

# SAN FRANCISCO CANNABIS OVERSIGHT COMMITTEE

## Notice of Hearing & Agenda

Meeting held via Webex

**October 19, 2022  
1:00 PM-4:00 PM  
Regular Meeting**

### Committee Members:

#### Voting Members

- Ali Jamalian
- Aaron Flynn
- Ryan McGilley
- Doug Bloch
- Shawn Richard
- Nina Parks
- Brendan Hallinan
- Theresa Foglio-Ramirez
- Sara Payan

#### Non-Voting Members

- Mohanned Malhi or rep. from SFPDH
- Sgt. Chris Oshita or rep. from SFPD
- Stephen Kwok or rep. of DBI
- Michael Christensen and Matthew Chandler or rep. of SF Planning
- Quarry Pak or Rosalia Lopez or rep. from SFUSD
- Maggie Weiland or Kaitlyn Azevedo or Dylan Rice or rep. of SF Entertainment Commission
- Captain Dennis Sy or rep. from SFFD

### Meeting materials are available at:

Website: [www.officeofcannabis.sfgov.org](http://www.officeofcannabis.sfgov.org)

Office of Cannabis, City Hall  
1 Dr Carlton B Goodlett Pl #18  
San Francisco, CA 94102

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(Chapter 67 of the San Francisco Administrative Code)

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Any materials distributed to the members of the Committee within 72 hours of the meeting or after the agenda packet has been delivered to the members are available for inspection at the Office of Cannabis, 49 South Van Ness, San Francisco, CA 94103, during regular office hours.

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**SPANISH:** Agenda para la Oficina de Cannabis. Si desea asistir a la audiencia, y quisiera obtener información en Español o solicitar un aparato para asistencia auditiva, llame al 628-652-0420. Por favor llame por lo menos 48 horas de anticipación a la audiencia.

**CHINESE:** 規劃委員會議程。聽證會上如需要語言協助或要求輔助設備，請致電415-554-4420 請在聽證會舉行之前的至少48個小時提出要求。

**TAGALOG:** Adyenda ng Komisyon ng Pagpapalano. Para sa tulong sa lengguwahe o para humiling ng Pantulong na Kagamitan para sa Pagdinig (headset), mangyari lamang na tumawag sa 628-652-0420. Mangyaring tumawag nang maaga (kung maaari ay 48 oras) bago sa araw ng Pagdinig.

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**Regular Agenda:****1. Call to Order / Roll Call**

- Chair Jamalian shares that members of the public will have the opportunity to make comments but notes that committee members will not be able to respond directly to their questions and comments.
- Chair Jamalian states that there are two important points to cover in this meeting. The first is the next distribution of equity grants, where half of the committee will have to recuse itself. The second point is the discussion on the Fire Department's notices of violations to operators with temporary permits.
- Upon roll call, the following Committee Members were noted present [(v)= voting member]
  - Ali Jamalian (v)
  - Aaron Flynn (v)
  - Ryan McGilley (v)
  - Doug Bloch (v)
  - Shawn Richard (v) *(arrived during Agenda Item 5, reflected as "absent" in vote tallies for agenda items 2-4)*
  - Nina Parks (v) *(arrived during Agenda Item 4, reflected as "absent" in vote tallies for agenda items 2-3)*
  - Brendan Hallinan (v)
  - Theresa Foglio-Ramirez (v) *(arrived during Agenda Item 5, reflected as "absent" in vote tallies for agenda items 2-4)*
  - Sara Payan (v)
  - Stephen Kwok, DBI
  - Michael Christensen, Planning
  - Matthew Chandler, Planning
  - Quarry Pak, SFUSD
  - Dylan Rice, SF Entertainment Commission
  - Lt. Dennis Sy, SFFD
- The following Committee Members were not present:
  - Mohammed Malhi, DPH
  - Capt. Brian Philpott or Sgt. Chris Oshita, SFPD
- A quorum is established

**2. Review and Adopt Resolution Making Findings to Allow Teleconferenced Meetings Under California Government Code Section 54953(e)**Discussion,  
Action

*Committee members review and adopt a resolution making findings required under state law to allow the Committee to meet remotely, as is currently required by order of the Mayor. The Committee will need to adopt these findings at each future meeting, at least until in-person meetings are allowed to resume in San Francisco. Refer to proposed "Resolution" included in the materials accompanying this agenda.*

- No public comment

- **Motion:** There is a motion to adopt the resolution as written
  - **Motion/Second: Brandon Hallinan/Aaron Flynn | Motion Approved**
  - **Ayes: 5 | Nays: 0 | Abstentions: 1 | Absent: 3**

### 3. Review and Consideration of Regular Agenda

Discussion,  
Action

*Committee members review and amend the meeting agenda as necessary and vote to approve.*

- No public comment
- **Motion:** There is a motion to amend the sequence of the agenda, switching agenda items 6 and 7.
  - **Motion/Second: Aaron Flynn/Doug Bloch | Motion Approved**
  - **Ayes: 6 | Nays: 0 | Abstentions: 0 | Absent: 3**

### 4. Review and Approve Minutes from Committee Meeting on 8/10/2022

Discussion,  
Action

*Committee members review minutes from previous Committee meeting, amending as necessary, and vote to approve.*

- There are no edits or requested revisions from the Committee.
- No public comment
- Motion: There is a motion to adopt the previous August 10, 2022 meeting minutes.
  - **Motion/Second: Brendan Hallinan/Doug Bloch | Motion Approved**
  - **Ayes: 7 | Nays: 0 | Abstentions: 0 | Absent: 2**

### 5. OOC Staffing Update

Discussion,

*The OOC provides staffing updates including a new member of the Permit Center Staff, Matthew Chandler, who will replace Michael Christenson's seat at the council.*

***Director Patel presents new staff members; Michael Christensen and Director Patel facilitate Permit Center's transition in operator communications.***

- Director Patel introduces Princess Bustos as the newest team member in OOC.
- OOC Staff Princess Bustos introduces herself and history of providing pro-bono legal services to cannabis operators.
- Director Patel states that operators seeking to get verified will work with Princess Bustos.
- Director Patel introduces new OOC staff Ray Law, who previously worked at the OOC.
- OOC Senior Deputy Director Ray Law introduces himself.
- Director Patel states that Ray Law will be overseeing enforcement and permitting, working with permit analysts to streamline reporting process.
- Director Patel states that Tanisha Gooch, former OOC staff member, returned to previous job at DA's office. Director Patel further states that OOC is working to fill that vacancy.
- Member Michael Christensen presents transition in SF Planning Department.
- Member Christensen introduces a new member of SF Planning Department who will replace Michael Christensen's seat, Matthew Chandler.

- Member Christensen states that he will be working on permitting reforms and Matthew Chandler will take over processing cannabis applications.
- Members/Director expressed gratitude for Michael's work during transition.
- Matthew Chandler introduced himself to committee members.

***Public Comment***

- Chair Jamalian opens for public comment
- First comment: "Perry Jones, CEO MMD, I want to say thank you to everyone on the Committee today, and of course Michael Christenson, I want to thank you for all of your hard work. Much gratitude. Especially for your (inaudible) and for the Oversight Committee as well, as well as welcoming Mathew, I definitely look forward to working with you. And the question I do have at this point where I'm at in planning is: will you be working effectively now or will we still be simultaneously working with you and Michael, how do we contact you now and when are you effective in this role?"
- Mathew Chandler: I believe at this point I'll be taking over the role representing the planning department, so feel free to reach out to me as needed and I'll work with Michael for any update or touch base with him as well.
- Second comment: Malcolm White, "Thank you, and I just wanted to welcome back Ray, hope your family is doing well and welcome back to the OOC, and Tanisha will be missed, wonderful working with her, she helped a lot. And welcome Princess Bustos to the OOC. Also, I'd like to say thank you to Michael Christenson for all that you did, you really helped me personally and you were extremely responsive. I hope you go on to more success in your endeavors. Thank you."
- Third comment: "Hi, this is not a public comment really, I just wanted to thank Michael Christenson for helping, he was really a pioneer in the first applications getting through the process, he did due his diligence on both sides. And I'm excited to see Ray back and sad to see Tanisha go, but I'm sure we need her where she's at so everyone can have a fair chance, just period. So, I want to thank everyone for doing what they need to do for getting us through this equity program, and through our cannabis problems right now, because it's just really hard right now for us. And I'm (inaudible) from (inaudible)."
- Fourth comment: Rayna Jackson, "Glad to see you back Ray, your thoughtfulness and hard work is much appreciated."

***Committee Discussion***

- Member Doug Bloch thanks outgoing staff of Permit Center and COC at large and welcomed incoming staff.
- Chair Jamalian asks how the transition between Matthew Chandler and Michael Christenson will work. Chair Jamalian asks a follow question on whether Matthew Chandler is the new point of contact for operators and if this shift will make permitting quicker.
- Member Michael Christenson answers that he still has access to cannabis email inbox, however Matthew Chandler will be the primary contact. Member Christenson also

states that the position requires training and an understanding of planning code and state law, so there will be a period of transition. Member Christenson states that moving forward, the department wants to be cognizant of “putting all of our eggs in one basket,” by only having one planner assigned to cannabis cases. Instead, Member Chandler will support applications as well as background management, and any planners assigned to cases will be able to proactively identify issues with operator applications or respond to challenges.

- Chair Jamalian stated that the committee should have a future agenda item to discuss DBI and permit planning having multiple (two) staff members dedicated to cannabis permits.
- Member Aaron Flynn asks if incoming member (Matthew Chandler) is going to have access to email thread history or if individual operators should draft a timeline and general summary of their application.
- Member Michael Christenson answers that Matthew Chandler does not have access to personal emails which is why it is always encouraged for operators to email the cannabis inbox rather than an individual person’s email. Member Christenson states that his door will always be open for operators still in the process, especially temporary operators, for questions on approval pathways.
- Member Christenson expressed thanks for public comments.
- Member Brendan Hallinan thanks Member Christenson for his work and asks about the process of the cannabis inbox and whether applicants should reach out to Matthew Chandler directly about their applications.
- Member Christenson explained how staff access the cannabis inbox and that the shared inbox allows for better continuity of keeping records and communications. Member Christenson also states that it would be helpful for operators to send an email to the cannabis inbox when they file an application so that they begin monitoring application status.
- Member Hallinan requests that the next bulletin sent by the OOC should introduce Mathew Chandler and also the bulletin should describe that applicants should send an email to cannabis inbox when submitting applications.
- Director Patel states that the OOC will include these details in the bullet and informs the Committee that there has been increased communication behind-the-scenes between DBI, Permitting, and OOC.
- Member Flynn states that a bulletin sharing the email for the shared inbox would be helpful.
- Member Flynn asks if operators should send to the cannabis email a one-page list of key details on their individual projects to support onboarding of Mathew Chandler and initiate engagement.
- Member Christenson stated that it would be helpful for operators to share the information per Member Flynn’s suggestion once they are ready to engage with the application and permit processes.

- Chair Jamalian states that OOC, Chair, and Member Christensen can work together to prepare the list of information that will be shared through the bulletin for operators to send to the cannabis inbox during this transition.
- Member Nina Parks thanks Michael Christenson for being an ally through the equity process.
- Member Parks asks if the Permit Center is working with equity sector and is there a potential to bring them into supporting the transition.
- Member Christenson answers that Planning Department has a racial equity team. This team is estimated to begin working with the racial and social equity goals for the Department in January 2023 and will inform ways to improve processes and programs.

## 6. **Committee Discussion Regarding Cannabis Businesses with Temporary Business Permits**

Discussion,

*Captain Sy from San Francisco Fire Department updates the committee on next steps/corrective action plans for operators who received notice of violations.*

- Chair Jamalian introduces the agenda item and states that violations impact 29 operators, mostly legacy growers. Chair Jamalian also states that he has been in contact with several operators who have been ‘overwhelmed’ by current situation.
- Captain Sy, San Francisco Fire Department (Permit Division), confirms that many operators have received notices of violation and provided background information on the timeline of violations:
  - Fire Department inspections for cannabis operators began in 2017.
  - Fire department provided operators with Corrective Action Plan document which listed action items from a variety of SF agencies.
  - Many operators finished this list, yet there are some operators who are not up to code as of 2022. Captain Sy states that SFFD takes the pandemic into consideration and has worked to support operators to come up to code.
  - Captain Sy states that not operating at code is dangerous to operators (e.g., carbon dioxide gas, combustible flammable liquids).
  - Notice of violation not the termination of a business for operators, operators need to show that they are moving forward with corrections, and the Fire Department will extend the dates for notices of violation. However, in some issues operators have not maintained contact with Fire Department.
- Director Patel states that it is important to have businesses displaying compliance and permit deadlines have been extended if baseline effort is shown.
- Captain Sy provided examples of operators addressing some urgent violations before other violations, and that is acceptable.
- Captain Sy states that permitting businesses is especially important in the context of the high number of illegal operators and unlicensed cultivators.

- Director Patel states that the OOC has been communicating to temporary permit operators for months and that approval is required from a variety of other department and offices and if those other offices do not approve, then the OOC cannot extend the permit. Therefore, it is in the OOC's interest to facilitate this process. Director Patel also states that operators who demonstrate compliance and progress towards addressing violations are getting permit extensions. Director Patel states that the notice of violation is to promote engagement, and that the OOC's role is to ensure steady communication between operator and the Fire Department.
- Captain Sy describes that if an operator does not cooperate, the violation would be escalated to a hearing involving the businesses owner and property owner. Captain Sy states that this has not happened before because all operators have showed signs of working with the Fire Department.

### ***Committee Discussion***

- Member Flynn states that the presentation reassured operators that a notice of violation is not the 'end all be all' and expressed gratitude to Captain Sy and Director Patel for reassuring operators. Member Flynn also states that operators are under a lot of financial pressure since price of commodity decreased by 70% and wanted to highlight the costs of permitting. Member Flynn also highlights the F1 piece (from DBI) and occupancy change as a challenge to operators and asks if there are options for other occupancy types, such as U occupancy like cannabis operators in Sacramento.
- Captain Sy replies that his department is really busy and Member Flynn is on his follow up list. Captain Sy states that DBI is the department that determines the occupancy type for a business, not the fire department. Captain Sy further states that as of right now, the F1 is the appropriate occupancy code for extracting and cultivating. Captain Sy states that if an operator can call a meeting with DBI -- with their engineer and architect -- and make their argument as to why they feel like F1 occupancy designation is not needed.
- Member Flynn replies that F1 discussions are a time-consuming process, and there is fear that operators might get shut down while working through these processes, but that this discussion has reassured that operators continue to have time after a notice of violation.
- Chair Jamalian states that he hopes the DBI can adapt building codes similar to the codes in Sacramento.
- Captain Sy clarified that DBI codes are based off of CA Building and Fire Codes.
- Member Doug Bloch expresses gratitude for the thoughtful discussion, reiterates that permitting and ensuring code compliance is important to support legitimate cannabis businesses, and emphasizes that these building and fire codes are about protecting the safety of workers.
- Members open the committee to public comment before returning to discussion.



**Public comment:**

- This is Perry Jones, I just want to give thanks to the Fire Department for being able to be in communication with the office of planning as far as the office of cannabis, I know early on there was a big communication gap, but just briefly I would like to commend the efforts made that based on that safety is first, as well as safe access to legalizing cannabis, definitely I know a couple operators, myself, that are dealing with this challenge, dealing with the COVID and bouncing back, and the challenges we're going through, but I think it's positive reinforcement with the point that was made as far as saturating the market since we're still emerging from the black market, so it's a good tactic to saturate this market including equity, in order for this market to have better safe access and probably even more capital, especially since some may be going to the black market, as much as it can be a challenge to run a cannabis business, I think it could be a positive reinforcement for those not in compliance because it all goes back to the consumer and staff, to make sure that everyone is safe, for those kind of gains and safe access to cannabis. So I appreciate the strategy to be cautious and strategic around saturating the market with legal access and safe access when it comes to the workers' rights and the consumer. So keep up the good work, definitely appreciate it.
- Hello my name is (inaudible), I'm a long-term operator. I was a part of the initial inspection in 2018, recently we had another inspection by the Fire Department, and I am tied up currently with the issues getting the CO2 tanks, getting it fully permitted. I went to DBI twice, tried my best to do everything that I can. Currently I'm stuck at a point where I need a set of plans with the engineer stamp on it to show the tank, shows the line. In the meantime, what I would like, if it's possible, if we can at least, while in the process of trying to find an engineer to do the official drawings, if I can at least get a permit in place so I can install CO2 monitoring, so I can at least bring the safety issue up, then I could at least get the operating permit up and running in the meantime and get the Fire Department to come in and inspect on a regular basis as it should be. While I get the proper thing done. Obviously, I came from a construction background, I understand that it would be nice and great to go get an engineer to get it planned and drawn out nice and pretty – a big plan, 24 by 36 paper – but as you're aware, we are now struggling as operators, we are really, really struggling. And honestly, this is going to, every little thing that we can try to save, is going to help us get through this hurdle. I have seen that by me going to the DBI to try and put my best effort in, but I feel like I'm the can that's getting kicked around. Now that I have Captain Sy on here, may I ask, if you guys would consider letting an operator like me submit an application as is as an over the counter so, that's my comment.

***Return to Committee Discussion***

- Chair Jamalian states that the financial burden for a sprinkler system is too large for operators and that he and the committee is working with the Supervisor's office for some sort of subsidy for seismic retrofit.

- Chair Jamalian asks Captain Sy how many of these violations would be resolved with an OTC permit and asks if there can be a smaller meeting to get through the steps of remedying violation to review OTC permits versus full Fire Department review. Chair Jamalian states that this smaller meeting would also help create the bulletin on understanding of notice of violations.
- Captain Sy states that some issues just require an onsite inspection to verify if everything is in compliance.
- Chair Jamalian states that CO2 and mechanical systems definitely require a permit.
- Captain Sy states that it depends on the violation and stresses that operators have to should have open lines of communication with DBI.
- Captain Sy replies to public comment and states that there needs to be a permit to build and a permit to use (DBI for former; Fire Department for the latter). Once DBI finalizes approval, Fire Department can get a permit for operator to use what was just built. Captain Sy reiterates that Fire Department cannot offer a permit for a system that did not have a permit to be built.
- Chair Jamalian states that he and Member Flynn will reach out to Captain Sy to delineate jurisdiction of DBI, electrical, and Fire.
- Member Flynn states that OTC does not exist for cultivation and offers his email to connect with other operators for the permitting process.
- Director Patel states that he will circle back with Member Flynn about sending out Member Flynn's contact information.

## 7. **Committee Discussion Regarding the Distribution of Grant Funding.**

*COC members discuss distribution of grant funding for next grant term.*

Discussion,  
Action

- Chair Jamalian introduces the agenda item, describes that the OOC's presentation will cover data and threshold questions for the COC, and that some members have to recuse themselves.
- Chair Jamalian recused their self, stating a financial interest in an equity license, Sunset Connect LLC.
- Chair Jamalian designated Member Theresa Foglio-Ramirez to Chair the rest of the meeting.
- Member Nina Parks recused their self, stating a financial interest in Gift of Doja, and as an equity applicant, though it is unclear whether there will be a financial benefit.
- Member Brendan Hallinan recused their self, stating a financial interest in an equity-owned business, St. Peters Gateway Inc.
- Member Shawn Richard recused their self.

### **OOC presents different funding options based on VEA ownership percentage and PLN.**

- Member Foglio-Ramirez introduces OOC to present.

- OOC provided a grants overview for round three, grant distribution questions, and noted that all data was pulled on 10/17/2022 and is subject to change.
- SF OOC shared the total available funds, distribution, and spend-down timeline, as well as discussion points for the COC.
  - (1) Given the amount of grant funding available for Round 3, does the Committee have a preference about the size of the grant awards that are issued?
    - Factors to consider:
      - VEA ownership percentage
      - Stage in the application process
      - More available funds compared to Round 2
    - COC presented table displaying grant awards based on VEAs and application stage
    - PLN or Further: includes permitted and operational businesses
  - (2) Given spend-down thresholds to be eligible for subsequent Governor's Office of Business and Economic Development ("GoBiz") grants, does the Committee have a preference about which applicants and operators are best suited to spend down their awards?
    - The more money is spent up front, the easier to hit spend down threshold
  - (3) Once a preferred group, or groups, is decided, should A) grantees be identified based the size of the preferred group(s) at a particular point in time, or B) selected through a randomized lottery within the preferred group
    - COC presented table with proportional grant award depending on # of grantees
    - COC clarified certain point in time selection vs lottery selection
  - (4) In light of the importance of the spenddown rate for Round 3, should a utilization threshold be applied when determining which grantees to redistribute grant awards to in the late Spring of 2023?
    - COC presented utilization rate in proportion to initial spending requirement and the subsequent amount remaining in the last 4 months
    - Spend down threshold is based on state recommended spend down

**Public comment:**

- As a San Francisco verified equity application who received a round one grant, I don't believe the lottery system is appropriate or equitable for round three, mainly because it leaves out eligible businesses all together. Recommendations: Number One: round one and two criteria based on business status by a reasonable point in time is a fair and equitable approach, especially since there is \$4 million available for round three, versus 1.8 million. Grant awards should be larger than \$66,000 and more widely available as a result. Grant contracts should be finalized in ample time for spend-down and responses to funding requests need to be more timely and clearly explained. Number Two: The SFOOC will reach and exceed the go-biz 80% disbursement threshold by offering more accessible up front grant funds in

“advancement” instead of relying on reimbursement or matching funds. As stated in agenda item #6, “applicants at the early stage of the permit process may not have incurred enough eligible expenses to realize the extent of their award.” Many cannot move forwards without up front grants and should not be penalized for not having the funds in advance to be reimbursed. Number Three: expense categories should be more broadly interpreted to avoid the subjective denial of legitimate proposed and incurred expenses, an example is a market research study being rejected for reimbursement because it was considered “not marketing or advertising”. Number Four: the SF OOC could stand to be more considerate of applicants for licenses that may require major build outs, like transport-only or self-transport, and eventually shared manufacturing. Other major expenses all equity partners share include marketing/advertising, software, insurance, and tax/accounting/legal fees, where retainers or prepayment are often needed. Advances for future rent beyond 60 days should be a viable expense to help promote financial stability.

- We are the first true equity and it’s me and my family, we are Poncho Brothers, and for this we put everything on the line. We are living paycheck to paycheck and for this, I just ask that people that are already approved by the state should get their grants and not big investment companies. We’re the true family. No grants for businesses that already received one, grants should be for businesses that are approved. Thank you.
- My name is Perry Jones, I am calling in regards to the grant release, I agree with the written comment totally, for those businesses that were in the first round, second round, I believe that it will make a lot of sense in order for us to have more access to funds, especially as businesses get further, we all know the costs of build out and the challenges that our business will have to go through to get to this point. Even the way that the grants are done, sometimes we don’t get to access all the funds written on paper, as far as how much we get granted but don’t always get access to those funds, just as we said with legal advice, the county and et cetera et cetera, all these things are important but some things there are advancements, but there’s money that’s requested up front. So there are things that can be done while waiting for the next phase. It will be appropriate in order to give more access to those businesses that put a lot of capital, time and resources up front to even get to the point that we’re at. I just recently passed planning and the process of my permit, and needing to get to this point is very costly, but I can see more costs and it will be a comfort blanket just to know, not to say prioritized, but that these first companies that are in acquisitions have that financial backing to be able to push and lead the way for other equity companies that are coming behind us.
- My name is Isaac Tapia. I am the owner of Poncho Brothers, one of the three owners of Poncho brothers, you just heard from my little brother Elijah, and yes we are a true living brand, we are a true living brand. I am in my farm in Humboldt County, we do full farm-to-retail, we do all of it ourselves, my family has put everything on the line, as my brother said. He’s the youngest edible chef at 21 years old, me, I’m the head grower, I’m over here chopping plants and harvesting, my

other brother Edward Brown has helped many equity companies, hasn't gotten compensated. But me and my family and my dad did everything from the build out to the packaging everything you can think of. Me and my family have invested everything we have, no 401k no savings, we have nothing, we are paycheck to paycheck. This grant, what this is for, is for families, this has been written for families like us. We have fallen into the category for what this was written for. This money should be given to companies that have been approved, we did this in less than one year, in one year, we have passed everything from the fire inspection, everything. You can come check us out [address] Poncho Brothers, we just opened up at the beginning of this month, October 7, we are fully rolling. We would appreciate this and really appreciate you hearing us out for this public comment. Look us up, Poncho Brothers, we have talked with all the fire inspection chiefs, hearing about what's going on with other companies, there is no other reason why this shouldn't come to me and my family. Born and raised in the Bay Area. I just appreciate it. Again, my name is Isaac Tapia, one of the owners of Poncho Brothers, happy to give my comment.

- No equity grant should be given to businesses that have already been awarded from round one and two.
- My name is Isaiah. You've got my family on the phone. We didn't qualify for this grant, we're not even qualified to accept this grant, because our equity partner is 40% ownership, so it automatically eliminates us for even applying for this grant. So with this I want to remind that the equity program was for minority ownership, correct? So in regard for that, we are minorities, and everyone that is apart of our team at Poncho Brothers from our equity partner – which I hate to say that because he's actually our brother and he helped to build this, just as well, sweat and tears with us, he's not just someone we signed on to paperwork, he's part of our family, and everything we stand for. So this grant was designed for equity, but what you've just done is eliminated us from even allowing us to get this grant, so in return you're giving us a token saying "I'm sorry" but here's a token to be part of something but never able to get free money because you're not equivalent to meet our standards. But if we are meeting your standards, then the standards of equity are – two families and two people coming together of equity, people of color, this grant allow us to at least participate so we can continue to move forwards. Not only that but we thank the Cannabis Department for allowing us and being a part of this and being excited to be a San Francisco, being the fact that the city has approved, b/c not only did we work, we all did the work, we didn't hire no layers, we didn't hire no contractors, the people that did build it was union strong we hired union work but other than that, we are equity from the ground up. We want to make sure that the people value that and what we're going to give back to the community in return. So thank you very much for your time. Thank you for talking and appreciate that. My name is Isaac Tapia Senior.
- This is Ed Brown from Poncho Brothers. I want to echo the comments heard from my other brothers on here. We weren't awarded and equity grant because our equity

partner only had 40% ownership, and we feel that segregated us. In response, we've had to pool everything together, all our own family money, we've had to do it by ourselves, we had to work when nobody believed in us, we had great personal sacrifice, and for what? Because you guys assumed that somebody with a 51% ownership or more should be given the money versus somebody 40%? Like that's segregation between those two categories of equity applicants. We're totally against this idea of a lottery. While out of the 30 permits, sure, 25 will get awarded, but those five, that could be us. That's not fair to us that we've put every single thing, every single thing that we've paid for we've done it ourselves. The build out, the design, the packaging, the logo, to paying the rent, to getting our product. We've done every single things ourselves with no help. And this is what this program is designed for. So we are asking you to allow us to get our grant to allow 40% ownership people to be able to move forward in this grant. We also think that this grant should heavily favor people who are already open, not those getting through the process, as you have seen some people don't make it through the process, and if they don't make it all the way through the process then it's a waste of equity grant money that could have been given to people already approved and already in business. We want you guys to look at the aspect of people already in operation, already moving, already have their business together. We also feel that people who were awarded money in grants round one and two should have lowest priority or lower priority.

### ***Committee Discussion***

- Member Foglio-Ramirez closed public comment and opened committee discussion.
- Member McGilley asked clarifying questions about Question #2 and how many applicants and operators are in each category.
- Director Patel confirmed that the number of the counts in the table are exclusive of other categories.
- Member Flynn states that the same considerations from round 2 should be continued here, such as grant funds being for operators who are not early on in their process.
- Director Patel states that it is very likely that this item will be agendaized in the next meeting.
- Member Bloch states that pushing agenda items to next meeting could lead to funding delay.
- Director Patel replies that the next meeting will happen close in time due to immediacy of conversation as well as the end of Committee term limits in December 2022. Director Patel further states that the next COC meeting will happen in November before grants are disbursed.
- Member Flynn states that the challenge is to be as inclusive as possible while ensuring grant amounts are meaningful given expense of moving to completion. Member Flynn states that he hears the public comment's concerns that quite a few applicants would get shut out with a 51% threshold especially since the OOC

threshold is 40%. Member Flynn further states a preference for the option of VEA 40% or greater at the build-out or further.

- Director Patel states that the COC can provide soft recommendations and vote at the next meeting, that a motion and vote does not have to occur today.
- Member Bloch requests to review first discussion question and states that \$44,000 as the grant reward does not seem very meaningful in terms of financial assistance. Member Bloch further asks if OOC has heard any feedback from operators on grant awards.
- OOC staffer Jeremy Schwartz states that most applicants pursue storefront retail and some supply chain activities. Schwartz states that the application process is typically 12-24 months and, in the OOC's experience, the cost of carrying costs is in the six and seven figures. Schwartz further states that the OOC routinely hears that the most common barriers and challenges are rent and capital improvements to become operational.
- Member Flynn states that providing grants to only 16 applicants does not feel inclusive or equitable, while providing grants to all 89 applicants does not guarantee that funds will go to applicants that become fully operational. In contrast, the difference of 38 to 45 grantees is not significant and the funding difference of \$16,000 is not significant. Member Flynn points to row three on the presentation's table is the most equitable, inclusive, and meaningful.
- Member Theresa Foglio-Ramirez agrees that row three on the presentation's table is the most equitable, aligns to OOC standards, and aligns to public comment.
- Members discussed that the soft recommendation of the COC in response to question 1 is to go with VEAs 40% or greater and are at build out or further, for a total number 45 of grantees providing grant amounts of \$88,215.23.
- Members agreed to agendaize item for next session.

## 8. General Public Comment

- My name is Elijah. Just want to clarify – thank you for all your time. And that you guys figure this out. People's livelihoods are on the line and people that already have been approved and followed everything to the tee, that this gets directed and funded for the equity applicants that have been already open and for the 40%. Thank you for your time again and hope you have a beautiful day.
- This is Ed Brown from Poncho Brothers. Want to thank you everyone on this Committee and the Office of Cannabis, they have been real diligent with these awards, a lot of experience giving out these awards, I think with the large amount of money that is available. I think the 40% threshold operators should be included, especially operators that can be able to demonstrate that they can meet those spend down requirements, as Director Patel pointed out. I think there should be a way to validate and verify that. There's another concern of mine of giving money to people who are in the process that it's just going to be going to general expenses and

without the true likelihood that they're able to operate and receive their permit – a lot people can stay in the build out phase for number of months. I think this matter also needs to be taken up very quickly for operators like ourselves who are open and have our permit, there are other costs that we need to be able to cover. And so, some of the priorities that should be looked at are operators that are actually open and made it through the process and done every single thing that the Office of Cannabis and the state have required. Again, thank everybody for their time, hope this matter gets resolved. Thank you.

- It may be good to consider spending tiers for businesses that may not be as capital intensive.
- Grants should be prioritized for VEAs with 51% plus ownership at build out or further in the process. These folks are in the best position to utilize the funds and have the most immediate need. If you decide to open this up to 40% owners. Then grants should be distributed pro rata to ownership percentage, meaning if 40% owner gets \$40k then 100% owner gets \$100k. Thank you.

## 9. Adjournment

- **Motion/Second:** Theresa Foglio-Ramirez/Aaron Flynn | **Motion Approved**
- Time of adjournment: 4:11pm