

Downtown Lansing Partnership Inc.

**March 13, 2025
12:30 p.m. (or directly after DLI Board Meeting)
215 S. Washington Sq.
Lansing, Michigan 48933**

Board Meeting Agenda – Rescheduled for March 13

- 1. Call to Order:**
- 2. Approval of Agenda:**
- 3. Approval of November Meeting Minutes (from rescheduled last board meeting):**
- 4. Macotta Club Sub-Committee Discussion/Action Items**
 - a. ReCap of Macotta Club to Date
 - b. Why Macotta Club
 - c. Potential Capital Stack Sources
 - d. Staffing & Other
 - e. Macotta General Contractor-Action Needed
- 5. DLPI January & February Financials**
- 6. Adjourn**

Downtown Lansing Partnership Inc.

November 14, 2024
12:30 p.m. (or directly after DLI Board Meeting)
112 S. Washington Sq.
Lansing, Michigan 48933

Board Meeting Minutes

1. **Call to Order:** Meeting called to order at 12:24 p.m.
2. **Approval of Agenda:** Motion by K. Dorshimer. Second by J. Durham. Motion passed unanimously.
3. **Approval of October Meeting Minutes:** Motion by K. Dorshimer. Second by K. Tomac. Motion passed unanimously.
4. **Macotta Club Sub-Committee Discussion/Action Items**
 - a. **Maner Costerisan Financial Report:** Guests Abby Daugherty and Toni Horsch from Maner Costerisan attended the DLPI meeting and were introduced as the team working on Macotta Club's financial reports, structures, as well as financial policies and procedures. They shared the complexities of the project and updates regarding the work they're doing for Macotta. This includes guidance they're providing, tax work, preps for audits, payroll, and more to set-up the accounting structure needed for both the construction phase, as well as once Macotta opens. Board asked questions regarding best practices for how the program and restaurant should run over time, best practices, KPI's and other metrics we should be measuring. Maner can help with this and provide recommendations as we get closer to opening and are earning revenue.
 - b. **Financials:** J. Reinhardt shared financials that have taken place since last month's meeting. Overall the charges are few with our Owner's rep. as well as restaurant consultant.
 - c. **Other General Updates:** Board asked about the status of funding through Michigan Community Capital as well as Michigan Saves. Michigan Community Capital was finalizing review this week and will follow-up with staff before it goes through. Staff provided an update regarding the next steps with Michigan Saves in terms of electrical information and quote gathering. Also reworking loan with Lake Trust to account for additional costs. The State of Michigan MEDC is also in serious discussions to award Macotta Club additional funding.

5. **DLPI Financials:** C. Edgerly presented the financials for DLPI from October. The expenditures and income are not unexpected, and Cathleen provided a highlevel overview of fiduciary partnerships, annual fees, liquor license an application charge as well as transfers in and out. No questions from the Board. J. Durham motioned to approve the monthly DLPI financials for October. K. Dorshimer seconded. Motion passed unanimously.

6. **Adjourn: Motion to adjourn at 12:48 p.m.** by J. Estill. Second by J. Pugh. Motion passed unanimously.



Sub-Committee members: J. Estill, J. Durham, J. Pugh
Staff Leads: J. Reinhardt, C. Edgerly

Project Summary: In 2022 the DLI and DLPI Board heard from staff regarding the need of a proposed restaurant accelerator program that would build off the success of Middle Village as well as other food incubator programs, helping foster an entrepreneurial chain for businesses in the food and hospitality industry. DLI was successful in securing close to \$3M in statewide funding under the MEDC's Revitalization and Placemaking grant, as well as a State general fund allocation for the project.

The Macotta Club was designed to bring together 16 food-based businesses including 6 restaurant concepts and space for 10 other food concepts interested in wholesale, food trucks, and catering business models in Downtown Lansing's historic Knapp's building. The space will also include three food trucks and food makers, along with a full-service bar.

Since the original concept, additional recording studios, educational programming, mezzanine seating and basement kitchen space has been designed to occupy up to 30,000 sq. feet of the first floor of the Knapp's Building. Activating a vacant space and building a sustainable model to recruit, retain and enhance Lansing's culinary scene. Former Board member and legal consultant J.V. Anderton assisted staff in filing the articles of incorporation as well as establishing Macotta Club as its own LLC. The LEDC has also assisted in applying for a liquor license for The Macotta Club. The securing of a liquor license is still in progress.

Timeline: Originally planned to open in Summer, 2024. Then delayed until December 2024. With the latest funding shortfalls and delays with permits and reorganization of who will be leading construction, we are hoping to open in 2025. Should we continue to move forward with this project, we plan to break ground in March 2025 with a 6-8 month construction timeline.

Staff/Consultants Involved with the Project: To date we have brought on Up or on the Rocks to manage the trainings and education component of Macotta Club. This consultant has also been an integral part of planning the kitchen layout and equipment needs, meeting with prospective Macotta Club participants and more. IN addition, since we first announced this project, we have brought on an Owner's Representative, Legal team and CPA firm to support the project and our interests.

Funding Sources to Date:

- RAP Grant Funding: \$1,500,000
 - MEDC General Fund Allocation: \$1,500,000
 - Lake Trust Bank and Lake Trust Foundation: \$75,000
 - Consumers Energy Foundation Grant: \$100,000
 - Capital Region Community Foundation Commitment: \$100,000
 - City of Lansing: \$15,000
- TOTAL Committed: \$3,290,00

Projected Budget for Macotta: \$8,000,000

Additional Funding Sources Identified for the Capital Stack:

- Michigan Community Capital: Up to \$4M, ideally our ask wouldn't top \$3M construction bridge loan
 - Lake Trust Credit Union: Up to \$1.2M in a line of credit
 - Hartford Main Street America Grant: \$100,000
 - TRUIST Fund: \$1,000,000 grant
 - DTE: \$500,000
 - Capital Area Michigan Works: \$10,000
 - Possible other MEDC Sources: \$1,000,000
 - Rent from Participants: \$82,000 annually
- TOTAL in Possible Sources: \$5,810,000.00**
+Rent of \$82,000

Current To-Do's Over Next 30 Days:

- Review Bids and Select Construction Team
- Post and start to interview for a General Contractor
- Secure a minimum of \$1,000,000 in funding support in order to have support for a loan request with Michigan Community Capital
- Leal team provide draft agreements for Macotta Club participants
- Final permit approval from the City of Lansing
- Next month, determine if DLPI Board approves moving forward with the project



The Macotta Club: A Transformational Investment in Downtown Lansing

Downtown Lansing isn't just changing—it's transforming. With revitalization and growth on the horizon, The Macotta Club is more than a project; it's an investment in our city's future. By activating a long-underutilized space, it fosters sustainable economic growth and fuels downtown's resurgence.

A Bold Step Toward Revitalization

Momentum is building with projects like Ovation and New Vision Lansing reshaping our district. The Macotta Club joins this wave, not just filling a vacant space but creating an ecosystem for small business success.

Currently, the 300 block of S. Washington Square and Washtenaw is quiet after 3:00 p.m., with little activity. The Macotta Club changes that by attracting foot traffic, extending business hours, and energizing downtown, setting the stage for a thriving, 24/7 district.

More importantly, this initiative directly supports three of the four goals in our Strategic Plan, revitalizing a top-priority building in the CMA's downtown vision.

A Sustainable Solution to Fill Vacant Spaces

Rather than waiting for businesses to trickle in, The Macotta Club cultivates a pipeline of restaurant entrepreneurs, ensuring long-term tenant stability and economic resilience.

- **A Launchpad for Entrepreneurs** – Provides mentorship, marketing, and business development, helping food startups scale before committing to standalone locations, enabling them to succeed long term.
- **Momentum Creates Momentum** – A cluster of thriving businesses—restaurants, cafes, bars, and markets—attracts further investment and bolsters confidence in downtown's future.
- **A Model for Smart Growth** – Converts a vacant space into a dynamic food hub, proving how strategic investments can drive impactful real estate use.

With our neighborhood set for major investment, The Macotta Club will be a catalyst for further revitalization along S. Washington Square.

Strengthening the Local Economy & Small Business Success

The Macotta Club strengthens the local economy from the ground up, ensuring small businesses don't just survive—they thrive.

- **Higher Success Rates for Small Businesses** – Access to capital, mentorship, and business training improves long-term viability.

- **Adapting to a Changing Downtown** – As downtown shifts from a commuter-driven workforce to a mixed-use community, adaptable business models like takeout, delivery, and late-night dining ensure sustainability.
- **A Ripple Effect on Local Business** – Thriving restaurants drive demand for breweries, coffee shops, entertainment, grocery stores, and retail.
- **A More Desirable Downtown** – Increased activity makes Lansing a more attractive place to live, work, and socialize, boosting both commercial and residential occupancy.

Activating Downtown Beyond Daytime Hours: Breakfast to Bar

A long-standing challenge for downtown Lansing has been its lack of evening and weekend activity. Without regular foot traffic, the area can feel empty. The Macotta Club introduces a dynamic food culture and gathering space that brings energy beyond the 9-to-5.

- **Boosts Foot Traffic for Retail & Entertainment** – More people downtown after hours means more support for shops, theaters, and events.
- **Creates a Walkable, Engaging District** – A diverse mix of dining and entertainment fosters a lively, safe, and accessible environment.
- **Supports Evolving Dining Habits** – As work patterns shift, The Macotta Club embraces new restaurant models, catering to both residents and visitors.

Building Community & Downtown Identity

The Macotta Club shapes Lansing's future and strengthening its identity.

- **A Culinary Destination** – Positions downtown as a hub for food innovation, drawing visitors and encouraging repeat visits.
- **A Space for Everyone** – Supports diverse chefs and entrepreneurs, promoting economic inclusion and cultural vibrancy.
- **A Source of Civic Pride** – Watching local businesses thrive fosters excitement, engagement, and further investment in our city.

A Proven Strategy for Retention & Recruitment

A strong food culture is a key driver of economic development.

- **Attracting Business & Investment** – Studies show food-centric businesses drive downtown revitalization and attract new visitors.
- **Fostering a Skilled Workforce** – Training, mentorship, and certification programs help local restaurants stay open and thrive by hiring and retaining top talent.
- **Showcasing Local Flavors** – The Macotta Club amplifies Lansing's food scene, giving entrepreneurs a platform to expand signature products.

The Time to Invest is Now

The Macotta Club is more than a project—it’s a strategic investment in long-term economic resilience. It fills vacancies, supports small businesses, and fuels downtown’s transformation.

Now is the time for bold ideas that shape our city’s future. This accelerator won’t just occupy a keystone space—it will define a movement, proving that Lansing’s best days are ahead.

By leading the charge in downtown revitalization, The Macotta Club positions Lansing as a Midwest leader in the culinary scene and a hub for economic innovation.

Potential Saleable Value in 5-10 Years

The following estimates are based upon The Macotta Club’s current models. Since the property is leased, valuation depends on revenue, profitability, and lease attractiveness rather than land appreciation.

Valuation Methods

A. EBITDA or Revenue Multiple

- Restaurant incubators typically sell for **4-8x EBITDA**. (earnings before interest, taxes, depreciation, and amortization)
- If the accelerator generates **\$1.5M - \$2.5M** in EBITDA annually, potential valuation:
 - **5 years:** \$6M - \$20M
 - **10 years:** \$10M - \$30M

B. Discounted Cash Flow (DCF) Method

- Based on projected cash flow from rentals, memberships, events, and partnerships.
- If annual net cash flow grows at **5-10% per year**, estimated value in **10 years: \$10M - \$25M**.
- Scalability or acquisition by a larger operator could increase valuation beyond standard multiples.

Final Saleable Value Estimates (Leased Space Model)

Timeframe	Low Estimate (4x EBITDA)	High Estimate (8x EBITDA / Growth-Based)
5 Years	\$6M - \$10M	\$12M - \$20M
10 Years	\$10M - \$15M	\$20M - \$30M

MACOTTA CLUB STATUS UPDATE (3/4/25)

General Contractor

- On February 11th, Wieland and Wolverine (each a “General Contractor” or “GC”) presented their initial proposals to the Macotta Club project team. Each GC was subsequently asked to conduct value engineering (“VE”) to cut costs in their respective budgets with updated proposals due for final consideration by February 21st. Below is a summary of relevant considerations for each GC.
 - **WOLVERINE: \$5,340,169*** (\$5,509,677.45 after additional expenses are included)
 - Estimate includes a \$25,000 Unforeseen Conditions Allowance as well as division-specific allowance of \$35,500. Wolverine also recommends that Macotta Club “carry contingency between 5%-7% of project costs.” This would constitute an additional \$267,008.45-\$373,811.83. Adding a 5% contingency raises the total project cost to \$5,607,177.45. Note that we recommend a contingency be included in the total project cost both for purposes of comparing Wolverine to Wieland (because Wieland includes a total project contingency) and also because it is best practice to wrap these contingencies into the contract.
 - In addition to the VE incorporated into the final estimate, Wolverine provided additional (more aggressive) VE recommendations. Even incorporating such recommendations, the Wolverine estimate (with the 5% contingency added) would total \$5,509,677.45.
 - Wolverine held its fee at 5% in all proposals.
 - In its initial proposal presentation, Wolverine indicated that numerous subcontractors and Wolverine personnel would be traveling from the west side of Michigan. This means increased travel expenses.
 - **WIELAND: \$5,352,715**
 - Estimate incorporates a 3% Construction Contingency *and* division-specific allowances.
 - Wieland’s proposed contract provides for robust transparency via access to the digital project management platform. The platform includes subcontractor invoices, project timeline, and more.
 - Wieland is willing to enter a hybrid contract that includes the potential cost-savings benefits of a cost-plus contract with the security of a guaranteed maximum price.
 - Wieland reduced its total construction fee from 5% to 4%.
 - Wieland has demonstrated superior reliability and professionalism in the bidding process. Their presentation was polished, their budget was thorough, and their response time was efficient. Moreover, Wieland has routinely emphasized their desire to be involved in this project.
- **RECOMMENDATION:** Based on the foregoing, we believe it is in the best interest of the Macotta Club to move forward with Wieland as the project’s GC. In addition to offering the lower bid, in our opinion Wieland’s professionalism, transparency, and contract flexibility will better serve the Macotta Club’s needs.
- An additional staff member is advised to assist your current team with project management and partner communication during the 7+month construction phase.

Contracts

- In negotiating the final GC contract, all requirements imposed by the Macotta Club’s funding sources will be incorporated, including but not limited to: Davis-Bacon language, Guaranteed Maximum Price, rights for our construction consultant (Mike Stolz), and change-order guidelines.
- Because Eyde is no longer the GC, what was formerly the Lease and Development Agreement must be amended to remove the “Development” portion (the “Amendment”). The Amendment also reflects all

other negotiations since execution of the original Lease and Development Agreement in 2023. The Amendment’s key terms are summarized below.

- The overall square footage of the Macotta Club has been increased to reflect the addition of the elevator access space. The rentable square footage increased from 22,802 to 23,194 (+390 square feet). This results in a total rent increase of \$12,149.54 for the initial 5-year term (was \$840,242.75, now \$852,392.29).
- The obligation to pay “Additional Rent” originally began on February 15, 2024. Under the Amendment, Additional Rent costs begin tolling on January 1, 2025. Factoring in the \$30,091.43 rent credit, Additional Rent obligations for the remainder of 2025 are as follows:

Commencing	Ending	Additional Rent	Rent Credit Remaining	Amount Due
1/1/2025	1/31/2025	\$5,353.49	\$24,737.94	\$0.00
2/1/2025	2/28/2025	\$5,353.49	\$19,384.45	\$0.00
3/1/2025	3/31/2025	\$5,353.49	\$14,030.96	\$0.00
4/1/2025	4/30/2025	\$5,353.49	\$8,677.47	\$0.00
5/1/2025	5/31/2025	\$5,353.49	\$3,323.98	\$0.00
6/1/2025	6/30/2025	\$5,353.49	\$0.00	\$2,029.51
7/1/2025	7/30/2025	\$5,353.49	\$0.00	\$5,353.49
8/1/2025	8/31/2025	\$5,353.49	\$0.00	\$5,353.49
9/1/2025	9/30/2025	\$5,353.49	\$0.00	\$5,353.49
10/1/2025	10/31/2025	\$5,353.49	\$0.00	\$5,353.49
11/1/2025	11/30/2025	\$5,353.49	\$0.00	\$5,353.49
12/1/2025	12/31/2025	\$5,353.49	\$0.00	\$5,353.49

- While Eyde will no longer serve as the project’s GC, the Macotta Club will pay a 2% fee to Eyde’s “Landlord Construction Representative.” This role is necessary to ensure all work at the premises is compliant with the building’s restrictions and historical preservation requirements.
- The original \$1,300,000 deposit paid to Eyde will be refunded as set forth in the table below.

Original Deposit	\$1,300,000
Landlord Construction Representative Fee	\$100,000 (initially based on a \$5,000,000 project estimate at Eyde’s requested 2% – to be reconciled upon completion of the project)
T.H. Eifert Deposit	\$150,000
Total Refund	\$1,050,000

Permitting & Timeline

- The City has required all plumbing to be rerouted to the kitchen’s grease interceptors. Plans are being adjusted to reflect this requirement. The City indicated its intent to approve such revised plans upon receipt. Plans are set to be submitted by the first week of March.
- Construction is estimated to take 7-9 months. Assuming a March ground-breaking, the Macotta Club is slated to open late Fall 2025.

Next Steps

- T.H. Eifert (“Eifert”) was the only subcontractor to be partially paid and begin work prior to Eyde’s choice to outsource the GC role. On March 3rd, the Macotta Club project team met with Eifert to review its bid. In the meeting, limited opportunities for additional cost-saving measures exist, and overall Eifert wasn’t willing to provide line item estimates, so alternative solutions may be considered.
- Once a GC is finalized and approved by the Board, the Macotta Club project team – including the GC and all major subcontractors – will meet to identify final VE opportunities. No additional bidding and specific

estimates for sub-contracted work outside of Studio Intrigue and Boelter's work can take place without securing a GC. The need to implement cost saving measures will be prioritized with the understanding that a minimum reduction of Macotta Club overall construction costs need to be reduced by an estimated \$1,000,000.00, or additional funding sources to meet that \$1,000,000 request is necessary for consideration by MCC for a loan.

Additional Revenue Sources

C. Ederly has been continuing to work on the Capital Stack for Macotta Club.
To date, we have the following :

Funding Secured:

RAP Grant funding: \$1.5M

State of Michigan Enhancement Grant: \$1.5M

City of Lansing Grant Funds: \$15,000

Consumers Energy Foundation: \$100,000

Lake Trust Credit Union: \$375,000 (\$75,000 annually for 5 years)

Capital Region Community Foundation: \$100,000 (\$50,000 annually once construction is complete)

TOTAL Secured: \$3,590,000

In Process/Applied for:

Hartford Main Street America Grant: \$100,000

TRUIST Grant: \$1,000,000

Jackson National Life Grant: \$250,000

Lake Trust Credit Union: \$1,500,000

Michigan Community Capital: \$3,500,000

State of Michigan add'l funding: \$1,000,000

TOTAL In Process : \$7,350,000

At this time, DLI staff is confident we can trim \$500,000 in costs prior to any sub-contractors and additional cost analysis with GC, finishes, plumbing and electric.

DLPI General Fund January Financials

Suggested budget
amendments for FY
2025

	December	Year to Date	Budget	
Balance from end of December	\$67,392.32			
Ordinary Income/Expense				
Income				
Sponsorships	100,000.00	139,000.00	5,000.00	150,000
Transfers-In	1,200.00	44,428.33	25,000.00	50,000
Fudiciary Income	0.00	2,250.00	5,000.00	
Ticket/Merch Sales	200.00	200.00	1,500.00	
Misc	0.00		500.00	
TOTAL INCOME	101,400.00	185,878.33	37,000.00	
Expense				
Sponsorships	700.00	1,700.00	2,000.00	2500
Transfers Out	1,408.28	39,683.67	25,000.00	50,000
Fudiciary Expenses	12,000.00	14,650.00	5,000.00	
Fees/Charges		2,447.50	1,500.00	5000
Misc	151.20	5,536.40	3,500.00	7500
TOTAL EXPENSE	14,259.48	64,017.57	37,000.00	
DLPI Net Balance	154,532.84	121,860.76	0.00	

DLI General Fund
Statement of Activity

May 2022

Suggested budget
amendments for FY
2025

	February	Year to Date	Budget	
Balance from end of December		\$154,532.85		
Ordinary Income/Expense				
Income				
Sponsorships	0.00	139,000.00	5,000.00	150,000
Transfers-In	0.00	44,428.33	25,000.00	50,000
Fudiciary Income	0.00	2,250.00	5,000.00	
Ticket/Merch Sales	0.00	200.00	1,500.00	
Misc	0.00		500.00	
TOTAL INCOME	0.00	185,878.33	37,000.00	
Expense				
Sponsorships	0.00	1,700.00	2,000.00	2500
Transfers Out	0.00	39,683.67	25,000.00	50,000
Fudiciary Expenses	0.00	14,650.00	5,000.00	
Fees/Charges	0.00	2,447.50	1,500.00	5000
Misc	147.50	5,536.40	3,500.00	7500
TOTAL EXPENSE	147.50	64,017.57	37,000.00	
DLPI Net Balance	154,385.35	121,860.76	0.00	