

**Capital Region Development Authority
100 Columbus Boulevard, 5th Floor
Hartford, CT 06103
Thursday, June 16, 2022
3:00pm – Teams Meeting**

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

Board Members Present: Chairwoman Suzanne Hopgood; Andy Bessette; Alexandra Daum; David Jorgensen; Andrew Diaz-Matos; Robert Patricelli; Paul Hinsch; Randal Davis; Seila Mosquera-Bruno; Mayor Mike Walsh; Mayor Luke Bronin; Joseph Giulietti

Board Members Absent: David Robinson; Joanne Berger-Sweeney

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

Move Order of Agenda – Add Discussion Item

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

“The CRDA Board of Directors hereby agrees to move the order of the agenda and to add a discussion item to the agenda pertaining to 89 Arch Street.”

Minutes

“The May 19, 2022 CRDA Board meeting minutes were moved by Andy Bessette, seconded by David Jorgensen and approved.”

Mayor Reports

Hartford – Mayor Bronin indicated that projects are all still ongoing as well as many more in the pipeline.

East Hartford – Mayor Walsh reported on the following:

Silver Lane Plaza – will be on P&Z Agenda on July 20 and will go the Council shortly after.

East Hartford Logistics and Technology Park at Rentschler Field – will go to P&Z in August

Si-Fi Networks FiberCity - fiber is going into the ground, 300 miles needs to be put into the ground and they are currently in the 5 to 6 mile range.

Charter Oak Mall – tenants are walking through it. We will update as things progress.

Business Development Fund – There are 90 applications for the half million-dollar ARPA Development Fund.

McCartin School – the plan is moving along and the assistance of CRDA has been helpful.

Apartments at Showcase Cinemas new name – The new name is Concourse Park. Master Plan was approved in June. Inland Wetlands on July 26 and onto P&Z in August.

Finance

Chief Financial Officer Joseph Geremia reported on the following Fiscal Year 2023 Budgets. He also thanked the many staff from the different venues that have worked for the last four months to get the budgets ready. Mr. Geremia noted that General Manager of the CT Convention Center Michael Costelli and General Manager of the XL Center and P & W Stadium at Rentschler Field, Ben Weiss were in attendance to answer questions of the Board.

Mr. Geremia also mentioned that CRDA garages will begin receiving additional electric vehicle charging station units. The garages currently pay for the ten electric charging stations. The forty-two stations that are being implemented, have the ability to charge for the service however, to date, there is no plan in place to charge for the service. This will be a discussion that will need CRDA Board approval in the future.

FY2023 Budget Process

1. Management companies/CRDA staff prepared draft budgets (March through May)
2. CRDA staff reviewed draft budgets followed by appropriate adjustments (May)
3. CRDA Board Venue Committee presented major venue budgets (May)
4. CRDA Board Executive & Finance Committee members presented state appropriation and major venue budgets (May)
5. Full Board presented state appropriation and major venue budgets for authorization (June)

CRDA State Appropriation Allocation Request

	<u>CRDA</u>	<u>CTCC</u> ¹	<u>XL Center</u> ²	<u>Total</u>
FY23 Appropriation	\$1,265,821	\$4,183,300	\$800,000	\$6,249,121
FY22 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 \$1.4M 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	<u>CRDA</u> ³	<u>Total</u>
FY23 Appropriation	\$1,175,000	\$1,100,000	\$ 25,000	\$200,000	\$2,500,000
FY22 Appropriation	\$2,100,000	\$2,000,000	\$900,000	\$ 0	\$5,000,000

¹ - CTCC funding includes convention services subsidy program funding of \$50,000 and \$100,000 in FY23 and FY22 respectively.

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.

³ - CRDA \$200,000 appropriation to be held in reserve to allocate to a major venue based on FY23 financial results.

CT Convention Center FY23 Operating Budget: (\$5,258,300)

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 77% and concession income representing 23%.

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.

FY23 Net Operating Loss of \$5,258,300 without CRDA appropriation.

Projected CRDA appropriation of \$4,133,300 and ARPA funding of \$1,125,000 totaling \$5,258,300.

Convention Services Subsidy Program FY23 Operating Budget (expenses): \$173,750

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 ARPA funding of \$50,000.

XL Center FY23 Operating Budget: (\$3,295,218)

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.

FY23 Net Operating Loss of \$3,295,218 without CRDA appropriation.

Projected CRDA appropriation of \$800,000 and ARPA funding of \$1,100,000 as well as \$1,400,000 in excess revenues from the Church St. garage totaling \$3,300,000.

CRDA Office FY23 Operating Budget: \$330,744

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 \$751,666.

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 \$1,265,821.

Mr. Geremia stated that with the approval of this budget, CRDA will implement the employee salary increases and compensation plan items per the May 10, 2022 OPM compensation memo.

Pratt & Whitney Stadium @ Rentschler Field FY23 Operating Budget: (\$1,323,673)

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 projections provided by UConn Athletics Department.

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

FY23 Net Operating Loss of \$1,323,673.

Projected UConn operating assessment of \$250,000 and State ARPA funding of \$25,000.

Projected additional funding of \$1,048,673 to be determined and allotted by OPM.

Mr. Geremia noted that the attendance estimates for the UConn football season are based on data received from the UConn Athletics Department.

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

"The CRDA Board of Directors hereby authorizes the State Appropriation and American Recovery Plan FYE2023 Allocation requests and the four FYE 2023 Budgets under the scenarios recommended by management subject to available funds known as: CT Convention Center; Convention Services Subsidy Program; XL Center; CRDA Office; and for OPM review and recommendation purposes, Pratt & Whitney Stadium @ Rentschler Field."

Bob Patricelli asked if he could raise a question directed to Commissioner Guilietti regarding the Amtrak train trestle on Farmington Avenue. Mr. Patricelli would like to know if CRDA can somehow get involved in putting electric signage to promote the activities that are happening in CRDA's venues as well as other Hartford activities. Commissioner Guilietti indicated that the signage belongs to Amtrak however he would look into it further.

Housing & Neighborhood Committee

Michael Freimuth, reported on the following project that was discussed and vetted by the CRDA Housing and Neighborhood committee on June 3, 2022.

200 Constitution Plaza

Project:	Conversion of former training/office building into 101 residential units 125,000 sf vacant commercial space, linked to underground garage system
Developers:	Biagio Barone, Barone Properties, Stratford, CT John Guedes, Primrose Companies, Bridgeport, CT
Proposal:	Conversion into 101 units – 24 1BR, 28 2BR, 49 studios 10% affordable units Preservation of auditorium/conference areas of first floor
Sources:	\$13.75 M conventional financing 25 yr amortization/10 yr term 2.0 M equity <u>3.0 M</u> CRDA loan, 3%, 25yr amortization/10 yr term \$18.75 M TDC

After a discussion amongst Board members, the following motion was moved by Andy Bessette, seconded by David Jorgensen and approved.

“The Executive Director is authorized to make a housing loan of up to \$3 million at an interest rate of up to 3% with 25 years amortization and a ten year term to the development team of Biagio Barone and John Guedes (together forming a single purpose entity acceptable to CRDA) for the purpose of converting 200 Constitution Plaza into 101 residential units, 10% of which shall be affordable for a period of 15 years, subject to 1/all sources of funding and approvals being secured; 2/State of Connecticut Bond Commission allocation and approval; and 3/such fiduciary terms and conditions that are necessary and appropriate to the satisfaction of the executive director and CRDA counsel. “

Mr. Freimuth reported on the following other projects:

- Housing - Rents are holding as is demand
- Park & Main second building – is already leasing while construction nears final completion
- DoNo – Randy Salvatore’s project – 45 units already leased in Phase I
- 700 + units will be coming online in the next twelve months from multiple CRDA projects

Regional and Economic Development Projects Committee (RED)s

Mr. Freimuth stated that the Regional and Economic Development Projects Committee had not met this month. Projects are being worked on though they are not ready to be reported to the Board yet.

Venue Committee

Kim Hart gave the Venue Committee report in Andy Bessette’s absence:

XL Center

Sports Betting Lounge-- An agreement template is being reviewed by both CRDA and the CT Lottery Corporation (CLC). The agreement will stipulate that CLC will operate the betting components of the new facility through its subcontractor, Rush Street Gaming. In turn, CRDA, through Spectra Venue Management, will operate the food and beverage component, along with maintaining the facility as part

of the XL Center. Net betting proceeds will flow to CRDA through the Office of Policy and Management. The facility is expected to open in late 2022 or early 2023.

OVG Partnership - As noted at previous Board meetings, OVG – the new owner of Spectra Venue Management - has been evaluating XL’s potential to host premier concerts, with a focus on seating and load-in capacity. That evaluation has concluded that the seating bowl can be reconfigured to accommodate the 13,500 seats and staging layout required for large concerts. Improving the venue’s load-in and load-out capacity will be more problematic, but potential solutions have been identified. Additional improvements and a “refresh” of the XL concourse will also be required.

The next step will be estimating the cost of the desired improvements and a proposal from OVG is expected in late June or early July. That proposal will be reviewed by CRDA and then likely forwarded to the Governor and General Assembly.

Space Utilization - CRDA has recently learned that with the partial conversion of the neighboring Hartford Hilton to residential units, there are areas of the hotel that will no longer be utilized. These areas are adjacent to the bridge linking the XL Center to the Church Street garage and may prove useful to the venue for office, admin. or other back-of-house space.

Pratt & Whitney Stadium at Rentschler Field

Lacrosse - The NCAA Lacrosse Championships held at the Stadium over Memorial Day weekend significantly exceeded Spectra’s revenue estimates. Some 45,000 people attended games over the three-day weekend and per caps were well over \$20. Having hosted the quarterfinals in 2019 and the finals in both 2021 and 2022, it’s not likely the Stadium will host any lacrosse tournaments until the next NCAA site selection cycle begins in 2025.

Building Assessment - Populous is finishing up cost estimating associated with its Stadium building assessment and will submit a final draft this week. The assessment and its recommendations will form the basis of the facility’s long-term capital plan. As noted previously, this report comes at a critical time with the expiration of the OPM/UConn lease, the OPM/CRDA Stadium operating agreement and the CRDA/Spectra management agreement.

Repair Work - CRDA will be requesting a \$500k drawdown of bond funds previously authorized for the Stadium to address necessary repairs and refurbishment of certain back-of-house facilities, as well as portions of the Stadium bowl. Such work shall include concrete repair, caulking, painting, replacement of damaged bathroom fixtures, flooring and ceiling sections, LED lighting and sound system upgrades and other repairs. The Bond Commission is expected to meet sometime in July.

Connecticut Convention Center - The number of Convention Center events and attendees remains down, but these are expected to rebound over the next year. The plaza repair work between the Convention Center and the Marriott is nearly complete, while design work on the second elevator continues. The cooling tower replacement project is expected to start this fall.

Executive Director Report

Following up on the discussion from the May Board meeting, Mr. Freimuth presented the following information requesting consent for the Parkville funding change.

Parkville Projects Funding Adjustments

Background - CRDA has been supporting several commercial projects in the Parkville neighborhood, all with multiple capital sources including local, state, federal, private as well as CRDA funds.

Two projects in particular are confronting issues with this mix of resources including Parkville Market 2 and the 235-237 Hamilton Ave mixed use conversion project.

The multiple resources have been difficult to blend and have conflicting timing, causing delay in project implementation

A solution is to better match CRDA monies with the timing, current budget and matching resources that are ready to go with each project.

CRDA has previously approved the use of \$4M from the 'City Development Fund" (CRDA/City MOU) to the second phase of Parkville Market (December 15, 2021).

CRDA Housing and Neighborhood Committee (January 7, 2022) approved the use of up to \$3.5M of CRDA Recapitalization Funds for the environmental clean-up of 235-7 Hamilton mixed use conversion.

As of June 2022, the Parkville 2 project is ready to go but at a modified and reduced budget requiring \$3.5M of CRDA Recap funds at the same loan terms as the previous award of \$4M from the city funds.

The 237 Hamilton funding structure continues to evolve, and several private sources require more extensive environmental assessment and clean up resolution prior to locking their funds. As such, utilization of the city development funds (CRDA/City MOU) at \$4M is more suitable for this project and necessary due to increased costs (from initial estimates of \$3M+) and it can proceed as an independent task prior to the other funding streams coming on-line.

The developer lead is the same for each project and the combined CRDA funding (\$4M from city development funds and \$3.5M from CRDA recapitalization funds) remains the same though allocated differently to each project at the same loan interest rate and terms for each construction note as previously authorized.

After a discussion, the following motion was moved by Andy Bessette, seconded by David Jorgensen and approved.

“Resolved, the Executive Director is authorized to redirect CRDA resources for the Parkville neighborhood, specifically allocating \$3.5M of CRDA Recapitalization funds to Parkville Market 2 at the same loan terms as previously approved and \$4M of City Funds per the CRDA/City MOU to the 235-7 Hamilton Project at the same loan terms as approved by CRDA Committee.”

89 Arch Street – Mr. Freimuth reported that there is a proposal for cannabis retailing at 89 Arch Street and CRDA has objected to using the property for this use. The State Statute requires CRDA (formerly CCEDA) to not only incentivize and lead the development of the district, but also to regulate the development within the district. The statute specifically prohibits certain uses, and it lists them.

On behalf of CRDA, Attorney Anthony Lazzaro attended the City of Hartford Planning & Zoning Committee hearing and objected to the proposal regarding a cannabis store at 89 Arch Street. Attorney Lazzaro indicated that the testimony was provided to the Director Chambers prior to the hearing and he

tried to follow-up to have a discussion regarding the testimony presented. He was unable to reach her. HB Nitkin, as master developer, wrote a letter objecting to the proposal which was not brought up at the hearing. The CT Convention Center wrote a letter objecting to the proposal as well. P&Z has tabled the discussion until a future meeting

David Jorgensen indicated that he opposes the proposal in the entertainment district. Paul Hinsch indicated that OPM views Adriaen's Landing similar to a historical district and opposes the proposal.

Mayor Bronin indicated that Corporation Counsel for the City, Howard Rifkin and Attorney Lazzaro should be in touch to the extent that there is a disagreement regarding the interpretation of the statute. Mayor Bronin suggested that there needs to be an informed discussion with a more detailed understanding about what is being proposed and what the State law already prohibits and why the analogy to liquor stores or head shops may not be apt.

The Chair acknowledged the objections of other Board members and agreed that more legal work was needed prior to having an educated discussion.

Mr. Freimuth also reported on the following items:

Bushnell South RFQ – Four responses to the RFQ for land that CRDA owns in the Bushnell South development area were received. A CRDA Board working group is needed to review these RFQ proposals.

Construction Update

- XL Center – Construction has begun on the sports betting facility

Suzanne Hopgood Recognition – Mr. Freimuth read a proclamation from Governor Lamont praising her for her work for nearly ten years of dedicated service as CRDA Board Chairwoman. The following proclamation was presented as this will be the final CRDA Board meeting presided by Ms. Hopgood.



By His Excellency Ned Lamont, Governor: an
Official Statement

*W*HEREAS, Suzanne Hopgood was appointed the first Chairperson of the newly created Capital Region Development Authority (CRDA) in 2012, and has successfully shepherded the Authority through its first decade; and

*W*HEREAS, Suzanne began her CRDA Chairmanship when Governor Malloy appointed her amongst the directors of the Board to preside over all regular and special meetings of the Authority, to call special meetings when she deemed it necessary, and performed such duties and powers from time-to-time; and

*W*HEREAS, with the leadership of Suzanne, the CRDA has been instrumental in the creation of over twenty-five hundred units of housing within the central business district of the State's capital city; and

*W*HEREAS, Suzanne has guided the staff and the Board through changes in the economic cycle, land use patterns, and a global pandemic while maintaining the Authority's focus and success; and

*W*HEREAS, Suzanne positioned the Authority to become a resource for regional communities in their pursuit of community renewal, a partner with State agencies and municipal governments; as well as civic-oriented not-for-profit organizations; and

*W*HEREAS, the Authority, during Suzanne's tenure repositioned the XL Center for future investment and success, completed development of the Front Street District, re-located the University of Connecticut's Hartford branch into the downtown, protected the value of large State assets such as the Connecticut Convention Center, Pratt & Whitney Stadium at Rentschler Field and the Connecticut Regional Market, and launched numerous neighborhood initiatives including new housing and economic development; and

*W*HEREAS, the Authority is very grateful for her leadership and her support to the staff, public, and Connecticut as a whole; now

*T*HEREFORE, I, Ned Lamont, Governor of the State of Connecticut – in recognition of her many years of service, and in honor of recognizing her dedication – do hereby officially convey honor upon

Suzanne Hopgood

in the State of Connecticut.



Ned Lamont

GOVERNOR

On behalf of the CRDA Board and staff, Mr. Freimuth thanked Chairwoman Hopgood for her service to CRDA.

Adjourned - 4:20pm

“The Minutes of the June 16, 2022 CRDA Board meeting were approved by David Robinson, seconded by Robert Patricelli and approved at the September 15, 2022 CRDA Board meeting.”