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September 21, 2016

Via Email and Hand Delivery

Plan Commission and Urban Design Commission
City of Madison
215 Martin Luther King Jr. Blvd.
Room LL-100
Madison, WI 53703

**Re: Letter of Intent for Proposed Development
Alteration to Conditional Use-Planned Multi-Use Site
Redevelopment of Sears-West Towne Property – 53 West Towne Mall**

Dear Commission Members:

On behalf of Seritage SRC Finance LLC, I am pleased to submit the enclosed materials for a planned Alteration to Conditional Use-Planned Multi-Use Site for the property located at 53 West Towne Mall, commonly known as the Sears Department Store and Auto Center. This application includes a request to amend the existing conditional use approval for West Towne Mall in an effort to redevelop portions of the current Sears Department Store building and the Auto Center building. A future phase of the development will include the addition of new out pads on the property. We are very excited about the project and its contributions to revitalizing the property and enhancing West Towne Mall.

Project Summary

Seritage Growth Properties has a portfolio that contains 235 wholly-owned properties and 31 joint venture properties, consisting of approximately 42 million square feet of building space, which is broadly diversified by location across 49 states and Puerto Rico. Pursuant to a master lease, 224 of its wholly-owned properties are leased to Sears Holdings and are operated under either the Sears or K-Mart brand.

Seritage acquired the 18-acre Sears property at West Towne Mall in 2015. Pursuant to the master lease with Sears Holdings, Seritage has a right to recapture up to 50% of the full line Sears store and the entire Sears Auto Center and repurpose the recaptured space with alternate uses. In addition, Seritage has the option to develop additional outbuildings on the property.

Seritage is proposing to recapture approximately 55,000 sq. ft. of the existing Sears full line store (downsizing Sears to approximately 56,000 sq. ft.) and repurpose the space with an approximately 31,000 sq. ft. Dave & Buster's indoor entertainment and restaurant use and an

additional retail tenant of approximately 25,000 sq. ft. In addition, Seritage is proposing to repurpose the Auto Center building with restaurant and/or retail uses. Furthermore, as part of a future land use application, Seritage is proposing to create up to three new outparcels for restaurant and/or retail use.

Existing Site Conditions

The existing site is located at 53 West Towne Mall in the City of Madison (PIN 251/0708-261-0099-6), constituting 18.23 acres (794,148 sq. ft.) on the southeast corner of a planned multi-use site known as West Towne Mall. The property is owned by Seritage SRC Finance LLC. The property is bounded by other portions of West Towne Mall owned by an affiliate of CBL & Associates Properties, Inc. to the north and west, by South Gammon Road to the east, and by the West Beltline Highway to the south.

The site is part of the CC-Commercial Center Zoning District. The site contains two structures with a total gross floor area of 138,599 sq. ft. (126,629 sq. ft. 1st floor; 11,970 sq. ft. 2nd floor). The structure occupying the northwest quadrant of the site includes a Sears Department Store connected to and serving as an anchor tenant for West Towne Mall. The southeast quadrant of the site includes a two-story Sears Auto Center. Parking areas, landscaped areas and an access road that provides circulation around West Towne Mall occupy the remaining portions of the site.

Access to the site is provided by internal access roads serving West Towne Mall and connecting with Mineral Point Road, West Towne Way, and D'onofrio Drive. The site also includes direct access to South Gammon Road and Odana Road through a four-way signaled intersection. A Madison Metro bus stop for lines 63 and 73 is located in the right-of-way adjacent to the site.

Project Layout

The proposal maintains the existing buildings on the site, the existing building footprints and the general existing site configuration. The proposed project repurposes the Sears Department Store and Sears Auto Center buildings, improves the building façades and other building features, and improves parking and landscaped areas on the site.

Sears will continue to occupy approximately 56,000 sq. ft. in the northern half of the existing structure, served by a direct interior connection to West Towne Mall on the north side of the building and by exterior entrances on the west and east sides of the building. Dave & Buster's will occupy approximately 31,630 sq. ft. of the southwest portion of the existing structure and will be served by an exterior entrance on the south side of the building. A new retail tenant will occupy approximately 25,180 sq. ft. of the southeast portion of the existing structure and will be served by an exterior entrance on the east side of the building.

The current Sears Auto Center building will be divided into two restaurant or retail spaces. A potential restaurant tenant occupying the northern half of the existing structure would also include outdoor eating and drinking areas directly adjacent to the northwest and/or northeast corners of the building. Additional details for the remaining building space will be determined based on tenant requirements.

Project Objectives and Benefits

The Project will benefit the City of Madison in the following ways:

- Revitalizing the southeast corner of West Towne Mall by repurposing the existing Sears Department Store and Sears Auto Center buildings while retaining Sears as an asset to the community in a smaller footprint.
- Bringing new tenants to the Madison market, including Dave & Buster's which is opening its first location in Madison and its second location in Wisconsin.
- Providing additional employment opportunities to the area by activating underutilized retail spaces and adding new pad sites as part of a future phase.
- Improving vehicular, bicycle and pedestrian access to and circulation on the site by upgrading existing parking and landscaping areas.

Project Data

<u>Location:</u>	53 West Towne Mall
<u>Building Sq. Ft.:</u>	139,375 sq. ft.; plus 16,500 of proposed pads
<u>Start Construction:</u>	Approximately January 2017
<u>Complete Construction:</u>	Approximately September 2017
<u>Type of Building:</u>	Commercial (retail and restaurant)
<u>Land Area:</u>	18.23 acres (794,148 sq. ft.)
<u>Vehicle Parking:</u>	Approximately 736 vehicle parking spaces (5.3 spaces per 1,000 sq. ft.); plus 161 vehicle parking spaces (9.7 spaces/1000) on proposed pads
<u>Bicycle Parking:</u>	Approximately 100 bicycle spaces
<u>Site Access:</u>	South Gammon Road and West Towne Way
<u>Lot Coverage:</u>	83.69% (644,343 sq. ft.)
<u>Usable Open Space:</u>	14.63% (112,657 sq. ft.)
<u>Hours of Operation:</u>	Approximately 10:00 a.m.-9:00 p.m. Monday through Sunday (retail) / 11:00 a.m.-Midnight Monday through Sunday (restaurant/brewpub/indoor entertainment)

Project Financial Information

Value of Land: The land is currently assessed at \$3,910,000 and improvements at \$1,235,000 for a total assessed value of \$5,145,000.

Estimated Project Cost: \$17,000,000

Number of Construction & Full-time Equivalent Jobs Created: 60 construction jobs and 120 full-time equivalent retail and restaurant jobs to be created at Dave & Buster's. The number of additional retail and restaurant jobs can be determined once additional tenants are determined.

Public Subsidy Requested: None.

Project Team

Owner/Developer:	Seritage SRC Finance LLC
Architects:	CallisonRTKL / WD Partners
Civil Engineering:	R.A. Smith National Inc.
Landscape Design:	R.A. Smith National Inc.
Traffic Engineering:	R.A. Smith National Inc.
Land Use Approvals:	Husch Blackwell LLP

Seritage Growth Properties is a publicly traded, self-administered, self-managed REIT primarily engaged in the real property business through its investment in its operating partnership, Seritage Growth Properties, L.P. Seritage's portfolio contains 235 wholly-owned properties and 31 joint venture properties, consisting of approximately 42 million square feet of building space, which is broadly diversified by location across 49 states and Puerto Rico. Pursuant to a master lease, 224 of its wholly-owned properties are leased to Sears Holdings and are operated under either the Sears or K-Mart brand.

CallisonRTKL is a global architecture, urban planning, design and creative services organization. For more than five decades, Callison and RTKL have created some of the world's most memorable and successful environments for developers, retailers, investors, institutions and public entities. In 2015, its two practices came together under the Arcadis umbrella, expanding its sphere of influence and the depth and breadth of its resources. Its team is comprised of more than 2,000 creative, innovative professionals throughout the world who are committed to advancing its clients' businesses and enhancing quality of life.

WD Partners is an award-winning customer experience expert for global retail and consumer goods brands. WD Partners integrates the space between physical and digital as global brand strategists, designers, architects, innovators and more. It focuses on design and branding, research and insights, digital services, customer experience, operations engineering, and architecture and engineering.

R.A. Smith National Inc. is a leading consulting engineering firm, providing multi-disciplinary services to state and local government and the land development industry nationwide. Their comprehensive services include land development engineering, transportation, traffic engineering, municipal engineering, structural engineering, landscape architecture, irrigation design, water resource engineering, ecological services, surveying, construction services, wastewater, geographic information systems (GIS), visualization and 3D laser scanning.

Husch Blackwell LLP is an industry-focused, full-service litigation and business law firm with 19 offices across the U.S. and in London. It represents national and global leaders in major industries including energy and natural resources; financial services; food and agribusiness; healthcare, life sciences and education; real estate, development and construction; and technology, manufacturing and transportation.

We look forward to presenting these materials to you and seeking your approval of this proposal to revitalize and enhance our portion of West Towne Mall.

Sincerely,



James Bry
Vice President

- cc: (all via email)
Paul Skidmore, District 9 Alderperson
Natalie Erdman, Director of Planning, Community and Economic Development
Heather Stouder, Planning Division Director
Tim Parks, Planning Division
Al Martin, Planning Division
Matt Tucker, Zoning Administrator