



TO: FINANCE COMMITTEE

FROM: MARYANNE GROAT

DATE: OCTOBER 8, 2020

RE: MALL REDEVELOPMENT UPDATE

Since the last meeting Wausau Opportunity Zone, Inc. has worked to fine tune the project and now proposes financial adjustments that are beneficial to the City.

- Eliminate all future annual payments of \$327,000. This reduces the city's obligation by \$1,962,000.
- Surrender the option for possession of the Sears Parking Ramp.
- Agree to pay \$660,000 of the forgivable loan through six annual payments of \$110,000 beginning in 2022.
- Guarantee real estate taxes based upon an assessed value of \$7,000,000 beginning 1/1/2024 for the taxes collected in 2025.

Attached are three TID 12 project financial projections along with the cash flow of TID #8.

The first titled, "1 Block Developed," represents the financial impact when one block is developed with a value of \$10,000,000. This is a conservative estimate as the developer expects the improvements to range from \$18-\$21 million. As noted above, \$7,000,000 is guaranteed regardless of construction. The plan shows that increment from the project along with the TID 7 donations are sufficient to cover the costs. The financial projection includes \$4.7million of debt issued with interest only in year one. Over the following three years 78% of the debt or \$3,675,000 would be retired and the debt would be paid in full by 2029. Total interest projected at \$342,191.

The second titled, "5 Block Build Out," represents the financial impact when all five blocks are redeveloped, each with a value of \$10,000,000, over a period of 9 years. Again, this represents a conservative estimate as compared to the developer expectations of \$18-21 million per block. In this scenario we are able to retire the associated debt early. This projection presents the tax generating power of the project with \$21million of extra increment available versus the \$4.6million of extra increment with the 1 block scenario.

Both scenarios take advantage of 3 years (2023-2025) of increment allocated from TID #7. To accomplish this donation/allocation the City would complete the legal steps required to amend the project plan of TID#7 to allow for increment allocation to TID #12. This process includes a

Plan Commission public hearing and approval, Joint Review Board approval and Common Council approval. TID #7 mandated closure is 2026. This allows for early closure in 2025, allocating a fourth year of increment or using the final increment for affordable housing. I recommend the increment allocation amendment because it will reduce the early deficits and allow for accelerated debt retirement which will in turn reduce interest expense costs. Another important point to note is that the project plan amendment provides the authority to allocate increment but doesn't require the City to do so. Annually, the council can evaluate whether the allocation is necessary and terminate the allocation as determined appropriate.

The third financial scenario reflects the full build out without using TID #7 increment. This financial picture presents financial deficits in years 2022-2028. Without the TID #7 increment principal retirement is reduced resulting in a longer amortization of the debt and more than double the interest costs.

I have also enclosed the cash flow of TID #8. This district funded the original \$1,000,000 developer loan and the 2020 payment of \$327,000. The cash flow shows that the district is capable of managing these costs and the new proposed changes including the elimination of the future annual payments and the loan repayment of \$660,000.

**MALL REDEVELOPMENT TID 12
1 BLOCK DEVELOPED**

Year	USES OF FUNDS						SOURCES OF FUNDS				
	\$4,700,000 Debt Issue			Developer Payments	Street Improvements	Total Uses of Funds	\$10,000,000 Project Increment	TID 7 Increment Donation	Total Sources of Funds	Annual Surplus (Deficit)	Accumulated Balance (Deficit)
	Principal	Interest	Total								
1 2020			-			-			-	-	-
2 2021			-	3,500,000	1,200,000	4,700,000	4,700,000		4,700,000	-	-
3 2022		90,710	90,710			90,710			-	(90,710)	(90,710)
4 2023	1,000,000	90,710	1,090,710			1,090,710		1,270,253	1,270,253	179,543	88,833
5 2024	1,200,000	71,410	1,271,410			1,271,410		1,324,683	1,324,683	53,273	142,106
6 2025	1,475,000	48,250	1,523,250			1,523,250	263,700	1,324,683	1,588,383	65,133	207,239
7 2026	325,000	19,783	344,783			344,783	266,337		266,337	(78,446)	128,793
8 2027	365,000	13,510	378,510			378,510	269,000		269,000	(109,510)	19,283
9 2028	265,000	6,466	271,465			271,465	271,690		271,690	225	19,509
10 2029	70,000	1,352	71,352			71,352	274,407		274,407	203,055	222,564
11 2030						-	277,151		277,151	277,151	499,715
12 2031						-	279,923		279,923	279,923	779,638
13 2032						-	282,722		282,722	282,722	1,062,360
14 2033						-	285,549		285,549	285,549	1,347,910
15 2034						-	288,405		288,405	288,405	1,636,314
16 2035						-	291,289		291,289	291,289	1,927,603
17 2036						-	294,202		294,202	294,202	2,221,805
18 2037						-	297,144		297,144	297,144	2,518,949
19 2038						-	300,115		300,115	300,115	2,819,064
20 2039						-	303,116		303,116	303,116	3,122,180
21 2040						-	306,148		306,148	306,148	3,428,328
22 2041						-	309,209		309,209	309,209	3,737,537
23 2042						-	312,301		312,301	312,301	4,049,838
24 2043						-	315,424		315,424	315,424	4,365,262
25 2044						-	318,578		318,578	318,578	4,683,840
	\$4,700,000	\$342,191	\$5,042,190	\$3,500,000	\$1,200,000	\$9,742,190	\$4,700,000	\$5,806,411	\$3,919,619	\$14,426,030	\$4,683,840

**MALL REDEVELOPMENT TID 12
5 BLOCK BUILD OUT**

Year	USES OF FUNDS						SOURCES OF FUNDS					
	\$4,700,000 Debt Issue			Developer Payments	Street Improvements	Total Uses of Funds	Debt Proceeds	Full	TID 7	Total Sources of Funds	Annual	Accumulated
Principal	Interest	Total	Build Out					Increment	Surplus		Balance	
							Increment	Donation		(Deficit)	(Deficit)	
1 2020			-			-			-	-	-	
2 2021			-	3,500,000	1,200,000	4,700,000	4,700,000			4,700,000	-	-
3 2022		90,710	90,710			90,710				-	(90,710)	(90,710)
4 2023	1,000,000	90,710	1,090,710			1,090,710			1,270,253	1,270,253	179,543	88,833
5 2024	1,200,000	71,410	1,271,410			1,271,410			1,324,683	1,324,683	53,273	142,106
6 2025	1,475,000	48,250	1,523,250			1,523,250	263,700	1,324,683	1,588,383	1,588,383	65,133	207,239
7 2026	425,000	19,783	444,783			444,783	266,337		266,337	266,337	(178,446)	28,793
8 2027	475,000	11,580	486,580			486,580	532,700		532,700	532,700	46,120	74,913
9 2028	125,000	2,413	271,465			271,465	538,027		538,027	538,027	266,562	341,476
10 2029	DEBT RETIRES EARLY					-	807,108		807,108	807,108	807,108	1,148,583
11 2030			-			-	815,179		815,179	815,179	815,179	1,963,762
12 2031			-			-	1,087,031		1,087,031	1,087,031	1,087,031	3,050,793
13 2032			-			-	1,097,901		1,097,901	1,097,901	1,097,901	4,148,693
14 2033			-			-	1,372,580		1,372,580	1,372,580	1,372,580	5,521,273
15 2034			-			-	1,386,306		1,386,306	1,386,306	1,386,306	6,907,579
16 2035			-			-	1,400,169		1,400,169	1,400,169	1,400,169	8,307,748
17 2036			-			-	1,414,170		1,414,170	1,414,170	1,414,170	9,721,918
18 2037			-			-	1,428,312		1,428,312	1,428,312	1,428,312	11,150,230
19 2038			-			-	1,442,595		1,442,595	1,442,595	1,442,595	12,592,825
20 2039			-			-	1,457,021		1,457,021	1,457,021	1,457,021	14,049,846
21 2040			-			-	1,471,591		1,471,591	1,471,591	1,471,591	15,521,438
22 2041			-			-	1,486,307		1,486,307	1,486,307	1,486,307	17,007,745
23 2042			-			-	1,501,170		1,501,170	1,501,170	1,501,170	18,508,915
24 2043			-			-	1,516,182		1,516,182	1,516,182	1,516,182	20,025,097
25 2044			-			-	1,531,344		1,531,344	1,531,344	1,531,344	21,556,441
	\$4,700,000	\$334,856	\$5,178,908	\$3,500,000	\$1,200,000	\$9,878,908	\$4,700,000	\$22,815,730	\$3,919,619	\$31,435,349	\$21,556,441	

5 BLOCK INCREMENT DETAIL

		\$10,000,000 Block 4 Increment	\$10,000,000 Block 3 Increment	\$10,000,000 Block 2 Increment	\$10,000,000 Block 1 Increment	\$10,000,000 Block 5 Increment	Total
Year							
1	2020						-
2	2021						-
3	2022						-
4	2023						-
5	2024						-
6	2025	263,700					263,700
7	2026	266,337					266,337
8	2027	269,000	263,700				532,700
9	2028	271,690	266,337				538,027
10	2029	274,407	269,000	263,700			807,108
11	2030	277,151	271,690	266,337			815,179
12	2031	279,923	274,407	269,000	263,700		1,087,031
13	2032	282,722	277,151	271,690	266,337		1,097,901
14	2033	285,549	279,923	274,407	269,000	263,700	1,372,580
15	2034	288,405	282,722	277,151	271,690	266,337	1,386,306
16	2035	291,289	285,549	279,923	274,407	269,000	1,400,169
17	2036	294,202	288,405	282,722	277,151	271,690	1,414,170
18	2037	297,144	291,289	285,549	279,923	274,407	1,428,312
19	2038	300,115	294,202	288,405	282,722	277,151	1,442,595
20	2039	303,116	297,144	291,289	285,549	279,923	1,457,021
21	2040	306,148	300,115	294,202	288,405	282,722	1,471,591
22	2041	309,209	303,116	297,144	291,289	285,549	1,486,307
23	2042	312,301	306,148	300,115	294,202	288,405	1,501,170
24	2043	315,424	309,209	303,116	297,144	291,289	1,516,182
25	2044	318,578	312,301	306,148	300,115	294,202	1,531,344
		\$5,806,411	\$5,172,409	\$4,550,899	\$3,941,635	\$3,344,376	\$22,815,730

**MALL REDEVELOPMENT TID 12
5 BLOCK BUILD OUT - NO TID 7 DONATION**

Year	USES OF FUNDS						SOURCES OF FUNDS					
	\$4,700,000 Debt Issue			Developer Payments	Street Improvements	Total Uses of Funds	Debt Proceeds	Full	TID 7	Total Sources of Funds	Annual	Accumulated
Principal	Interest	Total	Build Out					Increment	Surplus		Balance	
							Increment	Donation		(Deficit)	(Deficit)	
1 2020			-			-				-	-	-
2 2021			-	3,500,000	1,200,000	4,700,000	4,700,000			4,700,000	-	-
3 2022		90,710	90,710			90,710				-	(90,710)	(90,710)
4 2023	200,000	90,710	290,710			290,710				-	(290,710)	(381,420)
5 2024	200,000	86,850	286,850			286,850				-	(286,850)	(668,270)
6 2025	200,000	82,990	282,990			282,990	263,700			263,700	(19,290)	(687,560)
7 2026	200,000	79,130	279,130			279,130	266,337			266,337	(12,793)	(700,353)
8 2027	200,000	75,270	275,270			275,270	532,700			532,700	257,430	(442,923)
9 2028	200,000	71,410	271,410			271,410	538,027			538,027	266,617	(176,305)
10 2029	500,000	67,550	567,550			567,550	807,108			807,108	239,558	63,252
11 2030	800,000	57,900	857,900			857,900	815,179			815,179	(42,721)	20,531
12 2031	1,000,000	42,460	1,042,460			1,042,460	1,087,031			1,087,031	44,571	65,102
13 2032	1,200,000	23,160	1,223,160			1,223,160	1,097,901			1,097,901	(125,259)	(60,158)
14 2033			-			-	1,372,580			1,372,580	1,372,580	1,312,422
15 2034			-			-	1,386,306			1,386,306	1,386,306	2,698,728
16 2035			-			-	1,400,169			1,400,169	1,400,169	4,098,897
17 2036			-			-	1,414,170			1,414,170	1,414,170	5,513,067
18 2037			-			-	1,428,312			1,428,312	1,428,312	6,941,379
19 2038			-			-	1,442,595			1,442,595	1,442,595	8,383,974
20 2039			-			-	1,457,021			1,457,021	1,457,021	9,840,995
21 2040			-			-	1,471,591			1,471,591	1,471,591	11,312,587
22 2041			-			-	1,486,307			1,486,307	1,486,307	12,798,894
23 2042			-			-	1,501,170			1,501,170	1,501,170	14,300,064
24 2043			-			-	1,516,182			1,516,182	1,516,182	15,816,246
25 2044			-			-	1,531,344			1,531,344	1,531,344	17,347,590
	\$4,700,000	\$768,140	\$5,468,140	\$3,500,000	\$1,200,000	\$10,168,140	\$4,700,000	\$22,815,730	\$0	\$27,515,730	\$17,347,590	

TAX INCREMENTAL DISTRICT NUMBER EIGHT

CASH FLOW PROJECTIONS

Year	USES OF FUNDS					SOURCES OF FUNDS				
	Annual Projected Debt Service	Administrative, Organization & Discretionary Costs	Developer Payments	CVS Tax Claim	Capital Expenditures	Net Debt Proceeds	Other Income	Tax Increment	Annual Surplus (Deficit)	Cumulative Balance
ACTUAL										
1	2012		\$7,801						(\$7,801)	(\$7,801)
2	2013		10,390						(18,071)	(25,872)
3	2014	372	5,717			190,000	183,660		131,578	105,706
4	2015	8,957	21,155			1,020,000	199,366	140,328	1,253,256	1,358,962
5	2016	118,441	96,623	275,000	42,835	1,819,722	231,968	194,502	(1,171,151)	187,811
6	2017	154,714	19,576	57,500			198,481	111,771	52,966	240,777
7	2018	159,542	9,813	-			195,888	113,098	14,810	255,587
8	2019	350,378	32,270	45,866			211,877	257,077	1,451,476	1,707,063
ESTIMATED										
9	2020	697,209	50,150	1,559,916		910,000	1,166,963	239,784	(1,046,468)	660,595
10	2021	750,874	15,000	540,000			255,550	233,590	(816,734)	(156,139)
11	2022	755,654	6,000	225,000			263,808	517,590	(205,256)	(361,395)
12	2023	740,388	6,000	279,000			263,808	725,590	(35,990)	(397,385)
13	2024	753,224	6,000	223,058			263,808	933,590	215,116	(182,269)
14	2025	742,510	6,000	139,600			263,808	933,590	309,288	127,019
15	2026	463,425	6,000	139,600			263,808	933,590	588,373	715,392
16	2027	459,475	6,000	69,600			257,909	933,590	656,424	1,371,816
17	2028	455,425	6,000	145,600			249,651	933,590	576,216	1,948,032
18	2029	451,163	6,000	72,000			249,651	933,590	654,078	2,602,110
19	2030	149,688	6,000				249,651	933,590	1,027,553	3,629,663
20	2031	52,113	6,000				524,651	933,590	1,400,128	5,029,791
21	2032	40,650					249,651	933,590	1,142,591	6,172,382
TOTAL		\$7,304,202	\$328,495	\$3,771,740	\$42,835	\$4,702,153	\$5,642,210	\$5,743,957	\$10,935,640	

TID 8 DEVELOPER PAYOUT

		Paid			Projected							Total	
		Authorized	12/31/2020	2021 Budget	2022	2023	2024	2025	2026	2027	2028		2029
Lokre Development	G	1,700,000		450,000		104,000	249,600	249,600	249,600	179,600	145,600	72,000	1,700,000
1401 Elm Street LLC	G	601,520	-	45,000	240,000	240,000	76,520	-	-	-	-	-	601,520
Nidus Holding Co	G	50,000	-	-	50,000	-	-	-	-	-	-	-	50,000
Nidus Holding Co	L	190,000	190,000	-	-	-	-	-	-	-	-	-	190,000
Wausau Opportunity Zone, Inc.	L	1,000,000	1,000,000	-	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	-	-	340,000
Wausau Opportunity Zone, Inc.	G	2,289,000	327,000	-	-	-	-	-	-	-	-	-	327,000
TFB MI -LLC	L	275,000	275,000	-	-	-	-	-	-	-	-	-	275,000
TFB MI - LLC	G	287,500	146,282	45,000	45,000	45,000	6,938	-	-	-	-	-	288,220
Total		\$ 6,393,020	\$ 1,938,282	\$ 540,000	\$ 225,000	\$ 279,000	\$ 223,058	\$ 139,600	\$ 139,600	\$ 69,600	\$ 145,600	\$ 72,000	\$ 3,771,740

G = Grant

L = Loan

TID 8 INCREMENT PROJECTION

	Hotel	Elm Street	Car Wash	Residential Phase 1	Residential Phase 2	Current Increment	Total
	1,000,000	10,000,000	850,000	8,000,000	8,000,000		
2021						233,590	233,590
2022	24,000	240,000	20,000			233,590	517,590
2023	24,000	240,000	20,000	208,000		233,590	725,590
2024	24,000	240,000	20,000	208,000	208,000	233,590	933,590
2025	24,000	240,000	20,000	208,000	208,000	233,590	933,590
2026	24,000	240,000	20,000	208,000	208,000	233,590	933,590
2027	24,000	240,000	20,000	208,000	208,000	233,590	933,590
2028	24,000	240,000	20,000	208,000	208,000	233,590	933,590
2029	24,000	240,000	20,000	208,000	208,000	233,590	933,590
2030	24,000	240,000	20,000	208,000	208,000	233,590	933,590
2031	24,000	240,000	20,000	208,000	208,000	233,590	933,590
2032	24,000	240,000	20,000	208,000	208,000	233,590	933,590
2033	24,000	240,000	20,000	208,000	208,000	233,590	933,590
2034	24,000	240,000	20,000	208,000	208,000	233,590	933,590
2035	24,000	240,000	20,000	208,000	208,000	233,590	933,590
2036	24,000	240,000	20,000	208,000	208,000	233,590	933,590
2037	24,000	240,000	20,000	208,000	208,000	233,590	933,590
2038	24,000	240,000	20,000	208,000	208,000	233,590	933,590
2039	24,000	240,000	20,000	208,000	208,000	233,590	933,590
2040	24,000	240,000	20,000	208,000	208,000	233,590	933,590