

Capital Region Development Authority

100 Columbus Boulevard

5th Floor

Hartford, CT 06103

Thursday, March 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; Robert Patricelli; Joanne Berger-Sweeney, Mayor Marcia Leclerc, Randal Davis; Andrew Diaz-Matos; Joseph Giulietti; Seila Mosquero-Bruno

Board Members Absent: OPM Secretary McCaw; David Robinson

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

Guests: David Foster, Principal, Community Solutions and Patrick McKenna, Sr. Project Manager; Matthew Edvardsen, Partner, Spinnaker Real Estate

Minutes

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

Presentation

David Foster and Patrick McKenna gave a brief presentation regarding the North Hartford Housing Fund.

Community Solutions is seeking investment partners in a first-of-its-kind social impact housing model to be implemented in North Hartford, CT. They presented the following:

- acquiring and rehabilitating 100 housing units in a neighborhood;
- Place all units into a newly formed North Hartford Comm. Trust (NHCLT) governed by local Board of Directors composed of tenants & community stakeholders
- Retain ownership of land in trust for the community and lease all units at not more than 50% AMI rents
- Employ local residents in the rehabilitation and management of units & provide additional resources to tenants, credit counseling and “rent ready” training.

There was a brief discussion amongst Board members.

Mayor Report

Mayor Leclerc reported on the following:

Moxy on the Rocks– a project coming to E. Hartford that is in a former mill, the mill happens to be in very bad shape. Also, the back of the mill has significant potential for housing.

Other projects include:

Peels – a lemonchello & fruitchello manufacturer. The Revitalization of Burnside Ice Co. into a beer production company and Paddle Creek – beer production company with outside seating opened on Main Street.

Mayor Bronin reported on the following:

Hartford Town Hall Meeting, March 23, 2021 – American Rescue Plan: The City is getting direct assistance, \$92.5M which has to be spent by end of calendar year 2024. The funds are for all aspects of

recovery including health and wellbeing and re-engaging and supporting young people as well as for community safety. The City is eagerly awaiting Treasury Department guidance about what the act means; how it can be used to address the economic impact of the pandemic; and whether that includes broader economic development efforts.

Hartford 400 – is the larger regional planning effort that compliments the City’s 2035 Plan – the City’s 400th Anniversary and includes a new and revised vision for the I91-I84 interchange and a plan to reconnect the Capitol City to the river and address the enormous impact of the mix-master on East Hartford.

The North Atlantic Rail Initiative – aims to promote a 100 minute service to NY and Boston starting with upgrades to the New Haven Line, and to the Hartford to Springfield Line as well as the completion of East West Rail, from Springfield to Boston.

Finance

CRDA Chief Financial Officer Joseph Geremia reported the following financial update for March 2021 referring to the report in the Board package.

Insurance Update

Public Officials liability insurance renewed through February 2022.

Fiscal Year 2021 Operating Statistics

CT Convention Center – Jan. 2021

Stats: no events scheduled until July 2021 due to state COVID-19 restrictions (revised to say events are starting to be scheduled in September)

Jan. financials: Net Loss of \$3.395M favorable to budget by \$532,200 due to COVID-19 shutdown. Total year projection of \$6.018M loss favorable to budget by \$312,400, with \$3.474M in undetermined funding sources.

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

CRDA Parking Facilities – Jan./Feb 2021

Feb. stats: Utilization of 42% unfavorable to budget by 19%
Monthly rate customers unfavorable to budget by 5,400 at 15,100 YTD
Transient customers unfavorable to budget by 116,400 at 34,300 YTD

Jan. financials: Revenue unfavorable to budget by \$1,521,000 due to facility limited openings thru Jul. 21. Expenses \$501,600 favorable compared to budget due to savings in payroll, utilities, security, vehicle ID tag purchases, credit card fees, and repairs & maintenance.
Net Income \$1,019,800 unfavorable to budget
Total year projection of \$895,000 net income unfavorable to budget by \$2.467M

Church Street Garage – Jan./Feb 2021

Feb. stats: Utilization of 56% unfavorable to budget by 16%
Monthly rate customers unfavorable to budget by 2,000 at 6,900 YTD
Transient customers unfavorable to budget by 5,100 at 5,600 YTD

Jan. financials: Revenue unfavorable to budget by \$246,700
Expenses \$184,800 favorable compared to budget due to savings in payroll, utilities and security.
Net Income \$61,900 unfavorable to budget.
Total year projection even with budget of \$62,000 net income.

XL Center – Jan./Feb 2021

Stats: AHL 12 game season scheduled between February and May 2021 (fans TBD)
No other events scheduled until Sept. 2021 due to state COVID-19 restrictions.

Jan. financials: expenses \$1,547,300 favorable to budget due to savings in personnel, supplies, contracted services, and repairs & maintenance
Net Loss of \$2,751,500 favorable to budget by \$961,600 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 May/June 2021
Payables aged at 90 to 120 days, except City of Hartford (\$2.194M)
Received \$1.5M supplemental funding in January 2021
[CRDA advance of \\$750,000](#)

P&W Stadium at Rentschler Field – Jan./Feb 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.

Jan. financials: Operating expenses \$487,000 favorable compared to budget due to savings in personnel, supplies, contracted services, and repairs & maintenance
Net Loss of \$572,200 unfavorable to budget by \$385,200 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 field maintenance fee due from UConn 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 Jan. 2021

Stats: 82 warehouse units and restaurant – Occupancy: 88% with 16 tenants
Activity: Farmers' Market opening for 2021 season on April 3

Jan. financials: Operating revenue of \$486,200 favorable to budget by \$43,300
Operating expenses of \$370,300 favorable to budget by \$79,400 due to savings in building maintenance and utilities offset with increases in security and farmers' market labor
Net income of \$115,900 with facility budgeted at breakeven for fiscal year

Dillon Stadium – Calendar Year – Jan. 2021

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

Jan. financials: Operating expenses of \$13,900 favorable to revised yearly \$250,000 budget by 2%
Capital reserve balance: \$234,500
Funding for Calendar Year 2021 – 50% of funding has been received from Htfd. Athletic.

Mr. Geremia mentioned that there are ongoing conversations with OPM regarding the Convention Center cashflow issues and CRDA has requested emergency funding.

Marcia Leclerc asked on whether those funds can be used towards economic development. Mayor Leclerc encouraged Mr. Freimuth to pursue options necessary as soon as possible. Mr. Freimuth responded that CRDA has received COVID Relief Funds in the past and is in discussion with OPM regarding American Recovery Act Funds.

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Auditing Services

Selection Process:

- A formal public Request for Proposals (“RFP”) for auditing services for the CRDA and its respective facilities was issued on January 25, 2021.
- CRDA received five (5) submissions, which were evaluated and ranked. The two highest scoring bidders proposed similar fee schedules for the three-year period. At the conclusion of the RFP process, CRDA selected Cohn Reznick as the preferred bidder. CRDA and Cohn Reznick have negotiated a proposed agreement under the following terms.

Terms:

- Annual Fee: Year 1 – Not-To-Exceed \$107,975;
Year 2 – Not-To-Exceed \$113,875; and
Year 3 – Not-To-Exceed \$114,750
- Duration: In accordance with Section 32-603(4) of the Connecticut General Statutes, the term of the proposed agreement is three years.
- Staff Recommendation: Cohn Reznick – This recommendation is based upon the firm’s experience, the qualifications of the assigned staff, familiarity with similar projects, and demonstrated ability to complete audits timely.

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

“The CRDA Board of Directors hereby authorizes the Executive Director to execute an Engagement Letter with Cohn Reznick LLP consistent with the terms outlined above.”

Venue Update

Andy Bessette reported that at the March 5th Venue Committee they reviewed Governor Lamont’s latest COVID guidelines and its impact of on CRDA venues:

Pratt & Whitney Stadium and Dillon Stadium

Effective April 2nd, the Stadiums may open with 50% capacity, capped at 10,000 people. Social distancing and mask mandates will remain in place.

The Stadium will host UConn graduation ceremonies over a five-day period in May and the NCAA Lacrosse Championships are scheduled for Memorial Day weekend. Spectra is also in discussions with U.S. Soccer about hosting the Women’s national team in July. CRDA is hopeful that capacity restrictions will be eased further or eliminated by that time.

Outside the Stadium bowl, two-thirds of the charity walks and concourse events held in 2019 and then shelved in 2020 have reached out to the Stadium to book for this year.

XL Center and CT Convention Center

With allowable capacity at only 10%, both of these venues will need to weigh whether it makes financial sense to move forward with events.

Following from this, the Convention Center’s annual ConnectiCon event scheduled for July may move forward, while at XL, the Olympic-qualifier gymnastics event scheduled for May is likely to be cancelled. Spectra is currently running proformas and discussing with AHL on whether it makes sense to open up Wolfpack games this season to fans.

Other updates:

UConn Lease – As part of the XL Center renovation planning process, CRDA is utilizing the services of Stafford Sports to assist with UConn lease negotiations. With new premium seating and other potential revenue opportunities included in the XL plan, we are looking to change our lease model from a flat rental payment to a revenue-sharing arrangement under which both the building and UConn would benefit. Preliminary discussions, however, indicate that the University is hesitant to change the model and the final lease may represent more of a hybrid arrangement.

Ben Weiss, General Manager - Spectra Venue Management and Len Wolman, Chairman & CEO, Waterford Group provided updates on Rentschler Field; XL Center; CT Convention Center and hotels in relation to COVID restrictions and reopening plans.

Housing & Neighborhood Committee

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

Project: 55 Elm Street, Hartford, CT

As part of the larger redevelopment known as Bushnell South, 55 Elm will be the restoration and conversion of the former state office building (private/leased) into 164 residential units as well as co-working space and a restaurant. (up to 70 units will be constructed so that they can be made available for hotel rooms should market justify such use). Total project development is \$63.3 M. of which CRDA assistance will be \$13.5M in the form of a \$7M construction/permanent loan and \$6.5M as a historic bridge loan, which upon repayment will be used for an additional phase of residential development within Bushnell South. The units are 80% market and 20% affordable.

Conventional Mortgage	\$ 32.5 M
Equity	7.3 M
Federal Hist Credits	10.0M
State Historic Credits (bridged by CRDA)	6.5 M
CRDA Perm Loan	<u>7.0 M</u>
TDC	\$ 63.3 M

Matthew Edvardsen, Partner, Spinnaker Real Estate added that the goal is to have this as a true mixed-use building. Mr. Bessette asked for clarification regarding the number of hotel rooms and Mr. Edvardsen explained the unit count.

The following resolution was moved by Andy Bessette, seconded by Joanne Berger-Sweeney and approved.

“The Executive Director is authorized to offer assistance to Spinnaker Real Estate Partners, LLC (or such single purpose entity as approved by CRDA) in the amount of \$13.5 million to be used for the construction of up to 164 units of housing (70 of which may be converted to hotel use at a future date) at 55 Elm Street, Hartford. The funds are available at 2% interest only during construction for a period up to 36 months. \$7M of the \$13.5M shall be converted to permanent financing upon stabilization (but no longer than three years from closing) at 2%, amortizing over 30 years and \$6.5M shall be repaid upon the monetizing of the federal and state historic tax credits, subject to all other financing being in place; approval by the State Bond Commission; and such fiduciary requirements as may be deemed necessary and appropriate by CRDA and its counsel.”

Project: 80-82 Hawthorn Street, Hartford CT

In May 2018, CRDA working with Northside Institutions Neighborhood Association (NINA) created and funded a \$2.5 million program designed to create new home ownership in the Asylum Hill neighborhood that was approved by the State Bond Commission in June 2018. CRDA then authorized the first \$450,000 to be used for six homes (8 units).

NINA has completed four homes to date including the renovation of two historic properties and the new construction of two new rowhouses. All have either been sold or are under contract. NINA has successfully leveraged the CRDA funds with monies from other programs including grant support from local business as well as national organizations.

NINA has now asked to draw the remaining \$200,000 as a grant to be used to write down the purchase price for two more row house ownership units at 80 and 82 Hawthorn Street.

Chairwoman Hopgood commented that she loved the home ownership aspect of the NINA -Heritage Homes.

The following resolution was moved by Andy Bessette, seconded by Mayor Luke Bronin and approved.

“Now therefore be it resolved, that the Executive Director, is authorized to enter into an assistance agreement with NINA for the remaining \$200,000 from the Heritage Homes Program initially allocated by the CRDA, for purposes of developing 80 and 82 Hawthorn Street as three bedroom row house units available for new home owners within the Asylum Hill neighborhood subject to all other sources of funds being secured and such fiduciary terms as deemed necessary and appropriate by CRDA and its counsel.”

Project: Pratt Street Initiative Phase 1, Hartford CT

The renovation of two vacant commercial properties into 129 units and retail space at 99 Pratt and 196 Trumbull was approved by CRDA in October 2019 and subsequently amended in September 2020 to be a \$12M loan in two tranches, a \$3M five-year loan at 1% interest only and a \$9M 10-year loan at 1%. (modified from initial deal terms of \$5.5M and \$6.5M loans at 2.75% based on cash flow loans at 10-year term). Considerable cost increases requiring additional equity by the developers and preferred return requirements of historic credit investors has increased the project costs. In lieu of additional funds by CRDA the developer and investors will increase their participation but have asked that CRDA stretch its term from 10 years to 30 years on the second note of \$9M that will be paid down at scheduled refinancing and at sale with the ability to assign the note to subsequent buyer in the event that sale proceeds are insufficient to cover all the debt.

Extend the initial ten-year term for the \$9M note to 30 years and allow for an assignment of the mortgage balance to a future buyer in the event that proceeds from earlier refinancing and subsequent sale are insufficient to retire the balance of the note.

Michael Freimuth explained that the reason why the project was held up is that there was a conflict of interest that was concerning to CRDA. CRDA’s General Counsel Anthony Lazzaro further explained that an informal opinion was asked of the CT Office of State Ethics staff. It does not necessarily bind the ethics Board however it is the Ethics Staff’s opinion that the conduct does not restrict Shelbourne Partner’s.

The following resolution was moved by Andy Bessette, seconded by Joanne Berger-Sweeney and approved.

“The executive director is authorized to amend the loan terms of the \$9M loan to Pratt Street Phase 1 from a ten-year term to a 30-year term with an assignment clause for the unretired balance subject to the subsequent approval of CRDA.”

Projects Updates

DoNo Parcel B – starting to work with Developer. It will be a large ask of the Board and Housing authorizations.

201 Ann Street – has been sold & loan is being paid off

179 Allyn Street – is in refinance.

Radisson – Due to foreclosure, CRDA is legally going after personal guarantees.

28 High Street – Historic building, 50% occupied.

246-250 Lawrence – 75% leased up in the last few months.

103 Allyn – As of March 12, 2021, it is over 60% occupied.

Regional & Economic Development Committee

Mayor Leclerc reported the update from the March Committee Meeting.

East Hartford Projects – All projects are progressing and there are no major changes to report.

Bushnell South Garage – Construction is winding down and the garage should be operational sometime in July.

Front Street – CRDA continues to closely monitor the health of the restaurants and theaters in the Front Street district, as well as the Marriott Hotel. All have been severely impacted by the COVID pandemic and the loss of convention goers, Downtown Hartford employees and UConn students. As reported in a previous meeting, at least one restaurant - Ted’s Montana Grill - closed permanently.

Parkville Market – The State Department of Transportation has approved the Parkville Market’s use of space under I-84 for much-needed additional parking. DOT will now submit the required paperwork for federal approval.

CT Regional Market – As you will recall, in November, CRDA issued an RFP for a Development Planning Consultant for the Regional Market. Four bids were received and two bidders were invited to make presentations to the Selection Committee on March 3rd. While both offered impressive credentials, the Selection Committee is struggling with the basic question of what the Market’s role should be.

To help address that question, Commissioner Bryan Hurlburt of the State Agriculture Department was a guest at the Regional and Economic Development Committee’s monthly meeting last week. He offered some thoughts on his agency’s role, Connecticut’s food industry, lessons learned during COVID and what the Market could offer. He spoke of how the pandemic has put a greater emphasis on the importance of Connecticut’s farmers and the state’s food industry in general.

Based on this discussion, the RFP Selection Committee is now working on developing a more focused scoping document that will go out to the two finalists and they will be asked to submit revised proposals.

Bob Patricelli indicated that he was very pleased that CRDA has taken a step back to permit the Authority to address the broader questions and the role both in the public and private sector. He mentioned something that could relate to the Regional Market and several of CRDA projects is the Hartford 400 Plan. He would appreciate the opportunity to be briefed on that plan in a separate meeting. Ideally, perhaps we could have a physical meeting at some point in the next 4-6 weeks and look at the

renderings. The entire Board needs to understand some broad outlines of that Plan to see the extent to which if any of our current projects or our contemplated ones might be affected.

Mr. Freimuth reported that he would like to get this plan before the Board as well.

Bushnell South – the map depicting Bushnell South was displayed and Mr. Freimuth explained the linkages to the Park, and a greenway through the Bushnell South area to connect to the neighborhood south. The plan is to pull this development, not just to the Park's edge, but to the Front Street area and Main Street, and link it up to Washington Street and over to the hospital.

Executive Director Report

Mr. Freimuth referred to the projects update.

Construction Report

Robert Saint reported on the following construction items:

Colt U Building – Demolition is complete. Abatement of paint on the steel is progressing with the framing following close behind.

Park & Main – Parcel B Building interior is moving along with multiple trades completing work on plumbing, electrical, fire stopping, drywall and wall finishing. Parcel A - footings in progress. Modules under construction off-site in PA.

San Juan Center - Work is moving along on schedule. Painting is complete on all walls and trim, minimal loose ends. All cabinets are installed and counter tops are in progress as is the plumbing final connections. Tile in bathrooms is complete and kitchens are progressing. Wood flooring is on site and should begin this week.

DoNo Parcel C – Electrical, plumbing and HVAC is progressing in the precast garage, rails are in fabrication. Footings for the main building are progressing and stand at 65-75% currently. The site is being run very well.

Brackett – The paperwork for approval to install water laterals to the property line is still in the MDC pipeline at Utility services. The Sewer, main Water line, and the storm are all in the ground with only a couple loose ends on the storm. This one is ready to progress as soon as MDC gives us the approval.

Toraal – three houses under construction, one is already under roof and two more starting foundations.

Quirk West School – Final painting, restroom tile, door and hardware and ATC ceiling installation in progress. The revised low voltage plan has been rebid and the low bidder will be descope this week. VE finish flooring and revised signage have also been rebid and prices are expected this week. A PCO to replace the remainder of HVAC pneumatic controls with the new BMS has been authorized.

Newfield's HVAC sub has been authorized to make out-of-scope repairs to the existing central plant. Additional funding has been received from the City which will allow replacement of the auditorium HVAC system to proceed.

Bushnell Garage - The following is now scheduled for early spring: asphalt paving, permanent security fencing, line stripping, precast concrete deck sealer, painting & staining as well as finish landscaping.

XL Chiller Project - This project is complete and operating. We are working through a few punch list items but the ice slab is complete and the team is playing hockey.

XL Renovation – Design: SCI is completing Construction Documents on Phase 1 (event level) and Schematic Designs on Phase 2 (concourse level).

Adjourned 4:30pm