

STATE OF CONNECTICUT

SOCIAL EQUITY COUNCIL | FINANCE COMMITTEE SPECIAL MEETING - **DRAFT**

May 30, 2024 Meeting 10:00 A.M.

Virtual Meeting via Microsoft TEAMS

1) Call to Order and Welcome

Avery Gaddis called the meeting to order at 10:04 A.M. and welcomed committee members, council colleagues and SEC staff.

2) Attendance

Avery Gaddis
Kyle Abercrombie
Daniel Karpowitz
Melvin Medina (Absent)
Edwin Shirley
Shirley Skyers-Thomas (Absent)
Andrea Comer

Staff: Ginne-Rae Clay, Director, Jennifer Stevens, Associate Accountant, Kristina Diamond.

3) Approval of the April 9, 2024 meeting minutes

Gaddis asked for a motion to approve the April 9, 2024 meeting minutes.

Motion – by Edwin Shirley
Second – by Daniel Karpowitz
In Favor – All
Opposed – None
Abstentions – Kyle Abercrombie, Avery Gaddis
Motion passed.

4) Fiscal Year 2024 Financial Review

The fiscal year 2024 financial review was presented by Jennifer Stevens. She provided an overview of the financials through April 30, 2024, stating that total expenditures amounted to \$1,681,665.62, which covered personal services and other expenses. For April, the salary and longevity payments for eight full-time employees totaled \$63,137, with fringe benefits adding up to \$52,122. There were no payments made for CohnReznick or the Accelerator Program in April. The transcription services, provided by A Plus Transcription Service LLC for five meetings, cost \$1,527.

Additionally, a significant promotional items order from Ad America amounted to \$27,550. Other expenditures included cell phones, iPads, and hotspots at \$1,322, and a monthly West Law subscription initially billed at \$445 but corrected to \$329.81, with an upcoming credit of \$115. The total expenditure for April was \$146,104, leaving a remaining balance of \$4,118,334, divided into \$2.7 million for other expenses and \$1.39 million for personal services.

Edwin Shirley inquired about the personal services category, confirming it includes only salaries and fringe benefits. Avery Gaddis raised concerns about the promotional items (swag bags), to which Jennifer assured that they are well-organized, accounted for, and essential for outreach and brand recognition.

Jennifer highlighted the importance of expediting the community conversations, noting that three DIAs (Stamford, New London, and Bridgeport) were approved by OPM on April 24th and require prompt action. Another DIA is in the approval process, with three more planned at \$20,000 each.

Ginne-Rae Clay clarified that council approval is awaited to proceed with the community conversations and that the chairwoman is currently reviewing them. Additionally, Ginne-Rae mentioned that up to \$20,000 is budgeted for a strategic planning session, with a vendor search underway.

Ginne-Rae Clay presented an in-depth update on the partnership with Oaksterdam University, emphasizing the extensive training and educational programs provided for social equity applicants in Connecticut's nascent cannabis industry. Clay highlighted that Oaksterdam University is a full-fledged cannabis university, offering a comprehensive accelerator program designed to equip social equity applicants with essential business knowledge and support.

Clay explained that in 2023, the SEC sought a partner to develop an accelerator program and selected Oaksterdam due to its thorough proposal and value. The first cohort, consisting of up to 35 participants, faced timing challenges as they balanced starting their businesses and full-time jobs. Despite this, the nine-month program covered a wide range of topics, including state and federal laws, business plan preparation, and investor pitching. The program concluded with a graduation ceremony in Norwalk, where 19 participants graduated, 12 of whom completed the entire program, earning a reduction on their SEC loans.

As the collaboration enters its second year, adjustments have been made based on participant feedback, including a new five-week boot camp available before the lottery to provide foundational knowledge about the cannabis industry. Clay underscored the financial aspects, noting that the first year's program cost nearly \$1 million, with a significant portion allocated to developing a Connecticut-

specific learning management system. Oaksterdam has maintained the program's cost for the second year and added the boot camp at no additional charge.

Avery Gaddis, sought clarity on financial returns and program effectiveness; Andrea Comer, questioned the specifics of the learning management system costs and workforce training; and Edwin Shirley, inquired about increasing participant numbers to reduce costs per person. Jennifer Stevens provided financial clarifications, ensuring that all expenses were justified and accounted for.

The committee expressed the need for continuous evaluation of Oaksterdam's performance and emphasized the importance of understanding the program's impact on workforce development in Connecticut's cannabis industry. Clay assured the committee that regular meetings and feedback loops with Oaksterdam are in place to ensure the program's effectiveness and alignment with industry needs.

Avery Gaddis initiated a discussion on whether there is utility or benefit in charging a fee for programs instead of offering them for free. He expressed skepticism about the effectiveness of free programs, suggesting that charging a fee might increase participants' commitment and follow-through. He questioned if participants in free programs are as dedicated, noting that the actual completion rates of such programs had not been evaluated.

Ginne-Rae Clay responded that she was unsure if they are allowed to charge social equity applicants or DIA residents for their programs. She pointed out the potential logistical challenges of handling money for these programs and suggested that further investigation would be needed.

Daniel Karpowitz raised a question about the goals of the Oaksterdam University educational project, highlighting two potential visions: spreading awareness and creating interest (informative) versus preparing individuals for jobs or business opportunities (training). He inquired whether the program was aimed more at increasing knowledge in the community or at achieving tangible outcomes like job placements or successful business proposals.

Ginne-Rae Clay clarified that the accelerator program is available only to licensed cannabis companies, not to the general public. She explained that once participants become provisionally licensed, they can register for the accelerator and receive ongoing support from Oaksterdam University throughout their business setup and beyond. She emphasized the program's dual goals of providing education and career opportunities to individuals from disproportionately impacted areas and ensuring they can make informed decisions about their involvement in the cannabis industry.

Avery Gaddis appreciated the insightful questions and encouraged committee members to participate actively without waiting for his acknowledgment. He then

asked about the \$700,000 allocated for software development, seeking clarification on whether the platform developed would remain their intellectual property or if the money would be lost if the contract wasn't renewed.

Ginne-Rae Clay introduced Dale Sky Jones, Chancellor of Oaksterdam University, to provide detailed answers about the platform and its development.

Dale Sky Jones explained that the initial \$700,000 funded the creation of two programs: a business of cannabis certification and an entrepreneurial coaching program. She detailed the development process, including adapting the curriculum to Connecticut's specific legal framework, hosting webinars, and providing comprehensive coaching and pitch preparation. She noted that the developed content could be owned and used by Connecticut independently, although ongoing updates and support would be needed to keep the program current.

Jones emphasized the participant-centered approach and the extensive support services provided by Oaksterdam, which justified the costs. She reassured the committee that the investment was aimed at creating a sustainable and high-quality educational platform tailored to the needs of Connecticut's social equity applicants.

Edwin Shirley inquired about the management module within the Oaksterdam University programs, specifically if it prepares applicants for ownership roles, focusing on the unique decisions owners must make, such as investor relations and business growth.

Dale Sky Jones responded that the management module indeed addresses these needs within two distinct programs. She explained that last year's 10-month accelerator program was condensed due to its intensive demands. The program was deconstructed to separate workforce development from entrepreneurship. The management training now includes essential knowledge for both managers and owners, such as public health and safety, supply chain compliance, and specific classes for middle and upper management. This management training has become a prerequisite for the shorter accelerator program, which focuses on entrepreneurship.

Avery Gaddis asked if there were any more questions for Chancellor Jones. There were no further questions, but he mentioned that he had additional questions to discuss offline. He emphasized the importance of ensuring a respectable and manageable return on investment for the programs.

5) Recommendations to the full Council

Avery Gaddis initiated the discussion by recommending that the approval threshold for the full should be lowered from \$50,000 to \$25,000. He also proposed conducting 90-day internal audits council, emphasizing the need for transparency and accountability in expense and credit card reports. Gaddis urged committee members to consider additional recommendations for future discussions.

Andrea Comer suggested using the recently passed statute's reporting requirements as a guide for the internal audits. Avery Gaddis requested a summary of these new changes, which Kristina Diamond agreed to provide.

Kristina Diamond shared her screen to detail the new legislative requirements, including quarterly reports to various state leaders and committees, covering fiscal year-to-date expenditures in eleven categories, performance status of the council's responsibilities, and details on pending applications. She also highlighted the need for monthly executive director reports to the council and the Black and Puerto Rican Caucus, broken down by consultants and other specific categories.

Avery Gaddis confirmed that the report had been shared with the full council and thanked Diamond for the update. He asked if there were any questions or additional recommendations.

Kyle Abercrombie and Edwin Shirley supported the recommendations presented by Gaddis, with Shirley indicating he would send further suggestions via email if needed.

Ginne-Rae Clay mentioned the heavy lift required for reporting by July 1 and assured the committee of the staff's commitment to meeting these deadlines. Gaddis emphasized the importance of accuracy and involvement from council members.

Andrea Comer clarified that the new legislation was already in effect and that reports were due by July 1, 2024. Diamond confirmed this and noted that the legislation had been effective upon passage.

Ginne-Rae Clay invited council members to audit or take Oaksterdam University courses, with details previously sent out.

6) For the Good of the Order

None.

7) Adjourn

Avery Gaddis asked for a motion to adjourn.

Motion – by Edwin Shirley
Second – by Daniel Karpowitz
In Favor – All
Opposed – None
Abstentions – None
Motion passed.

Adjournment at 11:03 AM

Avery Gaddis concluded the meeting, expressing readiness to assist the staff and thanking everyone for their participation. The meeting was adjourned.



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Date: May 30, 2024

RE: Minutes: May SEC Finance Committee Minutes (Draft)

Please be advised that the above-referenced typewritten minutes are a true and accurate description of the proceedings obtained from the recorded conversations to the extent that the audio could be clearly heard/understood. Portions that could not be heard/understood have been notated with a (an “inaudible” or “?...”).

Sincerely,

Brenda LaFleur

Brenda LaFleur
Owner, A Plus Reporting Service, LLC

I certify that this document is a true and accurate description of the proceedings obtained from the recorded conversations contained in the listed audio file.

Boden Truitt

Boden Truitt,
Transcriber