

Capital Region Development Authority

100 Columbus Boulevard

5th Floor

Hartford, CT 06103

Thursday, June 25, 2020

(reschedule from June 18, 2020)

3:00 pm – Conference Call

(The Board Meeting was held via GoToMeeting with public access)

Board Members Present: Chairwoman Suzanne Hopgood; Mayor Luke Bronin; Joseph Giuliatti; David Jorgensen; Alexandra Daum; Seila Mosquera-Bruno; David Robinson; Mayor Marcia Leclerc Robert Patricelli

Board Members Absent: Andy Bessette; Joanne Berger Sweeney; Melissa McCaw

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

Guests: Mayor of West Hartford Sherri Cantor; Town Manager of West Hartford Matthew Hart

Minutes

The minutes of the May 21, 2020 CRDA Board Meeting were moved by Dave Jorgensen, seconded by David Robinson and approved.

West Hartford Presentation

Mayor Cantor, along with Mr. Hart introduced themselves and provided a brief introduction about the Town of West Hartford. The town is considering the purchase of the former UConn Campus and would like CRDA to consider possibly working with the town to develop the site in the future.

Finance

CRDA CFO Joseph Geremia reported on the following June 2020 Financial Operating Statistics and the CRDA 2020 Budget Summary with Executive Director Michael Freimuth also commenting.

CT Convention Center – April/May 2020

May stats: 178 event days held YTD with YTD attendance at 229,500
Apr. financials: Event revenue \$615,000 unfavorable to budget
Expenses \$234,000 favorable to budget with facility maintenance unfavorable to budget offset with savings in personnel due to furloughed staff
Net Income \$381,000 unfavorable to budget
Total year projection \$1,099,200 unfavorable to budget

Cash Flow: Payables aged at 120 days
[CRDA advance of \\$750,000](#)
[Cash flow to last to early Sept. if FY21 appropriation available in July](#)

CRDA Parking Facilities – April/May 2020

May stats: Utilization at 75% unfavorable to budget by 5%
Monthly rate customers unfavorable to prior year by 1,500 at 33,700 YTD
Transient customers unfavorable to prior year by 125,800 at 314,600 YTD

Apr. financials: Revenue unfavorable to budget by \$740,000
Expenses \$356,000 favorable compared to budget due to savings in utilities, snow removal, and personnel due to furloughed staff
Net Income \$384,000 unfavorable to budget
Total year projection \$954,900 unfavorable to budget

Church Street Garage - April/May 2020

May stats: Utilization 2% favorable to budget at 74%
Monthly rate customers favorable to budget by 345 at 12,500 YTD
Transient customers unfavorable to budget by 6,300 at 8,500 YTD

Apr. financials: Revenue unfavorable to budget by \$112,000
Expenses \$28,000 favorable compared to budget due to savings in utilities, snow removal, and personnel due to furloughed staff offset with increased facility maintenance
Net Income \$84,000 unfavorable to budget
Total year projection \$224,000 unfavorable to budget

XL Center - April/May 2020

May stats: 101 event days held YTD with YTD attendance at 424,500

Apr. financials: Event revenue \$1,078,000 unfavorable to budget, of which \$799,800 is attributed to a lower than budgeted number of concerts and two underperforming concerts, \$99,100 is attributed to unfavorable attendance at UCONN basketball, \$88,400 is attributed to family events, with the remaining unfavorable variance attributed to F&B over all events, offset slightly with a \$104,300 favorable variance attributed to the USA women's basketball and hockey games held
Hockey operations \$214,700 unfavorable to budget
Operating expenses \$931,300 favorable to budget due to event operating expense savings as well as savings in personnel due to vacant position furloughed staff
Other income \$231,400 unfavorable to budget due to lower sponsorship renewals
Net income \$592,800 unfavorable to budget
Total year projection \$1,449,300 unfavorable to budget

Cash Flow: Payables aged at 150 days
[CRDA advance of \\$750,000](#)
[Cash flow to last to mid-August if FY21 appropriation available in July](#)

P&W Stadium at Rentschler Field - April/May 2020

May stats: 84 event days held YTD with YTD attendance at 86,700

Apr. financials: Event revenue \$398,900 unfavorable to budget of which \$265,000 is attributed to lower than budgeted UCONN football attendance with the remainder attributed to the over-all F&B department
Expenses \$156,000 favorable compared to budget due to personnel and maintenance savings
Net income \$264,500 unfavorable to budget
Total year projection of \$903,700 loss unfavorable to budget by \$365,900

CT Regional Market

Stats: 82 warehouse units and restaurant – Occupancy: 78% with 13 tenants
Activity: Farmers' Market opened for 2020 season on May 2
Property Management company to start in July
Capital repairs and improvements completed with available funds
CRDA operating budget effective January 1, 2020

Apr. financials: Operating revenue of \$262,900 even with budget
 Operating expenses of \$142,400 favorable to budget due to savings in facility
 mgmt. fee, snow removal, and repairs & maintenance
 Net income of \$120,500 favorable to budget by \$95,700

Dillon Stadium – Calendar Year - April 2020

Calendar year revised operating expense budget of \$250,000

Apr. financials: Operating expenses of \$71,200 (28% actual vs. 33% of revised annual budget)
 Capital reserve balance: \$21,000

Fiscal Year 2021 Budgets

FY2021 Budget Process

1. Venues prepared draft budgets (March through May)
2. CRDA staff review draft budgets with Venue staff followed by appropriate adjustments (May)
3. CRDA Board Finance Committee & members review budgets with CRDA staff and Venue staff (June 3)
4. Full Board presented budgets for authorization (June 25)

CRDA State Appropriation Allocation Request

	<u>CRDA</u>	<u>CTCC</u> ¹	<u>XL Center</u> ²	<u>Total</u>	<u>Rentschler</u> ³
FY21 Appropriation	\$1,390,821	\$6,379,875	\$4,796,198	\$12,566,894	\$952,098
FY20 Appropriation	\$1,390,821	\$4,058,300	\$800,000	\$6,249,121	\$537,776

¹ - CTCC funding includes convention services subsidy program funding of \$50,000.

² - XL Center funding supplemented with \$1M of excess revenues from Church St garage.

³ - P&W Stadium at Rentschler Field financial results are reported within the operations of the Office of Policy and Management contained in the Consolidated Financial Statements for the State of Connecticut and are not included within the Financial Statements of CRDA.

CT Convention Center FY21 Operating Budget: \$6,329,875

The Connecticut Convention Center net event revenues through building rental income and through event services income for rental of equipment and decorating. The remaining net event revenues represents net food and beverage income with catered events representing 85% and concession income representing 15%.

Expenses are divided into operating expenses, fixed costs, and debt service. Operating expenses consists of all payroll-related expenses as well as administrative, financial, marketing, and security. Fixed costs consist of maintenance, utilities, insurance, and management fees.

FY21 Net Operating Loss of \$6,329,875 without CRDA appropriation.

FY20 Projected Net Operating Loss of \$4,907,875.

Convention Services Subsidy Program FY21 Operating Budget (expenses): \$157,500

Contractual event subsidies are used at the CT Convention Center as a marketing tool to draw business to the city and the Convention Center that has significant economic impact to the state. The event inducements, or event subsidies, or event rebates, are used by groups to offset expenses such as transportation, convention center costs or marketing of the convention. There are guidelines on their use and a formal approval process within the convention center and CRDA.

The convention subsidy program is funded through three sources. The program receives a state appropriation subsidy, parking subsidy from the CRDA Parking Facilities due to the increased revenue generated by booking these city-wide events, and interest income.

FY21 Net Operating Loss of \$68,500
FY20 Projected Net Operating Gain of \$170,242

Front Street District FY21 Operating Budget: \$12,271

The Front Street district is funded through two sources. The district receives PILOT revenues from HB Nitkin, the district's retail operator, and rental revenue for space owned by CRDA. Operating expenses consists of insurance, median and bridge maintenance, utilities, snow removal, and misc. expenses.

FY21 Net Operating Gain of \$12,271
FY20 Projected Net Operating Gain of \$437

The operations and budgets for the Central Utility Plant, CRDA Parking Facilities, and Bond Indenture/Trustee budgets are related to the economic activity generated by the CT Convention Center. Their revenues are netted together with excess funds sent to the State Treasurer's Office for the use of covering CRDA revenue bond debt.

Central Utility Plant (CUP) FY21 Operating Budget (expenses): \$2,887,397

The central utility plant ("CUP") is governed by an energy sharing agreement, administrated by CRDA, between the Connecticut Convention Center, the Marriott Hotel and the Connecticut Science Center whereby each party is required, among other things, to fund a certain portion of the CUP's operations, debt service and capital needs.

FY21 Net Operating Gain of \$0
FY20 Projected Net Operating Gain of \$0

CRDA Parking Facilities FY21 Operating Budget: \$3,362,602

The CRDA Parking Facilities include the garages located at the Connecticut Convention Center, the Connecticut Science Center, and the two garages on Front Street, Front Street North and South garages. These garages generate revenues through monthly parking contracts, employee parking, and residential parking contracts. Additional revenues are generated through convention center and hotel events, transient parking, and parking along Front Street.

FY21 Net Operating Gain of \$3,362,602
FY20 Projected Net Operating Gain of \$3,755,930

Bond Indenture/Trustee FY21 Operating Budget: \$3,193,734

Revenues from the CRDA Parking Facilities and the CUP are deposited with the Trustee. CRDA then allocates a Board-approved budget to fund the expenses of the operations, capital needs, and the costs associated with the bond debt service. Of these funds, \$960,000 is allocated towards the 5-year capital plan of \$4.5 million. Excess funds are sent to the State Treasurer's Office for the use of covering CRDA revenue bond debt.

FY21 Net Operating Gain of \$2,615,005
FY20 Projected Net Operating Gain of \$3,193,734

CT Regional Market FY21 Operating Budget: \$26,841

The Regional Market is funded through three sources. The market receives lease revenue for refrigerated agricultural space, farmers' market fees, and billboard revenue. Operating expenses consists of maintenance, utilities, security, facility management fees, and transitional expenses as well as expenses associated with the farmers' market and costs associated with one full-time DoAg employee.

FY21 Net Operating Gain of \$26,841
FY20 Projected Net Operating Gain of \$135,917

CRDA Office FY21 Operating Budget: \$26,918

The CRDA office is funded through numerous sources. The Authority receives a state appropriation, program administrative fees through its management of capital projects at its venues and throughout the region as well as origination fees through the residential housing program. The Authority also generates interest on its residential housing loans as well as accrued interest on its residential housing loans and non-residential housing investments due to the Authority in the future.

Expenses are for payroll and benefits which is transferred to the State Treasurer and fees including legal, auditing, information technology, and consulting. Administrative expenses also include insurance and office expenses which includes marketing, telephone, and office supplies.

FY21 Net Operating Gain of \$26,918
FY20 Projected Net Operating Loss of \$20,281

XL Center FY21 Operating Budget: \$5,796,198

The XL Center generates operating revenues through rental income, ticket fees, and ancillary income comprised of food and beverage income and from novelty and club income. Net ticket revenue is not retained by and is not reflected in the venue's financials. Events held at the XL Center include concerts, UCONN men's and women's basketball, UCONN hockey, misc. sporting events, and family events. The AHL hockey operations are recorded as a net subsidy.

Operating expenses are facility overhead costs as well as administrative, financial, marketing and sales expenses.

FY21 Net Operating Loss of \$5,796,198 without depreciation [Funded through State appropriation and excess revenues from Church St. garage (CHSG)].
FY20 Projected Net Operating Loss of \$3,503,537 [offset with CHSG revenues and State appropriation].

Church Street Garage FY21 Operating Budget: \$62,139

The Church Street Garage generates revenues through monthly parking contracts, corporate validations, transient parking, and through events held at the XL Center.

Expenses are payroll and benefits, insurance, security, utilities, maintenance, and snow removal.

Garage net operating gain provides a supplemental operating subsidy to the XL Center as well as reinvested in capital improvements such as replacement of waterproof membrane and structural repair.

FY21 Net Operating Gain of \$62,139 [Includes \$1M equity draw for XL Center supplemental funding]
FY20 Projected Net Operating Gain of \$237,187 [Includes \$1M equity draw for XL Center supp. funding]

Pratt & Whitney Stadium @ Rentschler Field FY21 Operating Budget: \$952,098

Financial results of the Stadium at Rentschler Field are reported within the operations of the Office of Policy and Management contained in the Consolidated Financial Statements for the State of Connecticut and are not included within the Financial Statements of CRDA.

Pratt & Whitney Stadium revenues and expenditures are managed through an Operating Account and an Enterprise Fund, a special revenue fund of the State of Connecticut specifically dedicated to the stadium. This mechanism assures that revenue from non-UConn events and other event revenues are dedicated to the venue's operating expenses and the facility does not have to seek support from the State general fund. Non-UConn events must produce revenues in excess of expenses and any earnings are retained by the Enterprise Fund for the facility.

The Stadium generates operating revenues through rental income, ticket fees, and ancillary income comprised of food and beverage income and from parking fees. Net ticket revenue is not retained by and is not reflected in the venue's financials. Events held at the Stadium include UCONN football, international soccer games, as well as catered and parking lot events. UCONN football attendance based on UCONN athletic department projections.

Operating expenses are facility overhead costs as well as administrative, financial, marketing and sales expenses.

FY21 Net Operating Loss of \$952,098 [Includes \$250,000 UCONN operating assessment]
FY20 Projected Net Operating Loss of \$936,386 [Includes \$250,000 UCONN operating assessment]

The following Board Members shared thoughts/concerns regarding the budgets and venue re-opening:

- Mayor Bronin shared concerns about the use of CRDA cash reserves for City of Hartford redevelopment, being used to underwrite Venue cash needs instead. Alexandra Daum concurred.
- Mayor Bronin also indicated that he would like to use this timeframe of no events to do everything that can be done to do the renovations at XL so that it can come back stronger after COVID-19. The ownership issue, with the atrium, needs to be resolved swiftly so that the investments in the building can be done using the funding that is already set aside to do the work. David Robinson concurred with the Mayor's assessment.
- David Robinson inquired as to whether the budgets are conservative or aggressive.
- David Robinson also inquired about opening timeframes.
- Chairwoman Hopgood asked about the number of employees affected by layoffs.
- Bob Patricelli inquired about COVID funds that may be available regarding reopening.

Michael Freimuth and Joseph Geremia addressed the concerns of the Board Members.

The following motion was moved by David Jorgensen, seconded by Mayor Leclerc and unanimously approved.

"The CRDA Board of Directors hereby authorizes the State Appropriation FYE2021 Allocation request and the eleven FYE 2021 Budgets under the scenarios recommended by management subject to available funds known as: CT Convention Center; Convention Services Subsidy Program; Front Street District; Central Utility Plant (CUP); CRDA Parking Facilities; Bond Indentures/Trustee; CT Regional Market; CRDA Office; XL Center; Church Street Garage; and P&W Stadium at Rentschler Field."

Executive Director Report

Pearl Street Projects - Chairwoman Hopgood recommended that a tour of the Pearl Street Projects be set up for any interested Board member, with possible dates forthcoming.

Regional and Economic Development Projects Committee - Chairwoman Hopgood made the following motion, seconded by Mayor Leclerc. *"Bob Patricelli is added to the Regional and Economic Development Projects Committee."*

Project Closings - Michael Freimuth reported that the financing for the Park and Main and Wyllys Street projects closed.

July 16 Board Meeting - The scheduled July 16th Board Meeting is Call of the Chair and may be needed to restructure projects affected by COVID. Please keep this date open.

The meeting minutes from the June 25, 2020 were moved by David Robinson, seconded by Robert Patricelli and approved.

Adjourned 4:15pm.