



RFI for Banking and Custodial Services
July 1, 2022

Introduction

The New York Cannabis Law, Chapter 7-A of the Consolidated Laws (2021-2022 Regular Sessions), allowed for the creation of the New York Social Equity Cannabis Investment Fund, LP, a to-be-formed New York Limited partnership (the “Fund”), exclusively dedicated to financing the establishment and development of the initial build out of retail storefront conditional adult-use retail cannabis dispensaries in New York state (“Dispensaries”) for operation by social equity licensees (“Social Equity Licensees”) selected by the New York State Office of Cannabis Management (“OCM”) and the Cannabis Control Board (“CCB”).

Introduction to OCM

On March 31, 2021, New York State legalized adult-use cannabis by passing the Marijuana Regulation & Taxation Act (“MRTA”). This law sets out a framework for the comprehensive regulation of legal, adult use recreational cannabis in New York State in a manner that will protect public health and safety, while promoting social equity and economic development. The MRTA also created the Office of Cannabis Management, which is governed by the Cannabis Control Board (“CCB”) (collectively referred to as “OCM”) to oversee and implement the MRTA. The OCM is authorized to issue licenses and develop regulations for the cultivation, processing, manufacture, distribution, transportation, and sale of medical cannabis, adult-use or “retail” cannabis and cannabinoid hemp in New York State. The OCM also oversees the State’s existing Medical Marijuana Program and Cannabinoid Hemp Program, previously regulated by the Department of Health and licenses cultivators, processors, distributors, and dispensaries to grow and sell cannabis in New York.

Introduction to DASNY

The Dormitory Authority State of New York (“Authority” or “DASNY”) is a public benefit corporation of the State of New York empowered by Titles 4 and 4-B of the Public Authorities Law (the “Act”), to provide design and project management services, and to issue bonds, notes and other obligations, for a wide variety of public purposes. Under the Act, the Authority provides a multitude of services in various forms in connection with the design, construction and financing of capital facilities for State University of New York, including dormitories and educational facilities; City University of New York Senior Colleges; Community Colleges; Boards of Cooperative Educational Services; cities and counties with respect to court facilities and combined occupancy structures, as defined by law; the Department of Education of the State of New York with respect to certain facilities under its jurisdiction; other State and local governmental entities; independent colleges and universities; facilities for the aged; certain not-for-profit hospitals and nursing homes, as well as a wide variety of other not-for-profit organizations specifically described in the Act. Pursuant to recent amendment to Public Authority Law (PAL) § 1676(2)(b) and PAL § 1680(1), the Authority and any subsidiary thereof was granted the requisite authority to provide construction and other services to OCM and the Fund, **as agent**, which will include (i) identifying and leasing dispensary sites, (ii) planning, designing, constructing, reconstructing, rehabilitating, improving, furnishing, and equipping the



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dispensaries, and (iii) generally providing construction management, property management, and loan servicing services to the licensees on behalf of the Fund.

All references herein to “DASNY” or the “Authority” shall include any subsidiary thereof.

Purpose

DASNY is releasing this Request for Information (“RFI”) to determine interest and solicit information from qualified financial institutions operating in New York State interested in taking deposits from the Authority and furnishing the Authority with standard commercial banking services, including, but not limited to, fund transfers and disbursements (via check and electronic funds transfer) and related account monitoring, reporting, electronic cash management system and custodial services for funds derived by the Authority from its loan servicing, property management and lease management services performed as agent on behalf of the Fund. It is anticipated that such loan servicing and lease management services will require, in part, for the Authority to receive payments from operators of the retail dispensaries for disbursement to the Fund, the respective Lessors and other interested parties.

This RFI is a formal, non-competitive informational inquiry that is being released to obtain market information and input on services provided in connection with the NYS legalized adult-use cannabis industry. Submittal of an RFI is not a condition for future consideration as a potential provider of the services contemplated herein. Consequently, it is understood and agreed that no obligation or commitment is made by DASNY or OCM to any Respondent submitting a Response to this RFI.

This is not a Request for Proposal (RFP). Once information is gathered, DASNY may procure these services through a formal RFP process and solicit proposals from qualified and responsible vendors. The submission of a Response to this RFI is not required to participate in any potential future RFP’s.

Background

Social Equity Licensees, unless provided access to capital, would generally lack the means to take on the significant initial fixed capital costs associated with the build, equipping, and leasing of their Dispensaries. The goal of the State, as articulated in the NY Cannabis Law, is to provide social equity and restorative justice for the benefit of communities and persons that have been disproportionately impacted by the enforcement of past laws punishing the use of cannabis. This goal is advanced through the provision of financing and other related services to Social Equity Licensees that will enable them to establish their Dispensaries. The Fund, in which the State (through an investment by DASNY) will maintain a minority investment, will serve to advance this public policy goal, in part, by providing the financing for the construction, equipping and leasing of Dispensaries for operation by Social Equity Licensees.

The Fund will be responsible, in addition to funding the costs of construction and equipping of the Dispensaries, for contracting, through use of DASNY as its agent, the construction and equipping of each of

the Dispensaries and the leasing of each of the Dispensaries and the further sub-leasing of the facilities to the selected social equity licensees.

DASNY, will act as leasing agent and loan servicer, collecting lease and loan payments from the Dispensary Operators on behalf of the Fund.

Objective

DASNY is seeking information from financial institutions with proven experience in providing custodial and general account services, including establishing and administering all accounts and maintaining accurate records of activity in each account. Each account may receive regular deposits of ACH, wire or checks primarily from retail cannabis dispensary operators for the payment of their lease and loan obligations.

Response Items

DASNY invites Respondents to include answers to the following questions in their Response, referencing the same numbering system as used in this section. The information provided should address the specific response item, be informative and concise, and limit to a total of five (5) pages.

1. Do you have the requisite internal approval to provide DASNY with the banking services described hereunder? If not, what process would you need to undertake internally to achieve this approval and how long do you estimate it would take?
2. Have you provided similar banking services to private lenders, equipment suppliers or lessors to cannabis related businesses? If so, for how long?
3. Who is your regulating authority (ex. OCC or a State regulating authority – NYS Dept Financial Services)?
4. Are you a member of the Federal Reserve Bank or do you maintain accounts with member banks? If not, please explain.
5. Are you a State chartered financial institution? What State?
6. Do you have authorization to do business in New York State?
7. What is your equity capital?
8. Do you have long term debt ratings from a nationally recognized statistical rating organization?
 - a. If yes, what are the ratings and who are the agencies? Please include ratings of all related entities, including the parent company.
 - b. If not, are there other measures of your financial strength? Please provide details.



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- 9. Are you a member of the FDIC and do you provide coverage for deposits up to \$250,000?
 - a. If not, please provide the name of any other depository insurance provided.
- 10. Do you have the ability to pledge securities or a letter credit facility as collateral for deposits in excess of the \$250,000 insurance coverage? If not, do you have other ways to address balances in excess of \$250,000, ex. Automatic sweep into a no-load government money market mutual fund?
- 11. Do you have the ability to provide custodial services?

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 Ame Breheny at UpstateRFPCoordinator@dasny.org no later than 7/22/2022 at 3:00PM, Eastern Standard Time.

<u>Event</u>	<u>Date</u>
Issuance of RFI	7/1/2022
Deadline for RFI Questions	7/11/2022
Post Responses to RFI Questions	7/15/2022
Submission of Information Due Date	7/22/2022
Virtual Interviews (not earlier than)	Week of 8/1/2022

No significant interpretation or clarification of the meaning of any part of this RFI will be made orally to any Respondent. Respondents must request such interpretations or clarifications in writing from DASNY. Requests for information or clarification of this RFI must be made in writing and addressed to Ame Breheny at UpstateRFPCoordinator@dasny.org. Questions should reference the RFI page and topic number.

Interview

DASNY reserves the right to determine whether interviews with one or more of the responding firms will be necessary. The purpose of the interview would be to further discussion regarding the Respondent’s structure and experience with cannabis banking. These interviews will 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.

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 in any manner. By submitting a Response, you agree to the terms of this RFI. DASNY reserves the right to:

- Amend, modify, or withdraw this RFI;
- Revise any requirement of this RFI;
- Require supplemental statements or information from any Respondent;
- Extend the deadline for submission of Responses;
- Hold discussions with any Respondent;
- Communicate with any Respondent to correct and/or clarify Responses which do not conform to the instructions contained herein; and
- Cancel or reissue in whole or in part this RFI.

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. DASNY shall not 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.