



*** All present are expected to conduct themselves in accordance with our City's Core Values ***

OFFICIAL NOTICE AND AGENDA

of a meeting of a City Board, Commission, Department, Committee, Agency, Corporation, Quasi-Municipal Corporation, or sub-unit thereof.

Meeting of: **COMMITTEE OF THE WHOLE**
Date/Time: **Tuesday, February 2, 2016 at 5:00 pm, Maple Room**
Location: **City Hall 407 Grant Street, Wausau**
Members: Bill Nagle, Romey Wagner, David Nutting, Tom Neal, Gary Gisselman, Keene Winters, Lisa Rasmussen, Karen Kellbach, Dave Oberbeck, Sherry Abitz, Robert Mielke (C), and Mayor James Tipple

AGENDA ITEMS FOR CONSIDERATION / ACTION

Discussion and Possible Action on Proposed Terms of the Development Agreement with CBL & Associates for the Wausau Center Mall Property.

Robert Mielke
Council President

This notice was posted at City Hall and faxed to the Wausau Daily Herald newsroom on 1/27/16 at 3:00 pm

Please note that, upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through appropriate aids and services. For information or to request this service, contact the Clerk's Office at 715-261-6620, Wausau City Hall, Wausau, WI 54403

Other Distribution: Media, Alderpersons, Mayor, Department Heads

CBL/J II, LLC
Wausau, Wisconsin
Term Sheet

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| Purpose | Financing from the City of Wausau to re-tenant vacant JC Penney space with Younkers and to potentially fund tenant allowances for future tenants. |
| Note | <p>A \$4,100,000.00 loan for tenant improvements incurred in connection with the relocation of Younkers into approximately 50,000 square feet of the 85,756 square foot, vacant JC Penney's facility. Loan funds to be released to borrower upon: execution of a new ten (10) year lease with Younkers upon terms reasonably acceptable to the City. The borrower under the note will not be the ground lessee of the City Center, but rather the ground lessee's parent company: CBL/J II, LLC. The note will be unsecured¹.</p> <p>Non-binding commitment from the City to make loans in the future for up to an additional \$8,000,000.00 conditioned upon CBL's ability to secure new leases from retailers. Any additional loans will be subject to the City's review and approval of all the terms and provisions thereof, including but not limited to the City's review and approval of the new tenants, the improvements or other projects to be funded by such loans.</p> |
| Draw Schedule | TIF Loan shall be placed into a construction escrow with a local title company and disbursed no more frequently than monthly upon receipt of invoices for completed work or delivered materials, together with appropriate lien waivers for such work or materials. |

¹ The note will initially be unsecured, but CBL will agree to cause its subsidiary (as the ground lessee of the Wausau Center) to either (1) pay off this note or (2) provide a junior mortgage to the City upon any refinancing of the property. Although this loan is unsecured at CBL's demand, the City's ground lease does in many respects grant the City remedies similar those found in a mortgage. For instance, if the ground lessee fails to perform under the terms of the ground lease, the City would have eviction rights which are similar (in many respects) to a lender's ability to foreclose.

The City's disbursement shall be subject to a ten (10%) percent retainage which will be released to CBL only upon Younkers occupying the JC Penney space and opening for business.

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|---------------------|---|
| Term | 20-Years |
| Interest Rate | 2% per annum. Interest only payments must be made quarterly. |
| Principal Repayment | <p>Borrower shall make one annual principal payment, if any, equal to 75% of excess cash flow with a balloon payment in year 20 of the remaining, outstanding principal.</p> <p>Upon the refinancing of the ground lessee's existing CMBS debt, CBL agrees to: (1) pay down the TIF Loan in whole or in part, and/or (2) provide the City with a junior mortgage recorded against the CBL's interest in City Center in an amount equal to the then outstanding balance of the Note. Annual principal payments of excess cash flow beginning 1/1/18.</p> |
| Excess Cash Flow | <p>This will be defined as net operating income (revenues less operating expenses)</p> <p>Less: debt service payments to mortgage lender</p> <p>Less: lesser of (i) actual capital expenditures (amortized over their useful life on a straight line basis) and tenant allowances or (ii) \$300,000 for both capital expenditure (amortized over their useful life on a straight line basis) and tenant allowance. Capital expenditures in excess of \$300,000 during any one year shall not be carried forward. Principal payments made from CBL's excess cash flow shall be subject to an annual audit at the lessee's (CBL's) expense.</p> |
| TIF | <p>Any excess increment available from TIF districts #3 and #5 will be used to defray the City's expenses incurred in connection with the loan - i.e. its interest and principal expense.</p> |
| Marketing Funds | <p>Commencing in 2016, City agrees to reimburse CBL for up to One Hundred Thirty Five Thousand</p> |

and No/100 Dollars (\$135,000) in bona fide marketing expenses incurred promoting Wausau Center on a per annum basis over a period of three (3) consecutive calendar years. The marketing expenses shall be subject to the review and approval of the Wausau River District and shall include expenses for a full time staff person located in Wausau, signage, annual contributions to the Wausau River District and, within the first year, expenses related to architectural and vision renditions of the Wausau Center potential redevelopment.

Commencing in 2019, the CBL covenants and agrees to expend One Hundred Thirty Five Thousand and No/100 Dollars (\$135,000) in bona fide marketing expenses incurred promoting Wausau Center on a per annum basis over a period of three (3) consecutive calendar years.

CBL shall attend quarterly meetings with the City to discuss the expenditure of the marketing funds. CBL shall provide the City with a comprehensive report on Wausau Center's operations, including but not limited to, copies of all rent rolls, operating income and expense reports, updates on leasing efforts and reports on any redevelopment plans.

Parking Amendment

Upon the opening of Younkers, CBL and the ground lessee shall execute an amendment to the Parking Agreement with the following provisions: (1) reduce annual parking payments to \$50,000 for a period of five years, (2) install LED lighting in the parking structure, (3) eliminate free parking for weekday arrivals after 6:00 p.m., (4) install CBL approved advertising in the Parking Ramps, and (5) implement a cashier-less parking system and allow increases of the parking rate as proposed by the City.

Ground Lease Rent Abatement

Upon the opening of Younkers, abatement of annual base ground rent applicable to that space to \$1 per annum and a total abatement of the percentage rent with regard to that space. The

foregoing abatement shall last only so long as Younkers is open for business in 100% of the space. Furthermore, the abatement of base ground rent and percentage rent shall expire upon the earlier of (1) the tenth (10th) anniversary of the note or (2) the fifth (5th) anniversary of the note if Wausau Center hits certain financial covenants indicative of a healthy, profitable recovery [sales target to be defined]. The ground lessee shall continue paying pursuant to the ground lease all taxes, insurance and maintenance expenses².

² In the event the Younkers space is vacated, the base rent and percentage rent ground lease payments shall resume. Failure of the ground lessee to make its required ground lease payments could result in the ground lessee's eviction and, subject to the rights of the ground lessee's lender, the City's re-possession of the buildings on the City's land.