



PRESS RELEASE

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Wausau Center Mall Reinvigoration Proposal

We offer the following short Q&A in an effort to answer questions regarding a redevelopment proposal and loan request by the owner of Wausau Center Mall- CBL Associates- to facilitate physical improvements to our mall facility.

WHAT IS THE STATUS OF WAUSAU CENTER MALL?

The Wausau Center Mall is a successful retail facility and by no means a dead mall- but it has not been growing and revenues of the facility have been impacted by the closure of the JC Penney's store. Under a somewhat unique arrangement, the City owns the mall's property and received revenue from the mall- so we are uniquely tied to its success. The existing Younkers store is in need of renovation and there are interested national retailers who would require renovated spaces to become new tenants. Although these improvements would be required to grow, the mall does not have the funds available to undertake these renovations because cash flow has continued to fall. As many know, the City and many stakeholders including Marathon County, the Wausau Region Chamber of Commerce, the Wausau River District and Central Wausau Progress had passed joint statements committing support and cooperation on the important reinvigoration of the Wausau Center Mall in June. Each stakeholder has an important reason to support redevelopment of the mall and we all have the same goal for the owner- CBL- to clarify their intent and invest in the mall.

WHAT IS THE PROPOSAL?

CBL Associates has reiterated their commitment to invest in Wausau Center and lead its reinvigoration by requesting a loan from the City which would fund physical improvements and renovations to Wausau Center to facilitate new tenant spaces and expanded marketing efforts, along with a reduction in parking and ground lease fees during the redevelopment period. CBL Associates requests a 20 yr. unsecured loan at 2% for \$4.1 million to renovate the existing JC Penney's space to accommodate a new Younkers store- this renovation would secure Younkers in the Wausau market with a long term lease and the loan would be repaid from that lease revenue. They also request an additional loan for tenant space renovations, the exact amount would be determined if CBL secures a prospective tenant that requires physical improvements to the mall, this loan would also be repaid by the lease revenue of those newly renovated spaces and



each opportunity would be reviewed by the City and stakeholders on a case by case basis. CBL also requests changes to rent, parking and marketing funds during this redevelopment time to allow the Center to be repositioned for future growth.

ARE THESE RENOVATION COSTS A GOOD DEAL, HOW HAVE WE RESEARCHED AND BENCHMARKED THIS PROPOSAL?

Mall retail financing is a unique animal, but because the City owns the property underneath the mall and receives income based on the success of the mall- the mall is not like other business loans. The renovation costs associated with this proposal are in-line with retail renovation averages. The City has hired Jones Lang LaSalle on a limited basis to research this proposal and benchmark it against others nationwide. Many communities provide renovation grants, sales tax refunds and other incentives to malls across the nation. Since the structure of this request is a loan, only to be used for important physical improvements that will make Wausau Center a more modern facility like a 'lifestyle center', and the City has an important stake in the mall succeeding because of the ownership structure- this is a fair deal. We know that traditional enclosed shopping mall centers are not the future of the retail industry and CBL has a long and successful track record of repositioning older enclosed malls across the country into more modern format centers. As Wausau Center is the only mall retailer in our local market and there are many retail stores who only sell in mall environments- the facility has stronger than normal market position. Furthermore, the facility has great parking and accessibility and the existing street frontage areas can be improved somewhat easily. We feel that this proposal is a realistic and pragmatic way to make our mall a marketable location for retailers for the long term.

HOW WOULD THIS LOAN BE FUNDED?

Although this is an unsecured loan given the structure of the Mall's existing mortgage, CBL will pay back the loan from the cash flow generated directly by the physical improvements funded- no loan funds will be used without a signed lease which generates income to repay the loan. The City will seek the amendment of the existing Tax Increment Financing District (TID) #3 to include Wausau Center in its plan and boundary to allow the use of those funds to finance this loan. The City is requesting that the successful TID #5 be designated as a donor district to TID #3 to facilitate this process. This loan is not funded with general revenue funds and does not affect the City's tax rates or general fund finances.