

Capital Region Development Authority

100 Columbus Boulevard, 5th Floor

Hartford, CT 06103

Thursday, September 15, 2022

3:00pm – Teams Meeting

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

Board Members Present: Andy Bessette; Alexandra Daum; David Jorgensen; Andrew Diaz-Matos; Robert Patricelli; Paul Hinsch; Randal Davis; Seila Mosquera-Bruno; Mayor Mike Walsh; Joanne Berger-Sweeney; Joseph Giulietti; David Robinson

Board Members Absent: Mayor Luke Bronin

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

Guests from CohnReznick: Melissa Ferucci, CPA, Partner; MaryBeth Delvecchio, CPA, Sr. Manager and Aneta Maselek, CPA, Sr. Manager

Minutes

“The June 16, 2022 CRDA Board meeting minutes were moved by David Robinson, seconded by Bob Patricelli and approved.”

Mayor Reports

Hartford – Randal Davis reported on the following items in Mayor Bronin’s absence:

The Hilton – Thanks to Mike Freimuth, CRDA and the City of Hartford for getting the Hilton renovation deal closed and moving toward the construction phase.

Albany & Woodland – Passed City Council and will be moving forward

DONO-Phase I – currently almost 50% leased

Arrowhead - moving forward on the Arrowhead properties

Pratt Street/Trumbull Street – These buildings have been vacant for 20 years. The buildings are currently being built out.

Activities in Hartford - Music Fest at Riverfront, LGBTQ Fest, Yard Goats Game, Hartford Athletic and Church in the Park on Saturday

East Hartford – Mayor Walsh reported on the following:

Silver Lane– back in January, a Redevelopment Plan was started, which is required by CT General Statutes, and has been accepted by the redevelopment agency. The Plan advocates for more demolition. After outside counsel further review, this will go back to the redevelopment agency and then to Town Council.

National Development –A 280 acre option, 2.9M sq. ft. of warehousing space. At P&Z on Wednesday, September 14, 2022 and received approvals. There are still some items regarding a subdivision that will require a second meeting but otherwise it is moving ahead. They have agreed to a \$4M impact payment to the Town of East Hartford, some of it will close the East Coast Greenway gap, \$3M will go to create some type of sports or bubble facility for youth.

The National Development site is poised to construct near “Jasko” site, which is called Concourse Park I ready to go as well.

Business Development Fund - We put aside \$4.4M in a business development fund and have 65 applications, each one can be entitled to as much as \$125,000 to stimulate businesses or lure new business to the Town. The fund is already spoken for, \$375,000 has been paid out so far with the remainder of the applications being reviewed so it can be paid out.

Founders Plaza – we have had some interest in Founders Plaza. I would like to meet with Mayor Bronin, so we can discuss some of the benefit of the plaza development and what it can bring to his community.

Church Corners Inn – CRDA is helping develop a strategy for this 54 unit flop house. The town would like to take control and get approval from the City Council, on September 20, 2022, to buy and renovate it.

Si-Fi Networks FiberCity - fiber is going into the ground, 250 miles needs to be put into the ground and they are currently in the 10-mile range.

McCartin School – CRDA has been helpful planning for the demolition of McCartin School

Showcase Cinema site – Approved by P&Z. The land has to be transferred from the Town before permits can be pulled. The Town Council will receive the sale agreement and act on this in about a month.

First Inaugural East Hartford Works First Responder Academy – Twenty-four junior and seniors from East Hartford High school. They went through a four and half week, 4 to 6 hours a day course throughout the summer. The students were paid \$15 an hour through ARPA funds. Eighteen of the students are signing up to go through the academy to become East Hartford police officers or fire fighters.

363 Roberts Street – the former Holiday Inn was bought by Gary Patel and Marriott is rebranding the former inn and will be open in a about four months.

Finance

CRDA CFO Joseph Geremia reported that CRDA completed the FY22 Audit. The audit was performed by CohnReznick. The audit is a section of the entire CRDA Annual Report which needs to be delivered to numerous State officials prior to September 30, 2022 once it is approved by the full Board. Mr. Geremia introduced Melissa Ferrucci, Partner from CohnReznick. Rentschler Field is a separate audit not consolidated within the CRDA financials.

FY2021-22 Audit Report – Ms. Ferrucci shared her screen for the presentation of the Audit and introduced MaryBeth Delvecchio, Sr. Manager and Aneta Maselek, Manager on this engagement.

Ms. Ferrucci expressed thanks to Mike Freimuth, Joseph Geremia and his staff for cooperation and a smooth audit process.

Ms. Ferrucci explained that the firm have been auditing the authority, the facilities and Rentschler Stadium for the last five years. She discussed the Special Purpose Statements which are separate audits of the XL Center, the CT Convention Center (CTCC) and CRDA Parking facilities and those three audits get consolidated into the Capital Region Development Authority. Also discussed are highlights from Rentschler Field. The auditors reported on the Federal Single Audit.

Marybeth Delvecchia reported on the Special Purpose Statements, performed in accordance with the auditing standards issued by the AICPA for the XL Center, CT Convention Center and CRDA Parking Facilities. The audits are performed on a contractual basis which means performed based on the contracts related to those entities.

XL Center and the CT Convention Center both had funding from the American Rescue Plan Act (ARPA). XL Center had \$2.086M and the CTCC had \$2.614M. For both entities the funding was

included in their revenue proceeds. Additionally, they both had Coronavirus relief funds, XL with \$101k and CTCC \$321k. Again, those proceeds were recorded in revenue and offset with expense. Both the XL Center and CTCC had a significant increase in activity/events as well as an increase was noticed at the parking facilities. This was due to the release of State restrictions that had been put in place due to the pandemic.

There was a change in the management company for the parking facilities over to ProPark.

Aneta Maselek reviewed CRDA & the Stadium at Rentschler Field. Both audits were performed in accordance with the Auditing standards issued by the American Institute of Certified Public Accountants and Government auditing standards issued by the Government Accountability Office. Both audits will be issued with unmodified opinions, which is considered a clean opinion. Two opinions will be issued, one is the financial statement as a whole and the second opinion is Compliance and Internal Controls over Financial Reporting.

- There were no instances of material noncompliance identified
- There were no material weaknesses in internal control identified.

FY22 was the first year that required the adoption of GASB 87, which pertains to leases including tenants, billboards, parking facilities and land. GASB 87 will be ongoing and will be amortized every year. In FY22, CRDA also received ARPA funds of \$4.8M; continuation of Coronavirus relief funds reported as \$455k; Bushnell South garage capitalized \$16M. Auditors would like to note that they are waiting on the OPEB valuation report from the State Comptroller's office and office of the Auditors of Public Accounts, so the disclosures of the financial statement will still need to be updated.

For the Stadium at Rentschler Field it was a similar case. There was an adoption and implementation of GASB 87 – which related to leases for cell towers. The stadium received Coronavirus relief funds, \$30k & ARPA funds, \$22k. A significant increase in activity and events was also seen at the stadium. There were no subsequent events noted, that would require financial statement disclosure, for the stadium, CRDA or other venues.

Ms. Ferrucci reported that this is the second-year reporting under the Federal Single Audit in terms of the grant revenues received in the grant expenditures reported this year as the ARPA funding was \$4,822,400. That program was tested as a major program in our single audit. The total federal expenditures reported equals \$5,277,69, which includes the remaining Coronavirus relief funds. There were no findings or question costs noted.

There are certain communications that are required to be communicated to the Board as part of the audit and these include the following:

- No difficulties encountered in performing the audit
- Passed adjusting journal entries – Parking Facilities
- No disagreements with management
- Management representations
- No management consultations with other independent accountants
- No audit fundings or issues
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Looking ahead to FYE2023, the new accounting standards issued will be:

- GASB 91 – Conduit Debt

- GASB 94 – Public-Private Partnerships
- GASB 96 – Subscription-Based Information Technology Arrangements

Joseph Geremia thanked the auditors, staff and the venues for the many hours of work that helped to get the audit completed.

Mike Freimuth reported on some highlights of the annual report.

Post COVID, all venues needed to be re-opened. It took time to get the venues up and running again.

- P&W Stadium had one of its best non-UConn years with soccer and lacrosse being very significant to the bottom line.
- Legislative clarification on how to implement sports betting so that when it is implemented at XL, those revenues will flow from the Lottery to the XL building.
- Redevelopment activity to highlight the last year includes:
 - o Bushnell South Garage – opening up and allowing CRDA to seek RFP for developers to develop the other adjoining parcels.
 - o Hilton – apartments and conversion to DoubleTree
 - o East Hartford - Silver Lane area; theater project
 - o Agricultural Market – Redevelopment Plan
 - o Downtown Crossing – construction
 - o Convention Center – major upgrades to water proofing area along the plaza between Marriott and CTCC. New elevator work continues.
 - o Housing – 2800 units of housing has translated into \$300M in new property value
 - o Parking – reduction in corporate activity downtown has impacted all buildings which means revenue is down in all garages. CRDA manages over 17,000 parking spaces.
 - o CRDA is doing some Great River work as well as riverfront work on the Windsor line
 - o Work is completed on road system at the Brackett Knoll project
 - o Willow Creek housing projects are underway
 - o Quirk Middle School – completed
 - o Parkville Market – CRDA has been paid off on the first loans and funds have been rolled into a new project across the street with environmental cleanup of a large industrial project.
 - o Entered into an agreement with City of Hartford to manage some redevelopment funds, that they have on their behalf, i.e. firehouse and 525 Main Street projects.

The following motion was moved by David Jorgensen, seconded by Joanne Berger-Sweeney and approved.

“The CRDA Board of Directors hereby approves the CRDA Annual Report/Audit for FY2021-2022, the CRDA Federal Awards Audit, and the Stadium at Rentschler Field Audit for FY2021-2022 with the recommended modifications as presented by Cohn-Reznick and authorizes the Executive Director to forward to the Governor, General Assembly and Auditors of Public Accounts.”

Housing & Neighborhood Committee

Joanne Berger-Sweeney reported that the rentals and the properties are quite outstanding, and it certainly seems that post COVID CRDA’s properties are still being leased downtown. Everyone should be impressed that 2800 units have been built but even more so that occupancy of those units is so high in general.

Michael Freimuth further reported that the summer was used to get projects closed and new projects will be brought to the committee in October including Arrowhead Block as well as a project on Albany Avenue and the rebuilding of the MLK project. Also, the Pratt Street Apartments are close to completion and should be coming on-line January 2023 as well as Temple Street student housing being made into more conventional housing.

Bob Patricelli asked if CRDA is involved in any office space to residential conversions and do we have an opinion. Mr. Freimuth indicated that he has been approached by several property owners of commercial properties. The dynamic is what may be good for the individual developer may not be the right policy for the City per se. What part of the inventory of office buildings needs to be sustained as commercial and what part of the inventory could be converted. Some of it has to do with the nature of the individual buildings and their locations, some of it has to do with their current occupancies and where they are at financially.

Vice Chairman Andy Bessette asked how much housing in downtown Hartford is enough or too much? Given the dynamic of the change in the workforce downtown it would be interesting to have this studied so we could have an idea where to invest. Mr. Freimuth agreed and stated that CRDA's statutory goal is 3,000, however he's read studies regarding what the critical mass necessary to drive retail, grocery stores, etc. and that number is more like 5,000. Joanne Berger Sweeney pointed out that she had read even higher, at about 7,000.

Ms. Berger-Sweeney further commented that the Committee has also been discussing rental leasing vs. the ability to purchase property downtown, adding what is the appropriate mix, what are we trying to promote?

Mr. Freimuth reported that Joanne Berger-Sweeney, Andrew Diaz-Matos and Mayor Bronin have been involved in the efforts to look at the proposals for Bushnell South and those very same questions are on the table.

David Robinson asked if we are seeing any other communities doing anything creative whether it's from a state tax credit perspective or when it comes to the vacant office space that we are all dealing with. Mr. Freimuth responded by saying there seems to be two thoughts, the first, trying to figure it out and the other ignoring it and hoping it gets better on its own.

Regional and Economic Development Projects Committee (RED)s

Mayor Walsh indicated that he had covered all the projects in his Mayor report so he is going to pass.

Venue Committee

Andy Bessette reported on the following Venue Committee items for September:

XL Center

Sports Betting Lounge – As noted in the press this week, supply chain issues are expected to delay the opening of the new sports betting lounge at XL until sometime in the spring. Long lead times on the glass curtain wall, video boards and HVAC equipment have forced Dimeo, CRDA's construction manager, to also change the sequencing of the project. Work has also been scheduled so as not to impact events this fall and winter. The XL Center did not include any betting revenues from the new

lounge in its current fiscal year budget, so the delay will not adversely impact the arena from a budget perspective.

The two agreements required for operation of the betting facility are nearing completion and will be presented to the Venue Committee and Board next month. The first, between CRDA and OPM, stipulates how the net betting proceeds will flow from the CT Lottery Corporation (CLC) to CRDA through OPM per the implementing legislation. The second, between CRDA and CLC outlines how CLC will operate the betting components of the new facility through its subcontractor, Rush Street Gaming. CRDA, through OVG, will operate the food and beverage component, along with maintaining the facility as part of the XL Center.

OVG Partnership – OVG has expressed its interest in moving forward with a partnership on XL. CRDA has determined that it can accommodate OVG’s requested upgrades related to concert seating, the arena concourse and loading dock accessibility. OVG is working on a formal business proposal that will come back to the State for approval.

Connecticut Convention Center

Capital Projects - The cooling tower replacement project within the Convention Center’s Central Utility Plant is current underway and the new tower should be installed sometime in October. Installation of a second elevator is also underway, and it should be operational by December.

Events - Event bookings have been lower than expected, particularly corporate trade shows, which drive much of the Center’s food and beverage revenue. The Van Gogh immersive experience currently in the building has done extremely well, selling nearly 60,000 tickets to date. The show was to close on October 2, 2022 however it has been extended for another three weeks. The ConnectiCon convention returned this summer and attendance was close to pre-Covid levels.

Pratt & Whitney Stadium at Rentschler Field

The comprehensive building assessment conducted by Populous has been released. The report notes that while the Stadium has been well-maintained over the last twenty years, it will need some \$63.3 million in repairs and upgrades over the next five years. The most pressing issues are the replacement of Tower roof membrane, technology and security upgrades to make the building more functional and replacement of equipment that has reached the end of its useful life, including the playing field’s irrigation system. CRDA is planning to ask for \$24 million in the next biennial budget to begin implementation of Populous’ recommendations. As noted at the last Committee meeting, this report comes at a critical time with the expiration of the OPM/UConn lease, the OPM/CRDA Stadium operating agreement and the CRDA/OVG management agreement. The full report is posted on CRDA’s webpage at CRDACT.NET.

Executive Director Report

Mr. Freimuth presented the following items:

Bushnell South – Andrew Diaz-Matos, Joanne Berger-Sweeney and Mayor Bronin interviewed, held meetings and had discussions regarding the RFP. Two development companies that applied are being asked to come back in as they are very close in scoring. A recommendation is expected shortly on a Bushnell South developer.

Parking Garage Revenue – it is an issue that is being closely monitored. Due to the current return-to-work experience downtown, some large parking contracts have not been renewed or have been renewed in a smaller capacity. That is obviously impacting the income revenue from the garages.

Bond Commission –

Fuller Brush - Funding for the Fuller Brush property has been approved. This is a conversion of the first two buildings to residential.

Repairs – CRDA received funds to do some minor repairs at the Convention Center and P&W Stadium at Rentschler Field.

East Hartford - Technical amendments to modify how funds for East Hartford are used

Regional Market – scheduling a conversation with Commissioner of Agriculture prior to legislative session to bring our plan into implementation.

Food Truck Event – The Regional Market hosted a food truck event that was relatively successful. It was a different way of trying to use the property and generate interest.

89 Arch – Due to statutory and contractual reasons, CRDA opposed putting a cannabis shop in the space at 89 Arch.

October Board Meeting – perhaps in person but also an ability to join virtually. No consensus on whether it will be 3pm or 6pm.

Construction –

- Park & Main is nearing completion – 80% occupied
- DoNo – Parcel C – Ribbon cutting in October
- Hilton – Construction to start soon
- Pratt Street – wrapping up construction
- East Hartford – waiting for permits on some of the Riverfront items
- Church Street Garage – ongoing multi-year project
- XL – Sports betting is primarily construction activity however kitchen and bathroom upgrades have been undertaken as well

Adjourn – 4:06pm

The Minutes from the September 15, 2022 Board meeting were moved by Luke Bronin, seconded by David Robinson and approved at the October 20, 2022 Board meeting.