



BALCONES HEIGHTS

PROPOSED PURCHASE OF 45.6 % INTEREST

IN WONDERLAND OF THE AMERICAS (WOTA)

FAQ MAY 5, 2021

Q: Why is the City interested in exploring the purchase of a partnership stake in Wonderland of the Americas?

A: There are several reasons:

- a. To have a say in the future of the largest commercial property in the City
- b. To generate a new revenue stream; as in more money into the General Fund
- c. To avoid the property being sold to a hedge fund, or corporate/absentee owner

Q: What parts of Wonderland of the Americas are included in the proposed investment?

- A:
- a. The existing mall structure including Burlington, Hobby Lobby, Ross, etc. but not Target. Target and its land are not part of the Wonderland property.
 - b. All the mall “outparcels” including Springhill Suites, Wells Fargo, Jack in the Box, Denny’s, Whataburger.

Q: What else does the deal include?

- A. The City will move several operations into a now vacant space on Wonderland’s upper level, B-61, approximately 16,000 square feet, the former Anna’s Linens space. This occupancy is necessary in order to provide “collateral” for the \$5 million loan.

At this point it is not clear what operations will move into this space. Economic Development and Public Affairs already have leased office space in WOTA. They will move into the new space. It is also likely that the new space will have a community center. At this point, the Police Department and Dispatch will stay in the Justice Center.

Q: How is the City going to pay for its partnership stake?

- A: The City will borrow \$5 million at very favorable rates using a 20-year loan.

Q: How much “new revenue” will the City realize if it has to make payments on \$5 million?

- A. All projections indicate that the City will net approximately \$350,000 dollars annually net, that is after loan payments.

Q: When will this happen?

A: The City's exploration of this proposal began over one year ago. Because it involved sensitive negotiations and real estate, these discussions were held in Executive Session and no actions were ever taken. That changed on February 22, 2021, when City Council in open session approved a Memorandum of Understanding (MOU) to formally explore the proposal.

The City's bond attorneys and financial advisors will be creating the terms of the actual contract that will be presented to City Council for its possible approval. The first step is the creation of an Economic Development Corporation (EDC) by the City. This independent, non-profit corporation board of directors is appointed by and accountable to City Council. This process is likely to take 60 – 90 days.

The EDC is a mechanism that will protect the City from direct liability in this and other economic development projects in the future. It is the EDC who will actually borrow the money, and hold all legal responsibility for the project, should it be approved by City Council.

Q: If this proposal is approved, when will City offices be moved to Wonderland?

A: A specific timeline has not yet been developed. A design plan for the space will be created, then there will be necessary build-out, and then plans to execute the move of designated offices. In all the process could take at least 2 years.

Q: Will the mall ever return to being a “real mall” like it used to be?

The Internet, Amazon.com, and other online activities have completely and irreversibly changed the dynamics of retail shopping. This was further complicated by the Covid pandemic. The present WOTA ownership/management group recognized this from the get-go and have successfully repurposed WOTA during the past 11 years. While there is still significant retail (Hobby Lobby, Burlington, Ross, Cowtown Boats, School Yard, etc.) medical services have come to dominate the Wonderland tenant base. These include three VA Clinics, UT Health Science Center Emergency Services Training, Little Spurs Clinic, University Hospital Epix training, STRIC offices, and other doctor, dental and health services. In addition to the Bijou Cinema Bistro, there is also the Wonderland Jump and Play, and other entertainment options at WOTA.