

Capital Region Development Authority

100 Columbus Boulevard, 5th Floor

Hartford, CT 06103

Thursday, December 15, 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; David Robinson; Alexandra Daum; George Psaras; David Jorgensen; Mayor Mike Walsh; Joanne Berger-Sweeney; Seila Mosquero-Bruno; Andrew Diaz-Matos.

Board Members Absent: Joseph Giuliatti; Robert Patricelli; Mayor Bronin

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

Minutes

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

Mayor Reports

Chairwoman Suzanne Hopgood introduced newly elected Mayor of East Hartford, Mike Walsh to the CRDA Board.

The following motion was made by Andy Bessette, seconded by Randal Davis and approved.

“Mayor Walsh has accepted the assignment of being named Chairman of the Regional and Economic Development Committee.”

Mayor Walsh reported on the following projects:

Rentschler Field Logistics Center - A program between P&W; Raytheon, the Town of E. Hartford and developer for 30 acres site in process

Fiber in the ground to all residents – Starts April 2022

Jasco Apt. Complex – A 360 unit, amenity rich, apartment complex, on the old Showcase Cinema site

Charter Oak Mall – keeping an eye on this as Stop & Shop is leaving E. Hartford

Habitat for Humanity – 10 homes being built on Burnside Avenue

Goodwin College - Presentation for housing along Goodwin College

Simon Konover – looking at developing housing along the river

Business Development Fund – developing a fund between \$2-\$4M – reshuffling of the ARPA funds

Goodwin Univ. Marina – to go before Town council on December 19

Chief Financial Officer Joseph Geremia reported on the following financial update for December 2021.

Fiscal Year 2022 Operating Statistics

CT Convention Center – Oct. 2021

Event Update: Events restarted in Sept. with ConnectiCon, MMA, and academic-related expos
Scheduled for 64 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

Oct. financials: Revenues \$299,500 unfavorable to budget due to recent event cancellations related to COVID-19
Expenses \$197,900 favorable to budget due to savings in personnel, utilities, and marketing
Net Loss of \$2.235M unfavorable to budget by \$101,600
Total year projection of \$5.846M loss even with budget

CRDA Parking Facilities – Oct. 2021

Stats: Utilization of 63% favorable to budget by 13%
Oct. financials: Revenues \$367,400 favorable to budget due to transient and hotel guest revenues
Expenses \$91,900 unfavorable compared to budget due to repairs & maintenance offset with savings in personnel and utilities
Net Income \$275,500 favorable to budget
Total year projection of \$819,200 net income even with budget

Church Street Garage – Oct. 2021

Stats: Utilization of 54% even with budget
Oct. financials: Revenue favorable to budget by \$49,600
Expenses \$56,300 favorable compared to budget due to savings in personnel, utilities as well as repair and maintenance
Net Income \$105,900 favorable to budget
Total year projection of \$325,600 net income even with budget

XL Center – Sept. 2021

Event Update: Seasons started for AHL hockey, UConn basketball, and UConn hockey
Family events remain on event schedule – indoor attendance a concern
Concert industry moving holds towards Fall of 2022 out of FY22 budget timeframe
Sept. financials: Event revenue \$106,200 unfavorable compared to budget due to Monster Jam storm cancellations scheduled to return in March 2022
Other Income currently \$312,200 unfavorable to budget pending sponsorship renegotiations
Operating expenses \$458,400 favorable compared to budget due to savings in personnel and utilities
Hockey operations \$161,400 favorable compared to budget
Net Loss of \$1,292,400 favorable to budget by \$201,300
Total year projection of \$3.644M loss even with budget dependent on concert activity

P&W Stadium at Rentschler Field – Oct. 2021

Event Update: Held 2 USA Soccer games, 5 UConn football games, and misc. parking lot events
Holding holiday lights show through January and NCAA Lacrosse event in May 2022
Oct. financials: Event revenue \$556,400 favorable compared to budget due to 2 USA Soccer games, 2 UConn football games, and parking lot events
Operating expenses \$177,100 unfavorable compared to budget due to F&B personnel
Net Operating Income of \$412,300 favorable to budget by \$387,800
Total year projection \$389,500 favorable compared to budget of \$879,000 loss dependent on remainder of UConn football season and NCAA Lacrosse event
\$522,300 received in State funding due to prior year losses related to COVID-19

CT Regional Market Oct. 2021

Stats: Occupancy: 82% with 12 tenants
Activity: Farmers' Market operated for 2021 season from April 3 through Oct. 30
Oct. financials: Operating revenue \$48,900 unfavorable to budget due to straight-lined budget
Operating expenses \$74,900 favorable to budget due to savings in building maintenance, utilities, insurance, and security
Net income of \$76,200 favorable to budget by \$26,000
Total year projection of \$229,600 net income even with budget

Dillon Stadium – Calendar Year – Oct. 2021

Calendar year revised operating expense budget of \$250,000
Oct. financials: Operating expenses of \$185,900 favorable to revised yearly \$250,000 budget by 9%
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 Year 2022 Financial Statements for the Three Months Ending 9/30/2021

Balance Sheet

- Current cash increase reflects timing differences with venues related to CRDA's ARPA funding
- Non-current housing loan's receivable increase reflects housing construction drawdowns from 100 Trumbull St., 99 Pratt St., the DONO C and Colt U projects as well as Park & Main St.
- Accounts payable net decrease relates to decreases within the CRDA Housing Initiative program

Statement of Revenues, Expenses and Changes in Net Position

- Grant Income reflects State appropriation, Deficiency funding, and ARPA funding
- Combined facilities income and expenses referenced in venue financial projections

George Psaras inquired as to the magnitude of loss due to COVID and can these numbers be quantified. Mr. Geremia responded that reports are given to OPM analysts however looking at the loss revenue for FY22 of what was budgeted, rough estimates are as follows: CTCC just over \$2M; XL just under \$2M; Rentschler Field \$1-2K.

Mr. Psaras inquired whether CRDA is current with all vendors. Mr. Geremia responded that in August 21 CRDA received deficiency funding for the prior two fiscal years. Once that happened everything was paid down and has been kept between 60 -90 days payable. Currently all venues have cash on hand and vendors have payables within that 90 day window.

Mr. Psaras asked what the unrestricted reserves are. Mr. Geremia answered by stating that unrestricted reserves are generally referred to as housing funds that is money coming back to CRDA a second time and repaid and that it can be reinvested in housing or sometimes used for regional economic projects as well based on the Executive Director and the CRDA Boards prerogative.

Bushnell South Garage FY2022 Budget

Mr. Geremia presented the seven-month Bushnell South Garage FY2022 Budget. This budget was prepared in coordination with the garage operator ProPark and some of the assumptions were based on a similar standalone garage at Church Street.

CRDA Bushnell South Garage FY2022 Budget	
REVENUE	Totals
Market Monthly	\$0
Transient	\$0
Event	\$0
Validations	\$0
Interest Income	\$0
Sales Tax	\$0
TOTAL OPERATING EXPENSES	\$0
OPERATING EXPENSES	
Salaries & Wages	\$86,852
Overtime Pay	\$2,540
Payroll Taxes & Employee Benefits	\$21,946
Advertising	\$1,275
Bank & Other Service Fees	\$975
Dues / Fees / Subscriptions	\$668
Data Processing	\$1,050
Employee Processing Fees	\$1,256
Liability Insurance	\$45,138
License & Permits	\$480
Office Supplies	\$825
Operating Supplies	\$970
Payroll Service Fees	\$1,390
Repairs and Maintenance	\$12,575
Professional Fees	\$6,380
Signage	\$5,800
Snow Plowing / Removal	\$8,000
Telephone	\$2,800
Uniforms & Laundry	\$2,100
Utilities	\$16,450
TOTAL OPERATING EXPENSES	\$219,470
NET OPERATING INCOME	(\$219,470)

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

To approve the FY2022 Bushnell South Garage Budget as presented.

A CRDA Salary Range Policy was developed in response to the State Audit suggestion that an official Salary Range chart be prepared.

CRDA’s operating procedures require that the Board of Directors establish a compensation plan, which shall consist of sufficient salary grade to provide compensation rates as may be determined to be necessary or desirable for all job classifications within the authority.

Salary range chart reflects full-time yearly salaries for employees who work forty (40) hours per week.

For each fiscal year after July 1, 2021, the yearly salary ranges shall be increased by the percentage increase, if any, in the Consumer Price Index -All Urban Consumers (CPI-U—U.S. City Average – All Items), as published by the Bureau of Labor Statistics of the U.S. Department of Labor, or of any revised or successor index hereafter published by the Bureau of Labor Statistics or other agency of the United States Government succeeding to its functions.

<u>Category/Grade</u>	<u>Minimum</u>	<u>Maximum</u>
Officer - Executive Director	190,000	235,000
Officer - Non-Executive Director	150,000	225,000
Non-Officer – Director	75,000	200,000
Non-Officer - Non-Director	45,000	150,000

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

“The CRDA Board of Directors approves the employee salary range chart as last updated on December 15, 2021.”

Mr. Geremia presented the Employee Performance Review for Board informational purposes. Mr. Bessette suggested “Exceed Expectations” should be added to the form. The change will be made to the form.

EMPLOYEE PERFORMANCE REVIEW

Employee Information

Employee Name: _____ Employee ID _____

Job Title: _____ Date _____

RATINGS

Meets Expectations

Needs Improvement

1. Job Knowledge/Cooperation:

Evaluation Factors: Has practical/technical knowledge to perform job, willingly accepts changes in assignments not directly related to the job.

2. Work Quality

Evaluation Factors: Work is completed accurately with few or no errors, uses proper procedures and methods.

3. Attendance/Punctuality

Evaluation Factors: Reports for work on time, provides advanced notice of vacation time.

4. Productivity

Evaluation Factors: Completes assigned tasks within required time frames and strives to meet deadlines
Comments: _____

Employee Signature (Receipt of Evaluation): _____

Reviewer Signature: _____

Executive Director Signature: _____

Housing & Neighborhood Committee

Joanne Berger-Sweeney and Mr. Freimuth reported on the following projects that were discussed and vetted by the CRDA Housing and Neighborhood committee on December 2, 2021.

88 Allyn LLC (aka Carriage House)

66 unit, \$21.1M completed conversion project

Refinance of Senior Note

Restructure of CRDA Note

Background: The Carriage House (aka 88 Allyn, 103-21 Allyn) was the conversion of the former Lewtan factory into residential and retail mixed use project. The building was initially funded by a combination of private bank loans, federal and state historic credits and CRDA subordinate financing.

The property was constructed during COVID and sustained a variety of delays and cost increases during that period, prompting two CRDA deferrals of interest as well as allowances by the senior lender. The senior lender was initially United Bank, succeeded by Peoples United (PUB), soon to be M&T. The developer has opted to not convert the senior construction loan with PUB/M&T into permanent financing and to refinance with another lender at more favorable interest rate and terms.

The residential portion of the building is now above 90% leased and operating revenues and expenses are firmer and more predictable than they were in pre-development and during Covid. One unit of the retail storefronts is leased with a second in negotiation.

CRDA must approve any refinancing and CRDA must restructure its subordinate note to meet the new cost profile and operating budget projections, including a reduction in the CRDA note size. CRDA reserve for the property’s performance as collateral to investor tax credits will also be released.

Refinance: Harbor One Bank, Brockton Mass will issue a new note to pay off the existing PUB note and meet construction cost increases and interest accruals due to delays in project delivery.

The new financing will be at an interest rate lower than PUB Permanent terms and will allow for the buy down of the CRDA note by \$1.4 million of principle and retire \$119,258 in deferred CRDA interest due to Covid. CRDA junior note will be reduced from \$6,748,697 to \$5,348,697.

The new CRDA note will be at 1% interest only for five years beginning amortization in yr 6 of P&I at 1% with a ten year term.

Existing CRDA reserve of \$261,000 will be released.

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

“The CRDA approves the refinancing of the senior loan with Harbor One Bank of an amount up to \$8.1M, 4%, 30 years with a ten year term for the 88 Allyn LLC project and upon commitment of the new senior loan, the executive director is authorized to take such action as necessary to restructure the CRDA note to \$5.348M at 1% interest only for years 1-5 and amortizing principle and interest in years 6-10 at 1%/40 year with a ten year term, effective January 2022 on assumption that CRDA primary note is paid down by \$1.4M, accrued CRDA interest in the amount of \$119,258 is paid and existing CRDA reserve of \$261,000 is released.”

Restructure Hilton Hotel (315 Trumbull Street, Hartford, CT)

Conversion of 393 Room hotel into mixed use Residential and Hotel building

Background: The downtown Hilton Hotel has struggled to perform for several years and was severely impacted by the Covid pandemic. Prior to Covid the hotel also confronted the need to undertake a major renovation in order to maintain the Hilton flag. Unfortunately, the hotel is now primed to close as federal PPP money that has sustained the property will shortly be fully expended. This will not only have an adverse impact on the downtown, further delaying the recovery from the pandemic, but it will have direct adverse impact on the operations of the Connecticut Convention Center and the XL Center as well.

Restructuring the property by converting it to a mixed use offers the best opportunity to sustain a level of hotel use while attracting capital to convert and stabilize a portion of the building as a residential development. Such a program preserves jobs and offers a solution to the long running economic problems with the building.

Strategy: The lower levels of the building will be renovated into a 166 room DoubleTree Hotel, offering a different, yet still premium Hilton product that is more flexible for the Hartford market.

The upper floors will be converted to 147 residential units (60 studio, 82 1BR, 5 2BR), 20% affordable.

During the conversion, the Hilton Hotel will continue to operate thereby limiting impact on ongoing Connecticut Convention Ctr events and existing employment.

Deal Structure: The property will be legally subdivided into a commercial condominium with the Waterford Group maintaining ownership of the hotel unit. The residential portion will be purchased, developed, and owned by the RMS Group. Each component will have its own capital stack and development budget, construction schedule and operating pro forma.

Double Tree	HUD 108/City of Hartford Loan	\$4.9M
	CRDA Loan	5.1M

	Additional Equity	<u>1 M</u>
	Total Dev Cost	\$11 M
Residential	Bank Financing	\$9.4 M
	CRDA Loan	.9 M
	Equity	<u>2.5M</u>
	Total Dev Cost	\$17.9M

CRDA Financing: The CRDA financing will be two loans. The first as subordinate financing of \$5.1M to an existing Federal/City loan to the Hotel and will be co-terminus with this primary financing. The CRDA loan will be at interest rate of no less than 3% and amortized at no more than 30 years but with a 9 year term.

The second CRDA loan will be to the residential project totaling \$5.9M amortizing over 30 years at 3% with a term co-terminus or no more than 2 years longer than the primary financing.

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

“The executive director is authorized to: 1/ lend to the Waterford Group (or such single purpose entity acceptable to CRDA) up to \$5.1M at an interest rate no less than 3%, and no more than 30 years amortization and co- terminus with existing debt on the property, for the purpose of renovating 166 rooms into a DoubleTree Hotel branded property; and 2/ to lend to the RMS Group (or such single purpose entity acceptable to CRDA) \$5.9 M at 3% amortizing over 30 years for purposes of converting existing Hilton hotel rooms into 147 residential units, 20% to be affordable, with the term to be co-terminus or no more than 2 years longer than any senior financing, subject to: a/ both components, hotel and residential proceeding concurrently and with all sources of funding and approvals secured; b/ State of Connecticut Bond Commission approval; and c/ such fiduciary terms and conditions that are necessary and appropriate to the satisfaction of the executive director and CRDA legal counsel.”

Project Updates:

105 Wyllys – this project will not be moving forward

Millenium – leased up at over 80%

Venue Committee

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

XL Center – Both the UConn Men’s Hockey and the Hartford Wolfpack seasons have been temporarily interrupted due to COVID. A number of players and team personnel have tested positive, resulting in the postponement of four Wolfpack and two UConn games earlier this month. Spectra reports that ours is not the only venue experiencing this, with games being rescheduled throughout the AHL.

UConn men’s and women’s basketball will each play one more game before the end of the calendar year. Both teams have been averaging about 6,000 fans per game, with men’s per caps averaging \$13 and women’s about \$8. Upcoming events include the Harlem Globetrotters later this month, as well as Disney on Ice and the Hartford Home Show in January.

Pratt & Whitney Stadium – UConn football closed out its 2021 season on November 27th with a record of 1 and 5 at home. Attendance averaged 7,000 fans per game, with concession per caps averaging just under \$18.

The Stadium will continue to host the “Magic of Light” drive-through holiday light show through January 2nd.

We are awaiting Bond Commission approval of funding for the planned Stadium building assessment. Populous is ready to begin their in-depth study of Stadium building systems once such funding is approved and a contract is signed.

CT Convention Center – The Convention Center is also awaiting Bond Commission approval of funding for replacement of the CUP cooling tower and installation of a much-needed second elevator. Repair work on the plaza between the Convention Center and Marriott Hotel is ongoing.

Upcoming events include Jurassic Quest later this month and the Bridal Expo and Northeast RV and Camping Show in January.

Dillon Stadium – CRDA, the City of Hartford and Hartford Athletic are finalizing the transfer of management responsibilities at Dillon. This transfer was contemplated in both the City’s 2019 Stadium Use Agreement with Hartford Athletic and CRDA’s Stadium Management Agreement with Spectra. Per our agreement with the City, CRDA will retain financial oversight of the Stadium.

Mr. Freimuth presented the following Convention Services Agreement with the understanding that it will be dedicated to downtown Hartford to help coordinate conventions with hotel rooms, restaurants and events going on in the city. Mayor Bronin would like to use some of the city’s ARPA funds to start a Downtown Hartford convention bureau to marry up to the activities at the convention center and add a convention visitor bureau person to help link the events with what is going on downtown.

A draft outline is presented as follows:

Convention Services Agreement

Background:

Chapter 588x of the Connecticut General Statutes authorizes the Authority to promote the Hartford area and to construct, operate, maintain, and market the Connecticut Convention Center (the “Convention Center”) to stimulate economic development;

CRDA and Waterford Venue Services Hartford, LLC (“Waterford”) entered into an agreement, dated July 1, 2017, and amended February 25, 2021, (the “CTCC Management Agreement”), pursuant to which Waterford would provide convention and marketing services for the Convention Center;

The City of Hartford wishes to increase the marketing of Hartford as a meeting/convention destination and to provide additional convention services for the Convention Center, including hospitality planning;

CRDA and the City find it desirous to utilize the CTCC Management Agreement to effect such additional services via a memorandum of understanding (“MOU”) containing the following general conditions.

Conditions:

Term: January 1, 2022 through December 31, 2024

Funding: The City shall provide an annual payment to CRDA of \$450,000

Services: CRDA, through Waterford, shall utilize the City Funding to provide additional Hartford area marketing and convention services on behalf of the City.

The following motion was moved by Andy Bessette, seconded by Randal Davis and approved.

“The CRDA Board of Directors hereby authorizes the Executive Director to enter into an MOU with the City to provide convention and marketing services for the Hartford area in accordance with the terms and conditions provided above.”

Mr. Psaras inquired whether Waterford was competitively bid. Mr. Freimuth responded that this was not competitively bid as it is an extension of the existing scope of services and budget currently being provided by convention services and approved by CRDA. Attorney Lazzaro & Mr. Freimuth discussed the scope of services. Mr. Psaras asked for a full scope of services to be sent to him.

Regional & Economic Development Projects Committee

Mr. Freimuth reported on the following items.

Regional Agricultural Market – The team should be prepared to present to the full board at the January meeting. This will include the recommended policy directive for this facility as well as outline its development program. The main items to be addressed are 1.) food supply and food security; 2.) to extend the season for farmers; 3.) the processing of food in the state.

Riverfront Recapture – Hartford Riverwalk Development Parcel

Background: In 2019, Riverfront Recapture purchased a 62-acre parcel located on the Hartford-Windsor town line to create a new riverfront community park connecting the Hartford Riverwalk (now known as the “Marfuggi Riverwalk”) and the Windsor Riverwalk. The new park would include a 9-acre cove for paddle sports

CRDA provided a \$1m grant-in-aid and \$125,000 bridge loan to Riverfront Recapture in 2019 to help finance development of the new park and funds have been used for land acquisition, demolition, design, permitting, environmental remediation and cove dredging. The bridge loan was paid off in January 2020.

A 10-acre section of the purchased parcel accessed from Meadow Rd in Windsor will be raised above the 100-year flood plain and reserved for potential mixed-use development, including housing, commercial and retail space. Riverfront is planning to engage the services of a consultant to assist with assessing the highest and best use of the property. They have asked for CRDA assistance in funding the study.

Proposal: CRDA would utilize its discretionary funds to provide up to \$25,000 grant-in-aid to Riverfront Recapture to help fund a development study of said 10-acre parcel, with the balance of any required funds coming from Riverfront.

The following motion was moved by Andy Bessette, seconded by Randal Davis and approved with Andrew Diaz Matos abstaining.

“The Board authorizes the Executive Director to use up to \$25,000 in CRDA discretionary funds to provide a grant to Riverfront Recapture for the purpose of hiring a consultant(s) to assist with development of a 10-acre parcel adjacent to the new park being created along the Hartford riverfront. Such funding shall be subject to 1/ all other required funds being secured and 2/such fiduciary terms

and conditions that are necessary and appropriate to the satisfaction of the executive director and CRDA legal counsel.”

Mr. Psaras asked what was the initial source of the \$25,000. Mr. Freimuth noted that the funds originate from the repayment to CRDA from various loans. Mr. Nicol answered project questions from Board members.

Executive Director

Mr. Freimuth reported on the following projects and information.

Pratt Street, both phases – active construction

PAL – in final stage

Brackett – in final stage

East Hartford, 3rd phase - waiting for guidance on ARPA funds

Park & Main – South bldg. is being leased; North Bldg. is still in construction

XL Center – Deep into discussions regarding sports betting and how best to use a portion of the XL Center. CT Lottery and Spectra are engaged with CRDA in the ongoing conversations.

Adjourned - 4:02pm