

Attachment A: Board Specifications

<b><u>Cannabis Grant Program</u></b> <b>Program Specifications</b> <b>December 21, 2022</b>	
<b>Funding Source</b>	<p>Up to \$25 million from the state budget appropriation identified for Startup businesses (Chapter 115) to be utilized as follows:</p> <ul style="list-style-type: none"> <li>• \$10 million to initially fund the product and the CEO may accept up to \$50 million in additional funding from any governmental entity (Federal, State, or County)</li> </ul> <p>5% of total program funding set aside for Impact Zones – Impact zones are designated by NJ statute according to municipality based on past marijuana arrests, and higher concentrations of law enforcement activity, unemployment, and population.</p>
<b>Program Purpose</b>	<p>To provide direct assistance to applicants who have received a NJ CRC issued license (conditional and annual) to operate a business and that will then need support starting their business and the costs associated to starting that business over the next 36 months from receiving their NJ CRC license.</p> <p>The program will be divided into two products</p> <p>The first grant product will utilize \$3,600,000 in program funding and will provide 24 grants of \$150,000 to entities that meet the criteria for NJ CRC social equity qualifier,</p> <p>This product is geared towards social equity applicants who have obtained a conditional license but have not secured the real estate or municipal approval (defined as a resolution from governing body or letter of support from the Municipal Executive and land use/planning/zoning approval) and need assistance in converting their conditional license to an annual license. Upon grant award approval, applicants will be required to enroll in an EDA technical assistance program. The award of \$150,000 will be disbursed incrementally once grantee has reached set milestones.</p> <p>The second grant program, utilizing \$6,000,000 in program funding, will provide up to 24 grants of \$250,000 to entities that have a , conditional license, have obtained site control over their real estate, and municipal approval (as defined in Section II). The second grant product will support businesses that do not need technical assistance but that still have carrying costs and capital issues associated with converting their conditional license to an actual license.</p> <p>For both products, applications will be accepted on a rolling basis, reviewed for completeness based in the order in which they are received by the Authority, but will proceed to scoring based on their completeness.</p>

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	<p>Five percent of the awards will be reserved for businesses that plan to open in an Impact Zone</p> <p>Holders of “<u>Final Agency Decision Acceptance of Alternative Treatment Center (“ATC”) Certification Authorization To Operate in Adult Personal-Use Market</u>” are not eligible for this grant.</p>
<p><b>Eligible Applicants- Product 1</b></p>	<ol style="list-style-type: none"> <li>1) Entity holds a New Jersey Cannabis Commission conditional license, in any class for recreational use.</li> <li>2) Entity has less than 50 Full Time Employees at the time of application as evidenced through payroll documentation WR30 or other valid documentation.</li> <li>3) Entity is in good standing with the Cannabis Regulatory Commission, Division of Taxation as evidenced by a valid tax clearance certificate, , the Department of Environmental Protection, and the Department of Labor and Workforce Development.at the time of application.</li> <li>4) Entity has provided evidence of that it commences operations after the issuance of Executive Order No. 103 of 2020 (March 9, 2020).</li> <li>5) Owner or owners of 51% or more of the entity have established at least one non-home based retail, personal services, or manufacturing businesses in any US state or territory or has two (2) more years of experience as an owner, manager, executive or supervisor of a retail, agricultural, personal services, or manufacturing business.</li> <li>6) Owner or owners of 51% or more of the supplicant entity have enrolled and completed professional cannabis education course or enrolled and completed a small business entrepreneurship training course or has completed six college credits in business, management, finance, economics, accounting, agricultural sciences, logistics/supply chain management or marketing or has three (3) or more years of as an owner, manager, executive or supervisor of a retail, agricultural, personal services, or manufacturing business.</li> <li>7) Applicants for Product 1 must prove entity is designated by the NJ-CRC as a Social Equity Business in accordance with NJ-CRC rules. (Pending approval of data sharing agreement between EDA &amp; NJ CRC.)</li> <li>8) Entity has not secured both site control or municipal approval to operate and open in a municipality.</li> </ol>

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<p><b>Eligible Applicants- Product 2</b></p>	<ol style="list-style-type: none"> <li>1) Entity holds a New Jersey Cannabis Regulatory Commission conditional license or New Jersey Cannabis Regulatory Commission annual license, in any class for recreational use.</li> <li>2) Entity has less than 50 Full Time Employees at the time of application as evidenced through payroll documentation WR30 or other valid documentation.</li> <li>3) Entity is in good standing with the Cannabis Regulatory Commission, the Division of Taxation as evidenced by a valid tax clearance certificate, the Department of Environmental Protection, and the Department of Labor and Workforce Development.at time of application.</li> <li>4) Entity has provided evidence of that it commenced operations after the issuance of Executive Order No. 103 of 2020 (March 9, 2020);</li> <li>5) Owner or owners of 51% or more of the entity has established at least one non-home based retail, personal services, or manufacturing businesses in any US state or territory or has two (2) more years of experience as an owner, manager, executive or supervisor of a retail, agricultural, personal services, or manufacturing business.</li> <li>6) Owner or owners of 51% or more of the entity has enrolled and completed professional cannabis education course or enrolled and completed small business entrepreneurship training course or has completed six college credits in business, management, finance, economics, accounting, agricultural sciences, logistics/supply chain management or marketing or has three (3) or more years of as an owner, manager, executive or supervisor of a retail, agricultural, personal services, or manufacturing business.</li> <li>7) Entity has secured municipal approval. <ul style="list-style-type: none"> <li style="margin-left: 40px;">Municipal approval is defined as: <ol style="list-style-type: none"> <li>a. Resolution from the municipality’s governing body or, where a municipality has no governing body, a written Letter of Support from the Municipality’s Executive; and</li> <li>b. Land use/planning/zoning approval from the Municipality.</li> </ol> </li> </ul> </li> <li>8) Entity has secured site control, proven by documentation showing control, by applying entity, of real property in a New Jersey municipality to be used for the operation of a licensed New Jersey recreational cannabis facility as listed in the application.</li> </ol>

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40% of the slots available for this grant will be set-aside for social equity applicants.

Holdings of “Final Agency Decision Acceptance of Alternative Treatment Center (“ATC”) Certification Authorization To Operate in Adult Personal-Use Market” are not eligible for this grant.

**Eligible Uses**

**Eligible uses may include but are not limited to startup costs associated to a cannabis industry business**

- Rental expenses
- Payroll and Independent Contractor Payments– as evidenced by a current payroll report or WR30 or jobs that may need to be filled (job posting, and descriptions would need to be provided) or equivalent payroll documentation (including 1099 contractors).
- Regulatory Compliance expenses.
- Legal expenses associated with the business – may include retainers paid or unpaid invoices but only for services dated after the award of the applicant’s license issued by NJ CRC.
- Employee training – cost to train or hire a trainer for any function of their business operation that may or will happen 36 months after award of NJ CRC license.
- Professional Services - accounting, human resources, business planning, transportation, security, marketing, website creation, lab services and any other outside services that may be needed to operate cannabis business or obtain any license or authorization to operate from the NJ Cannabis Regulatory Commission.
- Utilities and Overhead Fees – bills dated after award of license and only for 36 months after are eligible.
- Mortgage payments
- Business supplies
- Business Equipment under \$2,000

All uses and documentation are subject to NJEDA review and approval. All receipts and/or invoices submitted must be dated after March 9, 2020.

Funds may not be used for:

- Controlled inventory
- Construction
- Equipment and installation costing greater than \$2,000.00
- Purchase of land
- Demolition of an existing structure
- Rolling stock

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<b>Application Process and Approval/ Delegated Authority</b>	<p>Applications will be reviewed on a rolling basis. All applications will be reviewed for completeness in the order in which they are received by the Authority. There will be a pre-application review. Application fee will not be required until after pre-application review.</p> <p>There is a limit of one grant award per EIN.</p>	
<b>Grant Amount</b>	<ul style="list-style-type: none"> <li>• Product 1 grant awards will be \$150,000 to be disbursed incrementally based on the grantee’s ability to achieve program milestones.</li> <li>• Product 2 grant awards will be \$250,000, to be disbursed incrementally based on the grantee’s ability to achieve program milestones.</li> </ul>	
<b>Products</b>	Product 1- Technical Assistance Program and Grant Funding	Product 2 – General Grant Funding
	<p>The first grant product will utilize \$3,600,000 in program funding to provide 24 grants of \$150,000, to be disbursed incrementally based on achieved program milestones. This product will be open to conditional license social equity applicants who have obtained a conditional license but have not secured both site control over real estate or municipal approval (defined as a resolution from governing body or letter of support from municipal executive and land use/planning/zoning approval) and need assistance in converting their conditional license to an annual license.</p> <p>The technical assistance program will help prepare the applicant using an intensive technical assistance program. The Authority will procure a third- party technical assistance provider via RFP, which will focus on assisting the applicants in obtaining annual NJ CRC license and provide training on the opening, financing,</p>	<p>The second grant product will utilize \$6,000,000 in program funding and will provide 24 grants of \$250,000, to be disbursed incrementally based on achieved program milestones, to entities that have carrying costs and capital issues associated with opening their cannabis business. This product will be open to general applicants who have a conditional license, secured site control over their property, and municipal approvals (as defined in Section II) to operate and open a physical location within a New Jersey municipality. 40% of slots will be set-aside for social equity applicants.</p>

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	<p>and operations of a licensed cannabis business in the state of New Jersey.</p> <p>The technical assistance program will address the following: building a cannabis business team, navigating the cannabis licensure process, cannabis-business specific education and business plan development, financial management training, assistance in seeking financing and investors, developing cannabis-specific Standard Operating Procedures, cash flow analysis, and supply chain management. The technical assistance program will have in-person classroom training and will be conducted in the state of New Jersey.</p>	
<b>Funding Disbursement</b>	Product 1- Technical Assistance Program and Grant Funding	Product 2 – General Grant Funding
	<p>Awards of \$150,000 per grantee will be disbursed upon achieving the following milestones:</p> <ol style="list-style-type: none"> <li>1) The first disbursement of \$37,500 will be released to approved grantee upon completion of the fourth week in the technical assistance program and either               <ol style="list-style-type: none"> <li>a) submission of a business spending plan that includes eligible expenses of \$37,500</li> <li>or b) provide receipts that show applicant has spent \$37,500 in eligible expenses related to their cannabis business.</li> </ol> </li> <li>2) The second disbursement of \$37,500 will be released after the successful completion of the technical assistance</li> </ol>	<p>Awards of \$250,000 per grantee will be disbursed upon achieving the following milestones:</p> <ol style="list-style-type: none"> <li>1) The first disbursement of \$100,000 will be released to approved grantees that (i) have obtained a NJ CRC issued conditional or annual license, (ii) demonstrates site control over the property, (iii) municipal approvals to operate and open a physical location within a New Jersey municipality, and (iv) provide receipts proving the entity has spent \$100,000 of eligible expenses or invoices that the entity will spend \$100,000 in eligible expenses.</li> <li>2) The second disbursement of \$150,000 will be released to each grantee that has obtained a</li> </ol>

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	<p>program. Applicants must also provide evidence of spending their entire first allocation (\$37,500) in accordance with the eligible spending categories.</p> <p>3) The third disbursement of \$37,500 will be released after the approved grantee obtains site control over their property and municipal approval (as defined in Section II) to operate and open a physical location within a New Jersey municipality. Grantees must also provide evidence of spending their entire second allocation (\$37,500) in accordance with the eligible spending categories</p> <p>4) The fourth disbursement of \$37,500 will be released after the approved grantee obtains its annual license and provides evidence of spending the entire third allocation (\$50,000) in accordance with eligible expenses. Grantees must also provide evidence of spending the entirety of their last disbursement on eligible expenses.</p>	<p>NJ CRC issued annual license. Grantees must also provide evidence of spending their entire first allocation (\$100,000) in accordance with the eligible spending categories.</p>
<p><b>Approvals</b></p>	<p>Chief Executive Officer to approve individual applications to the Cannabis Grant Program.</p> <p>Staff will perform legal reviews in accordance with Executive Order 34 (Byrne) and the Authority’s Disqualification/Debarment Regulations (N.J.A.C. 19:30-2.1, <i>et seq.</i>) to ensure that applicants demonstrate and maintain the highest standards of responsibility and moral integrity. Additionally, for this program only applicants and owners convicted of marijuana- and hashish-related offenses that</p>	

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	<p>meet the criteria for a “social equity business” as defined in the Cannabis Regulatory Commission’s rules (specifically N.J.A.C. 17:30-6.6) will not be disqualified and their investigation into criminal matters, to those that were either pending or concluded within five (5) years of the application. This modification to the delegated authority approved by the Board on June 8, 2022, will be consistent with NJ CRC’s timeframe for disqualifying convictions.</p>
<b>Fees</b>	<p>Application Fee: \$1,000</p> <p>The application fee waiver is requested for product one applicants as the imposition of the fee would impose undue financial hardship based on lack of access to capital. This lack of access to capital for cannabis entrepreneurs in New Jersey halts site acquisition; restricting both local industry growth and the individual entity’s CRC annual license process due to the site acquisition requirements.</p>