

Capital Region Development Authority

100 Columbus Boulevard, 5th Floor

Hartford, CT 06103

Thursday, October 20, 2022

3:00pm – Teams Meeting

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

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

Board Members Absent: Joseph Giuliatti; Mike Walsh

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

Guest: Eileen Buckheit, East Hartford

Minutes

“The September 15, 2022, CRDA Board meeting minutes were moved by Luke Bronin, seconded by David Robinson and approved.”

Mayor Reports

Hartford – Mayor Bronin reported on the following items:

The Hilton – The Hilton deal is closed. Partial conversion to residential, maintaining half of the building as a DoubleTree hotel will begin in Spring 2023.

525 Main St. & 275 Pearl – These historic reuse projects of City owned properties are moving to a closing date.

Albany & Woodland – Pushing forward with the development on Albany Ave.

270 Albany Block – Mixed use development proposed.

237 Hamilton – working hard to move forward on this project, environmental work underway.

Arrowhead - moving forward on the Arrowhead properties

17-35 Bartholomew – pushing forward on the Parking garage/residential development.

Hart Life Program – success of the grant funding program which is available to property owners with vacant or unleased ground floor retail space. Incentivizing small businesses to open stores in vacant retail spaces.

Federal Government Court house site selection process – three sites have been identified and they are prime developable lots. This process may cause delays in developing these lots due to the Federal Governments timing regarding choosing a lot for the new courthouse that will ultimately be tax free development.

Bob Patricelli inquired about the CRDA Boards involvement regarding the new federal courthouse. Mayor Bronin indicated that there will be an extensive public engagement process as part of the GSA. I expect that Board members will be able to express their views as both individuals, as representatives of various organizations and as members of the Board and perhaps as the Board as a whole. The GSA committee will ultimately make the decision.

East Hartford – Eileen Buckheit reported on the following in Mayor Walsh’s absence:

Silver Lane – on October 27th there will be a public hearing on the acquisition of the 19-acre site. This is the property that is to the South of the development of the Showcase Cinema site.

860 Main – The Town has a purchase and sales agreement for this property, a 53-unit rooming house at the intersection of Connecticut Boulevard and Main Street. The Town is preparing to close on the property at the beginning of November and will be responsible for the relocation of those tenants. The hope is to get as far as possible with some interior demolition, saving the front of the building, for historic purposes and then repurposing the building for 30 one-bedroom apartments.

National Development – They did complete their approvals for 280 acres. The subdivision was approved at the end of September. They are applying for building permit applications for the 2.4M sq.ft. at Rentschler Field.

ARPA Applications – approximately six have been completed and the Town has approximately \$3M to go in the business fund.

363 Roberts Street – the former Holiday Inn was bought by Gary Patel and Marriott is rebranding the former inn and will be open in late 2023/early 2024.

Finance

CRDA CFO Joseph Geremia reported on the following October 2022 Financial update.

Fiscal Year 2023 Operating Statistics

CT Convention Center – Aug. 2022

Event Update: Scheduled for 91 events this fiscal year vs. budget of 74 events
Video gaming and dancing events remain on schedule; short-term meeting segment returning; increase in event inquiries

Aug. financials: Revenues \$104,100 unfavorable to budget due to recent event cancellation
Expenses \$30,100 favorable to budget due to savings in event personnel and expenses offset with higher utilities usage
Net Loss of \$1.146M unfavorable to budget by \$74,000
Total year projection of \$5.258M loss even with budget

CRDA Parking Facilities – Aug./Sept. 2022

Stats (Sept.): Utilization of 62% is favorable to budget by 6%

Aug. financials: Revenues \$216,500 favorable to budget due to transient and a large consumer show at the convention center in July
Expenses \$137,100 favorable compared to budget due to savings in personnel and for repairs & maintenance
Net Income \$353,600 favorable to budget
Total year projection of \$400,500 net income even with budget

Church Street Garage – Aug./Sept. 2022

Stats (Sept.): Utilization of 13% is unfavorable to budget by 4%

Aug. financials: Revenue favorable to budget by \$19,900 due to increase in corporate validations
Expenses \$396,900 favorable compared to budget due to deferral of CRDA facility support as well as savings in personnel and insurance
Net Income \$416,800 favorable to budget
Total year projection of \$742,800 net loss is even with budget

Significant reduction in one corporate account in September

Bushnell South Garage – Aug./Sept. 2022

Stats (Sept.): Averaging 200 state vehicles per day-48% utilization
Aug. financials: Revenues \$4,100 unfavorable to budget due to unrealized transient activity
Expenses \$5,600 unfavorable compared to budget due to increase in insurance
Net Loss \$9,700 unfavorable to budget
Total year projection of \$325,000 loss even with budget

XL Center – Aug. 2022

Event Update: Sports seasons for AHL hockey and UConn hockey beginning in October
Concert industry moved holds into Spring 2023
Increased event group sales activity
Aug. financials: Event revenue \$1,200 unfavorable compared to budget
Other Income \$207,000 unfavorable to budget due to sponsorships timing
Operating expenses \$98,500 favorable compared to budget due to savings in personnel
Hockey operations \$17,500 favorable compared to budget
Net Loss of \$1.043M unfavorable to budget by \$92,200
Total year projection of \$3.295M loss even with budget

P&W Stadium at Rentschler Field – Aug. 2022

Event Update: UConn football beginning in September
Aug. financials: Event revenue \$14,100 favorable compared to budget
Operating expenses \$16,100 unfavorable compared to budget due to utilities
Other Income \$3,800 favorable to budget
Net Operating loss of \$444,100 favorable to budget by \$1,800
Total year projection of \$1.324M loss even with budget

CT Regional Market - Aug. 2022

Stats: Occupancy: 81% with 13 tenants
Activity: Farmers' Market opened for 2022 season on April 2
Over 13,000 customers this season averaging 500 customers per weekend over 26 weeks
Aug. financials: Operating revenue \$3,700 favorable to budget
Operating expenses \$31,300 favorable to budget due to savings in utilities, insurance, and security
Net income of \$58,800 favorable to budget by \$35,000
Total year projection of \$150,600 net income even with budget

Housing & Neighborhood Committee

Joanne Berger-Sweeney reported that she sees housing holding its own and doing well. She reported on the following projects:

Bedford Gardens

Project: A change of ownership for this ten building 84-unit assembly known as Bedford Gardens Apartments located at 131-33 Brook and 119-37 Bedford Street in the City's North End Albany Avenue Corridor presents an opportunity to renovate the tired properties and preserve the 84 affordable units. Substantial renovation work totaling over \$100k per unit is envisioned but due to restricted rents, a funding gap exists beyond the low-income tax credits and CHFA mortgage structures commonly

available. A municipal contribution can assist in triggering various state and federal assistance. The City of Hartford has identified up to \$1M via its CRDA/MOU development fund for the project to assist and close the gap.

<u>Development Budget:</u>	Mortgage	\$ 3.14M
	LiHTC	7.28M
	Fed Hist Credits	2.38M
	St Hist Credits	2.17M
	Def Dev Fee	672K
	Const Period Rent	138K
	DOH	3.50M
	CHFA CMF	1.0 M
	Energy Grant	084k
	COH/CRDA	<u>1.0 M</u>
		\$21.36M TDC

CRDA/COH: A \$1 Million loan at 2% interest co-terminus with CHFA mortgage is requested by developer.

The following motion was moved by David Robinson, 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 WinnDevelopments (or such single purpose entity acceptable to CRDA) for the purposes of redeveloping Bedford Garden Apartments, such loan totaling \$1,000,000 at 2% interest, amortizing and co-terminus with the CHFA mortgage, subject to: 1/sufficient funds being available with the City/CRDA revolving loan account governed by the MOU; 2/all other project funds being secured to rehabilitate Bedford Garden Apartments at the \$21.36M development budget for 84 affordable units; 3/all appropriate City of Hartford actions for the property’s renewal and use of City/CRDA funds being approved; and 4/ such fiduciary terms and conditions as deemed necessary and appropriate by the executive director and CRDA counsel.”

Arrowhead

Project: Arrowhead is a complimentary development strategy to DoNo and the ballpark projects. The block consists of several municipal parcels and adjoining deteriorated privately owned properties. The City of Hartford solicited proposals via a formal RFP and selected a project proposed by the San Juan Center in partnership with the Carabetta Development that will renovate several two historic buildings and create 43 new apartments (20% affordable) and 7300 square feet of retail space along Main Street across from the YardGoats Dunkin Donuts stadium.

<u>Development Budget:</u>	Mortgage	\$2.08M
	Comm Impact Grant	5.0 M
	St Hist Credits	2.25 M
	Fed Hist Credits	2.28 M
	Dev Equity	427K
	City HOME	1.12 M
	Energy Grant	075K
	CRDA Loan	<u>3.8 M</u>
		\$17 M TDC

CRDA: A \$3.8M 2%, 30 yr. amortizing loan is proposed. Funds were bonded to CRDA for purposes of supporting development on the ‘Arrowhead’ block in 2018, with a previous project on the block (1289 Main St) having previously received funding.

The following motion was moved by Joanne Berger Sweeney, seconded by Luke Bronin and approved with David Jorgensen abstaining.

“The executive director is authorized to utilize the remaining funds within the Arrowhead bond authorization for purposes of a loan up to \$3.8M at 2% interest and with a 30 year amortization to Carabetta Development/San Juan Center’s Gateway Partnership LLC (or such single purpose entity acceptable to CRDA), subject to: all funds necessary to develop the \$17M project creating 43 new apartments and 7300 sf retail space being secured and such fiduciary terms and conditions as deemed necessary and appropriate by the executive director and CRDA counsel.”

Michael Freimuth reported that occupancies are holding in the ninety percentiles. Rents have increased in the last quarter however expenses have also increased, mostly utilities. There is a bit of a slowdown in the project pipeline due to rising interest rates and construction costs.

Regional and Economic Development Projects Committee (RED)s

Michael Freimuth reported that the Committee did not meet last month however staff is likely to present the Albany & Woodland project next month, which is the development of a neighborhood parcel owned by the city. A bid is going to move forward on a project in East Hartford as well.

Venue Committee

Andy Bessette reported on the following October Venue Committee update:

Pratt & Whitney Stadium

Tomorrow morning, the Stadium will host a funeral service for the two Bristol police officers killed in the line of duty last week. The event will be open to the public and over 20,000 people are expected to attend.

UConn Football - UConn has played three of its six home games, with the first two exceeding expectations in terms of attendance and revenue. Harsh weather is believed to have impacted attendance at the third, but the team’s surprising win may bode well for fan interest in upcoming games. Attendance has averaged 11,400, with per caps averaging close to \$21.

Capital Improvements - CRDA has requested additional bond funds for the next biennium to address the most pressing capital needs at the Stadium – particularly the Tower roof and technology repairs/upgrades - as identified in the Populous report.

Stadium Lease/Management - As noted in previous meetings, the UConn/OPM Stadium lease is set to expire in June 2023, along with CRDA’s management agreement with Spectra and the MOU through which CRDA operates the Stadium on OPM’s behalf. OPM agreed with CRDA’s recommendation to extend our OVG agreement for another year in order to maintain continuity while the future Stadium management structure is debated. OVG will also be allowed to book events beyond the end date of their contract.

Connecticut Convention Center

Events - As reported at the last Board meeting, the Van Gogh exhibit has been extremely popular. Attendance is expected to reach 70,000 people - some 20,000 over original estimates. While less profitable for surrounding hotels and restaurants, the event has brought new people and much-needed revenue into the Convention Center and established a relationship with the promoter that may bode well for future events.

Capital Improvements - Replacement of the building's cooling towers is underway, with surface parking in the Columbus Boulevard lot suspended while the cranes are in operation. Work will be scheduled around Convention Center events and may be suspended under certain weather conditions. Installation of a second passenger elevator is also underway, while additional plaza work has been scheduled for next spring.

XL Center

Events – UConn Hockey has played their first four home games of the season, winning three and tying one. Attendance has averaged 1,600 per game, while per caps have averaged around \$15. The Wolfpack will play their first home game on October 22nd. Upcoming events at XL include a Bridal Expo and WWE Smackdown in November and Cirque de Soleil starting on December 15th.

OVG Extension– Michael Freimuth reported that the reason for the one-year extension with OVG's management agreement is to help maintain the flow of business/events in the out years and these agreements needed to be secured. Staffing is also impacted by the unknown so extending the agreement was needed to sustain the vendors and events.

Sports Betting Lounge –construction related delays are impacting the construction of the Sports Betting Lounge.

Sports Betting Agreement - Anthony Lazzaro reported that this is one of two agreements that outline terms and conditions that CRDA will be signing with the CT Lottery Corporation (CLC). The CLC has never entered into an agreement like this with any other entity, this is the first of its kind. A companion agreement is forthcoming however it is currently being vetted by the Attorney General's office.

Retail Sports Wagering Cooperative Agreement (the "Cooperative Agreement")

Background:

CRDA is in the process of constructing a Retail Sportsbook located at the XL Center, which upon completion shall be subleased to an Operator (chosen by the Connecticut Lottery Corporation ("CLC")) via a separate agreement between the CLC and said Operator.

CRDA and CLC desire to memorialize the manner and their respective obligations with respect to this cooperative joint effort through the proposed Cooperative Agreement.

CRDA Responsibilities:

- Buildout of the Sportsbook, including all cost and expenses associated with the buildout;
- Cost and expenses relating to personnel, maintenance, insurance, utilities, licenses, etc.;
- Physical security and security personnel;
- Provision of ten reserved parking spaces for Sportsbook patrons at no cost to the patrons.

CLC Responsibilities:

Operator shall provide Betting Machines;
Staffing and managing the sports betting operation; and
Branding and marketing of the Sportsbook.

Term:

Concurrent with CRDA's management of the XL Center.

Exhibit A

Summary of Treatment of Retail Gaming Revenue (figures are for example only)

Gross Sales		26,000,000
Win Expense		23,920,000
Gross Gaming Rev (GGR)*	8%	2,080,000
Fed Excise Tax (FET)	0.25%	65,000
Net of FET		2,015,000
RSI Rev Share	25%	503,750
Net after Operator Rev Share		1,511,000
CLC Share	90%	1,360,000
Retailer Rev Share	10%	151,000

*Any bonus wagering developed and implemented for Retail Sports Wagering shall be removed from the calculation of GGR.

The following motion was moved by David Robinson, seconded by Andrew Diaz-Matos and approved.

“The CRDA Board of Directors hereby authorizes the Executive Director to enter into a Cooperative Agreement with the Connecticut Lottery Corporation to Cooperative Agreement relating to Retail Sports Wagering at the XL Center in accordance with the terms and conditions provided above.”

Executive Director Report

Mr. Freimuth presented the following items:

2023 CRDA Board Meeting Dates –

The following is a list of upcoming 2023 Board Meeting dates. The meetings are currently identified as virtual and having a 3:00pm start time. Some Board members have expressed their desire to move the meetings back to evenings, some want to keep them virtual, we will try to come up with a hybrid meeting so both can be achieved. The Governor's office is expected to name a new Chairperson and that person will undoubtedly have input regarding when to hold the meetings.

The CRDA Board Meeting dates are listed below:

CRDA Board meetings will be held virtually at 3:00pm until further notice.

<u>Month/Year</u>	<u>Meeting Day/Dates</u>
October 2022	Thursday, October 20, 2022
November 2022	Thursday, November 17, 2022
December 2022	No Meeting
January 2023	Thursday, January 19, 2023
February 2023	Thursday, February 16, 2023
March 2023	Thursday, March 16, 2023
April 2023	Thursday, April 20, 2023
May 2023	Thursday, May 18, 2023
June 2023	Thursday, June 15, 2023
July 2023	<i>Thursday, July 20, 2023 (call of Chair)</i>
August 2023	No Meeting
September 2023	Thursday, September 21, 2023
October 2023	Thursday, October 19, 2023
November 2023	Thursday, November 16, 2023
December 2023	No Meeting

Construction –

- Pratt Street – November Occupancy
- Park & Main – final punch list items – 75 of 80 units are already occupied
- DoNo – The old Sage Allen building, renovating the old student housing, due to open up later this year, possibly early 2023.
- Elm Street – set to close.
- Hilton – about to start a bid process for apartments
- Church St. Garage – asking OPM for Bonding to keep this multi-year project moving
- CTCC – elevator & cooling tower work continues
- Bushnell So. – Interviewed and down to two finalists.

Executive Session

A motion to move to Executive Session was moved by David Robinson, seconded by Luke Bronin and approved.

Executive Session ended at 4:23pm without any further action - Adjourn – 4:23pm

The Minutes from the October 20, 2022 Board meeting were moved by David Robinson, seconded by Bob Patricelli and approved at the November 17, 2022 Board meeting.