

Capital Region Development Authority

100 Columbus Boulevard, 5th Floor

Hartford, CT 06103

Thursday, March 21, 2024

5:00pm –In person Meeting with virtual option

(The Board Meeting was held in person with Microsoft Teams with public access availability)

Board Members Present: Chairman David Robinson; Vice Chairman Andy Bessette; Paul Hinsch; Randal Davis; Bob Patricelli; Pam Sucato; David Jorgensen; Seila Mosquera-Bruno; Daniel O’Keefe/Matthew Pugliese; Mayor Arunan Arulampalam; Mayor Connor Martin

Board Members Absent: Joanne Berger-Sweeney; Andrew Diaz-Matos

CRDA Staff Present: Michael Freimuth; Joseph Geremia; Robert Houlihan; Jennifer Gaffey; Kim Hart; Terry Mitchell Smith; Mark O’Connell

Chairman David Robinson called the meeting to order at 5:00pm.

Minutes

The minutes from January 18, 2024, were moved by Bob Patricelli, seconded by Pam Sucato and approved.

Mayor Reports

Hartford Mayor Arulampalam reported that they are working on a plan to provide some level of conversion assistance that will allow the larger commercial office stock to remain solvent. Hartford obviously has a larger amount of commercial space, more than Bridgeport, New Haven and Waterbury combined so we are grappling with these issues in a unique way. We will continue to try to work with the State and CRDA to figure out a solution that allows us to remain sustainable as a city. There’s a lot of signs of hope in Hartford and a lot of signs of growth in our city, center city and across our neighborhoods. CRDA has been such a huge and vital component of the city’s growth, so it is great to be with all of you today and I appreciate the ability to work with you in the years to come.

Andy Bessette mentioned to Mayor Arulampalam that he noticed a greater police presence downtown and how wonderful it was to see that during the day when employees are out for a walk at lunch time.

East Hartford Mayor Connor Martin reported that there are 15 economic development projects moving forward simultaneously, four being supported by CRDA. Silver Lane Plaza, demolition started this week, currently relocating tenants out and contemplating a couple of options for redevelopment. Meeting with the council as it relates to entering into an agreement with Port Eastside for Founders Plaza. Moving forward with the demolition of 99 Founders Plaza, former Bank of America, to make way for a housing development that would be the catalyst for future retail and development. This coming April the old Showcase Theater cinema site will be redeveloped by Jasco Zellman. It is called Concourse Park Development, it will consist of 400 plus use of market rate apartments, nine different buildings, contributing a significant amount of tax revenue to our Grand list and I know CRDA has been helping with that. The last project is demolishing the old McCartin School, subdividing the property into sixteen single family lots, reconnecting the adjacent neighborhoods together. I believe we will be putting in some Bond requests to get the infrastructure into that property such as utilities, things that the town would be responsible for.

I am pleased to report that we also had our warehouses that were built on Rentschler Field, one being occupied by Lowe’s the other by Wayfair. Both obtained their TCO at the beginning of March and are beginning to move

in. They have until August to get their CO. This project alone was able to contribute an additional \$4.9M that was used to balance our Fiscal Year '25 budget.

We are very excited about revitalizing our Main Street. Bissell Street is a small one-way low traffic road right off of Main Street and we are looking to convert it into something like an East Hartford version of Pratt Street. There is an old movie theater that has the potential of being knocked down and made into a version of our own Parkville Market East, it would not be named that, but it would emulate that model, small restaurants; breweries, boutique shops, something that will spill from Bissell Street and create that kind of experience that East Hartford could someday hopefully be known for.

Chairman Robinson asked if Bissell Street would be closed 24/7? Mayor Martin responded that it would initially be closed for one or two days to get the community acclimated to the idea and eventually it would be closed 24/7.

Financial Update – March 2024

Mr. Freimuth mentioned that CRDA Finance is going through another audit with FEMA and OPM regarding the ARPA/Covid funds which takes time from the staff's daily production.

CRDA CFO Joseph Geremia reported on the financials for March.

Fiscal Year 2024 Financial Statements for the Six Months Ending 12/31/2023

Balance Sheet

- Current cash increase reflects timing differences with state funding regarding housing construction drawdowns
- Restricted investment increase reflects escrowed funds towards the City-funded housing program
- Accounts Receivable increase reflects increased venue event activity
- Non-current housing loan asset increase reflects housing construction drawdowns from 315 Trumbull St., 55 Elm St., 275 Pearl St., 525 Main St. as well as the Doubletree renovation.
- Accounts payable net increase relates to timing differences in state funding within the CRDA Housing Initiative program and escrowed funds towards the City-funded housing 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 2024 Operating Statistics

CT Regional Market - Jan. 2024

Stats: Occupancy: 82% with 16 tenants
Activity: Farmers' Market: 2024 season open on April 6
Jan. financials: Operating revenue \$31,500 favorable to budget due to seasonal parking agreements
Operating expenses \$70,400 favorable to budget due to savings in security and maintenance deferred to Spring
Net income of \$172,000 favorable to budget by \$101,900
Total year projection of \$166,800 net income favorable to budget by \$45,000

CRDA Parking Facilities – Jan./Feb. 2024

Stats (Feb.): Utilization of 78% is favorable to budget by 16%

Jan. financials: Revenues \$350,800 favorable to budget due to increase in monthly parkers, as well as transient and corporate validation revenues
Expenses \$356,400 unfavorable compared to budget due to personnel, repairs & maintenance and increases in credit card fees due to increased transient revenue offset with savings in utilities
Net income of \$62,500 unfavorable to budget by \$5,600
Total year projection of \$325,900 net income even with budget

Church Street Garage – Jan./Feb. 2024

Stats (Feb.): Utilization increased to 26% is unfavorable to budget by 1%

Jan. financials: Revenues \$140,500 favorable to budget due to increases in DoubleTree parkers and corporate validations as well as slight increase in corporate monthly parkers
Expenses \$105,100 unfavorable compared to budget due to increases in insurance and repairs & maintenance
Net loss of \$66,700 favorable to budget by \$35,400
Total year projection of \$18,000 net income even with budget

Bushnell South Garage – Jan. 2024

Stats: Averaging 160 state vehicles per day-42% utilization
Tuesday through Thursday average of 200 state vehicles per day

Jan. financials: Revenues \$11,800 favorable to budget due to transient revenues
Expenses \$22,300 unfavorable compared to budget due to increase in insurance
Net income of \$155,400 unfavorable to budget by \$10,500
Total year projection of break-even with CRDA appropriation even with budget
Bushnell Theatre event parking cooperation – operations personnel coordination

CT Convention Center – Jan. 2024

Event Update: Hosted 61 events this fiscal year with YTD attendance over 234,000
Scheduled for 128 events this fiscal year vs. budget of 109 events
Corporate and short-term meeting segments returning
Increased event inquiries and returned contracts for FY2025 and FY2026
Beyond King Tut exhibit and GLOW holiday show performed better than budget
Jan. financials: Revenues \$240,300 favorable to budget due to two additional banquet catering events and F&B revenues from public events
Expenses \$180,300 favorable to budget due to savings in event personnel and vacant positions as well as CUP utilities
Net operations favorable to budget by \$420,600
Total year projection \$325,000 favorable to budget with CRDA appropriation

XL Center – Jan. 2024

Event Update: Hosted 64 events this fiscal year with YTD approximate attendance of 279,000
Scheduled for 116 events this fiscal year vs. budget of 116 events
Concerts scheduled in March and April with holds for end of Q1 in FY2025
Increased Hartford Wolfpack group sales activity
Jan. financials: Event revenue \$325,500 unfavorable to budget due to concert schedule pushed back (\$409,400) as well as UConn women's basketball (\$120,100) offset slightly with favorable UConn men's basketball 39,100, men's hockey \$3,000, and misc. family events \$161,900
Other Income \$225,800 unfavorable compared to budget due to timing of sponsorship partners and ticket charge fees

Operating expenses \$57,900 favorable compared to budget due to savings in personnel offset with increased expenses in utilities as well as F&B personnel, credit card fees, and supplies
 Hockey operations \$345,800 favorable compared to budget due to increase in TV revenues and savings in sales personnel
 Net operations unfavorable to budget by \$147,600, excluding sports lounge net operations
 Total year projection of \$19,600 net income even with budget with CRDA appropriation, exclusive of estimated sports lounge net operations loss

Sports lounge weekend and event-day activity outperforming minimal week day activity
 Initiated marketing campaign in January and staffing changes in February
 Launched a new menu in March with local events to come
 Sports betting CT Lottery YTD net revenue of \$28,000 through Feb. 2024
 50% collected between Jan. and Feb. 2024
 Sports lounge net operations loss of \$375,000 through Feb. 2024
 50% decrease in average monthly net operations loss

P&W Stadium at Rentschler Field – Jan. 2024

Event Update: 6 UConn football games, 1 int'l soccer game, with 24 parking lot and catered events held
 Jan. financials: Event revenue \$213,000 favorable compared to budget with \$325,200 attributed to professional soccer and \$600 favorable parking lot and catered events offset with \$112,800 unfavorable UConn football season compared to budget
 Operating expenses \$33,300 unfavorable compared to budget due to F&B personnel slightly offset with savings in insurance
 Other Income \$53,800 favorable to budget due to sponsorship partners
 Net operations favorable to budget by \$233,500
 Total year projection of \$9,100 net income even with budget with CRDA appropriation

Housing and Neighborhood Committee

Randal Davis and Michael Freimuth together briefed the Board in Joanne Berger Sweeney's absence.

30 Laurel Street, Hartford

Project: The acquisition and conversion of a partially occupied class B office/commercial building located with the CRDA district but close to the Parkville neighborhood into 47 market rate units (12 studio, 27 1BR and 8 2BR).

Developer: Spectra Construction and Development (Dan Klaynberg), 554 Fifth Ave, NY, NY

Development

Budget:	Acquisition	\$1,573,000
	Soft Costs	969,726
	Financing	869,381
	Op Reserve	100,000
	Dev Fee	534,609 (5.4%)
	Hard Costs	<u>5,712,892</u>
	TDC	\$9,759,608

Sources	Sen Loan	\$3,900,000
	CRDA loan	3,525,000
	Equity	1,800,000
	Def Dev Fee	<u>534,609</u>
	Total	\$9,759,608

Request: Subordinate financing of \$3.525 million at 2%, 30yr amortization

The following motion was moved by Connor Martin, seconded by Bob Patricelli and approved.

“The executive director is authorized to provide financing to Spectra Construction and Development (or such single purpose entity as approved by CRDA) for the acquisition and conversion of 30 Laurel Street, Hartford into 47 residential units by lending up to \$3.525 million at 2%/30 year amortization with construction period interest at 2%, subject to: 1/ all financing being secured, 2/ approval of the State Bond Commission and 3/ such fiduciary terms as deemed necessary and appropriate by the executive director and CRDA counsel.”

81 Arch Street – Mr. Davis gave an update regarding the existing property owned by H.B. Nitkin. The developer would like to turn the first-floor commercial property into residential. The commercial space is currently vacant. The number of apartments could be as many as 18. There is more work to be done to see if it is feasible. If this is the case, the developer would come back to the Board to approve this request.

DoNo Parcel B, Hartford - Amendment to CRDA Approval

Project: Phase II, Parcel B1 of the Downtown North/Downtown Crossing was approved by CRDA and the State Bond Commission for a \$13.6M loan in 2021 and 2023 and the developer, RMS Companies has been negotiating to complete its application for a \$34M senior loan. Another \$16.9M in equity completes the Project financing. This phase includes 237 housing units and a 524-car garage directly across the street from the Yard Goats ballpark as well as the first phase of DoNo (the Pennant) with its 270 units and accompanying garage.

Issue: The senior lender’s underwriting calls for a three-year interest only period during construction and the initial lease up and stabilization of the Project. The CRDA loan, as approved in 2023, allows up to a two-year interest only period and then the construction loan is to convert to a permanent loan amortizing principal and interest at 3% for the remainder of the thirty-year term. The senior lender requires the initial interest only period be consistent between the loans, and they view the Project as stabilizing in year three thereby justifying the longer I/O period.

The following motion was moved by Seila Musquera-Bruno, seconded by David Robinson and approved.

“The Executive Director is authorized to extend the interest only period of the \$13.6M loan to RMS (or such approved single purpose entity) for the construction of Phase II, Parcel B1 of Downtown North Project from a two-year period to a three-year period to be consistent with the senior loan and its underwriting.”

Regional and Economic Development Projects Committee

Connor Martin reported on the projects for East Hartford in his Mayor’s Report. Mr. Freimuth reported on the following other projects that are not East Hartford related.

Double Tree/Revel - The hotel is now open, and the apartments will begin leasing.

Regional Market – Bob Patricelli asked if there has been anything new regarding the Regional Market. Mr. Freimuth responded that there have been some tenant changes. The Department of Agriculture has not advanced any redevelopment of the site. The city says there is a lot going on down there with the MIRA site and the airport site, so we are in a hold status. Some of the space is so fatigued as to be unrentable.

Projects in other towns

Bob Patricelli asked if CRDA can do work in other towns. Mr. Freimuth responded that statutorily CRDA can do work in Hartford and at Rentschler Field in East Hartford. However East Hartford and the other six contiguous towns need a Memorandum of Understanding (MOU) with CRDA.

Venue Committee

Vice Chairman Andy Bessette reported on the following venue Committee update:

XL Center

The Wolfpack record is currently even at home, with attendance averaging around 4,200 fans per game – nearly 20% higher than this point last year. Per caps are also 17% higher than last year.

The UConn women’s basketball team played seven games at XL this season with an average attendance of 8,800, while the men played eight games, averaging just over 12,000 attendees.

UConn hockey finished their four regular season games at XL with an average attendance of about 3,600. The CT Ice Tournament featuring UConn, as well as teams from Quinnipiac, Sacred Heart and Yale was held on January 26th and 27th. Some 8,800 fans attended over the two days - 26% higher than expected – and with per caps averaging over \$24.

Despite inclement weather, attendance for the popular Disney on Ice also exceeded expectations. Over four days, some 28,000 attended the show – a 14% increase over budget and nearly 10% over last year’s numbers.

The Andrea Bocelli concert held on February 23rd was a huge success in terms of revenue, as well as publicity for the building. The show exceeded budget estimates by more than 250% and it’s the most profitable concert held under OVG management to date.

Upcoming events include Monster Jam this weekend and a Nicki Minaj concert in April.

Connecticut Convention Center

Over three consecutive weekends in January, the Convention Center hosted 8,000 young athletes competing in the 2024 Nike New England Winterfest Volleyball Tournament. First held at the Convention Center in 2010, this event has tripled in size since that time. It was estimated that more than 28,000 people from across the Northeast and Canada traveled into Hartford for the tournament and state tax revenue attributed to the event was estimated at \$600,000. Economic impact to the local economy - including hotels, restaurants and stores - was estimated at over \$9 million.

In February, the Convention Center hosted the popular CT Flower and Garden Show. Nearly 28,000 people attended over the weekend, well above budget estimates. The show will return in 2025.

The popular 90’s Con convention was held this past weekend, with over 12,000 fans in attendance. Upcoming events include the CT Golf Show and a board game convention this weekend and Brick Fest Live for Lego enthusiasts in early May.

Recently completed work includes the repair of handicapped access doors throughout the building and replacement of room divider coverings in the ballroom and meeting rooms. Water issues continue to plague walkways around the building and significant work will be required to repair and replace pavers, waterproofing

and drainage along the entire Riverfront Esplanade. Costs are expected to total close to \$2 million for this section and we will need to approach the Bond Commission for funds.

Pratt & Whitney Stadium

Major renovation work at the Stadium is still awaiting Bond Commission approval. CRDA had requested the \$12 million approved by the General Assembly for the first phase of the \$60 million project. Construction management bid documents have been drafted and will be issued once funds have been allocated.

Mr. Freimuth reported that CRDA is going to RFP the management contract for the stadium soon.

Executive Director

Mr. Freimuth reported on the following:

XL Center Bid Process – The bid process went out in January 2024. The construction team received 49 different packages. After sorting the proposals, the base bid came in about \$140M and it was our hope that the bids would come in around \$100M. The construction team has been asked to go out and re-bid certain parts of the RFP under the State of Connecticut procurement rules. The packaging will be completed by mid-April to be released in May and we anticipate results in June. There may be some priorities we leave behind if bids do not come in lower next time.

If we go along day to day as we have in the past and not invest in the building, there is a real danger of a slow, steady reduction in events with expenses outpacing revenues.

The alternative is to continue to put funds into XL and continue to fix things as they break however \$20M of the \$100M is OVG's money and they will not be using those funds to "fix" broken pipes, etc. With increased OVG support and increased corporate support, it is possible to get some more public support. Having said that, it will come out of CRDA's general authorization, it won't be an additional trough of XL funds. CRDA does have general development funds, that are used for housing and other neighborhood initiatives. It is a matter of how the needs are prioritized. When the budget comes back, the Board will have to measure it against other initiatives that are currently before the Board.

Mr. Patricelli stated that he would fervently hope that CRDA housing funds wouldn't be used for this purpose. Maybe the Board could lobby for capital funds. Mr. Freimuth responded that the Board has indicated that XL is a priority and housing projects will be worked on, but a trade-off may have to be made. Chairman Robinson stated that it is not an all or nothing process, both can be done. Mr. Freimuth stated that there will be another tranche of \$25M in 2026 available for development projects.

Bob Houlihan is working on getting the re-bids out in the next few weeks. Also, RFI's have to be clarified and sent out.

Sr. Underwriter – Interviews have taken place for the Underwriter position and a preferred candidate has risen above the rest. In the next week we will make an offer and hope that they can start working the housing deals going forward.

Regional Market – Electrical problems at the market turned out to be with Eversource so they are in the process of fixing the issues.

MRDA – State-wide agency that will be authorized outside the CRDA district. Their Board is being assembled and the Governor's office is getting ready to launch this initiative. It will interface with CTDOT because they are faced with a lot of TOD projects. CRDA has been asked to and is statutorily authorized to assist in

launching their projects and managing them with the approval of the Board. I've advised the Governor as well as OPM that our bandwidth is pretty tight and you can piggyback off of finance and construction and legal staff but we'd will have to supplement those staffs. The expectation is that the CRDA model will be applied to the statewide version of the MRDA.

Chairman Robinson asked if they have staff. Mr. Freimuth responded that they will hire an executive director, and set up their Board, put out their program designs and then seek projects. Once the project has been passed by their Board, should it make it through bond commission, then there will be a contract with CRDA so we can help manage it day to day pending staff bandwidth.

UConn Campus Expansion – CRDA is working on a dorm project downtown. There are a variety of sites that have been looked at and we are in the process of analyzing how CRDA can participate. There is an expectation that CRDA will be a lender in the project. I indicated that this is something we would be interested in doing, especially since they will be taking over vacant buildings anyway. The idea would be that CRDA would provide a bridge loan to take it from the initial launch to a period of 3-5 years. This will be moving quickly over the next month.

89 Arch – tenant is still working and says he will be up and running in a couple of months.

Bushnell South – The Spinnaker loan is closed on the parcel approved at the last Board Meeting. They are in discussions with the Bushnell about a contract regarding parking. We have begun discussions on a formal land development agreement as well. Included in the Board package is a letter sent by the Neighborhood Revitalization Zone wanting to be more engaged in the design and planning work and staff have reached out to them. There is a draft RFP per our resolution to tackle the parking /traffic question. The RFP is circulating with the city as well as Bushnell, Spinnaker & Pennrose.

Mr. Patricelli interjected that he has a suggestion regarding a parking opportunity. Wicked is coming to The Bushnell in May and what we'd like to do is try to work with the city and necessary parties to develop an immediate traffic redirection plan that feeds people onto Washington Street into the Buckingham garage. That would be an important piece of research effective for our parking study. I'm thinking portable signs that say surface lot is full, go up Washington street to the Buckingham garage. Randall Davis indicated that he believes that the city DPW does have some portable signs. Mr. Freimuth asked Randal to work with Kim and Bob Patricelli to see if this can be coordinated as part of the parking/traffic issue. Mr. Davis indicated that it will be a conversation between the City, Hartford Parking Authority, and DPW.

Storm drainage is a problem throughout the city. However, in this area we are working with DEEP to put together a study of how we can maybe connect into DOT's system at Pulaski Circle. CRDA is waiting for DEEP to get back with comments.

55 Elm – Due to open in the Spring

65 Elm – new construction in planning

Trinity St. – Historic credit process underway

The Michael's Organization – They are talking about phasing their project. They will get back to us shortly with a program to do that.

Rentschler Field – waiting for Bond Commission to get some things done for football season

Science Center Garage – major repairs have been completed

April Board Meeting – date may change as there are conflicts with the 18th of April.

Adjourn – 6:20pm

Next Scheduled Board Meeting – April 25, 2024, 3:00pm –virtual with in-person option.

Moved from April 18, 2024.

The CRDA Board meeting minutes from March 21, 2024 were moved by Joanne Berger Sweeney and approved at the April 25, 2024 Board meeting.

