

Capital Region Development Authority

100 Columbus Boulevard, 5th Floor

Hartford, CT 06103

Thursday, June 17, 2021

3:00 pm – GoToMeeting

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

Board Members Present: Chairwoman Suzanne Hopgood; Andy Bessette; Joanne Berger-Sweeney; Randal Davis; Garrett Euceletto; David Robinson; Alexandra Daum; Konstantinos Diamantis

Board Members Absent: Mayor Luke Bonin; Seila Mosquero-Bruno; David Jorgensen; Andrew Diaz-Matos; Mayor Marcia Leclerc; Robert Patricelli

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

Minutes

The minutes of the May 20, 2021 CRDA Board Meeting were moved by Andy Bessette, seconded by Randal Davis and approved.

Mayor Reports

Randal Davis reported that the city is proceeding to implement the projects that Mayor Bronin mentioned in his report in the May Board meeting.

Finance Update

CRDA’s Chief Financial Officer Joseph Geremia reported on the following Fiscal Year Budget Summaries.

FY2022 Budget Process

1. Venues prepared draft budgets (March through May)
2. CRDA staff reviewed draft budgets with Venue staff followed by appropriate adjustments (May)
3. CRDA Board Venue Committee presented with basis for budget assumptions (May 7)
4. CRDA Board Finance & Venue Committee members reviewed budgets with CRDA staff and Venue staff (June 7 & 8)
5. Full Board presented budgets for authorization (June 17)

CRDA State Appropriation Allocation Request

	<u>CRDA</u>	<u>CTCC ¹</u>	<u>XL Center ²</u>	<u>Total</u>
FY22 Appropriation	\$1,390,821	\$4,058,300	\$800,000	\$6,249,121
FY21 Appropriation	\$1,390,821	\$4,058,300	\$800,000	\$6,249,121

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.

CRDA State American Recovery Plan Allocation Request

	<u>CTCC</u> ¹	<u>XL Center</u>	<u>Rentschler</u> ²
FY22 Appropriation	\$2,100,000	\$2,000,000	\$900,000

¹ - CTCC funding includes convention services subsidy program funding of \$100,000.

² - 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 FY22 Operating Budget: (\$5,845,952)

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 69% and concession income representing 31%.

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.

FY22 Net Operating Loss of \$5,845,952 without CRDA appropriation.

Projected CRDA appropriation of \$4,008,300 and ARP funding of \$2,000,000 totaling \$6,008,300.

Convention Services Subsidy Program FY22 Operating Budget (expenses): \$157,800

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.

Projected CRDA appropriation of \$50,000 and ARP funding of \$100,000.

Front Street District FY22 Operating Budget: \$11,626

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.

Central Utility Plant, CRDA Parking Facilities, and Bond Indenture/Trustee Budgets

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) FY22 Operating Budget (expenses): \$2,693,590

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.

FY22 Budgeted Net Operating Gain of \$0.

CRDA Parking Facilities FY22 Operating Budget: \$819,222

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.

Bond Indenture/Trustee FY22 Operating Budget: \$203,443

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 remaining \$4.9 million of the 5-year capital plan that totaled \$6.7 million. Excess funds are sent to the State Treasurer’s Office for the use of covering CRDA revenue bond debt.

CT Regional Market FY22 Operating Budget: \$229,582

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 net operating expenses of \$60,096 associated with the farmers’ market.

CRDA Office FY22 Operating Budget: \$603,608

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. Accrued interest on its residential housing loans amount to \$576,809.

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.

Projected CRDA appropriation of \$1,390,821.

XL Center FY22 Operating Budget: (\$3,644,229)

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 is recorded as a net subsidy.

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

FY22 Net Operating Loss of \$3,644,229 without CRDA appropriation.

Projected CRDA appropriation of \$800,000 and ARP funding of \$2,000,000 as well as \$900,000 in excess revenues from the Church St. garage totaling \$3,700,000.

Church Street Garage FY22 Operating Budget: \$325,584

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 structural repairs and replacement of the waterproof membrane.

FY22 Net Operating Gain of \$325,584 includes \$900,000 income draw for XL Center supplemental funding.

Pratt & Whitney Stadium @ Rentschler Field FY22 Operating Budget: (\$879,036)

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. 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 FY2020 average attendance per game.

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

FY22 Net Operating Loss of \$879,036 includes \$250,000 UCONN operating assessment.

Projected State ARP funding of \$900,000.

Mr. Geremia noted that Mike Costelli, GM of the Convention Center and Ben Weiss, GM of the XL Centr and P&W Stadium are in attendance online to answer any venue specific questions Board members may have. Board members inquired about maintenance and repair funds for CRDA garages. Mr. Geremia explained the funds in the plan are towards the \$6M plan to occur over the next five years for maintenance and repairs. Mr. Lazzaro indicated that the CT Science Center Garage and North Garage have not been assessed yet. Mr. Freimuth further noted that the Church Street Garage needs significant repairs, and has a separate budget, including CRDA funds and Bond funds to help with repairing the corrosion. Adding that, most likely, additional bond funding will be needed to continue refurbishing this timeworn garage.

Andy Bessette asked what is believed to be the total of the deferred maintenance and capital repairs for the Church Street garage. Mr. Freimuth indicated that due to the water corroding the concrete and steel, it could be \$13M-\$14M.

Randal Davis asked Mike Costelli to explain the mix of events at the CT Convention Center. Mr. Costelli indicated that the Convention Center is seeing more social type events or public events versus corporate. Corporate events are lacking not only at the convention center but hotels are also experiencing the same falloff. Mr. Costelli estimated that corporate events may not see a rebound for another 8-12 months. Mr. Bessette agreed with Mr. Costelli's estimate for a delayed corporate business return. Mr. Davis followed up by asking of the 70 events, are they booked or anticipated. Mr. Costelli confirmed that the 70 events are contracted or highly anticipated.

Mr. Freimuth added that the State budget had three components to it this year, the normal appropriation, the American Recovery Plan funds and the deficiency budget which picked up shortfalls created by the COVID crisis. CRDA did receive funds that went towards clean-up of the shortfalls in our venues and operations. Some of the funds were a bridge from OPM and that money will have to be returned to OPM. Another source was the capital reserve which will be replenished.

Chair Hopgood asked if there were additional capital funds for the XL Center renovation in the budget and Mr. Freimuth responded that there were no additional bond funds appropriated to CRDA through this year's state budget.

Chair Hopgood expressed her and the Board's appreciation to Mr. Geremia and his staff for a very good job with the Budget process.

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

"The CRDA Board of Directors hereby authorizes the State Appropriation and American Recovery Plan FYE2022 Allocation requests and the eleven FYE 2022 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."

Extension of the Amended and Restated Standby Bond Purchase

Mr. Geremia presented the Extension of the Amended and Restated Standby Bond Purchase. He explained the summary as follows:

CRDA Parking & Energy Fee Revenue Bonds Standby Bond Purchase Agreement -

Request to approve a 3-year extension (the fifth amendment) of the Standby Bond Purchase Agreement (SBPA) per the attached resolution and rates provided effective on or before August 27, 2021. Extension assumes no material changes to the terms or conditions of the current SBPA. Received ratings upgrades on 5/13/21 and 5/14/21 from S&P and Fitch, respectively.

Agreement extension reviewed and favorable opinion received by:

Bond Counsel: Soeder & Associates
 Financial Advisor: Lamont Financial Services

Extension requires approval by the State Treasurer’s office and OPM per the Contract for Financial Assistance related to CRDA’s revenue bonds.

Agreement extension reviewed and approved by State Treasurer’s office
 Agreement extension pending review and approval by OPM

Lamont Financial Services opinion:

Bank of America, the existing liquidity provider on the Authority’s Series 2004B Variable Rate Bonds, proposed the following fee grid for a 3-year extension on the SBPA. Lamont has reviewed the proposed fee grid and believe it is fair.

(State's GO Rating)				Current	Proposed
Level	Moody's	S&P	Fitch	Fee	Fee
1	Aa3 or >	AA- or >	AA- or >	0.51%	0.47%
2	A1	A+	A+	0.56%	0.52%
3	A2	A	A	0.66%	0.62%
4	A3	A-	A-	0.81%	0.72%
5	Baa1	BBB+	BBB+	0.96%	0.87%
6	Baa2	BBB	BBB	1.11%	1.02%
7	Baa3	BBB-	BBB-	1.26%	1.17%

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

RESOLUTIONS OF THE BOARD OF DIRECTORS OF THE CAPITAL REGION DEVELOPMENT AUTHORITY AUTHORIZING EXTENSION OF THE AMENDED AND RESTATED STANDBY BOND PURCHASE AGREEMENT IN EFFECT WITH RESPECT TO ITS REVENUE BONDS, 2004 SERIES B, AND AUTHORIZING RELATED AGREEMENTS

ADOPTED: June 17, 2021

BE IT RESOLVED by the Board of Directors of the Authority as follows:

Section 1. *The extension of the Amended and Restated Standby Bond Purchase Agreement with Bank of America, N.A. (the “Bank”), in effect with respect to the Authority’s Parking and Energy Fee Revenue Bonds, 2004 Series B (the “Bonds”), in accordance with the terms and conditions contained in the draft Fourth Amendment to Amended and Restated Bond Purchase Agreement among the Authority, U.S. Bank National Association, as Trustee and Tender Agent and the Bank, as presented to this meeting, be and it hereby is approved, subject to obtaining the approval of the State acting by and through the Secretary of the Office of Policy and Management and the State Treasurer.*

Section 2. *The Amended and Restated Fee Letter between the Authority and the Bank, in the form presented to this meeting, be and it hereby is approved.*

Section 3. *The proper officers of the Authority are hereby authorized to execute and deliver, in the name of the Authority, the Fourth Amendment to the Amended and Restated Standby Bond Purchase Agreement to effect such extension and the Amended and Restated Fee Letter, in the forms or substantially the forms presented to this meeting, with such further changes and additions as such officers shall approve, such approval to be conclusively evidenced by their execution and delivery of such Fourth Amendment to the Amended and Restated Standby Bond Purchase Agreement and Amended and Restated Fee Letter.*

Section 4. *The proper officers of the Authority be and hereby are authorized to deliver to the Remarketing Agent a Remarketing Supplement with respect to the Bonds and reflecting the Amended and Restated Bond Purchase Agreement, in the form or substantially the form of the draft thereof presented to this meeting, with such further changes and additions as such officers shall approve.*

Section 5. *The proper officers of the Authority are hereby authorized to do and perform such acts, and execute and deliver, in the name of the Authority, such additional instruments, agreements and certificates, with respect to the 2004 Series B Bonds, as they deem necessary or appropriate to carry into effect the intent of the foregoing resolutions, and as shall not be inconsistent with the foregoing resolutions.*

Section 6. *For purposes of this resolution, the “proper officers” of the Authority shall be the Chairman, the Vice Chairman, the Secretary, the Treasurer, the Executive Director and the Assistant Director of the Authority, and each or any of them.*

Section 7. *This resolution will take effect immediately.*

Operations and Maintenance Services for the Central Utility Plant

Anthony Lazzaro presented the selection process for the Request for Proposals (RFP) for the operations and maintenance services for the Central Utility Plant (CUP).

Selection Process:

- A formal public Request for Proposals (“RFP”) for operational and maintenance services was issued on April 21, 2021 for the Central Utility Plant at the Connecticut Convention Center.
- The RFP was placed on the State of Connecticut contracting portal as well as the Authority’s Web site; however, only one proposal was submitted. Said proposal came from the current operator, EMCOR - New England Mechanical Services, Incorporated (“NEMSI”).
- Based upon their history with the project, the excellent level of service provided, and the complexities of operating the CUP, it is the staff’s recommendation for the Authority to execute a qualified management contract with the standard CRDA contracting provisions and the terms provided below.

Terms:

- Base Fee - NEMSI’s proposed base rate is \$46,750 per month with a 3% annual escalator. The proposal does not include an incentive fee.
- Duration – The term of the proposed agreement is five years cancellable, at the Authority’s sole discretion, after the completion of the third year. This is in accordance with I.R.S. Guidelines.

The following motion was moved by Andy Bessette, seconded by Garrett Eucetto and approved.

“The CRDA Board of Directors hereby authorizes the Executive Director to execute such Agreement, as presented.”

Venue Update

Andy Bessette reported that the Venue Committee met on June 4th and the following items were discussed:

XL Center – The facility will open fully in August and discussions are underway for some potentially large events not long after reopening. Talks continue with Northland over the atrium space.

Pratt & Whitney Stadium – The NCAA Lacrosse Championships were held at the Stadium over Memorial Day weekend. About 34k tickets were sold and, despite the cold and rainy weather, over 28k people attended the five games. Concession per caps averaged \$18.50, while suite catering averaged \$40 per person. The Stadium netted over \$225k, nearly \$85k more than expected.

At least six local hotels hosted teams and fans, and the event received great media attention. A number of sources praised the Stadium grounds crew, noting how well the field held up over three days. A few suite holders reached out to Spectra after the event to say how much they enjoyed it and to inquire about tickets for next year. In response, Spectra and the NCAA will do a pre-sale of 2022 tickets to take advantage of the enthusiasm generated by this year's event.

The Stadium will also hold the U.S. Women's National Soccer team for an Olympic "Send-off Series" against Mexico on July 1st and July 5th.

CT Convention Center – The COVID vaccine clinic is expected to remain on site until June 30th, while the testing will remain until the end of July.

Housing & Neighborhood Committee

Michael Freimuth reported that the Committee did not meet this month however the following items are worth noting:

- Occupancies are running above 90%
- An analysis was prepared by CRDA finance for the housing investment represented in the City of Hartford for the last eight years of operations. A summary of the analysis can be seen below:

CRDA – Housing Investment Analysis

Preliminary results – within CRDA district

Reflects completed projects and projections from those in construction

As of May 30, 2021

- CRDA investment of \$117M has leveraged \$453M in development
- CRDA investment has developed 2102 units
- CRDA deals have generated \$4.3M in permit fees
- Based on before construction and as completed appraisals, \$294M of value has been created
- Median development cost per unit is \$294,000
- CRDA median investment per unit is \$61,087

Regional & Economic Development Projects Committee

Michael Freimuth reported that the committee has not met since the last board meeting, however, there are a couple of items that need to be addressed:

Parking Agreement with Bushnell Theater

License Agreement between Bushnell Theater (the “Bushnell”) and CRDA concerning the surface parking lot with 470 spaces located between Capitol Avenue, West Street, and Buckingham Street, Hartford, CT (the “Parcel”)

Terms:

- Bushnell agrees to pay CRDA \$1 per month for the use of the Parcel;
- Bushnell shall use the Parcel solely for the parking of vehicles of the employees, agents, representative and invitees of the Licensee;
- Bushnell shall allow, at no cost to CRDA or the State of Connecticut, State employees and invitees to park on the Parcel until the completion of the Bushnell South Garage (approximate date of completion: 09/01/21);
- Bushnell is solely responsible for the cost of utilities, security, maintenance, repair, snow and ice removal, landscaping, and removal of rubbish and debris;
- Bushnell shall insure the Parcel and provide indemnification to CRDA;
- Bushnell shall, at its sole expense, monitor the Parcel for uninvited parkers. Vehicles will be given warnings and/or removed on an as-needed-basis;
- The term of the License Agreement shall be six (6) months (July 1, 2021 to December 31, 2021).

The following motion was moved by Andy Bessette, seconded by Alexandra Daum and approved.

“The CRDA Board of Directors hereby authorizes the Executive Director to execute such License Agreement, as presented.”

Bushnell South information meeting – Chair Hopgood gave a brief explanation regarding the Master Plan for Bushnell South. There is a public meeting on Wednesday, June 23, 2021 at the Bushnell 166 Capitol Ave regarding the partnership of the City of Hartford, The Bushnell, CRDA and Spinnaker Development for the Master Plan for Bushnell South.

Executive Director Report

Mr. Freimuth reported on the following items from the 2021 legislative session that may impact the CRDA.

Sports Betting (Public Act 21- 23)

Among other provisions, this legislation authorizes the CT Lottery Corporation (CLC) and the Mashantucket Pequot and Mohegan tribes to operate (1) in-person and online sports wagering, (2) online

casino gaming, (3) in-person and online keno, (4) online lottery draw games other than keno, and (5) fantasy contests.

Such authority is subject to several conditions, principally that the Governor must first enter into specific contractual agreements with the tribes and such agreements must then be approved by the U.S. Department of Interior. Authorization will be limited to an initial 10-year period with an option for a five-year renewal.

The legislation provides that CLC may conduct in-person sports wagering at up to fifteen facilities throughout the State, including one required in Hartford and one in Bridgeport.

State Budget (House Bill 6689, as amended)

Under the new 2022-2023 budget, CRDA will receive the following:

FY21 Deficiency Funds = \$10,487,000

FY22 Operating Funds = \$6,249,121

FY23 Operating Funds = \$6,249,121

FY22 Economic Support for Venues (ARP Funds) = \$5.0m

FY23 Economic Support for Venues (ARP Funds) = \$2.5m

Gender and Racial Diversity on State Boards and Commissions (Senate Bill 883, as amended)

Under current law, appointing authorities are required to make “a good faith effort to ensure that to the extent possible” the membership of state boards, commissions, committees and councils reflects the State’s gender and racial diversity. Among other provisions, this legislation requires that, by January 1, 2026, membership closely reflects the State’s gender and racial diversity in accordance with the most recent U.S. census data.

The legislation also requires the Secretary of State to publish a biennial report on the gender and racial composition of boards and commissions with gubernatorial and legislative appointments. It also requires DAS to maintain an online system for submitting recommendations for public member appointees to executive boards and commissions.

State Auditors (Senate Bill 1071)

Among other provisions, this legislation requires state agencies to notify the State Auditors at least 15 days before contracting for independent auditing services and prohibits agencies from entering into these contracts until the State Auditors advise whether they can perform the work instead.

Historic Buildings Task Force (House Bill 6606, as amended)

Among other provisions, this legislation creates a task force to study any impediments to the renovation of historic mixed-use buildings in the State. The task force shall (1) examine any financing tools that may assist in the renovation of such buildings and building safety codes that may be impediments to the

renovation of such buildings; and (2) consider whether the State should implement a small real estate developer training program or a capacity building program.

The task force shall consist of 19 members: 12 persons appointed by legislative leadership, 3 appointed by the Governor and the Commissioners of DECD, DAS, Housing and Banking. It shall submit a report to the General Assembly by January 1, 2022.

CRDA Board Meetings going forward – As discussed in the May meeting, CRDA is trying to determine the best way to hold Board meetings going forward, albeit virtual, in person going forward or a hybrid of both. We are in the process of determining the best method and technology to get this up and running. The Board will be kept apprised of any information regarding this matter.

Adjourned 3:58pm

“The minutes of the June 25, 2021 CRDA Board Meeting were moved by Bob Patricelli, seconded by Marcia Leclerc and approved at the August 12, 2021 CRDA Board Meeting.”