

Agenda

Economic Development Corporation

Board of Directors



City of Kalamazoo

Thursday, September 18, 2025

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 minutes from the EDC meeting on August 21, 2025

D. PUBLIC COMMENTS

E. DIRECTOR COMMENTS

F. NEW BUSINESS

1. Approval of 2026 EDC Budget
2. EDC Board Member Appointments
3. Approval of an Economic Initiative Fund loan to Kzoo Cream
4. Approval of recommendation to the City Clerk's office of a two-year renewal of the 1 Adult Use Retailer and 1 Medical Provisioning Center Permits for Green Sunrise Products, LLC (DBA Lume).
5. Approval of recommendation to the City Clerk's office of a two-year renewal of the 1 Adult Use Retailer Permit for Kalamazoo Gallery Inc., (DBA Herbana).

G. UNFINISHED BUSINESS

H. COMMUNICATIONS AND ANNOUNCEMENTS

I. STAFF REPORTS AND UPDATES

J. ADJOURNMENT

CITY OF KALAMAZOO
ECONOMIC DEVELOPMENT CORPORATION BOARD MEETING
Thursday, August 21, 2025
Community Planning and Economic Development
245 N. Rose Street, Kalamazoo, MI 49007

MEMBERS PRESENT: Jason Novotny; Sharon Ferraro; Andrew Schipper; Michael Gurnee; Rachel Bair; Scott Petersen; *T.J. Ward; Lucas Middleton

MEMBERS ABSENT: Alonzo Wilson; Kyle Gulau; Eddie Warr

CITY STAFF PRESENT: Jamie McCarthy (Development Manager); Jared Chambers (Business Specialist); Heidi Waffle (Brownfield Project Assistant); Erin Hahn (Community Investment Administrative Assistant); Bobby Boyd (Economic Development Supervisor)

Meeting was called to order at 7:49 AM by Chair Novotny.

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

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

APPROVAL OF MINUTES: Director Ferraro moved approval of the minutes from the meeting of June 26, 2025; seconded by Director Gurnee. 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 2233 N Burdick, Inc. dba Levels, contingent on the Applicant correcting the tax and zoning deficiencies by August 31, 2025. If the Applicant fails to correct the deficiencies by that date, then the recommendation is approval of a 90-day probationary renewal.

*Director Ward entered the meeting at 7:52 A.M.

Mr. Chambers updated the board that the business still owes taxes on a related parcel and he anticipates they would pay that before the end of the week. In regard to their zoning deficiencies, they had replaced the dead shrubs at the front of their location but they were not large enough for the zoning ordinance. They should have the shrubs replaced by the end of the month.

Director Ferraro noted on page 1 they did not check the box for the type of permit.

Mr. Chambers said it is common that applicants miss that checkbox, but he did confirm with the business what the permit was.

Director Ferraro stated thinking as a historian, if someone comes back to look at the documents decades from now and has questions, it is nice to have the paper trail be complete.

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 2233 N Burdick, Inc. dba Levels, contingent on the Applicant correcting the tax and zoning deficiencies by August 31, 2025. If the Applicant fails to correct the deficiencies by that date, then the recommendation is approval of a 90-day probationary renewal; seconded by Director Middleton.

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

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

Director Ferraro moved approval of a recommendation to the City Clerk’s Office of a 2-year renewal of the 1 Adult Use Class C Grower and 1 Medical Class C Grower Permits to Seven Point Supply, LLC; seconded by Director Ward.

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

3. Approval of an Economic Initiative Fund Loan for Main Street East, LLC in the amount of \$96,000 to support the build-out of an entrepreneur incubator and co-working space.

Mr. Connor Sampson, representative of Main Street East LLC and Treystar, said they are working on building out a space for Start-Up Zoo, a nonprofit that supports entrepreneurs and founders. It is a collaborative work environment that they currently have in the office building and they are looking at expanding to meet the community needs. The project totals about \$960,000. They will be using smaller, local construction companies to complete the project. They are looking for a loan to help fund this work.

Director Schipper asked how many spaces will be available.

Mr. Sampson said it won’t be like traditional co-working space. It will be a mix. It is hard to give an exact number because there is a lot of open work space and 4-person office space. The vision is like a membership where you can also use other amenities available.

Director Schipper asked how many are on a wait list currently to use the space.

Mr. Sampson said he knows there is good interest in the community, but does not know if Start-Up Zoo has a number yet.

Director Bair asked how Start-Up Zoo services compare to what Can-Do Kalamazoo is currently doing, which is also raising funds for a coworking space.

Mr. Sampson said they work together and operate a little bit differently. He said Start-Up Zoo is trying to create something that does not currently exist in Kalamazoo. He referenced Bamboo coworking company and an open workspace as opposed to hard-walled offices.

Director Ferraro mentioned KNAC is also pursuing a type of collaborative working space. She hopes there will not end up being an oversupply of start-up space.

Mr. Sampson talked about examples of different customers and their needs.

**Director Middleton moved approval of an Economic Initiative Fund Loan for Main Street East, LLC in the amount of \$96,000 to support the build-out of an entrepreneur incubator and co-working space; seconded by Director Ferraro.
A roll call vote was taken, and the motion passed unanimously.**

UNFINISHED BUSINESS

None.

COMMUNICATIONS AND ANNOUNCEMENTS

None.

STAFF REPORTS AND UPDATES

Mr. Chambers introduced Mr. Bobby Boyd, the new Economic Development Supervisor, and explained he will be the new EDC board liaison.

Mr. Boyd shared he is excited to be working with the board.

ADJOURNMENT: Meeting was adjourned at 8:03 AM by Chair Novotny.

Signature

Printed Name/Chair

Heidi Waffle/Recording Clerk



EDC Board of Directors Staff Report

City of Kalamazoo

TO: The Economic Development Corporation Board of Directors

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

DATE: September 18, 2025

SUBJECT: Approval of 2026 EDC Budget

SUMMARY:

BACKGROUND:

RECOMMENDATION:

| Revenues | |
|-------------------------|----------------------|
| Application Fee Revenue | |
| | Total Revenue |

| Expenses | |
|---------------------------------------|--|
| Personnel and fringe benefits | |
| Office Supplies and Forms | |
| Postage | |
| Professional and Contractual Services | |
| | |
| Legal Services | |
| Other Operational | |
| Memberships & Subscriptions | |
| Professional Development | |
| Administrative Fees | |
| Advertising | |
| TOTAL | |



EDC Board of Directors Staff Report

City of Kalamazoo

TO: The Economic Development Corporation Board of Directors

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

DATE: September 18, 2025

SUBJECT: EDC Board Member Appointments

SUMMARY:

BACKGROUND:

RECOMMENDATION:



EDC Board of Directors Staff Report

City of Kalamazoo

TO: The Economic Development Corporation Board of Directors

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

DATE: September 18, 2025

SUBJECT: Approval of an Economic Initiative Fund loan to Kzoo Cream

SUMMARY:

Staff recommends approval of a loan to Kzoo Cream through the Economic Initiative Fund (EIF) in the amount of **\$20,000** at **2% interest** for a **10-year term**.

BACKGROUND:

RECOMMENDATION:

GUARANTY

THIS GUARANTY (the “**Guaranty**”) is made as of September 18, 2025 (the “**Effective Date**”) by **KRISTI S. POTTS** (the “**Guarantor**”) to and in favor of the **CITY OF KALAMAZOO ECONOMIC DEVELOPMENT CORPORATION** (the “**EDC**”), a Michigan municipal corporation created by the City of Kalamazoo, Michigan.

RECITALS

A. **KZOO CREAM, LLC**, a Michigan limited liability company (the “**Borrower**”) has executed a certain promissory note of even date herewith, in the original principal amount of Twenty Thousand Dollars (\$20,000.00) (the “**Note**”), in favor of the EDC and in connection with a loan made from EDC to Borrower (the “**Loan**”) to facilitate Borrower’s redevelopment project involving the real property with a street address of 1502 South Westnedge Avenue, Kalamazoo, Michigan 49008.

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

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

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

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

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

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

3. Liability Not Contingent. The liability of Guarantor on this Guaranty shall not be contingent upon the exercise or enforcement by the EDC of whatever remedies it may have against the Borrower or others, or the enforcement of any lien or realization upon any security or collateral the EDC may at any time possess. Any one or more successive and/or concurrent actions may be brought based on this Guaranty against Guarantor either in the same action, if any, brought against Borrower or in separate actions, as often as the EDC, in its sole discretion, may deem advisable. No election to proceed in one form of action or proceeding, or against any party, or on any obligation, shall constitute a waiver of the EDC’s right to proceed in any other form of action or proceeding or against other parties unless the EDC has expressly waived such right in writing. Specifically, but without limiting the generality of the foregoing, no action or proceeding by the EDC against Borrower under any document or instrument evidencing or

securing the Obligations shall serve to diminish the liability of Guarantor, except to the extent the EDC realizes payment by such action or proceeding, notwithstanding the effect of any such action or proceeding upon Guarantor's right of subrogation against Borrower. Receipt by the EDC of payment or payments with knowledge of the breach of any provision with respect to the Obligations shall not, as to the Guarantor, be deemed a waiver of such breach. All rights, powers and remedies of the EDC hereunder and under any other agreement now or at any time hereafter in force between the EDC and the Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to the EDC by law.

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

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

6. Waivers. The Guarantor hereby waives each and every defense which, under principles of guaranty law or otherwise, would otherwise operate to impair or diminish the liability of Guarantor hereunder, including, without limitation: (a) notice of acceptance of this Guaranty; (b) any subrogation to the rights of the EDC against Borrower until the Obligations has been paid in full; (c) presentment and demand for payment of any Obligations of Borrower; (d) protest, notice of protest, and notice of dishonor or default to the Guarantor or to any other party with respect to the Obligations; (e) all other notices to which the Guarantor might otherwise be entitled; (f) any demand for payment under this Guaranty; (g) any defense arising by reason of any disability or other defense of Borrower by reason of the cessation from any cause whatsoever of the liability of the Borrower; (h) any rights to extension, composition or otherwise under the Bankruptcy Code or any amendments thereof, or under any state or other federal statute; (i) any right or claim or claim of right to cause a marshalling of Borrower's assets; (j) any "one action" or "anti-deficiency" law or any other law which may prevent the EDC from bringing any action; (k) any election of remedies by the EDC which destroys or otherwise adversely affects Guarantor's subrogation rights or Guarantor's rights to proceed against Borrower for reimbursement, including without limitation any loss of rights Guarantor may suffer by reason of any law limiting, qualifying or discharging the Obligations; and (l) any disability of other defense of the Borrower or by reason of the cessation of the Borrower's liability, except payment in full in legal tender of the Obligations. No notice to or demand on the Guarantor shall be deemed to be a waiver of the obligation of the Guarantor or of the right of the EDC to take further action without notice or demand as provided herein; nor in any event shall any modification or waiver of the provisions of this Guaranty be effective unless in writing nor shall any such waiver be applicable except in the specific instance for which given. If payment is made by the Borrower, whether voluntarily or otherwise, or by any third party on the Obligations, and thereafter the EDC is forced to remit the amount of

the payment to Borrower's trustee in bankruptcy or any similar person under any federal or state bankruptcy law or law for the relief of debtors, the Obligations shall be considered unpaid for the purpose of the enforcement of this Guaranty. In addition to the waivers set forth here, if now or hereafter, Borrower is or shall become insolvent and the Obligations shall not at all times until paid be fully secured by collateral pledged by Borrower, Guarantor hereby forever waives and gives up in favor of the EDC and Borrower, and their respective successors and assigns, any claim or right to payment Guarantor may now have or hereafter acquire against Borrower, so that at no time shall Guarantor be or become a "creditor" of Borrower within the meaning of 11 U.S.C. Section 547(b) or any successor provision of the federal bankruptcy laws. **Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of its significance and consequences and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law.**

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

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

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

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

11. Subordination of Borrower's Debts to Guarantor. Guarantor agrees that the Obligations of Borrower to the EDC shall be superior to any claim that Guarantor may now have or hereafter acquire against Borrower, whether or not Borrower becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Borrower, upon any account whatsoever, to any claim the EDC may now or hereafter have against Borrower. In the event of insolvency and consequent liquidation of the assets of Borrower, the assets of Borrower applicable to the payment of the claims of both the EDC and Guarantor shall be paid to the EDC and shall be first applied by the EDC to the Obligations of Borrower to the EDC. Guarantor does hereby assign to the EDC all claims which it may have or acquire against Borrower or against any assignee or trustee in bankruptcy of Borrower; *provided, however*, that such assignment shall be effective only for the purpose of assuring to the EDC full payment in legal tender

of the Obligations to the EDC. If the EDC so requests, any notes or credit agreements now or hereafter evidencing any debts or obligations of Borrower to Guarantor shall be delivered to the EDC and/or marked with a legend that the same are subject to this Guaranty. Guarantor agrees and the EDC is hereby authorized in the name of Guarantor to execute such other documents and to take such other actions as the EDC deems appropriate to perfect, preserve and enforce its rights under this Guaranty.

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

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

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

GUARANTOR

Kristi S. Potts

PROMISSORY NOTE

\$20,000.00

KALAMAZOO, MICHIGAN
September 18, 2025

FOR VALUE RECEIVED, the undersigned, **KZOO CREAM, LLC**, a Michigan limited liability company (“**Maker**”), whose mailing address is 1502 S. Westnedge Ave., Kalamazoo, Michigan 49008, hereby promises and agrees to pay to the order of **THE CITY OF KALAMAZOO ECONOMIC DEVELOPMENT CORPORATION**, a Michigan municipal corporation (“**Payee**”), whose mailing address is 245 N. Rose Street, Kalamazoo, Michigan 49007, the principal sum of TWENTY THOUSAND AND 00/100 DOLLARS (\$20,000.00) (such amount outstanding from time to time, the “**Principal**”) payable in the manner set forth below.

This Promissory Note (this “**Note**”) is issued pursuant to Developer’s project to renovate the real property with a street address of 1502 South Westnedge Avenue, Kalamazoo (the “**Project**”). Maker shall use the proceeds of this Note solely in furtherance of the Project.

1. PAYMENTS. Maker shall pay to the order of Payee quarterly installments in the amount of \$550.16, with the first such installment due on January 1, 2026, and installment payments in like amount on the first day of January, April, June and October of each year while any amount of Principal is outstanding, and an additional installment on the fifth (5th) anniversary of the date of this Note in an amount sufficient to bring the Principal then outstanding down to one-half (1/2) the initial Principal amount, and the final installment of any remaining Principal and interest due on the tenth (10th) anniversary of the date of this Note (the “**Maturity Date**”). All payments made hereunder shall be made to Payee in lawful money of the United States on or before 11:59 PM EST on the date on which such payment is due, by cashier's check, certified check, verified ACH transfer, or wire transfer of immediately available funds to the Payee's account at a bank specified by Payee in writing to Maker from time to time. Payments shall be applied *first* to accrued interest, and *second* to Principal outstanding under this Note. Maker may prepay all or any portion of this Note at any time and from time to time, prior to the Maturity Date, without penalty or premium.

2. INTEREST. Principal amounts outstanding under this Note shall bear interest at a rate per annum (the “**Interest Rate**”) equal to two percent (2.00%). If any amount payable hereunder is not paid when due, whether at stated maturity, by acceleration, or otherwise, such overdue amount shall bear interest at the Interest Rate plus eight percent (8.0%) (the “**Default Rate**”). All computations of interest hereunder shall be made on the basis of a year of 365 days. Interest shall begin to accrue on the date of this Note. If at any time the interest rate payable on outstanding Principal shall exceed the maximum rate of interest permitted under applicable law, such interest rate shall be reduced automatically to the maximum rate permitted.

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

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

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

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

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

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

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

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

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

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

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

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

KZOO CREAM, LLC

By: _____
Name: Kristi Potts
Title: Owner

**CITY OF KALAMAZOO
ECONOMIC DEVELOPMENT AUTHORITY**

**RESOLUTION APPROVING AND RECOMMENDING CITY COMMISSION
APPROVAL OF AN ECONOMIC INITIATIVE FUND LOAN FOR
KZOO CREAM, LLC**

Board member _____, supported by Board member _____, moved for the adoption of the following resolution:

WHEREAS, the City of Kalamazoo Economic Development Corporation (the “EDC”), pursuant to the provisions of Act 338 of 1974, as amended, seeks to provide resources to alleviate and prevent conditions of employment by assisting and retaining local industrial and commercial enterprises and encouraging the location and expansion of industrial and commercial enterprises; and

WHEREAS, the EDC has established the Economic Initiative Fund (EIF), which is supported with funds budgeted in the City General Fund and governed in accordance with the Economic Initiative Fund & Other Economic Development Funds Program Guidelines; and

WHEREAS, the proposed project will include improvements to the property located at 1502 S. Westnedge Avenue in the Vine Neighborhood, where Kzoo Cream, LLC operates a walk-up cookie and soft-serve ice cream shop. The project will support continued investment in the building through roof and exterior site work, helping strengthen a small, locally owned business at a visible neighborhood commercial corridor. The project is expected to cost approximately \$200,000 in total, and the EIF loan will support a portion of those costs (altogether, the “Project”); and

WHEREAS, Kzoo Cream, LLC, principally located at 1502 S. Westnedge Ave, Kalamazoo, MI 49008, submitted an Economic Initiative Fund Application dated September 2, 2025 (“EIF Application”) to the EDC to request participation a loan to develop the Project (“EIF Loan”); and

WHEREAS, the amount of the requested Loan would be \$20,000, repayable at 2% interest over a 10-year period and secured with a personal guarantee; and

WHEREAS, the EDC has reviewed and now desires to approve Kzoo Cream, LLC’s EIF Application and recommend its approval by the City Commission.

NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:

1. That the EDC hereby approves Kzoo Cream, LLC’s EIF Application and recommends its approval by the City Commission.
2. Subject to the City Commission’s approval, if required, of the EIF Application, the promissory note and personal guarantee are approved in the form materially presented at this meeting, subject to changes recommended by the EDC’s or the City’s legal counsel.
3. Subject to the City Commission’s approval, if required, of the EIF Application, the EDC Chairperson, Secretary, and/or Treasurer are authorized to take all actions and to sign all

agreements, certificates, instruments and documents necessary to finalize the EIF Loan with Kzoo Cream, LLC.

4. That all resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same are hereby rescinded.

YEAS: Board members _____

NAYS: Board members _____

ABSTAIN: Board members _____

ABSENT: Board members _____

RESOLUTION DECLARED ADOPTED.

Dated: _____, 2025

_____, Chairperson

CERTIFICATION

I, the undersigned duly qualified and acting Chairperson of the City of Kalamazoo Economic Development Corporation, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of Directors of the Economic Development Corporation at a meeting held on September 18, 2025, and that public notice of said meeting was given pursuant to, and in accordance with, Act 267 of the Public Acts of Michigan of 1976, as amended.

Dated: _____, 2025

_____, Chairperson



ECONOMIC INITIATIVE FUND (EIF)
APPLICATION

Applicant Info

| | | | |
|-----------------------|--|--------------|--|
| Name of Applicant | | | |
| Business/Home Address | | | |
| Telephone | | Business Fax | |
| Email | | Website | |

Project Contact or Attorney Info

| | | | |
|---------------------------------------|--|---------|--|
| Name of Project Contact (or Attorney) | | Address | |
| Telephone | | Email | |

Type of Business Applicant (Please select one)

| | | |
|---|--------------------------------------|--------------------------------------|
| <input type="checkbox"/> Proprietorship | <input type="checkbox"/> Partnership | <input type="checkbox"/> Corporation |
|---|--------------------------------------|--------------------------------------|

General Information

| | |
|--|--|
| Description of Applicant's Business: | |
| Brief History of the Applicant's Business: | |

List of Principals with Titles & Ownership Percentage(s)

| Name | Title | Percentage of Ownership |
|------|-------|-------------------------|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

| | |
|--|--|
| List any Similar Projects Developed During Previous Five Years: | |
| Describe Any Litigation Involving The Applicant During Previous Five Years: | |

Site of The Proposed Project: (Please attach legal description)

| | | | | | |
|--|--------------------------|-----|--------------------------|----|-------------------------|
| Address: | | | | | |
| Present Owner(s): | | | | | |
| Were other sites considered? | <input type="checkbox"/> | Yes | <input type="checkbox"/> | No | If so, please identify: |
| Does applicant have land control? | <input type="checkbox"/> | Yes | <input type="checkbox"/> | No | |
| If yes, describe whether as owner, lessee, option or purchase agreement: | | | | | |

Description of the Proposed Project:

| | | | | | | | |
|---|--|--------------------------|-------------------|--------------------------|------------------|--------------------------|-----------------------|
| Project Type: | | | | | | | |
| <input type="checkbox"/> | New | <input type="checkbox"/> | Relocation | <input type="checkbox"/> | Expansion | <input type="checkbox"/> | Rehabilitation |
| Project Specifics (please attach the following): | | | | | | | |
| | A written description of the proposed project , including the type of construction; height and gross floor area of all buildings; anticipated number of off-street parking spaces and any other proposed improvements within the project area. Also, include what activities will occur with the project area relative to increases in air, water, and noise pollution and increases in vehicle traffic in adjacent areas. (Please be specific in your description. Answers such as “none” are not acceptable). | | | | | | |
| | A vicinity map showing the location of the project area in relation to existing streets and buildings in the surrounding areas with property parcel numbers and addresses for project and adjoining properties. | | | | | | |
| | A site plan indicating the dimensions of the project area; general location and configuration of all existing and proposed buildings, accessory structures, driveway and parking lots within the project areas. Also, indicate the general location and size of all existing utilities and proposed utilities (storm sewer, sanitary sewer, water, cable, etc) adjacent and within the project area. (This may be submitted after the inducement resolution has been approved) | | | | | | |

Project Team

| | |
|---------------------------|--|
| Project Manager | |
| General Contractor | |
| Architect | |
| Landscape Designer | |
| Attorney | |
| Accountant | |
| Banker(s) | |
| Others/Roles | |

| Additional Application Attachments (At a minimum, attach those identified): | |
|--|--|
| | Market study or other market measures and information |
| | Detailed breakdown of all project costs and sources using the attached Sources & Uses Table (include supporting data on any construction costs). |
| | Monthly pro forma operating (profit & loss and cash flow) statements for the completed project for the first 24 months, then annually (with assumptions relevant to projections made in the statements). |
| | Financial commitments from lenders |
| | Project Plan (as required by MCLA 125.1608(2), but may be submitted after inducement resolution has been approved): |
| | Other supporting materials: |
| | Business Plan (if available), current annual financial statements (when requested) , 3-years |
| | Federal Income Tax Returns (when requested) |

Employment Impact of the Proposed Project

| Number of Current Employees | Full Time | Part Time |
|---|-----------|-----------|
| Jobs Retained by the project | Full Time | Part Time |
| Jobs to be Created by the Project | Full Time | Part Time |
| Hourly range or salary range of jobs retained and/or created: | | |
| To What Extent Will You Attempt to Employ Residents of the City of Kalamazoo? | | |
| To What Extent Will the Project Have the Effect of Transferring Employment from Another Municipality of This State? | | |
| How Many Construction Jobs Will the Project Create and What Will the Duration of those Jobs be? | | |

| Tax Base Impact of the Proposed Project: | | | | | |
|---|--|--|----|---|--|
| | Current State Equalized Value(s) of property to be improved: | | \$ | Projected SEV of property upon completion of project: | |
| | \$ | | \$ | | |
| Does the Applicant Intend to Apply for a Tax Exemption from the City of Kalamazoo? | Yes | | No | | |
| Does The Applicant Intend to Apply for Tax Increment Financing (TIF) Assistance with Infrastructure or Brownfield Issues? | Yes | | No | | |

| | | | | | | |
|--|--|-----|--|----|-----------------------------|--|
| Will the Project Require Rezoning or a Special Use Permit? | | Yes | | No | What is the current zoning: | |
|--|--|-----|--|----|-----------------------------|--|

Financing

Please complete the Sources & Uses Table found in Appendix A

Type of Financing Requested:

EDC Revenue Bonds

| | |
|----------------------------|---------------------------|
| EIF Loan \$ <u>28000</u> - | Loan Terms are adjustable |
|----------------------------|---------------------------|

Other

| | | |
|--|-----|--------|
| Has application pre-sold or pre-placed Economic Development Corporation bonds? | Yes | NXXXXo |
|--|-----|--------|

If yes, Name of purchaser, or attach a letter of intent as attachment):

| | | | |
|------------------------------------|--|---|--|
| Anticipated Start Date of Project: | | Anticipated Completion Date of Project: | |
|------------------------------------|--|---|--|

Explain how proposed EIF assistance would induce applicant to undertake this project:

If EIF financing is denied, what alternative method(s) of financing will be sought, if any?

| References | Name | Phone | Email |
|---|------|-------|-------|
| Please provide three references who are familiar with the applicant's business experience and capabilities, together with daytime telephone numbers | | | |
| | | | |
| | | | |
| | | | |

I hereby certify that the information contained in this application is true and accurate.

Date: _____

Kurtis P. M...

Applicant Signature

Applicant Printed Name

Its: _____

1. A personal guarantee and/or secured interest in the Project is routinely required from principals involved in the financing request. The city will also require verification (confidential) of personal and/or corporate assets.
2. The law firm of Miller, Canfield, Paddock and Stone of Detroit is the Bond Counsel for the Economic Development Corporation and Brownfield Redevelopment Authority.
3. An application fee of \$2,500 will be required at the time of submitting this application.

For office use only:

Date received: _____

Received by: _____ Title _____

Loan Amortization Schedule

[HELP](#)

© 2008 Vertex42 LLC

| Loan Information | |
|-----------------------|---------------------|
| Loan Amount | 20,000.00 |
| Annual Interest Rate | 2.00% |
| Term of Loan in Years | 10 |
| First Payment Date | 1/1/2026 |
| Payment Frequency | Quarterly |
| Compound Period | Quarterly |
| Payment Type | Beginning of Period |

| Summary | |
|-----------------------|-----------|
| Rate (per period) | 0.500% |
| Number of Payments | 40 |
| Total Payments | 22,006.38 |
| Total Interest | 2,006.38 |
| Est. Interest Savings | (0.00) |

Quarterly Payment 550.16

Amortization Schedule

Rounding On

| No. | Due Date | Payment | Additional Payment | Interest | Principal | Balance |
|-----|----------|---------|--------------------|----------|-----------|-----------|
| | | | | | | 20,000.00 |
| 1 | 1/1/26 | 550.16 | | 0.00 | 550.16 | 19,449.84 |
| 2 | 4/1/26 | 550.16 | | 97.25 | 452.91 | 18,996.93 |
| 3 | 7/1/26 | 550.16 | | 94.98 | 455.17 | 18,541.76 |
| 4 | 10/1/26 | 550.16 | | 92.71 | 457.45 | 18,084.30 |
| 5 | 1/1/27 | 550.16 | | 90.42 | 459.74 | 17,624.57 |
| 6 | 4/1/27 | 550.16 | | 88.12 | 462.04 | 17,162.53 |
| 7 | 7/1/27 | 550.16 | | 85.81 | 464.35 | 16,698.18 |
| 8 | 10/1/27 | 550.16 | | 83.49 | 466.67 | 16,231.51 |
| 9 | 1/1/28 | 550.16 | | 81.16 | 469.00 | 15,762.51 |
| 10 | 4/1/28 | 550.16 | | 78.81 | 471.35 | 15,291.16 |
| 11 | 7/1/28 | 550.16 | | 76.46 | 473.70 | 14,817.46 |
| 12 | 10/1/28 | 550.16 | | 74.09 | 476.07 | 14,341.39 |
| 13 | 1/1/29 | 550.16 | | 71.71 | 478.45 | 13,862.94 |
| 14 | 4/1/29 | 550.16 | | 69.31 | 480.84 | 13,382.09 |
| 15 | 7/1/29 | 550.16 | | 66.91 | 483.25 | 12,898.84 |
| 16 | 10/1/29 | 550.16 | | 64.49 | 485.67 | 12,413.18 |
| 17 | 1/1/30 | 550.16 | | 62.07 | 488.09 | 11,925.08 |
| 18 | 4/1/30 | 550.16 | | 59.63 | 490.53 | 11,434.55 |
| 19 | 7/1/30 | 550.16 | | 57.17 | 492.99 | 10,941.56 |
| 20 | 10/1/30 | 550.16 | | 54.71 | 495.45 | 10,446.11 |
| 21 | 1/1/31 | 550.16 | | 52.23 | 497.93 | 9,948.18 |
| 22 | 4/1/31 | 550.16 | | 49.74 | 500.42 | 9,447.76 |
| 23 | 7/1/31 | 550.16 | | 47.24 | 502.92 | 8,944.84 |
| 24 | 10/1/31 | 550.16 | | 44.72 | 505.44 | 8,439.41 |
| 25 | 1/1/32 | 550.16 | | 42.20 | 507.96 | 7,931.44 |
| 26 | 4/1/32 | 550.16 | | 39.66 | 510.50 | 7,420.94 |
| 27 | 7/1/32 | 550.16 | | 37.10 | 513.05 | 6,907.89 |
| 28 | 10/1/32 | 550.16 | | 34.54 | 515.62 | 6,392.27 |
| 29 | 1/1/33 | 550.16 | | 31.96 | 518.20 | 5,874.07 |
| 30 | 4/1/33 | 550.16 | | 29.37 | 520.79 | 5,353.28 |
| 31 | 7/1/33 | 550.16 | | 26.77 | 523.39 | 4,829.89 |
| 32 | 10/1/33 | 550.16 | | 24.15 | 526.01 | 4,303.88 |
| 33 | 1/1/34 | 550.16 | | 21.52 | 528.64 | 3,775.24 |
| 34 | 4/1/34 | 550.16 | | 18.88 | 531.28 | 3,243.95 |
| 35 | 7/1/34 | 550.16 | | 16.22 | 533.94 | 2,710.01 |
| 36 | 10/1/34 | 550.16 | | 13.55 | 536.61 | 2,173.40 |
| 37 | 1/1/35 | 550.16 | | 10.87 | 539.29 | 1,634.11 |

| No. | Due Date | Payment | Additional Payment | Interest | Principal | Balance |
|-----|----------|---------|--------------------|----------|-----------|----------|
| 38 | 4/1/35 | 550.16 | | 8.17 | 541.99 | 1,092.12 |
| 39 | 7/1/35 | 550.16 | | 5.46 | 544.70 | 547.42 |
| 40 | 10/1/35 | 550.16 | | 2.74 | 547.42 | 0.00 |

EIF Loan Underwriting Summary

- Applicant: Kzoo Cream, LLC (Kristi Potts)
- Project Address: 1502 S. Westnedge Ave, Kalamazoo, MI 49008
- Loan Amount: \$20,000
- Interest Rate: 2.0%
- Term: 10 years
- Quarterly Payment: \$550.16 (based on amortization)
- Purpose: Roof replacement and exterior site improvements

Project Summary

Kzoo Cream, a woman-owned ice cream shop, is located in the Vine Neighborhood and actively engaged in local events such as Bronco Bash. The business recently hired two employees and is steadily growing in popularity.

Although the owner requested \$28,000, the EIF program limits loan amounts to 10% of the total project cost, which is \$200,972 based on submitted documentation. Accordingly, the loan amount has been capped at \$20,000.

The EIF loan will specifically support roofing and exterior site improvements, which are confirmed as eligible fixed-asset uses under EIF guidelines. A roofing proposal for \$14,587 and a site work proposal for a dumpster enclosure, bike rack, and other improvements, totaling \$12,385, were submitted.

Financial Considerations

Due to the relatively small size of the EIF loan, the repayment burden is minimal. Quarterly debt service is \$550.16, which should easily be supported by the business without requiring full financial underwriting. A set of financial projections was submitted and reviewed, but underwriting does not hinge on that data. The projections did show an average annual NOI of \$79,225 over the next 3 years.

Recommendation

This loan falls within EIF policy guidelines and supports a small business owner making meaningful capital improvements. Staff recommends approval of the \$20,000 EIF loan to support Kzoo Cream's continued growth and investment into the commercial corridor on S. Westnedge Ave.

INTER-OFFICE MEMO

To: The Economic Development Corporation Board of Directors

From: Jared Chambers, Business Specialist

Date: August 21, 2025

Re: Adult Use Retailer Permit Renewal for Green Sunrise, LLC (dba Lume Cannabis Co.)

The City Clerk's Office has requested that the Economic Development Corporation (EDC) Board of Directors evaluate the *Marihuana Facility Permit Renewal Application* submitted by: Green Sunrise, LLC (dba Lume Cannabis Co.) for its facility at 3406 Stadium Drive, Unit 2 and that the EDC Board provides a recommendation regarding the renewal of this permit. The City Operating Permit, issued on October 1, 2023, is scheduled to expire on September 30, 2025, 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.
 - Lume employs 13 people at this location, 10 full-time and 3 part-time.
 - 1 Store Manager, earning \$33.67/hour.
 - 1 Assistant Store Manager, earning \$28.20/hour.
 - 1 Inventory Lead, earning \$18.00/hour.
 - 1 Luminary Lead, earning \$20.16/hour.
 - 9 Luminaries, earning \$15.45 to \$18.73/hour.
 - In addition to health insurance, Lume offers 401k and Roth IRA options, accrued PTO, paid holidays, and employee discounts.

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.
 - Lume has sponsored a variety of community groups and events since its last renewal in 2023, including Kalamazoo Pride benefiting OutFront, the K-Wings, the Wine Not Festival, a local Roller Derby team, Beats on Bates, Caribbean Fest, and Adopt-a-Highway.
 - They also sponsored and collaborated on an expungement event on 5/10/25 with Safe & Just Michigan, helping to identify 119 people eligible for expungement.

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.
 - Previous cannabis convictions do not interfere with an employee's eligibility for promotion or transfer.

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 obligations owed to the City.
 - Lume is in good standing with the City.

5. A statement that the hiring and public accommodation practices of the facility conform to the City's Nondiscrimination Ordinance provisions and documentation of the total number of employees broken out by managerial and operational employees, number of women, and number of minority employees and number of employees disproportionately impacted by marihuana prohibition and enforcement.
 - Hiring and public accommodation practices of the facility conform to the City's Nondiscrimination Ordinance provisions.
 - Hiring Managers and Recruiters will use the Lume Interview Guide and will not ask applicants questions that could introduce any bias or discrimination into the selection of candidates for employment with Lume to maintain compliance with Equal Opportunity legislation.
 - There are 3 employees in management: 1 woman and 2 minorities.
 - There are 10 operational employees: 5 women and 3 minorities.

6. A statement, with supporting documentation, providing answers to the following questions:
 - a. How many City residents do you currently employ?
 - 7 employees live in the City.
 - b. How many current employees reside in Census Tracts 1 (Eastside); 9, 10 (Edison), and/or 2.02,3 (Northside)?
 - No employees live in the identified census tracts.
 - c. What is your plan to employ residents of the identified census tracts?
 - All open positions will be posted for a minimum of 5 days. Hiring flyers and open positions will be specifically advertised in Neighborhoods of Focus as applicable to meet social equity goals within the communities Lume serves.
 - d. How many of your employees have prior marihuana convictions (excepting a conviction for delivery or distribution to a minor)?
 - No employees have prior marihuana convictions.
 - e. What is your plan for employees with a prior marihuana conviction to move up within your business and/or the marihuana industry?
 - Lume does not disqualify any employee from promoting internally based on any cannabis conviction.

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.
 - Lume has renewed its Gold-level designation.

Please see the attached Marihuana Renewal Application Checklist, completed by City staff to verify if all ordinance requirements have been met.

The applicant has no outstanding financial obligations to the City, and 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 Green Sunrise Products, LLC (DBA Lume).

ATTACHMENTS

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

Application Checklist

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

Green Sunrise Products LLC (dba Lume Cannabis)

3406 Stadium Drive

Type: Adult Use Retailer; Medical Provisioning Center

| | Date Received | Received By | Comments | |
|---|-----------------|------------------|-------------------|--|
| Renewal Application Received | 7/29/2025 | Jared Chambers | | |
| Inspection Type: | Inspection Date | Completed by: | Satisfactory? | Notes |
| Fire Inspection | 8/19/2025 | Scott Brooks | Yes | Only violation was not having keys for the fire marshall - corrected on 8/21 |
| Zoning Inspection | 8/19/2025 | Pete Eldridge | Yes | |
| | Date | Name | Comments | |
| Business Community Benefits Check-In | 8/21/2025 | Jared Chambers | | |
| | Invite Sent | EDC Meeting Date | | |
| Invite to EDC Meeting | 8/14/2025 | 9/18/2025 | | |
| Jobs Created | Full-Time | Part-Time | Comments | |
| | | | | |
| | 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 | |

All Items Complete

MARIHUANA BUSINESS PERMIT RENEWAL APPLICATION

Pursuant to Chapter 20B of the Kalamazoo City Code

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

(Please Print)

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

Official Business Name Green Sunrise Products LLC (dba Lume Cannabis Co.)

Business Address 769 Chicago Road, Floor 2

City Troy **State** MI **Zip Code** 48083 **Business Phone** 248/877-2336 (John Abbo, gen. counsel)

Business E-mail john.abbo@lume.com **Business Website** www.lume.com

TYPE OF PERMIT BEING RENEWED

Medical

Grower:

Class A (500 plants)

Class B (1,000 plants)

Class C (1,500 plants) No. of Class C Permits _____

Processor

Safety Compliance

Provisioning Center

Secure Transporter

Adult Use

Grower:

Class A (100 plants)

Class B (500 plants)

Class C (2,000 plants) No. of Class C Permits _____

Excess Grower

Processor

Safety Compliance

Microbusiness

Retailer

Secure Transporter

Designated Consumption Lounge

FACILITY INFORMATION

Property Address 3406 Stadium Drive, Unit 2, Kalamazoo, MI 49008

Real Property Parcel Number _____

Advertised Facility Name Lume Cannabis Co.

Manager - Full Name Christina Pacelli

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

Name John Abbo or Sherry Fox

Address 769 Chicago Road, Floor 2

City Troy

State MI

Zip Code 48083

Phone 248/877-2336 (John) or 248/770-7531 (Sherry)

E-mail john.abbo@lume.com -or- sherry.fox@lume.com

Name Nate Adkins (for compliance & safety concerns)

Address 769 Chicago Road, Floor 2

City Troy

State MI

Zip Code 48083

Phone 614/266-7892

E-mail nate.adkins@lume.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: *Douglas Hellyar* Date: 7/22/2025

Name (printed): Douglas Hellyar Position: President & COO

STAFFING PLAN

Summary

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

Full-time employees (32+ hours per week) 10 Part-time employees (< 32 hours per week) 3

Position Types and Compensation

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

Position Title: Store Manager Annual Average Compensation \$ 33.67

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 Store Manager Annual Average Compensation \$ 28.20/hr

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: Inventory Lead Annual Average Compensation \$ 18.00

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: Lead Luminary Annual Average Compensation \$ 20.16

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: Luminary Annual Average Compensation \$ 15.45 - 18.73/hr

How many people are employed in this position at the licensed facility? 9

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:

Aside from health insurance, Lume offers 401k & Roth IRA options, accrued PTO, paid holidays, and employee discounts. Additionally, in Lume's employee handbook, there are sections pertaining to FMLA, bereavement leave, and military leave.

Attach additional pages as necessary.

Employee Statistics, Residency, and Title/Wage

| Name | Address | City | County | Job Title | FT/PT | Pay Rate (per hr.) | Gender |
|--------------|-----------------------|-------------|---------------|------------------|--------------|-------------------------------|---------------|
| Alec B. | 11257 Oakland Dr. | Portage | Kalamazoo | Asst Store Mgr | FT | \$28.20 | M |
| Christina P. | 748 W Kilgore Rd. | Kalamazoo | Kalamazoo | Dual Store Mgr | FT | \$33.67 | F |
| Haille S. | 105 N. Kendalle Ave. | Kalamazoo | Kalamazoo | Inventory Lead | FT | \$18.00 | F |
| Brandy L. | 741 Gladys St. #3B | Portage | Kalamazoo | Lead Luminary | FT | \$20.16 | M |
| Jessica K. | 6844 Marlow St. | Portage | Kalamazoo | Luminary | FT | \$17.62 | F |
| Jaylan S. | 696 S Drake Rd | Kalamazoo | Kalamazoo | Luminary | FT | \$16.55 | M |
| Skyler V. | 5433 Meredith St. | Portage | Kalamazoo | Luminary | FT | \$16.55 | F |
| Natalie B. | 10000 S Westnedge Ave | Portage | Kalamazoo | Luminary | FT | \$15.91 | F |
| Alison K. | 1321 Lakeway Ave | Kalamazoo | Kalamazoo | Luminary | FT | \$18.18 | F |
| Parker C. | 614 Oak Ct | Kalamazoo | Kalamazoo | Luminary | FT | \$18.73 | M |
| Lauren R. | 1625 Hamelink Dr | Portage | Kalamazoo | Luminary | PT | \$15.45 | F |
| Alfred T. | 1626 Union St | Kalamazoo | Kalamazoo | Luminary | PT | \$15.45 | M |
| Olivia L. | 68 Moffett Ave | Kalamazoo | Kalamazoo | Luminary | PT | \$15.45 | F |

Total of 13 employees:

5 males / 8 females

Leadership positions – 4

Full-time / Part-time – (10 ft / 3 pt)

Kalamazoo residents – (7 of 13) are city residents



Employee Benefits

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

- Health Insurance (medical, dental & optical) – Lume offers industry leading insurance for all employees from Blue Cross Blue Shield. See Section 4 of the Employee Handbook.
- 401k – Lume provides an annual contribution. Employees are 100% vested on day one, so all funds put into the account by either the employer or employee belongs to the employee. See Section 4.
- Accrued PTO. See Section 4.
- Paid holidays. See Section 4.
- Sick leave. See Section 14.
- Family and Medical Leave. See Section 12.
- Bereavement Leave. See Section 16.
- Military Leave of Absence. See Section 14.
- Employee Discount – We offer this discount to encourage our employees to buy the products that we sell within our retail stores. We want employees to enjoy the products, feel a sense of pride and ownership, as well as sharing the enthusiasm with family and friends. All Lume employees (over 21) are eligible to receive employee discount, regardless of tenure, as follows:
 - 30% discount on Lume-grown adult-use flower products, and
 - 20% discount on all other products and merchandise.



Worker Training Programs

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

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

Inclusion and Equity in Staffing

Kalamazoo's current store manager (white female, lgbtq+) was hired as a delivery driver in 2020. She was promoted to inventory lead (manager for back of house) in December 2022, then again to assistant store manager in May 2023. She became the store manager for Lume's Portage location in September 2024 and then to dual store manager of Kalamazoo & Portage in February 2025 (while the then-manager was on FMLA). She successfully ran both locations and moved to manage the Kalamazoo location in July 2025.

The Assistant Store Manager (white male) hired in as a luminary at the Big Rapids store in August 2020 and was promoted to assistant store manager of Kalamazoo in March 2025.

The lead luminary (minority male) joined Lume as a luminary in April 2022 and promoted to the lead position in June 2023.

Lume is currently interviewing to fill a vacant second lead luminary position.



Lume Recruitment Policy

A. Equal Opportunity Employer

It is the company's policy that no employee or applicant for employment, will be discriminated against because of age, race, color, religion, sex (including pregnancy), sexual orientation, gender identity, national origin, disability, veteran status, height, weight, or other protected class or characteristic established under applicable federal, state or local statute or ordinance with regard to any position for which the employee or applicant for employment is qualified.

B. Immigration Compliance

The company will not knowingly hire or continue to employ anyone who does not have the legal right to work in the United States. As an ongoing condition of employment, you will be required to provide documentation verifying your identity and legal authority to work in the United States.

C. State Mandated Employee Requirements

All employees must adhere to any and all rules and regulations set forth by the State of Michigan concerning the use, possession, sale and distribution of marijuana including but not limited to The Medical Facilities Licensing Act, the Michigan Marijuana Association, and the Bureau of Medical Marijuana Regulations.

Employees must abide by these requirements:

- The State mandated legal age requirement to work for the company is 21 years of age.
- Submit to a pre-employment criminal history background check and immediately report any new or pending criminal charges to the company during their employment.
- If an applicant has a pending charge or conviction within the past 10 years for a controlled- substance felony, the applicant cannot be hired without written permission from the Marijuana Regulatory Agency
 - Please note that candidates found to have previous cannabis convictions are still eligible for employment.



D. Employment of Relatives and Friends

Lume considers candidates who have been referred by (or are related to) current Lume employees to be valuable and viable applicants for employment. To avoid a conflict of interest, if these candidates are hired, they will not be placed in a position where they have a role as either subordinate or manager to the person who referred them. This relationship must be disclosed immediately to your manager or Human Resources.

E. Promotions and Transfers

Employees are eligible for promotion after completing their 90-day probationary period, or at their manager's discretion. If an employee is promoted into a new role, or transfers to a different location, they must stay in the new position or location for a minimum of 90 days before they are eligible to apply to other positions or transfer to another location, some exceptions may apply. We will promote employees based on their performance and workplace conduct. **Previous cannabis convictions do not preclude an employee's eligibility for promotion or transfer.** Acceptable criteria for promotion are, but not limited to:

- Experience in the job or tenure
- High performance reviews
- No more than 3 attendance points at time of applying.
- No more than a first performance warning
- Skillset that matches the minimum requirements of the new role
- Personal motivation and willingness for a change in responsibilities

F. Recruiting Procedure

Lume will follow the below steps to recruit for open positions. Internal applicants that are selected for promotion or transfer will complete the same below steps apart from completing another pre-employment criminal history background check as one will already be on file for them.

1. **All open positions will be posted for a minimum of 5 days. Hiring flyers and open positions will be specifically advertised in Neighborhoods of Focus as applicable to meet social equity goals within the communities we serve.**



2. Applicants will be determined eligible for an initial phone screen interview if the skillsets and experiences listed in their resume match the minimum requirements of the role and the applicant is at least 21 years of age as required by the state of Michigan.
3. Applicants that perform well in the phone screen will be interviewed by either the Hiring Manager or Recruiter.
4. Hiring Managers and Recruiters will use the Lume Interview Guide and will not ask applicants questions that could introduce any bias or discrimination into the selection of candidates for employment with Lume to maintain compliance with Equal Opportunity legislation.
5. Upon successful completion of an interview, selected applicants will receive an offer letter and instructions to complete pre-employment criminal history background check as required by the state of Michigan.
6. Applicants that meet state-mandated employee requirements will then have a start date assigned and begin employment with Lume.



Please see attached.

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 |
| | | |
| | | |
| | | |
| | | |

| JOB CREATION FOR LOCAL RESIDENTS | | |
|----------------------------------|---------|----------|
| Initiative/Description | Date(s) | Outcomes |
| | | |
| | | |
| | | |
| | | |

| COMMUNITY OUTREACH | | |
|------------------------|---------|----------|
| Initiative/Description | Date(s) | Outcomes |
| | | |
| | | |
| | | |
| | | |

Economic Development

Local vendors: Lume reached out to the landlord to see what local vendors they use, in addition to the ones that we use. Please see the attached email correspondence.

Employees: Seven of our thirteen employees are city residents. All Kalamazoo employees are residents of Kalamazoo County.

Re: Lume Kalamazoo: Local Contractors

From Ashley Bracknell <abracknell@lafontaine.com>

Date Fri 5/16/2025 4:26 PM

To Sherry Fox <sherry.fox@lume.com>; Mathew Burbary <Mathew.burbary@lume.com>

Cc Gary Laundroche <glaundroche@lafontaine.com>

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hello,

Thank you for your patience! For this particular building, we have used:

- Parker-Arntz HVAC
- Leonard Landscaping
- Honor Construction (local to Grand Rapids)

For other sites in the area, I have used:

- AVB Construction (Portage)
- Moore Electrical Services
- EM Sergent



Ashley Bracknell

LaFontaine Automotive Group |
LAG Development

Cell: 248.396.9243

Office: 248.714.2018

Email: abracknell@lafontaine.com

4000 W. Highland Rd., Howell, MI 48843.

From: Sherry Fox <sherry.fox@lume.com>

Sent: Tuesday, May 13, 2025 8:42 AM

To: Ashley Bracknell <abracknell@lafontaine.com>; Mathew Burbary <Mathew.burbary@lume.com>

Cc: Gary Laundroche <glaundroche@lafontaine.com>

Subject: Re: Lume Kalamazoo: Local Contractors

CAUTION: This email originated from outside your organization. Do not click on links or open attachments unless you recognize the sender and are confident the content is safe.

Hi Ashley - if I could get the info within the next week, I would really appreciate it.

--Sherry

From: Ashley Bracknell <abracknell@lafontaine.com>
Sent: Tuesday, May 13, 2025 8:38 AM
To: Mathew Burbary <Mathew.burbary@lume.com>
Cc: Sherry Fox <sherry.fox@lume.com>; Gary Laundroche <glaundroche@lafontaine.com>
Subject: Re: Lume Kalamazoo: Local Contractors

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good Morning Mat,

I did, thank you! I hope the same for you and your team! I don't mind sharing who we've utilized locally.

Sherry, when do you need this by?

Thanks!



Ashley Bracknell

LaFontaine Automotive Group |
LAG Development

Cell: 248.396.9243

Office: 248.714.2018

Email: abracknell@lafontaine.com

4000 W. Highland Rd., Howell, MI 48843.

From: Mathew Burbary <Mathew.burbary@lume.com>
Sent: Monday, May 12, 2025 9:50 AM
To: Ashley Bracknell <abracknell@lafontaine.com>
Cc: Sherry Fox <sherry.fox@lume.com>
Subject: Lume Kalamazoo: Local Contractors

CAUTION: This email originated from outside your organization. Do not click on links or open attachments unless you recognize the sender and are confident the content is safe.

Good morning. I hope you had a great weekend and Holiday. Sherry is in the process of our annual renewal with the city. Typically, we include any local contractors used by the Landlord on our application. Kzoo likes to see what local businesses are being used for any work on the property for social equity purposes. Do you have any local contractors that you can recommend for our list, that have worked on property? I have included our Plumbing contact (Matt Rogers Plumbing). Thank you for your time.

Regards,



Mat Burbary
Lume Cannabis Co.
Construction & Facilities Manager
mathew.burbary@lume.com
Phone: (586) 770-0376

| WORKER TRAINING PROGRAMS | | |
|--------------------------|---------|----------|
| Initiative/Description | Date(s) | Outcomes |
| | | |
| | | |
| | | |
| | | |

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 |
| Please see attached | | |
| | | |
| | | |
| | | |

EMPLOYEE DEMOGRAPHIC INFORMATION

| | | |
|--|----------------------|----|
| Total Number of Employees: | | |
| Employees in Managerial Positions | Total Employees | 3 |
| | Number of Women | 1 |
| | Number of Minorities | 2 |
| | | |
| Employees in Operational Positions: | Total Employees | 10 |
| | Number of Women | 5 |
| | Number of Minorities | 3 |
| | | |

Community Engagement

Since Lume's last renewal in 2023, we have been actively engaging in the city in a variety of ways. These Lume-sponsored events were also events where our employees volunteered.

2024 Grassroots Initiatives

- ❖ Kalamazoo Pride sponsorship
- ❖ OutFront Kalamazoo sponsorship
- ❖ K-Wings sponsorship
- ❖ Wine Not Festival
- ❖ Adopt-a-Highway (listed as Portage store but Kalamazoo staff also volunteered)

2025 Grassroots Initiatives

- ❖ Expungement event on 5/10/25 with Safe & Just Michigan*
- ❖ Roller Derby team sponsorship
- ❖ K-Wings sponsorship
- ❖ Beats on Bates sponsorship
- ❖ Caribbean Fest sponsorship
- ❖ Adopt-a-highway (listed as Portage store but Kalamazoo staff also volunteered)
- ❖ Senior outreach program about cannabis at retirement facilities (looking for location to host workshop)

*Safe & Just Michigan Expungement Event

Lume sponsored/collaborated with Safe & Just Michigan for an expungement event held on WMU's campus in May 2025. SJM prescreened 286 people for expungement of their criminal records. Of those 286, 119 people were eligible for expungement. They met with volunteer attorneys to discuss their specific criminal history, complete the required paperwork, along with getting fingerprinted by a team from the Michigan State Police. From there, participants were guided on the next steps in the expungement process

| | | |
|--|---|----------|
| How many City Residents do you currently employ? | Total Employees | 7 |
| How many residents do you currently employ from these Census Tracts? See attached. | Census Tract 1 (Eastside Neighborhood) | |
| | Census Tracts 9 and/or 10 (Edison Neighborhood) | |
| | Census Tracts 2.02, and/or 3 (Northside Neighborhood) | |

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

Please see attached HR recruitment policy.

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 0

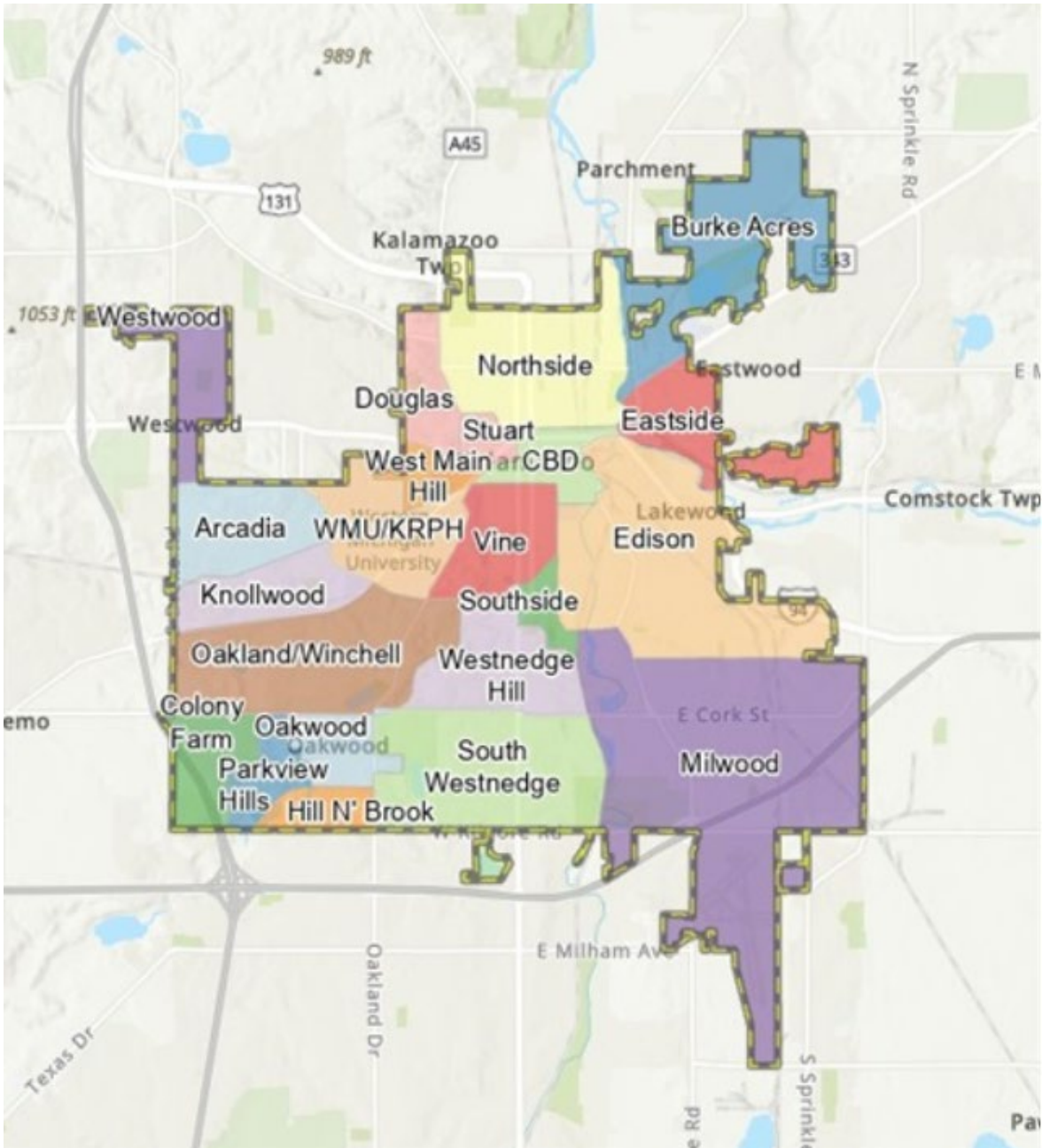
3. What is your plan for employees with a prior marihuana conviction to move up within your business and/or the marihuana industry?

Lume does not disqualify any employee from promoting internally based on any cannabis conviction. Please see attached HR recruitment policy.

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.

**Kalamazoo Neighborhood Map
(w/# of Lume employees)**



Based on staff addresses, we have determined that Lume has employees in the following Kalamazoo neighborhoods:

- | | |
|---------------------|---------------|
| Westwood (1) | Northwood (1) |
| Arcadia (1) | Vine (1) |
| South Westnedge (1) | Millwood (1) |



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

MARLON I. BROWN, DPA
DIRECTOR

January 22, 2025

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

The Cannabis Regulatory Agency's social equity team reviewed your renewal form for the Social Equity All-Star Program and is pleased to announce that your 2024 status will continue to remain in effect for 2025. The following license numbers will be displayed on our website under the gold level. The following license numbers were provided on your form:

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

If your entity wishes to advance to a higher tier in 2025, you may still do so by submitting the [Social Equity All-Star Program Amendment Form](#) with a copy of the amended plan(s) to be posted on the website. Published plans can easily be updated at any time by emailing this form to the social equity team.

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



What Lume Stands For

Lume has created a company culture committed to supporting diversity, equity, inclusion and belonging. Our recruiting, mentoring, development, and retention efforts focus on bringing broader perspectives, different points of view, and a richer understanding of the diverse customer and employee base in the communities where we live and operate.

As of August 2024, Lume consists of roughly 1,000 employees who celebrate a diverse population. Overall, almost 47% of Lume employees are female. Currently, 44% of all salaried employees are female and minorities. Year to date, Lume has hired 103 minorities (27%); 152 females (40%), and 77 employees are 40 years of age or older (20%).

Lume has a strong internal promotion and succession program. To date in 2024, there have been 29 minority employees, 90 female employees, and 62 employees aged 40+ that have been promoted within the company. During talent planning, we ensure our succession plan focuses on diversity within our operations.

Lume provides industry-leading benefits package to all employees consisting of a living wage, full health benefits including optical, dental, and health, short and long-term disability, life insurance, PTO, a floating holiday, and paid volunteer hours.

DEI Internally at Lume

Our Diversity, Equity & Inclusion Team - which includes persons of color, a member of the LGBTQ+ community, and a military veteran - will be responsible to lead, drive and manage the company's DEI strategy and action plans across all facets of the business.

1. We will provide interactive workshops, annually (at minimum), covering such topics as the prevention of sexual harassment, racial and cultural diversity, and methods of fostering an inclusive work atmosphere.
2. We will continue to focus on diversity of the make-up of our staff by actively seeking out minorities, disadvantaged individuals, and women, both through in-house hiring initiatives,



minority-owned staffing agencies, participation in online diversity job boards and in-person job fairs. All salaried candidate hiring slates will focus on ensuring candidate diversity.

3. We will establish at least one (1) Inclusion Resource Group (IRG) for minority employees.
4. We will evaluate and establish relationships with local and/or state organizations that focus on diversity regarding minorities, disadvantaged individuals, and veterans. We will network and partner with these organizations on employment opportunities, work within their constituencies for hiring diverse applicants in the cannabis industry and providing educational trainings and information sessions for individuals interested in joining the cannabis industry.
5. We commit to continuing DEI training(s) for every employee at orientation and at least annually thereafter.
6. Lume has added a paid floating holiday in 2024 which allows employees to donate their time to causes that they believe in, and, additionally, pays employees for company sponsored and/or approved events.

Corporate Spending Plan

Lume's supplier base has a strong representation of minority and veteran owned businesses and/or categorized as a qualified small business. We will maintain our supplier diversity success by ensuring our bid processing targets small, minority, and/or veteran owned businesses.

Examples of our diverse suppliers are:

Secured Transport (minority)

Security Services (veteran/small business)

Marketing (minority/woman-owned)

Product Testing (small business)

Property Maintenance (minority/small/woman-owned)

Architecture (minority/small business)



Moving/Transportation
(veteran/woman-owned)

Cannabis and Cannabis-related
(woman-owned/small business)

We apply our Supplier Diversity scorecard to ensure diversity within our supply chain. That scorecard measures 1) total spend, 2) spend per category of diverse suppliers (veteran, minority, micro business, etc.), 3) diverse spend per sourcing category (IT, retail, cultivation, etc.), and 4) the number of new suppliers engaged by diverse category. The company will utilize the CRA's All-Star network to advance our currently diverse supplier network.

Our goal is to maintain at least 40% of our spend with small, minority and/or veteran owned suppliers and contractors. For the FY 2023, Lume's total spend was 42.8% on small, veteran, minority, and women-owned businesses.

Community Reinvestment Plan

Lume has locations in 12 communities disproportionately impacted by cannabis prohibition.

Those communities are:

| | | |
|-----------|---------------|--------------|
| Coldwater | Mt. Pleasant | Jackson |
| Kalamazoo | Cedar Springs | Grand Rapids |
| Adrian | Richland Twp | Saginaw |
| Owosso | Ann Arbor | Cadillac |

Lume continues to make every effort to hire locally, which brings employment opportunities with a living wage and industry-leading benefits package to employees and their families within these affected communities and elsewhere across the state.

Additionally, Lume will continue to support and partner with municipalities, organizations, non-profits, and charities which have a positive impact on communities where we are located and commit to growing our charitable giving.



Community Engagement

We are volunteering in the communities where we do business. In 2021, we established our company CARES program, which represents the following:

- **Collaborate** to make the communities a better place to work and live and take
- **Actionable** and intentional steps toward a better tomorrow by fighting against
- **Racial** injustice caused by cannabis prohibition and enforcement while supporting
- **Equity** for all and work toward eliminating the
- **Stigma** around cannabis

We support and partner with outreach and service groups, as well as working directly with municipalities to support community causes. In some instances, our activities (donations, team events, volunteering) begin before our Lume stores are even open.

Examples of our engagement utilizing both volunteer hours and financially are:

- Food/clothing/coat drives in-store
- Assistance at multiple food banks across the state
- Multiple Pride events across the state
- Educational scholarships for first responder programs
- Sponsorship of veteran events
- Sponsorship of events benefitting seniors
- Community/highway/waterfront clean-up events and sponsorship (Independence Day fireworks, riverfront cleanup, highway sponsorship and cleanup, city park clean-up, playground equipment)
- Sponsorship or hosting of charitable athletic events (disc golf, polar plunge, dog-sled races)



- Sponsorship of multiple community music events across the state
- Membership in Chambers of Commerce (local and state)
- Attendance at municipal council meetings

To encourage employee community engagement, we provide employees with paid time annually to support volunteerism at the employee's discretion within our communities. This creates the potential for over 7,500 hours of time invested into the local communities annually, which equates to approximately \$125,000 of reinvestment into communities. That amount is aside from Lume's direct financial support.

Additional Programs Being Developed

Lume feels strongly about the mental and physical benefits of cannabis usage and is developing programming for both the elderly population and veterans. These trial programs will be implemented in the remainder of 2024.





Lume.

CANNABIS CO.

EMPLOYEE HANDBOOK

Rooted in Quality

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SECTION 1

**Welcome to
Lume Cannabis Co.**



1. WELCOME TO LUME CANNABIS CO.

We believe that every employee plays an important role in making Lume successful. Through the dedication and efforts of our team, Lume will become synonymous with excellent customer service, quality cannabis products, and product knowledge.

1.1 ABOUT THE COMPANY

Lume is a Michigan-based cannabis company focused on quality from seed-to-sell. With best-in-class grow facilities, an unparalleled variety of products and flower, world-class talent, and a five-star customer experience, it's meeting the highest industry and consumer standards in every way. It caters to recreational, wellness, and first-time clients with unmatched service and industry-leading expertise, and only offers the highest quality cannabis and CBD products on the market — most of which you literally can't find anywhere else. The newest leader in the retail cannabis industry, Lume is cannabis in a new light.

1.2 MISSION STATEMENT

Lume Cannabis Co. is a fully vertical cannabis brand operating in the state of Michigan. We don't just strive to create the best cannabis. We strive to create the best, period — the best cultivation facilities, the best grow processes, the best seeds, employees, leadership team, retail experience, and yes, the best products. Not because we must, but because we refuse to compromise. We have the talent and resources to hold ourselves to a higher standard, so we do; the result is the best flower, and best variety of flower, in the state. And it is because we refuse to settle for anything less than the highest quality, that we earn the trust, confidence and business of customers where other cannabis brands continue to fall short.

1.3 OUR CORE VALUES

In order to establish Lume as the leading source of quality cannabis, we follow the four core values of our mission statement that help us to make every single decision:

Quality Above All: Just like we obsess over the quality of our products, we place an equal emphasis on ensuring the people that create and manage those products are top-notch. We want to create a culture of success, and it starts with motivated talent looking to grow with us.

Open to Everyone: We want to create a product line and customer experience that is welcoming and accessible to every consumer. We also want to create a company culture that invites and supports diversity, equity, inclusion and belonging. This means we welcome people from all backgrounds and beliefs, both professionally and personally. We want creative thinkers that fit our vision and are willing to take risks - you don't have to fit into a certain mold.

Forward Thinking: We want people that think outside of the box and are willing to contribute across multiple disciplines. In order to succeed, we need to break through the clutter and relentlessly innovate. We can never become complacent and must always look towards the future. If you are a collaborative, creative thinker that thrives in a team environment, you've found your home.

Michigan Made: We are a Michigan-based company with a Michigan-grown leadership team. For that reason, we are deeply committed to bettering the state that we love. We want to do things the right way and become a celebrated business that Michigan can be proud of, by giving back and being committed to getting involved in the community.

You can look forward to world class onboarding, continuous training and professional development, as well as great opportunities for advancement. Our heart is to provide a work environment that makes you proud to say, "I love working at Lume".

In order to be successful, we feel it is important that all of our employees understand our policies and procedures. The purpose of the employee handbook is to help you become acquainted with Lume Cannabis Co. and answer many of your initial questions. If you have any questions about this handbook, do not hesitate to ask a member of your leadership team.

Welcome Aboard

— The Lume Cannabis Co. Executive Leadership Team

SECTION 2

**Forward &
Disclaimer**



2. FORWARD & DISCLAIMER

This Employee Handbook is intended to be a guide for employees and managers, as no Employee Handbook can anticipate every circumstance or question about policies or procedures. As the company continues to grow, the need may arise to revise the Employee Handbook. **The company reserves the right to revise, supplement, or rescind any policies or portion of the Employee Handbook from time to time as it deems appropriate in its sole and absolute discretion.**

This Employee Handbook is not a legal document or an employment contract. As set forth herein, an employee's employment with the company is at-will. The company reserves the right to manage and maintain the operations of its facilities in all aspects of the employment relationship. If the terms and conditions of an employee's employment is governed by a written agreement, then that agreement's terms will supersede any conflicting policies and procedures included in this Employee Handbook.

The company expects all employees to adhere to all policies and procedures, make good decisions and engage in appropriate conduct. Any violation of company policy may be subject to disciplinary action, up to and including termination. Nothing in this handbook should be construed to prohibit, deter, or interfere any form of Section 7 activity under the National Labor Relations Act. Further, nothing in this handbook will be interpreted, applied or enforced to interfere with, restrain or coerce Employees in the exercise of their Section 7 rights.

If you have questions about a policy or procedure, or about what is expected of you, please contact your manager, a member of the Leadership Team, or Human Resources for clarification.

2.1 AT-WILL EMPLOYMENT

Your employment with the company is at-will. You are not hired for any definite or specified period of time. You are an at-will employee of the company and your employment can be terminated at any time, with or without cause and with or without prior notice. Similarly, you can resign your employment at any time. Your status as an at-will employee cannot be changed except by a written document signed by you and the CEO or President of the company that specifically states a change to this employment status. There are no implied or verbal agreements or promises to you that you will be discharged only under certain circumstances or after certain procedures are followed.

No company policy, or any other written or oral statement by the company is intended to create, or is it to be construed to constitute, a contract between the company and any or all of its employees, or a guarantee, or promise of employment, or continuing employment.

2.2 EQUAL EMPLOYMENT OPPORTUNITY

It is the company's policy that no employee or applicant for employment, will be discriminated against because of age, race, color, religion, sex (including pregnancy), sexual orientation, gender identity, national origin, disability, veteran status, height, weight, marital status, or other protected class or characteristic established under applicable federal, state or local statute or ordinance with regard to any position for which the employee or applicant for employment is qualified.

If you feel you have been subjected to discrimination, or have witnessed any discrimination, please report it immediately to your manager, to Human Resources or straight to any member of management of the company. Any complaint of alleged discrimination will be carefully investigated. Should there be any violation of this policy, appropriate action will be taken to correct the matter. The company will not tolerate retaliation against anyone who in good faith lodges a complaint under this policy.

2.3 ACCOMMODATION AND DISABILITY NOTIFICATION

The company is committed to providing equal employment opportunities to otherwise qualified individuals with disabilities, which may include providing reasonable accommodations where appropriate. In general, it is the responsibility of the Employee or applicant to request a specific accommodation. Under Michigan law, disabled employees who feel an accommodation is needed to perform a job must notify Human Resources in writing of the need for accommodation within 182 days after the date the employee knew or reasonably should have known that an accommodation was needed. The company will make accommodations that do not pose an undue hardship. The company will comply with any applicable federal and state laws regarding accommodation.

2.4 IMMIGRATION ON COMPLIANCE

The company will not knowingly hire or continue to employ anyone who does not have the legal right to work in the United States. As an ongoing condition of employment, you will be required to provide documentation verifying your identity and legal authority to work in the United States.

SECTION 3

**Asking for Guidance
and Voicing Concerns**



3. ASKING FOR GUIDANCE AND VOICING CONCERNS

At Lume, every employee has the right to discuss with management any matter concerning their employment. The company operates under an "open door policy", which means that any employee may consult with any member of executive management or Human Resources by sending them an email and requesting an appointment. Our open-door policy guarantees that employee concerns be heard, considered and answered without fear of reprisal. Whenever possible the employee should attempt to resolve such matters with their immediate manager first. If the employee's issue is with their immediate manager, then the employee should approach a higher level of management or Human Resources. It is important to realize that employees will not be penalized in any way for approaching a manager at any level while taking advantage of this open-door policy.

Problems or questions may arise in the normal operation of any company. Rumors and innuendos often float around, and they may cause misunderstandings. In most instances, a manager will be able to give a prompt answer to employee questions and will assist in solving problems. However, a manager can only help if employees make their problems known. Should an employee feel that they are treated unfairly, that a problem is not being handled properly, or if they need a question answered, all employees are encouraged to promptly make use of the following policy:

Step 1: Should a problem arise, we urge employees to have a frank and professional discussion with their manager immediately before it affects their work, or perhaps upsets others. Managers have a responsibility to both their employees and the company to promptly solve problems as they arise; however, without employee's help, managers may not even be aware that an issue exists.

Step 2: If an employee wishes to appeal the decision made, to seek further clarification or to discuss matters of concern involving their manager, they should request a meeting with executive management. They will promptly investigate the matter and provide an answer or seek assistance and input from the next level of management.

Step 3: If an employee has made the previously mentioned efforts to resolve their concern and still feel it is unresolved, or if the nature of the concern is such that they do not want to disclose it in their own department or location, they should promptly contact Human Resources or any member of executive management. An independent review will be conducted. A written, final and binding decision will be issued.

3.1 ANTI-RETALIATION

Lume will not initiate adverse employment action and will not tolerate any such adverse employment action or retaliation by management or any other person or group, directly or indirectly, against anyone who makes a complaint, or reports an act of wrongdoing, complaint or concern OR who provides assistance to management, or any other person or group, including any governmental, regulatory or law enforcement body investigating acts of wrongdoing, complaints and concerns. We are committed to helping our employees with any problem or concern that they might have and urge employees to make use of the above procedure in a timely fashion. Please let someone in management know about any problem.

3.2 GOOD FAITH AND FALSE CLAIMS

The company takes all reports seriously and will investigate all alleged violations of company policies. Therefore, employees are expected to bring violations to the company's attention in good faith. **Good faith means that the employee has a sincerely held belief, even if erroneous, that the policy has been violated. The employee making the complaint is expected to cooperate in the investigation process.**

3.3 ETHICS CODE

Lume will conduct business honestly and ethically wherever operations are maintained. We strive to improve the quality of our services, products, and operations and will maintain a reputation for honesty, fairness, respect, responsibility, integrity, trust, and sound business judgment. Our managers and employees are expected to adhere to high standards of business and personal integrity as a representation of our business practices, at all times consistent with their duty of loyalty to the company.

We expect that officers, executive management, and employees will not knowingly misrepresent the company and will not speak on behalf of the Company unless specifically authorized. The confidentiality of trade secrets, proprietary information, and similar confidential commercially-sensitive information (i.e. financial or sales records/reports, marketing or business strategies/plans, product development, customer lists, patents, trademarks, etc.) about the Company or operations, or that of our customers or partners, is to be treated with discretion and only disseminated on a need-to-know basis (see policies relating to privacy).

Violation of the Code of Ethics can result in discipline, up to and including termination of employment. The degree of discipline imposed may be influenced by the existence of voluntary disclosure of any ethical violation and whether or not the violator cooperated in any subsequent investigation.

SECTION 4

Benefits



4. BENEFITS

4.1 401(K) PLAN - Updated 7/15/22

Retirement looks different for everyone. No matter what your goals are, you must plan ahead to get there. Lume offers eligible employees the opportunity to help make their retirement financially secure by participating in a qualified, company sponsored 401(k) savings plan. Contributing to the 401(k) is not just smart, it's a great deal. Retirement accounts are designed with specific tax advantages to help your money go further.

Lume offers a traditional 401(k) plan, in which eligible employees can contribute to their 401(k) savings plan with pre-tax money. With the traditional 401k plan, payroll deductions come out of the employee's gross income and taxes are due only when the money is withdrawn from the account. All eligible employees will be auto enrolled into the traditional 401(k) plan at 4%, on the first of the month following 90 days of employment, with an auto increase of 1% up to a maximum of 10%, which occurs each January 1 after one year of service.

Lume also offers a Roth 401(k) plan, which is an employer-sponsored retirement savings account that is funded using after-tax dollars. This means that income tax is paid immediately on the earnings that the employee deducts from each paycheck and deposits into the account. Withdrawals from the account are tax-free upon retirement.

Employees are 100% vested on day one in the traditional and Roth 401(k) plans, meaning that all of the money that is put into the account belongs to the employee. Changes to contribution amounts can take up to two (2) pay periods to go into effect. Contact PCS Retirement with questions, or to create your account at (888) 621-5491.

The eligibility requirements are as follows:

Have completed (90) day probationary period.
Full-time employee.

This benefit, as well as other benefits, may be canceled or changed at the discretion of the Company, unless otherwise required by law. To the extent the terms and conditions of applicable retirement plan documents conflict with any policy included in this Employee Handbook, the plan documents supersede this Handbook.

4.2 HEALTH DENTAL & VISION INSURANCE

All regular full-time employees who have completed (60) days of employment at Lume are eligible for the Company health, dental & vision plan, on the 1st of the month following 60 days of employment. Health, Dental and Vision plan benefits are described in detail in the Summary Plan Description (SPD) which can be found in Wurk.

4.3 DISABILITY INSURANCE

Lume provides employees with disability income protection when they miss work due to non-work-related disabilities. The terms and conditions for the disability insurance program are outlined in the Summary of Plan Benefits. Contact Human Resources for a copy of the plan provisions and for any questions about the benefit.

4.4 VOLUNTARY BENEFITS

Lume offers a variety of voluntary fringe benefits to all eligible full-time employees on the first of the month following 60 days of employment. Benefits are described in detail in the Summary Plan Description (SPD) and Benefits Guide located in Wurk and may be obtained from the Human Resources Department. Your group health benefits are paid by you through deductions from your paycheck.

Benefits may be canceled or changed at the discretion of the Company, unless otherwise prohibited by law.

4.5 HOLIDAY PAID TIME OFF

All full-time employees are eligible, provided they have completely worked their full scheduled day before and after the holiday. Employees are not eligible for holiday pay if the holiday occurs during any of the following events:

- an approved leave of absence, including FMLA.
- a suspension without pay.
- a period in which the employee is receiving disability income.
- a period in which the Employee is receiving workers compensation benefits.
- the employee does not work on the holiday AND does not work their full scheduled day before and after the holiday for any reason.

Part-time hourly employees are eligible for double time pay for hours worked on a holiday, however, are not eligible for holiday pay if they do not work on a holiday.

4.6 RECOGNIZED HOLIDAYS

The company recognizes (7) holidays and based on business needs reserve the right to change currently closed and/or open holidays. On open holidays, hourly employees will be paid double-time (2x your hourly rate) for hours worked. On closed holidays that fall on a workday, and open holidays that an employee is not scheduled to work holiday (8) hours, the employee will be paid at the employee's regular rate of pay according to the eligibility requirements above.

Company Recognized Holidays: New Year's Day, Easter Day, Memorial Day, Independence Day, Labor Day Thanksgiving Day, Christmas Day

4.7 ORIENTATION PERIOD

Lume has an orientation period for new employees. This orientation period is the first ninety (90) days of employment. During this period, the employee's manager will assist in learning how to perform their job successfully. The manager will closely evaluate the employee's work habits and abilities during this period and will regularly give performance feedback. Should an employee have any work-related questions, their manager will be available to answer them.

Although the company hopes that all employees will be successful here, the orientation period does not alter the at-will nature of employment, and either the employee or the company may terminate employment during or after the orientation period, with or without cause or notice. Likewise, successful completion of the orientation period does not guarantee a job for any length of time or in any way change the at-will employment relationship with the company.

4.8 CONTINUING EDUCATION AND TRAINING

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

4.9 EMPLOYEE DISCOUNT

We offer this discount to encourage our employees to buy the products that we sell within our Retail Stores. We want employees to enjoy it, to feel a sense of pride and ownership, as well as share that enthusiasm with their family and friends.

All Lume employees 21 & up are eligible to receive the employee discounts as follows:

- 40% off the purchase of all products and merchandise, unless otherwise stated.
- Not eligible on sale or promo items.
- If employee wants to purchase a sale item, the 40% discount is deducted from the original retail price.

Please note the following:

- The Employee Purchase & Discount Policy is available to active Lume employees only and should be verified by management.

- Employee purchases are intended solely for personal use and are not allowed for re-sale.
- The total purchase amount to be discounted should not exceed \$200 per day pre-tax. Ex:
 - o Ex: \$200 total price - 40% off = \$120 (\$80 total savings)
- The employee discount cannot be bundled with any other deals or specials.

Employees are eligible to earn loyalty points for purchases, and employee discounts will also apply when redeeming rewards. Employees will build their orders online and must be checked out by the manager on duty. Every order MUST be checked at completion of transaction at the P.O.S. counter and immediately placed into employee's vehicle.

Human Resources and Lume Management should be notified of misuse, or other issues relating to the discount program. Violation of this policy could result in immediate termination.

4.10 EMPLOYEE PURCHASE POLICY

State regulations requires that all employees to be treated as patients when making purchases from the stores, it is against the law, as well as company policy to make a purchase for someone else, even another employee. If someone is found making a purchase for someone else, we must report all violations to the MRA in order to not lose our license. All employee purchases must adhere to the following guidelines:

Step 1:

- Employees should clock out before purchasing product from the Retail Store.
 - o This can be done before or after an opening shift, on breaks, or on a scheduled day off.

Step 2:

- Employees must enter the reception area and sign consent with procedures for a typical patient/customer.
- Employee will present receptionist with their Medical Marijuana Card (for medical purchases) and state issued ID (Adult Use).
- Wait until a Luminary is available and be allowed back to the sales floor to make a purchase.

- Employee purchases must not exceed the legal purchase limit which is 2.5oz or 15 grams of concentrates per transaction.

Step 3:

- Employees must adhere to the same terms of agreement as patients. If product is purchased on a break or before a shift, employees must keep exit bags sealed until they leave company property for the day, employees cannot consume the products on company property, or time.

4.11 VACATION AND FLOATING HOLIDAY

The company believes that its employees are the key to what makes a great company. While work makes up a large portion of an employee's life, we believe that a balance between work and play is essential in maintaining quality performance and a fun atmosphere in which we work. To help foster this idea, the company has a paid vacation plan.

Eligibility and Vacation Accrual:

Except for full-time employees hired during calendar year 2025, full-time employees are eligible for paid vacation, beginning on day 1 of their employment. Vacation resets on the 1st of the calendar year. Employees who transfer from part-time to full-time will be granted vacation hours based on their hire date.

On January 1, 2025, vacation will be granted according to the following schedule:

| Years of Service | Vacation Hours Per Year | Weeks Per Year |
|-------------------------|--------------------------------|-----------------------|
| 1- 3 Years | 60 | 1.5 |
| 3+ Years | 80 | 2 |

In addition to the above vacation hours, employees may carry over up to 40 hours of awarded, unused vacation from calendar year 2024 to the following year. Employees will be awarded vacation according to the year of service that they will obtain during calendar year 2025 (e.g., If an hourly employee is hired in June of 2024, the employee will receive a minimum of 60 hours of vacation on January 1, 2025). Employees hired during calendar year 2025 are ineligible to be awarded vacation. Lume allows employees to carryover up to 40 hours of vacation from calendar year 2025 to calendar year 2026, all other unused hours will be lost and will not be paid out. Carryover vacation will be lost if it is unused by December 31, 2026.

Effective January 1, 2026, and on January 1 of each calendar year thereafter, eligible employees (including employees hired during calendar year 2025) will accrue vacation on an hourly basis according to the following schedule:

| Years of Service | Vacation Accrual Rate/Hour Worked | Maximum Vacation Hours/Year | Maximum Vacation Weeks/Year |
|------------------|-----------------------------------|-----------------------------|-----------------------------|
| 0 – 1 Years | 0.019 | 40 | 1 |
| 1 - 3 Years | 0.029 | 60 | 1.5 |
| 3+ Years | 0.038 | 80 | 2 |

For accrual purposes, “hour worked” means hours actually worked. Lume will allow employees to carryover up to 40 hours of vacation from one calendar year to another, all other unused hours will be lost and will not be paid out. Carryover vacation will be lost if it is unused by December 31 of the calendar year following the year in which the carryover vacation was accrued.

Request: All employees must submit their request for vacation to their manager via the HCM system Wurk, if two or more employees ask for the same vacation dates and it interferes with work schedules, then the first employee who turned in their request, regardless of time of service. Under most circumstances, tentative vacation dates should be requested at least two weeks prior to the time off; however, you must submit any request for vacation a minimum of 2 weeks in advance. Vacation time will only be paid for scheduled hours or days not worked and cannot be added to timecards to increase an employee's paycheck.

Approval: Requested time off for vacation must be taken in half-day increments. For a partial day worked, vacation hours may be requested for approval, with the total of the two not to exceed the scheduled number of hours in one day. Employees must have enough hours to cover the entire shift or portion of the shift that they will be missing. Management has the final decision in approving the vacation date for any employee to assure that the routine of business operations will not be disturbed. Specific dates may be "blacked out" for certain employees based on seasonal demands of the business.

Separation of Employment: Vacation will not be paid out at the time of termination and any unused vacation will be forfeited. Vacation cannot be used during the time worked after an employee gives their resignation.

Floating Holiday: A floating holiday is a day off that employees can take at their discretion, subject to manager approval, to participate in charitable pursuits or community events, or to observe a personal or cultural event not covered by the organization's standard holidays. Employees are encouraged to communicate their specific needs with their supervisors when requesting floating holidays.

All regular full-time and part-time employees (excluding seasonal employees) are eligible for floating holidays in accordance with the terms outlined in the organization's employment contracts or employee handbook.

Employees will be allocated a specified number of floating holidays per calendar year. Prorated by date of hire.

- Full Time: 8 hours (if hired before July 1st) / 4 hours (if hired on or after July 1st)
- Part Time: 4 hours (if hired before July 1st)
- Seasonal: Not eligible

Employees will be paid their regular base pay for approved floating holidays. Additional compensation such as bonuses or commissions are not applicable during floating holidays. Floating Holidays do not count toward time worked for overtime calculations.

Scheduling and Approval:

- Employees are required to request approval at least two weeks (14 days) in advance of the event.
- Approval is subject to business needs and staffing requirements, and supervisors may consider the order of requests if multiple employees request the same day.
- Time Use – Must be used in increments of 8 and/or 4 hours.

Unused floating holidays will not be carried over to the next calendar year and are not paid out upon termination of employment. Employees may be required to provide documentation (e.g., cultural, or religious event information) when requesting a floating holiday, as specified in the organization's policies. Repeated abuse or misuse of floating holidays may result in disciplinary action. This includes unauthorized use or falsification of information related to floating holidays.

4.12 EMPLOYEE TRANSFERS & PROMOTIONS

Employees are eligible for promotion after completing their 90-day probationary period, or at their manager's discretion. If an employee is promoted into a new role, or transfers to a different location, they must stay in the new position or location for a minimum of 90 days before they are eligible to apply to other positions or transfer to another location, some exceptions may apply. We will promote employees based on their performance and workplace conduct.

Acceptable criteria for promotion are but not limited to:

- Experience in the job or tenure
- High performance feedback
- Below a written corrective action for attendance and performance
- Skillset that matches the minimum requirements of the new role

These criteria reflect the bigger picture of an employee's work. Managers should avoid making decisions for promotion based on insignificant and undocumented events.

In accordance with our company policies, we will not tolerate promotions that are based on:

- Managers 'subjective opinions unsupported by performance feedback or metrics
- Protected Characteristics

- Fraternization
- Favoritism
- Nepotism

SECTION 5

**Wage &
Hour Policies**



5. WAGE & HOUR POLICIES

Work Week: Each employee has scheduled work hours consistent with our business hours at their specific location; for example, the Cultivation is a 24-hour operation.

Pay Day: Employees will be paid bi-weekly on Friday for the prior two weeks according to our payroll schedule. Lume strives to pay their employees on-time, however, an occasional delay may be caused by holiday pay weeks or technical and logistical difficulties beyond the control of Human Resources. We encourage employees to take advantage of direct deposit.

Paycheck Errors: We do our best, but occasionally errors happen, employees should examine their pay each payday. If there is an error of overpayment, we will provide an explanation of the deduction that will be taken to correct the error at least one pay period before correction occurs. The error will begin to be corrected the next pay period following discovery of the error.

If an employee finds an error, they are expected to report it to Human Resources immediately. The employee should receive a response from Human Resources within one (1) business day of notification.

Employees who discover that they have not received their paycheck deposited into their bank account should notify the Human Resources Department. The Human Resources Department will research the situation and if necessary, put a stop payment on the lost check and issue a new paycheck to the employee. Due to the process that must be followed, if the employee made an error, replacement checks may take up to five (5) business days to be issued.

Complaints will be promptly investigated, and any errors discovered through this complaint procedure will be promptly corrected, including reimbursing the complaining Employees for any errors made, as required by the law. Lume will also take steps to avoid such errors from being made in the future. No retaliation will occur against employees who in good faith raise concerns under this policy.

5.1 DIRECT DEPOSIT

Direct deposit eliminates the risk of lost or delayed paychecks, the expense of check cashing fees, and the burden of traveling to banks and waiting in lines. A portion of each paycheck can be deposited into as many as six (6) accounts if an employee elects to do so. There is no charge to employees for this service. Pay statements are available online and through the mobile application. Any direct deposit enrollments or changes typically take effect within two (2) pay periods.

5.2 TRAVEL & MILEAGE POLICY

Employees who have work assignments (or who are required to attend company functions) that require extensive driving more than 45 miles one way, are eligible to be reimbursed for their mileage, for the distance to their assigned work location, or from their assigned work location the lesser of the two. Please refer to the travel policy document for further explanation.

5.3 ATTENDANCE

Chronic tardiness will not be tolerated and will result in disciplinary action. Each employee is expected to be on time, ready for work, and to work their scheduled hours. If for any reason an employee is unable to work or to arrive on time, they must contact their manager at least two hours prior to their shift so that the shift duties can be covered.

Attendance Policy - Hourly Employees: Regular and prompt attendance is essential to the efficient operation of Lume. Excessive unexcused absenteeism and tardiness causes serious and costly issues in the workplace. Corrective action is necessary in instances where an employee fails to adhere to Lume's reasonable attendance standards. Hourly employee's time records must be recorded accurately and will be maintained in the Human Capital Management (HCM) System.

Nothing in this policy, however, should be construed to be inconsistent with Lume's obligations under the Family and Medical Leave Act, the Americans with Disabilities Act, the Persons with Disabilities Civil Rights Act, the Michigan Paid Medical Leave Act or other applicable laws or regulations. Lume recognizes its obligations under the law and is committed to ensuring compliance with these obligations.

Punching in and Out: It is the responsibility of hourly employees to punch in at the beginning of their scheduled shift, or following their return from any meal period, and to punch out at the end of their scheduled shift, or when they begin a meal period. Employees must never work off the clock.

Employees are not permitted to punch in to begin work more than (5) minutes prior to their scheduled work time, unless otherwise approved by management. Violations of Lume's punching rules will result in Corrective Action up to and including termination.

Rest and Lunch Period: Subject to management discretion and feasibility, employees will receive a single paid 15-minute break after working four (4) consecutive hours. After six (6) consecutive hours employees will receive one 15-minute paid break and an unpaid lunch. After eight (8) consecutive working hours employees will receive two 15-minute paid breaks and a minimum of a 30-minute unpaid lunch. Breaks will be designated by the manager as the daily schedule and situations allow. Employees should take their breaks in the break room, lunchroom, or off the premises, which includes being in their vehicles. Returning late from breaks or lunch will result in a tardy or further disciplinary action. 15-minute breaks are not allowed to be taken in the form of smaller, multiple breaks.

Working Off the Clock: No manager is permitted to request, require, or condone an employee to work while the employee is off the clock. Both working off the clock and condoning work off the clock are violations of Lume's policies. Employees should not be clocked in while leaving company property at any time. Any employee who works off the clock or condones work off the clock will be subject to discipline up to and including termination.

5.4 ABSENCE

An absence is a failure to appear for a scheduled shift or working less than 50% of a scheduled shift regardless of whether the employee arrives after their scheduled shift starts or leaves work before the end of their scheduled shift. The employee must use vacation or sick time to cover all absences, if vacation and sick time are exhausted the absences will be unpaid.

Note: Cultivation team members MUST use the attendance line when calling off at 231-202-2327.

Excused absence occurs when the following conditions are met:

- The employee notifies his or her manager at least 2 hours in advance of the absence AND
- The employee has sufficient vacation available to cover the absence.

OR

- A personal unpaid leave of absences is requested and approved by the employee's leader and Human Resources (see Section 15 of the Employee Handbook for further details).

Unexcused absences occur when the above conditions are not met. If it is necessary for an employee to be absent or late for work for any reason, the employee must notify his or her manager no later than two hours before the employee's scheduled starting time on that same day. If the employee is unable to call, he or she must have someone else make the call for them. Failure to call the attendance line for cultivation or notify his or her manager for all others, two hours before the scheduled starting time, will result in an unexcused absence.

Lume will attempt to honor any request to be absent, away from work, or otherwise not scheduled for a particular date or period, which is made at least two weeks in advance, or otherwise approved by Management and/or Human Resources. Lume reserves the right to deny any such requests depending on its business needs.

5.5 TARDY

Any occurrence of an employee "punching in" more than five minutes after their scheduled start time will be recorded as a tardy.

In addition, employees who work more than 50% of their scheduled shift, but less than 100% of their scheduled shift will receive an unapproved early out occurrence, unless they leave early at the request of their manager.

5.6 SWAPPING SHIFTS (RETAIL STORES ONLY)

An employee may swap a shift or find another employee at their store to take their scheduled shift for them as long as it is approved by management in advance. The posted schedule is to be changed by management to reflect who is responsible for working the shift that was mutually agreed upon. After approved, the employee taking the shift is responsible to adhere to this schedule. The employee who agreed to take the shift will be held to the same attendance standards and a point will be charged for an absence and a 1/2 point will be charged for a tardy.

5.7 OVERTIME

Non-exempt Employees under The Fair Labor Standards Act are eligible for overtime for all hours worked in the excess of 40 in any work week. Lume will give the employee as much notice as possible

when overtime will be mandated. Lume reserves the right to make overtime mandatory if the situation requires. If an employee works overtime hours without approval from their manager, the overtime must be paid, but the employee will be subject to disciplinary action.

Overtime is paid at the rate of one-and-one-half times your regular hourly rate of pay. Only hours actually worked are counted in determining if you are entitled to overtime pay. Vacation, Sick, Jury Duty, Bereavement and Holiday time are not included in calculating overtime.

Exempt Personnel: If you are classified as exempt at the time of your hiring, you are not eligible for overtime pay as otherwise required by federal, state, or local laws. If you have a question regarding whether you are exempt or non-exempt, contact Human Resources for clarification.

Hourly and salaried non-exempt employees should not: begin working before your normal starting time, work through your lunch period or other unpaid breaks, or continue working after your normal quitting time without getting your manager's approval. Exempt employees will not receive overtime pay when working more than forty hours in a workweek.

It is Lume's intent to comply with its overtime obligations under federal and state law. Any employee who believes that this policy has otherwise not been followed, must notify Human Resources as soon as possible. Complaints will be promptly investigated, and any errors discovered through this complaint procedure will be promptly corrected, including reimbursing the complaining employee for any errors made, as required by the law. The company will also take steps to avoid such errors from being made in the future. No retaliation will occur against employees who in good faith raise concerns under this policy.

5.8 TIME RECORDS

If an employee forgets to punch in or out or makes an error on their timecard, the discrepancy should immediately be brought to the attention of the manager for correction. Employees are not allowed to punch in and out for other employees. Time records must be approved by a manager at the end of each pay period. Hourly employees are not to punch in until their personal belongings have been put away and they are ready to start their shift. Hourly employees are paid from punch in until punch out. Managers may not adjust an employee's punch in or out without discussing it with the employee and making a note on the employee's timecard for that day with the reason as to why the adjustment was made. Any falsification of a time record including punching in for another employee or altering without proper notification will result in disciplinary action up to and including termination.

5.9 TIME AND ATTENDANCE CORRECTIVE ACTION GUIDELINES – HOURLY EMPLOYEES

All points are automatically recorded based on deviation from your schedule and your timecard. The manager will meet with the employee to discuss the status of their attendance each time a tardy or absence occurs and will do so in writing when a Documented Discussion, Warning or Final Warning is issued. Corrective Action notices, once signed by the manager and discussed with the employee, become a part of the employee's file. Attendance points will fall off 6 months from the date of the occurrence.

In a rolling six-month period from the date of the first point, hourly employees will be disciplined according to the following schedule which allows a total of 6.5 points - absences and tardiness combined -before termination on the 7th point, termination can occur on the 2nd point for employees in their 90 Day probationary period.

| POINTS - ABSENCES AND TARDIES | |
|-------------------------------|-----------------------|
| Points | Corrective Action |
| 1st | Employee coaching |
| 2nd | Documented Discussion |
| 3rd | Employee coaching |
| 4th | Written Warning |
| 5th | Employee coaching |
| 6th | Final Warning |
| 7th | Termination |

Corrective Action: The Lume Time and Attendance system is established to achieve consistency and fairness in evaluating and holding employees accountable. This is a progressive system based on the recording of "points", including absences and tardiness. A no call no show constitutes as 2 points, an absence constitutes 1 point and a tardy constitutes a 1/2 point. Employees are notified each time they incur a point. The existence of the Lume Time and Attendance Corrective Action system does not alter the at-will relationship of an employee's employment.

| ATTENDANCE POINT SCHEDULE | |
|---------------------------|-------------------|
| Points | Corrective Action |
| 2 | No Call No Show |
| 1 | Absence |
| 0.5 | Leave Early |
| 0.5 | Tardy |

5.10 JOB ABANDONMENT

If an employee is absent for 2 consecutive days of scheduled work without contacting their Manager or Human Resources, and the employee has not been approved for additional leave of absence or other reasonable accommodation as required by law, then their employment will be terminated and recorded as a voluntary quit without notice (job abandonment).

SECTION 6

**Attitude,
Appearance & Dress**



6. ATTITUDE, APPEARANCE & DRESS

Employees contribute to the culture and reputation of Lume in the way they present themselves. A professional appearance is essential to a favorable impression with coworkers and customers. Good grooming and appropriate dress reflect Employee pride and ensures a safe working environment. There is a wide range of behaviors exhibited by employees that can create risks for other individuals and the organization; therefore, rude, offensive, and insubordinate behavior to coworkers and customers will not be tolerated, and is subject to disciplinary action up to, and including termination.

Retail Dress Code: The company provides long and short sleeve collared polos and all Lume branded shirts, sweaters, jackets, and vests are permissible for wear. Lume shirts should be worn under outwear (i.e. Jackets and Vests). Employees should wear dark blue, grey, or black jeans with no rips or tears, slacks and khakis are also acceptable. Only Lume branded hats are allowed to be worn. Employees may also wear solid colored head coverings. Shorts, dresses, skirts, yoga pants or other athletic attire are not permitted. Employees will also receive an ID badge and key fob, which they will always be required to wear while on company property. These items can be worn on a lanyard so long as the lanyard does not contain profanity or other obscenities and bring no safety risk to the employee or the company. Employees are also required to wear a name tag on their outermost layer while working in store. Curbside employees are encouraged to wear Lume branded rain ponchos, or lightweight vests, as weather permits on personal winter coat or jacket. These Lume branded apparel items will be provided by management when weather changes. Employees can wear winter boots in snowy conditions and from Memorial Day to Labor Day, company approved shorts may be worn. During business hours or when representing the company, employees are expected to present a clean, neat, and tasteful appearance. All uniforms must be clean, stain-free, and nicely pressed. Wrinkled shirts and pants are unprofessional and will not be tolerated. It is the employee's responsibility to communicate with their manager to change their uniform if their uniform is soiled while at work. Employees are expected to wear close-toed dark colored nonpatterned gym shoes or dress shoes. Flip-flops, Birkenstocks, sandals, open-toed shoes, Crocs, and heels are prohibited.

Cultivation Dress Code: The company provides color coded scrubs; employees must change into a fresh scrub set upon the start of their shift in the appropriate dressing/locker room. Employees who engage in cultivation activities will be reimbursed for the purchase of their first pair of approved work shoes up to \$100.00, employees must provide Human Resources with a copy of their receipt. Cultivation employees please refer to the Personal Hygiene Standard Operating Procedures for more details regarding requirements and precautions we take at your facility. Crocs are allowed in the vegetation rooms. Employees will also receive an ID badge and key fob, which they will always be required to wear while on company property.

Unacceptable attire includes, but is not limited to: Sweatpants, shorts, and workout attire including; cutoffs; beach attire; halter, spaghetti strap or tank tops; dresses or skirts that are excessively short; clothes that are too tight, too small, sheer unless a camisole tank top is worn with it, or clothing that otherwise is revealing, distracting, or provocative; flip-flops, crocs, beach shoes or slippers.

Visible, non-offensive tattoos are allowed as long as they contain no profanity or other obscenities and are generally tasteful in nature. Jewelry and/or piercing(s) can only be worn if they bring no safety risk to the employee or the company. They must be limited in number and size. If ears are gauged, they must be plugged. Management may make exceptions for special occasions.

An employee unsure of what is appropriate should check with management or Human Resources.

Lume recognizes the importance of individually held religious beliefs to persons within its workforce and will make the appropriate accommodation unless it creates an undue hardship. Employees requesting a workplace attire accommodation based on religious beliefs should be referred to Human Resources.

SECTION 7

**State-Mandated
Employee Requirements**



7. STATE-MANDATED EMPLOYEE REQUIREMENTS

All employees must adhere to any and all rules and regulations set forth by the State of Michigan concerning the use, possession, sale and distribution of marijuana including but not limited to The Medical Facilities Licensing Act, the Michigan Marihuana Association, and the Bureau of Medical Marihuana Regulations.

Employees must abide by these requirements:

- The State mandated legal age requirement to work for the company is 21 years of age.
- Submit to a pre-employment criminal history background check and immediately report any new or pending criminal charges to the company during their employment;
 - o It is the responsibility of the employee to provide the company with all known aliases for the purposes of the pre-employment criminal history background check. Failure to do so may result in disciplinary action, up to and including termination
- If an applicant has a pending charge or conviction within the past 10 years for a controlled- substance felony, the applicant cannot be hired without written permission from the Marihuana Regulatory Agency
- Monitor and prevent underage access to the company's products;
- With respect to employees who engage in cultivation activities, such employees must also:
- Refrain from participating in any marijuana grow operations outside of their employment with the company and sign a written acknowledgment indicating their abstention from any such activities;
- Sign a written acknowledgment stating that they are not licensed caregivers under any applicable state statute.

Any sort of theft, loss, or criminal activity pertaining to a marijuana product must be reported to the state by Lume Cannabis Co. within 24 hours. Failure to notify as required may result in a sanction and/or fine. Employees must also report any new or pending criminal charges or convictions. If an employee is charged with or convicted of a controlled substance-related felony or any other felony, the licensee shall immediately report the charge or conviction to the agency. If an employee of a licensee under the MRTMA is convicted of an offense involving distribution of a controlled substance to a minor, the licensee shall immediately report the conviction to the agency.

- o If you notice any of these actions, report it immediately to your Manager.
- Inspections and/or audits may be done by Investigators, Agents, Auditors or State Police at any time to ensure that we are being compliant.

- When any of these individuals here and witness one of our employees being out of compliance, they have the authority to eject you from the premises.
- We must make sure that the handling of all marijuana products is done in compliance with the current good manufacturing practice

Per the Cannabis Regulatory Agency (CRA): A licensee shall comply with all of the following: (a) Have a policy in place that requires employees to report any new or pending criminal charges or convictions. If an employee is charged with or convicted of a controlled substance-related felony or any other felony, the licensee shall immediately report the charge or conviction to the agency. If an employee of a licensee under the MRTMA is convicted of an offense involving distribution of a controlled substance to a minor, the licensee shall immediately report the conviction to the agency.

Cultivation Policy (not mandated by the state):

- Employees cannot work at or be involved with another cultivation of any kind. This includes gardens, nurseries, and farms for anything other than personal/home use. However, being at or around a cannabis cultivation of any kind is strictly prohibited, including home cannabis cultivations.

It is important to note that some pests and pathogens that are detrimental to the health of marijuana plants also live and thrive on many other species of plant. Many of these pests and pathogens are easily transmissible by clinging to the body, clothing, and/or shoes when in close proximity to fruiting or flowering plants. It is essential to be cognizant of this fact and make necessary precautions to mitigate the risk of cross contamination. Necessary precautions include limiting exposure to fruiting and flowering plants as well as showering and wearing clean, unsoiled clothes before arriving at the facility. Additional information can be found in the Personal Hygiene and Cleanliness Operating Procedure.

Violation of any rule, regulation or state-mandated conduct standard will be grounds for immediate termination.

SECTION 8

**Alcohol & Drug Free
Workplace**



8. ALCOHOL & DRUG FREE WORKPLACE

The company recognizes the importance of maintaining a safe, efficient work environment for its employees. Employees working under the influence of alcohol, marijuana, or drugs present a safety hazard to themselves, other employees, and the general public. For this reason, reporting to work, on company business, while on company time including paid or unpaid meal breaks or rest periods, or otherwise being on company property, including parking lots and company-leased vehicles, under the influence of alcohol, marijuana, illegal drugs or legally prescribed drugs not being used as prescribed is strictly prohibited.

Indeed, the following are strictly prohibited and may result in disciplinary action, up to and including termination:

- Reporting to work or working under the influence of alcohol, marijuana, drugs, or any controlled substances;
- The unauthorized use, possession, distribution or attempted distribution, dispensing, manufacturing, or trafficking of alcohol, marijuana, drugs, or controlled substances in any amount or in any manner;
- The unauthorized use, in any way, of property, equipment or the employee's position within the company to make or traffic alcohol, marijuana, drugs, or controlled substances;
- The unauthorized use, possession, or trafficking of marijuana, or drugs off the work site by an employee.
- Exchange (receipt or distribution) on company property between employees of illegal or recreational intoxicants for barter or the exchange (receipt or distribution) on company property between employees of cannabis products categorized as "samples".
- Conviction of a misdemeanor or felony charge for violation of any controlled substance law including, but not limited to illegally buying, dispensing, distributing, manufacturing, possessing, selling, or using controlled substances or drug paraphernalia under federal, state, or local law. Employees must disclose any criminal drug statute charge and/or conviction.

These activities are prohibited on company-owned or leased property, when driving company-owned or leased vehicles, or during working hours or while on the property of any customer during working hours while conducting business or representing the company.

The company authorizes employees to use, possess, distribute, manufacture, and traffic marijuana only to the extent such activities are for the sole purpose of operating the company's business and consistent with applicable laws, rules, and regulations. This policy shall not be interpreted as

permitting employees to violate any applicable state laws concerning the adult or medicinal use of marijuana.

Legal consumption of alcohol as explicitly permitted at company-sponsored functions is permitted in moderation provided such use does not result in an employee being under the influence of alcohol.

The company may require breath, hair, urine, saliva or blood testing of any employee in either of the following situations, in accordance with applicable state law.

8.1 REASONABLE SUSPICION

An employee whose behavior or appearance gives rise to a reasonable suspicion of substance or alcohol abuse. Such a suspicion may arise from these or other observations:

- Unexplained deterioration in job performance, attitude or personal appearance.
- An abnormal physical impairment such as slurring speech, inability to stand, or other evidence of impairment.
- A smell of alcohol on the employee's breath or the odor of marijuana or hashish on the employee's breath or clothing.
- Unexplained erratic behavior, confusion, poor coordination, slow reaction or depression.
- Involvement in a work site accident or near miss.
- Involvement in an accident with a vehicle being used for company business.
- Excessive or unexplained tardiness or absenteeism.

Accident or Near Miss: Near miss and post-accident drug/alcohol testing will be conducted when the testing could reasonably provide the company with insight as to the root causes of the near miss or accident.

Failure to adhere to any part of this policy may result in disciplinary action, up to and including termination.

Transportation to Testing Facility: Management will inform the employee of the method of transportation to the testing facility, which may be by a Lume management employee, a licensed commercial carrier, or other means as deemed appropriate by management. If necessary, the employee will subsequently be transported to a final destination determined by the employee and the manager. If the employee refuses to follow the transportation instructions, they will be immediately suspended without pay and the company will assume no liability for transportation or events related thereafter. Lume will inform local law enforcement authorities that public safety is at risk if an employee leaves the premises and attempts to drive. A management representative

must prepare and sign a written statement which includes all actions taken to encourage the employee to accept transportation. Reinstatement to their position will be determined after a complete investigation.

Waiting Period: While Lume is waiting for drug/alcohol testing results the employee will be suspended from work without pay. If reinstated, the employee will receive back pay for the suspension. If terminated, the employee does not receive back pay.

Confidentiality: Lume will maintain all drug/alcohol test results in confidence. The information will be kept in a confidential medical file, which will be maintained separately from the employee's personnel file. These medical files will be kept locked and secured, and access will be limited to certain authorized Managers in the company on a strict need-to-know basis. Under no circumstances will the results of a drug/alcohol test or information regarding the circumstances surrounding the test be discussed with individuals that do not have a work-related need to know.

Notification of Conviction Under Criminal Drug Statute: Employees must notify the Head of Human Resources within five (5) days if they are convicted of a criminal drug offense.

Prescription Drugs, or over-the-counter drugs: Any employee taking prescription drugs or over-the-counter medication is personally responsible for ensuring that, while taking such drugs or medication, they are not impaired while on company property or while engaged in company business. If the prescription drug that an employee must use is a controlled substance containing known side effects, then the employee must request the treating physician to provide a signed letter stating that the employee can safely perform the duties of the job despite the known side effects of that drug. The employee must submit this letter to Human Resources.

Condition of Employment / Penalty for Violation: Compliance with this Alcohol and Drug Free Workplace Policy is a condition of employment with Lume. Failure or refusal of an Employee to comply with the policy will be grounds for termination. Depending on the circumstances, other action, including notification of appropriate law enforcement agencies, may be taken against a violator of this policy.

8.2 INTERVENTION

Alcohol and drug abuse is a complex problem calling for specialized supervision and care. Don't help or enable a person who you think has an alcohol or drug abuse problem by making excuses for them, doing their work, or looking the other way. The problem does not go away on its own. Leave the treatment and counseling of persons with an abuse problem to the professionals- such as a physician, psychologist, or other persons with knowledge of abuse and clinical experience in the diagnosis and treatment of alcohol and drug related disorders. Encourage anyone who you suspect is in need of help to contact these authorities.

The effects of drugs and alcohol on health, work, and personal life: The list provided below are organizations that may be of assistance in an Employee's time of need:

1-800-729-6686: National Clearinghouse for Alcohol and Drug Information

1-800-554-KIDS: National Federation of Parents for Drug-Free Youth

1-800-622-2255: National Council on Alcoholism
1-800-262-2463: Cocaine Helpline

Reservation of Rights: Lume maintains the rights to interpret, change, rescind, or supplement this policy in whole or in part at any time. Contact Human Resources if further assistance is needed.

SECTION 9

Anti-Harassment



9. ANTI-HARASSMENT

Harassment is both illegal and against the policy of Lume for any employee, manager, customer or independent contractor to harass another on the basis of race, color, sex, sexual orientation, religion, national origin, age, height, weight, marital status, disability, military service or any other basis protected by state, federal or other applicable law.

If you believe you or another employee have been the subject of sexual or other unlawful harassment as defined in this policy by anyone who works at Lume, or a non-employee, such as a customer or vendor, you should immediately contact your manager, Human Resources or any management personnel with whom you feel most comfortable. An investigation of the complaint will be undertaken promptly and thoroughly. The Company will keep the substance of its investigation confidential while recognizing the need to conduct an effective investigation. If Lume, after appropriate investigation, finds that a nonemployee has sexually or otherwise unlawfully harassed an Employee, appropriate action will be taken. Employees who make a good-faith complaint or participate in an investigation under this policy will not be subject to retaliation.

9.1 SEXUAL HARASSMENT

Sexual harassment includes unwelcome sexual advances, requests for sexual favors or any other conduct of a sexual nature when: (1) submission to the conduct is made, either implicitly or explicitly, a condition of employment; (2) submission to or rejection of the conduct is used as the basis for an employment decision affecting the harassed employee; or (3) the harassment has the purpose or effect of unreasonably interfering with the employee's work performance or creating an environment that is intimidating, hostile or offensive to the employee.

You must exercise your own good judgment to avoid any conduct that may be perceived by others as harassment. The following conduct is a partial list of these behaviors:

- Unwanted sexual advances
- Offering employment benefits in exchange for sexual favors
- Making or threatening reprisals after a negative response to sexual advances
- Visual conduct: leering, making sexual gestures, displaying of sexually suggestive objects or pictures, cartoons or posters
- Verbal conduct: making or using derogatory comments, epithets, slurs and jokes.
- Verbal sexual advances or propositions
- Verbal abuse of a sexual nature, graphic verbal commentaries about an individual's body, sexually degrading words used to describe an individual, suggestive or obscene letters, notes or invitations.

- Physical conduct: touching, assaulting, impeding or blocking movements.

9.2 OTHER FORMS OF UNLAWFUL HARASSMENT

Unlawful harassment may also consist of workplace harassment of employees on the basis of race, color, religion, gender, national origin, age, height, weight, marital status, disability, genetic information, military service, sexual orientation, or any other basis protected by state, federal or other applicable law.

Harassment is verbal or physical conduct that degrades or shows hostility or dislike toward an individual because of a protected characteristic (or a protected characteristic of either relatives, friends or employees) and that: (a) has the purpose or effect of creating an intimidating, hostile, or offensive working environment; or (b) has the purpose or effect of unreasonably interfering with an individual's work performance.

Harassing conduct includes, but is not limited to, the following: (a) descriptions, slurs, negative stereotyping, or threatening, intimidating or hostile acts that relate to a protected characteristic; and (b) written or graphic material that degrades or shows hostility or dislike toward an individual or group because of a protected characteristic and that is placed on walls, bulletin boards, or elsewhere on the employer's premises or circulated in the workplace.

Penalty for Harassment: Any act found by Lume to constitute unlawful discrimination or harassment will result in disciplinary action, up to and including termination.

SECTION 10

Standards of Conduct



10. STANDARDS OF CONDUCT

The company requires a set of rules so that the group as a whole may operate smoothly and safely to accomplish its goals. When working for the company, any failure to adhere to high standards of conduct may affect the well-being of other employees or Customers. We require the cooperation of all employees in the observance of these rules. The following conduct may result in disciplinary action, up to and including termination (this list is provided for purposes of understanding and is non-exhaustive):

- Abuse, violence, intimidation, mistreatment, fighting, coercing or threatening of a customer or another employee or customer, whether physically or verbally
- Smoking outside of an authorized smoking area on company premises
- Unauthorized posting or removal of bulletins or notices
- Violation of the company's dress code
- Foul or abusive language regarding the any team member or customer
- Dishonesty or falsifying company records
- Being convicted of criminal conduct whether on the job or not, where the conduct underlying the conviction is job related and makes the employee unfit for the employee's job
- Unauthorized possession, sale and/or use of company inventory or products
- Violation of any and all safety rules
- Signing in or reporting time of arrival or time of departure for another employee, or requesting another employee to register time on a timecard or sheet other than your own
- Immoral, indecent, or disorderly conduct of any nature
- Possession of firearms or any other type of weapon while on company premises and/or while performing any duties within the course or scope of their employment, in accordance with applicable laws
- Violation of the company's Drug and Alcohol Policy
- Unauthorized possession of property belonging to the company
- Negligent or deliberate destruction of or misuse of property belonging to the company

- Solicitation and/or distribution of literature during working time.
- Unauthorized disclosure of Confidential Information
- Poor attitude or disrespect to other employees, the customers or visitors to Lume Cannabis Co.
- Damage, vandalism, or theft of property or services from a Customer, fellow employee, or the company
- Insubordination
- Accepting gratuities from suppliers, vendors, or Customers
- Willful violation of the IRS Cash Reporting rule
- Leaving work early or extending lunch without previous approval from your manager
- Refusal to submit to drug and alcohol testing in accordance with company policy
- Violation of the attendance and/or tardiness policy
- Improper cash handling

10.1 PROGRESSIVE BEHAVIORAL & PERFORMANCE DISCIPLINE

The company believes it is important to make sure that disciplinary actions are prompt, consistent, and impartial. The major purpose of a disciplinary action is to correct the problem, prevent it from happening again, and prepare the employee for satisfactory performance in the future. Outlined below are the steps of the company's progressive discipline policy and procedures. There may be situations and/or circumstances that justify one or more steps being bypassed or combined. Some of the factors that will be considered in carrying out the steps below are whether the offense is repeated despite coaching, counseling or training; the employee's work record; and the impact the conduct and performance issues have on the company.

Nothing in this policy provides any contractual right regarding employee discipline or counseling, nor should anything in this policy be read or construed as modifying or altering the at-will relationship between the company and its employees.

Step 1: Counseling and Verbal Warning

Step 1 creates an opportunity for an employee's manager to bring attention to the existing performance or conduct issue. The manager should discuss with the employee the nature of the problem or the violation of company policies and procedures. The manager is expected to clearly describe expectations and steps the employee must take to improve the employee's performance or resolve the problem. Following the discussion, the employee's manager will prepare written

documentation of the verbal counseling. The employee will be asked to sign this document to demonstrate the employee's understanding of the issues and the corrective action.

Step 2: Written Warning

Step 2 involves more formal documentation of the performance, conduct or attendance issues and consequences. During Step 2, an employee's manager will meet with the employee to review any additional incidents or information about the performance, conduct or attendance issues as well as any prior relevant corrective action plans. Management will outline the consequences for the employee's continued failure to meet performance or conduct expectations. The written warning may also include a statement indicating that the employee may be subject to additional discipline, up to and including termination, if immediate and sustained corrective action is not taken.

Step 3: Final Written Warning

Step 3 involves more formal documentation of the performance, conduct or attendance issues and consequences. During Step 3, an employee's manager will meet with the employee to review any additional incidents or information about the performance, conduct or attendance issues as well as any prior relevant corrective action plans. Management will outline the consequences for the employee's continued failure to meet performance or conduct expectations. This is the primary final action to be taken before an employee would be terminated from employment.

Step 4: Termination of Employment

The last and most serious step in the progressive discipline process is a recommendation to terminate employment. Generally, Lume will try to exercise the progressive nature of this policy by first providing warnings, issuing a final written warning or suspending the employee from the workplace before proceeding to terminating an employee's employment. However, the company reserves the right to combine and skip steps depending on the circumstances of each situation and the nature of the offense. Furthermore, employees may be terminated without prior notice or disciplinary action.

10.2 PERFORMANCE AND CONDUCT ISSUES NOT SUBJECT TO PROGRESSIVE DISCIPLINE

Behavior that is illegal or that puts the business at risk is not subject to progressive discipline and may result in immediate termination of employment. Such behavior may be reported to local law enforcement authorities. Similarly, theft, substance abuse, intoxication, fighting and other acts of violence at work are also may be grounds for immediate termination.

SECTION 11

**Safety &
Loss Prevention**



11. SAFETY & LOSS PREVENTION

11.1 BUSINESS CLOSURE AND EMERGENCIES

There may be times when emergencies such as severe weather, fires, or power failures disrupt normal business operations. If employees are sent home early due to such events, non-exempt employees will only be paid for hours worked that day. Such employees have the option to utilize available vacation to make up for the portion of their shift that they would have worked had they not been sent home due to an emergency closing.

11.2 GENERAL SAFETY POLICY

It is the responsibility of all Lume Cannabis Co. employees to maintain a healthy and safe work environment. Report all safety hazards and occupational illnesses or injuries to your managers as soon as reasonably possible and complete an occupational illness or injury incident form as needed. Failure to follow the Company health and safety rules may result in disciplinary action, up to and including termination of employment.

Worker's Compensation Investigation: Employee's must comply with a doctor's recommendation, and communication from Human Resources regarding reporting to work after an accident, or illness. If an employee decides to take time off during a Worker's Comp investigation (without a Doctor's Note) the absence will be treated like any other day off and the attendance policy will apply. Employee's must follow the call-off procedures or risk a No Call No Show.

Weapons Policy: In keeping with our goal to provide a safe and healthy workplace, the company prohibits the possession, use, or distribution of weapons of any kind on company property. Company property includes company -leased or -owned buildings, work areas, driveways, streets, sidewalks, or walkways, parking lots, or other parking areas.

All weapons are prohibited, including, without limitation, firearms, explosives, and concealed handguns regardless of whether the employee has been issued a license to carry the weapon, knives, mace, etc. We reserve the right to conduct searches for weapons in accordance with company policy.

11.3 CRISIS INTERVENTION

The company is concerned about the safety, health and welfare of our employees and thus has adopted this policy to minimize the risk of violence in our company.

Employees who notice that a co-worker is seriously or chronically angry, upset, moody or depressed are to inform their manager or a member of management of the situation immediately. Indications of a problem could be concentration problems, confusion, decreased productivity, poor hygiene, inappropriate emotional reactions, a fascination with firearms, withdrawal from social interaction, and unusual or changed behavior. Employees who are threatened or disturbed by the actions or communications of a co-worker or customer should immediately report the incident to their manager or member of management. The company will take all reports seriously and will

immediately take appropriate steps to stop the incidents and prevent a recurrence. If the situation is potentially explosive, law enforcement officers may be notified.

The confidentiality of all of those involved in the above-described situations will be maintained to the extent possible. Reports of potential problems will be dealt with effectively, calmly, and professionally, the paramount concern will be protecting the health and well-being of all of our employees, patients, and customers. Should a crisis occur, employees should immediately contact their manager or Human Resources. If appropriate, the building should be evacuated, and law enforcement or emergency personnel should be contacted.

11.4 VALUE OF INVENTORY PROGRAM

Lume Cannabis' primary asset is our team. We deeply value their commitment to our brand and the integrity of practices associated. As a result, we have developed this Value of Inventory program to help ensure accountability across the organization. The purpose of this program is to limit the exposure to losses and reduce the detection time to stop employee theft, fraudulent activity, carelessness, and dishonesty within the organization. Although it is the responsibility of all employees, we understand the necessity to maintain confidentiality and anonymity in the process.

Employees who have witnessed, or have been made aware of any of the following acts can contact the anonymous tip line at **248-781-8612**:

- Theft
- Fraudulent activity such as using a friend, family member, or any other customer's information for the purpose of manipulating the loyalty program. As well as all other forms of fraud.

Employees who come forward to inform the loss prevention team of any of the above-mentioned violations will remain anonymous. If it is determined that an incident has indeed occurred, the company will provide a \$250 reward to the employee who submitted the tip, once the situation is resolved. Reward payments will be paid out with the bi-weekly payroll and will appear on your paystub as a bonus.

SECTION 12

**FMLA & Other
Leave Policies**



12. FMLA & OTHER LEAVE POLICIES

12.1 FMLA (FAMILY MEDICAL LEAVE ACT OF 1993)

The Family & Medical Leave Act (FMLA) allows eligible employees to take unpaid leave for the serious health condition of the employee or an immediate family member, for reasons related to childbirth or adoption and for certain reasons related to military deployment.

Employees eligible for FMLA leave are those who have completed 12 months of service, have worked at least 1,250 hours of work over the previous 12 months, and who work within 75 miles of at least 49 other employees. Eligible employees may take up to 12 weeks of FMLA leave during the 12-month period measured backwards from the date the requested FMLA leave begins. Employees who take FMLA leave must use any and all earned, but unused vacation and/or earned sick time concurrently with their FMLA leave.

To take FMLA leave, you must provide the Company with appropriate notice. Whenever the need for FMLA leave and the approximate leave date is foreseeable, you must provide the Company with 30 calendar days' advance notice before the leave is to begin. When the need for FMLA leave is an emergency, you or someone on your behalf must notify the Company as soon as the need for leave becomes known. Whenever possible, FMLA leave must be scheduled with your manager so that disruption of the Company's workflow will be kept to a minimum. It is expected that you will provide as much information as possible about the reason for FMLA leave so that the Company can properly and timely determine whether the leave qualifies under the FMLA and its corresponding regulations.

SECTION 13

Paid Parental Leave



13. PAID MATERNITY/PARENTAL LEAVE

Maternity/parental leave under this policy is a paid leave associated with the birth of an employee's own child and related medical conditions related to childbirth (maternity leave) or to bond with an employee's newborn child or with a child placed with the employee in connection with adoption or foster care (parental leave). Neither maternity nor parental leave are charged against the employee's vacation. These forms of leave are available to full-time hourly and salaried employees after 1 year of employment, and will be allotted as follows:

- Maternity Leave - 6 weeks (Birth Parent)
- Parental Leave - 1 week (Non-Birth Parent)

If both parents are employees, both may access the paid benefits of this policy. Paid maternity leave is inclusive of any of any paid parental leave an employee may be eligible for under this policy, meaning the maximum period of paid leave is six (6) weeks.

Continuation of Benefits: Health insurance benefits will continue to be provided during the paid maternity or parental leave under this policy at the same rate as in effect before the leave was taken regardless of length of service, provided the employee has at least one full year of service. Paid leave benefits will continue to accrue.

Requirements for Obtaining Paid Leave: The employee must provide to the department head and Human Resources Business Partner (30) days' notice of the requested leave (or as much notice as practicable if the leave is not foreseeable).

After the paid time of maternity or parental leave have been exhausted, subsequent leave will be covered under appropriate policies. The Family and Medical Leave Act (FMLA) allows employees up to 12 workweeks of unpaid leave annually. Paid leave under this policy will run concurrently with FMLA leave. After paid maternity or parental leave is exhausted, the employee is required to apply any other available paid leave, which will also run concurrently with FMLA leave.

SECTION 14

Military Leave
(USERRA)



14. MILITARY LEAVE (USERRA)

Employees are eligible for military leaves of absence. An employee who enters into military service or is called into active duty by a branch of the United States Armed Forces or state military service, will be granted an unpaid temporary leave of absence and is eligible for reinstatement in accordance with the Uniformed Service Employment and Reemployment Rights Act (USERRA), the Michigan Military Leaves and Protection Act and other applicable laws.

The specific terms and nature of the employee's right to return to work after a military leave are governed by law. If you have any questions about military leaves of absence, please direct them to the Human Resources Department.

Military Family Leave Entitlements.

Eligible employees in the military or with a spouse, son, daughter, or parent on active duty or called to active-duty status in the National Guard or Reserves in support of a contingency operation may use FMLA to address certain qualifying exigencies. Qualifying exigencies, as defined by the FMLA, are (1) short notice of deployment (limited to up to seven days of leave); (2) attending certain military events and related activities; (3) arranging childcare and school activities; (4) addressing certain financial and legal arrangements; (5) attending certain counseling sessions; (6) spending time with covered military family members on short-term temporary rest and recuperation leave (limited to up to five days of leave); (7) attending post-deployment reintegration briefings; (8) arranging care for or providing care to a parent who is incapable of self-care; and (9) any additional activities agreed upon by the employer and employee that arise out of the military member's active duty or call to active duty.

Additional information is posted on the employee bulletin board about the Uniformed Services Employment and Reemployment Rights Act (USERRA) and in the policy on the Family and Medical Leave Act (FMLA) in this handbook.

SECTION 15

**Personal Leave
of Absence**



15. PERSONAL UNPAID LEAVE OF ABSENCE

At the sole discretion of Lume, a Leave of Absence may be granted without pay for specific purposes to any full-time employee who is not eligible for FMLA, subject to the following terms and conditions. A Personal Unpaid Leave of Absence is a benefit generally afforded for emergency purposes and is not granted for lifestyle issues such as childcare when school is not in session, extended vacations, or employment at another company. Under those types of circumstances when leave is not granted, any time missed from work is considered unexcused and will be subject to the attendance policy.

Generally, an Unpaid Leave of Absence will be considered for circumstances consistent with criteria for eligibility under the FMLA or for similarly serious personal needs. Requests should be made through Work by completing the Unpaid Leave of Absence Form. Unpaid Leave of Absences require the approval of an employee's direct manager and Human Resources. The determination will be based on surrounding circumstances including, without limitation, the employee's job duties, performance history, and the needs of the Company. Benefits, if eligible, will continue during the unpaid personal leave.

The employee continues to be obligated for their share, if any, of insurance premiums or other benefits. Employees must exhaust all available paid time off during the Leave of Absence.

If the employee is not able to return to work at the end of the leave with or without reasonable accommodation, then the employment will be terminated and the employee's eligibility for rehire status will be evaluated and noted by the manager on the termination paperwork. Employee benefits will cease per normal company policy with regards to terminated employees and benefits normally available to former employees will apply.

In certain circumstances an extension of the leave may be granted at the sole discretion of Human Resources; however, the granting of an extended personal leave does not extend the coverage of benefits. If the employee chooses to not return to work for any reason, the last day worked will be the date of termination and the separation will be considered a voluntary quit.

15.1 EARNED SICK TIME

Lume provides earned sick time to employees in accordance with Michigan's Earned Sick Time Act.

Accrual of Earned Sick Time

Earned sick time accrues beginning at the start of an employee's employment. Employees will accrue one hour of earned sick time for every 30 hours worked. Exempt employees will be assumed to work 40 hours per workweek for purposes of this accrual, unless the exempt employee's normal workweek is less than 40 hours. In that case, the exempt employee's paid sick time will accrue based on their normal workweek.

Eligibility to Use/Carryover of Accrued Earned Sick Time

Employees who have completed 90 days of employment may use earned sick time in minimum increments of one hour per occasion, but may only use up to 72 hours of earned sick time per year. Accrued time under this policy will carry over each year.

For earned sick time accrual and carryover purposes, a “year” means calendar year.

To the extent permitted by law, earned sick time will run concurrently with leave taken under other Lume policies and under other applicable laws.

Authorized Uses of Earned Sick Time

Earned sick time may be used for any of the following purposes:

- For the diagnosis, care, or treatment of an existing mental or physical illness, injury, or health condition of, or preventative care for, an employee or an employee’s family member.
- If an employee or an employee’s family member is a victim of domestic violence or sexual assault, for the medical care or psychological or other counseling for physical or psychological injury or disability; to obtain services from a victim services organization; to relocate due to domestic violence or sexual assault; to obtain legal services; or, to participate in any civil or criminal proceedings related to or resulting from the domestic violence or sexual assault.
- For meetings at a child’s school or place of care related to the child’s health or disability, or the effects of domestic violence or sexual assault on the child.
- For closure of the employee’s place of business by order of a public official due to a public health emergency; for an employee’s need to care for a child whose school or place of care has been closed by order of a public official due to a public health emergency; or, when it has been determined by the health authorities having jurisdiction or by a health care provider that the employee’s or employee’s family member’s presence in the community would jeopardize the health of others because of the employee’s or family member’s exposure to a communicable disease, whether or not the employee or family member has actually contracted the communicable disease.

The term “family member” means a biological, adopted or foster child, stepchild or legal ward, a child of a domestic partner, or a child to whom the employee stands in loco parentis; a biological parent, foster parent, stepparent, or adoptive parent or a legal guardian of an employee or an employee’s spouse or domestic partner or a person who stood in loco parentis when the employee was a minor child; a person to whom the employee is legally married under the laws of any state or a domestic partner; a grandparent; a grandchild; a biological, foster, or adopted sibling; or any other individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship.

Compensation: You will be compensated for earned sick time at your regular rate of pay or the applicable state minimum wage, whichever is greater.

Notice: If the need for earned sick time is foreseeable, you must provide a seven-day advance notice and make reasonable efforts to schedule the leave so that it does not unduly disrupt

Company operations. Where the need for leave is unforeseeable, provide notice as soon as practicable.

For earned sick time of more than three consecutive days, Lume may require reasonable documentation that the earned sick time has been used for a purpose covered by the Earned Sick Time Act, such as documentation signed by a health care professional indicating that earned sick time is necessary.

If you are using earned sick time because of domestic violence or sexual assault, you may be asked to provide documentation that the leave was used for that purpose. The documentation must be provided within three days of your request for leave and may include:

- A police report indicating that you or your family member were a victim of domestic violence or sexual assault.
- A signed statement from a victim and witness advocate affirming that you or your family member are receiving services from a victim services organization.
- A court document indicating that you or your family member are involved in legal action related to domestic violence or sexual assault.

The Company will not require disclosure of details relating to domestic violence or sexual assault or the details of you or your family member's medical condition as a condition of providing earned sick time.

If the Company obtains health information or information pertaining to domestic violence or sexual assault about you or your family member, the Company will treat that information as confidential and will not disclose that information except to you or with your permission.

Payment upon Termination: You will not be paid for any unused earned sick time when your employment ends.

Transfers: If you transfer to another Company division, entity, or location, you are entitled to all previously accrued, but unused earned sick time and may use it as described in this policy.

Reinstatement of Unused Leave: If an employee whose employment has been terminated is subsequently re-employed by Lume within six months of the employee's separation, the employee will have any previously accrued, but unused earned sick time made available to the employee.

Retaliation: The Company will not retaliate against employees who request or take leave in accordance with this policy.

SECTION 16

Bereavement Leave



16. BEREAVEMENT LEAVE

Lume recognizes the need for time away from work in instances of personal loss. The purpose of this benefit is to give full-time employees time off without loss of pay to attend to necessary family matters. It is the policy of Lume to provide paid time off from work for all full-time employees for the purpose of attending a funeral or making funeral arrangements, for any immediate family member. The amount of time allotted varies by definition of the immediacy of the relationship to the deceased.

Attending necessary family matters for the employee's spouse, child (including biological, adoptive, foster, step & in-law), parent (including biological, adoptive, step & in-law), sibling (including biological, adoptive, step & in-law), entitles full-time employees to a maximum of three (3) days of bereavement pay for scheduled days off from work. Part-time employees are entitled to take a maximum of three (3) scheduled days off from work unpaid.

Attending necessary family matters for the employee's grandparent (including biological, adoptive, step & in-law), grandchild (including biological, adoptive, step & in-law), aunt, uncle, niece, or nephew (excluding step & In-law) entitles the full-time employee to a maximum of two (2) days of bereavement pay for scheduled days off from work. Part time employees are entitled to take a maximum of two (2) scheduled days off from work unpaid.

Employees are expected to return to work on their next scheduled shift. If employees need time in excess of the allotted days, the employee's individual bank of vacation must be used.

Time paid under the bereavement program will not be calculated as hours worked for the purpose of paying overtime premiums. Payment for bereavement leave is at the employee's straight time rate of pay.

To be eligible for the excused absence and pay provisions of this policy, employees must request bereavement leave through their manager no later than the first scheduled shift following their notification of the death of the relative. The manager and Human Resources will determine the approval of the leave.

For verification purposes, the employee should obtain an attendance notice or similar documentation from the funeral director and forward that form to Human Resources.

SECTION 17

**Jury Duty &
Witness Paid Leave**



17. JURY DUTY AND WITNESS PAID LEAVE

As good citizens, Lume employees are expected to serve on juries when they are called. Employees must present any summons to their manager on the first working day after receiving the notice so proper coverage may be arranged. If an employee is not required to serve on a day they are normally scheduled to work or if you are excused from jury duty and can work two hours or more of your regular schedule that day, you are expected to report to work. If you are on an afternoon shift and you served on jury duty for more than four hours, you are not required to report to work the evening you served. If you appeared in court for less than four hours, you will be required to work your afternoon shift.

The company pays full-time and part-time non-exempt employees their regular hourly wage for time spent as a juror, not to exceed a normal working day for a maximum of 160 hours of consecutive leave during any 12-month period, measured backwards from the date the employee uses any jury duty. Notwithstanding the foregoing, salary exempt employees will receive their full weekly pay for any workweek in which they perform actual work while serving on a jury.

Proof of jury duty received from the court showing dates served must be submitted to the Employee's manager. The manager will forward these copies to Human Resources. Any payment received by the employee from the court for jury duty service may be used by the employee to cover parking and gasoline expenses. It is not required that the check be turned over to Lume.

Time paid under this benefit will not be calculated as hours worked for the purpose of paying over-time premiums.

17.1 WITNESS LEAVE

Employees who are unavailable for work while tending to legal matters as a witness on behalf of Lume in matters involving company business are fully reimbursed for their time.

17.2 CRIME VICTIM LEAVE

Lume Holdings will provide eligible employees time off from work to respond to a subpoena or request by the prosecuting attorney for the purposes of giving testimony.

Eligibility: To be eligible for time off under this policy, you must be a victim of crime or a victim representative.

A victim is an individual who has suffered direct or threatened physical, financial, or emotional harm as a result of the commission of a crime.

A victim representative is an individual who is:

- A guardian or custodian of a child of a deceased victim if the child is less than 18 years of age.
- A parent, guardian, or custodian of a victim of assault if the victim is less than 18 years old.

- A person who has been designated to act in place of a victim of assault while the victim is physically or emotionally disabled.

Compensation: Time off granted under this policy will be unpaid; however, exempt employees may be compensated as required by applicable law.

Notice: Upon receiving a subpoena, provide your managers with reasonable advance notice of the need for leave. If advance notice is not practicable, provide appropriate documentation within a reasonable time after the absence.

Retaliation: The Company will not retaliate against employees who request or take leave in accordance with this policy.

17.3 PRIVATE BUSINESS

An employee who is summoned or subpoenaed to appear in any court action as a witness in which the company is not involved must use paid time off to cover the absence (minimum of 4 hours), or shall be granted time off without pay if the employee has accrued insufficient hours to cover such absence. The same policy applies if an employee voluntarily offers their services as a witness. An exception may be made to this policy if the subpoenaed employee appears as a witness in a case that would clearly be defined as a public service. Contact Human Resources for authorization of this leave. Notwithstanding the foregoing, salary exempt employees will be paid their full week's salary for any workweek in which they perform work while attending court as a witness.

SECTION 18

**General Policies
& Procedure**



18. GENERAL POLICIES & PROCEDURES

18.1 EMPLOYMENT OF RELATIVES AND FRIENDS

Lume considers candidates who have been referred by (or are related to) current Lume employees to be valuable and viable applicants for employment. To avoid a conflict of interest, if these candidates are hired, they will not, normally, be placed in a position where they have a role as either subordinate or manager to the person who referred them. This relationship must be disclosed immediately to your manager or Human Resources.

Promotions and transfers occur regularly throughout the organization. Should an employee find themselves in a conflict of interest situation as described above they must disclose this relationship to Human Resources. Leadership will work with the involved parties to ensure an appropriate working environment for all involved.

18.2 EMPLOYMENT VERIFICATION

Employees seeking employment verification for purposes of Social Services benefit determination, loans/mortgages for home, auto or other, or any other purpose should contact the Work Number, via the following:

- <https://employees.theworknumber.com>
- 800-367-5690 M-F 8:00 am to 8:00 pm (ET)
- member@equifax.com
- Employer code: 4043218

18.3 CELL PHONES AND ELECTRONIC DEVICES

Employees are not permitted to make and/or take personal phone calls, text messages or look at Social Media while on the sales floor or in the grow operation. Personal use of electronic devices should be kept to a minimum while on company time.

18.4 SMOKE AND VAPE-FREE WORKPLACE

It is the policy of Lume Cannabis Co. to prohibit smoking and vaping on company premises except in designated areas to provide a safe and healthy work environment for all employees. Smoking is defined as the "act of lighting, smoking or carrying a lighted or smoldering cigar, cigarette or pipe of any kind."

Vaping refers to the use of electronic nicotine delivery systems or electronic smoking devices such as e-cigarettes, e-pipes, ehookahs and e-cigars. Where local ordinances are in effect, they will be observed.

Please take note and follow the below:

R 333.231 State operating licenses; licensees; operations; general Rule 31 (1) A state operating license and a stacked license as described in R 333.220 are limited to the scope of the state operating license issued for that type of marihuana facility that is located within the municipal boundaries connected with the license. (2) A licensee shall comply with all of the following:

(a) Marihuana facilities shall be partitioned from any other marihuana facility, activity, business, or dwelling. Marihuana facilities shall not allow onsite or as part of the marihuana facility any of the following:

- (i) Sale, consumption, or serving of food except for as provided in R 333.281.
- (ii) Sale, consumption, or use of alcohol or tobacco products.
- (iii) Consumption, use, or inhalation of a marihuana product.

18.5 SOCIAL MEDIA POLICY

As part of its effort to better serve the community, Lume has created a presence on and utilizes social media and social network sites (collectively referred to as "social media"), including but not limited to a company-sponsored blog, Facebook page, Instagram and/or Twitter account. Some company employees may have the responsibility to or may be encouraged to contribute to the various company sponsored social media activities.

Furthermore, the company recognizes the increasing popularity of social media and the personal use by individuals. The company respects the rights of its employees to use Facebook and other social media as a form of self-expression and all company employees are welcome to participate in social media activities while an employee of the company. However, the company recognizes that conversations on an employee's personal social media may reference the company or the employee's association with the company. While posting on social media as an employee of Lume, even if it is your personal account, you're held to the standard of being a brand ambassador and are expected operate as such.

Nothing in this policy is intended to unlawfully restrict an Employee's right to engage in any of the rights guaranteed them by Section 7 of the National Labor Relations Act, including but not limited to, the right to engage in concerted protected activity for the purposes of their mutual aid and/or protection. Further, nothing in this policy will be interpreted, applied, or enforced to interfere with, restrain or coerce Employees in the exercise of their Section 7 rights.

We understand that social media can be a fun and rewarding way to share your life and opinions with family, friends, and coworkers around the world. However, use of social media also presents certain risks and carries with it certain responsibilities. To assist you in making responsible decisions about your use of social media, we have established these guidelines for appropriate use of social media whether you are acting on behalf of Lume, or using your personal social media accounts or blogs to talk about our products or our business (e.g., projects, promotions, sales, events, and initiatives), always use good judgment and follow these guidelines:

- a) To use Lume-owned social media accounts, our logos and/or Lume photo/video on behalf of Lume, you must be approved and trained. Contact the Corporate Marketing Team if you have questions.
- b) Don't post sensitive, private or confidential company information (e.g., unannounced product launches and promotions, internal sales results, company strategy, pricing information or comparisons).
- c) Respect customer privacy. Never give out personal customer information (e.g., personal addresses, phone numbers or credit card information) or add information you receive from social networking to Blackbird or other Lume tools.
- d) Don't post photos of or make negative comments about our customers and do not share details about customer visits—both private and public figures—without their permission (unless it is a marketed personal appearance for the Company).
- e) Don't post comments or photos about or send direct messages to a coworker, customer or vendor that could be perceived as harassing, threatening, retaliatory or discriminatory.
- f) You may be legally responsible for the content you post, so respect brands, trademarks, and copyrights.
- g) Follow terms and conditions for social networking sites.
- h) Comply with our Guidelines for Endorsers (see "Guidelines for Endorsers" on Lume.com) by disclosing your Lume affiliation and noting that the views expressed are your own.
- i) Ensure your posts do not create a real or perceived conflict of interest (see the Conflict of Interest and Ethics Policy). A conflict of interest exists if you have an interest outside of your work at Lume that interferes with your job responsibilities or affects your judgment on behalf of Lume. For example, accepting direct advertising or any type of compensation (including products, samples, or experiences with value) from a competitor for your blog or other social media site, including other stores or online retailers, can influence how you work with that vendor, thus creating a real or perceived conflict of interest. Please consult your manager with questions.
- j) If you are receiving compensation from a Lume vendor, or participating in a paid affiliate program, product posts must link back to Lume.com to avoid a conflict of interest.

- k) Get approval from the Product Department for contests or promotions directed toward customers or employees.
- l) Lume pays for all time worked, which includes approved social media activities on behalf of Lume, even if it is just a few minutes.

In addition to the guidelines above and the Code of Conduct, you must follow all other Lume guidelines and expectations, including the Privacy Policy.

18.6 PERSONAL DEVICE POLICY

This policy establishes Lume Cannabis Co. guidelines for employee use of personally owned electronic devices for work-related purposes. Lume reserves the right, at its discretion, to change, modify, add, or remove this policy without prior notice. Employees of Lume Cannabis Co. may have the opportunity to use their personal electronic devices for work purposes. Personal electronic devices include personally owned cellphones, smartphones, tablets, laptops and computers.

Device protocols

To ensure the security of Lume Cannabis Co.'s information, employees are required to have up-to-date anti-virus protection on their personal devices.

Employees who access their work email on personal and mobile devices, must do so by utilizing the Microsoft Outlook Application, online and cloud-based applications are prohibited. Likewise, employees must utilize Microsoft Teams when accessing company chat, Intranet, and all other files.

Employees are expected to use a personal email or device in order to use the 2-factor authorization when accessing their work email account, the following options are available:

- Microsoft Authenticator Application
- Personal email verification message
- Text Message

Restrictions on authorized use

Employees whose personal devices have camera, video or recording capability are restricted from using those functions in areas where work is performed at any time unless authorized in advance by management. This policy does not extend to non-working areas of the Company. Working areas are all areas on company property where employees are performing work, except cafeterias, employee rest areas, locker rooms, and parking areas.

Lume's policies pertaining to harassment, discrimination, retaliation, trade secrets, confidential information and ethics apply to employee use of personal devices for work-related activities.

Nonexempt employees may not use their personal devices for work purposes outside of their normal work schedule without authorization in advance from management. This includes reviewing, sending, and responding to e-mails.

Employees may not use their personal devices for work purposes during periods of unpaid leave without authorization from management. Lume Cannabis Co. reserves the right to deactivate the company's application and access during periods of unpaid leave.

Privacy/company access

Lume has the right, to request and reasonably expect an employee to comply, with showing us communications related to business communications, even on their own device.

Company stipend/Reimbursements

Employees who choose to use personal devices under this policy do so willingly and understand that the company does not issue a stipend, or reimbursement for the use of personal devices including mobile devices.

Safety

Employees are expected to follow applicable local, state, and federal laws and regulations regarding the use of electronic devices always.

Employees whose job responsibilities include regular or occasional driving are expected to refrain from using their mobile devices while driving. Regardless of the circumstances, including slow or stopped traffic, employees are required to pull off to the side of the road and safely stop the vehicle before placing or accepting a call or texting. Special care should be taken in situations involving traffic, inclement weather or unfamiliar areas.

Employees who are charged with traffic violations resulting from the use of their mobile devices while driving will be solely responsible for all liabilities that result from such actions.

Employees who work in hazardous areas must refrain from using mobile devices while at work in those areas, as such use can potentially be a major safety hazard.

Lost, stolen, hacked or damaged equipment:

Employees are expected to protect personal devices used for work-related purposes from loss, damage or theft.

Company Provided Technology

It is the expectation of Lume Cannabis Co. that all employee who are provided company technology, should only handle Lume business on company provided devices. The use of personal devices in these instances are discouraged. Employees must notify IT of any issues with Lume provided technology immediately.

Termination of employment

Upon resignation or termination of employment, the employee will lose access to all company related applications and communications on their personal devices.

Violations of policy

Failure to follow Lume Cannabis Company's policies and procedures may result in disciplinary action, up to and including termination of employment.

18.7 PERSONAL USE OF COMPANY PROPERTY

The use of any Lume owned tools, computers, phones, vehicles, equipment or supplies for personal purposes must be approved by a manager. If approved, usage of these items is at your own risk. Any tools or equipment that becomes broken, damaged, lost or stolen while being used for personal purposes must be repaired or replaced as appropriate.

18.8 EMPLOYEE LOCKERS

In locations where lockers are provided for employees to store personal belongings while on the job. Lockers should not be used to store illegal or illicit material and they should be maintained by the employee in a reasonable manner. Employees may not store unpaid merchandise that they wish to purchase in their locker. Lockers should be locked and secured using a personal lock. Lume is not responsible for damage, theft or loss of items left in lockers. Lume retains the right to inspect lockers at any time.

18.9 VISITORS IN THE WORKPLACE

To provide for the safety and security of employees, visitors, and the company's facilities, only authorized visitors are allowed in the workplace. The company discourages its employees from having visitors and prohibits children in the workplace. The authorization of any visitor is completely at the manager's discretion, and employees and visitors are expected to follow any and all directives regarding visitors.

18.10 SUPPLIES

Your manager will keep adequate inventories of supplies that our employees need to perform their job. Supplies make up a significant portion of our operating budget; this is a major expense that

can be controlled with your help. Please use care and discretion when using provisioning center supplies. Misuse can result in termination of employment.

18.11 SOLICITATIONS AND DISTRIBUTIONS.

To avoid disruption of business operations or disturbance of employees and others on the company's premises, the following rules apply to solicitation and distribution of literature on the company's premises. Persons not employed by the company may not solicit or distribute literature on company property at any time, for any purpose. Employees may not solicit during working time or distribute literature in working areas for any purpose at any time. Working time does not include break periods and mealtimes, or other periods during the workday when employees are not properly engaged in performing their work tasks. Working time includes the working time of both the employee doing the soliciting or distributing and the employee to whom the soliciting and distributing are directed. Working areas are all areas on company property where employees are performing work, except cafeterias, employee rest areas, locker rooms, and parking areas.

In addition, the posting of written solicitations on company bulletin boards is prohibited. Bulletin boards are reserved for official organization communications on such items as:

- Employee announcements
- Internal memoranda
- Job openings
- Organization announcements
- Payday notice
- Workers' compensation insurance information

18.12 SAFEGUARDING CUSTOMER/PATIENT INFORMATION

Protecting the personal information of our customers is a key priority for the company. Accordingly, the company intends to follow the spirit of the law concerning the confidentiality of protected health information.

18.13 EMPLOYEE FILES

The company maintains up-to-date personnel files on all employees. It is important to keep your records current as this information is used to benefit administration. We respect your right to have this information treated confidentially. Please notify the Human Resources department in writing if there are any changes in the following:

- Home address

- Phone number
- Emergency contact
- Marital status
- Number of dependents

Failure to update your information could affect your rights under our benefit plans.

Release of Information: Personnel records are the property of the company. Except for records and information that we are legally required to provide to government agencies or by court order, no information about you will be released unless there is a signed authorization form from you on file, and the request is in writing. All requests for references and verifications of employment must be directed to the Human Resources department.

The Company understands the importance of protecting the confidentiality of its employees' Social Security numbers and those collected in the ordinary course of the Company business. Neither the Company nor any of its employees will unlawfully disclose Social Security numbers obtained during the ordinary course of business. The Company will limit access to information or documents containing Social Security numbers to those employees who need the information to do their jobs.

In addition, the Company will shield Social Security numbers displayed on computer monitors or printed documents from being easily viewed by others. Unless required to do so, the Company will not use Social Security numbers as personal identifiers, permit numbers, license numbers, or primary account numbers or other similar uses.

The Company may use a Social Security number to perform an administrative duty related to employment, including, for example, to verify the identity of an individual; to detect or prevent identity theft; to investigate claims; to perform a credit check, criminal background check or driving history check; to enforce legal rights; or to administer benefits programs. All provisions of this policy are subject to the language of the Social Security Number Privacy Act of the State of Michigan.

18.14 NON-DISCLOSURE AND CONFIDENTIALITY

The protection of confidential business information and trade secrets is vital to the interests and success of the company. Such Confidential Information includes, but is not limited to, the following information:

- Computer programs and codes

- Customer lists
- Customer preferences
- Financial information
- Marketing strategies
- New materials research
- Customer information
- Pending projects and proposals
- Proprietary production processes
- Research and development strategies
- Scientific data
- Technological data
- Technological prototypes

All employees may be required to sign a non-disclosure agreement as a condition of employment. Employees who improperly use or disclose Confidential Information during or following their employment with the company will be subject to disciplinary action, up to and including termination of employment and legal action, even if they do not actually benefit from the disclosed information.

You have the responsibility to maintain the confidentiality of all Confidential Information. Such Confidential Information may not be disclosed or used except as permitted by the company. You are not permitted to disclose any materials containing Confidential Information or copies thereof (in whatever form) without specific written authorization from your manager. Violation of the company's policies on confidentiality may result in termination.

Copyrights, Trademarks, and Patents: Any and all materials, equipment, devices or other items of value developed by the company's employees while working for the company become the company's exclusive property. This includes materials copyrighted, registered or patented by the employee.

18.15 TERMINATION OR RESIGNATION

Here at Lume Cannabis Co. we want to retain our employees; however, occasionally a resignation or termination does occur. Just as you are free to leave for any reason, we reserve the right to end

our relationship with you at any time, with or without notice or cause. Upon resignation or termination, final disposition of pay records, as well as reconciliation of any accounts will be handled promptly within the period of time required by law.

We request that employees give at least a (2) two week notice in writing before resigning. The below company property in your possession must be promptly returned upon your termination or resignation. Company property includes, but is not limited to:

- Keys and/or key fobs
- Confidential Information
- Mobile devices/ Computers
- Any other company property

18.16 PROTECTION OF COMPANY AND EMPLOYEE PROPERTY

Respect and protection of company property is everyone's concern. If you find property missing or damaged, report it to your manager immediately. Everyone is responsible for securely storing all personal items left in the workplace. Please respect your co-workers' belongings and personal items. If you find a missing item, please ask around to find its owner.

18.17 EXPECTATION OF PRIVACY

We reserve the right to conduct unannounced searches for illegal drugs or alcohol on company premises. Reasonable searches of Employees and their personal property, including vehicles, being brought into company premises may be conducted at any time in order to maintain a safe environment. Employees who refuse to cooperate during these searches will be subject to disciplinary action up to and including immediate termination of employment.

18.18 BUSINESS ABUSE POLICY

Business abuse is any activity that could cause loss or harm to Lume. The purpose of the Business Abuse policy is to define your responsibility in regard to disclosing and reporting any wrongdoing that may adversely impact the company, its vendors, employees or the public. Additionally, this policy sets forth an investigative process for reported acts of wrongdoing and includes protection against adverse employment action (i.e. retaliation).

It is every employee's responsibility to promptly report wrongdoing to his or her manager or manager and if deemed necessary to other appropriate personnel. Unless you have a good faith belief that an observed action is not wrongful; failure to report acts of wrongdoing is a violation of this policy and could subject the employee who observed such wrongdoing to corrective action, up to and including termination of employment. Managers or managers who receive information from any source are required to promptly report that information to Human Resources. As a

manager, if you are in doubt about whether information received should be reported, you should report it to Human Resources for clarification within 24 hours of receiving the information. Employees who report acts of wrongdoing pursuant to this policy can and will continue to be held to the company general job performance standards and continued adherence to Lume's policies and procedures is expected.

Complaint Categories: Accounting/Audit Irregularities, Conflicts of Interest, Customer Relations, Discrimination, Employee Relations, Falsification of Company, Insider Trading, Kickbacks, Policy Issues, Product Quality Concern, Release of Proprietary Information, Substance Abuse, Theft of Cash, Theft of Goods/Services, Theft of Time, Unauthorized Discounts, Vandalism.

18.19 MEDIA/PR PROTOCOL POLICY

To ensure consistent and accurate messaging to the media, our customers and the public, we have developed a media protocol. Our company policy is that Doug Hellyar (president and COO) and John Gregory (CMO) are the only people authorized to speak for Lume Cannabis Company without explicit prior approval. We encourage all employees to adhere to this protocol and handle media requests in the following manner:

Step 1: Thank the reporter for contacting or visiting the store.

Step 2: Inform the reporter that you are not authorized to speak for Lume.

Step 3: Let the reporter know someone will get back to them soon.

Step 4: Ask the reporter the following questions:

- What is your name?
- What is your media outlet?
- What is the purpose for your call/request?
- What is your phone number?
- What is your email address?
- What is your deadline?
- Do you have any specific questions?

Step 5: Provide information to:

- John Gregory, john.gregory@lume.com, (401) 447-8676

If TV cameras or reporters show up unexpectedly:

If a reporter visits a Lume store, Lume HQ or a Lume Cultivation Facility, it is imperative we politely let them know appointments and interviews must be scheduled in advance. Get their contact information, questions and deadline. Let them know someone will reach out to them with questions as soon as possible.

18.20 ANTI-NEPOTISM POLICY

Lume Cannabis Co. strongly believes that a work environment where employees maintain clear boundaries between employee personal and business interactions is necessary for effective business operations. Although this policy does not prevent the development of friendships or romantic relationships between co-workers, it does establish boundaries as to how relationships are conducted during working hours and within the working environment.

Individuals in supervisory or managerial roles, and those with authority over others' terms and conditions of employment, are subject more stringent requirements than this policy due to their status as role models, their access to sensitive information, and their ability to affect the employment of individuals in subordinate positions.

This policy does not preclude or interfere with the rights of employees protected by the National Labor Relations Act or any other applicable statute concerning the employment relationship.

- Employees are required to notify the company's Human Resources Department as well as their immediate manager of (a) any existing familial relationships; (b) any familial relationships that are created among employees (for example, by the marriage of two employees); and (c) the potential employment by Lume of a family member, friend or significant other. During working time and in working areas, employees are expected to conduct themselves in an appropriate workplace manner that does not interfere with others or with overall productivity.
- Employees affected by this policy may be required to work on separate shifts, or in different departments.
- During nonworking time, such as lunches, breaks, and before and after work periods, employees engaging in personal exchanges in nonwork areas should observe an appropriate workplace manner to avoid offending other workers or putting others in an uncomfortable position.
- Employees are strictly prohibited from engaging in physical contact that would in any way be deemed inappropriate in the workplace by a reasonable person while anywhere on company premises, whether during working hours or not.

- Employees who allow personal relationships with co-workers to adversely affect the work environment will be subject to Lume's disciplinary policy, including counseling for minor problems. Failure to change behavior and maintain expected work responsibilities is viewed as a serious disciplinary matter.
- Employee off-duty conduct is generally regarded as private, as long as such conduct does not create problems within the workplace. An exception to this principle, however, is romantic or sexual relationships between supervisors and subordinates.
- Any supervisor, manager, executive or other company official in a sensitive or influential position with Lume Cannabis Co. must disclose the existence of a romantic or sexual relationship with another co-worker. Disclosure may be made to the individual's immediate supervisor or to human resources (HR). Lume Cannabis Co. will review the circumstances to determine whether any conflict of interest exists.
- When a conflict-of-interest or potential risk is identified due to a company official's relationship with a co-worker, Lume will work with the parties involved to consider options for resolving the problem. The initial solution may be to make sure the parties no longer work together on matters where one is able to influence the other or take action for the other. Matters such as hiring, firing, promotions, performance management, compensation decisions and financial transactions are examples of situations that may require reallocation of duties to avoid any actual or perceived reward or disadvantage. In some cases, other measures may be necessary, such as transfer of one or both parties to other positions or departments. If one or both parties refuse to accept a reasonable solution, such refusal will be deemed a voluntary resignation.
- Failure to cooperate with Lume to resolve a conflict or problem caused by a romantic or sexual relationship between co-workers or among managers, supervisors or others in positions of authority in a mutually agreeable fashion may be deemed insubordination and result in disciplinary action up to and including termination.
- The provisions of this policy apply regardless of the sexual orientation of the parties involved.
- Where doubts exist as to the specific meaning of the terms used above, employees should make judgments based on the overall spirit and intent of this policy.

Any concerns about the administration of this policy should be addressed to HR.

ACKNOWLEDGMENT

The undersigned acknowledges receipt of Lume Cannabis Co. LLC's Employee Handbook. I agree to read these policies and to follow the guidelines and policies set forth in them and any amendments to them along with any other policies and procedures of Lume Cannabis Co. LLC (the "Company").

The contents of the Interim Policies are presented as a matter of information. The provisions of the Interim Policies can be changed at any time, and I understand the company will provide me notice of any changes, however the effectiveness of any change is not dependent on me receiving actual notice of the change. Nothing in the Interim Policies is intended to guarantee employment, the provision of any benefit, or the terms and conditions of employment to any employee. The Interim Policies are not intended to, nor do they, create a contract for employment or for the provision of any benefit.

I understand that I am not being hired for any definite period of time. I further understand that I am an at-will employee and my employment can be terminated at any time, with or without cause and with or without prior notice either by the company or myself. No promises or representations have been made to me that I can be disciplined or discharged from my employment with the company only under certain circumstances or after certain events. Only the President or CEO of the company may change the at-will nature of my employment, and such a change is only effective if made in writing signed by both me and the President or CEO and specifically mentions the change in at-will status.

I agree that, unless otherwise prohibited by law, I will commence any claim, action, or lawsuit relating to my employment with the company, or the termination of my employment with the company within one hundred and eighty (180) calendar days from the date the alleged claim arose, or within any shorter applicable limitations period set by a statute or common law, and I agree to waive any longer limitations period to the contrary. I understand that this means that even if the law would give me the right to wait a longer time to make a claim, I am freely and knowingly waiving that right. I also waive any right to a jury trial if I ever sue the company regarding my employment with, or termination from, the company. I understand that this means that even if the law would give me the right to have a jury decide my claims, I am freely and knowingly waiving that right and agree to have my claims heard and decided by a judge instead.

I understand that this acknowledgment is to become part of my personnel file.

My at-will employment status with the company has been fully explained and I have been given an opportunity to ask any questions regarding these Interim Policies and my at-will employment status. No representative of the company has made any promise or other statements implying employment will be other than what has been stated above.

Date

Signature

Print Name

INTER-OFFICE MEMO

To: The Economic Development Corporation Board of Directors

From: Jared Chambers, Business Specialist

Date: August 18, 2025

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

The City Clerk's Office has requested that the Economic Development Corporation (EDC) Board of Directors evaluate the *Marihuana Facility Permit Renewal Application* submitted by: Kalamazoo Gallery, Inc. (dba Herbana) for its facility at 2705 W Michigan Ave, and that the EDC Board provides a recommendation regarding the renewal of this permit. The City Operating Permit, issued on October 1, 2024, is scheduled to expire on September 30, 2025, 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.
 - Herbana employs 13 people at this location - 13 full-time and 0 part-time.
 - 1 General Manager: \$48-62,000
 - 6 Managers: \$38-48,000
 - 6 Consultants: \$31-36,000
 - All employees earn at least \$15.50 per hour
 - Full-time employees receive 2.5 weeks of PTO/sick leave.

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.
 - Herbana supports 13 local full-time positions, paying an average of \$628,500-728,000 annually in wages.
 - Herbana employees undergo initial onsite training, annual and periodic training, as well as opportunities for continuing education.
 - Herbana engages with the community through job postings on local community boards, offering gallery space in their waiting room for local artists, and running a holiday donation drive.

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.
 - 5% of business expenses are purchased from diverse suppliers.
 - SEP mentoring programs – Herbana has had users of these programs go on to receive their own cannabis facility licenses.
 - They donated \$4,996 to the Kalamazoo Community Foundation in 2024. They are the first Cannabis business to donate to KZCF.
 - Herbana was a recipient of the 2025 CRA Grant Program, in the amount of \$9,708.73. Six employees are college students and received \$500 each for tuition.

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 obligations owed to the City.
 - Herbana is in good standing with the City.

5. A statement that the hiring and public accommodation practices of the facility conform to the City's Nondiscrimination Ordinance provisions and documentation of the total number of employees broken out by managerial and operational employees, number of women, and number of minority employees and number of employees disproportionately impacted by marihuana prohibition and enforcement.
 - Hiring and public accommodation practices of the facility conform to the City's Nondiscrimination Ordinance provisions.
 - There are 7 employees in managerial positions; 3 are women; 2 are minorities (1 prefers not to say).
 - There are 6 employees in operational positions. 2 are women; 2 are minorities.

6. A statement, with supporting documentation, providing answers to the following questions:
 - a. How many City residents do you currently employ?
 - 13 employees live in the city.
 - b. How many current employees reside in Census Tracts 1 (Eastside); 9, 10 (Edison), and/or 2.02,3 (Northside)?
 - 1 employee currently resides in Census Tract 1.
 - c. What is your plan to employ residents of the identified census tracts?
 - Herbana continues to recruit new employees in these areas, however, they are currently fully staffed.
 - d. How many of your employees have prior marihuana convictions (excepting a conviction for delivery or distribution to a minor)?
 - No employees have prior marihuana convictions. Two prefer not to say.
 - e. What is your plan for employees with a prior marihuana conviction to move up within your business and/or the marihuana industry?

- Previous cannabis convictions do not preclude an employee’s eligibility for promotion or transfer. Employees are promoted based on their performance and workplace conduct.
7. Proof that the marihuana business has received recognition and maintains the status as a Silver Level Social Equity All-Star or better with the Michigan Cannabis Regulatory Agency.
 - Herbana has updated its Silver status to Gold status.

Please see the attached Marihuana Renewal Application Checklist, completed by City staff to verify if all ordinance requirements have been met.

The applicant has no outstanding financial obligations to the City, and 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 Kalamazoo Gallery, Inc. (dba Herbana).

ATTACHMENTS

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

Adult Use Retailer, Marihuana Renewal Application Checklist for:

Herbana

2705 W Michigan Ave

Type: Adult Use Growner; Medical Grower

| | Date Received | Received By | Comments | |
|---|-----------------|------------------|-------------------|-------|
| Renewal Application Received | 7/31/2025 | Jared Chambers | | |
| Inspection Type: | Inspection Date | Completed by: | Satisfactory? | Notes |
| Fire Inspection | 8/7/2025 | Scott Brooks | Yes | |
| Zoning Inspection | 8/7/2025 | Pete Eldridge | Yes | |
| | Date | Name | Comments | |
| Business Community Benefits Check-In | 8/12/2025 | Jared Chambers | | |
| | Invite Sent | EDC Meeting Date | | |
| Invite to EDC Meeting | 4/16/2025 | 8/21/2025 | | |
| | Full-Time | Part-Time | Comments | |
| Jobs Created | 13 | 0 | | |
| | 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 | |

All Items Complete Yes

MARIHUANA BUSINESS PERMIT RENEWAL APPLICATION

Pursuant to Chapter 20B of the Kalamazoo City Code

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

(Please Print)

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

Official Business Name Kalamazoo Gallery Inc. DBA Herbana
Business Address 815 Wildt St. Suite A
City Ann Arbor **State** MI **Zip Code** 48103 **Business Phone** 734-474-5881
Business E-mail james@arborholdings.com **Business Website** https://findherbana.com/kalamazoo/

TYPE OF PERMIT BEING RENEWED

Medical

Grower: Processor Provisioning Center
 Class A (500 plants) Safety Compliance Secure Transporter
 Class B (1,000 plants)
 Class C (1,500 plants) No. of Class C Permits _____

Adult Use

Grower: Processor Retailer
 Class A (100 plants) Safety Compliance Secure Transporter
 Class B (500 plants) Microbusiness Designated Consumption Lounge
 Class C (2,000 plants) No. of Class C Permits _____
 Excess Grower

FACILITY INFORMATION

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

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

Name James Daly
Address 691 Spring Valley Rd **City** Ann Arbor **State** MI **Zip Code** 48105
Phone 734-474-5881 **E-mail** james@arborholdings.com

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

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:  Date: 7-19-25

Name (printed): James Daly Position: President

STAFFING PLAN

Summary

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

Full-time employees (32+ hours per week) 13 Part-time employees (< 32 hours per week) 0

Position Types and Compensation

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

Position Title: General Manager Annual Average Compensation \$ 58-62,000

How many people are employed in this position at the licensed facility? 1

Are health insurance benefits available for employees in this position? Yes [checked] No

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

Position Title: Manager Annual Average Compensation \$ 38-48,000

How many people are employed in this position at the licensed facility? 6

Are health insurance benefits available for employees in this position? Yes [checked] No

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

Position Title: Consultant Annual Average Compensation \$ 31-36,000

How many people are employed in this position at the licensed facility? 6 -

Are health insurance benefits available for employees in this position? Yes [checked] No

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

Position Title: Annual Average Compensation \$

How many people are employed in this position at the licensed facility? 0

Are health insurance benefits available for employees in this position? Yes No

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

Position Title: Annual Average Compensation \$

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

Are health insurance benefits available for employees in this position? Yes No

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

Please provide information on any benefits other than health insurance that are offered to all employees: All establishment employees earn at least \$15.50 per hour. FTEs receive 2.5 weeks of PTO/Sick leave.

Four horizontal lines for additional information.

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 |
| Supporting 13 Local FTEs | 13 local FTEs | \$628,500-728k |
| Economic multiplier effect | For each \$1 of non COG expenses it creates a net increase in economic activity of \$3-5 | \$2.7m-4.5m |
| Tax benefits | Employee, Property, Cannabis fund | \$900000 |
| See Attached | | All amounts estimated and not exact |

| JOB CREATION FOR LOCAL RESIDENTS | | |
|----------------------------------|---------|---|
| Initiative/Description | Date(s) | Outcomes |
| Local resident initiative | ongoing | 100% of employees are City of Kalamazoo residents |
| Converted 1 PTE to FTE | ongoing | We now employ the same number of employees but have 1 PTE rather than 2 PTEs. |
| Local job postings/ See Attached | ongoing | Currently fully staffed, but recruiting for backfill positions |
| See Attached | | |

| COMMUNITY OUTREACH | | |
|------------------------|---------|---|
| Initiative/Description | Date(s) | Outcomes |
| Local Suppliers | ongoing | Source multiple services from community based providers |
| Art displays | ongoing | We provide gallery space in our waiting room to local artists |
| Holiday Donation Drive | Nov-Jan | We encourage and collect donations and provide them to local charities for distribution |
| See Attached | | |

| WORKER TRAINING PROGRAMS | | |
|------------------------------|---------|---|
| Initiative/Description | Date(s) | Outcomes |
| Initial onsite training | ongoing | Employees have developed industry transferable skills |
| Annual and periodic training | ongoing | Continuing updates on security and best practices for our facility and the industry |
| Continuing education | ongoing | budgeted for development programs upon manager approval |
| See Attached | | |

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 marijuana industry by local residents that have been disproportionately impacted by marijuana prohibition and enforcement, and the positive impact of the social equity plan on local residents;

| SOCIAL EQUITY PLAN INITIATIVE | | |
|--|---------|---|
| Initiative/Description | Date(s) | Outcomes |
| Higher wages | ongoing | 50% or better on compensation for starting wages and Managers as compared to the Kalamazoo area |
| 5% of business expenses with diverse suppliers | ongoing | Ongoing effort |
| SEP Mentoring programs | ongoing | We have had users of this program go on to receive their own cannabis facility licenses |
| See Attached | | |

EMPLOYEE DEMOGRAPHIC INFORMATION

| | | |
|--|----------------------|--------------------------------------|
| Total Number of Employees: | | |
| Employees in Managerial Positions | Total Employees | 7 |
| | Number of Women | 3 |
| | Number of Minorities | 2 (1 additional "prefer not to say") |
| Employees in Operational Positions: | | |
| Employees in Operational Positions: | Total Employees | 6 |
| | Number of Women | 2 |
| | Number of Minorities | 2 |
| | | |

| | | |
|---|---|-----------|
| How many City Residents do you currently employ? | Total Employees | 13 |
| How many residents do you currently employ from these Census Tracts? | Census Tract 1 (Eastside Neighborhood) | 1 |
| | 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?

We continue to recruit in these areas. We also use word of mouth in our recruiting to make sure we are targeting residents of the City and these specific Census Tracts. Currently we are 100% staffed, and 100% of the workforce is from the City, however, as we experience regular turnover of our current staff, we hope to add additional employees from the identified census tracks. Please see further explanation in the attached Community Benefits Statement.

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 0-2 (2 prefer not to say*)

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

Please see attached. We continue to focus recruiting in the Kalamazoo Area, however many of those with convictions are hesitant to bring up such convictions. Based on surveys, we believe that over 15% of the workforce has prior convictions. We will continue to have a hiring process that does not hold any bias towards those with prior marihuana convictions.

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.



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

MARLON I. BROWN, DPA
DIRECTOR

January 16, 2025

Kalamazoo Gallery, Inc. (DBA: Herbana)
106 N. Fourth Ave. Ste. 302
Ann Arbor, MI 48104

The Cannabis Regulatory Agency's social equity team reviewed your renewal form for the Social Equity All-Star Program and is pleased to announce that your 2024 status will continue to remain in effect for 2025. The following license numbers will be displayed on our website under the silver level. The following license numbers were provided on your form:

- AU-R-000517

If your entity wishes to advance to a higher tier in 2025, you may still do so by submitting the [Social Equity All-Star Program Amendment Form](#) with a copy of the amended plan(s) to be posted on the website. Published plans can easily be updated at any time by emailing this form to the social equity team.

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

Community Benefits Statement

Economic Benefits, Job Creation, and Worker Training Programs

Kalamazoo Gallery, Inc. dba Herbana

Adult-Use Marijuana Retailer

2705 W Michigan Ave, Kalamazoo, MI 49006

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1 Introduction

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

2 Executive Summary

We take our commitments to our community seriously. Since we've reported to you in September of 2023, we've continued to make meaningful progress. A more complete report follows, but a handful of highlights include:

- We have maintained CRA's Silver Social Equity All-Star status
- We have added 2 net-new jobs and converted 2 part-time to full time roles, with 100% of all positions going to Kalamazoo residents.
- We are pleased to have added Health, Vision, and Dental insurance as an optional benefit to all full-time team members.
- We have continued our support of local charities

Additionally, in March 2025, Herbana was recognized and awarded a \$16,129 grant through the State of Michigan's Social Equity Grant Program. The Social Equity Grant Program funds must be used towards expenses for one or more of the following categories"

- Employee Education:
- Business Needs
- Community Investment

Funds spent on employee education can be used for an employee of the business to take one or more classes or courses that are relevant to the business from an accredited institution. Funds spent on business needs must be used towards compliance with licensing and regulatory statutes and rules. Funds spent on community investment may be used on or donated to organizations, non-profits, and/or charities that positively impact the community in which the business is located.

After communications with Kalamazoo's cannabis liaison, we have narrowed down our options to use these funds in the most beneficial way possible for the betterment of the City's negatively impacted

communities and individuals and plan to disburse these funds in the coming months.

3 Job Creation

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

| Position | Employees | YE 2025 Goal |
|---------------|-----------|--------------|
| Managers | 7 | +1 |
| Consultants | 6 | +2 |
| Receptionists | TBD | TBD |
| Total | 13 | 16 |

4 Diversity, Social Equity and Community

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

4.1 By the numbers:

Ethnicity (Self Reported)

| | STORE | MANAGERS | KALAMAZOO | |
|--------------------------|-------|----------|-----------|--|
| African American | 31% | 29% | 22% | |
| Caucasian (non-hispanic) | 61% | 63% | 70% | |
| Hispanic | 0% | 0% | 0% | |
| Other/Prefer not to say | 8% | 8% | | |

Our team members ethnic identification is broadly consistent with the diversity of Kalamazoo as a whole.

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

Gender (Self-Reported)

| | STORE | MANAGERS | Kalamazoo* |
|-------------------------|--------------|-----------------|-------------------|
| Male | 58% | 57% | 49% |
| Female | 37% | 43% | 51% |
| Other/Prefer Not to Say | 5% | 0% | |

Women are represented equally across our team and promoted equitably.

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

We are committed to living wages and competitive pay:

ANNUAL COMPENSATION

| KALAMAZOO | Starting Comp | Manager(Avg) |
|------------------|----------------------|---------------------|
| \$20,104 | \$31,200 | \$43,200 |
| | 55% | 117% |

All of our team positions begin at \$15 per hour or more. Since we last reported to you, we are proud to say that our AVERAGE compensation has increased by over 12%, across all rolls, reflecting raises and promotions to a more tenured team.

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

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

~ Full Time Equivalent (FTE) basis

4.2 Health and Quality of Life

We support our team members health and quality of life:

- 100% of team members receive paid sick leave (vs 75% of US Private Industry Workers)
- 100% of team members receive paid vacation time (vs 73% of US Private Industry Workers – Retail)

- Our paid vacation time is 65% more than the US average for private businesses of our size

All PTO benefits begins at only 30 days of employment.

We are proud to have added employer-sponsored healthcare as an optional benefit to all full-time employees, representing 100% of our team members (vs 52% access for US Private Industry Workers) . We cover roughly 50% of the costs of the health care plans for health, dental and vision, and team members are eligible after only 60 days.

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

4.2 Development

We provide career development opportunities.

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

4.2 Local Hiring

We have continued our commitment to recruiting and hiring locally. We are proud to say that now 100% of all team members reside in Kalamazoo, including several team members who have relocated from surrounding communities.

Residency

| | STORE | MANAGERS |
|--|-------|----------|
| CRA Designated SEP Communities | 100% | 100% |
| Kalamazoo | 100% | 100% |
| <i>Census Tracts 1, 2.02, 3, 9, 10</i> | 6% | 0% |

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

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

This is a city preference that we've encountered extreme difficulty

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

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



4.2 Community Support

We continue to support the community we live and work in. We have continued with our efforts to support local artists by using our large reception area as a rotating gallery space. In the past 12 months we have showcased 6 Kalamazoo resident artists (see image to right).

We have continued and expanded our annual Holiday's donation drive, both in duration (Thanksgiving thru Jan.) and local charities supported. We continued to support the Kalamazoo Gospel Mission, while adding support to Loaves & Fishes and the Kalamazoo Dream Center.

Following last summer's successful donation drive of food, supplies, and animal carriers to Kalamazoo ASPCA, we have continued that effort in late summer of this year.

5 Tax Benefits

KG prioritizes the Kalamazoo area when hiring staff and purchasing inventory, material and supplies. In fact, 100% of

employees are residents of the City of Kalamazoo. Our total payroll for the past 12 month has been our single largest non COGS expense.

Our total non-COGS operating expenses for the same period now exceeds \$900,000 — with the overwhelming majority spent within the City of Kalamazoo and the surrounding metropolitan area.

6 Economic Multiplier Effect

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

7 Employee Training

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

7.1 First Day

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

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

All employees with electronic track and trace responsibilities in Cova review training videos on the topics below along with a one-

on-one Dutchie training session prior to being given system access:

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

7.2 First Week

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

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

7.3 Annual & Periodic Training

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

7.4 Employee Development

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

7.5 Employee Handbook

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

- Employee Guidelines

- Employee Safety Procedures
- Security Protocol
- Cannabis laws and administrative rules.
- Educational training (Including marihuana product information, dosage limits, etc.

Social Equity Plan

Promoting an Inclusive Marihuana Market

Kalamazoo Gallery, Inc.

Adult-Use Marihuana Retailer

2723 W Michigan Ave, Kalamazoo, MI 49006

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PART 1 INTRODUCTION

Kalamazoo Gallery, Inc., has operated in the City of Kalamazoo for nearly three years. Over that time, we have striven to hire Kalamazoo residents to help spur investment back into the community. We are proud to report that as of now 100% of our team members are City of Kalamazoo residents.

We remain committed to ending the stigmas associated with cannabis. This commitment includes support for the communities and individuals that have been disproportionately impacted by marijuana prohibition and enforcement. Although Michigan’s social equity program is in its infancy, we have been recognized by the State of Michigan Cannabis Regulatory Agency’s (CRA) as a Silver Social Equity All-Star since 2022. We have consistently operated with a focus on hiring from, and serving clients within, communities that faced the most significant consequences of cannabis prohibition since opening our first establishment.

PART 2 RECRUITING

We have successfully recruited a workforce that consists of 100% of City of Kalamazoo residents. We have historically relied on word of mouth and referrals from current team members, which we augment with local postings on national job boards (ex. Indeed). However, we also employ recruiting techniques that more narrowly focus on communities that satisfy the CRA’s requirements for eligibility in the Social Equity Program (SEP). For example, we have expanded the scope of our recruitment efforts to include and prioritize local news and other local media sites that still maintain a job posting area and are willing to accept cannabis-related content. Social media platforms have also been a powerful recruiting tool for identifying prospective employees from SEP-eligible communities or backgrounds.

PART 3 HIRING

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

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

We are deeply passionate about cannabis, and we are always eager to hire motivated individuals who share this passion. Accordingly, the company has also found that SEP-eligible individuals with prior experience as a registered primary caregiver or medical marijuana patient are often extremely well-qualified and knowledgeable team members. We believe SEP-eligible individuals compose over 15% of our team members. We continue to seek new opportunities to help SEP-eligible individuals and community members enter and find success within Michigan’s marijuana marketplace.

PART 4 LIVING WAGES

All team members receive a living wage that starts well above the state and federal minimum hourly wage. Our team member compensation package also includes fringe benefits, like Unified Use PTO for all team members—including part time hourly staff. New last year is the addition of company sponsored Health, Dental, and Vision for all full-time team members. Please see the attached Staffing Plan for additional information.

PART 5 INDUSTRY SUPPORT

Consistent with the vision articulated in the City’s Marijuana Social Equity Policy, we hope to continue to be a resource for prospective SEP-eligible community members that would like to own or operate a marijuana establishment in the future. Our management team is eager to share the insights gained through their success in the Michigan marijuana market to benefit communities that were historically disadvantaged under prohibition. We are proud that our past volunteer consulting/mentoring to SEP applicants has resulted in several now licensed,

operating, and thriving businesses – one of whom actually went on to become the first Social Equity All-Star and has just successfully opened their second licensed business. Additionally, we continue to maintain our Social Equity Silver All-Star status this year.

Additionally, we have recently attended the city’s Social Equity Cannabis Chamber networking event in June, and look forward to future participation.

PART 6 CORPORATE SPENDING PLAN

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

After completing a survey of all of our current business partners, we have identified ongoing and long standing business relationships with over 23 diverse businesses across multiple expense categories.

Examples Include: Harbor Farms (Kalamazoo business), Lion Labs, BR Labs, Roots Insurance

Over the prior 12 months, our spending with diverse businesses exceeded 27% of our (qualified) business expenses, exceeding our goals by nearly 4x.

PART 7 EDUCATION

The final component of our social equity plan is our commitment to honest and reliable education and informational resources about cannabis. We seek to dispel negative and scientifically unsupported stigmas about marijuana use to promote genuine understanding of the potential risks and benefits, so consumers can make their own well-informed decisions about cannabis. We also support the Last Prisoner Project, and provide interested community members with information about the eligibility requirements and procedures for seeking the expungement of criminal records for marihuana related offenses.