

Capital Region Development Authority

100 Columbus Boulevard, 5th Floor

Hartford, CT 06103

Wednesday, May 22, 2024

3:00pm –In-person meeting with virtual option

(The Board Meeting was held via Microsoft Teams with in-person availability)

Board Members Present: Chairman David Robinson; Vice Chairman Andy Bessette; Paul Hinsch; Randal Davis; David Jorgensen; Matthew Pugliese; Dan O’Keefe; Mayor Arunan Arulampalam; Joanne Berger-Sweeney; Andrew Diaz-Matos; Bob Patricelli; Pam Sucato

Board Members Absent: Seila Mosquera-Bruno; Mayor Connor Martin

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

Guests: Riverfront Recapture - Mike Zaleski, President & CEO; Marc Nicol, Director of Park Planning & Development; Eileen Buckheit, Town of East Hartford

Chairman David Robinson called the meeting to order at 3:00pm.

Minutes

The minutes from April 25, 2024, were moved by Joanne Berger Sweeney, seconded by Paul Hinsch and approved.

Presentation

Chairman David Robinson introduced Mike Zaleski, President & CEO of Riverfront Recapture who presented the ongoing projects that are happening along the Connecticut River in Hartford, East Hartford, Windsor and Wethersfield. The presentation also gave insight into potential plans for other projects expected to be started soon. The presentation can be found at <https://crdact.net/project/regional-economic-development/riverfront-recapture/>.

Mr. Zaleski updated the Board on the delays that Riverfront has experienced from the US Army Corps of Engineers (USACE) with regards to the permits need to finish projects Great River Park and Future Park near Windsor Meadows, that have been delayed since 2020. The delays stem from the significant turnover in staffing at the USACE over the years, additional studies that have been required, as well as the 2020 pandemic.

Riverfront Recapture continues dialogue with USACE, attempting to get approvals.

Chairman Robinson and Mr. Freimuth offered assistance if there is anything CRDA can do to move the process forward.

Mayor Reports

Hartford Mayor Arulampalam reported on the following:

Albany and Woodland – Groundbreaking scheduled for Thursday, May 24, 2024

Arrowhead Development – Almost closed and is moving towards construction

66 Pratt St – UConn Dormitory project, moving forward

Eileen Buckheit provided an East Hartford update due to Mayor Connor Martin's absence.

Silver Lane Plaza - The back building is demolished, moving ahead to hiring an environmental company to start on the side two buildings. There are 4 tenants left and an eviction court date at the end of June.

McCartin School – The demolition and housing proposal is being reviewed to possibly be on the next bond commission meeting agenda.

East River Drive at "Commerce Park" – The Town is moving ahead on the apartment project, which is for 120-130 market rate apartments being developed by Simon Konover.

Main Street improvements - A CIF application is being submitted in June.

Financial Update – May 2024

CRDA's CFO Joseph Geremia reported the following financial update for April 2024. Mr. Geremia noted CLA, this years audit firm, were onsite in the prior week for interim audit testing which went well and on schedule.

Fiscal Year 2024 Financial Statements, Audits, and Fiscal Year 2025 Budgets

CRDA Fiscal Year 2024 interim audit

CRDA Financial Statements

CRDA Federal Awards audit

CT Convention Center Contractual-Basis Financial Statements

XL Center Contractual-Basis Financial Statements

CRDA Parking Facilities Contractual-Basis Financial Statements

Rentschler Field Contractual-Basis Financial Statements

Fiscal Year 2025 Budgets

Management companies/CRDA staff prepare draft budgets (April through May)

CRDA staff review draft budgets followed by appropriate adjustments (May/June)

CRDA Board Venue Committee presented major venue budgets (June)

CRDA Board Executive & Finance Committee members presented state appropriation and major venue budgets (June)

Full Board presented state appropriation and venue budgets for authorization (June)

Fiscal Year 2024 Financial Statements for the Nine Months Ending 3/31/2024

Balance Sheet

- Current cash increase reflects timing differences with state funding regarding housing construction drawdowns

Financial Update – May 2024 (cont.)

- Unrestricted investment increase reflects timing differences with housing and operations funding
- 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 - Mar. 2024

Stats: Occupancy: 82% with 16 tenants
 Activity: Farmers' Market: 2024 season opened on April 6
 Mar. financials: Operating revenue \$43,100 favorable to budget due to seasonal parking agreements
 Operating expenses \$59,000 favorable to budget due to savings in security and maintenance deferred to spring
 Net income of \$214,700 favorable to budget by \$102,100
 Total year projection of \$177,800 net income favorable to budget by \$56,000

CRDA Parking Facilities – Mar./Apr. 2024

Stats (Apr.): Utilization of 79% is favorable to budget by 17%
 Mar. financials Revenues \$440,200 favorable to budget due to increase in monthly parkers and corporate validation revenues
 Expenses \$578,200 unfavorable compared to budget due to personnel, repairs & maintenance, and increases in credit card fees due to increased transient revenue
 Net income of \$185,400 unfavorable to budget by \$138,000
 Total year projection of \$170,000 net income unfavorable to budget by \$155,900

Church Street Garage – Mar./Apr. 2024

Stats (Apr.): Utilization increased to 28% is unfavorable to budget by 1%
 Mar. financials: Revenues \$138,000 favorable to budget due to increase in monthly parkers and corporate validations
 Expenses \$119,500 unfavorable compared to budget due to increase in insurance, utilities, and repairs & maintenance
 Net income of \$65,300 favorable to budget by \$18,500
 Total year projection of \$36,000 net income favorable to budget by \$18,000

Bushnell South Garage – Mar. 2024

Stats: Averaging 160 state vehicles per day-42% utilization
 Tuesday through Thursday average of 200 state vehicles per day
 Mar. financials: Revenues \$28,300 favorable to budget due to transient and event revenues
 Expenses \$33,000 unfavorable compared to budget due to increase in insurance and utilities
 Net income of \$103,600 unfavorable to budget by \$4,700
 Total year projection of break-even with CRDA appropriation even with budget
 Bushnell Theatre event parking cooperation – operations personnel coordination

CT Convention Center – Mar. 2024

Event Update: Hosted 86 events this fiscal year with YTD attendance over 332,000
 Scheduled for 132 events this fiscal year vs. budget of 109 events
 Beyond King Tut exhibit and GLOW holiday show performed better than budget
 CUP energy services agreement renewal equates to 20% energy savings in FY25 and FY26
 Mar. financials: Revenues \$584,300 favorable to budget due to two additional banquet catering events and F&B revenues from public events

Expenses \$71,200 favorable to budget due to savings in event personnel and vacant positions as well as CUP utilities

Net operations favorable to budget by \$655,500

Total year projection \$430,000 favorable to budget with CRDA appropriation

XL Center – Mar. 2024

Event Update: Hosted 87 events this fiscal year with YTD approximate attendance of 426,400

Scheduled for 116 events this fiscal year vs. budget of 116 events

Concerts scheduled in April with holds for end of Q1 in FY2025

Increased Hartford Wolfpack group sales activity

Mar. financials: Event revenue \$194,500 unfavorable to budget due to concert schedule pushed back (\$182,200) as well as UConn women's basketball (\$159,500) offset slightly with favorable

UConn men's basketball 2,800, men's hockey \$3,200, and misc. family events \$141,200

Other Income \$258,900 unfavorable compared to budget due to timing of sponsorship partners and ticket charge fees

Operating expenses \$201,200 unfavorable compared to budget due to increased expenses in utilities as well as F&B personnel, credit card fees, and supplies offset slightly with savings in personnel and insurance

Hockey operations \$776,300 favorable compared to budget due to increases in TV revenues, ticket sales, and savings in sales personnel

Net operations favorable to budget by \$121,700, 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 \$32,000 through Mar. 2024

Sports lounge net operations loss of \$495,000 through Mar. 2024

P&W Stadium at Rentschler Field – Mar. 2024

Event Update: 6 UConn football games, 1 int'l soccer game, with 27 parking lot and catered events held

Mar. financials: Event revenue \$206,800 favorable compared to budget with \$325,200 attributed to professional soccer offset with \$112,800 unfavorable UConn football season and \$5,600 unfavorable parking lot and catered events compared to budget

Operating expenses \$37,800 unfavorable compared to budget due to F&B personnel and repairs & maintenance slightly offset with savings in insurance

Other Income \$53,900 favorable to budget due to sponsorship partners

Net operations favorable to budget by \$222,900

Total year projection of \$9,100 net income even with budget with CRDA appropriation

Housing and Neighborhood Committee

Joanne Berger Sweeney and Michael Freimuth briefed the Board together on the following projects:

Project: **Cast Iron Building**
241 Asylum St., Hartford, CT
Werner and Company/Cast Iron LLC

Background: The Cast Iron Building is a mixed-use residential, office and retail building, and has been owned

and operated by Keith Werner of Werner and Co. (“Werner,” or “Borrower”) since 2000. Werner began the building’s first conversion from office to residential by adding two apartments on the fourth floor in 2000 and leasing the remaining floors as office and ground-floor retail. In December of 2018, CRDA provided a \$200,000 loan for the construction of four additional units on floors 6 and 7, at a 3% interest rate, interest-only for a 2-year term with the ability to extend the loan for three years at 3%, amortizing principal and interest over 25 years. The Borrower exercised its three-year extension option, and in 2023, CRDA approved another 1-year extension. As of May 1, 2024, the CRDA loan balance is approximately \$168,000.

In addition to adding four units with CRDA financing, Werner applied for tax credits related to the completion of a historic rehab, including the replacement of the building’s Corinthian style capitals on the front of the building. The application for the historical tax credits is in the third stage (out of five), and the State Historic Preservation Office (“SHPO”) has approved the capitals which are ready to be affixed to the front of the building. The Borrower expects \$181,000 in tax credits to be monetized by year-end 2025 and to be used to pay down CRDA debt service.

Werner has plans to convert the remaining floors of vacant office space (2nd and 3rd floor) to 3 apartment units and is requesting additional loan proceeds from CRDA in the amount of \$257,000. A corporate tenant (Hartford Athletics) is under LOI to lease the new apartments for a term of three years beginning at receipt of certificate of occupancy, but in no event later than November 1, 2024. Assuming a November 1 lease start date, this will add \$95,000 of additional rental income in 2025, and the building will be 100% occupied. The building’s current net income covers amortizing debt service assuming the new loan, and coverage increases significantly on a stabilized basis (2025).

Proposal: Staff recommend making a loan of up to \$425,000 to Werner and Company to be used to pay off the existing \$168,000 CRDA loan and use up to \$257,000 for the conversion of the remaining two floors of office to residential. The proposed loan will have a term of 2-years and earn interest at 3.25%, with no interest-only period. Interest payments will be calculated using a 25-year amortization schedule and the loan is pre-payable at any time without penalty.

The following motion was moved by Joanne Berger Sweeney, seconded by Chairman Robinson approved.

“The Executive Director is authorized to lend up to \$425,000 of CRDA Housing funds over a two-year term to Werner & Co. (or such acceptable single purpose entity) for the conversion of two floors of office space to three residential units at 241 Asylum Street, Hartford, at 3.25% interest with amortizing principal and interest over 25 years. The loan is to be used to pay off CRDA’s existing \$168,000 loan and for construction costs related to the office conversion to residential. The loan shall be a subordinate second position lien and is subject to other fiduciary diligence deemed necessary by the Executive Director and CRDA counsel, including but not limited to, approval from the senior lender (NBT), a new appraisal.”

Project: **DoNo/North Crossing – RPI**
Address: 275 Windsor St., Hartford, CT
RMS Companies

Background: The City of Hartford selected RMS to redevelop the area known as DoNo/North Crossing that includes Dunkin Stadium and the recently completed Parcel C, now “The Pennant.” In 2020, CRDA assisted in the financing of the project with both housing funds and its public/private investment fund, and the now finalized 270-unit project (delivered in 2022) is 90% occupied as it enters peak leasing season. In December 2021, CRDA secured additional financing for the second phase of residential development including a 228-unit residential wrap project with a 524-space parking garage known as Parcel B. Parcel B served as the primary

parking lot for Dunkin Park. As previously reported, Parcel B had been stalled due to pending litigation between a Dunkin Stadium developer and the City of Hartford.

In mid-2023, with Parcel B on hold, RMS moved on an opportunity to purchase 275 Windsor Street, known as the Rensselaer Polytechnic Institute (“RPI”) site. RPI is a 12.69-acre parcel of land due north of Dunkin Stadium not part of the original redevelopment area, and not a part of the Parcel B litigation. The initial plan for the RPI site included a phased multifamily development, with phase one containing 269-units and a new garage. Currently, three buildings exist on-site, two vacant RPI school buildings and structured parking with 459 spaces.

At the CRDA Board Meeting on September 21, 2023, the Board authorized the Executive Director to seek Bond Commission approval to use the previously approved \$3 million awarded to the 200 Constitution Plaza development for the 275 Windsor Street project or the 200 Constitution Plaza project.

In October 2023, a settlement was reached in the lawsuit between the city of Hartford and the developer fired from the Dunkin Stadium project. It ended a freeze on development around the park that had stalled RMS’s plans for Parcel B, that served as the primary parking area for the Stadium. With the RPI site under contract, and the ability to break ground on Parcel B, RMS closed its acquisition on the RPI site, and reengaged on the development of Parcel B. RMS and the city of Hartford came to an agreement to allow parking for the Stadium to be relocated to the existing 459 space garage on the RPI site, which generates approximately \$144,000 of income annually. Parcel B is now under construction.

RMS is working on both projects simultaneously. In addition to the acquisition of RPI (\$3.8 million), RMS has considerable work to do on site, including demolition of the existing school buildings and environmental remediation which are estimated at approximately \$2.5 million (not including soft costs).

Proposal: Staff recommends making the \$3 million previously available for 275 Windsor Street to be used to offset the \$3.8 million purchase price of the RPI site. RMS is incurring construction and due diligence costs for both projects as it continues a dual path. The proposed loan will earn interest at 3% and carry a term of 5-years, with interest-only payments for years 1-5. The loan is pre-payable at any time without penalty. The loan will be a first priority lien, securitized by the value of the land, verified by independent appraisal, and the income producing parking structure.

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

“The Executive Director has approval to lend up to \$3 million to RMS (or such acceptable single purpose entity) at 3% interest only for a period of five years and to complete other fiduciary diligence deemed necessary by the Executive Director and CRDA counsel. This includes but is not limited to the receipt of an independent appraisal valuing the property in the amount of \$3.0 million or greater.”

Project: **University of Connecticut Dormitory Housing**
64 Pratt Street (242 Trumbull Street Annex)

Background: Student enrollment increases and an interest in dormitory housing has evolved into a proposal to develop a 200+ person dorm facility downtown. After conducting a search of several buildings near the university’s three downtown facilities (Business School at Constitution Plaza, main regional campus on Front Street and the pending research facility at the XL Center), the school entered negotiations for a property at 64 Pratt Street (242 Trumbull annex) owned by the Shelbourne Company and the Lexington Partners Group.

The owners would convert the existing 87,000 sf/five story office building into residential living space for undergraduates subject to UConn specifications and a long-term lease with the school to provide rent at dorm room rates to the developers.

<u>Development Budget:</u>	Private Bank Financing	\$10,064,305
	CRDA bridge/perm	10,000,000
	Equity	3,000,000
	City/State Grant	<u>4,892,097</u>
		\$ 27,956,402 TDC

CRDA Assistance: CRDA would extend a loan to the developer totaling \$10M that will serve as a construction loan converting to a permanent note after refinancing in year 3. The CRDA note will be reduced from proceeds of the refinancing with the remainder to serve as a 20-year loan, 30-year amortization at 3% interest. The loan would terminate in year 20 unless there is an extension of the UConn lease and can be extended up to 10 years. During the first two years, during construction and initial lease up, the loan will be 3% interest only.

The following motion was moved by Joanne Berger Sweeney, seconded by Chairman Robinson approved with Andy Bessette abstaining.

“The executive director is authorized to lend to the borrower, Shelbourne/Lexington Partners (or such single purpose entity acceptable to CRDA) up to \$10,000,000 for the purposes of converting the 64 Pratt Street (annex of 242 Trumbull St), Hartford into a dormitory for the University of Connecticut with no less than a 20 year lease at the terms outlined above subject to: 1/ State of Connecticut Bond Commission authorization, 2/ all funding sources sufficient to complete the project being committed; and 3/ such fiduciary terms as deemed necessary and appropriate by CRDA legal counsel and executive director.”

Regional and Economic Development Projects Committee

In Mayor Martin’s absence, Mr. Freimuth stated that the committee met on May 9, 2024 and discussed Riverfront projects as presented earlier in the Mayor’s report. The following project was approved by the committee and moved to the Board for consideration:

Project: Former McCartin School Housing Subdivision

Background: In September 2018, the State Bond Commission allocated \$1 million of designated East Hartford bond funds for the demolition of four blighted properties in the town.

In July 2022, the Bond Commission amended its allocation to allow a portion of these funds to be used at the former McCartin Elementary School, which the Town intends to demolish and replace with single family housing. Pursuant to an MOU with the Town, CRDA utilized approximately \$70,000 of these funds for a hazardous building materials study and the creation of a demolition and abatement plan for the site.

In May 2023, the Board approved \$3.5 million to implement the abatement and demolition plan.

Proposal: The Town is now seeking an additional \$1.0 million from its bond account to construct certain site improvements - including roadways, sidewalks and utilities - necessary for residential development. Following completion of that work, the Town will issue an RFP for a housing developer to construct at least 16 single-family houses on the site.

The following motion was moved by Randal Davis, seconded by Joanne Berger Sweeney and approved.

“The Executive Director is authorized to apply to the State Bond Commission for a total of \$4.5 million from the designated CRDA/East Hartford authorizations to provide a grant in aid to the Town of East Hartford for demolition, abatement and site work at the former McCartin school to allow for residential development on the site. The Executive Director is authorized to enter into appropriate assistance agreements with the Town of East Hartford for such grant and to utilize CRDA staff to assist the Town with these projects.”

Venue Committee

Vice Chairman Andy Bessette reported on the following venue Committee update for April 2024:

XL Center

The Wolfpack have advanced to the Atlantic Division Finals of the Calder Cup championships and will play their third game against the Hershey Bears tonight at the XL Center. The Bears lead the series 2-0.

The building continues its run of hugely successful events this spring. WWE Raw was held earlier this month and attracted over 9,000 wrestling fans. Nearly 20,000 people attended the CORE Hydration Classic gymnastics event held this weekend. The nationally televised event featured three U.S. Olympic all-around gold medalists, including Simone Biles. This was the final qualifier for the U.S. Gymnastics Championships scheduled for later this month. XL has also played host to graduation ceremonies for Eastern Connecticut, St. Joseph’s and the University of Hartford.

In addition to Wolfpack games, upcoming events include two popular Latino musical shows. Next week, Aventura Cerrando Ciclos featuring Romeo Santos will perform in the arena. In June, XL will host the popular Columbian singer Feid and his 2024 Ferxxocalipsis tour.

Pratt & Whitney Stadium

The Stadium Management RFP issued in late April has been rescinded and later in this meeting the Board will consider a resolution extending OVG’s contract for another year.

As noted at the last meeting, the Stadium is preparing for two international soccer matches to be held in mid-June. Columbia and Bolivia will play on June 15th, while Ecuador and Honduras will play on June 16th.

CRDA has requested \$5 million from the next Bond Commission meeting for roof repairs, renovation of team facilities and smaller projects around the building. Other renovation work at the Stadium remains on hold pending Bond Commission approval.

Connecticut Convention Center

Upcoming events this summer include the Connecticut Legal Conference, Unicorn World and the Great American Stamp Show.

As noted at the last meeting, water issues continue to plague walkways around the Convention Center, particularly along the Riverfront Esplanade. To address these issues, CRDA has requested \$2 million from the next Bond Commission meeting for replacement of pavers and repair of waterproofing and drainage.

Mr. Freimuth explained the following project for consideration:

Rentschler Stadium Management Extension

Background: In April 2013, CRDA entered into a ten-year Facilities Management Agreement with Global Spectrum (now OVG) for management of both the XL Center and Pratt & Whitney Stadium. In 2021, the XL portions of the Agreement were extended to June 30, 2025, while the Stadium portions were later extended to June 30, 2024.

Currently, the two buildings work closely together, with several positions shared between them and salaries allocated accordingly, producing economies for both. Under the new management arrangement contemplated for the XL Center, however, the buildings may need to be operated independently and any savings associated with a single operator may be lost and must be assessed and accounted for. This also assures that a bidding process built on independent operations at Rentschler is accurate and fair.

Consequently, the process of fully separating operations of the two venues is more complicated than initially thought with a consequent impact on the existing and approved biennial budget for the upcoming fiscal year. Upon consultation with OPM, a one-year extension of the Stadium portions of the Agreement will allow us adequate time to work through that process, to maintain the next year's budget forecast as previously contemplated within the State's biennial budget and to evaluate the bid process upon final resolution of any management agreement to operate the XL, an operating agreement that should resolve itself in the next several months.

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

"The Executive Director is authorized to extend the provisions of the Facilities Management Agreement with OVG pertaining to Pratt & Whitney Stadium until June 30, 2025."

Executive Director

Mr. Freimuth reported on the following:

XL Center – legislation is giving flexibility in negotiating the management agreement with OVG. Also, there has been an increase in granting greater budget flexibility recognizing that the bids came in higher than expected in the first round, increasing the amount to \$125M.

Other legislative action – there were a few bills that were moving regarding quasi-public agencies that did not make it through the session. There were some changes to housing and TOD based bills. There were a couple of amendments to the MRDA statute. The Governor's office is trying to get this started up and CRDA might assist them as they get started.

Bushnell South – CRDA and MDC have been meeting regarding storm drainage issues and an engineering firm has been retained to put together some options and began discussions with Spinnaker and The Michaels Group (TMO) on what it means to their projects and how to accommodate the storm drainage issue.

An RFP for parking traffic issue is about to go out.

The Annex will be leasing as early as June 2024 and Spinnaker is discussing two other buildings near 55 Elm. TMO is working out phasing this project so later this summer a phased approach to the Bushnell site will be brought back before the Board

The Trinity Project – has a deadline to close by December.

Cashflow Mortgages – Some of the earlier projects were based on Cashflow Mortgages and CRDA is now starting to see cashflow payments come in, most notably 777 Main.

Construction Report

Housing initiatives this calendar year include the opening of 55 Elm; 525 Main and 275 Pearl.

Chairman Robinson reminded Board members that the next Board meeting is, in-person with a virtual option available, Thursday, June 20 at 5:00pm.

Board adjourned at 4:19pm

“The May 22, 2024 Minutes were moved by Bob Patricelli, seconded by Paul Hinsch and approved at the June 18, 2024 Board Meeting.”