Medical Marijuana Producer License
Request for Application

The Connecticut Department of Consumer Protection ("DCP" or "Department") is requesting applications from parties interested in receiving a Medical Marijuana Producer License.

Overview

On May 31, 2012 the Department of Consumer Protection became responsible for administering Connecticut's medical marijuana program with the enactment of Chapter 420f of the Connecticut General Statutes, "*An Act Concerning The Palliative Use Of Marijuana".* This program allows a qualifying patient or primary caregiver who is registered with DCP to purchase medical marijuana from a dispensary for the palliative treatment of a patient's debilitating medical condition.

Producers will serve as the source from which a dispensary facility may purchase medical marijuana for resale to qualifying patients and primary caregivers. In accordance with sections 21a-408-1 through 21a-408-70 of the Regulations of Connecticut State Agencies, the Department of Consumer Protection is issuing this Request for Application ("RFA") for purposes of selecting suitable medical marijuana producers.

Number of Producers

DCP anticipates awarding three producer licenses.

The producer licenses will be awarded on a competitive basis based on an evaluation of the timely submitted responses to this RFA.

The Department reserves the right to award fewer than three licenses if the Department concludes that an insufficient number of qualified applicants submitted a response prior to the deadline. In such an event, the Department shall re-issue the RFA to solicit additional applications until at least three producer licenses are awarded. The Department also reserves the right to award more than three producer licenses in the event it concludes that additional producers would be desirable.

RFA Submission Deadline

For an application to be considered, a complete response to this RFA and the non-refundable application fee must be hand-delivered to DCP's offices **on or before 3:00 pm on Friday, November 15, 2013.** DCP will time-stamp each application upon its submission and the time-stamp shall serve as the official record of when the application was delivered to DCP. Someone will be available in the Department's Drug Control Division office (Room 145) between the hours of 10:00 am and 3:00 pm each business day in the weeks leading up to the submission deadline. Applications will only be accepted during those hours. **When you deliver your RFA submission to the**

Department, it must be given to a DCP employee and time-stamped at the time of delivery. You may not leave it unattended in the office or on a desk.

It is the applicant's responsibility to allow sufficient time to address potential delays. **Sole responsibility rests with the applicant to ensure that their application is received and time-stamped on or before the submission deadline.**

Terms and Conditions

Applicants may submit a modification to their RFA response, with an accompanying explanatory cover letter, at any time prior to the submission deadline.

If any information provided in response to this RFA changes subsequent to your submission of the application, you must immediately notify the Commissioner of the Department of Consumer Protection ("Commissioner") in writing of the correct information, and the reason such information was not available prior to the submission deadline. The Department reserves the right to consider, or not to consider, such information as part of its evaluation process.

The Commissioner may disqualify any applicant who:

- Fails to submit a complete response and pay the application fee prior to the submission deadline;

- Submits incomplete, false, inaccurate, unresponsive or misleading information in response to this RFA;

- Fails to timely notify the Commissioner of changes in the information provided in response to this RFA; or

- Fails to provide documents sufficient to evidence an ability to establish an acceptable escrow account, letter of credit or surety bond in the event a license is granted. To be acceptable, the escrow account, letter of credit or surety bond agreement must:
    - Be irrevocable;
    - Provide for immediate payment to the State of Connecticut ("State") upon the Commissioner of Consumer Protection's notice that, pursuant to Section 21a-408-29 of the Regulations of Connecticut State Agencies, the Commissioner has determined that the producer either (1) has failed to timely and successfully complete the production of a production facility or (2) has failed to continue to operate a production facility in a manner that provides a substantially uninterrupted supply of medical marijuana to its usual dispensary facility customers during the term of the producer's license; and
    - Provide for automatic and immediate payment to the State the day prior to the instrument expiring unless written notice is received from the

Commissioner of Consumer Protection that either: (i) a replacement account or instrument, acceptable to the Commissioner, is in place; or (ii) the licensee is released of the obligation to carry a replacement account or instrument.

The decision of the Commissioner to disqualify an applicant or not award a producer license shall be final.

An applicant awarded a producer license shall operate in accordance with the representations made in its RFA submission.

Communications with the Department

All questions about the RFA or RFA process must be forwarded to DCP **by email only** at dcp.mmp@ct.gov with the subject line "Medical Marijuana RFA Question." Questions and answers of a substantive nature will be posted on the DCP website at www.ct.gov/dcp/mmp so that all applicants will have access to the same information. Questions received by the Department before Friday, November 1, 2013 will be answered. For questions received after Friday, November 1, 2013, the Department may not be able to respond prior to the Submission Deadline. We, therefore, encourage you to identify and bring any issues to our attention as soon as possible.

To ensure the proper and fair evaluation of all applications, ex parte communications (i.e., unsolicited communications including, but not limited to, verbal, telephone, written or internet) initiated by the applicant to any employee of the Department, other than questions submitted to dcp.mmp@ct.gov, are prohibited. Any violation of this prohibition may result in the disqualification of the applicant.

How to Apply

- First, familiarize yourself with Chapter 420f of the Connecticut General Statutes and sections 21a-408-1 through 21a-408-70 of the Regulations of Connecticut State Agencies. In addition to familiarizing yourself with the substantive requirements of the law and regulations, the applicant should use the definitions sections of those documents to assist in interpreting this RFA.
- Second, prepare comprehensive responses, or provide relevant documents, for each item requested in this RFA, which includes Appendices A-D, using bulleted points wherever possible.
    - All attachments, exhibits or other information produced in response to the RFA must include a header referencing the item number and subpart to which it responds so that it is clear to the Department that all requested information is provided.
- Finally, hand-deliver your completed application package and the twenty five thousand dollar ($25,000) non-refundable application fee to:

Department of Consumer Protection
Drug Control Division
Medical Marijuana Program
RFA #2013-1093772
165 Capitol Ave, Room 145
Hartford, CT 06106
DCP.MMP@ct.gov

- A complete application package will include:
  - An original and ten paper copies of your RFA response, all of which must single-sided and securely bound; and
  - A CD containing an electronic version of your complete submission in a searchable PDF file format.
- The submittal of an application shall constitute acceptance of the requirements, administrative stipulations and all of the terms and conditions of this RFA.

Freedom of Information Act

Due regard will be given for the protection of proprietary information contained in all proposals received; however, applicants should be aware that all materials associated with this RFA are subject to the terms of the Freedom of Information Act (FOIA), Chapter 14 of the Connecticut General Statutes, and all rules, regulations and interpretations resulting therefrom. **An applicant, therefore, should specifically identify those particular sentences, paragraphs, pages, sections, data or information that the applicant believes to be exempt from disclosure under FOIA and each page containing such confidential information must contain a footer notifying the Department that the material on the page is requested to be "Confidential." It will not be sufficient for applicants to merely state generally that the proposal is proprietary in nature and not, therefore, subject to release to third parties.**

Convincing explanation and rationale sufficient to justify each exemption consistent with FOIA's Section 1-210 of the Connecticut General Statutes must accompany the proposal. The rationale and explanation must be stated in terms of the prospective harm to the competitive position of the applicant that would result if the identified material were to be released and the reasons why the materials are legally exempt from release pursuant to the above cited statute. Between the applicant and the State of Connecticut ("State"), the final administrative authority to release or exempt any or all material so identified rests with the State. The Department reserves the right to apply any FOIA exemption, whether requested or not.

A. BUSINESS INFORMATION OF APPLICANT

1. Complete the Producer License Information Form, attached as Appendix A.

2. Provide a brief summary (no longer than five double-spaced pages) of the applicant's qualifications, experience and industry knowledge relevant to the development and operation of a production facility.

3. Provide a financial statement setting forth the elements and details of all business transactions connected with your application.

B. LOCATION AND SITE PLAN

Please provide the following information:

1. The location of the proposed production facility;

2. Documents sufficient to establish that the applicant is authorized to conduct business in Connecticut and that state and local building, fire and zoning requirements and local ordinances are met for the proposed location of the production facility;

3. If the property is not owned by the applicant, provide a written statement from the property owner and landlord certifying that they have consented to the applicant operating a production facility on the premises;

4. Any text and graphic materials that will be shown on the exterior of the proposed production facility;

5. Photographs of the surrounding neighborhood and businesses sufficient to evaluate the proposed production facility's compatibility with commercial or residential structures already constructed, or under construction, within the immediate neighborhood;

6. A site plan drawn to scale of the proposed production facility showing streets, property lines, buildings, parking areas, and outdoor areas, if applicable, that are within the same block as the production facility;

7. A map that identifies all places used primarily for religious worship, public or private school, convent, charitable institution, whether supported by private or public funds, hospital or veterans' home or any camp or military establishment that are within 1000 feet of the proposed production facility location; and

8. A blueprint, or floor plan drawn to scale, of the proposed production facility, which shall, at a minimum, show and identify the following:

a. The location and square footage of the area where marijuana is to be grown;

b. The square footage of the areas where marijuana is to be harvested;

c. The square footage of the areas where marijuana is to be packaged and labeled;

d. The square footage of the areas where marijuana is to be produced and manufactured;

e. The square footage of the overall production facility;

f. The square footage and location of areas to be used as storerooms or stockrooms;

g. The location of any approved safes or approved vaults that are to be used to store marijuana;

h. The location of the toilet facilities;

i. The location of all break rooms and personal belonging lockers; and

j. The locations of all areas that may contain marijuana or marijuana products that shows walls, partitions, counters and all areas of ingress and egress. Said diagram shall also reflect all production, propagation, vegetation, flowering, harvesting, storage and manufacturing areas.

C. PROPOSED BUSINESS PLAN

A producer shall operate in accordance with the business plan submitted to, and approved by, the Department as part of the application.

1. Provide a proposed business plan that shows the applicant's expected production capacity, including any ability of the applicant to expand capacity within the approved production facility.

2. Provide the following information, using bullet points wherever possible:

    a. A detailed description of all marijuana products intended to be offered by the producer during the first year of operation and, for each product, provide a sample of the proposed label and identify the type of packaging to be used;
    b. A detailed description of the process that the producer will take to ensure that access to the production facility premises will be limited only to employees;

c. A detailed description of any air treatment or other system that will be installed and used to reduce off-site odors;
d. A detailed description of the training and continuing education opportunities that will be provided to production facility employees; and
e. A detailed description of any processes or controls that will be implemented to prevent the diversion, theft or loss of marijuana.

D. PROPOSED MARKETING PLAN

1. Provide a copy of the applicant's proposed marketing plan and include any web templates and educational materials such as brochures, posters, or promotional items.

E. FINANCIAL STATEMENTS AND ORGANIZATIONAL STRUCTURE

Please provide the following information or copies of the following documents:

1. Documents such as the articles of incorporation, articles of association, charter, by-laws, partnership agreement, agreements between any two or more members of the applicant that relate in any manner to the assets, property or profit of the applicant or any other comparable documents that set forth the legal structure of the applicant or relate to the organization, management or control of the applicant;

2. A current organizational chart that includes position descriptions and the names and resumes of persons holding each position to the extent such positions have been filled. To the extent such information is not revealed by their resume, include additional pages with each resume setting out the employee's particular skills, education, experience or significant accomplishments that are relevant to owning or operating a production facility;

3. A copy of all compensation agreements with producer backers, directors, owners, officers, other high-level employees or any other persons required to complete Appendices B, C or D. For purposes of this RFA, a compensation agreement includes any agreement that provides, or will provide, a benefit to the recipient whether in the form of salary, wages, commissions, fees, stock options, interest, bonuses or otherwise;

4. Describe the nature, type, terms, covenants and priorities of all outstanding bonds, loans, mortgages, trust deeds, pledges, lines of credit, notes, debentures or other forms of indebtedness issued or executed, or to be issued or executed, in connection with the opening or operating of the proposed production facility;

5. Provide audited financial statements for the previous fiscal year, which shall include, but not be limited to, an income statement, balance sheet, statement of retained earnings or owners' equity, statement of cash flows, and all notes to such statements and related financial schedules, prepared in accordance with generally

accepted accounting principles, along with the accompanying independent auditor's report. If the applicant was formed within the year preceding this application, provide certified financial statements for the period of time the applicant has been in existence and any pro forma financials used for business planning purposes; and

6. Provide complete copies of all federal, state and foreign (with translation) tax returns filed by the applicant for the last three years, or for such period the applicant has filed such returns if less than three years.

7. Provide complete copies of the most recently filed federal, state and foreign (with translation) tax returns filed by each: (i) producer backer; and (ii) each backer member identified in Section B of Appendix B.

F. AGRICULTURAL AND PRODUCTION EXPERIENCE

1. Describe the experience of the applicant in agriculture and other production techniques required to produce pharmaceutical grade marijuana or to manufacture marijuana products. For purposes of this response, you may include the experience of any person employed by the applicant, including the person's name and position with the applicant.

G. PRODUCT AND SITE SAFETY

Provide the following information, using bullet points wherever possible:

1. A detailed description of how the applicant's growing protocol will produce a plant free of mold, disease, heavy metals and other contaminates.

2. An explanation of how the applicant will limit employee exposure to potentially unsafe chemicals or other unsafe conditions.

H. MARIJUANA TRANSPORT

1. Provide a detail description of the proposed method of transportation of marijuana and marijuana products.

I. BONUS POINTS

The Department will award bonus points for preferred but not required initiatives. Applicants may provide information related to any or all of the categories below with their application. Should the applicant be awarded a permit from the Department, their commitments in a bonus category shall become a condition of their license. If a violation of a condition occurs, it may be deemed a material breach and the Department may assess a penalty or seek suspension or revocation of the license.

1. **Employee Working Environment Plan:** Describe any plans you have to provide a safe, healthy and economically beneficial working environment for your employees, including, but not limited to, your plans regarding workplace safety and environmental standards, codes of conduct, healthcare benefits, educational benefits, retirement benefits, and wage standards.

2. **Compassionate Need Plan:** Describe any compassionate need program you intend to offer. Include in your response:
    - The protocols for determining which patients will qualify for the program;
    - The discounts available to patients eligible for the compassionate need program;
    - The names of any other organizations, if any, with which you intend to partner or coordinate in connection with the compassionate need program, including any dispensary facility applicant; and
    - Any other information you think may be helpful to the Department in evaluating your compassionate need program.

3. **Research Plan:** Provide the Department with a detailed proposal to conduct, or facilitate, a scientific study or studies related to the medicinal use of marijuana. To the extent it has been determined, include in your proposal, a detailed description of:
    - The methodology of the study;
    - The issue(s) you intend to study;
    - The method you will use to identify and select study participants;
    - The identify of all persons or organizations you intend to work with in connection with the study, including the role of each;
    - The duration of the study; and
    - The intended use of the study results.

4. **Community Benefits Plan:** Provide the Department with a detailed description of any plans you have to give back to the community either at a state or local level if awarded a producer license.

5. **Substance Abuse Prevention Plan:** Provide a detailed description of any plans you will undertake, if awarded a producer license, to combat substance abuse in Connecticut, including the extent to which you will partner, or otherwise work, with existing substance abuse programs.

6. **Environmental Plan:** Describe any efforts you will take to reduce the ecological footprint of your production facility and other business operations such as plans to use renewable energy sources.

EVALUATION AND SELECTION PROCEDURES

Overview

The Department will conduct a comprehensive, fair, and impartial evaluation of all applications received in response to this RFA. This review will involve a two-step process.

First, all applications will be assessed to determine whether they meet the mandatory qualification criteria set forth below. **Be aware**: with the exception of the bonus categories, all requested items, including the appendices, are mandatory unless the request itself indicates otherwise. An applicant, for example, who fails to provide information such as proof of its right to occupy the proposed premises or who fails to submit one of the appendices will be disqualified prior to the reviewing and scoring process.

Second, once it is determined that an application meets the mandatory qualification criteria, it will be reviewed and scored according to the quality of its responses to the requirements set out in the RFA.

The evaluation process will include not only an evaluation of the entire RFA response, but may include other relevant sources of information regarding the applicant and its backers and employees such as the results of the Department's background checks.

Mandatory Qualification Criteria

The Department will only review and score applications that:

- Are submitted on or before the submission deadline with the application fee;
- Fully respond to all mandatory items in the RFA;
- Do not contain significant inconsistencies or inaccuracies;
- Include the appropriate number of copies, which is the original plus nine paper copies plus a CD with a searchable PDF copy of the complete submission; and
- Contain all required signatures;

DCP, however, reserves the right to waive minor irregularities or to request clarifications, modifications or amendments to an application, providing such application substantially complies with the RFA.

Evaluation Criteria

The evaluation of applications that meet the mandatory qualification criteria will involve the scoring of each application. While a maximum score of 2650 is possible, proposals must achieve a minimum score of 2000 points to be awarded a producer license. If an insufficient number of applications obtain a score of at least 2000 to award all of the producer licenses the Department deems appropriate, the Department may request modifications from those applicants whose scores are closest to 2000 so as to render the applications acceptable. Alternately, if the Department determines that

sufficient modifications cannot be made to raise enough applications to an acceptable level, the Department may re-issue the RFA.

In conducting its evaluation of each of the below criteria, the Department may conduct interviews, contact references, conduct background checks, contact state regulators in any other state(s) where the applicant, applicant's backers or others associated with the applicant have engaged in, or sought to be engaged in, the state's medical marijuana program and visit the location of the proposed production facility or of other marijuana related businesses associated with the applicant or the applicant's backers or key personnel.

After completing the review and scoring of the applications, the Department shall rank each according to its score. The three applications with the highest scores will be awarded a producer license so long as the highest ranking applicants reflect a diversity of ownership. If, for example, the second highest ranked applicant has overlapping backers, directors, owners, officers or other high-level employees of the highest ranked applicant, the Department shall award the producer license to the next highest ranked applicant without such an overlap. Upon selecting the successful applications, the Department shall notify all applicants of their status in writing. The Department's decision to award or not award a license to an applicant shall be final.

The number of points after each heading is the maximum number of points that may be awarded for each of the corresponding components of the RFA. For each category, the applicant's score will be based on the totality of the response to the corresponding RFA section. The considerations listed beneath each category are not intended to be an exhaustive list of all relevant factors. Rather, they are intended to provide guidance as to the focus of the Department's analysis.

A. **Business Information of Applicant** 250 Points

- We will evaluate the applicant's security system and security plan on its ability to effectively prevent the diversion, theft or loss of marijuana.
- We will assess the business experience, financial stability, funding sources and potential legal liabilities of the applicant to determine the likelihood that it will be able to fulfill the commitments made in response to the RFA and remain a stable and sustained source of medical marijuana for patients over the long-term.

B. **Location and Site Plan** 250 Points

- We will evaluate the proposed production facility location and the graphic materials that will be displayed on the outside of the production facility and assess their compatibility with other commercial and residential structures in the immediate neighborhood.
- We will evaluate the applicant's blueprint on how well the facility is designed to minimize the risk that marijuana products will be contaminated, or otherwise adulterated, and to reduce the risk of diversion, theft or loss of marijuana.

C. **Proposed Business Plan** 500 Points

- We will assess the range of marijuana products offered by the production facility and the value they provide to patients.
- We will assess the current, and the potential future capacity of the proposed production facility, to assess the applicant's likely ability to cost-effectively meet patient demand for the long-term.
- We will evaluate the applicant's plan for limiting access to the production facility for all persons not authorized to be at the production facility.
- We will evaluate the training and processes in place to protect against the diversion, theft or loss of marijuana.
- We will evaluate the training and educational opportunities that will be provided to production facility employees, particularly with regard to training and education that will enable the employees to produce unadulterated, pharmaceutical grade marijuana.
- We will give consideration to any system that will be used by the facility to prevent or reduce off-site odors.

D. **Proposed Marketing Plan** 250 Points

- We will evaluate the proposed marketing plan on its ability to effectively educate patients, caregivers and others on the medical use of marijuana and on the care that is taken to not promote the use of marijuana for recreational purposes or by persons under 18 years of age.

E. **Financial Statements and Organizational Structure** 500 Points

- We will evaluate the financial soundness and funding sources of the applicant to assess the extent and nature of external sources that may influence the manner in which the applicant operates and manages its business.
- We will evaluate the applicant, backers and key personnel for appropriateness of credentials, training, qualifications, experience, competence and past legal and regulatory compliance that may be relevant to their ability to: (i) carry out their designated roles for the applicant; and (ii) successfully complete work on projects of a similar size and scope, in the same or comparable line of business, to those required by this RFA.

F. Agricultural and Production Experience 250 Points

- We will evaluate the collective experience of the producer's employees with regard to the agricultural and other production techniques required to produce pharmaceutical grade marijuana and marijuana products.

G. Product and Site Safety 200 Points

- We will evaluate the robustness of the applicant's plan to produce products that are safe and unadulterated, in addition to the applicant's plan to produce a safe work environment for its employees.

H. Marijuana Transport 150 Points

- We will evaluate the applicant's protocol for transporting marijuana in a manner that will reduce the risk of diversion, theft or loss.

I. Bonus Points 300 Points

We will evaluate each plan on its ability to meet the objectives of the category.

- Employee Working Environment Plan
- Compassionate Need Plan
- Research Plan
- Community Benefits Plan
- Substance Abuse Prevention Plan
- Environmental Plan