



State of New Jersey
CANNABIS REGULATORY COMMISSION

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October 15, 2021

Greenhouse Wellness of NJ
LLC 3026 Mannheim Ave
Mays Landing, NJ 08330

*Re: **FINAL AGENCY DECISION***
Award of Vertically Integrated Permit to Operate an Alternative Treatment Center
("ATC") Pursuant to the 2019 Request for Applications ("RFA") Process

Dear Kathy Gatto,

The New Jersey Cannabis Regulatory Commission ("CRC") has received and reviewed your application for a vertically integrated permit, submitted on 8/22/2019, to operate an Alternative Treatment Center ("ATC") pursuant to N.J.S.A. 24:6I-1 et seq. Following thorough review by the selection committee, and subject to the post-award accountability measures listed below, the CRC has awarded you for a vertically integrated permit.

By way of background, on July 1, 2019, the Department of Health ("Department") posted a Request for Applications ("RFA") to operate up to twenty-four ATCs, of which up to eight such centers would be in the Northern and Central regions of the state, up to seven would be in the Southern region of the State, and one would be in a region to be determined at the time of award based on patient need. The RFA sought to award permits for up to fifteen dispensaries, five cultivation sites, and four vertically integrated ATCs (granting the ability to cultivate, manufacture, and dispense medical cannabis and medical cannabis products). On August 2, 2019, the RFA was updated to clarify provisions related to the application fees required for vertically integrated permit applications.

To allow for a robust industry with room for different operators, prospective applicants were restricted in the number of applications they could submit. Applicants seeking a vertically integrated permit could submit only one application and could not seek any other permit or endorsement. Applicants not seeking a vertically integrated permit were allowed to submit up to one application per region for a maximum of three applications, and only one application could be for a cultivation endorsement.

No applicant could be awarded more than one permit under the 2019 RFA, and no applicant could hold more than one cultivation endorsement, one manufacturing endorsement, and one dispensary endorsement as a result of the awards made pursuant to the RFA.

Applications for vertically integrated permits were due to the Department no later than August 22, 2019, at 3:00 PM. Applicants had the choice of whether to submit the application online and only submit signed coversheets and checks in person, or to submit the entire application in hard copy/paper form.

The Department received a total of 198 applications, including 40 applications for cultivation permit endorsements, 109 applications for dispensary permit endorsements, and 49 applications for vertically integrated permits. An initial completeness review of all 198 applications was conducted by the Department. Of the 198 applications, 2 were submitted as incomplete applications.

Pursuant to N.J.A.C. 8:64-6.2 (now N.J.A.C. 17:30A-6.2 and 6.4), the Department convened a selection committee in conjunction with the RFA. The selection committee was composed of a total of nine individuals in full-time State service from the Department of Health, the Department of the Treasury, the Department of Environmental Protection, and the Department of Labor.

Selection committee members possessed the following expertise:

- Three members were experienced in the regulation of the cultivation, manufacturing and dispensing of medical cannabis;
- One member had expertise in quality assurance, public health and emergency preparedness;
- One member had expertise in public health, pharmaceutical assistance and fiscal management;
- One member had expertise in the management of environmental resources and public affairs;
- One member had expertise in workforce development;
- One member had expertise in labor compliance; and
- One member had expertise in business development and the certification of minority-owned, women-owned, and veteran-owned businesses.

Prior to beginning work on the selection committee, members completed a confidentiality agreement and a business disclosure form so the Department could verify that none of the selection committee members had any outside business interests that would conflict with their work on the committee. Once the completeness review concluded, selection committee members were provided a list of the applicants they would be scoring, including the names of principals, owners, and directors. Every selection committee member signed a certification stating they possessed no conflicts of interest with respect to the applicants.

The Department organized three trainings for selection committee members:

- Two initial trainings, one on September 19, 2019 and one on September 23, 2019. Each selection committee member attended one of these trainings.
- A refresher training on February 23, 2021 after the stay on proceedings was lifted on February 17, 2021 (discussed in further detail below).

The trainings included an overview of the Department's regulations, an overview of the medical cannabis market as it existed in September of 2019, and a comprehensive review of the terms of the RFA, the scoring criteria, and the assignments for each team.

The selection committee was divided into three teams of three, with each team responsible for scoring a portion of each permit endorsement application in accordance with specific measures. Each team was responsible for a maximum of 100 points for every permit endorsement sought (100 points for cultivation

and dispensary applications, and 300 points for vertically integrated applications, which includes three endorsements).

In December of 2019, following a challenge by several disqualified applicants, the Superior Court of New Jersey, Appellate Division, issued a stay that barred the Department from undertaking any additional work on the 2019 RFA. Despite the Department’s efforts to continue reviewing applications while the Court reviewed the appellants’ claims, the Department was prohibited from reviewing, scoring, and awarding any permits under the 2019 RFA process. The stay imposed by the Appellate Division was vacated on February 18, 2021¹.

Based upon the selection committee’s impartial and thorough review of the applications against the criteria set forth in the RFA, the following applicants received the highest composite scores for vertically integrated permits:

Control #	Applicant Name	Canopy Size (sq. ft.)	Region	Total Score
19-0024	Altus New Jersey LLC	30,000	Central	785.00
19-0169	Greenhouse Wellness of New Jersey, LLC	30,000	South	779.33
19-0078	Holistic NJ I LLC	30,000	Central	776.67
19-0002	Healing Essentials, LLC	30,000	South	756.00
19-0198	CHM Consulting, LLC	20,000	Central	746.67
19-0152	Etain New Jersey, LLC	30,000	North	739.33
19-0080	Mission New Jersey, LLC	30,000	Central	738.00
19-0180	AP NJ Health LLC	30,000	Central	733.33

The table shows the top eight scoring vertically integrated applications returned by the selection committee. The highest possible score for cultivation endorsement applications was 900 points. Total scores for all applications ranged from 434.00 points to 785.00 points.

The CRC selected award recipients in accordance with an objective methodology that ensures and adequate supply of medicinal cannabis to meet the needs of registered patients, which is a significant component of the purpose and intent of N.J.S.A. 24:6I-1 et al. The selection methodology formulated by the CRC and the post-award measures: (1) address patient need; (2) prioritize the highest scoring applicants while also complying with the distribution set out in the 2019 RFA; (3) are driven by data; and (4) include accountability measures that ensure that awardees operate to the standards proposed in their applications. The resulting awardees are expected to get up and running quickly and begin addressing patient need as soon as practicable.

Vertically integrated ATCs are authorized to cultivate, manufacture, and dispense medicinal cannabis items. Therefore, the CRC’s awards reflect an evaluation of applicants’ ability to produce medicinal

¹ Pursuant to N.J.S.A. 24:6I-24(a), the CRC has assumed all responsibility for the Medicinal Marijuana Program from the Department of Health. This occurred in April 2021 following constitution of the CRC Board of Commissioners. With this transfer of authority came the responsibility to review and approve or deny applications submitted pursuant to the 2019 RFA.

cannabis and medicinal cannabis products when selecting vertically integrated ATCs, but also their ability to provide an additional access point to patients. The methodology used to award these permits was as follows: (1) Select the highest scoring vertically integrated applicant in each region²; and (2) Select a fourth vertically integrated ATC based on overall score and patient need.

In accordance with the above criteria and analysis, the CRC first selected the highest scoring applicant in the Northern Region – Etain. Next, the CRC chose the highest scoring applicant from the Central Region – Altus. Third, the CRC chose the highest scoring applicant from the Southern Region – Greenhouse Wellness. Finally, and pursuant to the terms of the 2019 RFA, the fourth vertically integrated permit was to be awarded based on overall score and patient need. To determine the region of greatest patient need, the CRC used a four-factor supply/demand measure that takes into account: (1) ratio of patient enrollment in each region to total patient enrollment, (2) the ratio of total population in each region to total population statewide; (3) the ratio of canopy in each region to total canopy in the state, and (4) the ratio of number of dispensaries in the region to total number of dispensaries in the state. The analysis, whether conducted with the current canopy totals or with the added canopy totals based on the 2019 RFA cultivation awards, yielded the same result: the greatest patient need was in the Central Region. Therefore, the fourth permit was awarded to the highest scoring applicant in that region not yet selected – Holistic.

These awards add a total of up to 120,000 square feet of additional cultivation to the state’s existing capacity, as well as four new manufacturing labs and four new dispensaries. This methodology, consistent with the terms of the RFA, adds at least one new vertically integrated permit awardee in every region while providing additional medicinal cannabis resources in the region with the highest number of patients per dispensary. Pursuant to the methodology described above, the awards are as follows:

- a. The highest scoring application in the Northern Region:

Control #	Applicant Name	Region	Canopy Size	Total Score
19-0152	Etain New Jersey LLC	30,000	North	739.33

- b. The highest scoring application in the Central Region:

Control #	Applicant Name	Region	Canopy Size	Total Score
19-0024	Altus New Jersey LLC	30	Central	785.00

- c. The highest scoring application in the Southern Region:

Control #	Applicant Name	Region	Canopy Size	Total Score
19-0169	Greenhouse Wellness of New Jersey, LLC	30,000	South	779.33

- d. Pursuant to the terms of the RFA, the highest scoring application not previously selected

² Applicants were only allowed to submit one application so therefore, unlike in the 2018 RFA, this restriction does not disqualify any applications in other regions.

for a proposed award based on overall score and patient need:

Control #	Applicant Name	Region	Canopy Size	Total Score
19-078	Holistic NJ I LLC	Central	30,000	776.67

Based on a full and thorough review of each application against the requirements set forth in the RFA, the composite scores enumerated by the CRC, the selection methodology detailed above, and in accordance with the purposes of N.J.S.A. 24:6I-1 et al. and P.L.2009, c.307 and the regulations promulgated thereunder, the CRC hereby APPROVES the following application, subject to all of the terms and conditions outlined below:

Applicant: Greenhouse Wellness of NJ LLC

Region: South

Score: 779.33

This award is contingent on the applicant adhering to the following terms and conditions. These conditions are required and designed to maintain accountability to the statements and declarations included in the applicant's proposals. As used in this letter, "date of award" means the date of this Final Agency Decision (Friday, October 15, 2021).

1. Within five (5) business days of this notification of award, each awardee shall confirm in writing to crc.licensing@crc.nj.gov, that it accepts the award. Acceptance of this award may result in the applicant being disqualified from receiving award of any pending permit applications;
2. If accepted, within twenty (20) business days from the date of award, the awardees shall confirm in writing, that it still has site control and local approval for the endorsement. An awardee without both site control and local approval after twenty (20) business days will have its award rescinded;
3. An awardee for a cultivation endorsement or for a vertically integrated permit must be fully permitted within 18 months from the date of this award;
4. An awardee shall operate in accordance with its medicinal cannabis application for at least two (2) years, except that it may apply to expand its cultivation canopy for medicinal cannabis after one (1) year, so long as it can be justified by patient need;
5. Awardees are required to comply with deadlines and timelines established by the CRC for submission of information and documentation, including but not limited to deadlines by which members must be fingerprinted. Failure to adhere to established timelines may result in rescission of the award;

6. Awardees shall not be authorized to add any owners or principals that were not disclosed on the application until after the permit is issued;
7. Awardees shall not be authorized to enter into any management services agreements that were not disclosed in the application for two (2) years following the award;
8. If an awardee received scores for a woman-owned, veteran-owned, or minority-owned business certification, the awardee shall confirm in writing or provide a copy of its approved New Jersey Department of the Treasury, Division of Revenue & Enterprise Services Minority, Women, and/or Veteran-Owned Business certificate within twenty (20) business days of this award to confirm that it still possesses the certification. Maintaining the certification is an ongoing material condition of the award. Any awardee that received scores for having a minority-owned, woman-owned, or disabled-veteran owned business that does not confirm they still have the certification within twenty (20) business days of award will have their award rescinded;
9. If an applicant received scores for a labor peace agreement, maintenance of that agreement is a required condition of the award;
10. The awardee shall not transfer majority ownership interest in the ATC until they have operated for at least two (2) years under the permit issued in accordance with this award;
11. All awards are strictly for the cultivation, manufacturing, and/or dispensing of medicinal cannabis pursuant to P.L. 2009, c.307 and N.J.A.C. 8:64 (now N.J.A.C. 17:30A). The awards do not authorize any personal-use cannabis activities described under P.L. 2021, c. 16 and N.J.A.C. 17:30. Awardees shall operate in accordance with this award as presented in this Final Agency Decision for at least one (1) year prior to applying to the Commission to become an “Expanded ATC”; and
12. If an award is rescinded due to the applicant’s failing to abide by the required terms and conditions outlined above, or if an applicant fails to accept its award within five (5) business days of this notification of award, the next highest scoring applicant, such that the award would be consistent with the regional and canopy requirements of the 2019 RFA, will be considered by the Commission for the award.

All applicants have the right to appeal the Commission’s decision to the Superior Court of New Jersey, Appellate Division, by Monday, November 29, 2021 (45 days from the date of this letter). All appeals should be directed to: Superior Court of New Jersey, Appellate Division, Richard J. Hughes Justice Complex, P.O. Box 006, Trenton, New Jersey 08625-0006.

Any applicant with questions regarding the 2019 RFA process and methodology, and any unsuccessful applicant that wishes to file a grievance with the Commission, may do so by submitting their question or grievance in writing to crc.licensing@crc.nj.gov by 5:00 p.m. Eastern Time on October 19, 2021. Multiple questions/grievances can be submitted together but must be numbered. Responses to submissions deemed relevant to the 2019 RFA process and methodology will be provided within 30 days – by 5:00 p.m. Eastern Time on November 18, 2021. The question and grievance period should only be used for the purpose of addressing questions and complaints related to the 2019 RFA process and methodology. All other questions should be submitted through the Commission website and will be answered in the regular course of business.

Congratulations on your successful application and thank you for your interest in working with the CRC to provide important services and products to the medicinal cannabis patient community of New Jersey.

Sincerely,

A handwritten signature in black ink, appearing to read 'DH', with a horizontal line extending to the right.

Dianna Houenou

Chairperson

New Jersey Cannabis Regulatory Commission