

**Capital Region Development Authority
100 Columbus Boulevard
Suite 500
Hartford, CT 06103
Thursday, April 20, 2017
6:00 pm**

Board Members Present: Chairwoman Suzanne Hopgood; Joanne Berger-Sweeney; Mayor Luke Bronin (arrived 6:50pm); Sean Fitzpatrick; David Jorgensen; Evonne Klein; Michael Matteo; Catherine Smith

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

Guests: Jeff Ravetz, President of Gerona Ventures, Chris Doscas, Gerona Ventures; Joseph Klaynberg, Wonder Works Construction.

Call to Order

Chairwoman Hopgood called the Board Meeting to order at 6:03pm.

Minutes

The minutes from the March 16, 2017 Board Meeting were moved by Sean Fitzpatrick, seconded by Catherine Smith and approved.

Mayor Reports

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

- Yard Goat Ball Park is Open and the response has been very positive.
- The City is working to get adjacent parcels developed, there are some legal issues to get through.
- The City's staff time that was spent on the baseball park will now focus more on neighborhood projects that will be brought forth to the Neighborhood Committee.

Michael Freimuth reported the following items for East Hartford.

- East Hartford Boulevard - construction is underway

Housing Committee

Sean Fitzpatrick and Mike Freimuth gave a brief description of the changes to the 101, 111 Pearl Street and 81 Arch Street projects.

Jeff Ravetz presented a Power Point of the current condition of 101 & 111 Pearl Street, and the designs of what the apartments will look like when complete. Mr. Ravetz introduced his associate Chris Doscas and Joseph Kaynberg, owner of Wonder Works Construction with whom Gerona Ventures is a partner. Mr. Ravetz explained the Pearl Street project is similar to Spectra with which Gerona also partnered with Wonder Works.

101 and 111 Pearl Streets

Background: The two properties, 101 and 111 Pearl Street have been vacant for over a generation and were previously owned by the City of Hartford and CHFA. Multiple proposals to renovate the buildings have been unsuccessful. CRDA considered and approved an application from the applicant, Girona Ventures/Wonder Works Construction (developers of former Sonesta) in December 2016. Since this time, a variety of issues have been tackled with consequent changes to the basic underwriting of the CRDA financial package. Below is a summary of the changes and a recommendation for an amended CRDA assistance agreement.

Changes:

1. Due to concerns raised by the CRDA Board, yet keeping in mind the marketplace demand as well as revenue optimization in the mix of units, the overall program has been changed by reducing the number of studio apartments by 20 units, increasing the number of 1BR by 22 and redesigning some of the first-floor space to add 3 units. The new mix for both buildings includes 197 studios, 54 1Br, 7 2BR for a total of 258 units.
2. Reduced the CRDA loan for 111 Pearl from \$8.9M to \$6.06M.
3. Increased the CRDA loan for 101 Pearl from \$9.24M to \$9.42M
4. Reduced brownfield loans from a projected \$6.1M to \$4M
5. Restructured the deal to capitalize on the Blighted Property Tax Discount
6. Replaced the CRDA historic bridge loan with private lending
7. Increased developer equity from \$4.09 M to \$6.6M
8. Amenities: semi-furnished apartments, bike room, storage, conference/library, screening rooms, gym, business center, roof top lounge, parking, retail at ground.
9. Increase in conventional first mortgage interest rate assumption.

“The following resolution regarding 101 and 111 Pearl Streets was moved by Sean Fitzpatrick, seconded by Catherine Smith and approved by the CRDA Board of Directors.

101 Pearl: “The CRDA Board approves the use of State Bond allocation housing funds to assist the developer, Girona Ventures (or such acceptable single purpose entity) to construct 157 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 \$9.42 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: “The CRDA Board approves the use of State Bond allocation housing funds to assist the developer, Girona 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 and is 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.” [Strikes \$2.835M historic bridge loan]

81 Arch Street (Front St Phase IV)

Background: The project is the new construction of a mixed use residential/retail building as phase IV of the Front St project area. CRDA approved a \$5.6M second note at 1% for 30 yrs to complete the projected \$20 M project. A primary mortgage at \$11M was to be brokered. But a changing regulatory calculation of debt service coverage ratio as well as new financial market conditions have required a change in the building's capital stack. The hard construction costs have been further determined/estimated and interest rates have increased slightly since the CRDA and State Bond Commission action. Code requirements have also required a slight reduction in units from 54 to 53.

Changes:

1. Costs projected at \$22.2M, up from \$20.3M
2. First Mortgage at \$12.5M, up from \$11M
3. Equity increased from \$3.8 to \$4M
4. State brownfield grant still at \$1M
5. DSCR requirements now apply to full debt, not just first note
6. Refinance of note in yr 10, to take down CRDA note, first mortgage and developer equity
7. Equity ROI constant, but NOI cash to meet higher equity requires adjustment
8. Debt service increased due to higher interest rate environment
9. Loan to Value calculation also adjusted due to regulatory change
10. Convert CRDA \$5.6M assistance from note to equity but with a 2% return based on waterfall and quicker repayment than 30 yrs.

“The following resolution regarding 81 Arch Street was moved by Sean Fitzpatrick, seconded by Catherine Smith and approved by the CRDA Board of Directors.

New Resolution: “The Board of Directors hereby approves the use of CRDA Housing funds to assist the developer, H.B. Nitkin (or such acceptable single purpose entity) to construct a mixed use housing-retail building, (also known as Front Street Phase IV) consisting of 53 market rate units (16 studio; 14 1-BR; 23 2BR) and approximately 11,000 sq. ft. of retail space at 81 Arch Street, Hartford and the Executive Director is authorized to extend a formal term sheet offering up to \$5.6 Million in assistance in the form of loan at 1% for 30 yrs or in the form of equity with no less than a 2% return on investment, sharing in waterfall cash through year 10 when a refinancing of the project is planned and the CRDA equity is repaid to the extent possible with no less than 50% of the cash from such refinancing that exists above the remaining principle balance of the first note; or in the event there is a sale of the asset, the CRDA equity is fully repaid; subject to 1) all other funding being secured to meet a total development budget of \$22.2 Million; 2) State Bond Commission approvals; and 3) such fiduciary terms deemed appropriate by the Executive Director.”

Venue Committee

Kim Hart reported on the following Venue Committee items:

XL Center

NCAA Tournament - The big news this week is that NCAA announced that the XL Center will play host to the first and second round games in the Men's Division I Basketball tournament in March 2019. This will be the first time the building has hosted this tournament since 1998.

Events - Hockey and basketball seasons have wrapped up and the building will host three more events – the last Barnum & Bailey tour (4/27-4/30) and the Eastern and Central State University graduation ceremonies (5/16-5/20), before shutting down for summer construction.

Pratt & Whitney Stadium at Rentschler Field

NCAA Lacrosse – The NCAA has also awarded three tournament events to Rentschler Stadium – in 2019, we’ll host the Men’s lacrosse quarterfinals and then in 2021 and 2022, we’ll host the lacrosse championships. We’re working with Fairfield University, who will be the host school.

Events –UConn’s Spring Game is April 21 and 4,000 people are expected. It’s been announced that Ghana will be the opponent when the US Men’s Team plays at the Stadium on July 3rd – budgeting attendance of about 18k people. Summer season begins with Rising Pint BrewFest, followed by number of charity walks, fun runs and a kickball tournament. First UConn game is August 31st against Holy Cross.

- Construction – Bids are due next week on the 10-acre parking project, while work continues on the East Hartford Boulevard North Roadway. The Horizon outlet mall project is being revised to a slightly smaller footprint and the site-work packages will be re-bid upon completion of design. Legal agreements are still being worked out -- the current scheduled goal is to break ground in June.

CT Convention Center

The Convention Center is in the midst of its busy season, with upcoming events including: Governor’s Conference on Tourism, Hartford Symphony Gala, National HS Mock Trial Competition, National Association for Home Care & Hospice Financial Management Conference, Miss CT Competition and the CT Barber Expo.

Statewide, the big convention news was Mohegan Sun’s recent announcement that it’s planning to open its own Expo Center next summer. Two brief articles on the project are included in your packet.

Neighborhood Committee

Kim Hart, in Mayor Bronin’s absence, gave the following update regarding the Neighborhood Committee:

Bowles Park

- All of the units have been vacated – the last resident was relocated two weeks ago. Contractor will be on site next week.
- The draft agreement between CRDA and the Hartford Housing Authority for \$5 million in assistance is currently being reviewed by the parties. A similar agreement between DECD and the Housing Authority for \$2 million in assistance is also being circulated.
- Demo bids have been received and CRDA staff are reviewing in light of the demolition phase budget.
- The proposed 15-year 40% tax abatement agreement on rental housing was approved by the City Council on March 13th.
- The first LIHTC Phase is closing and will fund approximately 70 units of mixed income housing.

Brackett Knoll

- CRDA staff are in the process of drafting a \$1.56 million assistance agreement, including \$925,000 for construction of a road extension.
- CRDA staff has met with the developer and site/civil engineer regarding preparation of an overall site plan, final road design and utility permit agreements. The developer will be meeting with the City shortly to review plans and schedule.
- We understand that the developer is also working with the State Department of Housing on approval of a revised Phase 2 project budget.
- Interested families are being interviewed and those meeting income eligibility requirements are being referred to local banks for mortgage prequalification and to housing counseling classes at the Urban League.

Swift Project

- The Swift team has met with CRDA, CHRO and the city procurement staff to review State and City hiring requirements. The project has broken out a \$4M work package that will be bid separately in order to meet those requirements. (CRDA = 25% SBE utilization, of which 25% are MBE; City = 30% resident hiring.)
- Bids have been received for all core and shell packages and these are currently being reviewed by the contractor. It is anticipated that a GMP will be agreed upon by the end of April.
- Leases have been sent to Bears BBQ and Trifecta Ecosystems for review and final details are being negotiated. Discussions with Community Health Center Inc. are progressing.
- Subject to State Bond Commission, the project anticipates closing on finances and beginning construction sometime in June.

Finance

Joseph Geremia, CRDA CFO reported on the following FY 2017 Operating Statistics for April.

CT Convention Center – February/March 2017

March stats: 199 event days held YTD with YTD attendance at 305,900
February financials: F&B revenue favorable compared to budget with expenses even with budget
Total year projection \$100,000 favorable to budget

CRDA Parking Facilities – February/March 2017

March stats: Utilization favorable to budget at 70%
Monthly rate customers favorable to prior year by 650 at 23,300 YTD
Transient customers favorable to prior year by 47,800 at 354,800 YTD
February financials: Transient revenue and monthly rate customer revenue favorable compared to budget
Total year projection \$300,000 favorable to budget

XL Center - February/March 2017

March stats: 125 event days held YTD with YTD attendance at 463,600
February financials: Event revenue \$750,000 unfavorable to budget attributed to cancelled concerts which includes \$450,000 unfavorable F&B revenue to budget
Hockey operations \$100,000 unfavorable compared to budget
Operating expenses even with budget
Total year projection approx. \$900,000 unfavorable to budget

Church Street Garage - February/March 2017

March stats: Utilization of 72% even with budget
Monthly rate customers favorable to budget by 400 at 10,400 YTD
Transient customers unfavorable to budget by 3,200 at 8,900 YTD
February financials: Transient revenue and monthly rate customer revenue unfavorable to budget
offset with favorable event parking revenue and expense savings
Total year projection even with budget

Rentschler Field - February/March 2017

March stats: 114 event days held YTD with YTD attendance at 160,000
February financials: Event revenue \$350,000 unfavorable to budget with \$250,000 attributed to
UCONN football and \$100,000 from removal of soccer game
F&B revenue \$100,000 unfavorable to budget
Expenses \$200,000 favorable to budget
Total year projection \$200,000 unfavorable to budget

Residential Housing Initiatives

Total Contracted Loans:	\$49.4M
Current Contracted Loans:	\$43.5M
Current Disbursed:	\$40.7M

Mr. Geremia also informed Board Members of the Finance Committee Meetings that have been scheduled, in May, to review the CRDA Budgets for FY'18. Commissioner Smith suggested an email with the dates be sent to Board Members.

Executive Director Report

Construction Projects

UCONN campus – 72 % completion. Some move-ins are beginning into the Prospect Street building, which is a separate building that UCONN purchased.

Radisson – approximately 50% complete.

1279 Main – permits for demolition in place.

450 Columbus – restacking to accommodate DECD.

XL Center

Mike reported that he and Bob Saint took legislators on tours of the XL Center last week.

Commissioner Catherine Smith, DECD, offered to do a REMI with the information that is received.

Bob Saint reported on the following on-going projects with regard to XL.:

Elevator work – in the submittal phase

Security work – has started on-site

Slab project – in the submittal phase (work will last from late May to end of August)

XL Center

Michael Freimuth remarked that CRDA and SCI has met with UCONN to make sure the features they want and feel they need are incorporated into the changes being made to the building. Also, the question has come up at legislative hearings in March regarding whether private capital can match some of the public monies. But the States P3 Program is currently very difficult and needs to be stripped down and rebuilt to

accommodate private dollars and public properties. This is a statutory issue with OPM that not only needs to be addressed for CRDA but other State Agencies would benefit from the changes as well.

He further explained the motion below is to amend the SCI Architects agreement adding additional services as well as possibly phasing out the works 3 yrs. to 4 yrs.

- On October 15, 2014, CRDA entered into a Consulting Services Agreement with SCI Architects, P.C. for Arena Program Development and Construction Feasibility Services (as amended, the “Agreement”).
- Such Agreement was amended on June 1, 2015 to include additional services to assist the general contractor in completing a more certain cost estimate and construction schedule.
- Such Agreement was further amended on December 1, 2016 to provide for general architect and engineering consulting services for XL Center, including services related to the replacement of the ice rink slab.
- CRDA desires to amend the Agreement to provide for additional services relating to the transformation of the XL Center for an amount not exceed One Hundred Fifty Thousand Dollars (\$150,000)

The following motion was moved by Sean Fitzpatrick, and seconded by Catherine Smith and unanimously approved.

“The CRDA Board of Directors hereby authorizes the Executive Director to amend the Agreement to include additional services relating to the transformation of the XL Center; the cost of such service not to exceed \$150,000.”

Newington

Two proposals have been received and are being evaluated by the town. One is construction of housing, the second is a hotel. The Town is going to present findings to its Economic Development Board who will then present it to the Town Council.

Strategic Retreat

Michael Freimuth suggested that a strategic retreat be set up to discuss how we go forward in prioritizing the housing money in light of ongoing budget pressures as well as what’s happened to the stock we’ve built. We will discuss how the unallocated money should be used including the Bushnell Development area as well as the Downtown North area.

Executive Session

The following motion was moved by Sean Fitzpatrick, seconded by Joann Berger-Sweeney and unanimously approved.

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

The Board resumed the Board Meeting at 7:30pm and adjourned.

“The minutes of the April 20, 2017 CRDA Board Meeting were moved by Sean Fitzpatrick seconded by Joanne Berger Sweeney approved by Board Members, with Tim Sullivan and Nick Lundgren abstaining at the May 18, 2017 CRDA Board Meeting.”