Agenda
Economic Development Corporation
Board of Directors

City of Kalamazoo

Thursday, September 21, 2023 7:45 AM

CPED Main Conference Room - 245 N. Rose Street, Suite 100

A. CALL TO ORDER/ROLL CALL

B. ADOPTION OF FORMAL AGENDA

C. APPROVAL OF MINUTES

1. Approval of the minutes from the meeting of the Economic Development Corporation on August 17, 2023 **(Action: Motion to Approve. Voice Vote).**

D. PUBLIC COMMENTS

E. DIRECTORS' COMMENTS

F. NEW BUSINESS

1. Approval of a recommendation to the City Clerk to Approve the 2-year renewal of the Medical Provisioning and Adult Use Retailer Permits to Green Sunrise LLC DBA Lume Cannabis Co **(Action: Approval of a recommendation to the City Clerk to Approve the 2-year renewal of the Medical Provisioning and Adult Use Retailer Permits to Green Sunrise LLC DBA Lume Cannabis Co) - Roll Call Vote**

2. Approval of a recommendation to the City Clerk to Approve the 1-year renewal of the Adult Use Retailer Permit to Kalamazoo Gallery Inc DBA Herbana **(Action: Approval of a recommendation to the City Clerk to Approve the 1-year renewal of the Adult Use Retailer Permit to Kalamazoo Gallery Inc DBA Herbana) - Roll Call Vote**

3. EDC Loan Policy (Amending of the approved EDC Loan Process) **(Action: Approval of updated loan policy. Roll call vote)**

4. EDC Economic Initiative Fund Loan for 215 EM Partners LLC **(Action: Recommend to the City Commission Approval of EDC EIF Loan for 215**

EM Partners LLC)

5. Motion to hold the EDC/BRA Annual Meeting during the scheduled board meeting in December 2023 **(Action: Approve holding the EDC/BRA Annual Meeting during the scheduled board meeting in December 2023)**

G. UNFINISHED BUSINESS

1. Approval of a recommendation to the City Clerk to approve the 1-year renewal of the Adult Use Retail Marijuana Business Permit for 2233 N Burdick Inc. **(Action: Approval of a recommendation to the City Clerk to approve the 1-year renewal of the Adult Use Retail Marijuana Business Permit for 2233 N Burdick Inc) - Roll Call Vote**

H. COMMUNICATIONS AND ANNOUNCEMENTS

I. STAFF REPORTS AND UPDATES

J. ADJOURNMENT

CITY OF KALAMAZOO
ECONOMIC DEVELOPMENT CORPORATION BOARD MEETING
Thursday, August 17, 2023
Community Planning and Economic Development
245 N. Rose Street, Kalamazoo, MI 49007

MEMBERS PRESENT: Rachel Bair; Qianna Decker; Sharon Ferraro; Kyle Gulau; Michael Gurnee; Kevan Hess; Lucas Middleton; Jason Novotny

MEMBERS ABSENT: Nathan Bolton; Torean Greeley; Andrew Schipper

CITY STAFF PRESENT: *Jessica Wood (Attorney, Dickinson Wright); Jamie McCarthy (Sustainable Development Coordinator); PJ Thuringer (Economic Development Supervisor); Logan Mulholland (Fishbeck, Consultant); Jared Chambers (Business Specialist); Beth Cheeseman (Executive Administrative Assistant); Heidi Gartley (Brownfield Project Assistant)

Meeting was called to order at 7:47AM by Director Hess.

MOTION TO EXCUSE ABSENT MEMBERS: Director Middleton moved to excuse absent members; seconded by Commissioner Decker. Motion approved by voice vote unanimously.

APPROVAL OF AGENDA: Director Gurnee moved the approval of the agenda as presented; seconded by Director Gulau. Motion approved by voice vote unanimously.

Mr. Thuringer explained under agenda item Communications and Announcements, he will not have an update to share regarding the EDC Loan Policy.

APPROVAL OF MINUTES: Director Gurnee moved the approval of the minutes from the meeting of July 20, 2023; seconded by Director Middleton. Motion approved by voice vote unanimously.

PUBLIC COMMENTS

None.

DIRECTORS' COMMENTS

None.

NEW BUSINESS

1. Approval of a recommendation to the City Clerk to Approve the 2-year renewal of the Medical Class C Grower and Adult Use Class C Grower Permits to Seven Point Supply, LLC

Mr. Thuringer shared background information on Seven Point Supply, LLC, as found in the meeting agenda packet. Staff recommends a 2-year approval of the Medical Class C Grower and Adult Use Class C Grower Permits.

Director Ferraro moved approval of a recommendation to the City Clerk to Approve the 2-year renewal of the Medical Class C Grower and Adult Use Class C Grower Permits to Seven Point Supply, LLC; seconded by Director Novotny.

A roll call vote was taken, and the motion passed unanimously.

2. Approval of a recommendation to the City Clerk to Approve a 90-day probationary approval of the Adult Use Retailer Permits to 2233 N Burdick, Inc.

Mr. Thuringer shared background information on 2233 N Burdick, Inc, as found in the meeting agenda packet. Staff recommends a 90-day probationary approval of the Adult Use Retailer Permit, pending the completion of staff hiring, completion of Fire & Zoning inspection, and the state Social Equity All-Star designation.

Mr. Nick Angerman, representative of 2233 N Burdick, Inc, shared their goal is to open in the next few weeks. A manager has been officially hired. Five prospective employees have been offered jobs and accepted. Their manager and assistant manager are currently training at affiliate locations in Sturgis.

Mr. Barbieri, representative of 2233 N Burdick, Inc, explained they reached out to 16-18 different local organizations, such as nonprofits, probation/parole offices, and landmark businesses to hand out flyers with specific language to target candidates that are POC and/or have prior cannabis convictions. The flyers encouraged these individuals to apply. The business' goal of internal promotion and equal opportunity is stressed in the hiring process.

Mr. Thuringer thanked them for sharing. He looks forward to their future update on the effectiveness of their flyers with intentional specific language, as many past marihuana businesses have expressed to the board the difficulty in targeted hiring.

Mr. Angerman added they have seven total employees, including the two management positions and the five prospective hires. Five of these are POC and five are women. One management position is held by a POC and one management position is held by a woman. In the last week, they received their Gold Level Social Equity All-Star.

*Attorney Wood arrived at 7:59AM.

Director Gulau shared 75% is a good goal to set for hiring local Kalamazoo individuals, but it is high based on the data from other marihuana businesses, which fall between 30%-50%. If they achieve 75%, the board and other businesses will be interested in their methods of achieving this.

Commissioner Decker agreed with Director Gulau's comment. She also recommended both organizations reach out to the city to inquire about being added to a list of businesses to work with, especially with the hopeful creation of a chamber for cannabis. Once this chamber for cannabis is created, she encouraged them to join it.

Commissioner Decker expressed the salaries they listed were good. She said Seven Point Supply and 2233 N Burdick, Inc were working toward giving individuals living wages where they can afford housing within a certain income bracket. She thanked them.

Director Novotny moved approval of a recommendation to the City Clerk to Approve a 90-day probationary approval of the Adult Use Retailer Permits to 2233 N Burdick, Inc; seconded by Director Gurnee.

A roll call vote was taken, and the motion passed unanimously.

UNFINISHED BUSINESS

None.

COMMUNICATIONS AND ANNOUNCEMENTS

1. Cannabis Social Equity Chamber RFP

Mr. Thuringer explained the RFP is expected to go out in the next 30 days, by mid-September. They are in the finalizing stage before sending it out for proposals.

~~2. EDC Loan Policy~~

STAFF REPORTS AND UPDATES

None.

ADJOURNMENT: Meeting was adjourned at 8:02 AM by Director Hess.

Signature	Signature
Name/Title	Name/Title

City of Kalamazoo

INTER-OFFICE MEMO

To: The Economic Development Corporation Board of Directors

From: Paul Thuringer, Economic Development Supervisor

Jared Chambers, Business Specialist

Date: August 10, 2023

Re: Medical Provisioning & Adult Use Retailer Permit Renewal for Green Sunrise LLC dba Lume Cannabis Co.

The City Clerk's Office has requested that the Economic Development Corporation (EDC) Board of Directors evaluate the *Marihuana Facility Permit Renewal Application* submitted by:
Green Sunrise LLC for its facility at 3406 Stadium Drive and that the EDC Board provide a recommendation regarding the renewal of this permit. The City Operating Permit, issued on October 22, 2022, is scheduled to expire on September 30, 2023, and must be renewed before its expiration for the facility to continue operating. The applicant has submitted the required renewal application and the annual permit fee. Below is the ordinance language that describes the specific role and responsibilities of the EDC in this process:

§ 20B-12

C. In determining whether to grant a renewal of a permit, the members of the City's Economic Development Corporation board will evaluate the permit holder's compliance with the statements it provided with its initial application and submission with its request for renewal of the following information:

1. The Staffing plan for the business which describes the actual number of employees, including the number and type of jobs that the facility has created, and the amount and type of compensation (including benefits) paid for such jobs.
    - They have 20 employees, 2 are part-time and 18 are full-time.
    - 1 Store Manager at $34.13/hour.
    - 1 Assistant Store Manager at $26/hour.
    - 2 Lead Luminary positions at $19/hour.
    - 1 Regional Delivery Dispatcher at $22.88/hour.
    - 4 Hybrid positions ranging from $16.64 to $17.14/hour.
    - 9 Luminary positions ranging from $15.60 to $17.14/hour.
    - 2 Part Time Luminary positions at $15/hour.
    - Additional Benefits (aside from health care) include Disability & life insurance (w/optional spouse coverage available), 401k, paid PTO, employee bonus program, employee discount, continuing ed and training, & Rocket Lawyer.

2. An explanation, with supporting factual data, of the economic benefits to the City and the job creation for local residents achieved by the business, results of efforts for community outreach, and worker training programs.
    - Their guards are contracted through Stronghold Security, a veteran-owned small business. This Kalamazoo location has 4 security guards that roam between Kalamazoo and Portage.
    - This year they have sponsored the Taco and Tequila Festival, K'Aces Disc Golf Tournament, PDGA Disc Golf Tournament, and Summer Food Truck Rallies (second year sponsoring these).
    - They will be sponsoring the Brunch Bash festival in September.
    - They partner with Wings Stadium, have paid ads at Eastern Hills Golf Course, and volunteer at Loaves & Fishes.

3. An explanation, with supporting factual data, of the efforts and success achieved by the social equity plan of the business to promote and encourage participation in the marihuana industry by local residents that have been disproportionately impacted by marihuana prohibition and enforcement, and the positive impact of the social equity plan on local residents.
    - Regarding diverse suppliers, Lume's 2022 spending on women, minority, veteran-owned, and small businesses was $40,174,626 (or 47.3% of their overall spending).
    - LUME has recently formed a DEI team for the statewide company, starting in Kalamazoo.
    - They are working with Ganjier to give out scholarships.
    - Canned food/clothing drives
    - They have made donations to:
        - Out Front Kalamazoo
        - Loaves & Fishes
        - Kalamazoo VA
        - Professional Cannabis Education Network

4. A statement that the business is not in default to the City for any property tax, special assessment, utility charges, fines, fees, or other financial obligation owed to the City.
    - They are in good standing with the City.

5. A statement that the hiring and public accommodation practices of the facility conform to the City's Nondiscrimination Ordinance provisions and documentation of the total number of employees broken out by managerial and operational employees, number of women, and number of minority employees and number of employees disproportionately impacted by marihuana prohibition and enforcement.
    - Lume’s hiring and public accommodation practices of the facility conform to the City's Nondiscrimination Ordinance provisions.
    - 6 of the staff are POC, 3 are non-binary/transitioning, 7 are female and 10 are male.
    - Number of minorities in management:
        - 1 salaried member of leadership
        - 1 hourly member of leadership
    - 2 women in management as salaried members of leadership.
    - As of July 2023, company-wide, Lume consists of 935 employees who celebrate a diverse population with 40% minority, 5% veteran, and over 5% disadvantaged individuals working across cultivation, retail, and corporate

functions. This diversity is further reflected in our company leadership, which comprises 40% of leaders being minorities, 5% veterans, and 7% disadvantaged individuals.

6. A statement, with supporting documentation, providing answers to the following questions:
   a. How many City residents do you currently employ?
      - 11 employees are city residents.
   b. How many current employees reside in Census Tracts 1 (Eastside); 9, 10 (Edison), and/or 2.02,3 (Northside)?
      - Currently none at the Kalamazoo location, but 2 associates working at the Portage location live in Census Tract 10 (Edison).
   c. What is your plan to employ residents of the identified census tracts?
      - They plan to post hiring flyers within communities located in these census tracts and advertise open positions on social media pages for these census tracts.
   d. How many of your employees have prior marihuana convictions (excepting a conviction for delivery or distribution to a minor)?
      - There are none currently working at the Kalamazoo location but there are 66 working at Lume company-wide.
   e. What is your plan for employees with a prior marihuana conviction to move up within your business and/or the marihuana industry?
      - An employee's marihuana conviction record is never taken into consideration for any type of promotion or transfer opportunity.

7. Proof that the marihuana business has received recognition and maintains the status as a Silver Level Social Equity All-Star or better with the Michigan Cannabis Regulatory Agency.
   - As of August 29th, 2023, they achieved Gold level.

Please see the attached Marihuana Renewal Application Checklist, completed by City staff to verify if all requirements of the ordinance have been met. The City Clerk has verified that the applicant has no outstanding financial obligations to the City, there have been no complaints to the City Manager regarding compliance with the City's anti-discrimination ordinance, and the facility has passed its City Fire and Zoning inspections. The applicant has met all the requirements for renewal.

RECOMMENDATION

Staff recommends that the EDC Board recommend to the City Clerk's Office a 2-year approval of the Medical Provisioning & Adult Use Retailer Permits to Green Sunrise LLC dba Lume Cannabis Co.,

ATTACHMENTS

Renewal Application, (Staffing Plan), (Community Benefits Statement), and (Social Equity Plan) from the applicant.

Adult Use Retailer & Medical Provisioning Center Marihuana Renewal Application Checklist for:

Green Sunrise Products LLC DBA Lume Cannabis Co.

3406 Stadium Drive

Contact: John Abbo

john.abbo@lume.com

Type: Adult Use Retailer & Medical Provisioning Center

	Date Received	Received By	Comments	
Renewal Application Received	7/24/2023	Scott Borling		
Inspection Type:	**Inspection Date**	**Completed by:**	**Satisfactory?**	**Notes**
Zoning Inspection	8/9/2023	Pete Eldridge	Yes	
Fire Inspection	8/9/2023	Scott Brooks	Yes	
	Date	**Name**	**Comments**	
Business Community Benefits Check-In	8/10/2023	Jared Chambers		
	Invite Sent	**EDC Meeting Date**		
Invite to EDC Meeting				
	Full-Time	**Part-Time**	**Comments**	
Jobs Created	18	2		
	Yes/No	**Comments:**	**Verified by:**	
Any Past Due Financial Obligations with City? (i.e. taxes owed, fees, fines, etc)	No		Andrew Falkenberg	
Silver Level Social Equity All-Star or better status with the Michigan Cannabis Regulatory Agency	Gold Level			
Attachments	**Staffing Plan**	**City Economic Benefits Plan**	**Social Equity Plan**	**Handbook**
	Yes	Yes	Yes	N/A

All Items Complete Yes

MARIHUANA BUSINESS PERMIT RENEWAL APPLICATION

Pursuant to Chapter 20B of the Kalamazoo City Code

City of Kalamazoo
Office of the City Clerk
241 West South Street
Kalamazoo, MI 49007

(Please Print)

BUSINESS INFORMATION (The entity that is licensed by the state and that holds a City MMF permit)

Official Business Name Green Sunrise Products LLC (dba Lume Cannabis Co.)
Business Address 769 Chicago Road, Floor 2
City Troy State MI Zip Code 48083 Business Phone 248/877-2336
Business E-mail john.abbo@lume.com Business Website www.lume.com

TYPE OF PERMIT BEING RENEWED

Medical

Grower:
- ☐ Class A (500 plants)
- ☐ Class B (1,000 plants)
- ☐ Class C (1,500 plants) No. of Class C Permits ______

- ☐ Processor
- ☐ Safety Compliance

- ☒ Provisioning Center
- ☐ Secure Transporter

Adult Use

Grower:
- ☐ Class A (100 plants)
- ☐ Class B (500 plants)
- ☐ Class C (2,000 plants) No. of Class C Permits ______
- ☐ Excess Grower

- ☐ Processor
- ☐ Safety Compliance
- ☐ Microbusiness

- ☒ Retailer
- ☐ Secure Transporter
- ☐ Designated Consumption Lounge

FACILITY INFORMATION

Property Address 3406 Stadium Drive, Kalamazoo, MI 49008
Real Property Parcel Number 06-30-241-005
Advertised Facility Name Lume Cannabis Co.
Manager - Full Name Samantha Fernandez

CONTACT INFORMATION [the primary point(s) of contact for this application]

Name John Abbo
Address 769 Chicago Road, Floor 2 City Troy State MI Zip Code 48083
Phone 248/877-2336 E-mail john.abbo@lume.com

Name Doug Hellyar
Address 769 Chicago Road, Floor 2 City Troy State MI Zip Code 48083
Phone 248/761-6121 E-mail doug.hellyar@lume.com

Form Revised 09/25/2020

ATTACHMENTS

Please attach the following as separate documents to this application:

1. The attached Staffing Plan worksheet and any additional pages that provide a description of the actual number of employees, including the number and type of jobs that the licensed facility has created, and the amount and type of compensation (including benefits) paid for such jobs; and

2. An explanation, with supporting factual data, of the economic benefits to the City and the job creation for local residents achieved by the facility; the results of community outreach efforts; and worker training programs.

3. A social equity plan that: (a) promotes and encourages participation in the marihuana industry by local residents that have been disproportionately impacted by marihuana prohibition and enforcement; and (b) positively impacts local residents.

The City's Economic Development Corporation will use the information provided in these documents to evaluate the permit holder's compliance with the statements it provided with its initial application (specifically the representations made in Attachment G – Staffing Plan and Attachment H – Community Benefits Statement).

Please complete the following certifications:

☒ The permitted facility is not in default to the City for any property tax, special assessment, utility charges, fines, fees or other financial obligation owed to the City.

☒ The hiring and public accommodation practices of the permitted facility conforms to the City's anti-discrimination ordinance provisions.

☒ I consent to an inspection of the permitted premises as required by ordinance to ensure the premises and its systems are in compliance with the requirements of Chapter 20B of the Kalamazoo City Code.

☒ I understand that renewal of a City Operating Permit is contingent on renewal of the State Operating License for this facility.

I hereby certify under the penalty of perjury that the statements made in this application, including all attachments thereto, are true. I further certify that I am an officer, director, or managerial employee of the applicant or a person who holds a direct or indirect ownership interest in the applicant.

Applicant Signature: Douglas Hellyar Date: 7/14/2023

Name (printed): Douglas Hellyar Position: President & Managerial Employee

Form Revised 09/25/2020

Addnl Benefits (aside from health care) from bottom of page : Disability & life insurance (w/optional spouse coverage available), 401k, paid PTO, employee bonus program, employee discount, continuing ed and training, Rocket Lawyer.

STAFFING PLAN

Summary

Please indicate the number of employees who will be working at the proposed facility once the facility is operational: 14 of the 20 positions are held by Kalamazoo City/County residents.

Full-time employees (32+ hours per week) _18___ Part-time employees (< 32 hours per week) __2___

Position Types and Compensation

Please provide a description of the types of jobs the proposed facility is expected to create, along with the amount of compensation and benefits expected to be paid for such jobs:

Position Title: __Store Manager_______________________ Annual Average Compensation $34.13/hr_______
How many people will be employed in this position at the proposed facility? ___1_______
Are health insurance benefits available for employees in this position? Yes ___x___ No _______
If yes, please indicate the employer contribution to health insurance costs: All ____ Partial _x___ None ____

Position Title: ___Assistant Store Manager__________ Annual Average Compensation $_26/hr____________
How many people will be employed in this position at the proposed facility? ___1_______
Are health insurance benefits available for employees in this position? Yes __x____ No _______
If yes, please indicate the employer contribution to health insurance costs: All ____ Partial _x___ None ____

Position Title: ___Lead Luminary________________ Annual Average Compensation $_19/hr_____________
How many people will be employed in this position at the proposed facility? ____2______
Are health insurance benefits available for employees in this position? Yes __x____ No _______
If yes, please indicate the employer contribution to health insurance costs: All ____ Partial _x___ None ____

Position Title: ____Regional Delivery Dispatcher______ Annual Average Compensation $22.88/hr_________
How many people will be employed in this position at the proposed facility? __1________
Are health insurance benefits available for employees in this position? Yes ___x___ No _______
If yes, please indicate the employer contribution to health insurance costs: All ____ Partial _x___ None ____

Position Title: ____Hybrid_______________ Annual Average Compensation $ 1 @ $17.65/hr, 1 @ $17.14/hr, 1 @ 17.11/hr, 1 @ 16/64/hr How many people will be employed in this position at the proposed facility? _4_________
Are health insurance benefits available for employees in this position? Yes __x____ No _______
If yes, please indicate the employer contribution to health insurance costs: All ____ Partial _x___ None ____

Position Title: __Luminary________ Annual Average Compensation $ 1 @ $17.14/hr, 1 @ $16.61/hr, 3 @ $16.07/hr, 4 @ $15.60/hr How many people will be employed in this position at the proposed facility? 9_________
Are health insurance benefits available for employees in this position? Yes ___x___ No ________
If yes, please indicate the employer contribution to health insurance costs: All ____ Partial _x___ None ____

Position Title: __Part Time Luminary_______ Annual Average Compensation $___2 @ $15/hr____________
How many people will be employed in this position at the proposed facility? __2________
Are health insurance benefits available for employees in this position? Yes ______ No ___x____
If yes, please indicate the employer contribution to health insurance costs: All ____ Partial ____ None __x__
* See above

Please provide information on any benefits other than health insurance that are offered to all employees:

Green Sunrise Products LLC d/b/a Lume Cannabis Co.

Additional Comments/Attachments to Kalamazoo Marihuana Business Permit Renewal Application medical and adult-use

1. **Staffing Plan**

Green Sunrise Products LLC d/b/a Lume Cannabis Co. ("Lume") currently has a total of 20 employees as provided on the attached Staffing Plan worksheet, 14 of those are city and county residents. Of those 20 employees, 2 are part-time and 18 are full-time.

Additionally, 5 of the staff are POC, 3 are non-binary/transitioning, 7 are female and 10 are male.

Our guards are contracted through Stronghold Security, a veteran-owned small business. Our Kalamazoo location has 4 security guards that roam between Kalamazoo and Portage.

Lume offers a generous benefits package, which can be found in the Lume Employee Handbook (attached) and summarized below:

- **Medical Dental & Optical Insurance** - Lume offers very competitive medical and dental insurance for all employees from Blue Cross Blue Shield. See Section 4 of the Employee Handbook.
- **401K** – Lume provides an annual contribution. Employees are 100% vested on day one, which means that all of the money that is put into the account by either the employee or the employer, belongs to the employee. See Section 4 of Employee Handbook.
- **Accrued PTO**
- **Paid Holidays** - See Section 4 of Employee Handbook.
- **Sick Leave** - See Section 14 of Employee Handbook.
- **Family and Medical Leave** - See Section 12 of Employee Handbook.
- **Bereavement Leave** - See Section 16 of Employee Handbook.
- **Military Leave of Absence** - See Section 14 of Employee Handbook.

- **Continuing Education** - At Lume, employee education and training are an ongoing process. Training may take various forms including informal on the job training, online training, as well as company paid special offsite training when the need arises. Employees will be notified well in advance of opportunities and obligations regarding education and training opportunities.

- **Employee Discount** - We offer this discount in order to encourage our employees to buy the products that we sell within our Retail Stores. We want employees to enjoy it, to feel a sense of pride and ownership, as well as share that enthusiasm with their family and friends. All Lume employees over 21 years old are eligible to receive the employee discounts regardless of tenure as follows:

    - 30% off purchases of Lume Grown Adult Use flower products

    - 20% off purchases of all other products and merchandise

2. <u>Worker Training Programs</u>

New Hires - All initial hires must complete our in-house Cannabis Consultant Program. This is a 4-hour course that ends with a 100 question exam. Passing this exam with a minimum of 70% is a requirement for employment. After initial training, the new hires spend the first two weeks completing the rest of the auxiliary courses pertaining to product knowledge, customer service, and sales tactics. All training content is on a centralized training platform dubbed "Lume University" where luminaries and management sign in and complete learning modules. All positions - from luminary to store manager -have training booklets.

Continuing Education - At Lume, employee education and training are an ongoing process. Training may take various forms including informal on the job training, online training, as well as company paid special offsite training when the need arises. Employees will be notified well in advance of opportunities and obligations regarding education and training opportunities.

This year we have sponsored the following:

- Taco and Tequila Festival
- K'Aces Disc Golf Tournament
- PDGA Disc Golf Tournament
- Summer Food Truck Rallies (second year sponsoring these)

We will be sponsoring:
- Brunch Bash festival in September

We partner with:
- The Kalamazoo Wings Event Center

We have paid ads:
- At Eastern Hills Golf Course

We volunteer:
- At Loaves and Fishes

As a part of our Lume C.A.R.E.S. program, Lume has begun tracking diversity of our suppliers and is striving to be more intentional about promoting and supporting local and diverse suppliers in all municipalities.

Lume's 2022 spend on women-, minority-, veteran-owned, and small businesses was $40,174,626 (or 47.3% of our overall spend).

3. <u>Social Equity</u>

See attached for Lume's updated Social Equity Plan.

Additionally, Lume has applied for the CRA's All-Star program at the Gold Level.

Lume Social Equity Plan

1. **Section 1 – Social Equity Plan Overview**

LUME has created the following internal initiative to further develop individual success in the LARA Social Equity Program. We plan to open provisioning centers in select cities deeply affected by prior cannabis prohibition and enforcement. The goal is to create opportunities for individuals to be a part of a large and successful vertically integrated license holder and learn various aspects of running a business in the marijuana industry. This will support entrepreneurship, workforce development and job placement in areas where the Social Equity Program has been implemented.

LUME is committing to opening 5 provisioning centers over a period of five years within the 41 cities identified in the Social Equity Program. LUME's Social Equity Plan also includes providing economic improvements and benefits to certain cities not identified by the State of Michigan's Social Equity Program. These specific cities will be identified by LUME's management team. Our goal is to partner with candidates eligible for licensing under the Social Equity Program who would like to form a strategic business relationship with us where we provide financial backing, operating know-how, brand expertise, supply chain management, compliance, legal support and all other operating infrastructure to which they otherwise would not have access. Getting a business up and running can be extremely capital intensive as well as operationally complex. This may be too much for one individual to handle on their own. LUME wants to ease the burden of the up-front costs as well as assist in navigating the highly regulated Michigan cannabis industry. LUME will source these candidates through our online registration platform and Discovery Day Events that will be held twice a year.

In addition to our business partnerships, we will create job opportunities at varying levels of experience and expertise through provisioning center openings within the communities. We will hire applicants to work in these provisioning centers based on preset qualifications at a rate significantly above the state's minimum wage. The plan also includes hiring local small , minority and veteran businesses such as contractors, engineers, architects, etc. to compound the positive economic impact our provisioning centers will make on the local communities.

LUME proposes to invest in real property improvements that will result in a direct increase in taxable value from LUME's capital investment with the total economic benefits of the development reaching much further. Revitalizing blighted areas and building in vital locations will add value to neighboring properties.

LUME is committed to supporting the Social Equity Program throughout the state. We want to show leadership within the communities impacted by beginning to acknowledge and repair the harm caused by the disparate enforcement of cannabis prohibition. We believe the outlined plan promotes equitable partnership and employment opportunities in the cannabis industry that will help to decrease disparities in life outcomes for marginalized communities. Through this endeavor we will provide fair and meaningful access to the new economic opportunities in the legal cannabis industry that may have otherwise never existed for these individuals.

2. **LUME Discovery Day Events**

<u>THE BASICS</u>

What is Discovery Day?

- On Discovery Day, select candidates from the cities of our Social Equity Program will be invited to a networking event and meet 1 on 1 with a room full of specially selected senior staff and managers at LUME.

- Discovery Day is a private, invitation-only event and we envision it to be completely oversubscribed. Candidates must have received an invitation and RSVP'd YES to attend.

Who Should Attend Discovery Day?

- An individual must be a resident of one of the cities identified by our Social Equity Program for a period of no less than 5 years and meet any of the following criteria below;
    - Have interest in creating a formal equity partnership with LUME to open LUME branded provisioning centers in their community.
    - Seek employment at any of the LUME branded provisioning centers we plan to open in their communities or elsewhere throughout the state.
    - Be a Community Official or local influencer that is interested in learning more about how LUME can benefit their communities.

How is Discovery Day Structured?

- Discovery Day will take place during one afternoon from 1 pm to 6 pm followed by a post event reception.

- LUME and several industry service providers will present current trends in the industry. Presentations will be educational, informative, and designed to generate a basic understanding of current trends and opportunities in the cannabis industry.

- Upon completion of the presentations, 1 on 1 meetings will be held between LUME and select candidates. These meetings will be 10 minutes in duration where candidates may expect to engage in 4-5 conversations with LUME leadership in a collaborative format.

When is Discovery Day?

- LUME will conduct 2 Discovery Days per year in the second and fourth quarters.

Where is Discovery Day?

- Discovery Day locations will vary and be posted on LUME's website approximately 3 months prior to the event. Invitations will be sent by email only.

How do I get an invitation to Discovery Day?

- Invitations will be based primarily on the information provided by candidates on their submitted registration form.

What type of candidate are we looking for at our Discovery Day Events?

- We are looking for entrepreneurs that qualify for the Social Equity Program that LUME assesses to be good candidates for an equity partnership in the communities we intend to open our provisioning centers as part of the program.

- We are also interested in identifying Individuals that may be interested in working at a LUME provisioning center location.

- Elected officials and influential members of the community are welcome to join our our events and learn more about our industry and brand.

3. **Equitable Partnership & Employment Opportunities**

Equitable Partnership

- We intend to open 5 LUME-branded provisioning centers over a period of 5 years.
- Discovery Days will be used to identify potential candidates from the Social Equity Program that share the values of our firm.
- Equitable partnership opportunities will be mutually agreed upon between LUME and the candidate after our Discovery Day Events.

Employment

- Our provisioning centers will employ all full-time team members at a wage rate significantly greater than the Federal Poverty Level.

- Opening our provisioning centers will promote employment opportunities for citizens of the communities we do business in as part of our Social Equity Program.

- Lume offers each of our employees the following benefits package in addition to salary and wages:

  - Medical, Dental and Vision Insurance
  - Personal Time Off (PTO)
  - Paid Holidays (Double time while working on a recognized holiday)
  - Family and Medical Leave
  - Jury Duty
  - Bereavement Leave
  - Military Leave of Absence
  - Continuing Education
  - Paid Volunteer Time
  - 401(k) plan

Proposed Provisioning Center Employees

- Each of our provisioning centers will employ the following positions:

  - Retail Manager (1)
  - Assistant Retail Manager (up to 2)
  - Budtender (up to 16)
  - Receptionist (up to 2)
  - Security Guard (up to 2)

4. **Section 4 – Building Design and Neighborhood Impact**

Proposed economic benefits to the City by way of improvements to real property

- LUME proposes to invest in real property improvements that will result in a direct increase in taxable value from LUME's capital investment, with the total economic benefits of the development reaching much further.
- By developing provisioning centers in blighted areas, Lume hopes to draw visitors into the City's heart, encouraging them to explore the growing options for dining and shopping offered within that community.
- Revitalizing blighted areas and building in vital locations will add value to neighboring properties, setting an example that will embolden those proposing further investment in the area.
- LUME plans to work with elected officials in the communities we do business to determine the best location for provisioning centers for all stake holders involved in the project.

In furtherance of LUME's social equity objectives, the company also proposes to invest in real property improvements in certain cities not identified by the State of Michigan's Social Equity Program.

August 29, 2023

Supplement to Renewal Application

In response to our preliminary meeting with Jared and Jaime, the following additional information is being provided to supplement our renewal application. Since Lume has locations in Kalamazoo and Portage, we compiled HR records for both locations will provide a more accurate representation of our staffing.

Number of employees broken out in managerial and operational employees. (either working in Kalamazoo or living in Kalamazoo).

- Number of minorities in management:
    - **1 salaried member of leadership**
    - **1 hourly member of leadership**
- Number of women in management:
    - **2 salaried members of leadership**
- Number of minority operational employees:
    - **6**
- Number of female employees:
    - **9**

6. A statement, with supporting documentation, providing answers to the following questions:
a. How many City residents do you currently employ?

26 employees are Kalamazoo County residents, and 14 employees are Kalamazoo City residents

b. How many current employees reside in Census Tracts 1 (Eastside); 9, 10 (Edison), and/or 2.02,3 (Northside)?

2 hourly associates live in Census Tract 10 (Edison)

c. What is your plan to employ residents of the identified census tracts?

Post hiring flyers within communities located in these census tracts and advertise open position on social media pages for these census tracts

d. How many of your employees have prior marihuana convictions (excepting a conviction for delivery or distribution to a minor)?

None working in Kalamazoo (66 working across Lume)

e. What is your plan for employees with a prior marihuana conviction to move up within your business and/or the marihuana industry?

An employee's marihuana conviction record is never taken into consideration for any type of promotion or transfer opportunity.

Since Lume's renewal filing with the city, we have received certification at the gold level from the CRA All-Star Program.

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

GRETCHEN WHITMER
GOVERNOR

MARLON I. BROWN, DPA
ACTING DIRECTOR

August 29, 2023

Lume Cannabis Co.
769 Chicago Road, Floor 2
Troy, MI 48083

The Cannabis Regulatory Agency's social equity team reviewed your form for the Social Equity All-Star Program and would like to congratulate you on your acceptance into the program at the gold level. The following license numbers will be displayed on our website under the gold level. These license numbers were provided on your form:

- Green Sunrise Products LLC – AU-ER-000120
- Attitude Wellness LLC – AU-ER-000118

Now that you have been accepted into the Social Equity All-Star Program here are some important things to know:

- You are being awarded a digital copy of your Social Equity All-Star Program Gold seal. Feel free to use this seal on your website, social media, or in your licensed establishment(s) in any way that makes sense to highlight the establishment's efforts.
- Acceptance into this program is only valid for one year. In order to remain active in the program you will need to submit a Social Equity All-Star Program Renewal form each year you want to participate.
    - If at any time you would like to update your plans on the CRA website, you can email us your updated plan along with the Social Equity All-Star Program Amendment form.

If there are any questions regarding this acceptance letter, please contact the social equity team via email at CRA-SocialEquity@Michigan.gov.

Thank you,

Social Equity Representative
Cannabis Regulatory Agency
www.michigan.gov/CRA

2407 N Grand River • P.O. BOX 30205 • LANSING, MICHIGAN 48909
www.michigan.gov/cra • 517-284-8599
LARA is an equal opportunity employer/program.

City of Kalamazoo

INTER-OFFICE MEMO

To: The Economic Development Corporation Board of Directors

From: Paul Thuringer, Economic Development Supervisor

Jared Chambers, Business Specialist

Date: August 7, 2023

Re: Adult Use Retailer Permit Renewal for Kalamazoo Gallery Inc. dba Herbana

---

The City Clerk's Office has requested that the Economic Development Corporation (EDC) Board of Directors evaluate the *Marihuana Facility Permit Renewal Application* submitted by: Kalamazoo Gallery Inc. dba Herbana for its facility at 2705 W. Michigan Ave. and that the EDC Board provide a recommendation regarding the renewal of this permit. The City Operating Permit, issued on September 28, 2022, is scheduled to expire on September 30, 2023, and must be renewed before its expiration for the facility to continue operating. The applicant has submitted the required renewal application and the annual permit fee. Below is the ordinance language that describes the specific role and responsibilities of the EDC in this process:

§ 20B-12

C. In determining whether to grant a renewal of a permit, the members of the City's Economic Development Corporation board will evaluate the permit holder's compliance with the statements it provided with its initial application and submission with its request for renewal of the following information:

1. The Staffing plan for the business which describes the actual number of employees, including the number and type of jobs that the facility has created, and the amount and type of compensation (including benefits) paid for such jobs.
    - They have 19 employees.
    - 15 full-time (+36hrs) & 4 full-time(+32hrs).
    - 1 general manager earning $50,000-$62,000 per year.
    - 4 veteran managers earning $37,000-$42,000 per year.
    - 3 junior managers earning $35,000-$37,000 per year.
    - 11 consultants earning $31,000-$36,000 per year.
    - All employees earn over $15.00 an hour with an overall average 5% increase since last year.
    - They have added 5 new jobs (and are actively hiring), with several of those positions going to Kalamazoo residents.
    - All employees receive 2 days of paid sick leave and 2-3 weeks of paid vacation time.
    - All PTO benefits begin at only 30 days of employment.

2. An explanation, with supporting factual data, of the economic benefits to the City and the job creation for local residents achieved by the business, results of efforts for community outreach and worker training programs;
    - They provide career development opportunities and preference promotion

from within the organization to the greatest extent possible by having an annual budget set aside for relevant continuing education and development programs that all employees are eligible for with the approval of their manager.

- 100% of the current store managers continue to be internal promotions.
- They have reached out to the neighborhood associations in the identified census tracts and are hopeful it may lead to some additional referrals.
- They have continued with efforts to support local artists by using their large reception area as a rotating gallery space.
- In December, they spearheaded an in-store food and clothing donation drive benefiting Kalamazoo Gospel Mission.
- In May, they made donations of food, supplies, and animal carriers to Kalamazoo ASPCA

3. An explanation, with supporting factual data, of the efforts and success achieved by the social equity plan of the business to promote and encourage participation in the marihuana industry by local residents that have been disproportionately impacted by marihuana prohibition and enforcement, and the positive impact of the social equity plan on local residents.
    - They state that social media platforms have been a powerful recruiting tool for identifying prospective employees from SEP-eligible communities.
    - They have registered as an interested employer with the Black and Brown Cannabis Guild Pipeline to Employment program. Unfortunately, so far this year it has not helped to generate even one candidate resume.
    - They believe that upwards of 40% of their current team members would self-identify as part of a social group or community that was disproportionality impacted by marijuana prohibition.
    - They have committed to spending 5% of their qualified business expenses (excluding payroll and inventory produced by our affiliated businesses) with diverse suppliers, including women-owned, minority-owned, veteran-owned, and businesses that were previously disproportionately impacted by marijuana enforcement. In 2022, their spending with diverse businesses exceeded 27%, exceeding their goals by over 500%.

4. A statement that the business is not in default to the City for any property tax, special assessment, utility charges, fines, fees, or other financial obligation owed to the City.
    - They are in good standing with the City.

5. A statement that the hiring and public accommodation practices of the facility conform to the City's Nondiscrimination Ordinance provisions and documentation of the total number of employees broken out by managerial and operational employees, number of women, and number of minority employees and number of employees disproportionately impacted by marihuana prohibition and enforcement.
    - They assert compliance with the City’s Nondiscrimination Ordinance.
    - 2 managers and 4 consultants are black.
    - Caucasians account for 58% of staff with 75% in management.
    - 10% of staff preferred to not report ethnicity.
    - Males account for 63% of staff with 62% in management.
    - 3 managers and 4 consultants are women.

6. A statement, with supporting documentation, providing answers to the following questions:
   a. How many City residents do you currently employ?
      - 17 of the 19 employees are City residents.
   b. How many current employees reside in Census Tracts 1 (Eastside); 9, 10 (Edison), and/or 2.02,3 (Northside)?
      - Currently 1 employee from the Edison neighborhood.
   c. What is your plan to employ residents of the identified census tracts?
      - They plan to use Social media platforms to target these areas.
   d. How many of your employees have prior marihuana convictions (excepting a conviction for delivery or distribution to a minor)?
      - In a team member survey, they do have 2 current employees who answered questions about prior marijuana offenses with "prefer not to say". They highly suspect those represent expunged records while also declining to follow up further.
      - They did manage to successfully recruit and employ one team member with a marijuana conviction this year. Unfortunately, they no-call, no-showed, in their second week of training, and the business has been unable to make contact since.

   e. What is your plan for employees with a prior marihuana conviction to move up within your business and/or the marihuana industry?
      - They continue to try and do their part to right the historic persecution of marijuana crimes by governments and law enforcement; and hold no bias against applicants/team members with former marijuana convictions unless statutorily required to.
      - They never look for outside applicants for management roles, they always promote from within.

7. Proof that the marihuana business has received recognition and maintains the status as a Silver Level Social Equity All-Star or better with the Michigan Cannabis Regulatory Agency.
   - Herbana achieved Silver Level status in March 2023.

Please see the attached Marihuana Renewal Application Checklist, completed by City staff to verify if all requirements of the ordinance have been met. The City Clerk has verified that the applicant has no outstanding financial obligations to the City, there have been no complaints to the City Manager regarding compliance with the City's anti-discrimination ordinance, and the facility has passed its City Fire & Zoning inspections. The applicant has met all the requirements for renewal.

RECOMMENDATION
Staff recommends that the EDC Board recommend to the City Clerk's Office a 1-year approval of the Adult Use Retailer Permit to Kalamazoo Gallery Inc. dba Herbana.

ATTACHMENTS
Renewal Application, (Staffing Plan), (Community Benefits Statement), and (Social Equity Plan) from the applicant.

Adult Use Retailer Marihuana Renewal Application Checklist for:

Kalamazoo Gallery Inc DBA Herbana

2705 W Michigan Ave

Contact: Benjamin Joffe
bdj@benjaminjoffe.com

Type: Adult Use Retailer

	Date Received	Received By	Comments	
Renewal Application Received		Scott Borling		
Inspection Type:	**Inspection Date**	**Completed by:**	**Satisfactory?**	**Notes**
Zoning Inspection	8/8/2023	Pete Eldridge	Yes	
Fire Inspection	8/8/2023	Scott Brooks	Yes	
	Date	**Name**	**Comments**	
Business Community Benefits Check-In	8/9/2023	Jared Chambers		
	Invite Sent	**EDC Meeting Date**		
Invite to EDC Meeting				
	Full-Time	**Part-Time**	**Comments**	
Jobs Created	19			
	Yes/No	**Comments:**	**Verified by:**	
Any Past Due Financial Obligations with City? (i.e. taxes owed, fees, fines, etc)	No		Andrew Falkenberg	
Silver Level Social Equity All-Star or better status with the Michigan Cannabis Regulatory Agency	Silver Level			
Attachments	**Staffing Plan**	**City Economic Benefits Plan**	**Social Equity Plan**	**Handbook**
	Yes	Yes	Yes	N/A

All Items Complete Yes

MARIHUANA BUSINESS PERMIT RENEWAL APPLICATION

Pursuant to Chapter 20B of the Kalamazoo City Code

City of Kalamazoo
Office of the City Clerk
241 West South Street
Kalamazoo, MI 49007

(Please Print)

BUSINESS INFORMATION (The entity that is licensed by the state and that holds a City MMF permit)

Official Business Name Kalamazoo Gallery Inc. dba Herbana
Business Address 334 E. Washington Street
City Ann Arbor State MI Zip Code 48104 Business Phone 734-474-5881
Business E-mail james@arborholdings.com Business Website https://findherbana.com/kalamazoo/

TYPE OF PERMIT BEING RENEWED

Medical

Grower:
- ☐ Class A (500 plants)
- ☐ Class B (1,000 plants)
- ☐ Class C (1,500 plants) No. of Class C Permits ______

- ☐ Processor
- ☐ Safety Compliance
- ☐ Provisioning Center
- ☐ Secure Transporter

Adult Use

Grower:
- ☐ Class A (100 plants)
- ☐ Class B (500 plants)
- ☐ Class C (2,000 plants) No. of Class C Permits ______
- ☐ Excess Grower

- ☐ Processor
- ☐ Safety Compliance
- ☐ Microbusiness
- ☑ Retailer
- ☐ Secure Transporter
- ☐ Designated Consumption Lounge

FACILITY INFORMATION

Property Address 2705 W Michigan Ave, Kalamazoo MI 49006
Real Property Parcel Number 06-20-330-100
Advertised Facility Name Herbana
Manager - Full Name Caitlin McLeod

CONTACT INFORMATION [the primary point(s) of contact for this application]

Name James Daly
Address 201 S 1st St. #701 City Ann Arbor State MI Zip Code 48104
Phone 734-474-5881 E-mail james@arborholdings.com

Name Ben Joffe
Address 334 E. Washington Street City Ann Arbor State MI Zip Code 48104
Phone 734-368-8595 E-mail bdj@benjamindjoffe.com

Form Revised 01/27/2023

ATTACHMENTS

Please attach the following as separate documents to this application:

1. The attached Staffing Plan worksheet and any additional pages that provide a description of the actual number of employees, including the number and type of jobs that the licensed facility has created, and the amount and type of compensation (including benefits) paid for such jobs; and
2. An explanation, with supporting factual data, of the economic benefits to the City and the job creation for local residents achieved by the facility; the results of community outreach efforts; and worker training programs.
3. A social equity plan that: (a) promotes and encourages participation in the marihuana industry by local residents that have been disproportionately impacted by marihuana prohibition and enforcement; and (b) positively impacts local residents.
4. Documentation that indicates your business qualifies as a Silver Social Equity All-Star or better with the Michigan Cannabis Regulatory Agency. **A marihuana business must meet this qualification to be eligible for permit renewal with the City of Kalamazoo.**

The City's Economic Development Corporation will use the information provided in these documents to evaluate the permit holder's compliance with the statements it provided with its initial application (specifically the representations made in Attachment G – Staffing Plan and Attachment H – Community Benefits Statement).

Please complete the following certifications:

☑ The permitted facility is not in default to the City for any property tax, special assessment, utility charges, fines, fees or other financial obligation owed to the City.

☑ The hiring and public accommodation practices of the permitted facility conforms to the City's anti-discrimination ordinance provisions.

☑ I consent to an inspection of the permitted premises as required by ordinance to ensure the premises and its systems are in compliance with the requirements of Chapter 20B of the Kalamazoo City Code.

☑ I understand that renewal of a City Operating Permit is contingent on renewal of the State Operating License for this facility.

I hereby certify under the penalty of perjury that the statements made in this application, including all attachments thereto, are true. I further certify that I am an officer, director, or managerial employee of the applicant or a person who holds a direct or indirect ownership interest in the applicant.

Applicant Signature: ______________ Date: 7-7-23

Name (printed): James Daly Position: President

Form Revised 01/27/2023

STAFFING PLAN

Summary

Please indicate the number of employees who work at the licensed facility:

Full-time employees (32+ hours per week) 14 Part-time employees (< 32 hours per week) 3

Position Types and Compensation

Please provide a description of the types of jobs the licensed facility has created, along with the amount of compensation and benefits paid for such jobs:

Position Title: General Manager Annual Average Compensation $ $50 - 62,000
How many people are employed in this position at the licensed facility? 1
Are health insurance benefits available for employees in this position? Yes ______ No x
If yes, please indicate the employer contribution to health insurance costs: All ____ Partial ____ None ____

Position Title: Manager Annual Average Compensation $ $37-42,000
How many people are employed in this position at the licensed facility? 3
Are health insurance benefits available for employees in this position? Yes ______ No x
If yes, please indicate the employer contribution to health insurance costs: All ____ Partial ____ None ____

Position Title: Consultant Annual Average Compensation $ $31-36,000
How many people are employed in this position at the licensed facility? 11
Are health insurance benefits available for employees in this position? Yes ______ No x
If yes, please indicate the employer contribution to health insurance costs: All ____ Partial ____ None ____

Position Title: Receptionist Annual Average Compensation $ $31-36,000
How many people are employed in this position at the licensed facility? 2
Are health insurance benefits available for employees in this position? Yes ______ No ______
If yes, please indicate the employer contribution to health insurance costs: All ____ Partial ____ None ____

Position Title: ______________ Annual Average Compensation $ ______________
How many people are employed in this position at the licensed facility? ______
Are health insurance benefits available for employees in this position? Yes ______ No ______
If yes, please indicate the employer contribution to health insurance costs: All ____ Partial ____ None ____

Please provide information on any benefits other than health insurance that are offered to all employees:
All establishment employees earn over $15.00 per hour. Employees recive two weeks of sick time as well as 2-3 weeks of vacation.

Attach additional pages as necessary.

Form Revised 01/27/2023

STAFFING PLAN

Compliance with Social Equity Policy

1. How many of your current employees reside in the following Census Tracts:

Census Tract 1 (Eastside Neighborhood) 0

Census Tracts 9 and/or 10 (Edison Neighborhood) 1

Census Tracts 2.02, and/or 3 (Northside Neighborhood) 0

2. What is your plan to employ residents of the identified Census Tracts?

See Attached Narrative

Attach additional pages as necessary.

3. How many of your employees have prior marihuana convictions or expungements (excepting a conviction for delivery or distribution to a minor)?

Number of employees with marihuana convictions Backgrond Check reports 0; Self Reporting includes 2 employees who "perfer not to say."

4. What is your plan for employees with a prior marihuana conviction to move up within your business and/or the marihuana industry?

See Attached

Attach additional pages as necessary.

Form Revised 01/27/2023

Community Benefits Statement

Economic Benefits, Job Creation, and Worker Training Programs

Kalamazoo Gallery, Inc. dba Herbana

Adult-Use Marijuana Retailer

2705 W Michigan Ave, Kalamazoo, MI 49006

Table of Contents

1 Introduction

Kalamazoo Gallery, Inc. (KG), has operated in the City of Kalamazoo for nearly two years. KG now submits this Community Benefits Statement to explain the economic benefits, job creation, and worker training programs that KG has offered—in support of its municipal renewal application with the City of Kalamazoo for its Adult-Use Retailer license.

2 Executive Summary

We take our commitments to our community seriously. Since we've reported to you in October of 2022, we've made meaningful progress on all fronts. A more complete report follows, but a handful of highlights include:

- We have been awarded CRA's Silver Social Equity All-Star status
- We have added 3 net-new jobs (and are actively hiring), with all of those positions going to Kalamazoo residents
- We have made progress towards recruiting and hiring against Kalamazoo's social equity targets
- We have begun supporting two new local charities

3 Job Creation

- The establishment includes the positions contained in the chart below:

Position	Employees
Managers	4
Consultants	11
Receptionists	2
Total	17

4 Diversity, Social Equity and Community

Our business is majority owned by a Social Equity Applicant. We value diversity in our team.

4.1 By the numbers:

Ethnicity (Self-Reported)

	STORE	MANAGERS	*Kalamazoo**
African American	29%	50%	22%
Caucasian (Non-Hispanic)	53%	50%	62%
Hispanic	6%	0%	7%
Other/Prefer Not to Say	12%	0%	

Our team members ethnic identification is broadly consistent with the diversity of Kalamazoo as a whole. We are happy to report that minorities are over-represented in management positions.

** U.S. Census Bureau (2020). American Community Survey 5-year estimates*

Gender (Self-Reported)

	STORE	MANAGERS	*Kalamazoo**
Male	59%	75%	49%
Female	41%	25%	51%
Other/Prefer Not to Say	0%	0%	

Women are represented equally across our team and promoted equitably.

** U.S. Census Bureau (2020). American Community Survey 5-year estimates*

We are committed to living wages and competitive pay:

Annual Compensation

*Kalamazoo**	Starting Comp~	Manager (Avg) ~
$ 20,104	$ 31,200	$ 43,600
	+55%	+ 117%

All of our team positions begin at $15/hr or more. Since we last reported to you, we are proud to say that our AVERAGE compensation has increased by roughly 5%, across all rolls, reflecting raises to a more tenured team.

(Note: While unfortunately it does not benefit our team members, please keep in mind that due to existing federal cannabis prohibition, ordinary business expenses like payroll and benefits are not tax deductible - effectively costing approx. 25% more than any other business.)

*** U.S. Census Bureau (2020). American Community Survey 5-year estimates, Median Individual Income*
~ Full Time Equivalent (FTE) basis

4.2 Health and Quality of Life

We support our team members health and quality of life:

100% of team members receive paid sick leave (vs 75% of US Private Industry Workers)
100% of team members receive paid vacation time (vs 73% of US Private Industry Workers – Retail)
Our paid vacation time is 65% more than the US average for private businesses of our size

All PTO benefits begins at only 30 days of employment.

** U.S. Bureau of Labor Statistics, 2020 National Compensation Survey*

4.2 Development

We provide career development opportunities.

We preference promotion from within the organization to the greatest extent possible. In Kalamazoo, we are proud to report that 100% of the current store managers continue to be internal promotions.

4.2 Local Hiring

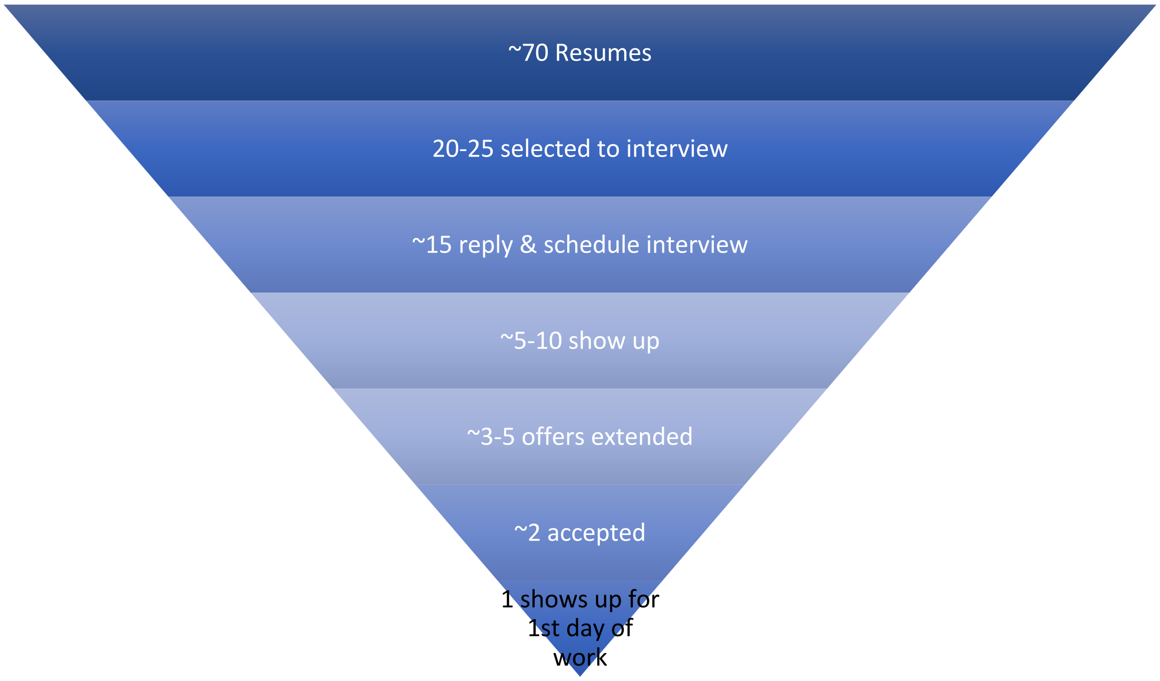
Residency

	STORE	MANAGERS
CRA Designated SEP Communities	100%	100%
Kalamazoo	94%	100%
Census Tracts 1, 2.02, 3, 9, 10	6%	0%

We have successfully increased our local recruiting and hiring, with all net-new hiring to Kalamazoo residents - now 94% of our team members!

While we won't claim to have "knocked it out of the park", we have found some success recruiting and retaining team members from Kalamazoo's preferred census tracts. We have recently reached out to corresponding neighborhood associations and sincerely hope it may lead to some additional referrals.

In general, retail recruiting and hiring has been quite challenging over the past 24 months or so. As a point of reference, our recruiting funnel looks roughly like this:



We share this under the assumption that many folks may not be familiar with the current retail hiring environment and to make several important points:

- These representative metrics are broadly similar with other in-state retail employers we've spoken with, both in and out of cannabis.
- We don't feel that 1 net-new hire from Kalamazoo's preferred census tracks are necessarily representative of the efforts made.
- We are hiring! If you know of anyone interested in a retail cannabis career, please send them our way!

We continue to try and do our part to right the historic persecution of marijuana crimes by governments and law enforcement.

To be clear, we hold no bias against applicants/team members with former marijuana convictions unless statutorily required to.

This is a city preference that we've encountered extreme difficulty recruiting for. We believe that's primarily caused by the exceedingly limited avenues available to employers to target candidates with former/expunged convictions, a natural bias towards a largely younger workforce interested in cannabis retail, and a significant decline in marijuana prosecutions in MI over the past decade (with the exception of those tied to other, seriously disqualifying crimes), which is obviously a sign of great progress in policing.

Again, we don't necessarily feel that zero current employees having prior marijuana convictions/expungements is reflective of the efforts we've made:

- We have registered as an interested employer with BBCG's Pipeline to Employment program. Unfortunately, so far this year this has not helped to generate even one candidate resume.

- In a team member survey, we do have two current team members who answer questions about prior marijuana offenses with "prefer not to say". We highly suspect those represent expunged records while also declining to follow up further.

- We did manage to successfully recruit and employ one team member with a marijuana conviction this year. Unfortunately, they no-call, no-showed, in their second week of training and we've been unable to make contact since.

4.2 Community Support

We continue to support the community we live and work in. We have continued with our efforts to support local artists by using our large reception area as a rotating gallery space. In December we spearheaded an in-store food and clothing donation drive benefiting Kalamazoo Gospel Mission. In May, we made donations of food, supplies, and animal carriers to Kalamazoo ASPCA.

5 Economic Multiplier Effect and Tax Benefits

KG prioritizes the Kalamazoo area when hiring staff and purchasing inventory, material and supplies. In fact, 16 of the 17 total employees are residents of the City of Kalamazoo. KG has hired 17 employees within the first year of state licensure with a total compensation of $250,000-$300,000 per annum.

Modern economic theory suggests that new income introduced into the economy has a 'multiplier effect' on the overall economic growth of a community. Thus, depending on individual saving and spending habits, every dollar that KG invests in the community through tangible capital investments, wages, and other direct business expenses stands to create a net increase of $3 to $5 in overall economic activity. Accordingly, the $250,000 KG has projected for annual payroll expenses stands to generate between $750,000 and $1,250,000 in ancillary economic activity for the City. For more information on how to calculate economic multipliers effects, please visit:https://www.economicsonline.co.uk/Managing_the_economy/The_multiplier_effect.html.

6 Employee Training

KG takes employee training seriously, particularly in areas that affect the safety and security of our employees and facility, and all matters related to safe dispensing of medicine. While much employee training is task specific and one-on-one with the employee's direct supervisor, the below outlines the training that all employees are required to participate in:

6.1 First Day

All employees complete the following on their first day of employment:

- A complete review of the Employee Handbook and signed acknowledgement or review and adherence to the policies contained therein;
- A facility walk-thru with the General Manager to review key safety and security protocols, including role-based responsibilities and restrictions
- A review of the Focused Film Ltd video titled: Handwashing- The 12 Steps (http://bit.ly/2EsZRl2)

All employees with electronic track and trace responsibilities in Cova review training videos on the topics below along with a one-on-one Cova training session prior to being given system access:

- Point-of-Sale Operations – how to complete a compliant transaction
- Customers – how to verify customer identification and complete a check-in
- Inventory – how to find, manage, and report inventory levels

6.2 First Week

All employees complete the following within their first week of employment:

- A facility walk-thru, demonstrating facility and role- specific security protocols. Employees must have successfully demonstrated knowledge of all protocols prior to being given individual access to the building or Secure Storage areas
- A quiz given by a Manager on select topics contained in the Employee Handbook
- Best practices training on:
    - Local and state licensing and enforcement;
    - Incident and notification requirements;
    - Administrative and criminal liability and license sanctions and court sanctions;
    - Waste disposal and health and safety standards;
    - Permitting inspections by state and local licensing and enforcement authorities;
    - Licensee responsibilities for activities occurring within licensed premises:
    - Maintenance of records and privacy issues; and
    - Prohibited practices.

6.3 Annual & Periodic Training

All employees participate in annual security training. Managers also issue periodic training in conjunction with any announced changes to policies or procedures as deemed necessary.

6.4 Employee Development

We are proud to support the continued education of our employees. We have an annual budget set aside for relevant continuing education and development programs that all employees are eligible for with the approval of their manager.

6.5 Employee Handbook

In addition to the trainings listed above, each employee received an employee training manual. This training manual includes information on the following topics:

- Employee Guidelines
- Employee Safety Procedures
- Security Protocol
- Educational training (Including marihuana product information, dosage limits, etc.)

Social Equity Plan

Promoting an Inclusive Marihuana Market

Kalamazoo Gallery, Inc.

Adult-Use Marihuana Retailer

2723 W Michigan Ave, Kalamazoo, MI 49006

Table of Contents

1 Introduction

Kalamazoo Gallery, Inc. (KG), has operated in the City of Kalamazoo for nearly two years. During that time KG strove to hire Kalamazoo residents to help spur investment back into the community and resulted in 94% of KG employees also being City of Kalamazoo residents. KG now submits this Social Equity Plan in support of its municipal application with the City of Kalamazoo **Error! Reference source not found.** renewal application.

KG is committed to ending the stigmas associated with cannabis. This commitment includes support for the communities and individuals that have been disproportionately impacted by marijuana prohibition and enforcement. Although Michigan's social equity program is in its infancy, KG has been recognized by the State of Michigan Cannabis Regulatory Agency's (CRA) as a Silver Social Equity All-Star. KG has consistently operated with a focus on hiring from, and serving clients within, communities that faced the most significant consequences of cannabis prohibition since opening our first establishment. Over the next year, KG plans to continue to emphasis exploring additional opportunities for recruitment, employee training, and community outreach projects particularly in the City of Kalamazoo's preferred census tracts.

2 Recruiting

KG has successfully recruited a workforce that consists of 94% City of Kalamazoo residents. KG's has historically relied on word of mouth and referrals from current team members, which we augment with local postings on national job boards (ex. Indeed, Glassdoor). However, KG also employs recruiting techniques that more narrowly focus on communities that satisfy the CRA's requirements for eligibility in the Social Equity Program (SEP). For example, KG has expanded the scope of our recruitment efforts to include and prioritize local news or other media sites that still maintain a job postings area and are willing to accept cannabis-related content. Social media platforms have also been a powerful recruiting tool for identifying prospective employees from SEP-eligible communities or backgrounds—particularly given the powerful data analytics that these platforms offer for narrowly tailoring media placements to reach members of SEP-eligible communities.

Additionally, KG has taken part in the Black & Brown Cannabis Guild's Pipeline to Employment Program (https://www.bbcannabis.com).

3 Hiring

KG has been—and continues to be—committed to maintaining a diverse workforce. We believe that upwards of 40% of our current team members would self-identify as part of a social group or community that was disproportionality impacted by marijuana prohibition. We take great pride in the diversity of our team; the lived experiences of each KG employee offers unique insights and perspectives that we seek to harness in service of our clients. Perhaps more critically, in an industry that has faced substantial criticism over the homogeneity of company owners and employees, we also recognize that a diverse team is an asset many in the cannabis space are not yet fortunate enough to have.

Our company-wide commitment to an inclusive cannabis marketplace means that KG does not exclude prospective team members with prior criminal history from hiring consideration—particularly those with misdemeanor marijuana convictions, in fact, we actively try to recruit such individuals. Though state law requires marihuana businesses to screen prospective employees for prior felony convictions, we treat each situation as unique. We ultimately strive to do all we can to help prospective employees whose convictions likely stemmed from the well-documented historical trends of selective enforcement and prosecution of drug offenses while ensuring that our hiring practices remain compliant with state and federal law.

At KG, we are deeply passionate about cannabis, and we are always eager to hire motivated individuals who share this passion. Accordingly, the company has also found that SEP-eligible individuals with prior experience as a registered primary caregiver or medical marihuana patient are often extremely well-qualified and knowledgeable team members. We continue to seek new opportunities to help SEP-eligible individuals and community members enter and find success within Michigan's marihuana marketplace.

4 LIVING WAGES

All KG team members receive a living wage that starts well above the state and federal minimum hourly wage. Our team member compensation package also includes fringe benefits, like PTO and Sick Leave for all team members—including part time hourly staff. Please see the attached Staffing Plan for additional details.

5 INDUSTRY SUPPORT

Consistent with the vision articulated in the City's Marihuana Social Equity Policy, KG, hopes to be a resource for prospective SEP-eligible community members that would like to own or operate a marihuana establishment in the future.[1] The KG management team is eager to share the insights gained through their success in the Michigan marihuana market to benefit communities that were historically disadvantaged under prohibition. We are proud that our past volunteer consulting/mentoring to SEP applicants has resulted in now licensed, operating, and thriving businesses – one of whom actually went on to become the first Social Equity All-Star. Additionally, KG achieved Social Equity Silver All-Star status itself this year .

[1] Kalamazoo City Commission Policy No. 30.9(C)(1)(a).

6 CORPORATE SPENDING PLAN

Kalamazoo Gallery, Inc. (KG) has committed to spending 5% of our qualified business expenses (excluding payroll and inventory produced by our affiliated businesses) with diverse suppliers, including women-owned, minority-owned, veteran owned, and businesses who were previously disproportionately impacted by marijuana enforcement.

After completing a survey of all of our current business partners, we have identified ongoing business relationships with over 22 diverse businesses across multiple expense categories. Examples include:

> PRODUCT SUPPLIERS (Ex: Exclusive Brands, Trucenta, Brightmoore Gardens, Kassab Investments)
>
> TRANSPORTATION (Ex: Emerald Transport)
>
> INSURANCE (Ex: Roots Insurance)

In calendar year 2022, our spending with diverse businesses exceeded 27% of our (qualified) business expenses, exceeding our goals by over 500%.

With new mechanisms and supplier screening criteria now in place, we believe we are even better positioned to exceed our goals moving forward.

7 EDUCATION

The final component of KG's social equity plan is our commitment to honest and reliable education and informational resources about cannabis. KG seeks to dispel negative and scientifically unsupported stigmas about marijuana use to promote genuine understanding of the potential risks and benefits, so consumers can make their own well-informed decisions about cannabis use. To support this objective, KG offers informational community learning events to both engage the broader community, and provide an opportunity to learn about the history of cannabis, the factors that contributed to its eventual prohibition, as well as the importance of strong product testing and quality controls. KG also provides interested community members with information about the eligibility requirements and procedures for seeking the expungement of criminal records for marihuana related offenses.

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

GRETCHEN WHITMER
GOVERNOR

ORLENE HAWKS
DIRECTOR

March 16, 2023

Herbana
2723 W. Michigan Ave
Kalamazoo, MI 49006

The Cannabis Regulatory Agency's social equity team reviewed your form for the Social Equity All-Star Program and would like to congratulate you on your acceptance into the program at the silver level. The following license numbers will be displayed on our website under the silver level. These license numbers were provided on your form:

- AU-R-000517

Now that you have been accepted into the Social Equity All-Star Program here are some important things to know:

- You are being awarded a digital copy of your Social Equity All-Star Program Silver seal. Feel free to use this seal on your website, social media, or in your licensed establishment(s) in any way that makes sense to highlight the establishment's efforts.
- Acceptance into this program is only valid for one year. In order to remain active in the program you will need to submit a Social Equity All-Star Program Renewal form each year you want to participate.
    - If at any time you would like to update your plans on the CRA website, you can email us your updated plan along with the Social Equity All-Star Program Amendment form.

If there are any questions regarding this acceptance letter, please contact the social equity team via email at CRA-SocialEquity@Michigan.gov.

Thank you,

Social Equity Representative
Cannabis Regulatory Agency
www.michigan.gov/CRA

EDC Board of Directors
Staff Report

City of Kalamazoo

TO: The Economic Development Corporation Board of Directors

FROM: Antonio Mitchell, Director of Community Planning and Economic Development
Prepared by: PJ Thuringer, Economic Development Supervisor

DATE: September 21, 2023

SUBJECT: EDC Loan Policy (Amending of the approved EDC Loan Process) **(Action: Approval of updated loan policy. Roll call vote)**

SUMMARY:

EDC Loan Policy (Amending of the approved EDC Loan Process) **(Action: Approval of updated loan policy. Roll call vote)**

BACKGROUND:

In March 2022 and June 2023, the EDC Board approved the process for loaning Economic Initiative Fund dollars to local businesses. It was determined after internal discussions that the City Commission will need to give final approval on all EDC Loans, hence this most up-to-date policy change.

Please see the attached Economic Development Corporation Loan Policy.

RECOMMENDATION:

Approval of the EDC Loan Policy. If approved, this will go to the City Commission for their approval.

CITY OF KALAMAZOO ECONOMIC DEVELOPMENT CORPORATION (EDC) LOAN POLICY

(NOTE: THE ISSUANCE OF EDC BONDS IS SUBJECT TO A DIFFERENT EDC POLICY AND PROCEDURE)

The Economic Development Corporations Act, PA 338 of 1974, as amended, in particular MCL 125.1608(2), calls for a project plan and the related procedure when an EDC is acquiring an interest in property or in land or incurring obligations for a specific property—none of which is happening when a loan is given.

MCL 125.1607(1)(c) authorizes Economic Development Corporations such as the City of Kalamazoo EDC to provide loans, secured to the satisfaction of the EDC Board.

The EDC Articles, under Article IV Section 2. Loans, combine the concepts of providing loans and borrowing, and provide that "No loan shall be contracted on behalf of the corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors and approved by the Kalamazoo City Commission. Such authority may be general or confined to specific instances."

Accordingly, the procedure for issuing loans moving forward shall be as follows, unless and until such process is amended at the discretion of the EDC Board.

1. The EDC Board shall, following review of an applicant's established need and compliance with applicable criteria in effect at the time of application, consider the adoption of a resolution approving a loan agreement and promissory note, and any requested supporting documentation including but not limited to, personal guaranties by the applicant, in accordance with PA 338 of 1974, as amended.

2. Individual loan applications shall go before the City Commission for final approval.

4859-9740-7616 v1 [105917-1]

EDC Board of Directors
Staff Report

City of Kalamazoo

TO: The Economic Development Corporation Board of Directors

FROM: Antonio Mitchell, Director of Community Planning and Economic Development
Prepared by:

DATE: September 21, 2023

SUBJECT: EDC Economic Initiative Fund Loan for 215 EM Partners LLC **(Action: Recommend to the City Commission Approval of EDC EIF Loan for 215 EM Partners LLC)**

SUMMARY:

EDC Economic Initiative Fund Loan for 215 EM Partners LLC **(Action: Recommend to the City Commission Approval of EDC EIF Loan for 215 EM Partners LLC)**

BACKGROUND:

Source of Funds and Disbursement Procedure:

The Economic Initiative Fund (EIF) was established and is supported with funds budgeted in the city General Fund. The fund is also replenished with repayments of loans made from the fund. The Economic Development Corporation (EDC) retains and exercises control over its own separate fund which is established from various sources, including fees generated from the issuance of tax exempt financing. Funds from the EIF must first be transferred to the EDC or BRA Fund for final disbursement. The City Commission approves all fund transfers from the EIF. The EIF is not a source of grant funding to for-profit businesses or non-profit organizations.

Project Eligibility:

1. The Project/business **is** located in the city of Kalamazoo;

2. **Twenty (20) Full-time jobs** will be created in the city as a result of EIF assistance;

3. Once the OPRA and Brownfield Plan have been completed, **the City's tax-base will be expanded**

Community Planning and Economic Development Department | 245 N. Rose Street, Ste 100, Kalamazoo, MI 49007
Voice: (269) 337-8744 | Fax: (269) 337-8513 | www.kalamazoocity.org

4. Commitment of funds by city **<u>will demonstrate</u>** a return on investment to taxpayers over time;

5. Consideration will be given to the amount of private funds leveraged by EIF assistance and level of equity invested by owner(s) with a general guideline that EIF assistance shall not exceed 10% of the overall project cost - **<u>The overall project assistance is 6.5% of the $3,824,500 private investment</u>**

6. Applicant **<u>has no</u>** delinquent city taxes, fees, assessments, liens, or other charges at the time of reimbursement of loan funds; no record of previous loan loss with the city; and any previous loans from the city must be fully repaid; and

7. Any other special considerations and/or project features, including any or all of the following:
    a. **<u>Project is located</u>** on a site designated in the city's Brownfield Plan;
    b. **<u>Project results in a business which creates sustainable, quality jobs</u>** available to neighborhood and city residents with wages consistent with the city's wage standard policy for P.A. 328 tax abatements (below);
    c. Project results in provision of needed goods or services to the neighborhood in which it is located - **<u>The project expands the entertainment and dining options that are desired for growth in the downtown area.</u>**
    d. **<u>Project contains quality site plan, landscaping, design standards and building materials</u>**; and
    e. Project involves preservation of historic structures. **<u>The project is a very old building that does not contain exterior historic significance.</u>**

RECOMMENDATION:

Recommend to the City Commission Approval of EDC EIF Loan for 215 EM Partners LLC

Community Planning and Economic Development Department | 245 N. Rose Street, Ste 100, Kalamazoo, MI 49007
Voice: (269) 337-8744 | Fax: (269) 337-8513 | www.kalamazoocity.org

PROMISSORY NOTE

$250,000.00 KALAMAZOO, MICHIGAN

SEPTEMBER ___, 2023

FOR VALUE RECEIVED, the undersigned, **215 EM PARTNERS, LLC**, a Michigan limited liability company ("**Maker**"), whose mailing address is 214 E. Michigan Ave., Kalamazoo, Michigan 49007, hereby promises and agrees to pay to the order of **THE CITY OF KALAMAZOO ECONOMIC DEVELOPMENT CORPORATION**, a Michigan municipal corporation ("**Payee**"), whose mailing address is 245 N. Rose Street, Kalamazoo, Michigan 49007, the principal sum of TWO HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS ($250,000.00) (such amount outstanding from time to time, the "**Principal**") payable in the manner set forth below.

This Promissory Note (this "**Note**") is issued pursuant to Developer's project to renovate and redevelop the real property with a street address of 215 East Michigan Avenue, Kalamazoo (the "**Project**"). Maker shall use the proceeds of this Note solely in furtherance of the Project.

1. PAYMENTS. Maker shall pay to the order of Payee quarterly installments in the amount of 2,414.02, with the first such installment due on January 15, 2024, and installment payments in like amount on the fifteenth day of January, April, June and October of each year while any amount of Principal is outstanding, and an additional installment on the tenth (10^{th}) anniversary of the date of this Note in an amount sufficient to bring the Principal then outstanding down to one-half (1/2) the initial Principal amount, and the final installment of any remaining Principal and interest due on the twentieth (20^{th}) anniversary of the date of this Note (the "**Maturity Date**"). All payments made hereunder shall be made to Payee in lawful money of the United States on or before 11:59 PM EST on the date on which such payment is due, by cashier's check, certified check, verified ACH transfer or wire transfer of immediately available funds to the Payee's account at bank specified by Payee in writing to Maker from time to time. Payments shall be applied *first* to accrued interest, and *second* to Principal outstanding under this Note. Maker may prepay all or any portion of this Note at any time and from time to time, prior to the Maturity Date, without penalty or premium.

2. INTEREST. Principal amounts outstanding under this Note shall bear interest at a rate per annum (the "**Interest Rate**") equal to one percent (1.00%). If any amount payable hereunder is not paid when due, whether at stated maturity, by acceleration, or otherwise, such overdue amount shall bear interest at the Interest Rate plus eight percent (8.0%) (the "**Default Rate**"). All computations of interest hereunder shall be made on the basis of a year of 365 days. Interest shall begin to accrue on the date of this Note. If at any time the interest rate payable on outstanding Principal shall exceed the maximum rate of interest permitted under applicable law, such interest rate shall be reduced automatically to the maximum rate permitted.

3.SECURITY. This Note is a general unsecured obligation of Maker.

4. EVENTS OF DEFAULT. Each of the following shall constitute an "**Event of Default**" hereunder:

(a) Maker fails to pay any installment of Principal or interest due on this Note on or before the due date for such installment; or

(b) Maker makes a general assignment for the benefit of Maker's creditors, is adjudged bankrupt, files a petition in bankruptcy, a petition in bankruptcy is filed against Maker, or Maker notifies Payee that Maker is generally unable to satisfy its obligations as they become due in the ordinary course.

5. ACCELERATION AND REMEDIES. Upon the occurrence of an Event of Default, Payee may, at Payee's sole option, at any time thereafter declare all or any part of the unpaid Principal, and all accrued but unpaid interest thereon, to be immediately due and payable in full, *provided*, *however*, if an Event of Default described in Section 4(b) shall occur, the outstanding Principal amount, accrued and unpaid interest, and all other amounts payable hereunder shall become immediately due and payable without notice, declaration, or other act on the part of the Noteholder. Upon an Event of Default (whether or not Payee has elected to accelerate this Note), the entire unpaid principal balance shall bear interest until paid at the Default Rate.

6. AMENDMENTS, WAIVERS, TERMINATION. Neither this Note nor any term hereunder may be amended, changed, waived, discharged or terminated except by an instrument in writing signed by both parties. The waiver by either party of a breach or violation of any provision of this Note shall not operate as a waiver of any subsequent breach or violation of any provision thereof. No failure or delay by Payee to exercise any right, remedy, or power hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, or power hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, or power. The rights, remedies, and powers herein provided are cumulative and not exclusive of any other rights, remedies, or powers provided by law.

7. ASSIGNMENT. This Note may not be assigned or transferred by Maker without the prior written consent of Payee. This Note shall inure to the benefit of, and be binding upon, the parties and their successors-in-interest and permitted assigns.

8. HEADINGS. The headings in this Note are included for purposes of convenience only and shall not be considered a part of this Note in construing or interpreting any provision hereof.

9. GOVERNING LAW, ATTORNEYS FEES. This Note shall be governed by, and construed and enforced in accordance with, the laws of the State of Michigan, without giving effect to any conflict of law rule or principle that might require the application of the laws of another jurisdiction. In the event the Payee institutes and prevails in any legal suit, action or proceeding against the Maker upon an Event of Default by Maker, Maker agrees to pay Payee all costs of collection plus Payee's reasonable attorneys' fees for the services of counsel employed to collect this Note.

10. SEVERABILITY. If any portion of this Note is found to be void and/or unenforceable, then the rest and remainder of this Note shall be given full effect and be fully enforceable.

11. ELECTRONIC SIGNATURES. The words "execution," "signed," "signature," and words of similar import in this Note shall be deemed to include electronic and digital signatures and the keeping of records in electronic form, each of which shall be of the same effect, validity, and enforceability as manually executed signatures. Delivery of an executed counterpart of a signature page to this Note by facsimile or in electronic ("pdf" or "tif") format shall be as effective as delivery of a manually executed counterpart of this Note.

IN WITNESS WHEREOF, Maker has duly executed this Note as of the date first above written.

215 EM PARTNERS, LLC

By:______________________________
Name:
Title:

GUARANTY

THIS GUARANTY (the "**Guaranty**") is made as of September ___, 2023 (the "**Effective Date**") by **FREDERICK O. BROWN** (the "**Guarantor**") to and in favor of the **CITY OF KALAMAZOO ECONOMIC DEVELOPMENT CORPORATION** (the "**EDC**"), a Michigan municipal corporation created by the City of Kalamazoo, Michigan.

RECITALS

A. **215 EM PARTNERS, LLC**, a Michigan limited liability company (the "**Borrower**") has executed a certain promissory note of even date herewith, in the original principal amount of Two Hundred Fifty Thousand Dollars ($250,000.00) (the "**Note**"), in favor of the EDC and in connection with a loan made from EDC to Borrower (the "**Loan**") to facilitate Borrower's redevelopment project involving the real property with a street address of 215 E. Michigan Avenue, Kalamazoo, Michigan 49007.

B. The EDC agreed to advance the Loan to Borrower on the condition that Guarantor would unconditionally guarantee payment of the Note.

C. Guarantor is a member of Borrower and directly benefited from the EDC's entering into the Note.

D. To induce the EDC to accept the Note, Guarantor is willing to unconditionally guarantee payment of the principal amount of the Note.

NOW, THEREFORE, in order to induce the EDC to accept the Note and for other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, Guarantor hereby covenants and agrees with the EDC as follows:

1. Guaranty. Guarantor hereby unconditionally and irrevocably guarantees the payment of the principal amount of the Note as of its issue date, and any principal and interest thereon from time to time outstanding, when due whether on a regular principal payment date or upon mandatory prepayment or acceleration of the principal amount of the Note in accordance with the terms of the Note (the "**Obligations**").

2. Guaranty Unconditional. This is an irrevocable, unconditional and absolute guaranty of payment, and not of collection, and Guarantor agrees that liability on this Guaranty shall be immediate and the EDC may have immediate recourse against the undersigned for full and immediate payment of the Obligations at any time after the Obligations or any part thereof, have not been paid when due (whether by acceleration or otherwise).

3. Liability Not Contingent. The liability of Guarantor on this Guaranty shall not be contingent upon the exercise or enforcement by the EDC of whatever remedies it may have against the Borrower or others, or the enforcement of any lien or realization upon any security or collateral the EDC may at any time possess. Any one or more successive and/or concurrent actions may be brought based on this Guaranty against Guarantor either in the same action, if any, brought against Borrower or in separate actions, as often as the EDC, in its sole discretion, may deem advisable. No election to proceed in one form of action or proceeding, or against any party, or on any obligation, shall constitute a waiver of the EDC's right to proceed in any other form of action or proceeding or against other parties unless the EDC has expressly waived such right in writing. Specifically, but without limiting the generality of the foregoing, no action or proceeding by the EDC against Borrower under any document or instrument evidencing or securing the Obligations shall serve to diminish the liability of Guarantor, except to the extent the EDC realizes payment by such action or proceeding, notwithstanding the effect of any such action or proceeding upon Guarantor's right of subrogation against Borrower. Receipt by the EDC of payment or payments with knowledge of the breach of any provision with respect to the Obligations shall not, as to the Guarantor, be deemed a waiver of such breach. All rights, powers and remedies of the EDC hereunder and under any other agreement now or at any time hereafter in force between the EDC and the Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to the EDC by law.

4. Liability Absolute. Guarantor agrees that its liability under this Guaranty is absolute and unconditional and that the EDC shall not be obligated (although it may do so at its sole option) before being entitled to direct recourse against Guarantor to take any steps, whatsoever to preserve, protect, accept or perfect the EDC's interest in, foreclose upon or realize on collateral security, if any, for the payment of the Obligations or any other guaranty of the Obligations or in any other respect exercise any diligence whatever in collecting or attempting to collect the Obligations by any means.

5. No Impairment of Liability. The liability of the Guarantor shall in no way be affected or impaired by: (a) any amendment, alteration, extension, renewal, waiver, indulgence or other modification of the Obligations; (b) any settlement or compromise in connection with the Obligations; (c) any subordination of payments under the Obligations to any other debt or claim; (d) any substitution, exchange, release or other disposition of all or any part of any collateral for the Obligations; (e) any failure, delay, neglect, act or omission by the EDC to act in connection with the Obligations; (f) the filing by or against Borrower of bankruptcy, insolvency, reorganization or other debtor's relief afforded Borrower pursuant to the present or future provisions of the Bankruptcy Code or any other state or federal statute or by the decision of any court; or (g) any other matter whether similar or dissimilar to the foregoing. The obligations of Guarantor are unconditional, notwithstanding any defect in the genuineness, validity, regularity or enforceability of the Obligations or any other circumstances whether or not referred to herein, which might otherwise constitute a legal or equitable discharge or defense of a guarantor.

6. Waivers. The Guarantor hereby waives each and every defense which, under principles of guaranty law or otherwise, would otherwise operate to impair or diminish the liability of Guarantor hereunder, including, without limitation: (a) notice of acceptance of this Guaranty; (b) any subrogation to the rights of the EDC against Borrower until the Obligations has been paid in full; (c) presentment and demand for payment of any Obligations of Borrower; (d) protest, notice of protest, and notice of dishonor or default to the Guarantor or to any other party with respect to the Obligations; (e) all other notices to which the Guarantor might otherwise be entitled; (f) any demand for payment under this Guaranty; (g) any defense arising by reason of any disability or other defense of Borrower by reason of the cessation from any cause whatsoever of the liability of the Borrower; (h) any rights to extension, composition or otherwise under the Bankruptcy Code or any amendments thereof, or under any state or other federal statute; (i) any right or claim or claim of right to cause a marshalling of Borrower's assets; (j) any "one action" or "anti-deficiency" law or any other law which may prevent the EDC from bringing any action; (k) any election of remedies by the EDC which destroys or otherwise adversely affects Guarantor's subrogation rights or Guarantor's rights to proceed against Borrower for reimbursement, including without limitation any loss of rights Guarantor may suffer by reason of any law limiting, qualifying or discharging the Obligations; and (l) any disability of other defense of the Borrower or by reason of the cessation of the Borrower's liability, except payment in full in legal tender of the Obligations. No notice to or demand on the Guarantor shall be deemed to be a waiver of the obligation of the Guarantor or of the right of the EDC to take further action without notice or demand as provided herein; nor in any event shall any modification or waiver of the provisions of this Guaranty be effective unless in writing nor shall any such waiver be applicable except in the specific instance for which given. If payment is made by the Borrower, whether voluntarily or otherwise, or by any third party on the Obligations, and thereafter the EDC is forced to remit the amount of the payment to Borrower's trustee in bankruptcy or any similar person under any federal or state bankruptcy law or law for the relief of debtors, the Obligations shall be considered unpaid for the purpose of the enforcement of this Guaranty. In addition to the waivers set forth here, if now or hereafter, Borrower is or shall become insolvent and the Obligations shall not at all times until paid be fully secured by collateral pledged by Borrower, Guarantor hereby forever waives and gives up in favor of the EDC and Borrower, and their respective successors and assigns, any claim or right to payment Guarantor may now have or hereafter acquire against Borrower, so that at no time shall Guarantor be or become a "creditor" of Borrower within the meaning of 11 U.S.C. Section 547(b) or any successor provision of the federal bankruptcy laws. **Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of its significance and consequences and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law.**

7. Warranties and Representations. Guarantor represents, warrants and covenants to the EDC that, as of the date of this Guaranty: the fair salable value of Guarantor's assets exceeds its liabilities, including the liability undertaken pursuant to this Guaranty; Guarantor is meeting its current liabilities as they mature; financial statements of Guarantor furnished the EDC, if any, are true and correct and include in the footnotes thereto all contingent liabilities of Guarantor; since the date of said financial statements there has been no material adverse change in the financial condition of Guarantor; there are not now pending any material court or administrative proceedings or undischarged judgments against Guarantor and no federal or state tax liens have been filed or threatened against Guarantor, nor is Guarantor in default or claimed default under any agreement for borrowed money.

8. Notices. Guarantor agrees to immediately give the EDC written notice of any material adverse change in its financial condition, including but not limited to litigation commenced, tax liens filed, default claimed under its indebtedness for borrowed money or bankruptcy proceedings commenced by or against Guarantor.

9. No Reliance by Guarantor. Guarantor is fully aware of the financial condition of the Borrower. Guarantor delivers this Guaranty based solely upon its own independent investigation and in no part upon any representation or statement of the EDC with respect thereto. Guarantor is in a position to and hereby assumes full responsibility for obtaining any additional information concerning Borrower's financial condition as Guarantor may deem material to its obligations hereunder; and Guarantor is not relying upon nor expecting the EDC to furnish it any information in the EDC's possession concerning Borrower's financial condition.

10. Right of Setoff. To the extent permitted by applicable law, the EDC reserves a right of setoff of its debts to Guarantor against any debt owed by Guarantor to the EDC. Guarantor authorizes the EDC, to the extent permitted by applicable law, to hold any funds the EDC may owe to Guarantor, if any, if there is a default, and the EDC may apply its debt to Guarantor to pay what Guarantor owes under the terms of this Guaranty.

11. Subordination of Borrower's Debts to Guarantor. Guarantor agrees that the Obligations of Borrower to the EDC shall be superior to any claim that Guarantor may now have or hereafter acquire against Borrower, whether or not Borrower becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Borrower, upon any account whatsoever, to any claim the EDC may now or hereafter have against Borrower. In the event of insolvency and consequent liquidation of the assets of Borrower, the assets of Borrower applicable to the payment of the claims of both the EDC and Guarantor shall be paid to the EDC and shall be first applied by the EDC to the Obligations of Borrower to the EDC. Guarantor does hereby assign to the EDC all claims which it may have or acquire against Borrower or against any assignee or trustee in bankruptcy of Borrower; *provided, however,* that such assignment shall be effective only for the purpose of assuring to the EDC full payment in legal tender of the Obligations to the EDC. If the EDC so requests, any notes or credit agreements now or hereafter evidencing any debts or obligations of Borrower to Guarantor shall be delivered to the EDC and/or marked with a legend that the same are subject to this Guaranty. Guarantor agrees and the EDC is hereby authorized in the name of Guarantor to execute such other documents and to take such other actions as the EDC deems appropriate to perfect, preserve and enforce its rights under this Guaranty.

12. Miscellaneous. This Guaranty shall inure to the benefit of the EDC and its successors and assigns. In the event that any person other than the EDC shall become a holder or owner of any of the Obligations, each reference to the EDC hereunder shall be construed as if it referred to each such holder or owner. This Guaranty shall be binding upon Guarantor and his heirs, successors and assigns. Guarantor agrees that recourse may be had against his earnings and separate property for all of Guarantor's obligations under this Guaranty. This Guaranty and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by the laws of the State of Michigan. This Guaranty is effective as of the Effective Date.

13. Guaranty Freely Given. THIS GUARANTY IS FREELY AND VOLUNTARILY GIVEN BY GUARANTOR WITHOUT ANY DURESS OR COERCION, AND AFTER GUARANTOR HAS EITHER CONSULTED WITH COUNSEL OR BEEN GIVEN AN OPPORTUNITY TO DO SO, AND GUARANTOR HAS CAREFULLY AND COMPLETELY READ ALL OF THE TERMS AND PROVISIONS OF THIS GUARANTY. GUARANTOR REPRESENTS THAT HE IS AUTHORIZED BY LAW TO EXECUTE, DELIVER AND PERFORM THIS GUARANTY AND THAT HE HAS RECEIVED A VALUABLE BENEFIT OR CONSIDERATION FOR THIS GUARANTY.

WHEREFORE, this Guaranty was executed and delivered by the undersigned as of the Effective Date.

GUARANTOR

____
Frederick O. Brown

Adult Use Retailer & Medical Provisioning Center Marihuana Renewal Application Checklist for:

2233 N Burdick Inc

4500 W KL Ave

Contact: Paul Weisberger

paulweisberger@wildbillstobacco.com

Type: Adult Use Retailer & Medical Provisioning Center

	Date Received	Received By	Comments	
Renewal Application Received	6/30/2023	Scott Borling		
Inspection Type:	**Inspection Date**	**Completed by:**	**Satisfactory?**	**Notes**
Zoning Inspection	9/7/2023	Pete Eldridge		
Fire Inspection	9/7/2023	Scott Brooks		
	Date	**Name**	**Comments**	
Business Community Benefits Check-In	7/21/2023	Jared Chambers		
	Invite Sent	**EDC Meeting Date**		
Invite to EDC Meeting		8/17/2023		
	Full-Time	**Part-Time**	**Comments**	
Jobs Created				
	Yes/No	**Comments:**	**Verified by:**	
Any Past Due Financial Obligations with City? (i.e. taxes owed, fees, fines, etc)	No		Andrew Falkenberg	
Silver Level Social Equity All-Star or better status with the Michigan Cannabis Regulatory Agency	Gold			
Attachments	**Staffing Plan**	**City Economic Benefits Plan**	**Social Equity Plan**	**Handbook**
	Yes	Yes	Yes	N/A

All Items Complete Yes