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A large pot hole is seen in the parking lot of the Central Mall on Friday, Jan. 30, 2009. (Salina Journal)

Mall maintenance

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New management team says projects a priority

Mall maintenance

By ERIN MATHEWS

Salina Journal

Repairs to the cratered parking lot at Salina's Central Mall and other needed building maintenance projects will be high on the priority list this year, said a representative of a commercial real estate company appointed Wednesday as asset manager for the mall.

Michael Kalil, chief operating officer of NAI Farman Group, a Detroit-based company that specializes in repositioning and stabilizing commercial properties, was appointed in U.S. District Court as receiver for the mall.

Latest Headlines:	"Our experience has been that we've stepped into regional malls like this and improved the overall operation and environment, and that's our intent here," Kalil said.
<ul style="list-style-type: none"> ▪ Power out in downtown Salina ▪ Two Salinans injured in shooting ▪ Olathe teen injured in crash ▪ Commissioners to take up parking ordinances ▪ County commission agenda includes updates 	He said Farbman representatives will meet with representatives of mall stores and set up a maintenance and operating budget to keep the mall operating smoothly.
	"The new management team will bring new resources and support to the existing staff," he said. "It will be business as usual with a lot of the same faces. We aim to enhance the operation, and hopefully improve the overall retail experience for consumers and retailers."
	The action came as the result of a lawsuit filed in U.S. District Court in October by mall anchor store Sears seeking to enforce provisions of its lease that require the landlord to maintain and repair its building and common areas, including the parking lot.
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	Developer remains in jail
	In its suit, Sears seeks repairs and maintenance to its roof and parking area estimated to cost more than \$450,000. As receiver, Kalil will have authority to make repairs of up to \$3,000, but must get approval from Wachovia Bank, which holds a mortgage on the mall, for higher cost repairs to the 587,512-square-foot building, which was constructed in 1987.
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	Okun surrendered his assets -- including Central Mall -- to a federal bankruptcy trustee who attempted to sell the properties to reimburse clients of The 1031 Tax Group, which Okun also controlled.
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	Mall has debts
	Efforts to sell Central Mall haven't been successful.
	Although Bob Davenport, New York City, who works for bankruptcy trustee Gerard A. McHale Jr., said in September that he hoped to be able to announce the mall's new owner in two to three weeks, that announcement never came. Davenport could not be reached for comment.
	A Jan. 22 online newsletter written by McHale indicated that an offer had not been received that would cover the \$32.7 million mortgage on the property held by Wachovia Bank.
	In addition, the mall owes about \$2 million for real estate taxes and outstanding debts to contractors and leaseholders, the newsletter said.
	Outstanding debts actually may be higher than McHale estimated. Unpaid property taxes and penalties owed to Saline County for 2007 and 2008 total more than \$2.7 million, according to the treasurer's office.
	In addition, Salina attorney Terry Criss represents two clients seeking reimbursement for services to the mall -- Reinert Construction, owed for demolition and construction work on the Old Navy store, and Boardwalk Management Co., whose contract to operate the mall was recently terminated.
	Criss said a payment schedule was negotiated for Reinert Construction, and, so far, payments are up to date.
	The Salina mall and a JC Penney building in Houston are the last remaining real estate assets in the Okun portfolio, the newsletter said.
	20 offers but no sale

Keen Consultants, New York City, the real estate division of KPMG Corp., which was retained to market and sell the retail properties, received about 20 offers on the mall, but none were high enough to accept, according to McHale's newsletter. The mall is still listed on the company's Web site.

"On the Salina property, while Okun did pay in excess of \$40 million for the property, we have been unsuccessful in finding a buyer who would even pay the amount of the mortgage," McHale wrote. "This being the case, we are agreeing to not fight a foreclosure on the property by the lender."

Kalil said the long-term strategy for the mall is not yet known. He said Wachovia has other options that may be pursued instead of foreclosure.

He said the current economic climate is a difficult one for retail malls, but Salina's mall actually is better off than many. The Salina mall has a decent occupancy rate with only about 10 percent in vacancies and has been well managed, he said. He said Farbman would work to identify and attract new retailers for the openings.

"The retail market is, obviously, like the rest of the economy a bit stressed right now," Kalil said. "We've got to work within the environment to try to find new users that are a good fit for the mall."

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