

Capital Region Development Authority
100 Columbus Boulevard
Meeting Room 11 – Ballroom Level
Hartford, CT 06103
Thursday, November 30, 2017
6:15 pm

Board Members Present: Chairwoman Suzanne Hopgood; Andy Bessette; Ben Barnes; Sean Fitzpatrick; Mayor Marcia Leclerc; Nick Lundgren; Michael Matteo; Jim Redeker; Catherine Smith; Joanne Berger-Sweeney

Board Members Absent: Mayor Luke Bronin; Dave Jorgensen

CRDA Staff Present: Michael Freimuth; Anthony Lazzaro; Joseph Geremia; Jennifer Gaffey; Kim Hart; Terryl Mitchell Smith

Guests: Ari Santiago, President, IT Direct; Anne Worcester, Dana Cialfi; Chris Stapleton, TFC, Chris Lawrence, General Manager Comcast Spectacor

Call to Order

Chairwoman Hopgood called the Board Meeting to order at 6:17pm.

Minutes

The minutes from the October 19, 2017 Board Meeting were moved by Andy Bessette, seconded by Joanne Berger Sweeney and approved.

IT Security

Ari Santiago gave an overview of the operations performed by IT Direct in order to keep CRDA's operations efficient by making sure the systems are fast, reliable and secure. Mr. Santiago further explained that his team provides constant IT solutions to help keep CRDA's data protected at all costs. IT Direct provides nightly and monthly system back-ups of all computer systems as well as off-site back-ups is an added security in order to ensure that all information is protected against being breached. The monitoring of CRDA's computer systems is critical for the protection of the Authority.

IT Direct is in the process of testing and reviewing an on-line training series in order to help users detect forms of breaches.

Chairwoman Hopgood suggested that an IT Security update be presented in the future for Rentschler Field and XL Center venues. Chris Lawrence, General Manager of Comcast Spectacor will prepare to provide this update to the Board at a future Board Meeting.

Mayor Reports

Sean Fitzpatrick reported the following in Mayor Bronin's absence:

- On November 20, 2017 the City issued an RFP for the 32 city owned properties, totaling 13 acres, around Dunkin' Donuts Park, the responses are due by Feb. 15, 2018.

- The State of Connecticut, along with Commissioner Smith and the Brownfield's office at DECD, announced on November 20, 2017 a \$1.9M Brownfield Grant to remediate three abandoned factory sites on Homestead Avenue. The City has been working with the Federal and State EPA for many years to accomplish taking down these factories and preparing the sites for redevelopment.
- The City received two proposals from the RFP for the Park and Main properties. One from Corporation for Independent Living, which developed Capewell Lofts and the other from a consortium of a local engineering firms, the Freeman Companies and Spinnaker, which is a well known regional housing builder. A selection panel has been put together to move this along as expeditiously as possible. The panel is made up of one City representative and five others from different anchor institutions in the area.
- Start-up "Food Camp" held its first selection of firms to participate in the Hartford Insurtec initiative.

Mayor Leclerc reported on the following:

- E. Hartford received a Brownfield's grant and it has been added to other funds that have been compiled to remove a derelict Housing Authority property on Burnside Avenue.
- E. Hartford is looking forward to the possibilities aligned with the submission to CT Working Cities.
- Horizon Outlet mall has hit a bump in the road, however it continues to be re-worked.
- The town is undertaking a rebranding of the Silver Lane Corridor which is in the middle of a redevelopment study.

Finance

Financial Update – November 2017

Fiscal Year 2018 Financial Statements for the Three Months Ending 9/30/2017

Balance Sheet

- Housing loan's receivable net increase reflects housing construction drawdowns from 111 Pearl Street and Bowles Park/Willow Creek project.
- Accounts payable net increase relates to increases with the XL Center and CT Convention Center offset with decreases in Tennis Escrow and DAS office relocation project.

Statement of Revenues, Expenses and Changes in Net Position

- Restricted revenue increase reflects housing loan administrative fees.
- Combined facilities income and expenses referenced below.
- Development cost for the current fiscal year includes \$250,000 in CT Open tennis tournament support.

Fiscal Year 2018 Operating Statistics

CT Convention Center – September/October 2017

October stats: 76 event days held YTD with YTD attendance at 84,500
Qtr. 1 financials: Net Income \$175,000 favorable to budget
F&B revenue favorable compared to budget
Operating expenses even with budget
Total year projection \$175,000 favorable to budget

CRDA Parking Facilities – September/October 2017

October stats: Utilization favorable to budget at 74%
Monthly rate customers favorable to prior year by 1,300 at 11,700 YTD
Transient customers favorable to prior year by 14,000 at 138,100 YTD
Qtr. 1 financials: Net Income \$50,000 favorable to budget
Transient and monthly rate customer revenue even with budget
Repair & maintenance expense favorable to budget
Total year projection even with budget

XL Center - September/October 2017

October stats: 16 event days held YTD with YTD attendance at 52,100
Qtr. 1 financials: Event revenue even with budget
Hockey operations \$100,000 favorable compared to budget
Operating expenses even with budget
Total year projection approx. \$630,000 unfavorable to budget (Includes \$300,000 attributed to new event admissions tax effective Dec. 1, 2017, \$215,000 attributed to three cancelled events, and \$115,000 in underperforming events)

Church Street Garage - September/October 2017

October stats: Utilization of 77% favorable to budget of 72%
Monthly rate customers favorable to budget by 300 at 4,700 YTD
Transient customers unfavorable to budget by 300 at 5,100 YTD
Qtr. 1 financials: Net Income even with budget
Operating expenses even with budget
Total year projection even with budget

Rentschler Field - September/October 2017

October stats: 66 event days held YTD with YTD attendance at 126,500
Qtr. 1 financials: Event revenue even with budget with \$100,000 unfavorable variance attributed to UCONN football offset with \$100,000 favorable budget variance with soccer game
F&B revenue \$440,000 unfavorable to budget attributed to UCONN football
Expenses \$100,000 favorable to budget
For four months, \$325,000 unfavorable to budget
Total year projection \$475,000 unfavorable to budget of which \$250,000 is covered by UCONN
\$100,000 unfavorable facility fee due to UCONN football attendance
\$475,000 unfavorable F&B revenue due to UCONN football attendance
Offset with \$100,000 favorable with expenses

Residential Housing Initiatives – Total Contracted Loans: \$81.0M
Current Disbursed: \$44.6M

Michael Freimuth Reported that no action is needed regarding the Budget.

Venue Committee

Andy Bessette delivered the following November Venue Committee update:

XL Center

- The 2017-2018 hockey and basketball seasons are underway:

The Wolf Pack is averaging 2,700 attendees per game through their first 10 games, with sales the highest in 5 years and \$74,000 over the same period last year, which is encouraging.

Concessions per-caps for these games have averaged \$11.08 per game, almost \$.60 over budget.

UConn hockey is averaging just under 2,300 attendees per game through their first 8 games.

While attendance has been disappointing to date, we're hopeful the second half of the season will see an increase. Concessions per-caps are averaging \$11.41 per game, which is \$.56 better than budget and \$.72 better than last season's average.

UConn Men's basketball is averaging 4,300 attendees through 3 games, with the Women's team seeing 5,800 per game for their first 2 games. Concessions numbers have been very strong.

Both teams face big opponents this month where we expect to see a spike in attendance, with the women hosting Notre Dame December 3rd and the men hosting Wichita St. on December 30th.

- XL hosted two major concerts in the last month:

While Guns 'n Roses had just over 10,000 paid attendees, the building essentially broke even due to the artists' high guarantee. Preliminary numbers for The Dead & Company show an approximately \$175,000 profit for the building, including the strongest concession numbers in at least 5 years.

Related to the Dead & Company show, it had been widely reported that an individual had threatened violence at the show on social media. Although the individual was believed to be residing in another part of the country, Hartford Police, the FBI and Spectra took his threats very seriously and security was beefed up for the event. Enhanced procedures included more comprehensive "wandering" of patrons, as we are still awaiting delivery of our walk-through metal detectors. Thankfully, there were no incidents.

XL Budget – the legislature added the State admission tax back, which will take money off the top of any ticket sold for an event in the building, which adds an additional \$300,000 deficit to an already projected \$3M deficit in the XL budget.

Also, it is a sparse year for events, events either rolled into the next fiscal year or cancelled altogether. In addition, a variety of emergency repairs have been needed and attendance at UCONN hockey and men's/women's basketball is down this season all which contribute to the shortfall.

CRDA was participating in a public/private solicitation that has been cancelled by CRDA resulting from a legislative directive that the building be put up for sale. The legislated allocation will be used towards soft costs necessary to ready the building to be sold. It is the suggestion of the CRDA staff that the bid is put out in the Spring as it is legislated that it be done by June 30, 2019.

The following resolution regarding requests for proposals for the disposition of the XL Center was moved by Andy Bessette, seconded by Ben Barnes and approved.

“WHEREAS, the City of Hartford (the “City”) owns certain land and facilities located at One Civic Center Plaza in Hartford, Connecticut known as the XL Center;

WHEREAS, CRDA currently leases and operates the XL Center pursuant to that certain Second Amended and Restated Lease Agreement dated April 26th, 2013 by and between CRDA and the City (the “Lease”);

WHEREAS, the State of Connecticut, pursuant to Public Act 17-2, has directed the City to issue a request for proposals (“RFP”) for the purchase of the XL Center;

WHEREAS, the State of Connecticut, pursuant to Public Act 17-2, has also authorized an amount not to exceed Forty Million Dollars (\$40,000,000) to CRDA to be used for alterations, renovation and improvements to improve the operation efficiency, to increase facility revenues, to modernize security systems and operations, and to improve the overall sport, entertainment and exhibition value of the XL Center, including capital improvements, acquisition of abutting real estate and rights of way, tenant and fan amenities and necessary infrastructure connections (the “Bond Expenditures”);

WHEREAS, CRDA and the City find it desirous to issue a joint RFP for the disposition of the XL Center; and

NOW THEREFORE, be it resolved by the Board of Directors of CRDA as follows:

1. The Executive Director shall coordinate and issue a joint RFP with the City for the disposition of the XL Center.

2. The Executive Director shall execute any and all necessary agreements for professional services related to the Bond Expenditures for the XL Center.”

- Trumbull Block

Inside of the \$40M that the legislature approved in October, there is specific language that allows CRDA to acquire the atrium and the abutting building. These discussions will be reopened; however whether a deal can be agreed to is subject to ongoing conversations. Whether CRDA sells the building or continues to operate the building, there is a financial and practical reason to control the Atrium/Trumbull Block property. This will lead to a reduction in operational expenses, and create some revenue potential, helping to mitigate some of the operational current budget problems.

Pratt & Whitney Stadium at Rentschler Field

- UConn football finished their season with a 2-4 record at home and an average attendance of just over 14,000 – the lowest since the Stadium opened. The Stadium budget has been severely impacted by this low attendance with total event income down about \$28,000 per game on average from last season. Compounding the problem was the fact that the building only hosted 6 UConn games this year, with their 7th home game being played at Fenway Park.

The Stadium was able to host two soccer matches during the first quarter of the fiscal year, producing \$266,000 in event revenue, compared to a budget of \$153,000.

Dillon Stadium

Michael Freimuth gave a brief overview of the RFP process stating that the RFP went out in September with the intent to see if there was an interest to operate in the building by a sports franchise that also provided a preservation of the facility for community and scholastic use. The bidders were able to tour the site and a public forum was held on November 1, 2017 where each group was given the opportunity to present and the general public was given the opportunity to comment. Three proposals were presented including Hartford City, FC; Civic Mind and Hartford Sports Group.

CRDA staff members reviewed the proposals as well as a committee that was apprised of Andy Bessette, Michael Matteo, David Jorgensen and Sean Fitzpatrick. Q&A's were sent out following the reviews of two of the respondents and additional information has been received from all three groups.

After the presentations and an extensive review, it is the recommendation of the committee and CRDA staff members that the City pursue further negotiations with the Hartford Sports Group.

The following resolution was moved by Andy Bessette, seconded by Catherine Smith and approved.

“The CRDA Board of Directors hereby approves the recommendations of the Venue Committee relative to the redevelopment of Dillon Stadium and authorizes the Executive Director to submit such recommendations to the City of Hartford for final approval and action.”

Tennis

Michael Freimuth gave a brief update explaining that the TFC organizers and operators are actively working to close sponsorship negotiations, therefore Mr. Freimuth requests that the Board extend the deadline regarding sponsors until the end of January to wrap up the sponsorship negotiations that are underway and make the decision at that time as to whether to move forward with the 2018 Tournament.

The following resolution was moved by Andy Bessette, seconded by Catherine Smith and approved.

“The CRDA Board of Directors hereby extends its deadline for the TFC to submit a proposed balanced budget for the 2018 Connecticut Open Tournament to CRDA on or before January 30, 2018.”

Housing Committee

Sean Fitzpatrick congratulated Michael Freimuth and Anthony Lazzaro for a busy and productive month with the closings of 101/111 Pearl and Front Street Phase IV.

Michael Freimuth reported

North Armory - CRDA received Bond Commission approval to move forward with the project at the Colt complex, which will convert the North Armory, the last of the buildings at Colt, into 48 units.

Wyllys Street - CRDA will also move forward with the project, which is a new construction project.

1279-83 Main Street - a project that has been redesigned from 8 (2BR) units to 10 (1 BR) units which has reduced some of the costs of the building in the way the plumbing, electrical and HVAC work.

Background: Previously approved by CRDA for a \$175,000 second mortgage (3%/25 yrs) behind the Hartford Community Loan Fund. The project was to renovate a mixed-use property into 8 2BR units and street front rental across from the YardGoats Stadium.

\$400,000 Hartford Comm Loan Fund
\$170,431 State Historic Tax Credits
\$175,000 CRDA Loan
\$229,553 Owner equity and land
\$974,984 Total Dev. Cost

ReWorked Deal: During the demolition and historic review phase, the project scope changed. In order to meet the resulting increased costs, two strategies were pursued. The first was to reconfigure the project into 10 1BR units (rather than 8 2BR) increasing revenue and reducing some costs associated with the two bedroom breakout. The second approach was to increase the debt borrowing to new levels that could be sustained by the unit mix/rental rate configuration.

\$730,000 Hartford Comm. Loan Fund
\$170,431 State Historic Tax Credits
\$265,000 CRDA Loan
\$193,540 Owner equity/land (w/\$30k add'l incurred to date)
\$1,358,971 TDC

Summary: Increased HCLF first mortgage, increased CRDA note from \$175,000 to \$265,000, same term and interest rate (3%/25 yrs.). CRDA cost per unit initially at \$21,875, now at \$26,500.

The following resolution was moved by Andy Bessette, seconded by Jim Redeker and approved.

“The Executive Director is authorized to increase the amount of CRDA assistance to \$265,000, same terms and conditions as those authorized on June 16, 2016.”



11/30/17

Neighborhood Committee

Michael Freimuth reported:

Bowles Park – Demolition is nearing completion.

Brackett Knoll – City is drafting document for transfer of parcel required for road construction from developer to City and an access agreement allowing CRDA to construct road.

Swift Factory – Developer has signed lease with Bear's BBQ and is finalizing lease with aquaponics tenant. CRDA counsel drafting closing documents.

Albany Ave/Main Street – Project is currently on hold.

Executive Director Report

Federal Tax Legislation

Historic Tax Credit program due to tax law changes, the program is at risk of being stopped which will be a major funding gap for CRDA going forward.

New Market Tax Credit Program – also at risk of being of the funding being stopped.

Other Legislation – considering putting restrictions on funding for stadiums and venues.

State legislation

Land Bank Program – this program was approved for Hartford.

Other items

Nix's Seafood – is closed

Bushnell –

- Bond Commission authorized demolition of 10 Clinton Street.

- DAS - Substantial progress has been made regarding the parking issue as there is a 300 car parking deficit. DAS has decided on two recommended possibilities, both would fit within the plan.

- A variety of conversations with Konover about 55 Elm have also taken place.

OPM/CRDA/MIRA/DEEP - OPM has asked CRDA to work with MIRA and DEEP to put together an RFP for a piece of industrial land on the City's south side.

CRDA combined Board Meeting for January/February 2018 – will take place February 8th.

Executive Session

A motion to go into Executive Session for contract negotiations was moved by Sean Fitzpatrick, seconded by Catherine Smith and approved.

“The CRDA Board Meeting moves to go into Executive Session with Joseph Geremia and Chris Lawrence attending.”

The Board meeting reconvened at 7:55pm.

The following motion was moved by Cathrine Smith, seconded by Ben Barnes and unanimously approved.

“The CRDA Board authorizes the Executive Director to use up to \$750,000 from the CRDA Revolving Fund to support XL Center Operations as needed.”

Adjourned at 7:45pm