

**Capital Region Development Authority
Board Meeting
100 Columbus Boulevard, Suite 500
Hartford, CT 06103
Thursday, December 8, 2016
6:00 pm**

Board Members Present: Chairwoman Suzanne Hopgood; Andy Besette; Mayor Luke Bronin (arrived 7:55); Sean Fitzpatrick; David Jorgensen; Mayor Marcia Leclerc; Michael Matteo; Catherine Smith (arrived 7:05pm); Nick Lundgren

Absent: Ben Barnes; Joanne Berger-Sweeney; Evonne Klein; Jim Redeker

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

Guest: Ralph Knighton with Toraal Development (Brackett Knoll).

Call to Order & Minutes

The Board Meeting was called to order at 6:10pm.

The minutes from the October 20, 2016 Board Meeting were moved by Andy Besette, seconded by Mayor Marcia Leclerc and unanimously approved.

Mayors Reports

Sean Fitzpatrick gave the following report for Mayor Luke Bronin:

- I-84 Hartford Project and Rethinking the Transportation System in Hartford. Working with DOT regarding Capital Gateway (Union Station, Bushnell Park) so that Hartford will have a senior seat at the table when redoing this landscape.
- Open House January 5 at the Artist Collective on Albany Avenue for the Safety & Streetscape Improvement program
- Pre-bid conference on December 6 regarding the RFQ on the Albany Avenue & Woodland Street parcels – January 23, 2017 initial proposals are due
- RFQ should go out by December 31, 2016 regarding 525 Main Street – plan is to sell it and redevelop

Mayor Marcia Leclerc reported the following

- Horizon Outlet Mall is moving along – weekly meeting taking place
- Synergy happening with the Bar Grant focusing on Silver Lane
- Traffic Corridor Study is working its way through the AG's office

Housing Committee Report

Michael Freimuth presented the following projects that were approved by the Housing Committee and are seeking full Board approval.

289 Asylum – Condo Project

Project: Conversion of vacant floors into 8 – 2BR Condo units
Developer: Asylum 289 Condominiums, LLC
 Jose Ramirez

TDC: \$1,345,634
 \$635,000 HCLF 1st
 \$200,000 State Historic Credits (bridge, HCLF)
 \$400,000 CRDA Construction Note
 \$110,634 Equity

Other: utilization of recapitalized CRDA Housing funds
 para passu with HCLF
 Take down upon condo sales
 Parking deal with CSG
 \$166,921/unit to construct



The following motion was moved by Andy Bessette, seconded by David Jorgensen and unanimously approved.

“The CRDA Board authorizes the use of \$400,000 of CRDA Housing Funds, to be lent to Asylum 289 Condominiums, LLC (or such acceptable single purpose entity) for the construction of 8-2 BR condominium units at 289 Asylum St. Hartford. The loan shall have a 2yr. term and be at 4% interest and is subject to 1.) all other sources of funds being secured; and 2.) such fiduciary terms as deemed appropriate by the Executive Director and CRDA counsel.”

241 Asylum Street

Type: Completion of historic rehab into mixed use building
 Current retail (2 tenants), commercial (3 tenants) and 4 live work units
 Addition of 4 ‘live work’ units on floors 6 & 7
 Refinance existing mezz loans
 Needs restructure of City facade loan/grant
 Utilization of recapitalized CRDA housing funds

Developer: Werner and Company

TDC = \$ 1,395,000 Million
 995,000 Refinanced Primary Loan
 400,000 CRDA Construction; facade take out Loan



The following motion was moved by Andy Bessette, seconded by Sean Fitzpatrick and unanimously approved.

“The CRDA Board authorizes the use of \$400,000 of CRDA Housing Funds to be lent to Keith Werner, Werner and Company (or such acceptable single purpose entity) for the construction of 4 additional units of ‘live work’ housing at 241 Asylum Street, Hartford at 3% interest only for a two year construction/stabilization period. At the discretion of CRDA, the loan can be extended for three

another \$2M, leaving \$2M CRDA mortgage at 3%, 30 yrs. Permanent financing. LISC providing initial requisition funds and predevelopment at \$2.2M.

After a lengthy discussion, the following motion was moved by Andy Bessette, seconded by Sean Fitzpatrick and unanimously approved.

“The CRDA Board recommends that \$6 Million of CRDA State Bond allocation housing funds be made available as loans to the developer as follows: \$4 Million for construction and \$2 Million as a bridge loan for historic credits. Upon permanent financing from the bank, \$2Million will be lent as permanent loan to developer in subordinate position at 3% for 30 years and \$2 Million will be deposited into a collateral reserve account as additional security that will be released upon project performance for a period not to exceed five years subject to 1.) all funding sources being secured; 2.) State Bond Commission approval; and 3.) such fiduciary terms as deemed necessary and appropriate by the Executive Director and the CRDA counsel.”

101 Pearl Street

Type: Conversion and reconstruction of vacant building into 154 units (143 studio, 11 1-BR) and 8500 s.f. retail space

Developer: Gerona Ventures

TDC =	\$ 28.4M	
	13.6M	Primary Loan
	9.24M	CRDA Loan
	3.6M	Brownfield Loan
	1.93M	Equity



After a lengthy discussion, the following motion was moved by Andy Bessette, seconded by Sean Fitzpatrick and approved with David Jorgensen opposed and Catherine Smith abstaining.

“The CRDA Board approves the use of State Bond allocation housing funds to assist the developer, Gerona Ventures (or such acceptable single purpose entity) to construct 154 new units of housing at 101 Pearl Street Hartford and the Executive Director is authorized to extend a formal term sheet to the developer offering up to \$9.2 Million in assistance at 3% interest only during construction, converting to a permanent loan at certificate of occupancy at 3% interest plus 1% principal paydown per annum for 30 years, with 50% of net loan proceeds to pay down CRDA outstanding principal at year 10. In year 20, 50% of net loan proceeds from refinancing to pay off brownfield loan with residual of 50% of such proceeds to pay down CRDA principal outstanding. CRDA remaining balance to be paid off in year 30 and is subject to 1) State of Connecticut Bond Commission approval and; 2) all other sources of funds being secured; and 3) such fiduciary terms as deemed appropriate by the Executive Director and CRDA Counsel.”

111 Pearl Street

Type: Reconstruction and conversion of vacant historic structure into 101 units (74 studio, 21 1-BR, 6 2BR) and 7800 sf retail space

Developer: Gerona Ventures
TDC = \$ 21.55M

8.0M	Primary Loan
6.06M	CRDA Loan
2.83M	State Historic Tax Credits
2.5M	Brownfield Loan
2.16M	Equity



After a lengthy discussion, the following motion was moved by Andy Bessette, seconded by Sean Fitzpatrick and approved with Catherine Smith abstaining.

“The CRDA Board approves the use of State Bond allocation housing funds to assist the developer, Gerona Ventures (or such acceptable single purpose entity) to construct 101 units of housing at 111 Pearl Street Hartford and the Executive Director is authorized to extend a formal term sheet to the developer offering up to \$6.06 Million in assistance at 3%, interest only, during construction, converting to a permanent loan at certificate of occupancy at 3% interest plus 1% principal paydown per annum for 30 years, with 50% of net loan proceeds to pay down CRDA outstanding principal at year 10. In year 20, 50% of net loan proceeds from refinancing to pay off brownfield loan with residual of 50% of such proceeds to pay off CRDA principal outstanding. CRDA loan remaining balance to be paid down in year 30. Further, CRDA Housing Committee approves the use of State Bond allocation housing funds to provide a bridge loan of \$2.835 Million to be available to finance construction at 3% interest only, and to be repaid from the proceeds of state historic credits. These allocations are subject to 1) State of Connecticut Bond Commission approval; 2) all other sources of funds being secured; and 3) such fiduciary terms and conditions as deemed appropriate by Executive Director and CRDA Counsel.”

Venue Committee Report

Andy Bessette gave the following report of the Venue Committee.

Venue Committee Hearing on XL Center Transformation Plan

On Tuesday, November 28, 2016, the CRDA Venue Committee hosted a public hearing on CRDA’s plan for transforming the XL Center. Public notices for the hearing had been placed in the Hartford Courant (November 15th and November 21st), as well as on the CRDA website. The Courant, Hartford Business Journal and various TV stations also reported that the hearing was taking place.

Approximately 50 people were in attendance, including Board members Suzanne Hopgood, Andy Bessette, Dave Jorgensen and Sean Fitzpatrick.

Following opening remarks from Venue Committee Chair Bessette, Sean Fitzpatrick and Executive Director Mike Freimuth, Murray Beynon from SCI Architects gave a presentation on the arena transformation.

- Murray Beynon focused on how outdated XL is in terms of concourses, premium seating and other fan amenities and what is needed to bring the facility up to current industry standards.
- He noted that construction of a new facility would cost somewhere in the area of \$500m, but because XL's underlying structure is salvageable, the facility could instead be modernized for about half that cost with the addition of space from the neighboring mall.
- Murray also cited Stafford Sports pro forma which showed a considerable increase in revenue for a transformed facility with UConn and an AHL team as its primary tenants. He noted that if Hartford wished to attract an NHL team, it could not do so with the current XL facility and explained how spaces such as locker rooms could be built out at a later date if a team was acquired.
- In terms of events, Murray Beynon warned that concert bookings would not likely increase given the competition from the existing and planned casinos.

Public testimony followed, with a total of 13 people speaking – 12 in favor, 1 against:

- Those speaking in favor included 4 members of the Whaler Booster Club, a ticket agent and a local urban planner. The owner of the Homewood Suites on Asylum Avenue spoke, as well as a representative of Business for Downtown Hartford, who offered a letter of support signed by 38 local business owners.
- Those speaking in favor were very positive and excited at the prospect of a new facility. They cited the importance of the XL Center to the City and to the region and expressed concern over what closing of the facility would mean to local businesses.
- More than one noted that, as taxpayers, they supported the expenditure of funds to transform the facility.
- Whaler fans in particular were enthusiastic in their support, seeing a transformed facility as the first step in bringing an NHL team back to the City.
- One individual asked that the facility be more integrated into the neighborhood, with retail and entertainment spaces open to the public even when no events are scheduled.
- A Blues Hill neighborhood resident suggested that local colleges work to put more events in the building, while another individual asked that we schedule public skating sessions.
- A number of those testifying saw the transformation as a complement to other CRDA projects, as well as the new ballpark and public transit improvements.
- The lone speaker against the plan was State Senator Joe Markley (R-Southington), who had previously expressed his opposition in a Courant op-ed in February 2016; in his testimony, Senator Markley was adamant that the State cannot afford any additional borrowing at a time when essential social services are being cut. He raised concerns that even with a transformed building, XL would still require a State subsidy to survive and that we have no guarantee of an NHL team moving to Hartford.

- Senator Markley called the arena “a misbegotten project from the beginning” and argued that it has done little to promote a vibrant street life in Hartford.
- Sen. Markley argued that the only local businesses benefitting from XL Center are bars and restaurants and that enhanced food and beverage offerings in the new arena will actually hurt those businesses in the long term.

XL Plan

Anthony Lazzaro explained that the following resolution indicates the CRDA Board’s desire to move forward with SCI’s concept design for the XL Center that was presented at the Public Hearing on November 29, 2016.

Bob Saint presented the plans to the Board in an effort to refresh Board Members about the concept design. A lengthy discussion ensued regarding improving area parking facilities; next steps; funding; timing of project and acquisition of common area. It was suggested that further examination into the cost of repairing the adjacent parking facility be part of the ongoing dialogue.

After an extensive discussion, the following motion was moved by Andy Bessette, seconded by Catherine Smith and approved with Mayor Marcia Leclerc opposed.

WHEREAS, pursuant to Section 32-602(a)(7) of the Connecticut General Statutes, the purpose of the Capital Region Development Authority (the “Authority”) is to stimulate economic development in the capital region;

WHEREAS, pursuant to Section 32-602(d)(3) and Section 32-600(2)(C) of the Connecticut General Statutes, with respect to Capital City Projects, the Authority has the power to formulate plans for, acquire, finance and develop, lease, purchase, construct, reconstruct, repair, improve, expand, extend, operate, maintain and market facilities, including the civic center and coliseum complex (the “XL Center”);

WHEREAS, the Authority and SCI Architects, P.C. (“SCI”) entered into the certain Consulting Services Agreement dated October 31, 2014 for Arena Program Development and Construction Feasibility Services relating to the XL Center;

WHEREAS, SCI presented its preliminary findings and plans to the CRDA Board of Directors at its monthly meeting of February 19, 2015;

WHEREAS, the Authority subsequently posted such plans to the Authority’s Web site for public viewing;

WHEREAS, on November 29, 2016, a public hearing was held at which SCI presented its completed design concept to the CRDA Venue Committee and members of the general public;

WHEREAS, at the conclusion of the presentation, members of the general public were invited to comment on the design concept, such comments were overwhelmingly supportive; and

WHEREAS, the CRDA Board of Directors has subsequently reviewed the recommendations and proposed concept drawings.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AUTHORITY:

- 1. That its accepts and approves SCI's concept design as presented at the public hearing held November 29, 2016 for the Capital City Project at the XL Center; and*
- 2. That it authorizes its Executive Director to proceed with plans to transform the XL Center in accordance with the approved concept design, subject to available funding.*

XL Center Operations

Michael Freimuth reported that conversations with MSG have indicated that the Wolfpack will exercise year 5 of their contract and operate in the XL Center Fall 2017-Spring 2018.

CT Convention Center

Convention Center RFP was issued, responses are in and the team is beginning their review. A recommendation to the Board is expected at the January Board Meeting.

Rentschler Field

The season's UCONN football attendance impacts the budget. This will be further discussed in Jan./Feb. when a more thorough review of the numbers will be available.

Neighborhood Committee

Mayor Luke Bronin conveyed that the Brackett Knoll Project was approved by the Neighborhood Committee on November 10, 2016. He described the project as Phase II, the first phase reportedly very successful. Mayor Bronin introduced Ralph Knighton with Toraal Development who spoke on behalf of the project. The following information was presented:

Toraal Development LLC has presented the Neighborhood Committee with its plan to construct 14 two-family owner-occupied homes on the site of the former Brackett Park School on Westland Street. This work represents Phase II of a project that was initiated in 2006 with the construction of six such homes. The developer is seeking CRDA assistance with construction of a Naugatuck Street extension required for the project, as well as with additional funding to cover mortgage gaps.

These two-unit homes allow buyers to occupy one and rent the other out as a source of income. Potential buyers have been identified for the new homes, with at least nine tenants already vetted and ready to work with Toraal's identified mortgage partners. Buyers will be required to attend a CHFA home-ownership training program.

The Neighborhood Committee unanimously adopted a resolution approving the use of CRDA Neighborhood funds for the project, subject to full CRDA Board and State Bond Commission approval.

Total Funding = \$1,550,000

- \$ 925,000 – Naugatuck Street extension road extension
- \$ 515,000 – Site Improvements
- \$ 115,000 – Site Acquisition

\$ 50,000 – CRDA Administration Fee
\$1,555,000

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

“The CRDA Board of Directors hereby approves the use of \$1,555,000 in CRDA Neighborhood funds for the Brackett Knoll project on Westland Street. Of this total, \$630,000 shall be used to assist the developer, Toraal Development LLC, with site acquisition and site improvements related to the construction of 14 two-family owner-occupied homes. CRDA shall utilize the \$925,000 balance for the extension of Naugatuck Street through the project site. Such assistance shall be subject to 1) State Bond Commission approval; and 2) such fiduciary terms deemed appropriate by the Executive Director.”

Bowles Park - Demo has been bid; environmental cleanup has been bid; being coordinated with targeted hiring program. Sean Fitzpatrick indicated that the City has given some guidance to the Hartford Housing Authority in terms of local hiring. Approximately 30 out of 410 units continue to be occupied.

Finance Report

Joseph Geremia gave the following financial update for December 2016.

Fiscal Year 2017 Financial Statements for the Three Months Ending 9/30/2016

Balance Sheet

- Current unrestricted cash decrease reflects timing differences between funding and expenses at the CTCC and the XL Center
- Accounts receivable decrease reflects timing differences between funding and payments relating to the State office relocation projection managed by CRDA off-set with a decreased liability in accrued expenses
- Loans receivable increase reflects housing construction drawdowns from 50 Morgan St (Radisson)
- Current loans payable decrease reflects payoff of XL Center loan with Spectra

Statement of Revenues, Expenses and Changes in Net Position

- Operational and other grants decreases reflect a timing difference between State appropriation quarterly funding percentages and an overall State appropriation budget decrease
- Combined facilities income and expenses referenced below
- Development cost reflects CTOpen tennis tournament support

Fiscal Year 2017 Operating Statistics

CT Convention Center – September/October 2016

October stats: 76 event days held YTD with YTD attendance at 79,700

Qtr. 1 financials: Net Income \$200,000 favorable to budget

F&B revenue favorable compared to budget

Utility expenses unfavorable compared to budget

Total year projection \$100,000 favorable to budget

CRDA Parking Facilities – September/October 2016

October stats: Utilization favorable to budget at 100%

Front Street garages at 120% utilization due to increased transient turnover

Monthly rate customers favorable to prior year by 350 at 10,300 YTD

Transient customers favorable to prior year by 4,700 at 124,000 YTD

Qtr. 1 financials: Net Income even with budget

Transient revenue and monthly rate customer revenue even with budget
Total year projection even with budget

XL Center - September/October 2016

October stats: 24 event days held YTD with YTD attendance at 55,300

Qtr. 1 financials: Net Income \$300,000 unfavorable to budget

Event revenue \$250,000 unfavorable to budget

Utility expenses \$150,000 unfavorable to budget

Total year projection approx. \$700,000 unfavorable to budget with \$600,000 attributed to
4 cancelled concerts (Maroon 5, Kanye West, RHCP, Comedy Tour)

Note: State Appropriation: FY17-\$600,000; FY16-\$900,000; FY15-\$1,100,000;
FY14-\$3,000,000; CRDA Funding: \$400,000

Church Street Garage - September/October 2016

October stats: Utilization of 86% favorable to budget of 72%

Monthly rate customers favorable to budget by 850 at 5,300 YTD

Transient customers favorable to budget by 450 at 5,800 YTD

Qtr. 1 financials: Net Income even with budget

Transient revenue and monthly rate customer revenue favorable to budget offset with
increased maintenance expenses

Total year projection even with budget

Rentschler Field - September/October 2016

October stats: 63 event days held YTD with YTD attendance at 133,000

Qtr. 1 financials: Net Income even with budget

Event revenue and expenses even compared to budget

Total year projection \$200,000 unfavorable to budget with \$250,000 attributed to
UCONN football and \$100,000 from removal of soccer game offset with
\$150,000 expense savings

CTOpen – 2016 Tournament

Preliminary FY16 audit results: \$150,000 loss from operations

Capital Improvement committee nearing completion of outdoor structures and interior design

Organization Structure committee completed

Residential Housing Initiatives –	Total Contracted Loans:	\$49.4M
	Current Contracted Loans:	\$44.2M
	Current Disbursed:	\$38.6M

Chairwoman Report

Chairwoman Suzanne Hopgood reported the following Board members have been or are in the process of being re-appointed to the CRDA by Governor Malloy: Joanne Berger-Sweeney; Andy Bessette; Suzanne Hopgood; David Jorgensen.

Executive Director Report

Michael Freimuth gave a briefing on the following:

Intern – Trinity intern Jane Bisson is wrapping up a very successful internship. Thank you for all of her hard work.

3 Constitution Plaza – CRDA has been approached by the City and property owners to participate in a clean-up campaign for the parcel at intersection of Columbus Boulevard and Route 2.

Newington RFP – a January RFP is expected

Church Street – a January RFP is expected for elevator modernization

Radisson –demolition ongoing

East Hartford – Anthony Lazzaro, \$12m Horizon Development project progressing; working on development agreement - \$7M road project – delayed and will begin again in the Spring

Executive Session

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

“The CRDA Board of Directors hereby moves to go into Executive Session for contract discussion and contract negotiations.”

No action was taken due to Executive Session. The CRDA Board Meeting adjourned at 9:17pm.

“The minutes of the December 8, 2016 CRDA Board Meeting were moved by Sean Fitzpatrick seconded by Cheryl Malerba and unanimously approved by Board Members at the January 19, 2017 CRDA Board Meeting.”