

Capital Region Development Authority
100 Columbus Boulevard
5th Floor
Hartford, CT 06103
Thursday, November 21, 2019
6:00 pm

Board Members Present: Chairwoman Suzanne Hopgood; Andy Bessette; Erik Johnson; David Jorgensen; Steve Kitowicz; Seila Mosquera-Bruno; David Robinson; Joseph Giuliatti; Mayor Leclerc; Joanne Berger Sweeney.

Board Members Absent: Luke Bronin

CRDA Staff Present: Michael Freimuth; Erica Levis; Joseph Geremia; Kim Hart; Robert Saint; Terry Mitchell Smith

Guests: Eileen Buckheit, East Hartford Development Director, Ted Cutler AIA, LEED, AP, Principal, Tecton Architects.

Minutes

The minutes of the October 17, 2019 CRDA Board Meeting were moved by Andy Bessette, seconded by Mayor Marcia Leclerc and approved.

Presentations

East Hartford Founders Plaza – Mayor Leclerc gave a brief description of the East Bank @ Founders project explaining that it is a move to expand of developable space within East Hartford. The Town of East Hartford went through an RFP process and engaged Tecton Architects to envision the potential of the Riverfront Area. Mayor Leclerc introduced Ted Cutler to present the project. Eileen Buckheit was in attendance and was introduced as having a lead role in bringing this project team together.

“The design team was charged to create a vision for the future that garners the best value from early public investments. Investments in structured parking and infrastructure should catalyze mixed-use development, ensuring momentum toward a desirable community destination for decades to come. These priorities set the stage for professional due-diligence and design concepts alike, as depicted in the presentation given”.

Executive Director Michael Freimuth commented that the State Bond funds were earmarked to jumpstart development in East Hartford and were used to formulate the analysis. A majority of the elements are already in place to move this redevelopment project forward including no demolition and relocation and some utilities are already in place. Understanding the costs and the public private relationships will be the next steps in this ongoing project.

Mayors Reports

Erik Johnson reported on the Hartford projects:

- iQuilt – 400th Anniversary for the City of Hartford in 2036.
- Hartford – 10 yr. plan of Conservation and Development – working groups will be looking for participation.
- DoNo – Will be transitioning to CRDA projects in the next two weeks.

- Park & Main – Working on final deal terms on Park & Main Project.
- 25 Sigourney Street – City is working with owner of 25 Sigourney Street, Spartan LLC, for tax abatement to be voted on November 25th.
- Talcott Garage issue extension – before counsel for tax abatement.
- Other projects: Albany/Woodland; Arrowhead Café; other projects on Woodland Street.

Mayor Leclerc gave the report on East Hartford Projects:

- Wickham Senior Center bids went out on Nov. 20th with a December anticipated return date.
- Goodwin College – broke ground on the first commercial building on the corner of Ensign and Main Streets.
- Gengras Volvo Dealer – broke ground on Connecticut Boulevard.
- Opportunity Zones – generating a lot of feedback and interest.
- Showcase Cinema – work is moving along, demolition is approximately 40% complete.
- Goodwin College Drainage improvement Project – is expected to be completed in 2020, which is pivotal for the development of Ensign Street.
- Great River Park – RFP for a design consultant is on the street.

Finance

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

CT Convention Center – September/October 2019

October stats: 88 event days held YTD with YTD attendance at 97,500

September financials: Net Income \$125,000 favorable to budget due to increase in F&B revenue
 Facility maintenance expenses slightly unfavorable to budget
 Total year projection \$100,000 favorable to budget

CRDA Parking Facilities – September/October 2019

October stats: Utilization of 80% even with budget

Monthly rate customers favorable to prior year by 390 at 12,600 YTD

Transient customers unfavorable to prior year by 5,900 at 142,000 YTD

September 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 \$150,000 favorable to budget

Church Street Garage - September/October 2019

October stats: Utilization of 72% even with budget

Monthly rate customers favorable to budget by 130 at 4,500 YTD

Transient customers unfavorable to budget by 100 at 5,300 YTD

September 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 - September/October 2019

October stats: 49 event days held YTD with YTD attendance at 63,000

September financials: Event revenue \$180,000 unfavorable to budget due to UCONN football

Expenses favorable compared to budget due to personnel and maintenance savings

Total year projection \$100,000 unfavorable to budget

XL Center - September/October 2019

October stats: 23 event days held YTD with YTD attendance at 64,100

September financials: Event revenue \$315,000 unfavorable to budget due to two underperforming concerts

Expenses \$220,000 favorable compared to budget due to personnel savings

Hockey operations even with budget

Total year projection even with budget

Housing and Neighborhood Committee Report

Michael Freimuth reviewed the project summary spreadsheets and pointed out to the Board that leasing has begun at the Radisson; 76% occupancy has been reached at Arch Street; 111 Pearl is 80% leased and 90% or better occupancy on the remainder of the projects. 101 Pearl should be ready for leasing in January 2020.

Mr. Freimuth also gave an update regarding the following neighborhood projects:

Brackett Knoll – Site work has begun

Swift Factory – Mr. Freimuth indicated that the project is nearing completion and suggests a tour of the project. Erik Johnson added that one of the companies from the Stanley Black & Decker, Techstars is scheduled to move into Swift. Certificate of Occupancy of the shell is scheduled for this month.

Pratt Street Phase 2/Temple Street

Michael Freimuth gave a brief description of Phase 2 of the Pratt Street initiative and those involved. Mr. Freimuth introduced Attorney John Kindl from Pullman Comley, Attorney Scott Consoli representing the developer and Marty Kenny with Lexington Partners.

John Kindl and Michael Freimuth explained the complicated nuances of the project financing.

Mr. Freimuth explained that the original Grant was awarded through CCEDA however CCEDA did not have the capacity to service the project. The Grant went through DECD and used CHFA to do the day to day administration. When CRDA was created, the quasi was given the authority to administer these projects directly. The agreements CRDA has with DECD and CHFA is that if the day comes along that CRDA can manage and control the funds, CRDA could ask for it back. Hence, the funds are being moved back to CRDA and CRDA is exchanging their value for “equity in the deal”. That avoids the foreclosure and CRDA’s investment getting totally wiped out.

After a lengthy discussion, the following motion was moved by Andy Bessette, seconded by Erik Johnson and approved with Seila Mosquera-Bruno abstaining.

WHEREAS, pursuant to Section 32-606 of the General Statutes, (i) on November 25, 2003, the Capital Region Development Authority, formerly Capital City Economic Development Authority,

(hereinafter "CRDA"), adopted and on December 4, 2003 transmitted to DECD a capital city economic development statement recommending that up to four million dollars (\$4,000,000) in such housing funds (the "CRDA Housing Funds") be made available through CHFA to 18 Temple Street LLC ("Temple") for purposes of assisting in the development of seventy-eight (78) residential apartment units (the "Housing Component") as part of a mixed-use apartment, retail, student/corporate intern housing and parking project in downtown Hartford to be known as "Temple Street" (the "Project"), and (ii) on November 5, 2004, CRDA adopted and on November 10, 2004, transmitted to DECD a capital city economic development statement recommending that up to six hundred and eighty thousand dollars (\$680,000) in such parking funds (the "CRDA Parking Funds") be made available to Temple for purposes of assisting in the construction of forty (40) affordable parking spaces (the "Parking Component") for use by residents of the student/corporate intern housing at the Project (the CRDA Housing Funds and the CRDA Parking Funds are referred to together as the "CRDA Funds");

WHEREAS, the capital city economic development statements adopted by CRDA recommend that the CRDA Funds be made available through CHFA to Temple on terms and conditions providing the potential for a return of and on the CRDA Funds as a means of providing a possible source of support for future CRDA housing initiatives in downtown Hartford;

WHEREAS, CRDA recommended to DECD that the CRDA Funds be made available through CHFA for purposes of the Project in the form of a construction to permanent second mortgage loan from CHFA to Temple in the original total principal amount of four million six hundred and eighty thousand dollars (\$4,680,000) (the "Temple Loan"), bearing interest at a rate of 0.0% during construction and thereafter at 0.10%, for a term of forty (40) years, with interest payable currently and principal payable in full at stated maturity or upon earlier acceleration of the payment of principal as provided therein, secured by a second mortgage subject and subordinate to construction and permanent first mortgage financing for the Project from CHFA in the original amount of up to forty-one million, forty-eight thousand dollars (\$41,048,000) (the "CHFA First Mortgage Loan");

WHEREAS, since CRDA was not then authorized under Chapter 588x of the General Statutes to make or hold loans for housing or parking purposes in its own name and in light of CHFA's statutory authority and experience with respect to housing projects in urban areas and the financing it was providing for the Project, CRDA recommended in the capital city economic development statements that grants-in-aid of CRDA Funds be made by the Department of Economic and Community Development ("DECD") to CHFA for the purpose of making and administering the Temple Loan;

WHEREAS, on December 19, 2003, the State Bond Commission approved the issuance of four million dollars (\$4,000,000) in bonds pursuant to Section 32-616(b)(3) of the Connecticut General Statutes for the purpose of a grant-in-aid to CHFA to make the Loan, on behalf of CRDA, for purposes of the Housing Component as recommended in the related capital city economic development statement and (ii) on December 13, 2004, the State Bond Commission authorized the issuance of six hundred eighty thousand dollars (\$680,000) in bonds pursuant to Section 32-616(b)(5) of the Connecticut General Statutes for purposes of a grant-in-aid to CHFA to make a loan, on behalf of CRDA, for purposes of the Parking Component, as recommended in the related capital city economic development statement;

WHEREAS, CHFA and DECD entered into a Financial Assistance Agreement dated as of May 18, 2005 (the "Assistance Agreement") whereby DECD agreed to provide a Capital City Project Grant of the CRDA Funds in the amount of \$4,680,000 to CHFA for the purpose of making the Temple Loan;

WHEREAS, CRDA and CHFA entered into a Memorandum of Understanding dated May 18, 2005 (the "MOU") providing for advances of the CRDA Funds by CHFA for the benefit of the Project pursuant to the loan documents evidencing and securing the Temple Loan (the "Second Priority Loan Documents");

WHEREAS, pursuant to the terms of the Assistance Agreement, on May 18, 2005, CHFA made a loan of the CRDA Funds to Temple secured by a second priority mortgage on the Project property (the "Second Mortgage");

WHEREAS, on May 18, 2005, the Temple Loan and the Second Priority Loan Documents were collaterally assigned to DECD by Collateral Assignment of Second Mortgage Documents pursuant to the terms of the Assistance Agreement;

WHEREAS, the MOU provides that, at any time that CRDA is granted the legal authority to hold the Second Mortgage in its own name, it may request that CHFA assign its interest in the Second Mortgage to CRDA;

WHEREAS, pursuant to the provisions of Chapter 588x of the Connecticut General Statutes as amended, CRDA is now authorized to hold the Temple Loan in its own name;

WHEREAS, Elizon DB Transfer Agent, LLC, a Delaware limited liability company ("**Elizon**") purchased the CHFA First Mortgage Loan from CHFA on November 16, 2018;

WHEREAS, the total outstanding balance due on the CHFA First Mortgage Loan as of September 30, 2019 was \$45,901,386.94;

WHEREAS, by virtue of various loan modifications, the current outstanding principal balance of the Temple Loan is \$5,430,000.00, plus accrued interest;

WHEREAS, the CHFA First Mortgage Loan continues to be in default and, as a result, Elizon initiated a complaint for foreclosure in the Connecticut Superior Court (the "**Foreclosure Action**");

WHEREAS, Elizon has entered into an arrangement with 18 Temple and a new joint venture known as LAZ Temple, LLC ("**LAZ Temple**") for 18 Temple to convey the Property directly to LAZ Temple by deed in lieu of foreclosure in order to avoid the time and expense required by the Foreclosure Action;

WHEREAS, if Elizon proceeds with the Foreclosure Action to judgment, the Second Mortgage will be foreclosed and the Temple Loan will be extinguished;

WHEREAS, LAZ Temple has proposed to CRDA that, in consideration for CRDA releasing the Second Mortgage and the obligations under the Temple Loan without the need for completing the Foreclosure Action, LAZ Temple will give CRDA a subordinated equity as a "special member" in one of the members of LAZ Temple known as SGS/LAZ Temple Investors, LLC, a Delaware limited liability company ("**SGS/LAZ Temple Investors**");

WHEREAS, following acquisition of the Project, LAZ-Temple intends to renovate and reposition the Project property which will result in the creation of an additional 62 residential units at the Project;

NOW, THEREFORE, BE IT

RESOLVED, that the Executive Director is authorized to take all appropriate actions deemed necessary in order to facilitate (i) a transfer by CHFA of its interest in the Temple Loan and the Second Priority Loan Documents to CRDA pursuant to the terms of the MOU and (ii) DECD's release of its collateral assignment of the Second Mortgage Loan Documents and CHFA's obligations under the Assistance Agreement (the "**Loan Assignment**");

FURTHER RESOLVED, that following the Loan Assignment, the Executive Director is authorized to release all the Second Priority Loan Documents, including the Second Mortgage;

FURTHER RESOLVED, that, in exchange for the release of the Second Priority Loan Documents, the Executive Director is authorized to cause CRDA, or a related entity, to become a "special member" of SGS/LAZ Temple Investors which interest will reflect a subordinated equity interest in SGS/LAZ, substantially on the terms set forth in the summary attached hereto as Exhibit A and on such other such terms and conditions as deemed appropriate by the Executive Director and CRDA counsel.

Exhibit A

Terms of CRDA Special Membership Interest

Non-voting, economic interest owner member only.

Special Member shall have no liability and shall be fully indemnified by SGS/LAZ for any claims or liabilities arising from its membership.

Initial value of Membership Interest = \$5,539,550.20

Any Net Sale Proceeds from the sale of the Project shall be distributed to CRDA as follows:

- 20% of net proceeds over \$42 million
- 30% of net proceeds over \$46 million
- 40% of net proceeds over \$50 million

"Net Sale Proceeds" shall mean gross proceeds of sale less normal and customary closing costs and specifically excluding repayment of debt, return of capital and distributions to members. In no event shall the total amount of any distributions to CRDA exceed the value of the CRDA membership interest identified above plus interest at 0.10% per annum.

Venue Committee

The Chairman of the Venue Committee, Andy Bessette, reported the following venue items for November:

XL Center

CSL International continues work on their market study of the XL Center. Focus group meetings have been scheduled the week of December 2nd at the Convention Center and invitations have been issued to

UConn and Wolfpack season ticket holders, as well as to current premium seat holders and members of the MetroHartford Alliance. One-on-one interviews will be held with certain individuals and an on-line survey will go out before Christmas. A draft report from CSL is expected in January.

The Eric Church concert on November 2nd set a new record for the highest per cap (\$24) since Spectra took over the XL Center in 2012. Upcoming events include the popular Trans-Siberian Orchestra, WWE and the U.S. Women's National hockey team vs. Canada.

Both the Wolfpack and UConn hockey seasons are underway. As of November 19th, the Wolfpack have averaged 2,400 fans per game, while UConn has averaged 2,100 fans. The UConn Women's basketball team played their first regular season game at XL this week and the Men will play their first game on December 1st.

Pratt & Whitney Stadium

With one game left in their 2019 football season, UConn has averaged just over 11,000 fans per game and their record at home is 1-5 (2-8 overall). As noted last month, 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 work in the Stadium kitchen and concession stands.

CT Convention Center

The Convention Center is completing the last weeks of its busy fall season. CRDA staff continue to work with Waterford Management to implement some of the recommendations contained in Johnson Consulting's Strategic Plan Study for the Convention Center.

Dillon Stadium

Hartford Athletics' inaugural season ended on November 5th, with the team finishing 8-21-5. Events remaining on the Dillon calendar include three high school football games, including a Thanksgiving Day matchup between Bulkeley and Hartford High. Representatives of the team, City, Spectra and CRDA will meet shortly after the Stadium closes for the winter to review operational issues and begin planning for next season.

Regional & Economic Development Committee

Michael Freimuth reported the following Regional & Economic Development update:

The Regional and Economic Development Committee has not met since our last Board meeting. Updates on all of the projects within the Committee's purview were presented in the Board packet, but the following are some of the highlights:

-Showcase Cinema Site – Demolition is underway at the former Showcase Cinemas property and work is approximately 40% complete. The site is expected to be cleared by early 2020.

-Goodwin College Drainage Improvements – Work is underway on the Goodwin drainage project and phases one and two are expected to be completed in September of next year.

-Silver Lane Road and Streetscape Improvements – Design work is nearly complete. Bid documents will be issued over the winter and construction is scheduled to start sometime next spring.

- A grant agreement has been signed with Riverfront Recapture and an RFP for a design consultant will be issued shortly.

- Founders Plaza Garage – As noted in Tecton’s presentation, a concept plan has been developed through the coordinated efforts of the architect, the Town, CRDA and the owner of Founder’s Plaza.

- CT Regional Market - Meeting with OPM and Governor’s office to work through transition.

- Bushnell South Garage –work is underway.

- Wethersfield, The Borden– nearing completion.

- Parkville Market – completion for December or January.

Executive Director Report

Bob Saint introduced Erica Levis and explained Erica’s important role as a very capable manager with extensive knowledge of the construction projects.

Joseph Geremia gave a brief overview of the Parking Management Agreement (“Management Agreement”) and the request to extend the CRDA Parking Management Facilities Contract by stating the following:

The Authority’s current Management Agreement with LAZ Parking Ltd. (“LAZ”) is expiring on December 31, 2019. Pursuant to the Management Agreement, LAZ has been providing management and operation services to the Authority relating to CRDA’s parking facilities at and around the Front Street District as well as the University of Connecticut’s Greater Hartford campus. It is the Authority’s desire to cause all of its parking facilities’ management agreements with similar expiration dates. Accordingly, the Authority would like to extend the Management Agreement for an eighteen-month period ending June 30, 2021, under the following terms and conditions.

- The term of the extension shall be eighteen months. During such period, the Authority will prepare and complete an RFP process to select a preferred vendor.
- The current Management Agreement provides for an annual fixed fee of \$83,184. Such fee is adjusted 3% annually. The resulting increase for the eighteen-month period will total \$2,490.

The following motion was moved by Andy Bessette, seconded by Marcia Leclerc and approved.

“The CRDA Board of Directors hereby authorizes the Executive Director to execute an extension of the Management Agreement pursuant to the above terms.”

Mr. Freimuth requested a Multi-Family Residential Rental Market Review and Assessment.

CRDA has invested nearly \$90 million into the residential real estate market that has leveraged nearly \$400 million in new construction in the downtown core since 2013. Today, 1600 units are in operation

or the final stages of development adding tax revenue and disposable income into the local economy while addressing labor force attraction issues.

As CRDA initiated its housing program, it did so with little hard data or certainty of the multiple market demands. Consequently, CRDA invested in a variety of unit configurations, high and low amenity properties, conversions, rehabilitations and new construction throughout the central business district and properties that merge into the neighborhoods. The goal was to understand the depth and nature of the market.

Today, there is more certainty to pricing, amenities, unit sizes and building types. Further, the level of private equity and conventional debt is better understood. Such knowledge allows CRDA to better underwrite any public subsidy request and to be able to support a greater expectation for private investment in the deals that come before the agency.

Management would like to empirically document these data points and market demands to assist in assessing our work to date and in strengthening underwriting assumptions while assisting private investors, bankers and developers to attract and secure financing.

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

“The Executive Director is authorized to contract for such services in an amount up to \$20,000.”

Bob Saint gave the following updates of the CRDA construction projects.

101 Pearl Street – approximately 86% complete

Colt North Armory – approximately 63% complete

28 High Street – approximately 45% complete

100 Trumbull – approximately 37% complete

103-105; 109-111; 113-121 Allyn Street – approximately 56% complete

246-250 Lawrence Street – approximately 35% complete

Radisson Apartment Conversion – TCO will be issued once remaining life safety issues within the hotel are addressed.

Wyllys Street - The engineering plans are close to completion and all proposed Easements and Maintenance agreements have been drafted. Once the subdivision is approved, the Engineer and Architect will work with city staff for final approval of the plans.

Brackett Knoll - An assistance agreement between CRDA and Toraal was executed the week of November 11th. A road construction contract will be executed shortly.

Swift Factory – 99% complete

Dillon Stadium- 99% - punch list items still remaining

Charter Oak Health Center - Exterior work funded by CRDA has been completed and the balance of work is expected to be completed by the end of November.

690-714 Albany Avenue – Closing expected in November 2019

Quirk/PAL - QA+M continues to work on the Abatement and Demo drawings and specifications for the first phase.

115 Sigourney Street – 100% complete

117 Sigourney Street – approximately 80% complete

86 Hawthorne Street – approximately 35% complete

Riverfront Recapture – Phase 1 development of extension of the Hartford Riverwalk north of Riverside Park – Bridge loan agreement and grant agreement with Riverfront has been signed.

Bushnell So. Garage – Substantial completion expected January 2121.

Hartford Regional Market: CRDA received the deed for the full property; Structural survey ordered for Bldgs A and B; New doors installed at the Market Restaurant; Fenced and landscaped picnic area near the Market Restaurant; A second mural was painted near entrance gate.

Front Street District – Adriaen’s Landing Garages – Repair & Maintenance project. Work is scheduled to begin in the Spring 2020.

E.H. Showcase Cinema Demo – demolition 40% complete.

E.H. Founder’s Plaza Garage – Tecton unveiled a concept plan for the project in early November.

E.H. Riverfront & Neighborhood Property Improvements – preliminary construction meeting is being scheduled.

Wethersfield – The Borden – approximately 52% complete.

Parkville Market – 49% complete.

Mr. Freimuth noted current and former CRDA Board Members who are written about in the “Women of Distinction” article in the Hartford Magazine on November 21, 2019 including Melissa McCaw, Joanne Berger Sweeney and Jaime Brätt.

Adjourned 7:25pm

The meeting minutes from the November 21, 2019 were moved by Joseph Giulietti, seconded by Erik Johnson and approved.