

Capital Region Development Authority
100 Columbus Boulevard
Suite 500
Hartford, CT 06103
Thursday, September 21, 2017
6:00 pm

Board Members Present: Chairwoman Suzanne Hopgood; Andy Bessette; Ben Barnes; Mayor Luke Bronin; Sean Fitzpatrick; David Jorgensen; Evonne Klein; Michael Matteo (phone); James Redeker; Catherine Smith

Board Members Absent: Mayor Marcia Leclerc; Joanne Berger-Sweeney

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

Guests: Tennis Foundation of CT – Anne Worcester; Dana Cialfi; Chris Shakelton; Mark Ojakian

Auditors - Mahoney Sabol and Company: Jennifer Hawkins, CPA, Partner; Michael VanDeventer, CPA, Partner; Samantha Thomas, CPA, Manager; Nicole Greatorex, Senior

Call to Order

Chairwoman Hopgood called the Board Meeting to order at 6:00pm.

Minutes

The minutes from the June 15, 2017 Board Meeting were moved by Andy Bessette, seconded by Sean Fitzpatrick and approved.

The minutes from the August 8, 2017 Board Special Meeting were moved by Andy Bessette, seconded by Dave Jorgensen and approved.

Annual Audit

Jennifer Hawkins, CPA, Partner with Mahoney Sabol and Company, outside auditing firm reported on CRDA's Financial Statements, Special Purpose Financial Statements, and the Report on Compliance and Internal Control.

The overview consisted of auditing the authority as a whole on a consolidated basis which includes the Convention Center, parking facilities and the XL Center. An audit was also performed by Mahoney Sabol for Pratt & Whitney Stadium at Rentschler Field however this entity is not consolidated within CRDA.

Report on CRDA's Financial Statements and each of the Special Purpose Financial Statements.

Mahoney Sabol's audit has been performed in accordance with (AICPA) American Institute of Certified Public Accountants, and also follows Government Auditing Standards issued by the U.S. Government Accountability office. The auditors issued a "clean" opinion. There are no issues to report. The auditors have found that CRDA's financial statements are free from material misstatement. No difficulties were met during the audit.

Report on Compliance and on Internal Control over Financial Reporting.

Mahoney Sabol reviews the Authority's Compliance and internal controls but does not provide an opinion. No instances of material noncompliance were identified, no material weaknesses in internal control were identified. Ms. Hawkins offered to speak with the Board in Executive Session and the Board agreed.

Ms. Hawkins gave an update regarding the LAZ-Massachusetts parking lot money theft. The Massachusetts theft had to do with manual processes, where cash was being collected from parking lots. Books and records were managed among three individuals that had control and were able to manipulate records and skim cash over a period of several years. Fortunately, in Hartford, all parking lots are automated – down to the lane used. Processes for daily and monthly reconciliations are in place. All processes are reviewed for monthly and transient parkers and the auditors feel very satisfied with the controls that are in place to prevent fraud.

Tennis Foundation of Connecticut

A video that recapped the August 2017 CT Tennis Open was shown. Ms. Worcester gave an overview of the events and activities of the tournament that was held from August 18-26, 2017. The 2017 budgetary numbers are currently being reconciled. The 2018 budget will be further discussed in Executive Session.

Executive Session

A motion to go into Executive Session for audit review and unrelated contract negotiations was moved by Andy Bessette, seconded by Dave Jorgensen and approved at 6:27pm. The Board meeting reconvened at 7:15pm. No action was taken in the Executive Session.

Mayor Reports

Mayor Bronin reported on the following:

- The City and CRDA are working together to solicit proposals for Dillon Stadium, the goal is to make sure we preserve Dillon Stadium as a community asset but also use the opportunity for other possible uses.
- The City submitted a proposal to DECD to include a Hartford site in the State's proposal to Amazon.
- The City experimented this summer to try and make Pratt Street a more lively block and closed to traffic at lunch time and on Fridays and included bands and outdoor entertainment. It was reported that it had a positive effect on the restaurants and stores on Pratt and the City looks to continuing this next year.

Finance

CRDA, CFO Joseph Geremia reported that the Annual Report is complete which includes the narrative section that explains each area that CRDA is responsible for and the second section that is the annual audit which Jennifer Hawkins of Mahoney Sabol reported on earlier in the meeting.

The following motion was moved by Andy Bessette, seconded by Dave Jorgensen and approved.
“The CRDA Board of Directors hereby approves the CRDA Annual Report/Audit for FY2016-2017, as presented.”

The following is the Financial update for September 2017 was presented by CRDA CFO Joseph Geremia:

Fiscal Year 2017 Audit and Annual Report

CRDA audit completed with no findings
Annual Report completed and ready for filing upon approval
Rentschler Field audit completed with no findings

Fiscal Year 2017 Operating Statistics

CT Convention Center – July/August 2017

August stats: 22 event days held YTD with YTD attendance at 42,000
July financials: F&B revenue favorable with event services revenue unfavorable compared to budget. Expenses even with budget.
Total year projection even with budget.

CRDA Parking Facilities – July/August 2017

August stats: Utilization favorable to budget at 68%
Monthly rate customers favorable to prior year by 40 at 5,200 YTD
Transient customers favorable to prior year by 10,600 at 70,400 YTD
July financials: Transient revenue and consumer show’s revenue favorable compared to budget
Total year projection even with budget

XL Center - July/August 2017

August stats: 2 event days held YTD with YTD attendance at 400
July financials: Event revenue \$150,000 unfavorable to budget attributed to two cancelled events
Hockey operations even with budget
Operating expenses favorable compared to budget
Total year projection approx. \$100,000 unfavorable to budget

Church Street Garage - July/August 2017

August stats: Utilization of 76% even with budget
Monthly rate customers favorable to budget by 150 at 2,400 YTD
Transient customers unfavorable to budget by 1,100 at 1,600 YTD
July financials: Transient revenue and monthly rate customer revenue favorable to budget
Total year projection even with budget

Rentschler Field - July/August 2017

August stats: 32 event days held YTD with YTD attendance at 45,900
July financials: Event revenue and F&B revenue even with budget
UCONN football season beginning with August financials
Expenses even with budget
Total year projection even with budget

Residential Housing Initiatives –	Total Contracted Loans:	\$56.0M
	Current Contracted Loans:	\$50.8M
	Current Disbursed:	\$42.7M

The following Budget updates were presented due to the Legislative Budget negotiations. The Board discussed the uncertainty of the State Budget and what course of action will be necessary should budget reductions become greater than initially estimated.

Ben Barnes commented that CRDA should clearly identify housing and neighborhood development projects and also added that the question will become whether CRDA will have the ability to operate the XL Center, Convention Center & Rentschler Field with this level of appropriation.

**Budget Update – FY2018/2019
September 2017**

CRDA Board Approved Budget

Operations Appropriation	FY2018 & FY2019	\$6,149,121
Capital Plans		
XL Center	Complete current improvements	\$1.1M
Stadium	Complete current improvements	\$1.0M
Church St Garage	Complete current improvements	\$1.2M
CTCC	Continue self-funded improvements	
Housing	Continue current projects	\$43.4M
	(Radisson, 101 & 111 Pearl, 81 Arch, 103 Allyn, 1279 Main, 370 Asylum, Brackett, Bowles, Swift)	

Governor’s Executive Order Budget

Operations Appropriation	FY2018 & FY2019	\$6,149,121
Capital Plans		
XL Center	Complete current improvements	\$1.1M
Stadium	Complete current improvements	\$1.0M
Church St Garage	Complete current improvements	\$1.2M
CTCC	Continue self-funded improvements	
Housing	Continue current projects	\$43.4M
	(Radisson, 101 & 111 Pearl, 81 Arch, 103 Allyn, 1279 Main, 370 Asylum, Brackett, Bowles, Swift)	

General Assembly 9/15 Approved Budget

Operations Appropriation	FY2018 & FY2019	\$4,969,121 (Reduction of \$1,180,000)
Capital Plans		
XL Center	Complete current improvements	\$1.1M
Stadium	Complete current improvements	\$1.0M
Church St Garage	Complete current improvements	\$1.2M
CTCC	Continue self-funded improvements	
Housing	Continue current projects	\$43.4M
	(Radisson, 101 & 111 Pearl, 81 Arch, 103 Allyn, 1279 Main, 370 Asylum, Brackett, Bowles, Swift)	
General 32-602	Additional bond funding for FY2018 & FY2019	\$40M & \$40M

Governor’s 9/15 Non-Approved Budget Recommendation

Operations Appropriation	FY2018 & FY2019	\$6,261,621 & \$6,299,121
Capital Plans		
XL Center	Complete current improvements	\$1.1M
	Additional bond funding for FY2018 & FY2019	\$40M & \$75M
Stadium	Complete current improvements	\$1.0M
	Additional bond funding for FY2018 & FY2019	\$1.5M & \$1.5M
Church St Garage	Complete current improvements	\$1.2M

CTCC	Additional bond funding for FY2018 & FY2019	\$5M & \$5M
Housing	Continue self-funded improvements	
	Continue current projects	\$43.4M
	(Radisson, 101 & 111 Pearl, 81 Arch, 103 Allyn, 1279 Main, 370 Asylum, Brackett, Bowles, Swift)	
General 32-602	Additional bond funding for FY2018 & FY2019	\$40M/\$10M E.H.
Front St District	Additional bond funding for FY2018 & FY2019	\$3M & \$7M

**Budget Update – FY2018/FY2019
September 2017**

	<u>FY2018</u>	<u>FY2019</u>
<u>Operations Appropriation</u>		
CRDA Board Approved Budget	\$6,149,121	\$6,149,121
Governor’s Recommendation	\$6,261,621	\$6,299,121
General Assembly Budget (Reduction of \$1,180,000)	\$4,969,121	\$4,969,121

Capital Plans

Governor’s Recommendation		
XL Center	\$40M	\$75M
Stadium & CTCC	\$1.5M	\$1.5M
Church St Garage	\$5M	\$5M
Front St District	\$3M	\$7M
General 32-602	\$40M	
General 32-602 (E. Htfd.)	\$10M	
General Assembly Budget		
General 32-602	\$40M	\$40M

Housing Committee

Sean Fitzpatrick indicated Mayor Leclerc asked if there was a vehicle that comprehensively looked at the positive impact of the completed housing projects. The staff has put together some data that reflects this information in the form of a report called the CRDA Housing Investment Analysis (as of July 2017).

Michael Freimuth spoke to the report, explaining that the tax generation for these buildings, that were basically vacant for many years, are now netting approximately \$1M in new tax generation. This amount does not include permit fees, from the development deals, that go to the City.

Mr. Freimuth reviewed and presented the following projects that were approved at the September Housing Committee.

100 Trumbull (Trumbull on the Park)

Project: Conversion of 16 existing 2 BR units into 32 units (16 studios, 16 1BRs) for a net gain within the building of 16 units. Existing configuration (13 studio, 55 1BR, 32 2BR) 100 units into (29 studio, 71 1BR, 16 2BR) 116 units.

Developer: Girona Ventures

Budget: \$1,460,000 Construction costs and reserves tied to new units
960,000 CRDA loan
500,000 Equity

CRDA Deal: .

Structure: \$60k/unit x 16 units, 3%/20 yr.
Utilization of recapitalized funds
Linked to underwriting/redevelopment of Pearl Street deal
Increases value of 100 Trumbull, attracting more equity into overall deal
Triggers CRDA tax assessment.

The following resolution regarding 100 Trumbull (Trumbull on the Park) was moved by Sean Fitzpatrick, seconded by Luke Bronin and approved by the CRDA Board of Directors.

Resolution: *“The Executive Director is authorized to use recapitalized housing funds to make a loan to Girona Venture or such single purpose entity in the amount of \$960,000 at 3%, 20 yr. amortization subject to such fiduciary terms as deemed appropriate by the Executive Director and CRDA counsel.”*

101/111 Pearl Street

Issue: There is a possibility of utilizing federal historic tax credits to bring additional equity into the 101/111 Pearl Street project, funds that may be necessary based on final bank underwriting. However, these funds could not be committed and then made available for a period of time, and in any case, no sooner than six months from targeted closing (late Sept/early Oct). Bridging these potential funds could expedite the closing and construction of the buildings and provide a contingency to any shortfalls in final underwriting.

CRDA: A request has been made for CRDA to utilize its re-capitalized funds (some of which were repaid by the developer from another project) and provide a bridge loan for the federal credits for an estimated period of 6 months at 3% interest. The loan would be no more than \$1,000,000 and collateralized by the credit commitment and would be extended as a ‘last resort’ source of funds.

The following resolution regarding 101/111 Pearl Street was moved by Sean Fitzpatrick, seconded by Luke Bronin and approved by the CRDA Board of Directors.

Resolution: *“The Executive Director is authorized to use recapitalized housing funds to extend a bridge loan against the proceeds of federal historic credits to the developers of 111 Pearl Street in an amount not to exceed \$1,000,000 for a period of time no longer than one year at 3% interest subject to such fiduciary terms as deemed appropriate by the Executive Director and CRDA Counsel”*

103-5, 109-21 Allyn Street

Project: Reconstruction and conversion of three vacant historic buildings into 66 units of housing (39 Studio, 24 1BR, 3 2BR) and 3750 sf retail space.

Developer: Paul Khakshouri

Initial TDC/Dev Source:	\$10,885,121	
	4,500,000	Bank
	4,000,000	CRDA
	2,000,000	CRDA bridge historic
	385,121	Equity

New TDC/Dev Source:	\$12,558,000	
	6,115,000	Joint Community Loan Funds (up to \$6.5M)
	6,000,000	CRDA
	385,000	Equity

Original CRDA deal structure: \$6M at 3% interest only, 20 yr. amortization, 5 yr. term with buy down of \$2M from bank at perm financing and a second buy down of \$2M from state historic credits with the remainder of \$2M staying as a perm for 5 yrs.

New CRDA deal structure: \$6M at 3% interest only, 5 yr. term in second position behind loan funds that will finance up to \$6.5M and will bridge both federal and state historic credits. The project goes from a market deal to an 80/20 market/affordable arrangement.

The following resolution regarding 103-5, 109-21 Allyn Street was moved by Sean Fitzpatrick, seconded by Ben Barnes and approved by the CRDA Board of Directors.

Resolution: *“The Executive Director is authorized to amend the CRDA loan terms as a \$6M loan at 3% interest only, 5 yr. term. The project will have an 80/20 market/affordable mix of units.”*

Venue Committee

Michael Freimuth gave a brief explanation regarding the Dillon Stadium RFP. CRDA, with the help of the City of Hartford, has put out an RFP to help to analyze any prospective interest for the Dillon Stadium. RFP’s are due October 13, 2017.

Andy Bessette reported on the following Venue Committee items:

XL Center

- Awaiting adoption of a State budget and bond package to know where funding for the XL Center transformation stands.
- One response to the RFQ for a public-private partnership. Savage Funding was interviewed in July. A detailed proposal is expected.

- Wolfpack affiliation agreement is set to expire after this season and we are currently in discussions with MSG regarding an extension of that agreement.
- The Wolfpack, UConn hockey and men's basketball seasons begin in late October, with women's basketball starting November 1st. Upcoming events include Professional Bull Riding, as well as three major concerts in next two months -- Roger Waters, Guns N Roses and Dead & Company.
- Metal detectors have been purchased for both XL and the Stadium, per the recommendations of our security consultant, and we expect to put them into operation this season. Bob Saint is working with Spectra and the Office of the State Fire Marshall on entrance layouts that will ensure safe and efficient ingress and egress.

Pratt & Whitney Stadium at Rentschler Field

- The July 1st soccer match between US and Ghana was a great success, with 21,000 people in attendance and net revenue of approximately \$180k for the building. (This figure is about \$30k over projected revenue.)
- UConn opened its 2017 football season on August 31st with a win over Holy Cross. Attendance was just over 16,000, which resulted in lower-than-expected parking and concession numbers. It's our hope that attendance will improve as the season progresses.
- The cancellation of UConn's September 9th home game against South Florida due to Hurricane Irma was potentially a huge financial loss, however, the League was able to reschedule the game for Sunday, September 24, 2017.
- Spectra Food Services has introduced a number of new food options this season and fans also have the option of working with a company called "Tailgate Guys", who will organize a more upscale tailgating experience for them, including tents and catering.
- Clearing, grading and drainage work has been completed on the new 10-acre parking lot, along with fencing, electrical conduit and light pole installation. Additional topsoil will be imported from the Cabela's site and finished off with hydro-seeding before the winter. The lot will be available for parking next season.
- Construction of East Hartford Boulevard North is essentially complete, with some landscaping and irrigation work left to finish. The road was completed in time for the first UConn game and was deemed a success in terms of moving Stadium traffic through our southern lots.

Convention Center

- The Convention Center has begun a busy fall season of events. The week of September 18, the Center hosted Impact 2017 – the basement systems convention – which is currently the most profitable event held in the building. Upcoming events include the CT Women's Expo, the annual Home Show, Willie Pep Boxing and Pokémon Regional Championships.
- An event comparison is included between the XL vs. CTCC. The comparison clearly shows that there is a significant price differential in the police/security line item.

Neighborhood Committee

Mayor Bronin stated that the City may need to make a higher level of public participation for some neighborhood projects than is done for the downtown projects. This has not been discussed in the Neighborhood Committee however he wanted to state that CRDA may have to be the primary driver of some projects moving forward.

Bowles Park - (\$5m for demolition/abatement)

- Phase I Demolition is complete. Phase 2 abatement is proceeding, with demolition to start in about 3 weeks. Demolition should be completed by the end of November.
- Groundbreaking had been scheduled for this week, however, was postponed due to inclement weather.

Brackett Knoll - (\$1.56 million = \$925k for road, \$630k for site acquisition/improvements)

- CRDA staff has been meeting with developer on road design and overall site plan.
- In order to move ahead with the road project, developer will need to transfer small sliver of property to City. City has provided developer with draft transfer agreement and comments expected back this week.
- Also in the works is an agreement between the City and CRDA that will allow the Authority to construct the road on City-owned site.
- Developer is also awaiting State Dept. of Housing signoff on project budget.

Swift Project (\$4.3m)

- Community Solutions has signed lease with Bears BBQ for nearly 20% of the rentable space in the building. Also have an LOI from hydroponic company for another 48% of space and expect lease to be signed shortly.
- CRDA funding is contingent upon execution of leases covering 50% of space or 50% of projected rental revenue. These two leases will cover 68% of space and 64% of projected revenue.
- CRDA has retained outside counsel and continues to work with developer on loan agreement.
- Recent work on site includes environmental investigation, engagement of a window subcontractor and hiring a Hartford contractor to rehabilitate two older houses adjacent to the factory.

Albany Avenue Internet - (\$525,000)

- City had hoped to use these funds to install conduit as part of ongoing DOT Albany Avenue streetscape project. Given State budget situation it is unclear when the Bond Commission might meet and release these funds.

Executive Director Report

Newington – opted to build a hotel.

East Hartford – trying to get development deal signed for project (agreements between UTC, Town and the developer). CRDA will move forward once the deal is in place.

Wethersfield – moving forward slowly.

Construction update:

450 Columbus Blvd. – ribbon cutting/dedication ceremony took place on September 20th.

Church Street Garage – Actively replacing elevators/security systems.

XL Center – elevators are being fixed. Slab replacement complete & new ice successfully created.

Rentschler – leaking wall is in the process of being fixed.

Radisson – developer is programming funds to meet change orders.

81 Arch – closing documents are in progress

370 Asylum – documents are at AG

1279 Main – Pending architectural updates

Adjourned 8:15

“The minutes of the September 21, 2017 CRDA Board Meeting were moved by Sean Fitzpatrick seconded by Dave Jorgensen, approved by Board Members at the October 19, 2017 CRDA Board Meeting with Nick Lundgren and Tim Sullivan abstaining.”