

Agenda

Economic Development Corporation

Board of Directors



City of Kalamazoo

Thursday, November 21, 2024

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 Economic Development Corporation Board meeting held on October 17, 2024 **(Action: Approve) - Voice Vote**

D. PUBLIC COMMENTS

E. DIRECTOR COMMENTS

F. NEW BUSINESS

1. Approval of a recommendation to the City Clerk's Office for a 2-year approval of the Adult Use Retailer Permit to QPS Michigan Holdings, LLC DBA High Profile (4037 S Westnedge Ave), contingent on the Applicant correcting the Zoning deficiencies by November 30, 2024. If the Applicant fails to correct the deficiencies by that date, then the recommendation is approval of a 90-day probationary renewal. **(Action: Approve) - Roll Call Vote**
2. Approval of a recommendation to the City Clerk's Office for a 2-year approval of the Adult Use Retailer Permit to QPS Michigan Holdings, LLC DBA High Profile (823 W Michigan Ave). **(Action: Approve) - Roll Call Vote**
3. Adoption of the 2025 Annual Meeting Schedule of the Economic Development Corporation. **(Action: Adopt) - Voice Vote**

G. UNFINISHED BUSINESS

H. COMMUNICATIONS AND ANNOUNCEMENTS

I. STAFF REPORTS AND UPDATES

1. 2024 Quarterly Budget Report
2. Economic Development Strategy Update
3. Obsolete Property Rehabilitation Act (OPRA) DRAFT City Policy

J. ADJOURNMENT

**CITY OF KALAMAZOO
ECONOMIC DEVELOPMENT CORPORATION BOARD MEETING
Thursday, October 17, 2024
Community Planning and Economic Development
245 N. Rose Street, Kalamazoo, MI 49007**

MEMBERS PRESENT: Lucas Middleton; Kevan Hess; Kyle Gulau; Michael Gurnee; *Andrew Schipper; Rachel Bair; Sharon Ferraro; Torean Greeley

MEMBERS ABSENT: Jason Novotny; Nathan Bolton; Alonzo Wilson

CITY STAFF PRESENT: Jamie McCarthy (Sustainable Development Coordinator); Jerrid Burdue (EDC Liaison/Neighborhood Business & Special Projects Coordinator); Jessica Wood (Attorney, Dickinson Wright); Logan Mulholland (Consultant, Fishbeck); Jared Chambers (Business Specialist); Heidi Waffle (Brownfield Project Assistant); Erin Hahn (Community Investment Administrative Assitant)

Meeting was called to order at 7:47 AM by Vice Chair Middleton.

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

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

Mr. Burdue shared that Great Lakes Holistics Kalamazoo Inc. achieved their Gold level designation so they will not need the possibility of a 90-day probation. This contingency will be removed from the latter half of New Business – Item 1.

APPROVAL OF MINUTES: Director Ferraro moved approval of the minutes from the meeting of September 19, 2024; seconded by Director Hess. Motion approved by voice vote unanimously.

PUBLIC COMMENTS

None.

DIRECTORS' COMMENTS

None.

NEW BUSINESS

1. Approval of a recommendation to the City Clerk's Office for a 2-year approval of the Adult Use Retailer Permit to Great Lakes Holistics Kalamazoo Inc.

Mr. Burdue shared the business reached their Gold level designation and are in good standing otherwise. Staff recommends a 2-year approval.

Director Gurnee moved approval of a recommendation to the City Clerk's Office for a 2-year approval of the Adult Use Retailer Permit to Great Lakes Holistics Kalamazoo Inc.; seconded by Director Greeley.

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

2. Approval of a recommendation to the City Clerk's Office for a 2-year approval of the Medical Class C Grower & Adult Use Class C Grower Permits to The Woods Cultivation LLC dba AHKI Canna.

Mr. Burdue shared that they have Gold level designation and that they are in good standing. Staff recommends a 2-year approval.

Director Gurnee moved approval of a recommendation to the City Clerk's Office for a 2-year approval of the Medical Class C Grower & Adult Use Class C Grower Permits to The Woods Cultivation LLC dba AHKI Canna; seconded by Director Hess.

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

UNFINISHED BUSINESS

None.

COMMUNICATIONS AND ANNOUNCEMENTS

None.

STAFF REPORTS AND UPDATES

1. Economic Development Strategy – Update

Mr. Burdue shared the strategy was approved by City Commission. They are engaging with partners and stakeholders outlined in the plan. The partners are very excited that their goals and vision are included in the document. Mr. Burdue said they will continue doing outreach and plan on doing a kickoff with the full list of stakeholders in December or January. Next steps include city staff working on a Work Plan for 2025 to incorporate different elements where the City or EDC is involved.

Director Gurnee said it is nice to hear the stakeholder response.

2. Kalamazoo Social Equity Cannabis Chamber – Update (virtual)

Rebecca Colette, representative of Detroit Cannabis Project and the Kalamazoo Social Equity Chamber, gave a virtual presentation to the board. She shared the overall goals of the Social Equity Chamber. Ms. Colette re-capped past events that have taken place, including a KVCC Reimbursement Info Session. There will be another cohort in January. There was also an Intro to Cannabiz Webinar conducted. Webinars will be recorded and hosted on the new website. On October 24, there will be a Cannabis Job and Resource fair. There are currently 160 attendees and 15 vendors signed up. She said they are working with a couple cannabis companies to track applicants from the job fair to understand the data as to whether not these applicants eventually get interviews and jobs.

*Director Schipper entered the meeting at 8:09AM.

Ms. Colette shared other upcoming events in October, November, and December. They include topics such as Job Readiness, Raising Capital for a Cannabis business, Community Give-Back, KVCC Reimbursement Program Information, and Cannabis Industry networking holiday party.

Ms. Colette said they re-branded and re-launched a Kalamazoo Social Equity Chamber website. She shared data on visits to the website. She explained how they are marketing the chamber and the work they are doing. They have sent bi weekly text messages, partnered to have paid ads on Facebook, weekly email event reminders, monthly in-store vendor tables, 40 monthly ads on two local radio stations, and shared press releases with local media for two events. Some marketing materials are currently being translated into Spanish as well.

Ms. Colette thanked the board for giving her an opportunity to share an update with them.

Director Middleton said it is great, and he is excited about what the chamber is doing. He is excited to check out the website.

Director Hess said he knows the local companies struggle to get applicants and employees from the SPK areas, so it is great they have this resource to help them.

Ms. Colette asked if the board has any other ideas or suggestions on marketing to get the message out to the Kalamazoo community. No ideas from board members.

Mr. Burdue also thanked Mr. Chambers for his work on spearheading the Social Equity Cannabis Chamber.

Director Gulau asked about the \$300,000 that they recently approved for this work in the budget. He asked if that was just for the upcoming year.

Mr. Burdue said that it is for the upcoming year and that covers administration fees for The Detroit Cannabis Project and all of the services and programming. The contract is \$300,000 a year for three years.

Director Gulau asked if they feel like the value is there for this contract.

Director Hess and Director Middleton felt it is too early to determine the value. They are not in a place yet to assess what the results are.

Mr. Burdue asked what level of engagement and frequency of updates would they like on the Social Equity Chamber.

Director Middleton said he would like to have some level of the presentation they had today, because it is more engaging and dynamic than having a staff report in the packet. He thought either a couple times a year or quarterly.

Director Gurnee said having a presentation similar to today's every six months and then staff reports quarterly would be helpful. They are going to ramp up this programming. They have a lot of lead indicators today, so it will be interesting once those start to take hold over the next three years and what the ROI looks like. He thought the engagement piece was great today.

Mr. Burdue explained where the funds are coming from, that there is an excess tax paid for Cannabis products and the state returns part of that to the local municipality. They were able to get 25% of that

money set aside for Social Equity Initiatives. Otherwise, funds not directed towards social equity initiatives remain in the City's general fund.

Director Middleton said it has broader impact than social equity. A lot of the programming is geared towards improving and maintaining the health of the industry, providing people with business acumen, and help sustain the existing cannabis businesses they have. He said social equity is a very important central part of it, but it is also a chamber, so it has benefits more broadly than just social equity.

Director Hess said it is an economic development tool.

Director Gulau said he feels they are over-paying.

Director Ferraro said a lot of that money will be put towards reimbursements and other financial support for new businesses in the community.

Director Gulau shared he thinks this is on the right track and he understands this is the start of the program, and he is not saying they need to take action. His sentiment right now is that it is a very rich contract and as an entrepreneur he would try to take on that contract because it feels like a pretty lucrative deal. He is sensitive to the fact that they are dealing with taxpayer dollars and wondering if they are using them effectively and efficiently.

Director Middleton believes it is too soon to know the value of what they are receiving. He said it is also not a guaranteed \$300,000, but it is reimbursement based on what takes place.

Director Schipper agreed that we wait to see a quarterly update. He asked about the range the Cannabis dollars can be used for.

Mr. Burdue said he would have to look at the guidelines authorized by City Commission. He also noted that the overall administration fee is 20% that the Cannabis Chamber can take, otherwise it is reimbursement and actual costs of services for the programming. They are not pocketing the entire \$300,000.

Mr. Chambers reminded the directors that this contract is new, and they are trying to figure it out as they go. If there are other initiatives or impactful things the money could go towards that are related to economic development, social equity, SPK, the 25% of the returned excess tax is not for the Cannabis Chamber, but it is for the Social Equity policy which spreads past the chamber. He said it is fair to say it can change as they go. If there are other things they think the money could go toward, they can discuss that.

Director Gulau said he does not have any recommendations and does not want to rock the boat as the process is starting to just get legs underneath it. He thinks it is something they should keep an eye on and see if they are getting the results there.

Director Hess said it is such a new industry and new idea. He said Kalamazoo has been very progressive in making these companies be socially equitable from the start.

Director Greeley said they are just rebranding, too. It is encouraging to see how many attendees and vendors are already signed up. He would love to see the results, so he thinks a quarterly check-in would be good to follow up and ask questions.

Director Middleton shared they ask a lot of cannabis businesses for the privilege of being able to operate in Kalamazoo. It is a very onerous regulatory scheme. He thinks they should do what they can to support those business with the revenue they generate and the burdens they place on them. For those reasons, he thinks these types of initiatives are worthwhile as long as they are being wise with their spending.

ADJOURNMENT: Meeting was adjourned at 8:43 AM by Vice Chair Middleton.

Signature

Printed Name/Chair

Heidi Waffle/Recording Clerk

INTER-OFFICE MEMO

To: The Economic Development Corporation Board of Directors

From: Jared Chambers, Business Specialist

Date: November 21, 2024

Re: Adult Use Retailer Permit Renewal for QPS Michigan Holdings, LLC DBA High Profile
S Westnedge Ave

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: QPS Michigan Holdings, LLC for its facility at 4037 S Westnedge Avenue and that the EDC Board provide a recommendation regarding the renewal of this permit. The City Operating Permit, issued on December 1, 2023, is scheduled to expire on November 30, 2024, 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;
 - The company employs 10 people, 6 full-time and 4 part-time.
 - 1 Store Manager, earning \$67,500/year.
 - 1 Assistant Manager, earning \$49,000/year.
 - 2 Shift Leads, earning \$37,000/year.
 - 2 Inventory Specialist, earning \$37,000/year.
 - 4 Sales Associates, earning, \$31,200/year.
 - Along with health insurance, employees receive paid holidays, sick time, and vacation time.
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;
 - \$109,000 per year in gross annual wages goes to Kalamazoo City resident employees.
 - The company made a \$2,500 donation to the Junior League of Kalamazoo.
 - They sponsored the 2024 Kalamazoo Blues Fest and attended the event to meet with community members.

- Ongoing worker training includes:
 - Security – Modules addressing new security protocols, situational awareness, and updates to security procedures.
 - Legal and Regulatory Compliance – As laws and regulations evolve, they offer training on changes to compliance requirements, including inventory tracking, labeling, and packaging standards.
 - Inventory Management – Ongoing training on inventory control, tracking systems, and recordkeeping, including any updates that result from system changes or specific incidents.
- 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 have reached out to the Social Equity Chamber and set up meetings at the store.
 - 36% of the products sold were sourced from diverse suppliers, totaling over \$417,000 in sales.
 - They partner with the Last Prisoner Project (LPP) by providing customers with information about LPP’s mission and offer donation options, including a direct link on their website to facilitate contributions to LPP.
 - Use of local vendors include Mr. Handyman: Building Repair, Solid Lawn Care, Culligan Water Delivery Service, WLP Security, and Kalamazoo Property Management.
- 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;
 - The business is not in default to 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.
 - The hiring and public accommodation practices of the facility conform to the City's Nondiscrimination Ordinance provisions.
 - There are 6 employees in management, 1 woman and 0 minorities.
 - There are 4 employees in operations, 3 women and 2 minorities.
 - 3 employees identify as being disproportionately impacted by marihuana prohibition and enforcement.
- 6. A statement, with supporting documentation, providing answers to the following questions:
 - a. How many City residents do you currently employ?
 - 2 employees are City residents.
 - b. How many current employees reside in Census Tracts 1 (Eastside); 9, 10 (Edison), and/or 2.02,3 (Northside)?
 - No employees reside in the identified census tracts.

- c. What is your plan to employ residents of the identified census tracts?
 - Over the past year, they've strengthened their relationships with local organizations and educational institutions, particularly those serving the Eastside, Edison, and Northside neighborhoods. They have also collaborated with Kalamazoo Valley Community College's Cannabis Workforce Training program, helping to develop a pipeline for program graduates to explore career opportunities at the High Profile facilities.
 - d. How many of your employees have prior marihuana convictions (excepting a conviction for delivery or distribution to a minor)?
 - 3 employees have a prior marihuana conviction.
 - e. What is your plan for employees with a prior marihuana conviction to move up within your business and/or the marihuana industry?
 - They have implemented an optional questionnaire designed to identify and prioritize candidates adversely impacted by marijuana prohibition. Based on the 2024 survey results, 30% of their workforce has been disproportionately affected by marijuana enforcement, and they are committed to increasing this number through expanded outreach and hiring initiatives in the coming year.
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.
- They are Gold level.

Please see the attached Marihuana Renewal Application Checklist, completed by City staff to verify if all ordinance requirements 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. The facility has passed its City Fire inspection but not its Zoning inspection. The applicant has not met all the requirements for renewal. (Zoning deficiencies - Three shrubs missing by tree next to one exit only drive on to S. Westnedge Ave. Additionally, 'One-Way Do Not Enter' sign removed. This needs to be reinstalled.)

RECOMMENDATION

Staff recommends that the EDC Board recommend to the City Clerk's Office a 2-year approval of the Adult Use Retailer Permit to QPS Michigan Holdings, LLC DBA High Profile, contingent on the Applicant correcting the Zoning deficiencies by November 30, 2024. If the Applicant fails to correct the deficiencies by that date, then the recommendation is approval of a 90-day probationary renewal.

ATTACHMENTS

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

QPS (High Profile)**815 W Michigan Ave and 4037 S Westnedge Ave**

Type: Adult Use Retailer				
	Date Received	Received By	Comments	
Renewal Application Received	9/23/2024	Jared Chambers		
Inspection Type:	Inspection Date	Completed by:	Satisfactory?	Notes
Zoning Inspection - 815 W Michigan	10/31/2024	Pete Eldridge	Yes	
Zoning Inspection - 4037 S Westnedge	10/31/2024	Pete Eldridge	No	3 shrubs missing; one-way sign needs to be reinstalled
Fire Inspection - 815 W Michigan	10/31/2024	Scott Brooks	No	2 interior Exit signs require bulb replacement - Corrected on 10/31/2024
Fire Inspection - 4037 S Westnedge	10/31/2024	Scott Brooks	Yes	
	Date	Name	Comments	
Business Community Benefits Check-In	11/4/2024	Jared Chambers		
	Invite Sent	EDC Meeting Date		
Invite to EDC Meeting	10/23/2024	Committee - 11/12/2024; Board- 11/21/2024		
	Full-Time	Part-Time	Comments	
Jobs Created	13			
	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	Yes		Jared Chambers	
Attachments	Staffing Plan	City Economic Benefits Plan	Social Equity Plan	Handbook
	Yes	Yes	Yes	No
			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 QPS Michigan Holdings LLC

Business Address 4420 Varsity Drive

City Ann Arbor **State** MI **Zip Code** 48108 **Business Phone** 734-412-4600

Business E-mail ankur@c3industries.com **Business Website** www.c3industries.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 4037 S. Westnedge Ave., Kalamazoo, MI 49007

Real Property Parcel Number 06-34-310-142

Advertised Facility Name High Profile - Boutique Cannabis

Manager - Full Name Matthew Lewis

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

Name Ankur Rungta

Address 225 High Orchard Lane

City Ann Arbor

State MI

Zip Code 48108

Phone 734-323-1822

E-mail ankur@c3industries.com

Name Vishal Rungta

Address 153 Bidwell Pkwy.

City Buffalo

State NY

Zip Code 14222

Phone 248-255-1822

E-mail vishal@c3industries.com

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 who 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 the 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: Ankur Rungta Date: 9/16/2024 | 7:11 PM EDT

Name (printed): Ankur Rungta Position: Manager

STAFFING PLAN

Summary

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

Full-time employees (32+ hours per week) 6 Part-time employees (< 32 hours per week) 4

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: Store Manager Annual Average Compensation \$ 67,500

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 ☐

If yes, please indicate the employer contribution to health insurance costs: All ☐ Partial ☐ None ☐

Position Title: Assistance Manager Annual Average Compensation \$ 49,000

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 ☐

If yes, please indicate the employer contribution to health insurance costs: All ☐ Partial ☐ None ☐

Position Title: Shift Lead Annual Average Compensation \$ 37,000

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: Inventory Specialist Annual Average Compensation \$ 37,000

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: Sales Associate/Receptionist Annual Average Compensation \$ 31,200

How many people are employed in this position at the licensed facility? 4

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:

The Company's benefits package shall include, but not be limited to health, dental and vision coverage. In addition, the Company's internal policy, outlined in its employee manual, highlights other benefits provided to Company employees, such as paid holidays, paid time off, sick days and adherence to federal Family and Medical Leave Act which provided employees up to 12 weeks of leave due to family or personal medical issues, to include time off for maternity and paternity leave.

Attach additional pages as necessary.

ECONOMIC BENEFITS

Please fill out the information below relating to 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

ECONOMIC BENEFITS		
Economic Benefit	Description	Amount
Resident Wages	Wages paid to employees who reside in the City of Kalamazoo.	\$109,000
Area Resident Wages	Wages to residents outside the City of Kalamazoo.	\$246,000
Community Org Donation	Made charitable contribution to Junior League of Kalamazoo	\$5,000
Supporting Local Businesses	Worked with local service providers whenever possible.	Apx \$10k

JOB CREATION FOR LOCAL RESIDENTS		
Initiative/Description	Date(s)	Outcomes
Promoted local hiring events in store.	2024	Assisted in promoting industry opportunities to local residents.

COMMUNITY OUTREACH		
Initiative/Description	Date(s)	Outcomes
Junior League of Kalamazoo Meeting - Community Giving	March 28, 2024	Made a \$5,000 donation to the organization
Kalamazoo Blues Fest	July 2024	Sponsored event, attended to meet with community members.

WORKER TRAINING PROGRAMS		
Initiative/Description	Date(s)	Outcomes
Security Training	Rolling, provided as needed	Ensured security policies and procedures are being followed.
Legal & Regulatory Compliance	Rolling, provided as needed	Ensured staff are up to date on regulatory changes.
Inventory Training	Rolling, provided as needed	Ensured staff are accurately tracking all products and sales.

SOCIAL EQUITY

Please fill out the information below relating to Social Equity with 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;

SOCIAL EQUITY PLAN INITIATIVE		
Initiative/Description	Date(s)	Outcomes
Social Equity Chamber - Outreach	Summer 2024	Set up community meetings at our store locations.

EMPLOYEE DEMOGRAPHIC INFORMATION

Total Number of Employees:		
Employees in Managerial Positions	Total Employees	6
	Number of Women	1
	Number of Minorities	0
Employees in Operational Positions:	Total Employees	4
	Number of Women	3
	Number of Minorities	2

How many City Residents do you currently employ?	Total Employees	2
How many residents do you currently employ from these Census Tracts?	Census Tract 1 (Eastside Neighborhood)	0
	Census Tracts 9 and/or 10 (Edison Neighborhood)	0
	Census Tracts 2.02, and/or 3 (Northside Neighborhood)	0

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

See attached.

Attach additional pages as necessary.

2. 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 3

3. 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.

4. Please attach 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.

Permit Holder: QPS Michigan Holdings, LLC

Permitted Business Address: 4037 S Westnedge Ave, Kalamazoo, MI 49007

Attachment - Staffing Plan

*As of August 1, 2024

	W Michigan Location
Full-time Employees	6
Part-time Employee	4
Women	4
- Women in Leadership	- 1
Minorities	2
- Minorities in Leadership	- 0
Local Kalamazoo Residents	2

Position Types and Compensation

- Store Manager - \$67,500
- Assistant Manager - \$49,000
- Shift Lead - \$37,000
- Sales Associate/Receptionist - \$31,541

Compliance with Social Equity Policy

	# of Employees
Census Tract 1 (Eastside Neighborhood)	0
Census Tracts 9 and/or 10 (Edison Neighborhood)	0
Census Tracts 2.02, and/or 3 (Northside Neighborhood)	0
Employees with Marihuana convictions	3

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

Our strategy to employ residents of the identified Census Tracts continues to focus on outreach and community engagement. Over the past year, we've strengthened our relationships with local organizations and educational institutions, particularly those serving the Eastside, Edison, and Northside neighborhoods. We've collaborated with Kalamazoo Valley Community College's Cannabis Workforce Training program, helping to develop a pipeline for program graduates to explore career opportunities within our facilities.

Additionally, we remain committed to hosting and participating in job fairs and career development events that offer residents direct access to employment opportunities. We are also in the process of expanding our local advertising and recruitment efforts within storefront locations to ensure visibility of these opportunities.

Moving forward, we plan to intensify these efforts by increasing partnerships with community organizations and educational programs to ensure we provide equitable access to

employment for residents in the identified Census Tracts. Our aim is to create sustainable pathways for employment and support diversity within our workforce.

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

Our commitment to inclusivity, particularly for individuals with prior marijuana convictions, remains central to our values. We understand the unique challenges they may have faced and continue to support their professional development through ongoing training, mentorship, and opportunities for career advancement. We prioritize the upward mobility of these employees when internal promotions are available, recognizing their invaluable contributions to our team.

Over the past year, we've continued to engage in advocacy efforts aimed at reforming policies that disproportionately affect individuals with marijuana convictions. We are actively working within our industry to push for changes that create more equitable opportunities for all.

As part of our hiring process, we have implemented an optional questionnaire designed to identify and prioritize candidates who have been adversely impacted by marijuana prohibition. Based on the 2024 survey results, 30% of our workforce has been disproportionately affected by marijuana enforcement, and we are committed to increasing this number through expanded outreach and hiring initiatives in the coming year.

Permit Holder: QPS Michigan Holdings, LLC

Permitted Business Address: 4037 S Westnedge Ave, Kalamazoo, MI 49007

Attachment – Economic Benefits

Economic Benefits to the City

QPS Michigan Holdings dba High Profile Cannabis Shop has been a key player in driving local economic development by actively engaging and supporting local contractors and businesses. Recognizing the importance of fostering strong community ties, the company consistently chooses to work with local vendors, contractors, and service providers. By investing in and utilizing the expertise of local businesses, High Profile not only ensures the sustainability of the local economy but also promotes job creation and skill development within the community.

Job Creation

Our company has contributed to local economic development by strategically hiring a diverse and skilled workforce. Recognizing the impact of job creation on local communities, we have consistently prioritized the recruitment of both entry-level and experienced professionals, contributing to decreased unemployment rates and increased economic stability. By providing employment opportunities, our company not only enhances individual livelihoods but also contributes to the overall economic growth of the regions it operates in. Through its commitment to building a strong and vibrant workforce, the company has become a catalyst for positive change, embodying the principles of responsible corporate citizenship and making a lasting impact on the communities it serves. Our W Michigan location employs 13 staff members in the following positions:

General Manager (1)	\$67,500.00
Assistant Store Manager (1)	\$49,000.00
Shift Lead (4)	\$39,000.00
Sales Associate/Receptionist (4 PT)	\$31,541.00

All store employees received a wage increase in 2024. With 90% of employees residing in the Kalamazoo area, that's approximately \$350,000 in gross annual wages to local residents, with \$109,000 going directly to city residents.

Community Outreach

We remain deeply dedicated to making a positive impact in Kalamazoo and the surrounding region. Over the past year, we have continued to support various community organizations and initiatives that align with our core values. In partnership with the Junior League of Kalamazoo, we contributed to their Community Giving Program, which provided grants to the following organizations:

- Girls on the Run: Enhances participants' social, emotional, and physical skills to successfully navigate life experiences.

- Ripple Effects Community Inclusion Center: Offers individualized, evidence-based support and enrichment for individuals and their families, fostering an inclusive environment.
- Sleep in Heavenly Peace: Provides beds to kids in need.
- Community HomeWorks: Delivers critical home repairs and educational workshops for low-income homeowners.

In addition to our charitable donation, we proudly sponsored the Kalamazoo Blues Fest, further contributing to the vibrant culture and events in our community.

Looking forward, we have recently connected with the Social Equity Chamber. We've scheduled multiple dates over the upcoming months for them to visit our locations and engage with customers and staff about the important work they are doing and how they can help. The first event is scheduled for September 23rd at our Westnedge location. Additionally, we are exploring opportunities to support their upcoming events and further our collaboration. We are committed to expanding our presence in community activities moving forward. Our team is working on participating in additional local events and strengthening our relationships with community stakeholders.

Figure 1: Junior League Receipt

Attachment – Worker Training Programs

Our company is dedicated to providing comprehensive training and education for all employees, ensuring that they are well-versed in the regulations, safety procedures, and operational protocols necessary to maintain a compliant and efficient workplace.

During the first ninety (90) days of employment, all new employees participate in a comprehensive training program that covers critical areas such as health and sanitation, legal compliance, safety and security, inventory monitoring, and customer service. This training is tailored to each employee's role and level of experience to ensure a thorough understanding of their responsibilities.

Ongoing Continuing Education

In addition to the required initial training, we are committed to the continued professional development of our employees. Throughout the year, we provide regular continuing education opportunities in key areas such as:

1. Security – Modules addressing new security protocols, situational awareness, and updates to security procedures.
2. Legal and Regulatory Compliance – As laws and regulations evolve, we offer training on changes to compliance requirements, including inventory tracking, labeling, and packaging standards.
3. Inventory Management – Ongoing training on inventory control, tracking systems, and recordkeeping, including any updates that result from system changes or specific incidents.

These additional training modules are designed to keep our workforce informed and prepared to handle any updates or challenges that arise. We also adapt our training content in response to specific incidents or rule changes, ensuring our employees are equipped with the most current knowledge and best practices.

By fostering a culture of continuous learning, we ensure that our team is always at the forefront of industry standards and able to adapt to the dynamic regulatory landscape.

Attachment – Social Equity Plan

Promote Industry Participation by Disproportionately Impacted Individuals

Our commitment to inclusivity extends to individuals with prior marijuana convictions, recognizing the unique challenges they may have faced as a result of prohibition. As part of this commitment, we continue to engage in advocacy efforts to reform policies that disproportionately impact individuals with marijuana convictions, both within our company and across the broader marijuana industry.

To identify and prioritize candidates who have been affected by marijuana prohibition, we have implemented an optional questionnaire in our hiring process. According to our 2024 survey results, 30% of our workforce comprises individuals disproportionately impacted by marijuana prohibition and enforcement, a significant increase from the previous year. We are dedicated to increasing this figure over the next five years. Our strategy includes deepening partnerships with local community organizations, workforce development agencies, and educational institutions to better identify and engage individuals from disproportionately impacted communities. Through these efforts, we aim to foster greater industry participation and provide meaningful employment opportunities.

Positively Impact Local Residents

Our cannabis dispensary continues to make a positive impact on the local community by actively participating in various social initiatives. Beyond providing high-quality products, we remain committed to being a responsible corporate citizen.

This past year, we contributed to the Junior League of Kalamazoo's community giving program, which supported several local non-profits, including Girls on the Run, Ripple Effects Community Inclusion Center, Sleep in Heavenly Peace, and Community Homeworks. These organizations focus on enhancing social, emotional, and physical development, fostering inclusivity, providing for children in need, and supporting critical home repairs for low-income families. Additionally, we proudly sponsored the Kalamazoo Blues Fest, which celebrated the arts and brought the community together.

Looking ahead, we are actively coordinating with the Social Equity Chamber to host upcoming events at our locations, with the goal of educating the community about their work and finding ways to support their mission. This partnership is part of our broader commitment to community engagement and social equity.

In addition to our philanthropic efforts, we remain dedicated to creating a safe and secure environment for both our customers and the local community. We have invested in advanced security measures, including surveillance systems and well-trained personnel, and continue to collaborate with local law enforcement to ensure the safety of our neighborhood. By maintaining a secure and welcoming atmosphere, we contribute to the well-being of our community and strengthen our role as a trusted and responsible business.



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

ORLENE HAWKS
DIRECTOR

June 28, 2023

QPS Michigan Holdings LLC (DBA: High Profile)
4420 Varsity Drive
Ann Arbor, MI 48108

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:

- AU-R-000477
- AU-R-000577

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

INTER-OFFICE MEMO

To: The Economic Development Corporation Board of Directors

From: Jared Chambers, Business Specialist

Date: November 21, 2024

Re: Adult Use Retailer Permit Renewal for QPS Michigan Holdings, LLC DBA High Profile W Michigan Ave location

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: QPS Michigan Holdings, LLC for its facility at 823 W Michigan Avenue and that the EDC Board provide a recommendation regarding the renewal of this permit. The City Operating Permit, issued on December 1, 2023, is scheduled to expire on November 30, 2024, 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;
 - The company employs 13 people, 9 full-time and 4 part-time.
 - 1 Store Manager, earning \$67,500/year.
 - 1 Assistant Manager, earning \$49,000/year.
 - 5 Shift Leads, earning \$37,000/year.
 - 6 Sales Associates, earning, \$31,200/year.
 - Along with health insurance, employees receive paid holidays, sick time, and vacation time.
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;
 - \$184,000 per year in gross annual wages goes to Kalamazoo City resident employees.
 - The company made a \$2,500 donation to the Junior League of Kalamazoo.
 - They sponsored the 2024 Kalamazoo Blues Fest and attended the event to meet with community members.
 - Ongoing worker training includes:

- Security – Modules addressing new security protocols, situational awareness, and updates to security procedures.
 - Legal and Regulatory Compliance – As laws and regulations evolve, they offer training on changes to compliance requirements, including inventory tracking, labeling, and packaging standards.
 - Inventory Management – Ongoing training on inventory control, tracking systems, and recordkeeping, including any updates that result from system changes or specific incidents.
- 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 have reached out to the Social Equity Chamber and set up meetings at the store.
 - 27% of the products sold were sourced from diverse suppliers, totaling over \$530,000 in sales.
 - They partner with the Last Prisoner Project (LPP) by providing customers with information about LPP’s mission and offer donation options, including a direct link on their website to facilitate contributions to LPP.
 - Use of local vendors include Mr. Handyman: Building Repair, Solid Lawn Care, Culligan Water Delivery Service, WLP Security, and Kalamazoo Property Management.
- 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;
 - The business is not in default to 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.
 - The hiring and public accommodation practices of the facility conform to the City's Nondiscrimination Ordinance provisions.
 - There are 7 employees in management, 5 women and 2 minorities.
 - There are 6 employees in operations, 4 women and 4 minorities.
 - 1 employee identifies as being disproportionately impacted by marihuana prohibition and enforcement.
- 6. A statement, with supporting documentation, providing answers to the following questions:
 - a. How many City residents do you currently employ?
 - 5 employees are City residents.
 - b. How many current employees reside in Census Tracts 1 (Eastside); 9, 10 (Edison), and/or 2.02,3 (Northside)?
 - No employees reside in the identified census tracts.
 - c. What is your plan to employ residents of the identified census tracts?

- Over the past year, they've strengthened their relationships with local organizations and educational institutions, particularly those serving the Eastside, Edison, and Northside neighborhoods. They have also collaborated with Kalamazoo Valley Community College's Cannabis Workforce Training program, helping to develop a pipeline for program graduates to explore career opportunities at the High Profile facilities.
- d. How many of your employees have prior marihuana convictions (excepting a conviction for delivery or distribution to a minor)?
- 1 employee has a prior marihuana conviction.
- e. What is your plan for employees with a prior marihuana conviction to move up within your business and/or the marihuana industry?
- They have implemented an optional questionnaire designed to identify and prioritize candidates adversely impacted by marijuana prohibition. Based on the 2024 survey results, 8% of their workforce has been disproportionately affected by marijuana enforcement, and they are committed to increasing this number through expanded outreach and hiring initiatives in the coming year.
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.
- They are Gold level.

Please see the attached Marihuana Renewal Application Checklist, completed by City staff to verify if all ordinance requirements 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. 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 2-year approval of the Adult Use Retailer Permit to QPS Michigan Holdings, LLC DBA High Profile.

ATTACHMENTS

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

QPS (High Profile)

815 W Michigan Ave and 4037 S Westnedge Ave

Type: Adult Use Retailer

	Date Received	Received By	Comments	
Renewal Application Received	9/23/2024	Jared Chambers		
Inspection Type:	Inspection Date	Completed by:	Satisfactory?	Notes
Zoning Inspection - 815 W Michigan	10/31/2024	Pete Eldridge	Yes	
Zoning Inspection - 4037 S Westnedge	10/31/2024	Pete Eldridge	No	3 shrubs missing; one-way sign needs to be reinstalled
Fire Inspection - 815 W Michigan	10/31/2024	Scott Brooks	No	2 interior Exit signs require bulb replacement - Corrected on 10/31/2024
Fire Inspection - 4037 S Westnedge	10/31/2024	Scott Brooks	Yes	
	Date	Name	Comments	
Business Community Benefits Check-In	11/4/2024	Jared Chambers		
	Invite Sent	EDC Meeting Date		
Invite to EDC Meeting	10/23/2024	Committee - 11/12/2024; Board- 11/21/2024		
	Full-Time	Part-Time	Comments	
Jobs Created	13			
	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	Yes		Jared Chambers	
Attachments	Staffing Plan	City Economic Benefits Plan	Social Equity Plan	Handbook
	Yes	Yes	Yes	No
			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** QPS Michigan Holdings LLC**Business Address** 4420 Varsity Drive**City** Ann Arbor **State** MI **Zip Code** 48108 **Business Phone** 734-412-4600**Business E-mail** ankur@c3industries.com **Business Website** www.c3industries.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** 815/823 W. Michigan Ave., Kalamazoo, MI 49007**Real Property Parcel Number** 01-16-468-001**Advertised Facility Name** High Profile - Boutique Cannabis**Manager - Full Name** Jeff Gartee**CONTACT INFORMATION** [the primary point(s) of contact for this application]**Name** Ankur Rungta**Address** 225 High Orchard Lane**City** Ann Arbor**State** MI**Zip Code** 48108**Phone** 734-323-1822**E-mail** ankur@c3industries.com**Name** Vishal Rungta**Address** 153 Bidwell Pkwy.**City** Buffalo**State** NY**Zip Code** 14222**Phone** 248-255-1822**E-mail** vishal@c3industries.com

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 who 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 the 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: Ankur Rungta Date: 9/16/2024 | 7:11 PM EDT

Name (printed): Ankur Rungta Position: Manager

STAFFING PLAN

Summary

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

Full-time employees (32+ hours per week) 6 Part-time employees (< 32 hours per week) 6

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: Store Manager Annual Average Compensation \$ 67,500

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 ☐

If yes, please indicate the employer contribution to health insurance costs: All ☐ Partial ☐ None ☐

Position Title: Assistant Manager Annual Average Compensation \$ 49,000

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: Shift Lead Annual Average Compensation \$ 37,000

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: Inventory Specialist Annual Average Compensation \$ 37,000

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 ☐

If yes, please indicate the employer contribution to health insurance costs: All ☐ Partial ☐ None ☐

Position Title: Sales Associate/Receptionist Annual Average Compensation \$ 31,200

How many people are employed in this position at the licensed facility? 2-full-time, 6 part-time

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:

The Company's benefits package shall include, but not be limited to health, dental and vision coverage. In addition, the Company's internal policy, outlined in its employee manual, highlights other benefits provided to Company employees, such as paid holidays, paid time off, sick days and adherence to federal Family and Medical Leave Act which provided employees up to 12 weeks of leave due to family or personal medical issues, to include time off for maternity and paternity leave.

Attach additional pages as necessary.

ECONOMIC BENEFITS

Please fill out the information below relating to 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

ECONOMIC BENEFITS		
Economic Benefit	Description	Amount
Resident Wages	Wages paid to employees who reside in the City of Kalamazoo.	\$184,000
Area Resident Wages	Wages to residents outside the City of Kalamazoo.	\$317,000
Community Org Donation	Made charitable contribution to Junior League of Kalamazoo	\$5,000
Supporting Local Businesses	Worked with local service providers whenever possible.	Apx \$10k

JOB CREATION FOR LOCAL RESIDENTS		
Initiative/Description	Date(s)	Outcomes
Promoted local hiring events in store.	2024	Assisted in promoting industry opportunities to local residents.

COMMUNITY OUTREACH		
Initiative/Description	Date(s)	Outcomes
Junior League of Kalamazoo Meeting - Community Giving	March 28, 2024	Made a \$5,000 donation to the organization
Kalamazoo Blues Fest	July 2024	Sponsored event, attended to meet with community members.

WORKER TRAINING PROGRAMS		
Initiative/Description	Date(s)	Outcomes
Security Training	Rolling, provided as needed	Ensured security policies and procedures are being followed.
Legal & Regulatory Compliance	Rolling, provided as needed	Ensured staff are up to date on regulatory changes.
Inventory Training	Rolling, provided as needed	Ensured staff are accurately tracking all products and sales.

SOCIAL EQUITY

Please fill out the information below relating to Social Equity with 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;

SOCIAL EQUITY PLAN INITIATIVE		
Initiative/Description	Date(s)	Outcomes
Social Equity Chamber - Outreach	Summer 2024	Set up community meetings at our store locations.

EMPLOYEE DEMOGRAPHIC INFORMATION

Total Number of Employees:		
Employees in Managerial Positions	Total Employees	7
	Number of Women	5
	Number of Minorities	2
Employees in Operational Positions:	Total Employees	6
	Number of Women	4
	Number of Minorities	4

How many City Residents do you currently employ?	Total Employees	5
How many residents do you currently employ from these Census Tracts?	Census Tract 1 (Eastside Neighborhood)	0
	Census Tracts 9 and/or 10 (Edison Neighborhood)	0
	Census Tracts 2.02, and/or 3 (Northside Neighborhood)	0

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

See attached.

Attach additional pages as necessary.

2. 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 1

3. 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.

4. Please attach 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.

Permit Holder: QPS Michigan Holdings, LLC

Permitted Business Address: 815 W Michigan Ave, Kalamazoo, MI 49007

Attachment - Staffing Plan

*As of August 1, 2024

	W Michigan Location
Full-time Employees	9
Part-time Employee	4
Women	9
- Women in Leadership	- 5
Minorities	6
- Minorities in Leadership	- 2
Local Kalamazoo Residents	5

Position Types and Compensation

- Store Manager - \$67,500
- Assistant Manager - \$49,000
- Shift Lead - \$37,000
- Sales Associate/Receptionist - \$31,541

Compliance with Social Equity Policy

	# of Employees
Census Tract 1 (Eastside Neighborhood)	0
Census Tracts 9 and/or 10 (Edison Neighborhood)	0
Census Tracts 2.02, and/or 3 (Northside Neighborhood)	0
Employees with Marihuana convictions	1

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

Our strategy to employ residents of the identified Census Tracts continues to focus on outreach and community engagement. Over the past year, we've strengthened our relationships with local organizations and educational institutions, particularly those serving the Eastside, Edison, and Northside neighborhoods. We've collaborated with Kalamazoo Valley Community College's Cannabis Workforce Training program, helping to develop a pipeline for program graduates to explore career opportunities within our facilities.

Additionally, we remain committed to hosting and participating in job fairs and career development events that offer residents direct access to employment opportunities. We are also in the process of expanding our local advertising and recruitment efforts within storefront locations to ensure visibility of these opportunities.

Moving forward, we plan to intensify these efforts by increasing partnerships with community organizations and educational programs to ensure we provide equitable access to

employment for residents in the identified Census Tracts. Our aim is to create sustainable pathways for employment and support diversity within our workforce.

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

Our commitment to inclusivity, particularly for individuals with prior marijuana convictions, remains central to our values. We understand the unique challenges they may have faced and continue to support their professional development through ongoing training, mentorship, and opportunities for career advancement. We prioritize the upward mobility of these employees when internal promotions are available, recognizing their invaluable contributions to our team.

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Our company has contributed to local economic development by strategically hiring a diverse and skilled workforce. Recognizing the impact of job creation on local communities, we have consistently prioritized the recruitment of both entry-level and experienced professionals, contributing to decreased unemployment rates and increased economic stability. By providing employment opportunities, our company not only enhances individual livelihoods but also contributes to the overall economic growth of the regions it operates in. Through its commitment to building a strong and vibrant workforce, the company has become a catalyst for positive change, embodying the principles of responsible corporate citizenship and making a lasting impact on the communities it serves. Our W Michigan location employs 13 staff members in the following positions:

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We remain deeply dedicated to making a positive impact in Kalamazoo and the surrounding region. Over the past year, we have continued to support various community organizations and initiatives that align with our core values. In partnership with the Junior League of Kalamazoo, we contributed to their Community Giving Program, which provided grants to the following organizations:

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- Ripple Effects Community Inclusion Center: Offers individualized, evidence-based support and enrichment for individuals and their families, fostering an inclusive environment.
- Sleep in Heavenly Peace: Provides beds to kids in need.
- Community HomeWorks: Delivers critical home repairs and educational workshops for low-income homeowners.

In addition to our charitable donation, we proudly sponsored the Kalamazoo Blues Fest, further contributing to the vibrant culture and events in our community.

Looking forward, we have recently connected with the Social Equity Chamber. We've scheduled multiple dates over the upcoming months for them to visit our locations and engage with customers and staff about the important work they are doing and how they can help. The first event is scheduled for September 23rd at our Westnedge location. Additionally, we are exploring opportunities to support their upcoming events and further our collaboration. We are committed to expanding our presence in community activities moving forward. Our team is working on participating in additional local events and strengthening our relationships with community stakeholders.

Exhibit A

High Profile Retail 4420 Varsity Drive Ann Arbor, MI 48108 734-412-4600	First Merchants Bank 32991 Hamilton Court Farmington, MI 48334 74-1431/724	21789 4/17/2024
PAY TO THE ORDER OF Junior League of Kalamazoo		\$ *****5,000.00
FIVE THOUSAND US DOLLARS AND 00/100*****		DOLLARS
Junior League of Kalamazoo Attn: Treasurer 5047 West Main St. #260 Kalamazoo, MI 49009		AUTHORIZED SIGNATURE
⑈ 0 2 1 7 8 9 ⑈		

High Profile Retail	21789																								
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Figure 1: Junior League Receipt

Attachment – Worker Training Programs

Our company is dedicated to providing comprehensive training and education for all employees, ensuring that they are well-versed in the regulations, safety procedures, and operational protocols necessary to maintain a compliant and efficient workplace.

During the first ninety (90) days of employment, all new employees participate in a comprehensive training program that covers critical areas such as health and sanitation, legal compliance, safety and security, inventory monitoring, and customer service. This training is tailored to each employee's role and level of experience to ensure a thorough understanding of their responsibilities.

Ongoing Continuing Education

In addition to the required initial training, we are committed to the continued professional development of our employees. Throughout the year, we provide regular continuing education opportunities in key areas such as:

1. Security – Modules addressing new security protocols, situational awareness, and updates to security procedures.
2. Legal and Regulatory Compliance – As laws and regulations evolve, we offer training on changes to compliance requirements, including inventory tracking, labeling, and packaging standards.
3. Inventory Management – Ongoing training on inventory control, tracking systems, and recordkeeping, including any updates that result from system changes or specific incidents.

These additional training modules are designed to keep our workforce informed and prepared to handle any updates or challenges that arise. We also adapt our training content in response to specific incidents or rule changes, ensuring our employees are equipped with the most current knowledge and best practices.

By fostering a culture of continuous learning, we ensure that our team is always at the forefront of industry standards and able to adapt to the dynamic regulatory landscape.

Attachment – Social Equity Plan

Promote Industry Participation by Disproportionately Impacted Individuals

Our commitment to inclusivity extends to individuals with prior marijuana convictions, recognizing the unique challenges they may have faced as a result of prohibition. As part of this commitment, we continue to engage in advocacy efforts to reform policies that disproportionately impact individuals with marijuana convictions, both within our company and across the broader marijuana industry.

To identify and prioritize candidates who have been affected by marijuana prohibition, we have implemented an optional questionnaire in our hiring process. According to our 2024 survey results, 8% of our workforce comprises individuals disproportionately impacted by marijuana prohibition and enforcement. We are dedicated to increasing this figure over the next five years. Our strategy includes deepening partnerships with local community organizations, workforce development agencies, and educational institutions to better identify and engage individuals from disproportionately impacted communities. Through these efforts, we aim to foster greater industry participation and provide meaningful employment opportunities.

Positively Impact Local Residents

Our cannabis dispensary continues to make a positive impact on the local community by actively participating in various social initiatives. Beyond providing high-quality products, we remain committed to being a responsible corporate citizen.

This past year, we contributed to the Junior League of Kalamazoo's community giving program, which supported several local non-profits, including Girls on the Run, Ripple Effects Community Inclusion Center, Sleep in Heavenly Peace, and Community Homeworks. These organizations focus on enhancing social, emotional, and physical development, fostering inclusivity, providing for children in need, and supporting critical home repairs for low-income families. Additionally, we proudly sponsored the Kalamazoo Blues Fest, which celebrated the arts and brought the community together.

Looking ahead, we are actively coordinating with the Social Equity Chamber to host upcoming events at our locations, with the goal of educating the community about their work and finding ways to support their mission. This partnership is part of our broader commitment to community engagement and social equity.

In addition to our philanthropic efforts, we remain dedicated to creating a safe and secure environment for both our customers and the local community. We have invested in advanced security measures, including surveillance systems and well-trained personnel, and continue to collaborate with local law enforcement to ensure the safety of our neighborhood. By maintaining a secure and welcoming atmosphere, we contribute to the well-being of our community and strengthen our role as a trusted and responsible business.



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

ORLENE HAWKS
DIRECTOR

June 28, 2023

QPS Michigan Holdings LLC (DBA: High Profile)
4420 Varsity Drive
Ann Arbor, MI 48108

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:

- AU-R-000477
- AU-R-000577

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

2025 EDC/BRA Tentative Meeting Schedule

All meetings to be held at 7:45 AM in the Rose Main Conference Room.

January 16, 2025

February 20, 2025

March 20, 2025

April 17, 2025

May 15, 2025

June 26, 2025 (Fourth Thursday – alternative to Juneteenth 6/19 holiday)

NO July meeting

August 21, 2025

September 18, 2025

October 16, 2025

November 20, 2025

December 18, 2025

Economic Development Corporaion (EDC)

Revenues		As of 9/30/2024	Percent Used
Interest on Investments	\$1,000 \$	-	0%
Reimbursements	\$0 \$	-	0%
Application Fee Revenue	\$5,000 \$	-	0%
Bond Issue Revenue	\$25,000 \$	-	0%
Contribution from General Fund - Marijuana Equity Transfer	\$280,744 \$	273,980.00	98%
Contribution from Economic Initiative Fund, if EIF loans are approved	\$500,000 \$	-	0%
Total Revenue	\$811,744 \$	273,980.00	34%
Expenses		As of 9/30/2024	
Human Resource Costs			
Base Pay - Full Time - Exempt	\$40,695 \$	29,521.87	73%
Health Benefit Allocation	\$6,056 \$	4,309.31	71%
Defined Retiree Health Contribution	\$611 \$	442.84	72%
Workers Compensation	\$253 \$	536.45	212%
Dental Insurance	\$447 \$	148.00	33%
Employer Social Security	\$3,114 \$	2,206.99	71%
Fringe Benefit Allocation	\$835 \$	421.37	50%
Group Life Insurance	\$113 \$	207.25	183%
Deferred Compensation	\$611 \$	442.84	72%
Total Human Resources	\$53,728 \$	38,236.92	71%
Administrative Costs			
Postage	\$250 \$	-	0%
Office Supplies and Forms	\$1,000 \$	-	0%
Administrative Fees	\$4,206 \$	3,510.00	83%
Advertising	\$6,500 \$	-	0%
Vehicle Lease	\$4,954 \$	-	0%
Total Administrative	\$16,910 \$	3,510.00	21%
Professional Development and Memberships			
Professional Development	\$9,000 \$	4,446.50	49%
Memberships	\$3,000 \$	455.00	15%
Subscriptions	\$0 \$	-	0%
Total Professional Development and Memberships	\$12,000 \$	4,901.50	41%
Loan Expense (if EIF loans are approved)	\$500,000 \$	-	0%
Professional and Contractual Services	\$135,000 \$	583.00	0%
Legal Services	\$30,000 \$	29,457.50	98%
Marijuana Equity Project ¹ v (Detroit Cannabis Project)	\$364,119 \$	103,400.00	28%
Total Contracted services and Loans	\$1,029,119 \$	133,440.50	13%
Total Expenses		1,110,757.00	

Subject: Obsolete Property Rehabilitation Act (OPRA) Policy

No. ##

Date: December 16, 2024

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PURPOSE:

1. The Obsolete Property Rehabilitation Act (OPRA) Public Act 146 of 2000, allows tax abatements on functionally obsolete or blighted commercial properties undergoing rehabilitation or industrial property undergoing rehabilitation. The Act provides for an exemption from certain taxes. The purposes of the policy are to:
 - A. Establish an efficient, effective, supportive, and accountable program.
 - B. Encourage the development and rehabilitation of blighted commercial properties.
 - C. Support business growth, retention, and attraction.
 - D. Enhance local business competitiveness.
 - E. Create and retain above minimum wage jobs.
 - F. Align the use of OPRA tax abatements with the Strategic Vision, Master Plan, and Economic Development Strategy.

SCOPE:

2. This policy establishes the following:
 - G. Process for the consideration and establishment of OPRA districts.
 - H. Standards for projects within an OPRA district to support commercial development in alignment with City vision and policy.
 - I. Establishes the terms of the tax benefits a project within the OPRA district that may be awarded.
 - J. Guidance for staff and department management in processing the potential creation of an OPRA district and processing of certificates.

POLICY:

The City of Kalamazoo will consider the creation of OPRA Districts and the approval of certificates for properties and projects within OPRA Districts as detailed in this policy document.

The following standards and rules shall be applied to each request to establish an Obsolete

Subject: Obsolete Property Rehabilitation Act (OPRA) Policy

No. ##

Date: December 16, 2024

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Property Rehabilitation Act (OPRA) District or to receive an OPRA Exemption Certificate:

Goals to Consider When Establishing an OPRA: The City Commission will consider the following when creating an OPRA District:

- A. All provisions of P.A. 146 of 2000, as amended, must be met.
- B. OPRA District is consistent with the City's Master Plan.
- C. OPRA District is consistent with City policies for neighborhoods and economic development.
- D. OPRA District will support commercial development consistent with the needs outlined in the City's Economic Development Strategy.
- E. The City's capacity to administer and monitor the OPRA District.

ELIGIBILITY CRITERIA:

1. Property Requirements

- A. Must be classified as blighted or functionally obsolete
- AND
- B. Must be commercial or commercial housing property.

2. Applicant Requirements for Establishment of OPRA District and Certificate

- K. All provisions of P.A. 146 of 2000, as amended, must be met.
- L. Must be the owner of the property comprising at least 50% of the taxable value of the property in the proposed district.
- M. Must demonstrate a gap in financing for the project.
- N. Must be in good standing with the City. Applicants requesting the creation of an OPRA district must be in good standing with the City, meaning all real and personal property taxes, fees, assessments, or other obligations to the City of Kalamazoo are paid to date.
- O. Must comply with zoning ordinances or propose to meet them as part of the project.

Subject: Obsolete Property Rehabilitation Act (OPRA) Policy

No. ##

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PROCESS TO ESTABLISH AN OPRA DISTRICT:

1. **Pre-Application:** A pre-application meeting must be scheduled by the applicant prior to making an application. The purpose of this meeting is for staff to gather information and intent of the proposed OPRA and determine if it aligns with this policy. No application for an OPRA Certification can be submitted prior to the establishment of an OPRA District.
 - A. Meeting staff will include the City Assessor, City Attorney, City Clerk, and Economic Development Division staff within Community Planning and Economic Development (CPED).
 - B. Applicant(s) should be prepared to discuss the proposed OPRA and its purpose.
 - C. City staff will provide feedback on the proposed OPRA within fifteen (15) business days.
2. **Application for OPRA District:** Applications to establish an OPRA District must be submitted electronically to the City Clerk's office, which will share the application with the City Assessor, City Attorney, and Economic Development Division staff. Staff will review the application and verify it is complete within ten (10) business days.
3. **Notice Letters:** The City Commission will adopt a resolution at the meeting to set the public hearing and direct the City Clerk to issue the required notices to all property owners within the proposed district informing them of the public hearing. Notice of the public hearing will be published in the Kalamazoo Gazette.
4. **Public Hearing:** The Public Hearing will be scheduled for the second meeting following the City Commission's adoption of the resolution to set the hearing. At the Public Hearing by the City Commission, both Economic Development Division staff and the applicant will present background information on the requested OPRA District. CPED, working with the City Attorney's office, will prepare the resolution to create the OPRA District within ten (10) business days following the Public Hearing.
5. **City Commission Action:** The City Commission will act on the request to create an OPRA District in compliance with the timing detailed in the Act.

PROCESS TO APPLY FOR AN OPRA CERTIFICATE:

1. **Application for OPRA Certificate:** Once an OPRA District has been established, applications for an OPRA Exemption Certificate must be submitted electronically to the City Clerk's office, which will share the application with the City Assessor and Economic Development Division staff. Staff will review the application and verify it is complete within

Subject: Obsolete Property Rehabilitation Act (OPRA) Policy

No. ##

Date: December 16, 2024

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ten (10) business days. City Commission will act within sixty (60) days from receipt of an administratively complete application.

2. **Notice Letters:** The City Clerk will provide the initial notice within five (5) business days of staff's determination that the application is administratively complete. Following this, the City Commission will adopt a resolution to set the public hearing and direct the City Clerk to provide public notice to the applicant, the City Assessor, representatives of the taxing units, and the general public. Public notice will be issued through publication in the Kalamazoo Gazette. Documentation verifying that notice has been given must be maintained for record-keeping purposes. The public hearing will be scheduled in compliance with the timing requirements outlined in the Act.
3. **Public Hearing:** At the Public Hearing by the City Commission, both Economic Development Division staff and the applicant will present background information on the requested OPRA Certificate. CPED, working with the City Attorney's office, will prepare the resolution to issue the OPRA Certificate within ten (10) business days following the Public Hearing.
4. **City Commission Action:** The City Commission will act on the request to issue an OPRA Certificate in compliance with the timing detailed in the Act.

CONDITIONS:

1. The city will dissolve OPRA districts that remain inactive for two years.
2. New districts must be applied for before the sunset date outlined in MCL Section 125.2796.
3. Applicants must enter into an agreement with the City addressing operations, tax payments, reporting, community support activities, and non-discriminatory hiring practices.

REPORTING:

1. Applicants must show how the tax abatement prevents job loss.
2. Applicants must remove questions about prior arrests or convictions from job applications unless legally required and must comply with the EEOC guidelines.
3. Annually report on the number of city residents employed, the number of employees residing in Census Tracts 1 (Eastside), 9, 10 (Edison), and/or 2.02, 3 (Northside), and discuss efforts to employ residents of the identified census tracts.

Subject: Obsolete Property Rehabilitation Act (OPRA) Policy

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4. Applicants receiving an OPRA are encouraged to provide training to upgrade the skills of their employees to support advancement to higher-paying jobs.
5. Certificate holders must provide documentation of good faith efforts to consult with Michigan Works to review job applications of city residents who have completed or participated in local employment training programs prior to filling new jobs.
6. Failure to complete the required annual reporting will result in future OPRA requests not being considered.

TERM:

1. The duration of an OPRA abatement can be from one to twelve years at the discretion of the City.
2. The City has established an 8-year term as the default for OPRA exemptions.
3. The City Commission may increase the term of an OPRA exemption to 12 years if the project meets two or more City Investment Criteria and a private investment of at least \$500,000 is made.

City Investment Criteria (Determination of 8- or 12-year term):

- Make a private investment of \$500,000 or more. (Required)
AND two of the following:
 - a. The project must create or retain at least 15 full-time equivalent (FTE) jobs that meet the following wage criteria:
 - **With Employer-Sponsored Health Benefits:** Jobs must offer wages at least 125% of the current state minimum wage *or* meet or exceed the living wage for a single adult in Michigan as determined by the MIT Living Wage Calculator, whichever is higher.
 - **Without Employer-Sponsored Health Benefits:** Jobs must offer wages at least 150% of the current state minimum wage *or* 120% of the living wage for a single adult in Michigan as determined by the MIT Living Wage Calculator, whichever is higher.
 - b. Achieve LEED Certification, Net-Zero Energy Certification, or equivalent.

Subject: Obsolete Property Rehabilitation Act (OPRA) Policy

No. ##

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c. Be located within an existing historic district.

OR

d. Rehabilitate and develop the upper floors to the extent that they meet the requirements for obtaining a certificate of occupancy.

Note: If a project meets both criteria c and d, it will be considered as fulfilling one investment criterion only.

APPLICATION AND REVIEW PROCESS:

1. Applications must be submitted electronically through the City of Kalamazoo's website.
2. Economic Development staff, with assistance from other City departments as necessary, will review the application for compliance with eligibility requirements and determine whether any City Investment Criteria are met.
3. If a project is within a Tax Increment Financing District, staff will seek a recommendation from the District's governing board.
4. Information regarding the project, including location, dollar amount, and employment impact, will be published as part of the public hearing notice.
5. The application is not effective unless approved by the State Tax Commission.

TERMINATION OF TAX EXEMPTION CERTIFICATE:

1. The OPRA exemption may be revoked if the developer violates city codes, fails to meet eligibility requirements, or does not complete the rehabilitation within the agreed timeframe according to MCL 125.2792.

EVALUATIONS OF OPRA:

Established OPRA districts will be reviewed annually by CPED Economic Development Staff and provided to the City Commission.

1. The City Assessor creates an annual report for the State Treasury and State Tax Commission.

Subject: Obsolete Property Rehabilitation Act (OPRA) Policy

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2. CPED reviews and collects data on job creation, investment, and compliance with the terms of the OPRA.

ALIGNMENT WITH STRATEGIC VISION AND MASTER PLAN:

1. Supports the City's strategic goals by fostering economic vitality, sustainable development, and community investment.
2. Encourages job creation and retention, aligning with the strategic vision of creating a prosperous and equitable city.
3. Promotes sustainable development practices and historic preservation, enhancing the City's attractiveness and quality of life.

SIGNATURE:

David F. Anderson, Mayor

EFFECTIVE DATE: December 16, 2024

Frequently Asked Questions
Obsolete Property Rehabilitation Act
(PA 146 of 2000, as amended)

The following frequently asked questions are being provided as a service to assessors and taxpayers to better inform them about the administration of Public Act 146 of 2000, MCL 125.2781 *et seq.*, as amended.

Note: The information contained in these frequently asked questions constitutes an analysis of one or more statutes and not legal advice. Since the analysis is limited to general statutory requirements, individual facts may result in different conclusions being reached. Therefore, individuals may wish to consult legal counsel.

1. What is an Obsolete Property Rehabilitation Exemption?

The Obsolete Property Rehabilitation Act, PA 146 of 2000, MCL 125.2781 *et seq.*, as amended, provides a property tax exemption for commercial and commercial housing properties that are rehabilitated and meet the requirements of the Act. Properties must meet eligibility requirements. The property must be located in an established Obsolete Property Rehabilitation District.

Exemptions are approved for a term of 1-12 years as determined by the local unit of government. The property taxes for the rehabilitated property are based on the previous year's (prior to rehabilitation) taxable value. The taxable value is frozen for the duration of the exemption. Additionally, the State Treasurer may approve reductions of half of the school operating and state education taxes for a period not to exceed 6 years for 25 applications annually. Applications are filed, reviewed and approved by the local unit of government, but are also subject to review at the State level by the Property Services Division. The State Tax Commission (STC) is responsible for final approval and issuance of OPRA certificates. Exemptions are not effective until approved by the STC.

Obsolete Property Rehabilitation Exemption Certificates applications are available from the Michigan Department of Treasury at: www.michigan.gov/propertytaxexemptions

2. Who establishes an Obsolete Property Rehabilitation District?

The legislative body of a "qualified local governmental unit" may establish an Obsolete Property Rehabilitation District on its own initiative or upon a written request filed by the owner(s) of property comprising at least 50% of all taxable value of the property located within the proposed Obsolete Property Rehabilitation District. See question 26 for an explanation of what constitutes a "qualified local governmental unit."

3. What are the requirements for the formation of an Obsolete Property Rehabilitation District?

An Obsolete Property Rehabilitation District may consist of one or more parcels or tracts of land or a portion of a parcel or tract of land, provided that the parcel or tract is either of the following:

Frequently Asked Questions
Obsolete Property Rehabilitation Act
(PA 146 of 2000, as amended)

- a. Obsolete property in an area characterized by obsolete commercial property or commercial housing property.
- b. Obsolete property that is commercial property that was owned by the local governmental unit on June 6, 2000 and was later conveyed to a private owner.

Before adopting a resolution establishing an Obsolete Property Rehabilitation District, the local governmental unit must give written notice by certified mail to the owners of all real property within the proposed Obsolete Property Rehabilitation District and shall afford an opportunity for a hearing on the establishment of the Obsolete Property Rehabilitation District. Any of the owners and any other resident or taxpayer of the qualified local governmental unit may appear at the hearing and be heard. The legislative body shall give public notice of the hearing not less than 10 days or more than 30 days before the date of the hearing.

Following the public hearing, the legislative body of the qualified local governmental unit may establish an Obsolete Property Rehabilitation District by resolution. The resolution must set forth a finding and determination that the district meets the requirements of the Act. A sample resolution can be found at: www.michigan.gov/propertytaxexemptions.

4. How do I apply for an Obsolete Property Rehabilitation Exemption Certificate?

Applications for Obsolete Property Rehabilitation Exemption Certificates are filed with the local governmental unit by the owner of the property.

File two (2) copies of the completed application and all attachments with the clerk of the local governmental unit where the property is located. The property must meet the following requirements:

- a. The property must be located within a “qualified local governmental unit” as defined by MCL 125.2782(k).
- b. The property must be located within an “obsolete property rehabilitation district” as defined by MCL 125.2782(i)
- c. The property must be “commercial housing property” or “commercial property” as defined by MCL 125.2782(a-b).
- d. The property has been determined by the assessor to be “obsolete property” as defined by MCL 125.2782(h).
- e. The project must meet the definition of “rehabilitation” in MCL 125.2782(l).

Frequently Asked Questions
Obsolete Property Rehabilitation Act
(PA 146 of 2000, as amended)

5. What documents must accompany an application for an Obsolete Property Rehabilitation Exemption Certificate?

- a. A certified copy of the resolution approving the application with all required statements.
- b. Answers to questions (a) through (f) from the instructions of the application:
 - a) General description of the obsolete facility including the year built, original use, most recent use, number of stories, and square footage.
 - b) General description of the proposed use of the rehabilitated facility.
 - c) Description of the general nature and extent of the rehabilitation to be undertaken.
 - d) A descriptive list of the fixed building equipment that will be a part of the rehabilitated facility.
 - e) A time schedule for undertaking and completing the rehabilitation of the facility.
 - f) A statement of the economic advantages expected from the exemption.
- c. A legal description of the obsolete property.
- d. A statement of obsolescence signed by the assessor of record with the STC
- e. A building permit, if construction has started on the project.
- f. A contractor's bid or itemized list of costs matching the investment amount reported on the first page of the application.

6. What does the local governmental unit need to do upon receipt of an Obsolete Property Rehabilitation Exemption Certificate Application?

Upon receipt of an application for an Obsolete Property Rehabilitation Exemption Certificate, the clerk of the qualified local governmental unit shall notify, in writing, the assessor and the legislative body of each taxing unit that levies ad valorem property taxes in the qualified local governmental unit in which the obsolete facility is located.

The assessor must inspect the qualified facility, find that the property is obsolete, and file a written statement of obsolescence with the qualified local governmental unit. Before acting on the application, the qualified local governmental unit must hold a hearing on the application and give notice to the applicant, assessor, a representative of the affected taxing units, and the general public. This hearing must be held separately from the hearing on the establishment of the Obsolete Property Rehabilitation District.

Frequently Asked Questions
Obsolete Property Rehabilitation Act
(PA 146 of 2000, as amended)

Not more than 60 days after receiving an application, the qualified local governmental unit must approve or disapprove the application by resolution. A sample resolution, with all required statements, can be found at: www.michigan.gov/propertytaxexemptions.

7. What requirements for an Obsolete Property Rehabilitation Exemption Certificate must be met to gain approval at the local governmental unit level?

An applicant seeking an Obsolete Property Rehabilitation Exemption Certificate must meet the following qualifications:

- a. The commencement of the rehabilitation of the facility does not occur before the establishment of the obsolete property rehabilitation district.
- b. The application relates to a rehabilitation program that when completed constitutes a rehabilitated facility within the meaning of this act and that shall be situated within an obsolete property rehabilitation district established in a qualified local governmental unit.
- c. Completion of the rehabilitated facility is calculated to, and will at the time of issuance of the certificate have the reasonable likelihood to, increase commercial activity, create employment, retain employment, prevent a loss of employment, revitalize urban areas, or increase the number of residents in the community in which the facility is situated.
- d. The applicant states, in writing, that the rehabilitation of the facility would not be undertaken without the applicant's receipt of the exemption certificate.
- e. The applicant is not delinquent in the payment of any taxes related to the facility.

8. What happens if the qualified local governmental unit approves the application?

If the qualified local governmental unit approves the application, the clerk must forward a copy of the application and resolution to the STC.

9. What happens if the qualified local governmental unit disapproves the application?

If the local governmental unit disapproves the application, the reason for disapproval must be set forth in writing in the resolution, and the clerk must send a copy of the resolution to the applicant and assessor by certified mail.

10. Are there provisions in the application process that are time sensitive?

Yes. State Tax Commission Rule 209.91(2) states that “[a]ll complete applications for obsolete property rehabilitation act exemption received through October 31 shall receive consideration and action by the commission before December 31. An application received

Frequently Asked Questions
Obsolete Property Rehabilitation Act
(PA 146 of 2000, as amended)

on or after November 1 shall be considered by the commission contingent upon staff availability.”

11. What does the STC do when it receives an application and resolution from the clerk of the qualified local governmental unit?

The STC reviews the application for completeness and compliance with the statute. If the application is incomplete, staff sends a letter requesting the missing information. Once the application is complete, the STC is required to either approve or disapprove the application within 60 days as required by MCL 125.2786(1). If the application is approved, the STC issues an Obsolete Property Rehabilitation Exemption Certificate, and it is effective December 31st immediately following the date of issuance by the STC.

12. Who determines if a facility qualifies for an Obsolete Property Rehabilitation Exemption Certificate?

Initially, that determination is made when the application is filed and reviewed by the local governmental unit. However, the local governmental unit’s determination is reviewed and either approved, modified, or denied by the STC.

13. Can a decision of the STC regarding an Obsolete Property Rehabilitation Exemption Certificate be appealed?

Yes. A party aggrieved by the issuance, refusal to issue, revocation, transfer or modification of an Obsolete Property Rehabilitation exemption may appeal a final decision of the STC by filing a petition with the Michigan Tax Tribunal, www.michigan.gov/taxtrib, within 35 days. MCL 205.735a(6).

14. What is the term of an Obsolete Property Rehabilitation Exemption Certificate?

The certificate may be issued for a period of at least one year, but not more than 12 years. The total amount of time determined for the certificate, including any extensions, shall not exceed 12 years after the completion of the rehabilitated facility. If the certificate is approved for less than 12 years, the local governmental unit must either set forth the factors, criteria, and objectives for extension or state that no extension will be permitted in the resolution approving the application. The certificate shall commence with its effective date and end on the December 30th immediately following the last day of the number of years approved.

15. What determines the starting date of an Obsolete Property Rehabilitation Exemption Certificate?

The effective date of the certificate is December 31st immediately following the date of issuance of the certificate by the STC.

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16. What is the State Treasurer's Exclusion?

In accordance with MCL 125.279, within 60 days after the granting of an Obsolete Property Rehabilitation Exemption Certificate, the State Treasurer may exempt 50% of the mills levied for local school operating purposes and for the State Education Tax for a period not to exceed six years. The statute permits the State Treasurer to grant no more than 25 exclusions annually.

In order to be considered for the exclusion, the applicant must check the box on page one of the *Application for Obsolete Property Rehabilitation Exemption Certificate* (Form 3674), at the time that the application is filed with the qualified local governmental unit.

17. How is the tax computed on a rehabilitated facility?

A specific tax, known as the obsolete properties tax, is levied upon every owner of a rehabilitated facility to which an Obsolete Property Rehabilitation Exemption Certificate is issued. MCL 125.2790(1).

Calculating the obsolete properties tax is a two-step process:

First, multiply the total mills levied as ad valorem taxes for that year by all taxing units by the taxable value of the real property (excluding land) for the tax year immediately preceding the effective date of the Obsolete Property Rehabilitation Exemption Certificate.

Second, multiply the local school operating and State Education Tax mills by the difference between the taxable value of the real property (excluding land) for the current tax year and the taxable value of the real property (excluding land) for the tax year immediately preceding the effective date of the exemption. If the certificate was granted a State Treasurer's Exclusion, as explained by question 16, calculate the mills levied for local school operating purposes and for the State Education Tax at 50% for the period of the exclusion.

18. Are special assessment millage rates impacted by the granting of an Obsolete Property Rehabilitation Exemption Certificate?

Special assessment millage rates may be impacted. Millage-based special assessments levied under Public Act 33 of 1951 do not apply to property with an Obsolete Property Rehabilitation Act exemption. However, the special assessment would still be applicable to the land on which the Obsolete Property Rehabilitation Act exemption property is located. Conversely, for millage-based special assessments levied under public acts other than Public Act 33 of 1951, property with an Obsolete Property Rehabilitation Act exemption pays on the full special assessment millage rate, the same as any "ad valorem" property.

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19. Can an Obsolete Property Rehabilitation Exemption Certificate be transferred?

Yes. “A certificate may be transferred and assigned by the holder of the certificate to a new owner of the rehabilitated facility if the qualified local governmental unit approves the transfer after application by the new owner.” MCL 125.2793.

20. Can a Obsolete Property Rehabilitation Exemption Certificate be revoked?

Yes. The legislative body of the qualified local governmental unit may, by resolution, revoke the Obsolete Property Rehabilitation Exemption Certificate of a facility if it finds that the completion of rehabilitation of the facility has not occurred within the time authorized by the legislative body in the exemption certificate or a duly authorized extension of that time or if the certificate holder has not proceeded in good faith with the operation of the rehabilitated facility in a manner consistent with the purposes of the Act and in the absence of circumstances that are beyond the control of the holder of the exemption certificate. MCL 125.2792(1).

In addition, The holder of an Obsolete Property Rehabilitation Certificate may send, by certified mail, a request to revoke the certificate to the “qualified local governmental unit.” Upon receipt of the request, the legislative body of the local governmental unit may, by resolution, revoke the certificate. MCL 125.2792(2).

21. When does the revocation of an Obsolete Property Rehabilitation Exemption Certificate take effect?

The revocation of an Obsolete Property Rehabilitation Exemption Certificate is effective on December 31st of the year in which the local governmental unit resolves to revoke the certificate.

22. Can a revoked Obsolete Property Rehabilitation Exemption Certificate be reinstated?

Yes. Pursuant to MCL 125.2792(3), a revoked Obsolete Property Rehabilitation Certificate may be reinstated under two circumstances. If the holder of the revoked certificate is requesting reinstatement, they must submit a written request to the qualified local governmental unit and the STC. If a subsequent owner is requesting reinstatement of a revoked certificate, they must file an application with the qualified local governmental unit.

If the legislative body of the qualified local governmental unit submits a resolution of concurrence to the STC, and the facility continues to qualify under the Act, a revoked Obsolete Property Rehabilitation Exemption Certificate may be reinstated by the STC.

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23. What is the definition of “commercial property”?

MCL 125.2782(b) defines “commercial property” as:

“... land improvements classified by law for general ad valorem tax purposes as real property including buildings and improvements assessable as real property pursuant to sections 8(d) and 14(6) of the general property tax act, 1893 PA 206; MCL 211.8 and 211.14, the primary purpose and use of which is the operation of a commercial business enterprise. Commercial property shall also include facilities related to a commercial business enterprise under the same ownership at that location, including, but not limited to, office, engineering, research and development, warehousing, parts distribution, retail sales, and other commercial activities. Commercial property also includes a building or group of contiguous buildings previously used for industrial purposes that will be converted to the operation of a commercial business enterprise or a multiple-unit dwelling or a dwelling unit in a multiple-purpose structure, used for residential purposes. Commercial property **does not** include any of the following: land or property of a public utility” (emphasis added).

24. What is the definition of “commercial housing property”?

MCL 125.2782(a) defines “commercial housing property” as:

“... that portion of real property not occupied by an owner of that real property that is classified as residential real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c, is a multiple-unit dwelling, or is a dwelling unit in a multiple-purpose structure, used for residential purposes. Commercial housing property also includes a building or group of contiguous buildings previously used for industrial purposes that will be converted to a multiple-unit dwelling or dwelling unit in a multiple-purpose structure, used for residential purposes.”

25. What is the definition of “obsolete property”?

MCL 125.2782(h) defines “obsolete property” as:

“... commercial property or commercial housing property that is 1 or more of the following:

- i. Blighted, as that term is defined in section 2 of the brownfield redevelopment financing act, 1996 PA 381; MCL 125.2652;

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- ii. A facility as that term is defined under section 20101 of the natural resources and environmental protection act, 1994 PA 451; MCL 324.20101; and
- iii. Functionally obsolete.”

26. What is the definition of a “qualified local governmental unit?”

A “qualified local governmental unit” is a city, township, or village that meets the statutory requirements of MCL 125.2782(k). Each year, the STC publishes a list of “qualified local governmental units,” which can be found here: https://www.michigan.gov/documents/taxes/OPRA_Qualified_Local_Govt_Units_2015_8_25_2_498400_7.pdf

27. What is the definition of “rehabilitation”?

“Rehabilitation” is defined by MCL 125.2782(l) as:

“. . . changes to obsolete property other than replacement that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. Rehabilitation includes major renovation and modification including, but not necessarily limited to, the improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment, including heating, ventilation, and lighting, reducing multistory facilities to 1 or 2 stories, adding additional stories to a facility or adding additional space on the same floor level not to exceed 100% of the existing floor space on that floor level, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes required to restore or change the obsolete property to an economically efficient condition. Rehabilitation shall not include improvements aggregating less than 10% of the true cash value of the property at commencement of the rehabilitation of the obsolete property.”

28. What is the definition of a “rehabilitated facility”?

MCL 125.2782(m) defines a “rehabilitated facility” as:

“. . . commercial property or commercial housing property that has undergone rehabilitation or is in the process of being rehabilitated, including rehabilitation that changes the intended use of the building. A rehabilitated facility **does not** include property that is to be used as a professional sports stadium or casino” (emphasis added).

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29. What is required of the Local Governmental Unit regarding the yearly status reporting of Obsolete Property Rehabilitation Exemptions to the STC?

Not later than October 15th of each year, the assessor of each qualified local governmental unit containing properties subject to an active Obsolete Property Rehabilitation Exemption Certificate shall file *Assessing Officer Report for Obsolete Property Rehabilitation Exemption* (Form 4770) with the STC. The report must include the current value of the property to which the exemption pertains, the value on which the obsolete property rehabilitation tax is based, a current estimate of the number of jobs retained or created by the exemption, and a current estimate of the number of new residents occupying commercial housing property units covered by the exemption.

30. Where can I obtain copies of previously issued Obsolete Property Rehabilitation Exemption Certificates?

Copies of certificates acted upon by the STC after January 1, 2013 are available on the Department of Treasury website at:

www.michigan.gov/propertytaxexemptions.

Choose the exemption program under which the certificate was issued. Within the “Certificate Activity” link, the certificates are listed according to the date they were acted upon.