

Capital Region Development Authority

100 Columbus Boulevard, 5th Floor

Hartford, CT 06103

Thursday, October 21, 2021

3:00pm – Teams Meeting

(The Board Meeting was held via Microsoft Teams with public access)

Board Members Present: Chairwoman Suzanne Hopgood; Andy Bessette; Randal Davis; Garrett Euceletto; David Robinson; Alexandra Daum; Deputy Secretary Konstantinos Diamantis, Mayor Luke Bonin; David Jorgensen; Mayor Marcia Leclerc; Robert Patricelli; Joanne Berger-Sweeney

Board Members Absent: Seila Mosquero-Bruno; Andrew Diaz-Matos

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

Minutes

The minutes of the September 16, 2021 CRDA Board meeting were moved by Andy Bessette, seconded by Joanne Berger-Sweeney and approved.

Farewell to Mayor Marcia Leclerc

Chairwoman Suzanne Hopgood expressed what an honor it has been to work with Mayor Leclerc. Chair Hopgood continued by commending the diligence and hard work Mayor Leclerc has done for CRDA. I has been a real honor working with Mayor Leclerc and she will be sorely missed.

Mayor Leclerc responded by saying she will miss being a part of the CRDA Board however she knows the great work that CRDA does will be continued. She will watch for more progress in the communities that CRDA is impacting. Adding that she really does appreciate the dedication of everyone to get these projects done and especially thanks the small but mighty staff at CRDA. She is happy to have been a part of the Board.

Board members concurred with Chairwoman Hopgood's sentiments, and all send their best to Mayor Leclerc for the future.

Mayor Reports

Mayor Bronin echoes the sentiments of Chair Hopgood congratulating Mayor Leclerc. Mayor Bronin indicated that he was deeply grateful that she is supportive as a neighbor and recognizes that we all stand together. He wished her well for the future.

Mayor Bronin updated the Board on the following projects:

525 Main Street & Pearl Street Firehouse – Close to finalizing the terms of the agreement of the sale with developer Wonderworks.

Arrowhead Café - Letter of intent signed with a coalition including the San Juan Center and also a larger real estate development firm to rehabilitate the Arrowhead Café building and some of the adjoining lots.

Main & Albany – Out for RFP for a planning effort for a number of parcels for which the city took ownership in the vicinity of Main & Albany.

Downtown North - work continues and you can see the progress. Phase II is getting ready to get started.

MOU between City and CRDA – getting ready to finalize the MOU that will allow us to utilize City resources to accelerate work on a number of projects that have been discussed in the past, including some projects in Parkville as well as Albany & Woodland and a number of others.

City was part of a broader coalition led by CRCOG to apply for a Federal Build Back Better grant which focuses on workforce development with an emphasis on advanced manufacturing with a place-based component focused on Parkville. It is also likely to be the focus of the City's innovation corridor grant proposal which is the State grant opportunity.

Joanne Berger-Sweeney asked how the City of Hartford is doing related to training and encouraging more people of color to participate in the work and particularly some of the building projects. Ms. Berger-Sweeney indicated that she is asking because she still thinks, at Trinity, not enough is being done and if the city is having greater success.

Mayor Bronin indicated that by far the largest expenditures and the largest construction projects that are undertaken are school projects. The city has some of the most extensive and aggressive minority business enterprise set asides in the school construction programs and not only have met but exceeded those goals. Some greater struggles partly because of the market in general and partly because there are now multiple school projects happening at once. Work has begun with the minority construction council to figure out some creative ways of making sure we continue to find partners that can be part of those projects. The Mayor strongly recommends to get in touch with the minority construction council and that he would be glad to facilitate that.

Financial Update – October 2021

Joseph Geremia, CRDA's Chief Financial Officer reported on the following Fiscal Year 2021 Operating Statistics. Board Members inquired about the finance report.

CT Convention Center – Aug. 2021

Event Update: Event activity starts with Sept. financial statements
Scheduled for 53 events this fiscal year vs. budget of 70 events
Family shows, gaming, dancing, and religious groups remain on schedule
Event promoters concerned about attendance and exhibitor product availability

Aug. financials: Revenues \$71,300 unfavorable to budget due to recent event cancellations related to COVID-19
Expenses \$147,400 favorable to budget due to savings in personnel and utilities
Net Loss of \$1.206M favorable to budget by \$76,100
Total year projection of \$5.846M loss even with budget

CRDA Parking Facilities – Aug. 2021

Stats: Utilization of 61% favorable to budget by 11%

Aug. financials: Revenues \$263,800 favorable to budget due to transient and hotel guest revenues
Expenses \$67,300 favorable compared to budget due to savings in personnel, utilities, and security
Net Income \$331,100 favorable to budget
Total year projection of \$819,200 net income even with budget

Church Street Garage – Aug. 2021

Stats: Utilization of 55% favorable to budget by 2%

Aug. financials: Revenue favorable to budget by \$61,300
Expenses \$63,000 favorable compared to budget due to savings in utilities as well as repair and maintenance
Net Income \$124,300 favorable to budget

Total year projection of \$325,600 net income even with budget

XL Center – Aug. 2021

Event Update: Scheduled for AHL hockey, UConn basketball, UConn hockey, and family events – indoor attendance remains a concern
Concert industry moving holds towards Fall of 2022 out of FY22 budget timeframe

Aug. financials: Event revenue \$106,200 unfavorable compared to budget due to Monster Jam storm cancellations scheduled to return in March 2022
Other Income pending sponsorship renegotiations
Operating expenses \$357,800 favorable compared to budget due to savings in personnel and utilities
Hockey operations \$94,900 favorable compared to budget
Net Loss of \$721,700 favorable to budget by \$139,300
Total year projection of \$3.644M loss even with budget

P&W Stadium at Rentschler Field – Aug. 2021

Event Update: Held 2 USA Soccer games and misc. parking lot events
UConn football 6 game season starts with Sept. financial statements
Scheduled for NCAA Lacrosse event, holiday lights show, and misc. parking lot events
Outdoor event interest remains strong

Aug. financials: Event revenue \$465,400 favorable compared to budget due to 2 USA Soccer games and parking lot events
Operating expenses \$25,000 unfavorable compared to budget due to F&B personnel
Net Operating Income of \$162,000 favorable to budget by \$439,100
Total year projection \$392,000 favorable compared to budget of \$879,000 loss dependent on UConn football season. \$522,300 received in State funding due to prior year losses related to COVID-19.

CT Regional Market Aug. 2021

Stats: Occupancy: 82% with 12 tenants
Activity: Farmers' Market opened for 2021 season on April 3 and continuing through Oct.

Aug. financials: Operating revenue \$18,500 unfavorable to budget due to straight-lined budget
Operating expenses \$35,100 favorable to budget due to savings in building maintenance, utilities and security offset with increases in farmers' market labor
Net income of \$45,100 favorable to budget by \$16,600
Total year projection of \$229,600 net income even with budget

Dillon Stadium – Calendar Year – Aug. 2021

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

Aug. financials: Operating expenses of \$150,100 favorable to revised yearly \$250,000 budget by 6%
Capital reserve balance: \$238,300
Funding for Calendar Year 2021 – 100% of operating funding has been received from Hartford Athletic
50% of capital reserve and community use funding has been received from Hartford Athletic

Fiscal Years 2019 and 2020 State Auditors of Public Accounts Report

CT Auditors of Public Accounts audited Fiscal Years 2019 and 2020

Report to be issued upon State Auditor final review and release

Identified no deficiencies in internal controls, two apparent noncompliance with policies and procedures, and one need for improvement in management practices and procedures

Recommendations:

Management Responses within Report

State Audit Update (FY2019/2020)

Mr. Geremia reported that the State Audit for FY2019/2020 is being completed by the State Auditors of Public Accounts. It is estimated that the report will be issued in the next two weeks. Although the report has identified three findings, it has also noted no deficiencies in internal controls. Mr. Geremia presented the three findings to the Board. The final report will be forwarded once it is issued. Board member questions regarding the report can be directed to Joseph Geremia or Michael Freimuth.

Housing & Neighborhood Committee

Joanne Berger-Sweeney reported on the following projects that were discussed and vetted by the CRDA Housing and Neighborhood committee on October 8, 2021. Mr. Freimuth continued by describing and presenting the projects that have been taken up by the committee.

Project - 179 Allyn Street (refinance)

Background: Earlier this year, May 2021, the CRDA Board approved the refinancing of the BoA senior mortgage at 179 Allyn Street with a HUD Section 207/223(f) insured mortgage which acknowledged the \$3.25 million CRDA loan would continue to be subordinate to the new HUD mortgage and have a new expiration term to match the HUD mortgage. The Board also approved the prospective terms governing the cash proceeds from the refinance that would set aside \$200,000 for capital expenditures at the building and pay principle due on the adjoining CRDA mezzanine financing as well as bring current the principle and interest owed on the CRDA subordinate note. In addition, a short term "Covid Reserve" escrow of \$254,000 will be released to CRDA to further reduce outstanding principle due to CRDA. Total proceeds to CRDA would total \$420,000.

The project, initially a \$14.89M project (with a \$3.25M CRDA note and \$3.25M CRDA mezzanine financing) that reconstructed the former commercial building at 179 Allyn Street into 63 residential units was completed in late 2014 and has enjoyed occupancy in the low 90% range since it opened. The term associated with initial financing from the Bank of America expires in 2021 necessitating the refinance. The new HUD note allows for some capital upgrades and is at an interest rate more favorable than the first financing.

Update: To secure the new financing, CRDA was asked and approved an extension of the term of its loan to be concurrent with the new first mortgage. However, HUD has now indicated that it also needs the term of the mezzanine financing to be co-terminus with their new note, something that was not requested or noted in the initial actions. Consequently, the developer and the HUD insured mortgage lender are asking that CRDA also formally extend the term of the mezz loan out 10 years, thereby creating a 30 year rather than a 20-year term for the mezz, making it consistent with the accompanying CRDA subordinate mortgage and the new HUD insured note.

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

“The executive director is authorized to adjust the terms of the CRDA mezzanine financing to be co-terminus with the new HUD Section 223(f) mortgage and note of up to \$4.45 million at 2.75%/22 years as well as the CRDA subordinate mortgage of \$3.25M for the 179 Allyn Street Project and to execute subordination agreements for its mortgage and mezzanine financing for the borrower and managing member, Allyn Street Managing Member (ASMM) LLC.”

Project - 275 Pearl Street, Hartford Ct

Background: The City of Hartford solicited offers to redevelop this former fire station earlier in 2021, accepting a proposal to convert the property into a residential/retail mixed use building. The City requested CRDA’s assistance in underwriting, managing the construction and servicing projects that the City would support through its municipal redevelopment programs. The CRDA board approved a MOU at its September 2021 meeting to perform these tasks as part of a larger effort to implement federal recovery monies (American Recovery Program) and local resources.

The former 32,800 sf firehouse will be converted into 39 market rate units and 4000 sf of new retail space (a restaurant letter of intent has been signed). A city land disposition/development agreement governing the sale, the use, community benefits, schedules, financing and resident, MBE, and wage requirements as well as municipal taxes is pending with the City Council.

Proposal: A sales price of \$360,000 requires the developer, Wonder Works Construction Corp to also undertake any environmental remediation. The total project development cost (TDC) is \$9.4 million with a capital stack as follows:

Bank Senior Loan	\$3,000,000
Equity	1,836,402 (\$522,432 deferred dev fee)
Historic Credits (St)	1,400,000 (to be bridged financed)
City Purchase Mortgage	360,000 (priority over municipal loan)
CRDA Residential Loan	2,418,500 (funded by municipal revolving fund)
CRDA retail fit out loan	<u>450,000 (funded by municipal revolving fund)</u>
Total Dev Cost	9,464,902

“CRDA” Loan: Funded by the City but managed/serviced by CRDA, the \$2,868,500 subordinate loan will be available at 1% interest only for three years and then 1.5% interest and 1% principle pay down annually and after refinancing of balance. Fifty percent of proceeds shall be made available of any refinancing to retire the city contribution with total payment upon sale of the asset. Funds will be returned to the revolving loan fun managed by CRDA but owned by the City for future redevelopment projects in accordance with CRDA/City of Hartford MOU.

The following motion was made by Andy Bessette, seconded by Joanne Berger-Sweeney and approved with Suzanne Hopgood abstaining.

“In accordance with the City/CRDA MOU, the executive director is authorized to execute such documents as necessary and appropriate to fund a loan to Wonder Works Construction Corporation (or such single purpose entity acceptable to CRDA) for the purposes of redeveloping 275 Pearl Street, Hartford CT, such loan totaling \$2,868,500 at 1% interest only for three years and 1.5% interest with a 1% annual principle write down thereafter, with a 20 year term, subject to: 1/ sufficient funds being available within the City/CRDA revolving loan account; 2/ all other project funds being secured to

reconstruct 275 Pearl Street into 39 residential units and 4000 s.f. of retail space; and 3/ all appropriate City of Hartford actions for the property's disposition being approved."

Project - 525 Main Street

Background: This property is one of two recently offered for sale/redevelopment by the City of Hartford and for which the City requests CRDA's assistance in underwriting and servicing a municipally funded redevelopment loan. The CRDA board approved a Memorandum of Understanding at its September 2021 meeting to perform these tasks as part of a larger effort to undertake economic development in partnership with the City and funded by a combination of monies including federal "American Recovery Program" funds and various municipal redevelopment programs.

The property consists of three parcels including a partially occupied 32,000 (est) s.f. building as phase 1 and two vacant lots at 17 & 21 Wells Street for a future new construction phase. The City will enter into a purchase and sale agreement for 525 Main and an option to sell the Wells St properties subject to land disposition/development agreements governing the proposed mixed use of the building, community benefits, schedules, financing, affordable housing and resident, MBE and wage requirements as well as a municipal tax agreement. The agreements will be submitted to the City Council in October 2021.

The multiple objectives including returning the property to the tax rolls, increasing the municipal housing stock and removing the cost of the properties' operation from the annual municipal budget.

Proposal: The City selected Wonderworks to purchase and redevelop the property. A sales price of \$425,000 for the building has been offered (the Wells Street land option will be subject of future price negotiations when triggered). Wonder Works Construction Corp has proposed a mixed-use project including 42 residential units (20% affordable, 9 units) while maintaining the 2750 sf of retail space. The total project is expected to have a development budget of \$7.8M to be sourced as follows:

Bank Senior Mortgage:	\$ 3,200,000	
Equity:	1,305,828	(\$420,584 deferred dev fee)
Historic Credits (State)	800,000	(to be bridged financed)
CRDA Loan	2,116,162	(funded by municipal development funds)
City Purchase Mortgage	<u>425,000</u>	(priority over municipal loan)
Total Dev Cost	\$ 7,846,990	

"CRDA" Loan: Funded by the City but monitored and serviced by CRDA, the \$2,116,162 subordinate loan will be available at 1% only for three years and then 2.5% interest with an additional 1% buydown of principle annually. Funds will be returned to a revolving loan fund managed by CRDA but owned by the City for future redevelopment projects in accordance with the CRDA/City of Hartford MOU. Fifty percent of proceeds shall be made available at any refinancing to retire the city contribution with total repayment upon any sale of the asset.

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

"In accordance with the City/CRDA MOU, the executive director is authorized to execute such documents as necessary and appropriate to fund a loan to Wonder Works Construction Corporation (or such single purpose entity acceptable to CRDA) for the purposes of redeveloping 525 Main Street, Hartford CT, such loan totaling \$2,116,162 at 1% interest for three years and 2.5% interest with a 1% annual principle write down thereafter, with a 20 year term, subject to: 1/ sufficient funds being available within the City/CRDA revolving loan account; 2/ all other project funds being secured to

reconstruct 525 Main Street into 42 residential units and 2750 s.f. of retail space; and 3/ all appropriate City of Hartford actions for the property's disposition being approved.”

Mr. Freimuth presented photos of Brackett Knoll to help explain the issues that have held up the project.

Project - Brackett Knoll

Background: In 2017, the State Bond Commission allocated \$1.55M to CRDA in the form of an infrastructure grant to construct an extension of Naugatuck Street, along its old route east of Clark Street to create 14 new subdivided lots. The actual housing project known as Brackett Knoll is not part of CRDA scope and is being developed by Toraal Development in the city’s Promise Zone with the support of the State DOH with federal housing funds. This second phase complements completed houses on Westland Street. The 14 new lots will provide 28 units, one-half homeowner occupied. Five of the 14 two family homes are currently in construction.

Issues: CRDA issued an RFP for the road construction twice. The first round produced five bids, all over budget. The scope was adjusted causing delays that also resulted in changes demanded by MDC. The project was re-bid, now resulting in one low bid, still over budget. Additional funds were allocated by the City, further adjustments were made to the scope and in June 2019, CRDA allocated \$154,000 from its Housing Initiative Revolving Capital Fund (replenished funds from project repayments) to close the gap.

Over the last two years the road has been a continuous construction problem, due in large part to additional and multiple utility changes resulting from field conditions as well as the discovery of abandoned water, storm and gas lines and bad soils. While the road is essentially complete as of Oct 21, 2021, there remains the need to remove the contaminated soils discovered at the site. The estimate for this soil removal is \$125,000.

The following motion was made by Andy Bessette, seconded by Luke Bronin and approved
“The Board authorizes the use of up to \$125,000 from the CRDA Housing Initiative Revolving Fund to provide additional funding to the Brackett Knoll project to be used for the removal of remaining contaminated soils resulting from the road excavation and related clean up. Unused funds shall be returned to the revolving loan fund.”

Other Projects

Colt U – Almost fully leased, waiting on final CO

Temple Street – property financing is closed

289 Asylum – has been paid off

213 Lawrence – ready to close

Venue Committee

Andy Bessette, Chairman of the Venue Committee, reported on the following items:

XL Center – Both UConn Men’s Hockey and the Hartford Wolfpack have opened their 2021-2022 seasons, with UConn averaging 1,800 fans per game and the Wolfpack averaging 2,100. Per caps for both teams have averaged between \$15-\$16.

Unfortunately, the promoter has cancelled the USA Gymnastics’ “Gold Over America” tour that had been scheduled for November 2nd due to poor ticket sales. Events such as this rely heavily on group sales and these have slowed significantly due to COVID.

Upcoming events:

- U.S. Women vs. Canada Hockey game on October 25
- WWE Smackdown on November 19

In late September, Mike Freimuth and Spectra staff from the XL Center toured sports betting facilities in Philadelphia and Washington, D.C.

Pratt & Whitney Stadium – UConn football has played its first four home games of the 2021 season, with gate attendance averaging 8,100. The team is currently 1 and 3 at home, with games against Middle Tennessee (October 22nd) and Houston (November 27th) remaining.

Populous has also begun their Stadium building assessment with a review of game day operations earlier this month.

CT Convention Center – Since our last Board meeting, the Convention Center has hosted both an MMA event, as well as the Zeta Phi Beta sorority’s national conference. Upcoming events include a large tattoo convention this weekend and the annual home show in early November.

CRDA is currently awaiting Bond Commission approval on funding for replacement of the CUP cooling tower and installation of a much-needed second elevator at the Convention Center. (As you will recall, these projects were approved by the Board at our last meeting.) Repair work on the plaza between the Convention Center and Marriott Hotel is ongoing.

Dillon Stadium – Hartford Athletic (currently 11-4-14) will play their last regular season home match tomorrow night. In addition to 15 HA home matches, Dillon will host 59 Hartford Athletic-sponsored events and 33 community events in 2021.

Regional & Economic Development Projects Committee

Marcia Leclerc reported on the following items.

E. Hartford – Silver Lane - CRDA Board authorized the additional Silver Lane corridor investment.

Silver Lane Sidewalk & Pedestrian Bridge - thirteen firms that expressed interest in the projects

Pratt & Whitney Former Airfield- negotiating with a selected purchaser of the property.

Drainage system for Goodwin College – secured ARPA Funds, agreement sent to CRDA for attorneys to review.

Founders Plaza – still on the table for consideration

Great River Park – work has been delayed per the environmental permitting process, however Riverfront Recapture expects to complete some of the planned phase I improvements before year end.

Regional Market – HR&A have come back with an update on the original draft. It is a much stronger version focusing on the larger context of where the State agricultural policies is going and how the property can assist. It has since been forwarded to the Dept. of Ag for comments as we await response. Once this is complete, it will go back to the committee to bring it to a final report.

Habitat for Humanity – East Hartford sold land that will be used to build a private road with ten new homes, allowing ten E. Hartford families to purchase and help them build their financial network in the Town of E. Hartford in the Burnside Avenue area, which is on a bus line.

Shuttered Branch Library – using ARPA Funding, expansion and renovation of this property

Veterans Terrace – owned by the E. Hartford Housing Authority has been going through a significant demolition and renovation to that entire project.

Executive Director

Mr. Freimuth reported on the following projects and information.

Pratt Street – active construction

Colt U – completed construction

Park & Main – South bldg. completed

North bldg. on schedule for early next year

Bushnell So. Garage – waiting on the last components for elevators

Church St. Garage – working through Phase I rehab

September Executive Session – Per approval of the Executive Committee and as discussed during the executive session of the September 2021 meeting, salary increases for CRDA staff are being implemented as of July 1, 2021 consistent with state labor force negotiated increases, OPM guidance for adjustments to management salaries and the adopted CRDA budget for FY21-22.

Quasi Vaccine Policy – policy underway by Governor’s office, possibly through Executive Order in the next few weeks

CRDA Board Meeting Schedule – memo with 2022 Board Meeting dates included in the package and will continue to be held at 3:00pm until further notice.

Chairwoman Hopgood reported that in-person Board meetings will be determined in the near future as we wait for guidance regarding in-person meetings and vaccination policy.

Adjourned - 4:04pm

“The October 21, 2021 CRDA Board meeting minutes were approved by Randal Davis, seconded by Andy Bessette. Mike Walsh, George Psaras and Seila Mosquera-Bruno abstained.”