

New Jersey Department of Health
Division of Medicinal Marijuana
Request for Applications

I. Definitions

“Alternative treatment center” or “ATC” means the permitted alternative treatment center authorized to grow and provide registered qualifying patients with usable marijuana and related paraphernalia in accordance with the provisions of the “New Jersey Compassionate Use Marijuana Act,” N.J.S.A. 24:6I-1 et seq. (the Act). This term shall include the organization’s officers, directors, board members and employees.

“Central region” means the counties of Hunterdon, Middlesex, Mercer, Monmouth, Ocean, Somerset and Union.

“Cultivation” includes the planting, propagating, cultivation, growing, harvesting, labeling or manufacturing, compounding and storing of medicinal marijuana for the limited purpose of the Act and this chapter.

“Manufacturing” means compounding, making, and processing medicinal marijuana in all forms.

“Northern region” means the counties of Bergen, Essex, Hudson, Morris, Passaic, Sussex and Warren.

“Region” means either the northern region, central region or southern region as defined in this section.

“Southern region” means the counties of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester and Salem.

“Vertical integration” means the co-location or combination of the following activities related to the production of usable marijuana for qualifying patients within a single corporate entity: cultivation, manufacturing, and dispensing.

II. General Information

The “New Jersey Compassionate Use Marijuana Act,” N.J.S.A. 24:6I-1 et seq. (the Act) provides protection from arrest, prosecution, property forfeiture, and criminal and other penalties by the State of New Jersey for those patients who use marijuana to alleviate suffering from certain medical conditions, as well as their physicians, primary caregivers, and those who are authorized to produce, process, and dispense marijuana for medical purposes.

The Act tasks the Department of Health with seeking “to ensure the availability of a sufficient number of alternative treatment centers throughout the State, pursuant to need, including at least two each in the northern, central and southern regions of the State.” N.J.S.A. 24:6I-7. The Act further directs that “the first two centers issued a permit in each region shall be nonprofit entities, and centers subsequently issued permits may be nonprofit or for-profit entities. N.J.S.A. 24:6I-7.

In March 2018, the Department of Health added 5 additional medical conditions to the list of conditions available for treatment with medicinal marijuana. Since the addition of those conditions, which include two types of chronic pain, anxiety, migraine, and Tourette's syndrome, the program has added 7,000 new patients, bringing the total patient count to over 25,000 as of July 2018. Due to this significant expansion of the patient population served by the Medicinal Marijuana Program over the course of the first 6 months of 2018, and projected future expansion, the Department has determined, pursuant to N.J.S.A. 24:6I-7, that additional alternative treatment centers are necessary to meet the needs of the population of qualified patients in the Medicinal Marijuana Program.

Therefore, pursuant to N.J.A.C. 8:64-6.1, the Department provides this notice of a Request for Applications (RFA) for up to six (6) additional vertically integrated alternative treatment centers: up to two in the northern region, up to two in the central region, and up to two in the southern region.

The Department's goal is equal division of the new Alternative Treatment Centers between each region; however, awards made pursuant to this RFA shall not be delayed in the event of unequal division between regions.

The Department anticipates the release of two additional Requests for Applications in the fall of 2018 and winter of 2019, after the Department's currently proposed rule amendments are adopted. The first will be for additional cultivators and manufacturers, and the second for additional dispensary locations.

III. Eligibility

The Department will seek applications from both for-profit and non-profit entities as the statutory threshold for two nonprofit alternative treatment centers in each region has been met. Those seeking to apply for this RFA as a non-profit entity are not required to be recognized as a 501(c)3 organization by the Internal Revenue Service.

Entities may submit an application for an ATC permit for one or more regions, but must submit a separate application for each region. If submitting for multiple regions, the applicant shall rank the applications in order of priority on the required cover sheet.

If a Joint Venture is submitting an application, the agreement between the parties relating to such Joint Venture should be submitted with the Joint Venture's application. Authorized signatories from each party comprising the Joint Venture must sign the Offer and Acceptance Page. Each party to the Joint Venture must individually comply with requirements 1-5 set forth in **Section VII, Criteria and Weighting**.

Any entity currently holding a permit issued by the Department to dispense medicinal marijuana, including affiliates, is not eligible to participate in this RFA. Individuals and entities with a 25% stake (in the form of debt, equity, or other financial relationship) in any of the currently permitted ATCs, or entities responsible for the management of currently permitted ATCs are also ineligible to apply.

IV. Application

The application instructions, including all forms mentioned in this notice, will be available on the Department's website on August 1, 2018, found at:

<http://www.nj.gov/health/medicalmarijuana/>

The instructions posted on August 1, 2018 shall supersede this notice.

The application materials submitted by each applicant shall include a full and complete written response to each of the criteria specified in this announcement, as well as completion and submission of all mandatory information. Failure to timely submit full, complete, and truthful information for the mandatory requirements shall result in automatic disqualification from this Request for Applications.

The application cover sheet shall include a statement attesting to the accuracy and veracity of all statements, figures, amounts and other information incorporated within the materials submitted. This attestation statement shall be signed by the president/chief executive officer of the applicant entity or other individual authorized to make legally binding commitments on behalf of the applicant.

The application, excluding attachments that cannot be formatted accordingly, shall be typed using 12 point Times Roman font or equivalent, single spaced, with one (1) inch margins, single-sided on letter-sized (8 ½" x 11") pages.

All applications shall be submitted to the New Jersey Department of Health at the following address:

Division of Medicinal Marijuana
NJ Department of Health
PO Box 360
Trenton, NJ 08625-0360

All costs involved in preparation and submission of an application shall be the responsibility of the applicant. The Department shall not be responsible for any costs incurred by an applicant in preparation or submission of an application.

Each applicant shall file ten printed copies and one electronic (PDF) copy of all application materials, accompanied by an application fee, in two payments made payable to the Treasurer, State of New Jersey, one in the amount of eighteen thousand dollars (\$18,000) and one in the amount of two thousand dollars (\$2,000).

Unsuccessful applicants will receive a refund of eighteen thousand dollars (\$18,000). Any check returned for insufficient funds will result in the disqualification of the applicant.

The deadline for receipt of application materials filed in response to this announcement are absolute.

Applications received after the deadline shall NOT be accepted for review.

Copies of the Rules Related to the Medicinal Marijuana Program may be obtained at <http://www.nj.gov/health/medicalmarijuana/program-rules>

V. Mandatory Pre-Application Conference

The purpose of the mandatory pre-application conference scheduled for Thursday, August 9, 2018 is to provide a structured and formal opportunity for the Department to respond to questions from potential applicants regarding this Request for Applications. Any entity interested in submitting an application in response to the RFA is required to attend. The Department will electronically accept questions and inquiries until 4:00 PM on Tuesday, August 7 from all potential applicants via email at nmpquestions@doh.nj.gov with “RFA Question” in the subject line.

Attendance at the mandatory pre-application will be limited to four (4) attendees per applicant. An attendee may represent only one (1) potential applicant.

Questions and responses will be posted on the Department’s Medicinal Marijuana website at <http://www.nj.gov/health/medicalmarijuana>

In addition, applicants should also monitor the Department’s Medicinal Marijuana website for additional questions/responses and other addenda to this announcement.

Applicants are prohibited from directly contacting the Department or Division of Medicinal Marijuana concerning this RFA. PHONE INQUIRIES WILL NOT BE ACCEPTED.

VI. Application Submission and Review Schedule

<u>DATE</u>	<u>ACTION</u>
Monday, July 16, 2018	Notice of Request for Applications
Wednesday, August 1, 2018	Release of Request for Applications and Required Forms
Thursday, August 9, 2018	Mandatory Pre-Application Conference
Friday, August 31, 2018	Closing Date of Application Period
Thursday, November 1, 2018	Anticipated announcement of applicants chosen to proceed in the permitting process

VII. Criteria and Weighting

Mandatory Organizational Information – All applicants must submit the following information. Failure to submit **any** of the information may result in automatic disqualification from the selection process.

An applicant for an ATC permit shall submit an application form and the fees required by N.J.A.C. 8:64-6.5.

As noted on the application form, the mandatory documentation includes the following:

The legal name of the corporation, a copy of the articles of incorporation and by-laws, evidence that the corporation is in good standing with the New Jersey Department of the Treasury and a certificate certified under the seal of the New Jersey State Treasurer as to the legal status of the business entity; and

The following information about each applicant, including the information for each subcontractor or affiliate to the entity named in the application:

1. Documentation of a valid Business Registration Certificate on file with the New Jersey Department of the Treasury, Division of Revenue and Enterprise Services;
2. If an applicant is a non-profit, proof of non-profit status;
3. Submission of completed ATC Entity Disclosure forms, with all supporting documentation, for each applicant, subcontractor and affiliate;
4. Submission of completed Personal History Disclosure forms, with all supporting documentation, for all principals, directors, board members, owners, and managers;
5. Evidence that all principals, directors, board members, owners and employees will cooperate with a criminal history record background check pursuant to N.J.A.C. 8:64-7.2, including payment of all applicable fees associated with the criminal history record background check, which shall be paid by the ATC or the individual;
6. If a principal, director, board member, owner or employee has a disqualifying conviction, evidence that the individual has been rehabilitated;
7. The by-laws and a list of the members of the ATC's medical advisory board, or a proposed plan to organize a medical advisory board;
8. The mailing and physical addresses of the proposed alternative treatment center and evidence of site control for all proposed locations in the form of proof of ownership or a lease*;
9. Written verification of the approval of the community or governing body of the municipality in which the alternative treatment center is or will be located*;
10. Evidence of compliance with local codes and ordinances including, but not limited to, the distance to the closest school, church, temple or other places used exclusively for religious worship or a playground, park or child day care facility from the alternative treatment center;
11. A legible map or maps of the service areas by zip code to be served by the alternative treatment center showing the location of the alternative treatment center; and

12. Text and graphic materials showing the proposed exterior appearance of the ATC and its site compatibility with commercial structures already constructed or under construction within the immediate neighborhood.

*If an applicant does not have site control or local approval at the time of the application, the applicant shall submit a plan to obtain site control and local approval within 30 days of acceptance (by November 30, 2018).

Scored Criteria: The following information must be submitted in narrative form and will be judged by the selection committee according to the following weights on a 1000-point scale. Pursuant to N.J.A.C. 8.64-6.2, the criteria falls within several broad categories:

1. Ability to meet overall health and safety needs of qualified patients and safety of the public.
 - Past business experience of applicants (100 pts)
 - Business operations and compliance (125 pts)
 - Security (100 pts)
 - Cultivation, manufacturing, and dispensary operations (300 pts)
 - Financing (100 pts)
 - Value and Affordability for Patients (50 pts)
 - Market Diversification (25 pts)
2. Community Support and Participation
 - Community support and participation (50 pts)
 - Corporate responsibility (50 pts)
 - Diversity (50 pts)
3. Ability to provide appropriate research data
 - Commitment to Clinical Research (50 pts)

Criterion 1: Ability to meet overall health and safety needs of qualified patients and safety of the public.

Measure 1: Past business experience of applicants – up to 100 pts

In a narrative, applicants shall describe their past experience in the following areas:

- Operating a regulated medical cannabis business, or operating a business in another highly regulated industry, such as healthcare, insurance, financial services, pharmaceuticals, or energy. (25 pts)
- Past experience and contributions toward expanding the body of scientific knowledge related to medicinal marijuana cultivation, manufacturing and dispensing. (25 pts)

- Past experience in all three aspects of the medicinal marijuana supply chain: cultivation, manufacturing and dispensing. (25 pts)
- Specific qualifications of board members, owners, officers, and managers, including any business or professional accolades related to the cultivation, production and dispensing of medicinal marijuana. (25 pts)

Each applicant may submit up to 3 references to validate their past business experience.

Measure 2: Business operations and compliance – up to 125 pts

In a narrative, applicants shall describe their operational plan(s) to comply with the rules for Alternative Treatment Centers specified at N.J.A.C. 8.64, including:

- Recordkeeping and data privacy, including HIPAA (10 pts)
- Reporting (10 pts)
- Inventory management, including seed-to-sale tracking (10 pts)
- Storage (10 pts)
- Processing (10 pts)
- Packaging (10 pts)
- Transportation (10 pts)
- Employee training (10 pts)
- Patient education (10 pts)
- Disaster recovery (10 pts)

In addition, applicants shall also provide a mobilization plan with a detailed timetable for the first year of its business to demonstrate how the applicant will have the necessary personnel, equipment, and resources it needs to begin operations. (25 pts)

Measure 3: Security – up to 100 pts

The applicant shall provide an acceptable safety and security plan, including staffing and site plan, and a detailed description of proposed security and safety measures which demonstrates compliance with the rules at N.J.A.C. 8.64.

Measure 4: Cultivation, manufacturing, and dispensary operations, and ensuring an adequate supply of medicinal marijuana to qualified patients – up to 300 pts

Related to the cultivation of medicinal marijuana, applicants shall describe the following: (150 pts)

- Detailed summary of practices, policies and procedures for the cultivation of medicinal marijuana. (20 pts)
- Knowledge of botany, horticulture, and phytochemistry, and the application of those sciences in the cultivation of medicinal marijuana. (30 pts)
- Plan to scale operations to meet increasing demand, including the applicants beginning cultivation capacity in square feet and total cultivation capacity of the facility in square feet. (10 pts)

- Estimate of time needed to produce first full crop of medicinal marijuana, including the projected size of that crop and the reasoning for the estimates. (10 pts)
- Quality assurance, quality control and testing protocols to assess medicinal marijuana for potential contamination. (20 pts)
- Methods to control insect pests that do not include the application of pesticides. (10 pts)
- Methods to prevent and minimize plant disease. (10 pts)
- Methods and practices related to odor mitigation, sanitation, and airflow. (10 pts)
- Plans to collect data on cultivated marijuana to further scientific research. (15 pts)
- Detailed floor plan of cultivation site/space. (15 pts)

Related to manufacturing of medicinal marijuana, applicants shall provide the following: (75 pts)

- Detailed summary of practices, policies and procedures for manufacturing medicinal marijuana products; (20 pts)
- Detailed summary of the products the applicant intends to manufacture, including information on ingredients (both active and inactive), cannabinoid profile, and relevant patient information like dosing and administration method. (20 pts)
- Quality control, quality assurance and testing of medicinal marijuana products for potential contamination. (20 pts)
- Detailed floor plan of manufacturing site/space. (15 pts)

Related to the dispensing of medicinal marijuana and medicinal marijuana products, applicants shall provide the following: (75 pts)

- Detailed summary of practices, policies and procedures for the dispensing of medicinal marijuana and related products to qualified patients. (20 pts)
- Description or examples of patient education and counseling materials and practices. (20 pts)
- Employee education procedures for dispensary and other patient-facing staff members. (20 pts)
- Detailed floor plan of dispensary, including interior renderings. (15 pts)

Measure 4: Financial Suitability and Sustainability -- up to 100 pts

In addition to the required ATC Entity Disclosure and Personal History Disclosures, applicants shall provide:

- A brief summary (no more than 5 pages) of the applicant's business plan including a budget and projected expenses and revenues for at least a 5 year time period. (25 pts)
- Evidence of sufficient access to capital to support the proposed alternative treatment center. (25 pts)
- Certified financial statements (audited or reviewed) in accordance with applicable standards by an independent Certified Public Accountant, which include a balance sheet, income statement, and statement of cash flow, and all applicable notes for the most recent calendar or fiscal year. (25 pts)
- Record of past business taxes paid to federal, state and local governments. (25 pts)

Measure 5: Value and Affordability for Patients – up to 50 pts

Applicants shall provide evidence and plans to:

- Provide cost-effective medicinal products to qualified patients and their caregivers; (10 pts)
- Ensure their proposed products are affordable to the patient population; (10 pts)
- To provide discounts to seniors, veterans and patients on government assistance; (10 pts)
- To implement a free or significantly reduced cost program for the indigent. (10 pts)

Applicants are encouraged to submit proposed/sample pricing information. (10 pts)

Measure 6: Market diversification – up to 25 points

Applicants shall provide evidence that their proposed ATC will improve competition and diversification in New Jersey's medicinal marijuana market.

Additionally, the selection committee shall review the application materials against the Department of Health's historical program data to assess whether accepting the proposed ATC could result in increased market concentration, defined as an increased market share for an individual, group of individuals, or an entity involved in ATC operations.

The selection committee shall not only consider the corporate structure of the proposed ATC, but also the owners, principals, directors, managers, affiliates, and contractors when determining the impact of a proposal on market share.

Criterion 2: Community Support and Local Participation

Measure 1: Community Support and Local Participation- up to 50 pts

In no more than 5 pages, the applicant shall describe their ties to the local community and history of community involvement, including but not limited to:

- Business and investment; (10 pts)
- Involvement with non-profits and community organizations; (10 pts)
- Residency of owners, board members, officers and managers; (20 pts)
- Local hiring plans. (10 pts)

Each applicant may submit up to 3 letters of support to validate their record of community support and local participation.

Measure 2: Corporate Social Responsibility – up to 50 pts

In a narrative no longer than 5 pages, the applicant shall provide an overview of their plans or experience pertaining to:

- Promoting diversity in their workforce; (10 pts)
- Providing competitive compensation and benefits to their employees, including any means for gaining equity in the company; (10 pts)
- Reducing environmental impacts of the cultivation/manufacturing facility; (10 pts)
- Educating the community about the proposed ATCs, including addressing any concerns; (10 pts)

- Collective bargaining agreements. (10 pts)

Measure 3: Diversity – up to 50 pts

Applicants shall provide evidence of the following factors:

- Involvement of women, minorities and veterans in the ownership, board, and management of the proposed ATC. (25 pts)
- Any certifications or designations proving the business is women-owned, minority-owned, or veteran-owned. (25 pts)

Criterion 3: Ability to provide appropriate research data.

Measure 1: Commitment to Research - up to 50 pts

In a narrative no longer than 5 pages, please describe the applicant's commitment to medical research, including but not limited to:

- Past experience with clinical research, especially related to medicinal marijuana; (10 pts)
- Contributions and experience relevant to expanding the science of medicinal cannabis; (10 pts)
- Ties to the clinical research community in New Jersey and in other jurisdictions; (10 pts)
- Any current or proposed partnerships with New Jersey medical schools; (10 pts)
- Proposed funding and/or other resources for clinical research. (10 pts)

Applicants may submit any letters of support to validate current or proposed research partnerships.

VIII. Fees

As a condition of Department consideration of an application submitted in response to this Request for Applications issued pursuant to N.J.A.C. 8:64-6.1, applicants shall submit a fee of \$20,000 for each application.

The applicant shall submit the fee with the application, in the form of two checks payable to the "Treasurer, State of New Jersey," one of which is for \$2,000 and the other of which is for \$18,000.

If an application is unsuccessful, the Department shall retain the \$2,000 fee and shall destroy the other check for \$18,000.

Application fees of successful applicants are non-refundable.