

Capital Region Development Authority

100 Columbus Boulevard

5th Floor

Hartford, CT 06103

Thursday, November 19, 2020

3:00 pm – GoToMeeting

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

Board Members Present: Chairwoman Suzanne Hopgood; Andy Bessette; Mayor Luke Bronin; David Jorgensen; Alexandra Daum; David Robinson; Robert Patricelli; Joanne Berger Sweeney, Mayor Marcia Leclerc, Joseph Giuliatti

Board Members Absent; Seila Mosquera-Bruno; Melissa McCaw

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

Minutes

The minutes of the October 15, 2020 CRDA Board Meeting were moved by Mayor Luke Bronin, seconded by Joanne Berger-Sweeney and approved.

Mayor Report

Mayor Bronin reported on the following:

- Parkville Market is beginning their next phase of expanding next door.
- Key Food Supermarket has opened in the Parkville neighborhood.
- New Market Tax Credit application has been submitted and we will not know the status until summer 2021.
- Opportunity Zone Fund-the City is in active conversations which may set up a Hartford program.
- 525 Main Street – we are in negotiations with the respondent to RFP which was selected as the preferred developer hopefully yielding a deal some time soon.
- Actively pursuing a grocery store for the DoNo project however we do not have anything to report on that yet.
- Albany and Woodland – continuing to work with Rohan Freeman in hopes that we have a project to do there. He asked for a lengthy period where he had exclusive development rights and the City is not able to grant as long of a period as he wanted. He has been given 90 days plus 90 more if needed. Options for an alternative plan are also being looked into.

Mayor Leclerc reported on the following:

Showcase Property – RFP was extended to January

Founders Plaza discussion – moving along

Riverfront – work is moving along for improvements to the river front

Finance

CRDA CFO Joseph Geremia reported the following financial update for November 2020.

Fiscal Year 2021 Operating Statistics

CT Convention Center – Sept. 2020

Stats: No events scheduled until Jul. 2021 due to state COVID-19 restrictions

Sept.financials: Net Loss of \$1.474M favorable to budget by \$283,600 due to COVID-19 shutdown
Total year projection of \$6.432M loss unfavorable to budget by \$2.424M
CRDA advance of \$750,000

CRDA Parking Facilities – Sept./Oct. 2020

Oct. stats: Utilization of 43% unfavorable to budget by 16%
Monthly rate customers unfavorable to budget by 2,400 at 7,800 YTD
Transient customers unfavorable to budget by 37,800 at 14,200 YTD
Sept. financials: Revenue unfavorable to budget by \$489,500 due to facility limited openings thru Jul. 21
Expenses \$236,700 favorable compared to budget due to savings in utilities, security,
vehicle ID tag purchases, credit card fees, and repairs & maintenance
Net Income \$252,800 unfavorable to budget
Total year projection of \$2.201M net income unfavorable to budget by \$1.161M

Church Street Garage – Sept./Oct. 2020

Oct. stats: Utilization of 57% unfavorable to budget by 15%
Monthly rate customers unfavorable to budget by 900 at 3,600 YTD
Transient customers unfavorable to budget by 2,900 at 2,500 YTD
Sept. financials: Revenue unfavorable to budget by \$155,500
Expenses \$77,400 favorable compared to budget due to savings in utilities and security
Net Income \$78,100 unfavorable to budget
Total year projection even with budget of \$62,000 net income

XL Center – Sept. 2020

Oct. stats: No events scheduled until Sept. 2021 due to state COVID-19 restrictions
Tentative AHL season in Feb. 2021
Sept. financials: Operating expenses \$413,600 favorable to budget due to savings in personnel and
repairs & maintenance
Net Loss of \$1,225,500 favorable to budget by \$480,900 due to COVID-19 shutdown
Total year projection of \$6.245M loss unfavorable to budget by \$448,500
Cash Flow: Payables aged at 90 to 150 days (\$3.257M), 74% over 120 days
Payables: City: \$2.194M, Spectra Corp.: \$330,000
CRDA advance of \$750,000
Cash flow: Nov. 2020 thru Feb. 2021 – payroll and limited payables

P&W Stadium at Rentschler Field – Sept. 2020

Oct. Stats: Toronto FC scheduled for 6 games through Nov. 2020
UConn football season cancelled due to COVID-19 restrictions
Sept. financials: Operating expenses \$156,900 favorable compared to budget due to savings in personnel
and repairs & maintenance
Net Loss of \$405,800 unfavorable to budget by \$51,400 due to COVID-19 shutdown
Total year projection of \$993,300 loss unfavorable to budget by \$41,200
Cash Flow: Payables aged at 90 to 120 days (\$1,084,400), 38% over 120 days
Cash flow: limited payables and no payroll
Payables: XL for payroll: \$319,000, Spectra Corp.: \$240,000, State police: \$90,000

CT Regional Market

Oct. Stats: 82 warehouse units and restaurant – Occupancy: 88% with 16 tenants
Activity: Farmers' Market opened for 2020 season on May 2 operating through Nov. 2020
Sept. financials: Operating revenue of \$230,300 favorable to budget by \$28,200

Operating expenses of \$179,600 favorable to budget by \$8,800 due to savings in building maintenance and utilities offset with increases in security and farmers' market labor
Net income of \$50,700 favorable to budget by \$37,000

Dillon Stadium- Calendar Year – Sept. 2020

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

Sept. financials: Operating expenses of \$169,600 (67% actual vs. 75% of revised annual budget)

Capital reserve balance: \$261,000

Venue Update

Andy Bessette requested that Michael Freimuth discuss the XL Center at the end of the venue update. Michael Freimuth reported on the following:

Rentschler Field

- COVID19 testing as well as Food Share are running simultaneously. Traffic is starting to backup for both activities.
- Toronto soccer – Playoff game is expected to go forward, however whether to have fans or not is still pending.
- Lacrosse – May 2021 will be the next time the building will be used.

CT Convention Center

- COVID19 testing is underway in the tower garage and traffic is backing up significantly. There is also a walk-up testing station.
- Surge facility – reactivating the surge hospital facility is still being discussed. OPM has been notified of the probability of the impending hospital and understands that CRDA does not have cash to bring back staff or to take on utilities and any other costs associated with it. Chair Hopgood thought it prudent to remind the Board that staff cannot be brought back without a funding source to pay them.

Dillon

We are at the end of the second year of control with community and day to day maintenance managed by Spectra through CRDA. Whatever budget funds leftover will roll into next year. Should CRDA continue to manage the facility, a budget will be presented to the Board in January 2021. The City can choose to run it a different way, that is their call to make.

XL

CRDA continues to have discussions with legislators, as well as OPM regarding the best way to go about the renovations in phases. The plan has been modified in part because of budget and part because of COVID. The SCI team is working aggressively on two fronts, to finalize the plan that is going to be amended and to put together construction budgets for initial phases of work. It is hopeful that the initial phases will be done at the turn of the new year.

It is necessary to schedule a public hearing on the plan as it now exists. There will be presentations done through the Venue Committee and presented by the design team as well as staff and there will be time for public comment.

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

***“The CRDA Board requests and hereby approves that the CRDA Venue Committee schedule a public hearing (virtual) on Tuesday, January 5, 2021, 4:00pm for the purpose of presenting the updated and revised redevelopment plan for the XL Center, including an opportunity for public comment.*”**

Housing & Neighborhood Committee

Michael Freimuth presented the following housing projects that are in construction. Their financing packages and loans need to be amended due to COVID. These projects were discussed and approved for financing modifications at the November Housing and Neighborhood Committee:

103-21 Allyn Street (aka 88 Allyn Partnership)

Whereas 103-21 Allyn, a historic renovation encompassing a three building configuration creating 66 units of housing along with street level retail is eligible for historic credit bonus if it were to dedicate 20% of the units as affordable;

Whereas a review of the rents and operating pro forma show that the property's ability to service its expenses and debt would not be adversely impacted by a restriction on rents for the affordable units;

Whereas the project would be able to secure additional funds from the credits to meet construction delays and overruns created in part by the Covid pandemic but also by standards required by the historic renovation program;

Whereas the CRDA loan agreements restricted the property to a market rate units;

Now therefore be it resolved that the Executive Director is authorized to enter into agreements allowing for a bonus increase in historic credits to 103-21 Allyn St (aka 88 Allyn Partnership) requiring a 20% affordable housing unit mix.

100 Trumbull Street

Whereas 100 Trumbull Street is owned by the same investment group that developed 101 and 111 Pearl Street, both of which are changing ownership in order to raise capital for the completion and lease up/stabilization of 101/111 Pearl;

Whereas CRDA lent to 100 Trumbull Street in order to convert 8 units into 16 one bedroom and efficiency units, nearly half of which have been or will be completed by December 2021;

Whereas the remaining funds have not been expended but the new ownership group wishes to continue the program and has asked for an extension of the completion date;

Whereas such extension does not harm the operating pro forma;

Now therefore be it resolved that the Executive Director is authorized to extend the completion date for the full conversion of the first 8 units to December 2021 and the second 8 units to December 2022 and amend the subsequent repayment commencement dates to January 2022 for the first tranche of units and January 2023 for the second tranche of units."

Pratt Street 1 – 55-75 Pratt Street

Whereas CRDA has approved acquisition and construction loan funding for the Pratt Street Initiative phase 1 at 99 Pratt Street and 196 Trumbull Street for the conversion of those vacant properties into 129 apartment units;

Whereas the Project eventually will include the conversion of the adjoining properties known as 55-75 Pratt Street for additional retail and residential space;

Whereas the executive director may request that the phase 1 funding also be secured by a mortgage on 55-75 Pratt Street in order to provide additional collateral for the CRDA phase 1 financing;

Now therefore be it resolved that should the executive director determine it is appropriate to obtain additional collateral to further secure CRDA funding phase 1 of the Project, that the executive director be dully authorized to require that the property at 55-75 Pratt Street be secured as collateral for said CRDA loan.

1279-83 Main Street (conversion date extension)

Whereas CRDA has partnered with the Hartford Community Loan Fund (HCLF) and the San Juan Center to renovate 1279-83 Main Street (Project) into 10 units and two storefronts;

Whereas the Project has incurred construction delays and costs overruns, was redesigned and secured new general contractor and its funding was increased by HCLF and by CRDA (2017);

Whereas the Project has now made considerable progress and is nearing completion;

Whereas the Projects initial conversion date was to be May 2021 for full mortgage servicing but now needs to be adjusted to May 2022 in order to allow for lease up and stabilization in 2021;

Whereas HCLF and SJC have requested that CRDA amend its conversion date to be consistent with HCLF mortgage:

Now therefore be it resolved that the CRDA Board approves the adjustment of the mortgage conversion date to May 2022; as approved by the CRDA Housing and Neighborhood Committee at its November 6, 2020 meeting;

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

“The CRDA Board approves the actions of the Housing and Neighborhood Committee of November 6, 2020 approving term modifications as expressed in the resolutions above to the following projects: 103-21 Allyn, 100 Trumbull St, Pratt Street Phase 1, and 1279-83 (conversion date extension).”

Mr. Freimuth continued with the budget amendment portion to 1279-83 Main Street:

1279-83 Main Street (Budget Amendment)

Whereas the 1279-83 Main Street Project must adjust underground electrical cables traversing Main Street in order to upgrade its electrical service which had not been budgeted or planned and presents a cost increase of \$60,000, of which the developer will contribute \$20,000 with additional funds being redirected from the balance within the Project contingency account, and the developer has asked for an increase of \$32,000 from CRDA;

Whereas the increase in units from 8 to 10 as well as storefront rent will increase the Project’s revenue in order to service the additional debt;

Whereas CRDA has a special development account of \$4 million established to renovate mixed use properties including retail components on the ‘Arrowhead Block’ within the DoNo Redevelopment Area and 1279-83 Main Street is such a property;

Whereas the Arrowhead Funds can also be used in lieu of CRDA Capital Reserve Funds previously allocated to this Project;

The following motion was moved by Andy Besette, seconded by Bob Patricelli and approved.

“Now therefore be it resolved that the CRDA Board approves an increase in its original loan to the 1279-83 Main Street Project to \$297,000 to accommodate the increased electrical cost and associated fees at the same terms and conditions as the initial note and that such funds totaling \$32,000 shall be allocated from the Arrowhead Block fund previously approved by the Board and the State Bond Commission; and that CRDA staff re-allocate funds from the Arrowhead Block accounts to supplant those CRDA Capital Reserve funds totaling \$140,000 previously utilized for the 1279-83 Main St project.”

Mr. Freimuth explained that most of the housing projects that had occupancy dips due to COVID, in the summer, have come back up to the 90% range.

- 101 Pearl is up to 81% occupancy
- 111 Pearl is at 90%
- 201 Ann is still working to come back and they continue to make payments.
- Brackett Knoll – will pave road in the Spring
- Swift Bldg. – has CO and tenants are moving in
- Riverfront projects – continue to move ahead
- Quirk Middle School – continue to move ahead

Regional & Economic Development Committee

Chairwoman Hopgood announced a new Committee member, Alexandra Daum. Michael Freimuth asked Marcia Leclerc to call a meeting of the Regional and Economic Development Committee to discuss the Regional Market and a few other projects that will fall under this committee.

Possible projects:

- Founders Plaza
- Silver Lane
-

Executive Director Report

Anthony Lazzaro reported on the Front Street District Pilot Deferral Agreement explaining the need to include Front Street in the COVID related relief for the various properties run by HB Nitkin.

Front Street District Pilot Deferral Agreement between CRDA and HB Nitkin

Background:

- Pursuant to Chapter 588x of the Connecticut General Statutes, CRDA executed multiple PILOT Agreements with HB Nitkin (“HBN”) for the respective properties located within the Front Street District.
- The proceeds from such agreements are used by CRDA to operate the Front Street District, including but limited to, insurance, snow removal (sidewalks and streets), utilities costs, repairs and maintenance of the sidewalks, streetlamp replacement, etc.
- Due to the COVID pandemic, numerous tenants located within the Front Street District have been unable to make rent payments or, in some cases, have permanently ceased operating; accordingly, HBN has asked for PILOT relief from CRDA.

- Due to the decreased utilization of the Front Street District, CRDA is able to offer a PILOT deferral for Thirty-Three Thousand Dollars (\$33,000) consistent with the terms provided below, for the current fiscal year.

Proposed Terms:

- HBN will receive a \$33,000 PILOT deferral for the current fiscal year;
- For the period beginning FY 2023 and ending FY 2025, HBN will make three (3) supplemental payments of Eleven Thousand Dollars (\$11,000) per fiscal year in addition to its scheduled PILOT payments.

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

“The CRDA Board Hereby authorizes the Executive Director to execute a Pilot Deferral Agreement with HB Nitkin for the various properties located within the Front Street District, in accordance with the terms and conditions provided above.”

Mr. Freimuth reported on the following updates:

- Bushnell South Development area – the RFP has been released by the Bushnell.
- Regional Market – Development RFP has been released by CRDA.
- Contract Standard Review Board Draft Report – Dillon Stadium
The Conclusions and Recommendations Draft Report concerning Dillon Stadium was distributed. The report conveyed concerns regarding the process and the physical construction of the stadium.

A response is being written by Anthony Lazzaro responding to the various concerns.

The following statement was read by CRDA Chair Suzanne Hopgood. Chair Hopgood asked Board members if they wanted to add their comments to the following statement. Only one Board member responded saying that the statement was excellent. Michael Freimuth indicated that the statement would be included in CRDA’s written response back to the Contracting Standards Board.

State Contracting Review Board

Role of CRDA Board during Dillon Work

For the record, it’s important to note that the CRDA Board was fully engaged with the decision to go forward with the demolition and preliminary design work for Dillon Stadium recognizing that the work was critical for public safety but also the construction schedule. The building was partially condemned and a public safety hazard and there was also a real possibility that we would lose the first season of soccer if the work were held up much longer. On more than one occasion, staff presented the ongoing issues and overall dilemma to the appropriate board committee and other members in full session.

There is no surprise here. First, the Hartford City Council approved the deal and all terms were agreed to by all the parties; secondly, we had a contract with the city to build the stadium with its own performance expectations; and third, we had conversation with then State Budget officials and were planning on asking for an amendment to the state bond commission if it was determined to be necessary.

Its admittedly difficult to balance process and project, but that is why a quasi-agency, with some business assessment, is assigned projects as difficult as Dillon. One final note: all dollars are

accounted for and in fact, the board specifically asked our independent auditors, Cohn Reznick, to report back to the Board on this project. Dillon has now been in use for nearly two years contributing to the renewal of the neighborhood and the city.

Chairwoman Hopgood felt that she could speak for the Board in conveying that it has been an extraordinary year stating that, I think we have an extraordinary year to thank the Staff of CRDA because, as always, we get to look good as the Board while they do all the work. It is a good time to say thank you and to ask that everyone on the staff be recognized for the hard work that they've done and the excellent job they've done in a very difficult year. Board members approved of Chair Hopgood sentiments.

Adjourned 3:52pm

DRAFT