis Social Equity Investment Fund (the “Fund”) and its work in connection with the Conditional Adult Use Cannabis Retail Dispensary (CAURD) program (“the Fund Program”):

1. The number of conditional adult-use cannabis retail dispensaries assisted by DASNY pursuant to this subdivision:

- a. Pursuant to SFL § 99-ii(d), the Fund was authorized by statute on April 8, 2022. The Fund was selected by DASNY in consultation with Office of Cannabis Management (OCM), pursuant to a competitive procurement, for the purposed of funding the capital costs associated with the leasing, designing, building-out and equipping facilities to be used as CAURD sites for operation by certain social equity licensees selected by OCM and the Cannabis Control Board (“CCB”). The Fund’s work, supported by the Social Equity Servicing Corporation (“SESC”) DASNY’s subsidiary serving in its capacity as agent to the Fund, includes:
 - ii. leasing or subleasing real property to construct cannabis retail dispensaries,
 - iii. entering into leases or subleases with social equity licensees, and
 - iv. entering into non-recourse loan or other agreements, as lender, with CAURD licensees.

As of the date of this report, the Fund has completed the following:

- i. Executed twenty-four (24) leases for cannabis dispensaries
 - o Sixteen (16) locations matched to CAURD licensees
 - o Eight (8) locations are currently undergoing the OCM matching process
- ii. Entered into loan and sublease agreements with eight (8) of the CAURD licensees in matched locations.

2. The geographic distribution of sites designated by OCM and prepared by DASNY for conditional adult-use cannabis retail dispensaries for operation by licensed social equity businesses:

- a. OCM has identified Regional Preference for licensees as follows: The regions of New York State are broken up as follows: Bronx, Brooklyn, Capital Region, Central New York, Finger Lakes, Long Island, Manhattan, Mid-Hudson, Mohawk Valley, North Country, Queens, Southern Tier, Staten Island and Western New York. The twenty-four (24) CAURD leases are located in the following regions:

Name of Region	Commuter Adjusted Population	Population	Executed Leases
Bronx	1,565,988	6.8%	2
Brooklyn	2,852,632	12.3%	1
Capital Region	1,145,370	5.0%	4
Central New York	1,093,219	4.7%	1
Finger Lakes	1,383,303	6.0%	0
Long Island	3,110,067	13.4%	0
Manhattan	3,375,059	14.6%	7
Mid-Hudson	2,603,489	11.3%	1
Mohawk Valley	281,983	1.2%	0
North Country	586,426	2.5%	1
Queens	2,525,120	10.9%	4
Southern Tier	480,753	2.1%	2
Staten Island	500,926	2.2%	1
Western NY	1,622,461	7.0%	0

3. **Any other such data and information, including information about subsidiary or subsidiaries created pursuant to subdivision thirty-one of this section.**

- a. Pursuant to PAL §1678(31), on June 21, 2022, DASNY created one subsidiary, SESC to serve as agent to the Fund in providing the following services: “(i) entering into leases, subleases, or other arrangements with regard to such property and acting in a manner consistent with the rights, obligations or responsibilities of the owner, landlord or tenant of such property pursuant to such lease or sublease agreements; (ii) servicing non-recourse loan payments; (iii) furnishing property management services; and (iv) providing general operational and administrative support services.”
- i. Over the course of 2023, SESC’s work was focused on the following: (i) continued identification of appropriate locations for operation of retail cannabis dispensaries and negotiation of both leases and subleases once review was concluded, (iii) negotiation of leases with property owners and subleases with the CAURD licensees matched to the sites, and (ii) management of construction and fit out of the leased properties.
 - o **Site Location/Leases:** CBRE was engaged to assist in identifying and vetting potential retail locations for leasing by the Fund. Since the commencement of the Fund Program, over 10,000 available commercial locations throughout New York State from which more than 2300 were identified as potentially suitable locations for the operation of retail cannabis dispensaries. SESC, on behalf of the Fund, made inquiries to and commenced discussions with over 350 of these property owners before final selections were made to proceed to lease negotiation. In 2023, pending lawsuits¹ challenging OCM’s CAURD program had a significant impact to the Fund Program resulting in the loss of properties that were in the midst of negotiations as CAURD activities were halted for several months. The lawsuits were eventually resolved, however, several months of delays in negotiations has also resulted in a reduction in the number of available properties. As of the date of this report, negotiations have been completed and leases executed for twenty-four (24) locations. Site identification and lease negotiations have resumed.
 - o **Construction:** The Fund contracted with eight (8) design build firms to construct and fit out cannabis dispensaries. Construction has been completed at eleven (11) of the twenty-four (24) locations. Construction at the remaining thirteen (13) locations is ongoing.

¹ *Variscite N.Y. One, Inc. v. New York.*, 1:22-cv-1013 (GLS/DJS), (N.D.N.Y. Jan. 31, 2023), filed Sep 26, 2022; *Fiore et al. v. NYS Cannabis Control Board et al.*, Index No. 907282-23 (Supreme Court, Albany County, filed Aug. 2, 2023); *Coalition for Access to Regulated & Safe Cannabis v. New York State Cannabis Control Board et al.*, Index No. 902390-23 (Supreme Court, Albany County, filed Mar 16, 2023).