

Capital Region Development Authority
100 Columbus Boulevard
5th Floor
Hartford, CT 06103
Thursday, October 17, 2019
6:00 pm

Board Members Present: Chairwoman Suzanne Hopgood; Andy Bessette; Erik Johnson; David Jorgensen; Steve Kitowicz; David Kooris (phone); Seila Mosquera-Bruno; David Robinson; Mark Rolfe

Board Members Absent: Joanne Berger Sweeney; Marcia Leclerc; Luke Bronin

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

Guests: David Rosenfeld

Minutes

The minutes of the September 19, 2019 CRDA Board Meeting were moved by David Jorgensen, seconded by David Robinson and approved with Steve Kitowicz, Mark Rolfe and David Kooris abstaining.

Presentations

Mr. David Rosenfeld gave a brief presentation regarding the purchase of the Infinity Theatre and renaming it GoodWorks/Infinity Hall. The goal is to bring concerts and event rentals in a uniquely different setting than any other facility in Hartford. He presented an in-depth vision of what GoodWorks Hartford is striving to provide to the community:

- Build a resource whose primary function is connect and promote entertainment, education, culture, charity in the Hartford community
- Partnership is the critical piece: Venues, Restaurants/Bars, Hotels, Arts/Education locations, Corporations, Non-Profits and Public sector
- The principal activities of GoodWorks Hartford:
 - Create a pervasive and consistent downtown music scene
 - Build the communications network to connect, inform and engage the Hartford workforce and area residents
- Establish a cultural and entertainment committee comprised of young professionals with functional skills in marketing, technology, human resources and hospitality – takes ownership of an innovative urban public development project
- Build locally based social network and app that informs and connects – reach people
- GoodWorks/Infinity Music Hall will provide oversight, real estate, market experience, artist relationships, deep connections and large existing reach into the Hartford are community

Mayors Reports

Erik Johnson reported on the Hartford projects:

- DoNo – working with Randy Salvatore and attorneys.
- Park & Main – Draft development agreements are with attorneys.

- Albany Woodland Development - Preliminary conversations with Ronan Freeman, CRDA and City of Hartford have been held
- 25 Sigourney – with City Council for a tax abatement. Perspective buyer is Spartan Development.
- Launch of the Digital Health accelerator with Hartford Healthcare – 20 companies were selected.

No East Hartford report was given.

Finance

CRDA's CFO Joseph Geremia, gave the following October 2019 Financial update:

CT Convention Center – August/September 2019

September stats: 57 event days held YTD with YTD attendance at 59,300

August financials: Net Income \$25,000 favorable to budget due to increase in F&B revenue
 Facility maintenance expenses slightly unfavorable to budget.
 Total year projection even with budget

CRDA Parking Facilities – August/September 2019

September stats: Utilization of 76% even with budget

Monthly rate customers favorable to prior year by 375 at 9,100 YTD
 Transient customers unfavorable to prior year by 4,100 at 98,300 YTD

August financials: Monthly rate customer revenue favorable to budget offset with unfavorable transient revenue to budget
 Expenses favorable compared to budget due to utilities and maintenance savings
 Total year projection \$75,000 favorable to budget

Church Street Garage - August/September 2019

September stats: Utilization of 74% even with budget

Monthly rate customers favorable to budget by 115 at 3,400 YTD
 Transient customers unfavorable to budget by 820 at 3,200 YTD

August financials: Monthly rate customer revenue unfavorable to budget with other revenues even to budget
 Expenses even with budget
 Total year projection even with budget

P&W Stadium - August/September 2019

September stats: 34 event days held YTD with YTD attendance at 41,300

August financials: Event revenue \$135,000 unfavorable to budget due to first UCONN football game
 Expenses favorable compared to budget due to personnel and maintenance savings
 Total year projection \$75,000 unfavorable to budget

XL Center - August/September 2019

September stats: 8 event days held YTD with YTD attendance at 29,300

August financials: Event revenue \$215,000 unfavorable to budget due to one underperforming concert
 Expenses \$180,000 favorable compared to budget due to personnel savings
 Hockey operations even with budget

Total year projection even with budget

A short discussion occurred from question by Andy Bessette regarding possible greater unfavorable budget variance at P&W Stadium if UCONN football attendance remains at current level or worsens. Joseph Geremia to keep Board updated on Stadium loss projection.

Housing and Neighborhood Committee Report

Michael Freimuth reported on the following housing and neighborhood projects:

111 Pearl - 85% leased
Arch Street Phase VI – 60% leased
370 Asylum – leased to capacity
Allyn Street – in construction
Colt North Armory – in construction
100 Trumbull – various modifications being made
Lawrence Street – various modifications being made
111 Pearl – closing in the first level week of October 21. In conversations with DECD regarding a retail tenant for the first floor.

The following projects were approved by the CRDA Housing and Neighborhood Committee on October 4th and are being moved for CRDA Board consideration:

*PRATT STREET PHASE 1-196 Trumbull, 99 Pratt, Hartford CT
Lexington Partners, Laz Investments, Shelbourne*

Background: The Pratt Street Initiative is a multi-phase program that will include conversion of former commercial properties on Pratt Street; the renewal and expansion of the 18 Temple Street Lofts and Student Housing complex; and new development on Talcott St. (former G.Fox warehouse and garage). The first phase at 196 Trumbull and 99 Pratt Street converts two former commercial properties into 129 Units with a refresh to the retail space at the street level. The properties were acquired by a partnership of local investors and will have a development budget of \$29.8 million. The request of CRDA is to provide bridge financing for historic credits and a construction/permanent loan, in a subordinate position to conventional financing, to close the development gap.

Proposal: The upper floors of the buildings are currently vacant while some retail continues to operate in portions of the street level space. The buildings have been acquired and historic preservation applications have been filed at the state and federal level. Of the 129 units, 97 are located within 99 Pratt Street (91 studio, 6 1BR) and 32 are in 196 Trumbull St (32 micro units). Retail space totals 18,800 sf. CRDA would bridge finance the historic credit totaling approximately \$5.5M at 2.75% interest only with a projected repayment within 3 years. Secondly, CRDA would provide a cash flow mortgage of \$6.5M at 2.75% that will be amortized on a 30 year basis, but repaid based on cash flow and a ROI return to equity of 12% but in any case, termed at 10 years when full repayment would be contemplated of accrued principle and interest.

Development Budget:

Sources:	Bank Financing	\$14,000,000
	CRDA bridge/historic credits	\$5,500,000
	CRDA Perm/cash flow note	6,500,000
	Equity	<u>3,800,000</u>
	Total:	29,800,000
Uses:	Hard Construction	17,400,000
	Acquisition/pre-dev	5,700,000
	Soft Costs	6,700,000

The following motion was moved by David Jorgensen, seconded by David Robinson and approved.

“The executive director is authorized to make two loans to the Pratt Street Initiative Partnership (or such acceptable single purpose entity), as presented above, for the purpose of converting 196 Trumbull and 99 Pratt into 129 units with retail, including a historic credit bridge loan of up to \$5.5 million at 2.75% interest and a construction/permanent mortgage of \$6.5 million based on cash flow but amortizing at 2.75%, 30 years with a 10 year term subject to 1/ all financing being secured; 2/approval by the State of Connecticut bond commission and 3/ such fiduciary terms as deemed appropriate by the executive director and CRDA counsel.”

**Park/Main
South Green
Spinnaker Development**

Background: Two city blocks located at the intersection of Park and Main have long been considered for redevelopment. In 2018, the City sought bids via an RFP process for the redevelopment of the lots and selected Spinnaker Real Estate Partners of Norwalk, CT, as the developer. CRDA sponsored and pursued a planning effort in the South Green area in 2016 and approved the allocation of \$8.4 million in housing funds on September 20, 2018 with State Bond Commission approval in September 2018 subject to further review and approval of the CRDA Board of final project details.

Proposal: The city council approved the selection of Spinnaker and a Land Disposition Agreement (LDA) is being finalized to transfer the parcels to Spinnaker for the construction of two buildings with 126 units (18 studio, 84 1BR, 24 2BR) with 20% workforce affordable and 80% market based. In addition, there will be 22,730 sf. of retail at the street level within the two buildings. This represents an increase in number of units from an initial project of 108 units and an increase in retail from 13,000 sf to 22,730 sf. CRDA funds will be split into two construction/permanent subordinate loans, the first for \$6.4M for the residential units at 3%, 30 year amortization and a 20 year term; and the second commercial note at \$2M at 3% and a 20 year term. The project will pay interest only during construction. The residential note will begin amortization upon year one. The commercial note will pay interest only during construction and will accrue interest during its term, triggering repayment upon stabilization (within 2 years or 90% occupancy). The buildings will be modular and will be assembled in Pennsylvania, delivered and then constructed at the site.

Development Budget:

Sources:	Bank Financing	\$	16,000,000
	CRDA Res		6,400,000
	CRDA Comm		2,000,000
	Deferred Fee		900,000
	Equity		<u>1,143,763</u>
	Total	\$	26,443,763
Uses:	Land	\$	125,000
	Hard Costs		22,152,006
	Soft Costs		4,166,757

The following motion was moved, as amended and presented, by David Jorgensen, seconded by Erik Johnson and approved.

“The executive director is authorized to make two loans to Spinnaker Real Estate Partners and Seven Summits Development (or such acceptable single purpose entity) in the amount of \$6.4 Million for residential development of 126 units, 20% workforce affordable, at 3%, 30 year amortization, 20 year term, with interest only during construction, amortizing Principle and Interest upon first year of occupancy and a second note for retail commercial development, in the amount of \$2M, 3% interest only during construction, converting to 3% interest accruing for 20 years and payable upon stabilization for the properties known as 9,11-17,19-22,23-29,38 Park Street; 89-97, 99-105, 109, 111, 115, 131, 135 Main Street, 20 John Street, Hartford Connecticut upon such fiduciary terms as deemed appropriate by the Executive Director and CRDA counsel.”

Venue Committee

Chairman of the Venue Committee, Andy Bessette reported the following update from the October 3rd Venue Committee:

XL Center

On September 3, 2019, the newly hired CSL International visited Hartford to begin work on their market study of the XL Center. A comprehensive tour of the facility was followed by a video conference with SCI and a meeting with CRDA staff. CSL expects to schedule focus groups and individual interviews with XL users/patrons in late October or early November. A draft report is expected by the end of this year.

Both the Wolfpack and UConn hockey have kicked off their 2019 seasons. With four games held to date, the Wolfpack have averaged 1,900 fans per game, while UConn has averaged 1,800 fans for their first two games.

Pratt & Whitney Stadium

Midway through their 2019 football season, UConn has averaged 11,800 fans per game. CRDA staff and Spectra have been meeting with UConn to discuss ways to reduce expenses in anticipation of budget issues related to poor attendance. Parking lot expenses have been reduced and a plan to shut down unused lots next season is being discussed.

Some minor capital repairs are currently underway, including concession stand roof repairs.

CT Convention Center

CRDA staff are working with Waterford Management to implement some of the recommendations contained in Johnson Consulting's recently completed Strategic Plan Study for the Convention Center. An architectural firm will look at minor upgrades to make the building more functional and aesthetically appealing to patrons. A Customer Advisory Board is being organized, while DECD is providing assistance to attract more international events. The recommendations regarding the creation of a Hartford-centric Convention and Visitors' Bureau and additional hotel rooms are also being discussed on a more global level.

Dillon Stadium

Some punch list items remain however the stadium is in frequent use by community groups, UConn soccer and Hartford Athletic. Soccer season will end November 5th and the field will be restriped for high school football shortly thereafter.

Regional & Economic Development Committee

Michael Freimuth reported the following Regional & Economic Development update:

- Parkville Market – under construction with a completion date targeted for December 2019.
- Front Street – small lighting and drainage repairs almost complete.
- E. Hartford Showcase sight – demolition has begun.
- Silver Lane Improvements – in design phase.
- Founders Plaza – meetings regarding how to reposition some of the parcels for future development and underway.
- Great River Park – Starting to do pre-construction.
- Wethersfield, The Borden – under construction.
- Bushell South Garage – contracts have been signed and construction mobilization has begun.
- DoNo – appeal in process. The City has come to terms with a development agreement for the transition for all of the parcels. Working through the legal process. RMS Development has started designing and engineering in anticipation of a successful appeal so that is moving along.
- The grocery store discussion continues in terms of trying to find an adequate location.
- Arrow Head Block – the city has completed the acquisition of the Arrow Head Café building and putting together a team that can redevelop that block.

Bob Saint reported on the following construction projects:

101 Pearl - 78% complete

111 Pearl – completed

Colt Armory – 53% complete

28 High Street – 45% complete

100 Trumbull – Renovating units, changing 16 two bedrooms into 16 one bedroom/16 studios

Allyn Street – 35% complete

146-50 Lawrence – 35% complete

Radisson – top four floors finished and moving quickly towards completion
Swift Factory – 94% core and shell complete
Dillon – punch list items remain
115 Sigourney – nearly complete
86 Hawthorne – in construction
Bushnell So. Garage – 411 spaces, plus surface lot (possibly able to add two levels in the future) crews mobilizing.
E. Hartford Showcase Cinema – one month of abatement/one month of hard demolition about to start.
Riverside Drive – large drainage project. The water level is low so most of the installation is done totally out of the water.
Wethersfield – The Bourdon – 49%, completion estimated Jan. 2020
Parkville – approximately 46% complete
Church St. Garage – bidding
Adriaens Landing Garages – continues to be worked on for next few years
Rentschler Field – replace some roofs on concession areas.

Executive Director Report

Michael Freimuth reported on the following:
CRDA Organization chart is in the packet
CRDA Board meeting dates are listed in package.

Connecticut Regional Market – CRDA has not yet taken control of the facility for day to day management. This is an on-going process with Dept. of Agriculture, OPM and CRDA.
Policies and Procedures have been put together for the CT Regional Market.

The following motion was moved, as amended and presented, by Seila Mosquera-Bruno, seconded by Steve Kitowicz and approved.

“The CRDA Board hereby adopts the Use and Operation Policies and Procedures for the CT Regional Market and Hartford Farmers’ Market as presented”

The CRDA Housing Application and Underwriting Process – The CRDA Housing Application and Underwriting Process has been documented and are being presented for final adoption by the Board as amended.

The following motion was moved, as amended and presented, by Erik Johnson, seconded by Andy Bessette and approved.

“The CRDA Board hereby adopts the CRDA Housing Application and Underwriting Process as presented”

The following motion to move into Executive Session for the purpose of contract discussion was moved by Andy Bessette seconded by Steve Kitowicz and approved.

Executive Session

Executive Session started at 7:25pm and ended at 7:48pm without any further action
Adjourned 7:48 pm

“The minutes of the October 17, 2019 CRDA Board Meeting were moved by Andy Bessette, seconded by Marcia Leclerc and approved at the November 21, 2019 Board Meeting.”