

Capital Region Development Authority

100 Columbus Boulevard, 5th Floor

Hartford, CT 06103

Thursday, November 17, 2022

4:00pm – 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; Mayor Mike Walsh; Joanne Berger-Sweeney; David Robinson; Mayor Luke Bronin

Board Members Absent: Randal Davis; Seila Mosquera-Bruno; Joseph Giulietti

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

CRDA Staff Absent: Michael Freimuth

Minutes

“The October 17, 2022 CRDA Board meeting minutes were moved by David Robinson, seconded by Bob Patricelli and approved.”

Mayor Reports

Hartford – Mayor Bronin joined the meeting during the Housing and Neighborhood Committee and reported that ongoing projects are moving along. Hartford Healthcare has now opened their business on Pearl Street.

East Hartford – Mayor Walsh sends along condolences to Mike regarding the passing of his Mother. He thanked Tony Lazzaro for standing in for Mike in his absence.

Mayor Walsh reported on the following:

Silver Lane Plaza – after nearly a year long process, the Study is available. The Study went to the redevelopment agency, the redevelopment agency held two public hearings. The vote was 4-0 to take the property and that decision then went to Town Council first week of November. The Town Council agreed with that decision. Pullman & Comley has typed up the statement of compensation which is the next step in the process and so a check was cut for \$4.52M. That will be deposited with Superior Court, and there is a 35-day waiting period in case anyone that has an interest in the property could appeal. It is expected that the price will be appealed, but the process went smoothly. In the event no one appeals, the property will be under the control of the Town somewhere around Christmas.

Church Corners Inn – The Town has an offer in for this property and are waiting for the Bond Commission to meet on December 9th. Once Bond Commission meets and puts their final touches on it, a closing can move forward. This property has been problematic for years, the police have responded to this property 2500 times in the last five years, fire department about 100 times. It has a number of issues from mental health, addiction, drugs, etc. It is not a good situation for the people who live there and the Town looks forward to ultimately take control of it, relocate the people and turn it over to a developer to upgrade those to apartments.

National Development – Keeps moving forward. Easements are a works in progress. In the final stages of solving problems with Eversource and MDC with respect to the cost of getting power and water out to the sight.

Concourse Park – once a 470-unit apartment complex, they are reshuffling their capital stack. Looking at going back to Council for a meeting in December to hopefully pin this down and start construction in the Spring. The property will still have to be transferred to them.

363 Roberts Street – the former Holiday Inn was bought by Gary Patel. There is approximately \$10M going into the renovation. Mr. Patel is bringing a Starbucks to the site and is currently looking for a restaurant for the site as well. This hotel will be branded under Marriott however it will be called TownePlace Suites.

McCartin School – The YMCA should have moved from the sight by early March. The Town of East Hartford is looking for CRDA to help with a RFP for demolition. Once the sight is cleared it will set the way for this property to rejoin the neighborhood with 16 new houses.

Finance

Anthony Lazzaro reported that although CRDA CFO Joseph Geremia is not in attendance, the 1st Quarter Financial Update as well as the Monthly Report are in the Board package.

Board members did not have any questions regarding the reported financials. Attorney Lazzaro indicated that Mr. Geremia is available to speak to the financials should Board members like to reach out to him.

Fiscal Year 2023 Financial Statements for the Three Months Ending 9/30/2022

Balance Sheet

- Current cash increase reflects timing differences with state funding regarding housing construction drawdowns
- Non-current housing loan's receivable increase reflects housing construction drawdowns from 315 Trumbull St. and 237 Hamilton St. projects as well as Park & Main St.
- Accounts payable net increase relates to timing differences in state funding within the CRDA Housing Initiative program

Statement of Revenues, Expenses and Changes in Net Position

- Grant Income reflects State appropriation funding
- Other Income reflects CRDA housing loan origination fees
- Combined facilities income and expenses referenced in venue financial projections

Fiscal Year 2023 Operating Statistics

CT Convention Center – Sept. 2022

Event Update: Scheduled for 92 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

Sept. financials: Revenues \$61,100 favorable to budget due to increased F&B event revenues
Expenses \$65,200 favorable to budget due to savings in event personnel and expenses offset with higher utilities usage
Net Loss of \$1.192M favorable to budget by \$126,300
Total year projection of \$5.258M loss even with budget

CRDA Parking Facilities – Sept./Oct. 2022

Stats (Oct.): Utilization of 64% is favorable to budget by 6%

Sept. financials: Revenues \$210,200 favorable to budget due to transient and validation revenues as well as 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 \$347,300 favorable to budget
Total year projection of \$400,500 net income even with budget

Church Street Garage – Sept./Oct. 2022

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

Sept. financials: Revenue unfavorable to budget by \$45,700 due to reduction in corporate monthly parkers offset slightly by an increase in corporate validations
Expenses \$388,900 favorable compared to budget due to deferral of CRDA facility support as well as savings in personnel and insurance
Net Income \$343,200 favorable to budget
Total year projection of \$742,800 net loss is even with budget

Bushnell South Garage – Sept./Oct. 2022

Stats (Oct.): Averaging 175 state vehicles per day-46% utilization

Sept. financials: Revenues \$5,000 unfavorable to budget due to unrealized transient and event activity
Expenses \$2,000 unfavorable compared to budget due to increase in insurance offset with savings in personnel
Net Loss \$7,000 unfavorable to budget
Total year projection of \$325,000 loss even with budget

XL Center – Sept. 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

Sept. financials: Event revenue \$12,000 unfavorable compared to budget
Other Income \$5,300 unfavorable compared to budget
Operating expenses \$164,600 favorable compared to budget due to savings in personnel
Hockey operations \$56,600 favorable compared to budget due to savings in sales personnel
Net Loss of \$1.275M favorable to budget by \$203,900
Total year projection of \$3.295M loss even with budget

P&W Stadium at Rentschler Field – Sept. 2022

Event Update: UConn football – 2 games held in September

Sept. financials: Event revenue \$149,100 favorable compared to budget due to first two UConn football games related to paid ticket surcharges and F&B revenues
Operating expenses \$16,700 unfavorable compared to budget due to F&B event personnel
Other Income \$13,600 favorable to budget
Net Operating loss of \$193,100 favorable to budget by \$146,000
Total year projection of \$1.324M loss even with budget

CT Regional Market - Sept. 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
Sept. financials: Operating revenue \$7,900 favorable to budget
Operating expenses \$39,900 favorable to budget due to savings in utilities, maintenance, and security
Net income of \$89,000 favorable to budget by \$47,800
Total year projection of \$150,600 net income even with budget

Housing & Neighborhood Committee

Anthony Lazzaro reported on the following projects that were reviewed and approved by the Housing and Neighborhood Committee.

Mayor Bronin joined the meeting and added a bit of background regarding the project. He explained that this project includes old and deteriorating public and affordable housing project that is desperately in need of renovations. In partnership with Sheldon Oaks this is an opportunity to replace the existing units and create more affordable units that are currently exists and creates a significant number of market units as part of the broader effort to create additional residential density in the Coltsville neighborhood.

Project: MLK Apartments

**Developer: Sheldon Oaks Central Inc
Vesta Corporation**

Background: A complete demolition and reconstruction of the MLK complex, a 64-unit apartment community located on Van Block Avenue in the Sheldon Oak neighborhood, built in 1970 is planned. The new development will consist of 155 mixed income units including 38 affordable units at 30% AMI, 48 affordable units at 80% AMI (an increase to 86 units at affordable rents) and 69 additional units at market rate. The project has been stymied by construction and interest rate increases. After several months of value engineering, increased design work and restructuring the capital stack, the owner, Sheldon Oak Central and its development partner, Vesta Corporation are submitting funding applications to a variety of sources including CRDA.

Development Budget:

Mortgage	\$25.5 M
LiHTC	14.9 M
DOH	4.0 M
HOME	5.7 M
CIF	3.75M
Def Dev Fee	4.4 M
CRDA/CITY	<u>4.88 M</u>
TDC	\$63.18 M

Proposal: Combined CRDA (\$2.5 M estimate) and COH (2.38M estimate) totaling \$4.88M as an interest only 2% loan converting to P&I amortizing debt in year 11 thru yr. 40, co-terminus with CHFA but scheduled to be refinanced by year 15 is proposed.

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

“The Executive Director is authorized to offer a \$4.88M cash flow loan to Sheldon Oaks Central (or such entity acceptable to CRDA) 1/at 2% interest only for 10 yrs; amortizing principle and interest in years 11 -40, such loan being funded by \$2.5 million from the CRDA Housing Capital account and \$2.38M from the development funds available in accordance with the City/CRDA Revolving Loan Program Agreement of December 3, 2021; 2/upon evidence of all funds necessary to construct the project being secured; and 3/ such fiduciary items as determined by CRDA and its counsel are satisfactorily provided. “

Mr. Lazzaro explained the following project that was vetted by the Housing and Neighborhood Committee on November 4, 2022.

**Project: Conversion of Colt Commercial Space to Residential
First Floor “L” building
Second Floor “East Armory”**

Developer: Colt Gateway Partnership

Background: Colt Gateway has been re-positioning the former manufacturing complex into a variety of residential, office and retail space for over a decade and includes two mill buildings dedicated to the National Colt Park. The residential conversions have been successful, performing at high occupancies with rents above initially projected pro forma.

CRDA has previously invested in two conversions, the 48-unit Colt North Armory (2017) and the 28 unit Colt “U” building (2019). In both efforts, CRDA provided gap financing subordinated loans at 3%, 20 yr. terms representing approximately 21% of the development cost for both buildings.

With commercial demand lagging and space remaining vacant in both buildings, ownership has prepared a plan to convert the two open floors (one in each building, “L” and “East”) into 45 additional residential units effectively making the specific buildings mixed use. Local P&Z approval has been secured and initial demolition permits have been issued.

Proposal: Building “L” will convert the grade level to 16 units (11 studio, 3 1BR, 2 2BR)
Building “East” will convert its second floor to 29 units (1 studio, 28 1BR)

Building L	\$ 680,000 Bank Loan	East Armory	\$1,320,000 Bank Loan
	500,000 CRDA Loan		1,000,000 CRDA
	<u>1,000,000</u> Equity		<u>2,200,000</u> Equity
	\$2,180,000 TDC		\$4,520,000 TDC

The total development would be an additional \$6.7 million investment into the complex with a request for a CRDA loan of \$1.5M at 3%/20 yr. term representing the same basic terms approved for the previous two CRDA loans and projects. There is no acquisition cost or developer fees. Construction is estimated to be 12-15 months.

The following motion was moved by Andy Bessette, seconded by Andrew Diaz-Matos and approved.

“The Executive Director is authorized to make loan(s) to Colt Gateway LLC (or such entity as acceptable to CRDA) for the conversion of a portion of buildings “L” and “East Armory” into 45 units

of market rate housing. The loan(s) would total \$1.5 million at 3% interest in the form of a construction/permanent loan(s), paying interest only during construction and amortizing once converted to permanent loan over 20 years, subject to: 1/ evidence of all other sources of funds being secured in such terms as acceptable to CRDA and its counsel; 2/ State Bond Commission approval; and 3/ such fiduciary items as deemed appropriate by the Executive Director.”

Mr. Lazzaro described the following Reconstruction of 213/215 Lawrence Street.

Mr. Diaz-Matos asked if the appraised value is now as damaged or is it once it is fully leased?

Mr. Lazzaro responded that it is after it is fully leased. Mr. Bessette asked is any other funds were being put into the project due to the damage. Mr. Lazzaro explained that Mr. Gill is putting in \$85K of additional equity. Mr. Hinsch added that he assumed that an additional structural analysis was done on the other three walls. Mr. Lazzaro responded in the affirmative. Mayor Bronin added that this is a historic building that was blighted and the developer is putting in a significant amount of funds and work is already underway. Given it seems that the rent stream will cover the debt service, this is the responsible thing to do.

Project: Reconstruction of 213/15 Lawrence Street into owner occupied 3 family

Developer: A. Gill/Wolverine Properties LLC

Background: At the January 2021 meeting, the CRDA board approved a reconstruction loan to A.Gill/Wolverine Properties of \$370,000 at 3% and amortizing over 20 years for the rebuilding of a vacant derelict property acquired by the City via its anti-blight and tax foreclosure ordinances located at 213/15 Lawrence Street. The loan was funded in part via \$225,000 bridge loan repaid by A.Gill from another CRDA sponsored project on the street. The project is fully funded by repaid CRDA loans and as a total blighted property, it is inherently a riskier project than is normally underwritten. It is within the Frog Hollow neighborhood and developer is an MBE with experience and success in the neighborhood.

Along with historic credits and personal equity, work began in late winter 2022. The property had been deteriorating for over 10 years, necessitating shoring and support during construction. It has since been learned that extensive water damage had undermined the foundation causing the southern wall to buckle this past summer. After consultation with engineers and CRDA construction staff, it was decided to remove the wall in its entirety, rebuild the foundation and resurrect the brick wall. This has caused a \$125,000 bust in the construction budget.

Developer has asked if CRDA could assist in funding this unforeseen expense. Additional debt from CRDA would be restricted by underwriting principles as well as appraisal value and would necessitate additional funds in the form of owner cash.

Proposal: Adjust the initial CRDA loan from \$370,000 to \$410,000, a \$40,000 increase and to amortize the 3% loan over 25 years rather than 20 yrs. This would allow for the monthly debt servicing to remain constant eliminating impact on the projected operating pro forma. The 2022 appraisal of the completed property is \$390,000 thereby increasing the CRDA LTV ratio from 95% to 105% of appraised value. The developer would have to put up \$2 for every additional \$1 CRDA loan dollar, contributing another \$85,000 in equity to the project

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

“The executive director is authorized to increase the existing first mortgage loan of

\$370,000 to A. Gill/Wolverine Properties LLC to \$410,000 at 3%/25yrs subject to 1/funds being available from principal repayment from other CRDA loans and available within the Housing Capital Account; and 2/ the owner/developer showing evidence that additional funds have been raised and are available to meet the new construction budget.”

Regional and Economic Development Projects Committee (RED)s

Mayor Walsh indicated that the Regional and Economic Development Projects Committee had not met in November. He reported that he had covered any of the projects in his East Hartford Mayor’s report.

Venue Committee

Andy Bessette reported on the following Venue Committee items for November

Pratt & Whitney Stadium

UConn Football -- UConn played its last home game of the season on November 11th, with an exciting win over Liberty. The team finished 5-1 at home and they have seen a healthy increase in attendance, averaging over 12k fans per game compared to just over 7k last season. Per caps have dropped slightly but remain high, averaging \$21.32 compared to \$22.22 last season.

Rentschler Field Logistics Center – National Development is expected to break ground soon on the first two buildings of its logistics center to be located on the balance of the Pratt airfield site. OPM is in the process of granting the developer both emergency access and gas line easements through the Stadium parking lots. There are also ongoing conversations regarding traffic management on game days.

Upcoming Events – After an absence of ten years, the State high school championships will be returning to the Stadium on December 10th. The Stadium will again host the “Magic of Lights” drive-through holiday light show from November 23 through January 1st.

Connecticut Convention Center

Upcoming Events – The Convention Center will host its own indoor holiday light festival and market this season. “Glow” will run from November 25th through January 1st. The Connecticut Bridal Expo and the Northeast RV and Camping Show will be in the building in January.

Capital Improvements -- Replacement of the building’s cooling towers will be completed later this month, while installation of the new passenger elevator should be completed by the end of December.

XL Center

Events – UConn Hockey has played their first 8 home games of the season, with attendance averaging 2k people per game and per caps of \$15.25. The Wolfpack have played 5 games, averaging about 2,500 per game, with per caps of \$15.56. UConn men’s basketball has started its season at XL, playing two games to date. The women will play their first regular season game in the arena on November 20th.

Upcoming events at XL include the WWE Smackdown this weekend and Cirque de Soleil starting on December 15th.

Sports Betting Lounge – Mr. Lazzaro gave a brief update regarding the progression of the Lounge.

There are some long lead time items that are marred by supply chain issues.

Mr. Bessette asked if the construction to heighten the entrance for the trucks to go underneath to load and unload will be done well in advance of the Lounge being finished. Bob Saint responded that this work is complete. Mr. Saint further spoke about the ongoing work that is happening to finish the Sports Betting Lounge by late Spring however he indicated that this will be a challenge.

Executive Director Report

Mr. Lazzaro reported on the following items:

Bushnell South – Kim Hart updated the Board regarding the RFQ that was a lengthy process comprised of Board Members Andrew Diaz-Matos, Joanne Berger-Sweeney and Mayor Bronin.

Mayor Bronin indicated that it was a lengthy and intensive selection process. A great deal of time was spent with all the respondents and a very significant amount of time with the final two. He commented that in Michaels we have a national organization that brings a tremendous amount of expertise and experience to this project. Needless to say, this project is one of the most consequential developments that as a CRDA Board and the City are working on. It's a sea of surface parking that is near the Bushnell Theater and State Office Building that gives us an opportunity to build at scale in a way that will reconnect Main Street over to the Capital area and reconnect the Hartford Hospital Campus and Arch Street into downtown and begin to make Bushnell Park the Center of our downtown rather than the periphery and this is a really critical first phase of that broader plan.

Bob Patricelli asked if someone could comment on the extent to which the awardees plans did or did not conform with the Bushnell So. Development Plan that collectively many of us were involved in putting together. Did they find it feasible or did they have to depart from it in material ways?. Would like a little more feeling for how we are doing.

Mayor Bronin responded by stating that he thought that at all of the responses were consistent with the plan. All of them creating a development that achieves sufficient residential density to get the energy and activity to get the feet on the street that is needed in this location. Mixed with an element that is more like townhouse development as well as restaurants and retail space that complements the existing historical asset at the Bushnell. This is just an RFQ for the first phase of that broader development however I think that the proposal is very much consistent with the plan that was put together.

Andrew Diaz-Matos responded that he agreed with the Mayor. All of the proposals were consistent in principle, and I cannot think of any major deviation where we felt like we had to bring them back inside the lines. It was kind of incredible how we had what looked like a robust and specific plan and they all took creative approaches within those constraints to come up with a good set of qualifying initial proposals. Then we did continue to ask them to refine them both on finance and structure and I think more to your point on the zoning on the layout of the spacing.

Joanne Berger-Sweeney commented that the back-and-forth dialog brought the final two proposals to be very consistent with the plan. I very much liked that it had specific elements like residential spaces, that parking needed to be a part of it and retail. The final two proposals also took into consideration it's across the street from a major arts center in Hartford. They did not just follow, to some degree, the letter of the law but also the spirit of what we were trying to do. Also, how transformative this project could and should be for the City of Hartford. The Mayor was very good at keeping them on track and reminding them just how important this particular development will be for the long term for our City.

Dave Jorgensen asked what put Michaels over the top vs. LMC. Joanne Berger-Sweeney responded by stating we were looking for interesting designs but also a group that had the savvy to bring a complex partnership between developers, the City, all kinds of regulations together, so we felt that Michaels had a little bit more experience doing those kinds of very complex projects when it wasn't clear always from the beginning how all the pieces were going to fit together and fit within the financial construct of the project. Michael's was just able to show us that they had made projects work before. All of us recognized that likely when this project is going to be done, none of us will be on the CRDA Board or maybe in the rolls that we have, so we were looking for the company that we thought could get the project across the finish line.

Hilton – that work has started.

Andy Bessette let the board know that he spoke to Mike Freimuth and sent along sympathy's, for his Mom's passing, from the Board

The Minutes from the November 17, 2022 Board meeting were moved by David Robinson, seconded by Bob Patricelli and approved at the January 19, 2023 Board meeting.

Adjourn – 4:51