

STATE OF CONNECTICUT | SOCIAL EQUITY COUNCIL POLICY GOVERNANCE COMMITTEE (DRAFT)

January 18, 2023, Meeting 3 P.M.  
Virtual Meeting via Microsoft TEAMS

1. Call to order

Meeting was called to order by Chair Shirley at 3:03PM

2. Attendance

Avery Gaddis  
Michael Jefferson  
Edwin Shirley  
Shirley Skyers-Thomas

Council members absent:  
Ojala Naeem

Staff: Ginne-Rae Clay, Executive Director, SEC Karen Colebut, Paralegal Specialist, SEC; Jennifer Edwards, Program Manager, SEC; Kristina Diamond, Communications & Legislative Program Manager, SEC; Vera Lembrick, Program Manager, SEC; Arlene Galindo-Jimenez, Program Manager, SEC; Jennifer Stevens, Associate Accountant, SEC; Ana Rosa, Administrative Assistant to Executive Director Ginne-Rae Clay, SEC.

3. Approval for the December 21, 2023, Meeting Minutes

Chair Shirley asked for a motion to approve the minutes.

Motion – by Michael Jefferson  
Second – by Avery Gaddis  
In favor – All  
Opposed – None  
Abstentions – None  
Motion passed.

4. Discussion – Regarding Social Equity Plans & Workforce Development Plans

Chair Shirley commenced the meeting by stating the first item on the agenda is the discussion the committee had with regard to the implementation of Social Equity and Workforce Development Plans and how the Social Equity Council can evaluate progress. Or encourage the Social Equity applicants to follow through on those plans. Chair Shirley asked Executive Director Clay for an update on where the committee was in this discussion.

Executive Director Clay began by stating that she would like to recap the discussion held at the committee's last meeting. The committee talked about the fact that the legislation does not provide the council with authority to enforce the implementation of Workforce Development Plans or Social Equity Plans. So, we did a little bit of research. Chairman Shirley, you indicated that the some of the utility companies may be faced with fines, if they don't do things that they're required to do. So, Karen Colebut went and di a little bit of research in the DPUC, Department of Public Utility Control. They're the ones in Connecticut that handle the utilities, the water, the cable, the electric companies.

So, she put together some information. That's called Title 16 that gives the DPUC authority to issue fines and penalties to make sure that these utility companies are doing what they're supposed to do. I am going to let Karen speak a little bit about that and what she found in her research.

Karen Colebut began her presentation by greeting Chair Shirley and the committee. Ms. Colebut state that what she found in most of the cases that she researched were about regulatory issues and did not directly correspond to the tasks at hand for the Social Equity Council and what is available to it. Ms. Colebut continued, what I did find was what is available to the regulatory agency is that they can implement fines and can also suspend licenses or certifications.

As we've been told by Councilwoman Shirley Skyers-Thomas this would not be an option available to the Social Equity Council as that is a function that pertains to the licensing and renewal processes at the Department of Consumer Protection. However, if there are amendments made to the statute, then that would provide for some implementation of enforcement type of oversight by the Social Equity Council. But that is what I came up with. That is what I found in terms of what may be available. If the procedures are put in place to have either amendments to the statute or to the policies.

Chair Shirley thank you for that. And just to reiterate we appreciate the work you did there and taking a look and contacting the authorities there I our last conversation I do recall we had taken a look at the options or potential options. Chair Shirley continued; we're taking a dim view, I think. Council Gaddis brought it forward and there was agreement with him that the implementations always say of fines would not be the most desirable remedy that we

would like to impose. There are other state agencies, I think. What does consumer protection may have? Can we recommend the imposition of penalties to the appropriate agency when we find it?

Councilwoman Shirley Skyers-Thomas stated that DCP's application and renewal process does not speak to the connection between imposing fines or having anything to do with not submitting or improperly submitting or rejected submission for the social equity plan. If we were to do any augmentation of that, I believe we'd have to do that statutorily as opposed to regulations. So yeah, you are correct.

Councilman Jefferson asked, why don't we simply treat it as a glitch in the legislation? This thing was passed, and we had to fill some gaps and clarify some matters and we also had to suggest certain amendments, and we did that in the last legislative session, that's how I see it. It's no way in the world that they passed this legislation without having some sort of remedy for those who do not acquiesce. According to our mission, we are the Social Equity Council. It's just an oversight and I think moving forward and keeping in mind what the Chair indicated regarding Councilman Gaddis' comments at the last meeting, we should move accordingly and simply talk to DCP through Councilwoman Thomas and talk to some of the legislators to get a sense of how we can remedy this situation. I don't think it's complicated. Thank you.

Chair Shirley stated so's see if we can re recap Councilwoman Skyers-Thomas, moving forward, who would we approach?

Councilwoman Skyers-Thomas stated, that would be me sir, I would bring in our legal counsel, Julianne Avallone.

Councilman Jefferson, I think we can put forth an amendment in this legislative session because it is, not costing anything any money or anything. It was just an oversight.

Chair Shirley stated and my thought is, correct me if I'm wrong please, there is a lot of discussion, dialogue between the Social Equity Council staff and license holders, potential license holders, as they prepare their Social Equity Plans, they have to have that in place before they get approved to have a license. It would make sense that if they don't implement those plans, that a renewal of the license could be withheld until it is seen that they are making headway with what they said they would do.

Executive Director Clay stated, Mr. Chair, we might also consider 30 days to cure, so if they fail to submit their plan, we give them 30 days to cure. So, either to submit the plan and show that they have implemented the plan and then if they do not cure any deficiencies in 30 days we could move for a temporary suspension of the license.

Councilman Jefferson stated I am not going to sit here and apologize for people who don't comply with a very critical aspect of our mission. I mean, our mission is to establish social equity in the adult-use cannabis business. We should not be shy about folks who are not complying with a very critical aspect of our mission. You have to have a Social Equity Plan and a Workforce Development Plan, That's the whole idea of why we exist, so I don't see why we should apologize. I get the whole idea about fines because that will create some unnecessary delays because lawmakers simply don't want t to go down that route. But, a temporary suspension, there's a small price to pay.

Executive Director Clay stated, I just want to make a comment that we have not encountered a single company who is resistant to a social equity plan. Some of them are a little unsure as to how to put them together, but my staff has been working very diligently providing technical assistance and reading the plans and providing very detailed Deficiency Notices.

Director Clay continued I just did a round table with the Cannabis Chamber of Commerce last week, and the whole round table was about social equity plans, how to put them together, how to implement them, how to measure the metrics. So, we do not have any company that is resistant to it. So, I just wanted to make that comment.

Chair Shirley stated that's good to hear. I look at this very much as I would a borrower who has a covenant with the bank to make payments. We know there is an agreement – the agreement is mutual. Now we know anything can h happen, if something goes wrong or something unexpected happens in the process, a good borrower notifies the bank ahead if time to say, look I have a problem. So, I might no be able to make this payment.

Councilman Jefferson stated, on the flip side, I think it's incumbent upon the lender (that would be us) to provide reminder notices. If you know the application has to be renewed in six months. I think Madam Executive Director wouldn't have a problem with sending out automatic renewal or notices saying a critical part of this renewal process us that you have to have a Social Equity Plan and a Workforce Development Plan. I think we could do it under the most favorable conditions to the licensee. There are things mandated that we just cannot overlook.

Chair Shirley asked Director Clay what will our next steps be?

Director Clay stated that she would like to make one comment – there is already something built in for automatic notice. the plan each applicant has to give a six-month report - that gives us an opportunity to see how they are doing with their plan and then they will provide an annual report. So, I think our next steps would be to have some conversations with DCP

about language and what that would look like. So, we will work out the details with and bring recommendations back to the committee.

Mr. Chair, the one thing that we plan to do is to put out an annual report on those companies that are doing well with their Social Equity Plans.

Chair Shirley stated that would be great PR for those that are doing well.

5. For the Good of the Order - Review of SEC Bylaws

Director Clay stated that it is time to revisit the Bylaws of the Council. We've had some things go on in the last year or two that may require the bylaws to be updated and or revised.

Chair Shirley stated we look forward to seeing those. So, if there are no issues, I will take a motion to adjourn.

7. Adjournment

Motion – by Michael Jefferson

Second – by Avery Gaddis

In favor – All

Opposed – None

Abstentions – None

Motion passed.