



New York Social Equity Cannabis Investment Fund
Request for Information (RFI)
February 24, 2022

I. Overview

The Dormitory Authority of the State of New York (“DASNY”) is releasing this Request for Information (“RFI”) to determine interest and solicit information from qualified parties to form a privately held debt fund organized as a New York limited partnership (the “Fund”) to finance the establishment and development of adult-use retail cannabis dispensaries (“RCDs”) in the State of New York for the benefit of social and economic equity applicants (as defined in Section 87 of the New York State Cannabis Law) selected and licensed by New York State Cannabis Control Board (“CCB”), and to serve, whether acting directly or through their affiliates, as fund sponsor, general partner and investment manager of the Fund. This RFI is a formal, non-competitive, pre-procurement informational inquiry that is being released to secure market information and input on the structure outlined below (“Proposed Structure”) in the event that DASNY (including any subsidiary thereof) and CCB are granted the legislative authority currently under consideration by the New York Legislature to undertake the roles described in this RFI. If DASNY and CCB are granted such legislative authority, and a determination of need for a procurement has been identified, DASNY will procure for these services through a formal Request for Proposal (RFP) process and will solicit responses from qualified Respondents. Submittal of an RFI is not a condition for future consideration as a potential Respondents.

The Fund shall be limited to the public policy goal of promoting and facilitating --for the benefit of communities and people disproportionately impacted by cannabis prohibition and enforcement and bearing the resulting collateral consequences thereof --the use by social and economic equity applicants of sufficient land, building and equipment to properly conduct the commercial activity for which they have been granted a license.

Proposed Structure

The Fund shall be a private fund that is both privately managed and controlled with a public policy advisory committee of which the majority of members thereof shall be appointed by the State to ensure continued commitment to its public purpose. The approval of the public policy advisory committee will be required by the Board of Directors of the Fund for the establishment, management and liquidation of all investments by the Fund. As the Fund’s primary objective will be to advance the public purpose of providing social and economic equity applicants selected and licensed by CCB with a commercially viable RCD operation, the ultimate return provided to Fund investors may be limited and at risk.

The Fund would be formed in Spring, 2022, and would have a term of 10 years from the date fully capitalized (projected to be in 2024). During the term of the Fund all capital will remain committed. Expected fund size would be a maximum of \$200mm, a portion thereof (up to \$50mm) to be invested by the State (the “Public Investment”) from revenues deposited in the Cannabis Revenue Fund. The Public Investment will be held in escrow and drawn upon for each capital call. Furthermore, the Public Investment will be non-interest bearing and subordinated in payment priority to enhance the yield and credit for the benefit of the private investors. There would be an initial 2-year investment period from



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the start of the Fund during which time only interest will accrue on the Fund notes held by private holders (i.e. no principal amortization during the investment period) and such accrued interest, and all principal and interest repayments due thereafter, shall be solely the obligation of the RCD operator to pay under a loan executed by and between the Fund, acting through a DASNY subsidiary as its loan servicing agent, and the RCD operator (the "Loan").

The Loan will include all amounts the Fund, acting through DASNY as its agent, has used to finance all direct and indirect expenses associated with the sourcing, leasing, planning, design, construction and equipping of the RCD. Each Loan will be a non-recourse, general unsecured debt obligation of the RCD operator.

The leases and sub-leases associated with each RCD shall be assets of the Fund. DASNY, acting directly or through a subsidiary, shall have the exclusive authority to act as agent on behalf of the Fund to select all site locations of all RCDs and negotiate all lease terms. DASNY (or a subsidiary thereof), as agent for the Fund, would execute the lease with each RCD landlord as well as the sublease with the licensee selected to operate the RCD. DASNY (acting directly or through a subsidiary), as agent for the Fund, would also manage the construction and fit-out and equipping of all RCDs, service all loan repayments, manage the property interests of the Fund in the RCDs, including, without limitation, the collection of rent from RCD operators and the payment of such rent to the RCD landlords and the taking of appropriate action to remediate payment and other defaults, which may include work-outs and transfers of interest. . The Fund may replace DASNY (or any subsidiary thereof) only with the approval of their Advisory Committee.

Submission of Information

To assist DASNY with the potential formulation of an appropriate RFP, DASNY invites you to provide your thoughts on the proposed structure, inclusive of any suggested changes or alternative arrangements that you believe would more effectively meet the public objective outlined. Additionally, please provide any information that you believe would be helpful to DASNY when considering your recommendations including experience and/or background with similar type and sized financings and knowledge and experience financing/leasing cannabis operations. Also, please indicate whether the proposed structure (as proposed or in the form you have proposed) would be of interest to you as fund sponsor, general partner and investment manager of the Fund.

Each party that submits a response ("Response") to this RFI is referred to herein as a "Respondent". Responses are solicited by DASNY to assess the level of market interest in the Proposed Structure before further action is taken to solicit proposals. Respondents are prohibited from all contact related to this RFI with any member or employee of the Office of Cannabis Management ("OCM"), CCB or DASNY other than the Designated Contact listed in Section IV. Response Submission Requirements.



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This is **not** a Request for Proposal. Information received under this RFI may be considered in any future procurement relating to the establishment and development of Social-Equity RCDs or other cannabis related initiatives. Consequently, it is understood and agreed that no obligation or commitment is made by DASNY or OCM to any Respondent submitting a Response. Please see Section VI (General Provisions) below for additional information.

II. Development Objectives

DASNY and OCM aim to establish and develop Social-Equity RCDs with an anticipated investment of \$750,000 to \$1.5 million per RCD. DASNY considers the Proposed Structure an appropriate means to achieve this objective as it effectively leverages private capital to meet a public purpose. However, DASNY is open to all other ideas that could meet this objective and to facilitate our review, would ask Respondents to provide their views on the Proposed Structure and, if suggesting alternative approaches, to:

- Provide a detailed outline of the approach and an explanation as to the reasons why it would be preferred over the Proposed Structure while still meeting the stated public purpose.
- Provide estimates of the time required to roll-out the alternative approach and all costs involved.
- Define the nature and level of State support that would be needed.
- Detail the collateral package, if any, that would be required.
- Provide any information on additional financial incentives that would have to be furnished to attract private investors.

We would ask that you limit your response to a total of no more than 10 pages. In order to facilitate the review of the responses, please provide the information in the exact order as listed in the sections, above. Please name your submission with the following naming convention: Respondent Name- New York Social Equity Cannabis Investment Fund RFI

Email Subject Line: New York Social Equity Cannabis Investment Fund RFI

III. No Representations

Respondents must rely solely on their own research, investigation and conclusions relating to the Proposed Structure and neither DASNY, OCM nor CCB makes any representation or warranty as to the efficacy of the Proposed Structure.



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IV. Response Submission Requirements

Below is a list of key events and dates. Questions and Responses must be emailed to the Designated Contact only. Please submit the RFI response (PDF document) via email to DownstateRFPcoordinator@dasny.org no later than March 16, at 3PM, Eastern Standard Time.

Issuance of RFI	2/24/2022
Submission of Questions	3/4/2022
Submission of Information Due Date	3/16/2022 (3:00 PM EST)
Interviews/Discussion (not earlier than)	3/17/2022

The Designated Contact for this RFI is:

Kara Mallard

DownstateRFPcoordinator@dasny.org

V. Interviews/Discussions

DASNY reserves the right to request and conduct interviews considered helpful. The purpose of the interview would be to further discussions regarding the Proposed Structure and to better understand the terms of any suggested changes or alternative arrangements proposed. These interviews would also provide Respondents with an opportunity to share any other relevant information on their experience and background. If determined that additional discussions or interviews would be beneficial to hold with any or all Respondents, the Respondents will be contacted by the Designated Contact of DASNY to arrange.

VI. General Provisions

The issuance of this RFI and the submission of a Response by any Respondent or the acceptance of such Response by DASNY does not obligate DASNY, OCM or CCB in any manner. By submitting a Response, you agree to the terms of this RFI. DASNY reserves the right to:

- a. amend, modify, or withdraw this RFI;
- b. revise any requirement of this RFI;
- c. require supplemental statements or information from any Respondent;
- d. extend the deadline for submission of Responses;
- e. hold discussions with any Respondent;
- f. communicate with any Respondent to correct and/or clarify responses which do not conform to the instructions contained herein; and
- g. cancel or reissue in whole or in part this RFI.



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DASNY reserves the right to retain and use the Responses and any other materials and information submitted or shared with DASNY, and the ideas and suggestions contained therein, for any purpose and to share such information with OCM or CCB or any other entity of the State. By submitting a Response, each Respondent consents to such use and waives any and all claims against DASNY, OCM and CCB relating to the foregoing.

This RFI shall not be construed in any manner to implement any of the actions contemplated herein, nor to serve as the basis for any claim whatsoever for reimbursement of costs for efforts expended in preparing a Response or otherwise. Neither DASNY, OCM or CCB will be responsible for any costs incurred by any Respondent related to preparing and submitting a Response, attending oral presentations, or for any other associated costs. All costs associated with responding to this RFI will be at the sole cost and expense of the Respondent.

Responses and any other materials submitted in connection with this RFI are subject to disclosure under the New York State Freedom of Information Law, Article 6 of the Public Officers Law. The submission of a Response is not required to participate in any potential future Request for Proposals.