

Capital Region Development Authority

100 Columbus Boulevard, 5th Floor

Hartford, CT 06103

Thursday, April 20, 2023

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; Paul Hinsch; Mayor Mike Walsh; Randal Davis; Pam Sucato; Joanne Berger Sweeney; Mayor Luke Bronin; Seila Mosquera-Bruno; David Robinson; Bob Patricelli

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

Minutes

“The March 16, 2023 CRDA Board meeting minutes were moved by David Jorgensen seconded by Alexandra Daum and approved at the April 20, 2023 Board Meeting.”

Mayor Reports

Hartford – Mayor Bronin indicated that the most significant item is that 235-7 Hamilton in Parkville was approved for Bond funds. Looking forward to getting this significant project underway. There are other projects in the works however they are familiar to Board.

East Hartford – Mayor Walsh reported on the following projects:

Silver Lane Plaza – Through the eminent domain process, the Town has owned the property since March 1st. There are approximately twelve businesses, two of them we have successfully moved out, that will allow us to continue the demolition of the largest piece. CRDA is going to be helpful with the demolition RFP.

National Development Ground Breaking – The construction of the Wayfair and the Lowe’s distribution center is well underway. Last report is that they are a month ahead of schedule.

Concourse Park at Showcase – About a month ago the East Hartford Town Council amended the tax incentive and development agreement. They have until September 30, 2023 to produce a new capital stack. The land has been transferred.

Simon Konover Riverview Apartments – 130 apartments on the river. The town continues to work with Simon Konover to find the best path forward given the new banking economies.

Founder’s Plaza – A letter of intent that will be introduced to the Town Council meeting on May 2, 2023. It will just be all of the tools at East Hartford’s disposal from tax incremental financing to enterprise Zone to get it moving. The developers have control over 99 Founders & 300 East River Dr.

Church Corner’s Inn – This project will have to be a full demolition.

McCartin School to Homeownership – sixteen houses will be built on site.

The Main Street Post Office – The post office will not sell to the Town. An appraisal of \$500,000 but they want \$850,000 and the town cannot get them to sell it for fair market value. It is difficult when you

use state, federal or local funds to buy anything that is not at fair market value. Congressman Larson's office is intervening.

Vice Chairman Andy Bessette asked if there is more developable land at P&W Stadium site? Mayor Walsh responded by stating that just about what is left is protected by wetlands or easements, so the answer is no. Also, as you go east, there is quite a bit of buffer area, this could be cleared and another few acres could be created. P&W continues to selectively demolish their manufacturing operations so you could pick up several acres there.

Finance

CRDA CFO Joseph Geremia reported on the following Financial Update for April 2023.

Fiscal Year 2023 Operating Statistics

CT Convention Center – Feb. 2023

Event Update: Scheduled for 107 events this fiscal year vs. budget of 74 events
Corporate and short-term meeting segments returning
Increased attendance at public shows
Increased event inquiries

Feb. financials: Revenues \$1.066M favorable to budget due to increased revenues from “GLOW, Winter holiday event” and increased food & beverage revenues from public shows
Expenses \$50,000 favorable to budget due to savings in event personnel and expenses offset with higher utilities usage
Net Loss of \$2.576M favorable to budget by \$1.116M
Total year projection of \$4.695M loss favorable to budget by \$563,400

CRDA Parking Facilities – Feb./Mar. 2023

Stats (Mar.): Utilization of 70% is favorable to budget by 10%

Feb. financials: Revenues \$209,700 favorable to budget due to transient and validation revenues
Expenses \$29,300 unfavorable compared to budget due to savings in personnel and snow removal offset with increases in credit card fees, insurance, utilities, and repairs & maintenance
Net Income \$180,400 favorable to budget
Total year projection of \$400,500 net income even with budget

Church Street Garage – Feb./Mar. 2023

Stats (Mar.): Utilization of 14% is unfavorable to budget by 3%

Feb. financials: Revenue unfavorable to budget by \$362,100 due to reduction in corporate monthly parkers offset slightly by an increase in corporate validations
Expenses \$579,900 favorable compared to budget due to deferral of CRDA facility support as well as savings in insurance
Net Income \$217,800 favorable to budget
Total year projection of \$134,000 net loss favorable to budget by \$550,000

Bushnell South Garage – Feb./Mar. 2023

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

Feb. financials: Revenues \$18,300 favorable to budget due to transient revenues
Expenses \$17,100 favorable compared to budget due to savings in personnel
Net Loss \$35,400 favorable to budget
Total year projection of \$325,000 loss even with budget

XL Center – Feb. 2023

Event Update: Hosted 79 events vs. budget of 81 events including 26 Wolfpack games, 7 UConn men's basketball, 7 UConn women's basketball, and 12 UConn men's hockey games
Concert industry moved holds into Fall/Winter 2023
Increased event group sales activity

Feb. financials: Event revenue \$395,200 favorable compared to all event type budgets
Other Income \$24,700 favorable compared to budget
Operating expenses \$29,000 favorable compared to budget due to savings in personnel
Hockey operations \$543,200 favorable compared to budget due to increased game revenues as well as savings in sales personnel and home game expenses
Net Loss of \$1.170M favorable to budget by \$992,100
Total year projection of \$3.295M loss even with budget

P&W Stadium at Rentschler Field – Feb. 2023

Event Update: 6 UConn football games with 33 parking lot and catered events held

Feb. financials: Event revenue \$362,900 favorable compared to budget with \$305,000 due to UConn football paid ticket surcharges and F&B revenues and \$57,900 due to increase in catered events
Operating expenses \$115,800 favorable compared to budget due to savings in personnel, utilities, as well as repairs & maintenance
Other Income \$42,000 favorable to budget due to increased sponsorship partners
Net Operating loss of \$109,100 favorable to budget by \$520,700
Total year projection of \$1.019M loss favorable to budget by \$305,000

CT Regional Market - Feb. 2023

Stats: Occupancy: 81% with 13 tenants

Activity: Farmers' Market opened for 2023 season on April 1

Feb. financials: Operating revenue \$70,400 favorable to budget due to seasonal parking agreements and increased billboard revenues
Operating expenses \$106,900 favorable to budget due to savings in utilities, maintenance, and security
Net income of \$279,100 favorable to budget by \$177,300
Total year projection of \$224,400 net income favorable to budget by \$73,800

David Robinson asked Mr. Geremia to clarify, that if there is a common theme running through out the performance of the budget, it is both the number of events and the attendance at events vs. what was being budgeted coming out of the pandemic. Mr. Geremia said that is correct and that the area that has not recovered yet is the corporate business and parking garage revenue that is what is hurting the CRDA owned garages.

Housing & Neighborhood Committee

Committee Chairwoman Joanne Berger-Sweeney noted that the Committee has not met since March and that Mr. Freimuth will give a more detailed report regarding ongoing housing projects.

Mr. Freimuth indicated that the project sheets are updated and attached for review. There are approximately 350 units in construction, the large ones are the Hilton conversion & 55 Elm, others are the firehouse and Main Street and some small ones. There are another 400 units that are at the closing table and a little over 400 in the development phase. Approximately 300 of the 750 mentioned are in the neighborhoods, primarily the Fuller Brush building and 235-7 Hamilton. As discussed last month the

construction and interest rate costs are more challenging than they have been in the past and it is causing slowdown in the development of the projects.

Mr. Bessette asked what funds are available to commit to new projects. Mr. Freimuth responded that there is approximately \$57M in unallocated bond authority. This money is on the capital plan of the State for CRDA to use for housing projects that have not yet gotten Bond Commission funds. Mayor Bronin added that although \$57M is a great deal of funds, when you look at projects on the scale of Bushnell South, it is important to look at those authorized and to keep it in context with some of the larger projects that are being developed.

Regional and Economic Development Projects Committee (RED)

Anthony Lazzaro reported on the following:

Extension of the Front Street Tax Fixing Agreements Between OPM, CRDA, and HB Nitkin

Background:

- Pursuant to C.G.S. § 32-600(9), the Secretary of OPM and CRDA jointly designated the Front Street Project as a private development district and as being in need of financial inducement for private development and operation. HB Nitkin, the Master Developer of the Front Street District, along with the CRDA and OPM entered into a Master Development Agreement and a series of resulting Leases each scheduled to expire in 2104. OPM, CRDA, and HBN also entered into a series of PILOT Payment Assessment Fixing Agreements as shown in the table below.

Tax Year	Payment - Percentage of Actual Taxes
1-3	0%
4-7	10%
8-11	20%
12-15	30%

- CRDA utilizes the funds received via the tax fixing agreement to operate and maintain the public improvements located in the Front Street District.
- The current PILOT Agreements are currently scheduled to expire as follows: Phase I in 2027, Phase III in 2032, and Phase IV in 2034, respectively.
- OPM, CRDA, and HBN would like to extend the terms of the existing PILOT agreements for each Phase by an additional thirty (30) years.

Proposed Terms:

Duration – the term of the extension agreement(s) shall be one (1) additional thirty-year term for the respective PILOT agreements.

The payments per the extension agreement(s) shall be calculated on the fixed value of current assessment of the respective Front Street Parcels in accordance with the table below.

Tax Year of the Extension	Percentage of Actual Taxes
Year 16-20	40%
Year 20-45	50%

Mayor Bronin asked if any of these funds would go to the City. Mr. Lazzaro responded no, the funds go back into the Front Street district to pay for maintenance and upkeep. Mayor Bronin asked if this is by statute. Mr. Freimuth responded by stating that the PILOT runs the Front Street operations. Adding that

the PILOT for the Marriott goes to the City. That is a revenue stream to the City based on an agreement that goes back several years. Mayor Bronin asked what the specific deadline is for this to be done and does it have to be done at this meeting? Mr. Freimuth responded that we are asking for it to be done at this meeting for two reasons 1) we are negotiating to refinance the Marriott 2) and there is a long-term tenant we are trying to secure on Front Street. Mayor Bronin asked if this is the best and most responsible deal we can get. Mr. Freimuth responded by stating that they all ask for more. It is not different than the other hotels. The Front Street PILOT is being pushed up by 10% over 5 years. Mr. Jorgensen asked why the hotel is looking to refinance? Mr. Freimuth responded that \$3.5M comes back to the State. The mortgage-backed security structure that the Marriott works on is not a prime loan and is at end of its term.

Following a discussion, the motion below was moved by Andy Bessette, seconded by Bob Patricelli and approved.

“The CRDA Board of Directors hereby authorizes the Executive Director to execute and extension of the current Front Street Tax Fixing agreements, in accordance with the terms and conditions provided above.”

Tax Fixing Agreement Extension by and between OPM, CRDA and Adriaen’s Landing Hotel

Background:

- Pursuant to C.G.S. § 32-600 (9), CRDA and OPM jointly designated the Adriaen’s Landing Hotel (a/k/a the Hartford Marriott Downtown) as a private development district. Such designation authorized CRDA to negotiate a tax fixing agreement with ALH to provide for payment to CRDA in lieu of real property taxes;
- The resulting Tax Fixing Agreement provided for a PILOT of Three Percent (3%) of Gross Revenues for a period of fifteen (15) years beginning October 1, 2020.
- ALH is currently attempting to refinance its existing debt on the Hotel. The resulting refinancing will allow ALH to repay an existing COVID recovery loan of \$3,500,000 to the Department of Economic & Community Development.
- OPM, CRDA, and ALH would like to extend the terms of the existing PILOT agreement for one (1) additional thirty-year period.

Existing/Proposed Terms:

- The tax assessment during the term of the proposed extension shall remain Three Percent (3%) of Gross Revenues.
- Duration – The term of the proposed extension is thirty-years, effective August 1, 2020 and expiring on July 31, 2065.

Andrew Diaz-Matos asked if the \$3.5M that they are using to prepay the loan, is that increased principal or does the hotel have equity built up. Mr. Freimuth responded that the returned funds was an operating loan given to the hotel during COVID and will be financed as part of new loan. Mayor Bronin asked if the \$3.5M that comes back to DECD goes into a particular account or general fund? Alexandra Daum indicated that she will let the Mayor know when she finds out, further stating that DECD does not have a great deal of specific funds, so it will probably go into a fairly unrestricted bucket. Mayor Bronin asked if it was a chance, short of an act of legislation, that funding that gets repaid might be dedicated to something like the expansion of the Convention and Visitors Bureau or something else that would help us build up the hospitality here in keeping with the original purpose of the loan? Alexandra Daum responded stating that the funds almost certainly came from unrestricted funds with a wide mandate so doing that would take funds that came from a wide mandate and putting them into a narrow mandate, which, like you said can be done by the legislature, but would not be my preference.

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

“The CRDA Board of Directors hereby authorizes the Executive Director to execute and extension of the current Adriaen’s Landing Hotel Tax Fixing agreements, in accordance with the terms and conditions provided above.”

Kim Hart presented the following project:

Albany & Woodland Project, Parcel B, Environmental and Site Work Funding

Background: On March 9th, the Committee approved a \$5.5 million CRDA construction loan and a \$7 million grant from City Revolving Funds to support a mixed-use development at the corner of Albany Avenue and Woodland Street in Hartford. The full Board approved the funding resolution on March 20th.

The developer, National Development Council (NDC), will construct a 32,000-sf building on the site, housing a new City Health Department, an upscale restaurant, a potential bank and one additional commercial tenant. Approximately 119 parking spaces will be constructed on the interior of the site to support the development. Total development costs for the project are estimated at \$10 - \$12.5 million, depending on final design, tenant fit and construction bids.

In addition, the approved resolution included authorization for up to \$750k of the City funds to be released for pre-development costs prior to NDC’s receipt of construction bids.

Proposal: In order to move the project more quickly, the City, in recognition of its responsibility and liability for environmental cleanup at the site, has requested that an additional \$1 million for environmental remediation and site improvements be advanced as an assistance agreement. These funds would come out of the City’s \$7 million contribution, subject to the terms of an assistance agreement between the developer and CRDA.

Parcel B Development Budget:

CRDA Bond Funds	\$5,500,000
<u>City Revolving Loan Fund</u>	<u>\$7,000,000</u>
TDC	\$12,500,000

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

“The resolution adopted by the CRDA Board at its March 20, 2023 meeting authorizing the loan of up to \$5.5M of CRDA bond funds and a grant of up to \$7M of City Revolving Loan funds to Community Development Properties Woodland Inc (or such acceptable single purpose entity) for the Albany & Woodland project is amended to include the distribution of up to \$1 million of the City funds to be released for environmental remediation and site improvements. The early release of these funds shall be subject to such fiduciary terms and conditions as deemed necessary and appropriate by the executive director and CRDA counsel.”

Mr. Diaz-Matos asked why this is coming back to the Board if the Board already approved the funds. Mr. Freimuth indicated that the city has asked CRDA to expedite the environmental cleanup work. We only had authority to let \$750K, not \$1.75M otherwise we’d be waiting 6-7 months when the work can get started now. Mayor Bronin added that the work is being done pre-closing.

Venue Committee

Andy Bessette reported on the following Venue Committee items for April.

Pratt & Whitney Stadium

As noted last month, OVG is working with a number of soccer promoters to bring at least one international soccer match to the Stadium this summer and fall. Upcoming summer events on the site include a car show and a number of charity walks.

OVG and CRDA staff are meeting regularly with representatives of National Development to coordinate traffic and parking at Rentschler Field both during construction and after completion of the developer's new logistics center.

Connecticut Convention Center

The 90's Con convention - featuring a number of television and movie cast reunions from that decade - was held last month, with attendance at roughly 17,0000, a 30% increase over the prior year. Confirming the event's tremendous success, promoters have asked to rebook for next year.

This past weekend, the building hosted Brickfest – a celebration of all things Lego – with 13,000 people in the building over the two days.

The Convention Center's event calendar is full for the month of May, with a sizable number of events coming in June. Upcoming events include the Dismantling Systemic Racism conference, Hartford Symphony Gala, the Actuaries Club and Hartford Pokémon Regional Championship. The always popular ConnectiCon convention returns in July.

Waterford also reports that the upgrade of the building's lighting control system is nearly complete.

XL Center

As reported by various news outlets, the cancellation of the Connecticut Lottery's contract with online betting operator Rush Street Interactive is underway. CRDA staff were questioned by the General Assembly's Appropriations Committee at a meeting last Friday about construction delays and how a new operator would impact revenue and the need for future State assistance to the building. The Lottery has already issued an RFP and expects to transition to a new operator later this year. Rush Street will remain to assist with that transition.

The Wolfpack finished their regular season and clinched a playoff berth for the first time since 2015. The team will play the Springfield Thunderbirds in a best of three series starting this week. This was the team's best-attended season at the XL Center since 2006, with an average of 4,700 fans per game, including 16 games exceeding 5,000 fans. There were over 6,200 fans at XL for their last regular home game of the season.

OVG has announced that Andrea Bocelli will perform at XL this December for the first time in 25 years. Other upcoming events include the Connecticut Beer Fest later this month, a Lizzo concert and CT Cannabis and Hemp Convention in May and WWE Raw in early June.

Executive Director Report

Mr. Freimuth reported on the following items:

Mr. Freimuth reported that since Bob Saint is retiring, he's asked Bob S. to introduce his successor Bob Houlihan, also known as "Bob 2.0". Mr. Saint spoke about Waterford sending him to help out with a project at Adriaen's Landing in year 2000 and twenty-three years later he is retiring. He mentioned that he has a lot of rich memories, especially the last ten years with CRDA. Mr. Saint stated that Bob Houlihan will be his successor having a rich background in development, multi-family housing, large construction projects and is very strong in both construction and development. He is going to be a great asset to CRDA.

On behalf of the CRDA Board, Mr. Bessette thanked Bob Saint for his professional and praised him for his knowledge about large facilities and construction. The Board applauded Bob's achievements and said that he has done so much to make this organization what it is today. Wishing you all the best in your retirement. Adding that we are looking forward to working with Bob Houlihan for many years to come.

Legislative activity – The State is working its way through the next two years of appropriations, we are monitoring this and building our budgets accordingly. The Bond agenda is being set on the two-year capital plan, this includes the XL as well as housing monies and additional funds for East Hartford projects.

A variety of bills impacting the operations of quasi state agencies, including CRDA are on the docket. Ongoing discussion depending on what bill you read, there is the possibility of the activation of MRDA (Municipal Redevelopment Authority). In the legislation, CRDA may have a role, we won't know until it is passed.

XL Center – State Bond Commission money was received to advance the design work for the XL Center and put it out to bid. Construction Services is working with Tony to get amendments out to our design team so we can get the construction bid documents on the street.

Bushnell So. – we continue to work on Bushnell South, we are heavy into due diligence with TMO.

Hartford Hospital – possible CRDA project around the hospital in the future depending on overall development agreement between hospital and the City.

Adjourned at 4:00pm

Next meeting – May 18, 2023 at 3:00pm.

“The April 20, 2023 CRDA Board meeting minutes were moved by Randal Davis, seconded by Joanne Berger Sweeney and approved at the May 18, 2023 Board Meeting.”