

Capital Region Development Authority

100 Columbus Boulevard

5th Floor

Hartford, CT 06103

Thursday, February 18, 2021

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, Randal Davis; Andrew Diaz-Matos; OPM Secretary McCaw

Board Members Absent: Joseph Giulietti; Seila Mosquero-Bruno

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

Minutes

The minutes of the January 21, 2021 CRDA Board Meeting were moved by Marcia Leclerc, seconded by OPM Secretary McCaw and approved. Michael Freimuth mentioned a typographical error that has since been corrected.

Mayor Report

Mayor Leclerc reported on the following:

Founders Plaza – continue to meet with owners to talk about future plans for taking parking lot space and using it for mixed-use space. Project has slowed due to COVID.

Rentschler Field – P&W has engaged CBRE to market the property, which is a great step for E. Hartford.

Riverfront improvements – continues to move forward.

Goodwin College – third phase is starting.

Board Members mentioned Mayor Leclerc’s announcement not to run for Mayor of East Hartford in the upcoming November election. Mayor Leclerc responded by stating that she will continue to be a staunch advocate for Connecticut and the Greater Capitol area.

Mayor Bronin reported on the following:

Hartford YardGoats – there was an announcement that the YardGoats will be playing beginning in May (capacity limits and other safety precautions yet to be determined).

Hartford Healthcare – working with Hartford Healthcare to finalize plans, moving 600 employees into 100 Pearl Street. The move will include changes to the exterior of the building.

525 Main Street & Pearl Street Firehouse – making some strides but nothing finalized yet.

Albany & Main – planning work continues. RFP’s are out on Arrowhead Café and Old Adult Ed Building on Washington St.

Property at the corner of Capitol & Broad - 1.25 acre parcel in a central location and is also in the Opportunity Zone will possibly be available for redevelopment.

Finance

CRDA Chief Financial Officer Joseph Geremia reported the following financial update for February 2021 referring to the report in Board package and mentioning that the majority of the venue projections are similar to those reported last month.

Fiscal Year 2021 Operating Statistics

CT Convention Center – Dec. 2020

Stats: no events scheduled until July 2021 due to state COVID-19 restrictions
Dec. financials: Net Loss of \$2.883M favorable to budget by \$570,00 due to COVID-19 shutdown
Total year projection of \$6.108M loss favorable to budget by \$220,000, with \$3.564M in undetermined funding sources

Cash Flow: Estimated available cash with aged payables through May/June 2021
[CRDA advance of \\$750,000](#)

CRDA Parking Facilities – Dec. 2020/Jan.2021

Jan. stats: Utilization of 42% unfavorable to budget by 19%
Monthly rate customers unfavorable to budget by 4,600 at 13,300 YTD
Transient customers unfavorable to budget by 103,600 at 28,200 YTD
Dec. financials: Revenue unfavorable to budget by \$1,203,200 due to facility limited openings thru Jul. 21
Expenses \$396,900 favorable compared to budget due to savings in utilities, security, vehicle ID tag purchases, credit card fees, and repairs & maintenance
Net Income \$806,300 unfavorable to budget
Total year projection of \$895,600 net income unfavorable to budget by \$2.467M

Church Street Garage – Dec. 2020/Jan.2021

Jan. stats: Utilization of 56% unfavorable to budget by 16%
Monthly rate customers unfavorable to budget by 1,700 at 6,100 YTD
Transient customers unfavorable to budget by 4,800 at 4,600 YTD
Dec. financials: Revenue unfavorable to budget by \$198,400
Expenses \$142,800 favorable compared to budget due to savings in utilities and security
Net Income \$55,700 unfavorable to budget
Total year projection even with budget of \$62,000 net income

XL Center – Dec. 2020/Jan.2021

Stats: AHL 12 to 16 game season scheduled between February and May 2021 (fans TBD)
No other events scheduled until Sept. 2021 due to state COVID-19 restrictions
Dec. financials: Operating expenses \$1,292,700 favorable to budget due to savings in personnel, supplies, contracted services, and repairs & maintenance
Net Loss of \$2,385,200 favorable to budget by \$992,900 due to COVID-19 shutdown
Total year projection of \$5.812M loss unfavorable to budget by \$16,200, with \$3.456M in undetermined funding sources

Cash Flow: Estimated available cash with aged payables through April/May 2021
Payables aged at 90 to 120 days, except City of Hartford
Received \$1.5M supplemental funding in January 2021
[CRDA advance of \\$750,000](#)

P&W Stadium at Rentschler Field – Dec. 2020/Jan. 2021

Stats: Toronto FC played a 7-game season (1 with fans); NCAA Lacrosse event scheduled for May 2021
UConn football season cancelled due to COVID-19 restrictions

Dec. financials: Operating expenses \$402,800 favorable compared to budget due to savings in personnel, supplies, contracted services, and repairs & maintenance
Net Loss of \$486,200 unfavorable to budget by \$469,100 due to COVID-19 shutdown
Total year projection of \$1,245,800 loss unfavorable to budget by \$293,700 primarily due to loss of UConn football season and UConn field subsidy of \$250,000 removed from projection, with \$522,000 in undetermined funding sources

Cash Flow: Estimated available cash with aged payables through June 2021
Received \$1.5M supplemental funding in January 2021

CT Regional Market (Same update as prior month)

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

Dec. financials: Operating revenue of \$425,600 favorable to budget by \$36,800
Operating expenses of \$323,200 favorable to budget by \$56,400 due to savings in building maintenance and utilities offset with increases in security and farmers' market labor
Net income of \$102,400 favorable to budget by \$93,200

Dillon Stadium – Calendar Year – Dec. 2020 (Same update as prior month)

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

Dec. financials: Operating expenses of \$222,300 favorable to revised budget by \$27,700
Capital reserve balance: \$222,000
Funding for Calendar Year 2021 due from Hartford Athletic

OPM Secretary McCaw stated that CRDA is carrying a net \$5.6M shortfall after the FAC transfer that was approved January 7, 202. She asked if the updated projections require an adjustment to that assumption. If so, if you could send something over. Mr. Geremia responded that he has updated the projections and the amounts that are being reported reflect those projections and other adjustments as is whether or not the CRDA loans, to the facilities, will be able to be reimbursed by the State this year as well. They will be sent over to the analyst today. OPM Secretary McCaw indicated that a new letter will be issued tomorrow and it would be great if they could sync up.

Mr. Bessette inquired about the removal of the \$250,000 UConn field subsidy. Mr. Geremia responded by saying that UConn thinks that because there was no football played this year that they are not liable for the \$250,000 fee. CRDA management and Spectra Management, we tried to explain to UConn Athletic Department administration that the fee is for field maintenance so that the field would be maintained for next year however all attempts to collect have gone unheard.

OPM Secretary McCaw also responded by indicting that part of the challenge is that the State of CT is also helping to prop up the State educational institutions because of their losses in enrollment, dining and housing. The funds are coming from the same pocket, that is the Deficiency Bill. OPM provided considerable resources to support UCONN to get through the current year. It is definitely on OPM's radar screen. The goal is to get CRDA through FY21 with the deficiencies as currently projected and hopefully we can get back on a good path.

Michael Freimuth gave some insight into what the CRDA Finance Committee will be looking at for the next fiscal year as seen in what was recently presented in the Governor's FY2022 Budget. It is still not clear what CRDA should project for next fiscal year. The buildings will most likely start up and be running in the Fall, which will nevertheless create a tough First Quarter.

OPM Secretary McCaw continued stating that she "thought it was great to put that on record. There are a number of areas in the State where we don't yet have clarity on what capacity allowances will be and the impact of the vaccine rollout. To the extent to which consumer confidence is restored and we recognize you're a little behind the eight ball with being able to schedule events so from the OPM and the state prospective, we will continue to work with you. We left your State Budget flat and it's very difficult to project. As you have those updated assumptions, we will work with you to ensure that your needs are met through this temporary time-period."

Mr. Freimuth indicated that another difficulty is bringing back venue staff. When there are only a couple of events scheduled, it is hard to bring back staff when they will not be working at full capacity due to the uncertainty events. It could take a few months to ramp up the buildings to a full level of activity and how best to do this is a real challenge.

OPM Secretary McCaw commended CRDA on the strong results from the Regional Market, even amid a tough year. She indicated that it was a good move for the State and CRDA and said great work.

Venue Update

Andy Bessette reported the Venue Committee Update for February 2021. The Committee did not meet in February however the following updates on the venues are as follows:

Pratt & Whitney Stadium & CT Convention Center

The Stadium continues to host COVID testing and Foodshare distribution sites, while the Convention Center is hosting both testing and vaccination sites.

XL Center

Gymnastics – We are awaiting word from USA gymnastics as to whether the U.S. Classic Olympic-qualifier event scheduled for May 22nd will go forward. With COVID restrictions on the number of fans in attendance, the event may no longer be financially viable for the promotor. Another gymnastics event featuring current and former Olympic athletes has been scheduled for November, but will not move forward if the Tokyo Olympics are cancelled. Tickets for the "Gold Over America" tour will go on sale in the spring.

AHL -- The Hartford Wolfpack kicked off its 2021 season on February 7th. The team is scheduled to play 12 home games through early May. Games will be fanless for the foreseeable future.

Naming Rights – Spectra is finalizing an agreement with XL Caitlin for a reduction in this year's naming rights payment. The parties are also in discussions on a two-year extension to the naming rights deal, currently set to expire in 2023.

Building Renovation – SCI continues work on renovation plans, while discussions with Northland regarding the acquisition of the atrium space are ongoing.

Spectra Management Agreement – Mr. Freimuth stated that as members will recall, at our January meeting we approved a two-year extension of Spectra's XL management agreement until 2025. In order

to implement this change, we also need to extend our lease agreement with the City for the XL Center. That lease agreement allows for two 5-year extensions and the resolution on page 16 of your Board packet approves one such extension until 2028.

Mayor Bronin commented that there remains a substantial outstanding balance of unpaid police private duty bill, which is \$2.2M. He added that it is certainly his hope that before a renewal is executed, that CRDA/City of Hartford can get a resolution to this issue because it is a pretty significant receivable that Hartford is carrying.

Mr. Freimuth responded by stating that CRDA is working with OPM to resolve this issue.

The following resolution was moved by Andy Bessette, seconded by Joanne Berger Sweeney and approved with Luke Bronin and Randal Davis abstaining.

“WHEREAS, City of Hartford and the Capital Region Development Authority entered into that certain Second Amended and Restated Lease Agreement dated as of April 26, 2013 relating to certain land and facilities known as the XL Center located at One Civic Center Plaza, Hartford Connecticut (the “Lease Agreement”);

WHEREAS, pursuant to Article II, the term of the Lease Agreement expires June 30, 2023; however, CRDA has the right to exercise two successive periods of five (5) years each;

WHEREAS, Spectra Venue Management (“Spectra”) and CRDA entered into that certain Facilities Management Agreement dated April 26, 2013 relating to the Management of Rentschler Field and the Hartford Civic Center, as amended (the “Management Agreement”);

WHEREAS, on January 21, 2021, the CRDA Board of Directors authorized its Executive Director to execute an amendment the Management Agreement with Spectra that extends its term for two (2) additional years, thereby expiring June 30, 2025; and

WHEREAS, as a condition precedent to amending the Management Agreement in accordance with the Board’s authorization of January 21, 2021, the Board of Directors finds it desirable to exercise its right to extend the term of the Lease Agreement by one (1) five-year period, thereby expiring June 30, 2028.

Now therefore, be it resolved by the CRDA Board of Directors:

- 1. That it authorizes its Executive Director to exercise CRDA’s right to extend the term of the Lease Agreement by one (1) five-year period, thereby expiring June 30, 2028.”*

Housing & Neighborhood Committee

Michael Freimuth presented the following housing projects that were discussed and approved at the February Housing and Neighborhood Committee:

Project: 103-21 Allyn Street, Hartford (aka 88 Allyn Partnership)

The redevelopment of the former Lewtan buildings into 66 residential units has struggled during Covid, first in completion of construction and now with lease up. The buildings however are complete, have a

CO and are approximately 33% occupied. Nonetheless, the properties cannot carry their debt until they reach a higher occupancy and have asked for a forbearance of interest on the CRDA loan thru June 30, 2021. This would mirror a request that is under consideration at Peoples United Bank for a similar forbearance thru June 2021.

CRDA has a \$6.6M subordinate loan earning 3% interest and goes to permanent financing once the building stabilizes. PUB's first priority loan totals \$5.5M. Historic credits and equity balance out the \$21.1M project.

CRDA has taken several actions to assist the building to close construction and operating shortfalls, including granting a three-month forbearance in October 2020, increasing the affordability requirement to trigger additional historic credits, and creating a backstop escrow account. The action now requested will be designed to complement the terms of the primary lender with the goal to structure a total refinancing later in 2021 as the market improves and lease up reaches stabilization. An additional six-month forbearance is valued at \$99,540 which will be collected at refinancing as a fee due CRDA.

The following resolution was moved by Andy Bessette, seconded by Bob Patricelli and approved.

“The executive director is authorized to grant an additional six-month forbearance through June 30, 2021 for 103-21 Allyn Street (aka 88 Allyn Partnership) to match that of Peoples United Bank.”

Tenant Rent Deficiencies

Mr. Freimuth reported on the impact of COVID for CRDA Residential Projects.

CRDA Loan Servicing has reached out to our properties and continues to follow-up. Information was requested from 25 properties and 18 responses (72%) were received to date.

Almost all properties say they are generally doing well, reporting between 80% and 100% occupied (with the exception of 2 properties). Properties are between 70% and 100% of renters paying on time. Only 1 property needs to call some renters for payment.

Every property seems to be dealing with COVID a little differently. Some of the actions they are taking are: eliminate credit card fees, waive early termination or amenity fees, offer payment plans or move-in specials, and many are offering lease renewals with no rate increases. Almost every property is offering at least one of these options.

For possible evictions once the emergency orders expire, 8 properties said they may have 1 tenant each, 1 property has 3 potentially, and 1 property has 5 potentially. A total of 10 properties (40%) are awaiting some form of evictions process.

David Robinson inquired into the total number of likely evictions. Joseph Geremia estimated it to be less than 5%, perhaps as low as 1%. David Robinson and Suzanne Hopgood both noted that this was a relatively good report.

Projects Updates

The projects update was given referring to the updated reports.

28 High Street – On the market as of January 2021

1279 Main Street – coming on the market later this year

First Bld. Park and Main – on the market in late Spring

Radisson – has been foreclosed (CRDA \$5.2M interest was foreclosed) and the Authority is pursuing personal guarantees.

Mr. Freimuth indicated that he and Chair Hopgood took a tour of the homeownership program through NINA and he stated how nice the houses are. Chair Hopgood thanked The Hartford for their participation and said it was a great job all around. Mr. Freimuth offered to set up a tour for anyone interested. OPM Secretary McCaw indicated that she is interested in taking a tour as the Governor is looking to expand in the area of affordable housing and homeownership.

Regional & Economic Development Committee

Mayor Leclerc reported that although the Committee did not convene in February, the following update was given to ongoing projects:

CT Regional Agriculture Market – In November 2020, CRDA issued an RFP for Development Planning Services for the future of the Regional Market. Four proposals have been received – at least two of which are viable – and these are currently being reviewed by a selection committee. The committee hopes to select a firm in the next two weeks.

Bushnell South – Goody Clancy, the firm selected to develop a master plan for the area is now under contract and has begun meeting with stakeholders, including CRDA and the City.

East Hartford Projects

- Goodwin Drainage – The first two phases have been completed and engineering work will begin shortly on the third phase.
- Showcase Cinemas – Following demolition of the theater, the Town is currently in discussions with a potential developer for the site.
- Silver Lane Sidewalk Project – The project is currently working through some wetland permitting issues and hopes to issue bid documents in the late spring.
- Founders Plaza – The design team unveiled a new iteration of the proposed master plan and the parties are working through phasing and financing issues.

Great River Park – Design of the park improvements is nearly complete and Riverfront Recapture is working through permitting issues.

Executive Director Report

Michael Freimuth presented the 18-20/30 Trinity Street Property explaining that the State has declared them as surplus properties. These properties are at the Bushnell South area. DAS solicits state agencies that may have an interest in the property. If no interest then it defaults to the City of Hartford. If the City of Hartford is not interested, it goes to the marketplace. CRDA sees the properties as integral to Bushnell South. Mr. Freimuth will submit a response to OPM that CRDA is available to help market the redevelopment and try to package it as part of the State holdings in the area that have been conveyed.

Mayor Leclerc and Mayor Bronin expressed interest in CRDA being conveyed properties or have a role in marketing them.

OPM Secretary McCaw explained that “Governor Lamont’s dual goal is to put buildings back on the tax roles and to support the economic vitality of our cities throughout the State where we hold tax-exempt

property. CRDA's input on how to best do that will always be welcomed. I don't think it's a matter of holding the properties but certainly to the extent to which this Board wants to weigh in on how this fits in to some of the goals of CRDA and the revitalization of the City, that is certainly welcomed. These buildings do require a significant amount of investments to the tune of \$40+ M so we are looking for the best ideas and we welcome your input. But at the end of the day, we need to get out of holding on to valuable property that can be utilized and on the tax roles and helping the City to continue to grow and thrive."

Mayor Bronin responded by stating that the Governor is 100% aligned with the City's goals and CRDA's goals."I would advocate for the properties to be conveyed to CRDA with an allowance for the maintenance because I think that would most likely provide the most flexibility and agility for getting them developed in the public private partnership. That would add a lot of process to any deal or conveyance that is necessary."

Chair Hopgood inquired about the Bushnell planning effort. Mr. Freimuth responded that CRDA built a scope of service with Bushnell, the City and Spinnaker, and the contracts are being held by the Bushnell. The first thing that needs to be done is to get their team up to speed and to map out a broader picture and get into the community and test it a little bit.

Mr. Freimuth referred to the projects update.

Construction Report

Robert Saint reported on the following construction items:

DoNo Parcel C – precast garage construction is up and pilings for the residential building are going in.

Park & Main – First building has been installed and is being fitted out.

Colt U Building – demolition has begun.

Brackett – waiting on MDC paperwork.

Bushnell South Garage – due to COVID, paving, concrete work, painting put off until Spring. Other than those finishes, the building is substantially complete.

Chiller project – substantially complete.

Quirk West School–Working through budget issues related to AHU-9, BMS Control and Central Plant Repairs. Installation of new AHUs and duct work is in progress. The low voltage low bidder has declared bankruptcy so the package will be re-bid. On the main level, painting is nearing completion and acoustical ceiling grid installation is in progress.

David Jorgensen gave background regarding the Quirk West School/PAL project, noting that a new lease with the City is necessary and that he is working to secure additional funds to meet some of the properties problems that have been discovered thru the construction process. David Jorgensen hopes the City will assist with funds, with what is a city building, that also serves regional police needs.

Adjourned 4:10pm

"The minutes of the February 18, 2021 CRDA Board Meeting were moved by Marcia Leclerc, seconded by OPM Bob Patricelli and approved at the March 18, 2021 CRDA Board Meeting.."