



State of New Jersey
DEPARTMENT OF HEALTH

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PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

December 17, 2018

SHEREEF M. ELNAHAL, MD, MBA
Commissioner

Christopher J. Macchi
Parea Bio Sciences of New Jersey, Inc
1040 North Kings Highway
Suite 200
Cherry Hill, NJ 08034

Re: Application for Medicinal Marijuana Alternative Treatment Center

Dear Christopher J. Macchi:

On July 16, 2018, the Department of Health (Department) posted a Request for Applications (RFA) to operate up to six new vertically integrated Alternative Treatment Centers (ATCs), with up to two in each of the three New Jersey regions, designated as the North, Central and South. Applications were due to the Department no later than August 31, 2018 at 5:00 PM. In response to the RFA, the Department received 146 timely applications submitted by 103 applicants, with several applicants submitting applications to operate ATCs in multiple regions. As explained in detail below, of the 146 applications, six successful applicants were selected. Specifically, two applications were selected for each of the three regions.

In accordance with the provisions of the RFA, a six-member selection committee (Committee), comprised of four representatives from the Department and one each from the Departments of Agriculture and Treasury, was established to individually review and score each application based on the criteria set forth in the RFA. The Committee was configured to provide expertise across a wide range of relevant areas, including plant sciences, diversity and inclusion, as well as all regulatory aspects of the medicinal marijuana program. All Committee members executed Personal and Business Relationship Disclosure Forms and No Conflict of Interest Forms, evidencing that neither the committee members nor their immediate family members had any financial interest or personal bias concerning any of the applying entities or principals of those entities.

After Department staff conducted an initial completeness review of the received applications, the applications found to be complete were released to the Committee for scoring. Each committee member could award a maximum of 1000 points per application and scored each application based on the points assigned to each of the criteria set forth in the RFA. Based upon the Committee members' impartial and thorough review of the applications against the criteria set forth in the RFA, the following applicants received the highest composite scores in each region:

NORTHERN REGION:

| Control Number | Entity Name | Composite Score |
|-----------------------|----------------------------|------------------------|
| N-0036 | NETA NJ LLC | 932.1667 |
| N-0032 | GTI New Jersey LLC | 927.3333 |
| N-0034 | Verano NJ LLC | 920.8333 |
| N-0005 | PharmaCann New Jersey | 895.3333 |
| N-0014 | Bloom Medicinals | 894.3333 |
| N-0010 | Liberty Plant Sciences LLC | 894.6667 |

CENTRAL REGION:

| Control Number | Entity Name | Composite Score |
|-----------------------|------------------------------|------------------------|
| C-0047 | MPX New Jersey | 958.1667 |
| C-0025 | NETA NJ LLC | 932.1667 |
| C-0003 | Columbia Care New Jersey LLC | 929.0000 |
| C-0022 | GTI New Jersey LLC | 927.3333 |
| C-0023 | Verano NJ LLC | 920.8333 |
| C-0043 | JG New Jersey LLC | 913.3333 |

SOUTHERN REGION:

| Control Number | Entity Name | Composite Score |
|-----------------------|------------------------------|------------------------|
| S-0051 | MPX New Jersey | 958.1667 |
| S-0034 | NETA NJ LLC | 932.1667 |
| S-0004 | Columbia Care New Jersey LLC | 929.0000 |
| S-0025 | GTI New Jersey LLC | 927.3333 |
| S-0049 | JG New Jersey LLC | 913.3333 |
| S-0026 | Harvest of New Jersey LLC | 911.1667 |

In making its selection determination from these high-scoring applications, the Department first concluded that choosing the same applicant in multiple regions would lead to an overly concentrated market, and with the size and strength of the applicant pool, was unnecessary in this RFA. Additionally, the Department determined that having a more diverse set of permittees across the State would be most beneficial to patients. Having more distinct permittees would lead to a greater variety of products for medical marijuana patients, and thus to greater access and choice. A more diverse set of permittees would also mitigate negative impacts if one fails. Accordingly, the Department determined that no one applicant should operate more than one ATC pursuant to this RFA. The Department then crafted a selection methodology that ensures an adequate supply of medical marijuana, which is a significant

component of the purpose and intent of the Compassionate Use Medical Marijuana Act (Act), N.J.S.A. 24:6I-1. Specifically, the Department formulated a selection methodology utilizing existing medical marijuana supply and demand to determine the regional order in which the Department would make its selections. In calculating supply and demand, the Department first used a medical marijuana demand factor for each region. The demand factor for each region was comprised of the following calculations: total population of the region divided by total statewide population (2017 American Community Survey 5-year estimates) and, utilizing the Department’s Medical Marijuana Patient Registry, the current medical marijuana patient population in the region divided by total statewide medical marijuana patient population. The two calculations were averaged to determine the demand factor. The Department calculated a medical marijuana supply factor using data extracted from the inventory management systems of the current ATCs. The supply factor was the total current medical marijuana supply of the region in ounces divided by total statewide supply in ounces. These factors were then divided to determine the ratio of supply and demand in each region, with lower numbers meaning demand was higher than supply and higher numbers meaning supply was keeping pace with demand. Based on this analysis, the following ranking was determined among the regions:

| Region | Total population (ACS 5 Year) | Patient Population | Supply (Ounces) |
|------------------|--------------------------------------|---------------------------|------------------------|
| Statewide | 8,960,161 | 37,988 | 68,544 |
| North | 3,678,145 | 10,605 | 12,112 |
| South | 1,837,763 | 13,625 | 22,288 |
| Central | 3,444,253 | 13,758 | 34,144 |

| Region | Demand Factor | Supply Factor | Supply/Demand | Rank |
|----------------|----------------------|----------------------|----------------------|-------------|
| North | 0.344833492 | 0.176704015 | 0.512432867 | 1 |
| South | 0.281884843 | 0.325163399 | 1.153532751 | 2 |
| Central | 0.373281665 | 0.498132586 | 1.334468401 | 3 |

Consistent with this analysis, the Department made its first two selections from the Northern region. In the Northern region, the Department selected NETA NJ, LLC and GTI New Jersey, LLC as they were the highest scoring applicants in the region. Next, the Department considered applicants for the Southern region. In making its selection for this region, the Department found that MPX New Jersey and NETA NJ, LLC received the highest scores. However, NETA’s application was selected for the Northern region. Because the Department determined that no one applicant should operate multiple ATCs under this RFA and NETA was already selected to move forward with the ATC permitting process in the Northern region, it was disqualified from selection in the Southern region under the Department’s selection methodology. As such, the Department selected the next highest scoring applicant for the Southern Region, which was Columbia Care New Jersey, LLC. Thus, Columbia Care New Jersey, LLC and MPX New Jersey were the selected applicants for the Southern region. In selecting the applicants for the Central Region, the top two scoring applicants for this region – MPX and NETA – were already selected for other regions in the State. Applying again the Department’s selection methodology that no one applicant should be selected for multiple regions, the Department disqualified both MPX and NETA from consideration for the Central region, as well as Columbia Care New Jersey, LLC

and GTI New Jersey, LLC, as they had also been picked for other regions. As a result, the Department then proceeded to select the next two highest ranking applications, who were Verona NJ, LLC and JG New Jersey, LLC. Therefore, NETA NJ, LLC (North); GTI New Jersey, LLC (North); MPX New Jersey (South); Columbia Care New Jersey, LLC (South); Verona NJ, LLC (Central); and JG New Jersey, LLC (Central) were selected by the Department to proceed with the ATC permitting process for their respective regions.

Based upon a full and thorough review of each application against the requirements set forth in the RFA, the composite scores enumerated by the Committee, the selection methodology detailed above, and in accordance with the purposes of the Act and the regulations promulgated thereunder, the Department hereby DENIES the following application:

Applicant: Parea Bio Sciences of New Jersey, Inc

Region: South

Score: 822.16666666666663

You have the right to appeal this Final Agency Decision within 45 days to the New Jersey Superior Court, Appellate Division, Richard J. Hughes Justice Complex, P.O. Box 006, Trenton, New Jersey 08625-0006.

Pursuant to N.J.A.C. 8:64-6.5, your check for \$18,000 will be voided and returned to you. Thank you for your interest in the Department's Medicinal Marijuana Program.

Because your application was not successful, the \$18,000 check that was submitted with your application is being returned to you, consistent with N.J.A.C. 8:64-6.5. Thank you for your interest in operating an ATC.

Sincerely,



Shereef M. Elnahal, MD, MBA
Commissioner