

Capital Region Development Authority
100 Columbus Boulevard
5th Floor
Hartford, CT 06103
Thursday, January 16, 2020
6:00 pm

Board Members Present: Chairwoman Suzanne Hopgood; Andy Bessette; Mayor Luke Bronin; Joseph Giulietti; Erik Johnson; David Jorgensen; Steve Kitowicz; David Lehman; David Robinson; Mayor Marcia Leclerc

Board Members Absent: Seila Mosquera-Bruno; Joanne Berger Sweeney

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

Guests: Rohan Freeman, President and CEO of 7 Summits Construction and Freeman Company; Leslie Fredette, VP of Marketing and Business Development, Freeman Company

Minutes

The minutes of the November 21, 2019 CRDA Board Meeting were moved by Joseph Giulietti, seconded by Erik Johnson and approved.

Presentations

Rohan Freeman, President and CEO of 7 Summits Construction and Freeman Company gave a presentation regarding a development project at Albany and Woodland Place. The project was presented with the following development plan & budget in mind.

Building Area:	80,000 sq. ft.
Height:	4 Stories
Residential:	50 units (Studios and 1 and Bedrooms)3 rd and 4 th floors
Commercial Use:	Retail and Office
Amenity/Retail Area:	20,000 sq. ft. 1 st floor
Office Area:	20,000 sq. ft. 2 nd floor
Parking:	170 Spaces (Including Woodland Lot)

Development Cost: \$21,500,000

Mayors Reports

Mayor Bronin reported on the Hartford projects:

- signed a development agreement on Park & Main, in the 90 day due diligence period, following the ground lease will be executed.
- DoNo - close to signing the agreement.
- Grocery Store – remain in conversations with grocery store operators but nothing to report
- Parkville Market – moving along and expecting it to open in a few months

Mayor Leclerc reported that East Hartford report are focused on the Regional and Economic Development areas so they will be reported under the Regional & Economic Development Committee report.

Finance Update – January 2020

CRDA's Chief Financial Officer, Joseph Geremia, reported on the following 2020 financial update for January 2020:

CT Convention Center – November/December 2019

December stats: 114 event days held YTD with YTD attendance at 117,000.

November financials: Net Income \$200,000 favorable to budget due to increase in F&B revenue.

Facility maintenance expenses \$80,000 unfavorable to budget.

Total year projection \$100,000 favorable to budget.

CRDA Parking Facilities – November/December 2019

December stats: Utilization of 81% even with budget

Monthly rate customers favorable to prior year by 400 at 19,400 YTD.

Transient customers slightly unfavorable to prior year at 203,700 YTD.

November 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 - November/December 2019

December stats: Utilization of 72% even with budget.

Monthly rate customers favorable to budget by 350 at 7,000 YTD.

Transient customers slightly unfavorable to budget at 6,000 YTD.

November financials: Monthly rate customer revenue unfavorable to budget with other revenues even to budget.

Expenses even with budget

Total year projection even with budget

XL Center - November/December 2019

December stats: 54 event days held YTD with YTD attendance at 195,300

November financials: Event revenue \$815,000 unfavorable to budget, of which \$515,000 is attributed to a lower than budgeted number of concerts and two underperforming concerts, \$150,000 is attributed to beginning of season unfavorable attendance at UCONN basketball and hockey, and \$150,000 is attributed to a decrease in F&B revenue over all events.

Expenses \$450,000 favorable compared to budget due to personnel savings.

Hockey operations even with budget.

Total year projection \$275,000 unfavorable to budget.

P&W Stadium - November/December 2019

December stats: 65 event days held YTD with YTD attendance at 79,600

November financials: Event revenue \$265,000 unfavorable to budget due to UCONN football attendance

Expenses \$50,000 favorable compared to budget due to personnel and maintenance savings.

Total year projection \$325,000 unfavorable to budget.

Estimated fiscal year OPM deficit funding need of \$750,000.

A Board discussion occurred about the projected loss at the P&W Stadium at Rentschler Field, the declining attendance at UConn Football games, and pending financial assistance needed to operate the stadium for the remainder of the fiscal year.

Housing and Neighborhood Committee Report

Erik Johnson and Michael Freimuth reported on the following Housing and Neighborhood project:

- 81 Arch Street – renting
- 111 Pearl Street – 80% leased
- 101 Pearl – construction is lagging – looking at a Spring lease-up
- Radisson – top four floor have their CO and starting to lease up
- 289 Asylum – lease of three units (of eight)
- Market Study and Pricing Analysis – being developed by Goman and York.
- Colt U – passed Bond Commission in December.
- Pratt Street – passed Bond Commission in December.

Michael Freimuth presented the following project for consideration:

103-21 Allyn St – Developer-88 Allyn St LLC (Paul Khakshouri)

Background: This \$ 21.1 Million project recaptures three historic buildings on Allyn Street and creates 66 new units as well as street front retail space. It has been in construction since Oct 2018 and should be completed in Spring 2020. The project has run into several cost problems totaling \$1.2 million and the funders have been working to fund this shortfall since late fall 2019. The budget problem results from several factors including additional costs associated with historic requirements that developed as the project advanced as well as several substantial subterranean problems in the building’s support system that were uncovered and had to be corrected. The initial \$1.6M contingency has been allocated.

Solution to \$1.2M shortfall:	Increased federal historic credits to project	\$ 202,000
	Increased state historic credits to project	240,000
	Energy Efficiency Grant (new to sources)	100,000
	Reduced interest carry (savings due to cash mgmt.)	300,000
	Operating Reserve restructure	261,000
	Reduction in GC fees (savings)	200,000

CRDA: An operating reserve of \$261,000 was required by one of the financiers (Twain) of the project that would be released upon achieving a stabilization target of 1.15 DSCR. CRDA and other financiers did not require such reserve as underwriting did not present this as an issue within the proforma. The parties agreed to account for this within the construction budget to secure the last piece of financing. It has been asked if CRDA could collateralize this \$261,000 as an escrow reserve, that'll be released at 1.15 DSCR (projected to be July 2021). In so doing, the funds being held in the construction budget for this item can be released and used to close the construction shortfall. CRDA monies would then be released back to CRDA capital reserve upon successful achievement of the 1.15. DSCR. All parties must agree to the above. A similar structure was approved by CRDA for the Capewell project but was not ultimately needed.

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

“The Executive Director is authorized to utilize up to \$261,000 of CRDA Capital Reserve for purposes of an escrowed collateral fund for the 103-21 Allyn Street project (a.k.a. 88 Allyn Street LLC). Such

funds will serve as an operating reserve for Twain Financial underwriters of a portion of the projects financing and will be released upon the property achieving a debt service covering ratio of 1.15 in its operating budget.”

Mr. Freimuth briefed the Board about the extension of the Front Street Phase II Tax Fixing Agreement between CRDA and HB Nitkin.

Background:

- HBN is in negotiations with a potential buyer (the “Buyer”) for the sale of the Front Street Lofts and its related retail space (A/K/A the “Phase II Parcel”). The Buyer has indicated it would like to make long-term investments in Hartford, including the Phase II Parcel.
- The Phase II Parcel is currently governed by a tax fixing agreement with CRDA, which expires in 2030.

Tax Year	Payment - Percentage of Actual Taxes
1-3	0%
4-7	10%
8-11	20%
12-15	30%

- CRDA utilizes the funds received via the tax fixing agreement to operate and maintain the public improvements located in the Front Street District.
- The Buyer would like to extend the existing tax fixing agreement for an additional fifteen-year (15) period under the following terms and conditions, see below, (the “Extension Agreement”).

Proposed Terms:

Duration – the term of the Extension Agreement shall be fifteen (15) years effective upon the expiration of the current tax fixing agreement with CRDA.

Currently, the payments are based upon the amount that would be payable to the City if the Property were not part of the tax district created by the Private Development District Legislation.

The payments per the Extension Agreement shall be calculated on the fixed value of current assessment of the Phase II Parcel and a fixed mill rate of 32.21 (“Phase II Tax Payments”);

Tax Year of the Extension	Percentage of Actual Taxes
Year 1	50%
Year 2	75%
Years 3-15	100%*

* with an agreed upon price index

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

“The CRDA Board hereby authorizes the Executive Director to negotiate and execute an extension of the current “Phase II Parcel” Tax Fixing Agreement, in accordance with the terms and conditions provided above”.

Venue Committee

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

XL Center

CSL International has submitted a draft of their XL Center market study this week. The final study will be presented to the Board at our February meeting.

UConn Hockey will play its last three home games at XL in February. The team is 6-6-1 at home and has averaged about 2,100 fans per game. The Hartford Wolfpack has averaged about 2,800 fans per game and is about halfway through its regular season schedule.

Attendance for UConn Men's and Women's basketball teams has increased over the course of the season, with Wichita State and Baylor being big draws for the men's and women's teams respectively. Both teams will both play three more games at XL this season.

Upcoming events include UConn Women's basketball vs. the US National team, Disney on Ice, Cirq du Soleil and the Harlem Globetrotters.

CRDA has installed an event video board on the western corner of the north wall of the Church Street garage. The 14' x 40' LED video board can be seen by traffic traveling in both directions on I-84 and as far away as Dunkin Donuts Park. The board includes a "Welcome to Hartford" slide with the date and time, as well as slides to advertise events at the XL Center and CT Convention Center. CRDA has linked up with Spectra to pursue a limited number of paid advertisements, which will off-set the cost of operating the video board. The project was managed by our garage managers from ProPark.

Pratt & Whitney Stadium

UConn football averaged just under 10,000 fans per game during its 2019 season, finishing the year with a 1-5 record as home (2-10 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.

CT Convention Center

The Convention Center is in the midst of its annual holiday period slowdown, though it has played host in recent weeks to a wedding expo and a large regional volleyball tournament. Upcoming events include the popular Spring Flower and Garden Show.

Mr. Freimuth included the following additional comments regarding the convention center:

Funds were secured through Bond Commission to repair the plaza between the Marriott and convention center. Water has been finding its way into the convention center which needs to be repaired as well as to replace the snow/ice melt system for the plaza.

Legislation will be submitted for a CVB as was recommended in the Johnson Consultant report.

The CSL Report came in on Wednesday evening, staff is currently reading through the hundreds of pages. An update will be given to the Committee and the full Board next month.

Dillon Stadium

Dillon Stadium is closed for the winter, but the City, Spectra, Hartford Athletic and CRDA will meet next week to review operational issues and begin planning for next season. Mike will present a construction update on Dillon and the XL Center later in the meeting.

Regional & Economic Development Committee

Mayor Leclerc reported the following Regional & Economic Development update:

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

Showcase Cinema Site – Completion of demolition work at the former Showcase Cinemas property was slowed due to higher than expected amounts of the asbestos in the building. The site is expected to be cleared by mid-February. Housing and retail developers have shown interest in the site.

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 this year.

Silver Lane Road and Streetscape Improvements – Design work is nearly complete. Bid documents will be issued shortly and construction is scheduled to start this spring.

Great River Park – Riverfront Recapture will issue an RFP in the next few weeks for project engineering and design services and expect to have a firm under contract by early March. RR has been issued some funds to do some improvements and way finding which is needed.

Founders Plaza Garage – The Town, CRDA and the owner of Founder's Plaza met this week to discuss next steps for redevelopment of this area, including operational/financial planning for the garage. The owner has indicated that they will be the developer.

Mr. Freimuth reported:

Regional Market – CRDA has taken over the operations of the Hartford Regional Market, Dept. of Ag has transitioned most of the operation to CRDA with some loose ends being worked out. New MOU between the Dept. of Ag and CRDA is in the package for your information.

Windsor Locks – Mike gave a brief summary the Windsor Locks Market project, indicating that he was given permission from the Governor's office to work with Windsor Locks to help them put together a development project. It is not for contract or revenue purposes, it is just CRDA lending them support.

PAL and Police Academy building "Quirk School" – The State is funding the \$7.5M project to update the 50 year-old school building. PAL board Chairman David Jorgensen indicated that it will be a good new start for the much needed after school program that will help serve more children.

Mayor Bronin reported:

525 Main - four responses to the RFP have come back and are being reviewed.

Pearl Street Firehouse – An RFP will be put out on the Pearl Street Firehouse.

Talcott (corner of Talcott and Main) – Included as part of a broad tax litigation settlement was the payment of back taxes of the Talcott lot. The City and the owners originally expected to demolish that

and build something new, however the owners have been assessing the possibility of saving it, that is ongoing as the agreement was amended just before the holidays to allow them a six month period to assess whether they can save it.

25 Sigourney – The State’s sale of 25 Sigourney was contingent on the City reaching an agreement on taxes with the buyer and the agreement was reached at the end of last year.

Riverfront Recapture – The purchase of the land between the existing trail system and the Windsor trail system creating a truly regional Riverfront trail system that extends quite a ways up the Connecticut River has been finalized however, it is a bad time for RR to be cut \$600,000 by MDC and RR will be struggling to figure out how to fill that gap.

Mayor Leclerc offered thoughts on some cost saving methods that she shared with Riverfront Recaptures Executive Director, Mike Zaleski.

Executive Director Report

Michael Freimuth gave the following updates of the CRDA construction projects.

101 Pearl Street – approximately 90% complete

Colt North Armory – approximately 73% complete

28 High Street – approximately 55% complete

100 Trumbull – approximately 37% complete

103-105; 109-111; 113-121 Allyn Street – approximately 62% complete

246-250 Lawrence Street – approximately 38% complete

Radisson Apartment Conversion – TCO received for top 4 floors, fls. 10-14 awaiting TCO

Wyllys Street - Once the subdivision is approved, the Engineer and Architect will work with city staff for final approval of the plans.

Swift Factory – 99% complete

Dillon Stadium- 99% - punch list items still remaining

Charter Oak Health Center – work is substantially complete, ribbon cutting likely in January.

690-714 Albany Avenue – Closing expected January 2020

Quirk/PAL - Abatement and Demo work began on January 13, 2020.

115 Sigourney Street – 100% complete

117 Sigourney Street – approximately 85% complete

86 Hawthorne Street – approximately 38% complete

Riverfront Recapture – Bridge loan has been repaid by Riverfront Recapture and grant agreement for construction project has been signed.

Bushnell So. Garage – Substantial completion expected January 2121.

Hartford Regional Market: CRDA received the deed for the full property; AG/CRDA MOU signed.

Wethersfield, The Borden – 68% complete.

Parkville Market – 62% complete.

Adjourned 7:37pm

The meeting minutes from the January 16, 2020 were moved by Mayor Marcia Leclerc, seconded by David Jorgensen and approved with Seila Mosquero-Bruno abstaining.