Capital Region Development Authority
100 Columbus Boulevard, 5th Floor
Hartford, CT 06103
Tuesday, July 30, 2024
10:00am –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; Matthew Pugliese; Bob Patricelli; Pam Sucato; Mayor Arunan Arulampalam; Andrew Diaz-Matos; Olusegun Ajayi

Board Members Absent: Mayor Connor Martin; Seila Mosquera-Bruno; Joanne Berger-Sweeney; David Jorgensen

CRDA Staff Present: Michael Freimuth; Joseph Geremia; Anthony Lazzaro; Robert Houlihan; Jennifer Gaffey; Terryl Mitchell Smith; Mark O'Connell; Derek Peterson; Erica Levis

Guests: Chairman: Facilities & Alliances at OVG, LLC, Peter Luukko; OVG Frank Russo; General Manager, XL Center/P&W Stadium, Ben Weiss; Pullman & Comley, Attorney John Stafstrom; Attorney Daniel Barrack

Minutes

The minutes from June 18, 2024, were moved by Andy Bessette, seconded by Bob Patricelli and approved.

XL Center

Chairman David Robinson called the meeting to order at 10:05am. He indicated that Executive Director Michael Freimuth has been keeping him updated as well as updating the individual Venue Committee members with regards to the XL Project. Typically, this would be vetted through the Venue Committee to make a recommendation to bring this project to the full Board however many of the conversations are highly repetitive and, this being a very important matter, it was decided that it would be best to collapse both meetings into the full Board. Chairman Robinson stated that without speaking for the Venue Committee, he is very comfortable with the work that CRDA has done, getting us to a place where the Board is in a position to approve this and move forward.

Mr. Freimuth suggested going through the three items on the agenda taking questions after each item and voting on all at end of discussion. He also mentioned that in 2022 CRDA entered into an agreement with OVG to study the building to determine whether or not it can accommodate the real needs of the business, most notably concerts. The design team, over the course of 2022, came up with some suggestions and in 2023 it was concluded that a renovation program focused on the business model could move forward. CRDA had conversations with the legislature and Board regarding the project, that goes over the last couple of years. On a parallel path CRDA has bid the work. The first bids were received earlier this year and they came back too high. After amendments, it was rebid, and those bids are with us today. Other issues that have come up include LiveNation, which will be discussed as well. Mr. Freimuth asked Bob Houlihan, Director of Design and Building Services to go over the construction budget. Bob discussed the details of the budget exhibit.

7/30/2024

XL CENTER 2024 RENOVATION

SUMMARY Revised Scope

Item #	Description		
D	**New Event Level Club & Suites (excl. Loges)** *Event Level Club including VIP Lobby, Multipurpose Room, Full Service Kitchen, private dining room, (5) Bunker Suites and associated corridors.*		
I	**AV Infrastructure** *Construct Rack Room and interconnect panels for the relocation of Broadcast Truck systems.*		
E	**Main Concourse - Level 61** *Painting (incl L71), digital signage, AV menu boards including associated electrical and HVAC relocations, upgraded finish on concession stands.*		
G	**Switchgear** *Furnish and install new switchgear including temporary power during the removal and installation of the new gear.*		
F	**Generator** *Provide new 1000kW generator at the top of the exit ramp. Including architectural, fire protection and HVAC upgrades and removal of the existing 500kW generator.*		
J	**Rigging - Bid - Enhanced Option B** *Structural steel improvement to enhance theatrical rigging functions.*		
B	**Arena Bowl** *Structural work and seating associated with the stage relocation. New wider fixed seating, new retractable seating, creation of loge boxes*		
C	**Event Production / Performer Team Areas** *UConn Locker Room, Wolf Pack Locker Room, Artist Lounge, Star Dressing Room, Changing Rooms and Break Rooms.*		
L	**Vertical Transportation** *Lee McGinley Elevator replacement and shaft extension. Exhibition elevator replacement and associated shaft work upgrade. Shipping and Receiving replacement elevator and associated shaft work upgrades. Replacement of two escalators in VIP Lobby 1301.*		
M	**Roof** *Overlay of existing main roof with 60 mil/20yr NDL - TPO membrane including access to roof, plumbing and HVAC costs flashing of existing roof top equipment, and lightning protection modifications. Perimeter roofs to be replaced per Gale Report including all associated roof flashings/copings.*		
	ALTERNATES:		
#2	*#2. Deduct: Retain Level 61 Fan Club Bars*		
#7	*#7. Add: Replace Upper Bowl ACT, Paint Grid and Replace Lighting*		
#9	*#9. Add: CRAC unit cooling in transformer room in Quad C of Levels 31 and 48.*		
	TOTAL CONSTRUCTION COST	$	99,240,000
	Owner Soft Costs / Design Fees	$	21,560,000
	Owners Contingency	$	24,200,000
	PROJECT TOTAL	**$**	**145,000,000**

Alt #	*POSSIBLE PHASED WORK **			
11	*Show Power*	*included*		
12,13,14,15	*Elevators*	*included*		
3	*Artist Lounge*	*included*		
5	*Bunker Suites*	*included*		
4	*Full Service Kitchen*	*included*		
8	*Enhanced Rigging*	*included*		
	Roof	*included*		
	POSSIBLE PHASED WORK TOTAL		**$**	**(20,000,000)**

Notes:

** "Phased Work" = alternates to be funded at a later date if necessary.*

** All phased work alternates are currently INCLUDED in the $145M.*

** All phased work alternates would have to be re-bid. Actual cost may vary depending on timing.*

WORK NOT INCLUDED IN REVISED PROJECT

A	*Improved Truck Load In/Out - New Ramp* *Reconstruction of entry truck ramp including plaza, stair, planters, structural modifications, and loading changes.*
K	*MEP Infrastructure* *Existing AHU refurbishments and supplemental work required for access.*
Alt #6	*New Bar at the east end of L61*

Chairman Robinson asked to explain how the $24.2M contingency is built and help the Board understand it. Mr. Houlihan responded stating that this is a forty to fifty-year-old structure and although typical contingencies would run 10%, with this kind of building and our experience, 20% is appropriate. Mr. Bessette responded that with that kind of antiquated equipment, he thinks 20% is appropriate to make sure the costs are covered.

Chairman Robinson asked if the upgrades that are being made to the building will significantly enhance the building despite not being able to make other upgrades i.e. loading dock/ramp system.? Mr. Freimuth responded stating that the ramp upgrade alone would have been $20M. Although the loading dock is an issue, we try to accommodate a lot of the features that the artists need. Mr. Luukko agreed, stating that OVG looked at the project as a whole. Adding additional seats, fixing the rigging, the show power. He noted that the one thing that we have in Hartford that other facilities do not have is the exhibition hall, which is open for truck parking, which is an advantage. Luukko further stated as OVG looked at the cost, being prudent and getting the project done, OVG saw the ability to do the dressing rooms, the show power, the rigging and the fact that we can park trucks in the Ex-hall covered area, then we can more than do the job. Then there are the suites, the club seating, the concourse, all the things that are going to be upgraded to create a great environment for the patrons.

Mr. Luukko continued: Recently OVG renovated the arena in Baltimore and more than quadrupled the number of shows there. This is a building that is older than the Hartford civic center and didn't have the bones the civic center has. Three years ago OVG decided that we said we did not want to be fee managers, we wanted to put skin in the game and I believe it's Hartford's time. I believe, as a company, we can return the XL Center to its vibrancy of what it used to be.

Andy Bessette asked if the acoustics will be what is needed to attract the premiere concerts? Mr. Luukko responded by stating that the acoustics in the building are actually really good. Ben Weiss also responded saying that one of the points that Bob Houlihan brought up was the replacement of the acoustical ceiling tile in the bowl, this will be the latest equipment that you can get. When Andrea Boccelli performed, we performed sound checks for six months prior to the concert and it was great.

Andrew Diaz Matos asked if logistically do we have concerns, for instance, the WWE stating they are tired of the loading dock and do we think that that is a risk? Mr. Weiss responded stating that every problem will not be solved however many of them are being resolved, show power, rigging, we are making it easier for events to get in and out easier. Chairman Robinson summed it up by stating that the building is long overdue for an upgrade, and it is not as competitive at getting the shows where the revenue is where attendance comes from now a days. An upgrade is necessary, every building has its pros and cons, and we need more pros and this addresses a lot of those issues and we can work around some ramp issues. If we do this upgrade, the building will have a lot more to offer.

<u>XL Center Bond Authorization and Allocation</u>

Mr. Freimuth explained the following bonding authorizations as well as the funding that is needed to fund the $145M. The $45M will come from CRDA general authorization that was normally allocated to housing projects in the City of Hartford. Chairman Robinson reiterated to come up with the $118M, the CRDA will have to use $45M of housing allocated funds to do the upgrades to the XL Center while also doing housing projects in the Hartford area with the remaining housing funds. Bob Patricelli asked if there are any specific housing projects which are far enough along, that can no longer move forward if we go forward with the XL upgrade? Mr. Freimuth said no. There are projects that have sufficient funds already put aside to move forward with those projects. Mr. Diaz Matos asked if there will be a housing crisis during the liquidity crunch? Mr. Freimuth remarked that housing rents are up but so are expenses, occupancy is steady. There are going to be some corporate facilities that are going to need to be converted to housing. Mayor Arulampalam stated that the housing market downtown has continued to see a demand and the reason for that is there is such vibrancy downtown.

To fully contract the renovations at the XL Center, CRDA will have to request that the State Bond Commission allocate funds from five specific authorizations within the State budget.
XL specific authorizations are:

PA 20-1, June special session, Sec. 2(g) in the amount of $20,500,000
PA 20-1, June special session, Sec. 21(e) in the amount of $37,500,000
PA 23-205, Sec. 2(i)(3) in the amount of $15,000,000

General authorization:

PA 22-118, Sec. 314(h) in the amount of $38,500,000
PA 23-205, Sec. 13(i)(1) in the amount of $6,500,000

This would total $118M ($7M was previously allocated for design and bid work). Twenty ($20) million will be added per the new facility management agreement from OVG for a total budget of $145M.

New OVG Facility Agreement

Mr. Freimuth introduced Attorney John Stafstrom from Pullman Comley, CRDA's outside counsel, to explain and expound upon the Facility Management Agreement. The full Agreement can be found on the CRDA website. Attorney Stafstrom explained that CRDA will establish a public private partnership with OVG, who is the existing contractor at the time the legislature approved this, and that the legislature approved to continue on this basis. He also pointed out that he and his team have had extensive discussions with OPM about the form of this agreement and we believe we've satisfied all their concerns as to what the agreement should entail. One of the predicates to this will be an agreement and a side letter with OVG that says they are satisfied with the design and construction, the budget, what we are doing with the project that we've laid out in order to move forward. Design was discussed at the beginning of the meeting.

The new agreement is authorized by the two public acts, the agreement needed to be drafted within the two public acts. The agreement provides for $125M of the State investment and is matched by $20M investment by OVG. The OVG funds will be put into escrow as soon as the Bond Commission approves the State funds and that money will be accessed para passu with the CRDA money. The agreement will be signed and the funds will be in escrow prior to CRDA signing any construction contract.

In the past, CRDA, through the State, has been bearing all the losses at XL. This agreement provides that OVG bears those losses, however if there is profit, OVG gets the first $4M of profit, followed by a 50/50 profit sharing arrangement with CRDA beyond that.

Andrew Diaz Matos asked what happens to the interest? Attorney Stafstrom responded that the interest in the investment account is for the benefit of OVG.

For specific events, OVG will have dedicated 56 parking spaces at the Church Street garage, to maximize revenue to the luxury boxes. OVG will notify CRDA of specific events in advance and be charged the market rate for these parking spaces.

OVG will continue to be responsible for the operations of the center, with the food and beverage staying the same. They will also have to prove that this subcontractor agreement is done on an arm's length basis.

The Ticketmaster agreement expires on June 30, 2025, this agreement requires that OVG rebid that agreement and that whoever is the winning bidder, CRDA has the sole authority to whether that bid should be accepted or not.

The manager and CRDA have to make reasonable efforts to maintain an AHL team as well as UConn for a minimum of twenty games (mix of men's, women's basketball and hockey) for a five-year agreement. The agreement needs to be executed by the end of December 2024.

The sports bar is part of the XL Center revenues, expenses, etc. however it has been agreed that this will be looked at in June 2025 and possibly earlier to see what the track record is and to see what the economics are for the parties involved.

OVG will put $500K from Gross Revenues in a capital reserve account each contract year to be used for capital. If that is not enough, they can roll into next year's investment. Any major expenditures on structural items (such as a new room, rebuild or refurbishment of areas damaged by fire, flood, etc., or significant renovation) shall not be Operating Expenses but rather, if incurred with the approval of CRDA, shall be for the account of CRDA and subject to available funds.

The agreement can be terminated by either party upon thirty days' prior written notice, if the other party fails to perform or comply with any of the agreements, covenants, material terms. Bankruptcy can terminate within 120 after bankruptcy or insolvency. The agreement can terminate due to Gross Mismanagement, Systemic Mismanagement; a series of negligent material failures; Failure to Cooperate with Auditors, or Violation of Law upon 180 days written notice.

On behalf of the Board, Chairman Robinson thanked OVG for their position in this public private partnership. He also thanked OPM, the Governor, the legislature and the entire CRDA Staff for all the work to get us to this point.

Mr. Freimuth spoke about the pending anti-trust action against LiveNation. LiveNation is not in this deal structure however Ticket Master, a component of LiveNation is a vendor to OVG. The Attorney General has determined that he will abstain from voting at the Bond Commission. Another issue that was brought up was regarding whether UConn could use Ticketmaster at the stadium. To that point, UConn currently has its own ticketing operations so there are two ticketing platforms.

A new UConn lease has to be written and that new lease will have to reflect some ticketing arrangement and if UConn wants to have their own platform, that is something that will need to be accommodated.

The question of procuring Ticketmaster has been posed to OVG. That agreement may need to be rebid sooner than later. Chairman Robinson asked Mr. Luukko when it comes to rebidding the ticketing program, which is currently with Ticketmaster, does the CRDA have full discretion when it comes to who will get the ticketing contract? Should the contract be rebid now rather than waiting for a year? Mr. Luukko responded that the bidding process would begin in December. OVG is not a promoter or a ticketing company. The Department of Justice also spoke to OVG regarding the lawsuit, although OVG is not part of the lawsuit.

Attorney Stafstrom stated that he and Mr. Freimuth had an extensive conversation with OVG's legal counsel to discuss this matter and specifically to get our due diligence done. OVG's legal counsel corroborated what Mr.

Luukko said, they produced thousands of documents for the Dept. of Justice and the Attorney Generals. OVG's legal counsel said they have been assured that they are not expected to be added to the suit.

Attorney Lazzaro made the following statement. Back in August, I was contacted by six attorneys at the Dept. of Justice, attorneys from Attorney General Tongs office. They asked for my cooperation in the investigation between OVG, LiveNation, Ticketmaster concerning this twenty-year contract and the operations at XL and Rentschler Field. At the time, I was told not to reveal anything about the investigation. They asked about how Ticketmaster became the ticket vender at XL and Rentschler Field. After researching the matter, I told them that OVG had not issued an RFP, rather obtained two written quotes. This process violated CRDA and State contracting protocols and procedures. They were required to RFP this contract or get CRDA's permission to get three written quotes, which was not done. Additionally, Ticketmaster was not approved as the preferred vendor which is required. Also, the Ticketmaster contract does not contain statutorily nondiscrimination language, jurisdiction, things of that nature. The DOJ subpoenaed certain documents and I have been notified that I may be called as a witness in the case against Ticketmaster. My testimony is likely to include custody and transfer of the documents, as well as OVG's violation statement, State of CT contracting standards and procedures and awarding services to Ticketmaster. DOJ and AG Tong have requested the termination of OVG's Ticketing agreement with Ticketmaster. Yesterday a request was made by the State Contracting Review Board regarding the 20-year agreement and OVG's relationship with Ticketmaster, XL Center and Rentschler Field. Attorney Stafstrom has been lobbying Attorney General Tong offline and we are comfortable with where the Attorney General stands.

Paul Hinsch added that OPM has been very involved in the discussion and that as such has done some tweaking regarding language however OPM feels very strongly about the ticketing agreement being put out to bid sooner than later.

Andrew Diaz Matos asked if Ticketmaster understands that the contract needs to be put out to bid. Mr. Luukko stated that OVG will begin to work with CRDA staff to put together bid specs and begin the bidding process immediately. Due to Ticketmaster currently selling shows, OVG will have to have a discussion regarding when the best time to rebid will be. If Ticketmaster is the winning bidder then CRDA will have sole discretion, with thoughts from OPM, as to whether to award the contract.

Mr. Freimuth indicated that OVG has offered that they have no problem using UConn's ticket company.

Facility Management Agreement Summary

Global Spectrum, L.P. d/b/a OVG360 and the Capital Region Development Authority

This memorandum summarizes the material terms of the proposed Facility Management Agreement (the "Agreement"), by and between Global Spectrum, L.P., d/b/a OVG360 (the "Manager") and the Capital Region Development Authority ("CRDA") relating to the management of the Hartford Civic Center.

I. <u>Background and The Facility</u>. The Hartford Civic Center (the "Civic Center" or the XL Center"), is a multi-purpose arena and event center located in Downtown Hartford owned by the City of Hartford (the "City") and operated by CRDA. Under an existing Facilities Management Agreement currently set to terminate on June 30, 2025 (the "Existing Agreement"), Manager is contracted to oversee the Civic Center's operations including catering, event bookings, and sales. For the purposes of this Agreement, the Civic Center consists of an approximately 16,000 seat arena (the "Arena") including skyboxes and premium suites, exhibition and event space, Parking Level P3 of the Civic Center Parking Garage as well as the adjoining parking garage owned by CRDA that is located on Church Street, as well as other associated access, mechanical, support areas.

II. **The Project.** The building, which originally opened in 1975 is in need of major renovations to stay competitive with other sports and entertainment venues in the surrounding entertainment market. Accordingly, a project to renovate and reconstruct the Civic Center is proposed, including but not limited to the development of new premium seating opportunities, added capacity in the front of stage area, improvements to the concourse and artist facilities, a renovation of the UConn locker rooms and upgrades to the load-in and backstage areas.

Under this Agreement, Manager has the right to review and approve initial design plans and any changes to such design plans. Manager shall have the right to comment and provide meaningful input on any construction change orders, and the right to review and approve equipment selections and any construction change orders over $1,000,000, including without limitation those related to Premium Seating, food and beverage, and back of house areas.

III. **New Agreement and Term.** The State of Connecticut enacted Public Act No. 23-204, as amended by Public Act 24-81 (collectively, the "Act") authorizing CRDA to enter into a new management agreement with the contractor then managing and operating the Civic Center as of July 1, 2023, provided that the contractor invest in the Project and bear any losses and share in any profits from the operation of the Civic Center as provided in the Act, and provided such agreement and amendments thereto are approved by the Secretary of the State Office of Policy and Management. Manager was the contractor that was managing the Civic Center as of July 1, 2023 under the Existing Agreement.

The term of this Agreement (the "Term") shall begin on its Effective Date solely for the purposes of Article II, Section 3.06, Section 5.03, Section 14.05 and Schedule A. All remaining terms and provisions shall become effective on the Operational Start Date (the date on which the Certificate of Occupancy is issued following completion of the Project). During the Construction Term, the Existing Agreement shall be in full force and effect and continue to apply according to its terms, without modification by this Agreement other than the extension of the term thereof. Upon the Operational Start Date, the Existing Agreement shall be terminated and superseded by this Agreement. This Agreement, unless sooner terminated shall expire on the twentieth (20^{th}) anniversary of the Operational Start Date or September 1, 2045, whichever is earlier.

However, if the Operational Start Date is delayed such that the length of the Term is shorter than twenty (20) years, upon the written request of Manager, CRDA will use commercially reasonable efforts to obtain an extension of the term of the City Lease for a period of time equal to the balance of time that would bring the Operating Term to a full twenty (20) years. If said extension of the City Lease is approved, the Term of this Agreement shall be extended an equivalent period of time as the City Lease extension.

4. **Investment Structure.** The Act further mandates that any such agreement shall provide that CRDA, the State, or any combination thereof, shall contribute not more than one hundred twenty-five million dollars and the contractor shall contribute not less than twenty million dollars towards the costs of the renovation of the Civic Center.

Under Article II of this Agreement, Manager's Investment totaling $20 million shall be payable in its entirety into an interest-bearing escrow account at the commencement of the Construction Term. Pursuant to an Escrow Agreement, Manager's Investment shall be drawn down from the escrow account such that $5 million is to be drawn following an aggregate $20 million contribution by CRDA to the Project, with the CRDA contribution inclusive of the $7 million in funds spent on the design of the Project prior to the Effective Date. Thereafter, an additional $5 million of Manager's Investment will be drawn after aggregate contributions by CRDA of $40 million, $60 million, and $80 million, respectively. Then, the final up to $45 million in funding contributed by CRDA will be the last money in.

Among the conditions for Manager's Investment are that the State Bond Commission shall approve the State's Investment in the Project.

The Manager's Investment shall amortize on a straight-line monthly basis over a twenty (20) year period. Should the Agreement be terminated for any reason (other than a bankruptcy default by Manager under Section 11.02(b), a gross mismanagement default by Manager under Section 11.02(c)(i), a series of negligent material failures under Section 11.02(c)(ii), a failure to cooperate with auditors default under Section 11.02(c)(iii), or a violation of law default under 11.02(c)(iv)) prior to the full amortization of Manager's Investment, Manager shall be paid, subject to Legally Available Funds, the unamortized portion of the Manager's Investment (the "Investment Refund Payment") less any damages suffered by CRDA as a result of the uncured default.

5. **Profit Sharing.** As authorized by the Act, this Agreement provides that Manager shall retain the first $4 million of any Net Profit each Contract Year and that for any Net Profit in excess of $4 million, the Profit Share shall be split 50% to Manager and 50% to CRDA. Notably, there shall be no carry-over of Operating Net Loss at the end of any Contract Year.

Manager shall assume the bottom-line operating risk for the Civic Center, meaning that if the Civic Center Operating Expenses exceed the Operating Gross Revenues in any Contract Year, the difference shall be borne by Manager rather than CRDA.

Regarding the Church Street Garage, CRDA shall provide to Manager up to fifty-six (56) parking spaces in the Church Street Garage for use during Events, with it being understood that Manager is not the operator of the Church Street Garage and that the revenues and expenses from the Church Street Garage operations shall not be included in the determination of Net Profit except for (i) the expense of Manager paying CRDA for such reserved parking spaces and (ii) the revenues Manager receives from reselling those parking spaces. CRDA shall bill Manager at a cost equivalent to the posted parking rates for members of the public during such Events.

6. **Operations.** Under the Existing Agreement, Manager is already managing the Civic Center. Most of the operations terms and provisions have been carried over into this new Agreement such that Manager shall be engaged to staff, administer, manage, maintain and operate the Civic Center during the Term. This includes but is not limited to concessions, ticketing, security and other event-related services as well as maintenance and repairs.

Notably, Manager is permitted to engage its food/beverage and its marketing affiliates to provide certain services during the Term; however, such services, if not offered at a discount, shall be provided on an arms' length basis and shall be reflective of market rates. The Agreement permits Manager to extend the existing C&C Agreement and Marketing Agreement for the length of the Term; however, the Agreement requires Manager re-bid ticketing services at the expiration of the current term of the Ticketing Agreement, with approval of any new ticketing agreement at CRDA's absolute discretion.

Manager shall have an obligation to use commercially reasonable efforts to maintain an AHL or AHL-equivalent professional hockey team at the Civic Center. Manager shall also have an obligation to continue discussions in good faith with UConn and shall use commercially reasonable efforts to secure the execution of a new UConn Arena Lease no later than December 31, 2024. Such lease shall require UConn to play at least twenty (20) men's basketball, women's basketball, and hockey games, collectively, at the Arena each Contract Year for at least five years, with the game split made in consultation with CRDA on a year-to-year basis.

At this time, the terms and provisions currently governing the arrangement for management services of the Sports Bar are within the Fourth Amendment to the Existing Agreement. Under this Agreement, Management Services includes those related to the Sports Bar, and all revenues from the operation of the Sports Bar are included in Gross Revenues and all expenses from the Sports Bar are included in Operating Expenses.

However, the Parties have expressly agreed to revisit and discuss in good faith such terms and provisions prior to the Operational Start Date, including any potential legislative corrections.

In respect to Capital Investment during the Term, Manager shall contribute Five Hundred Thousand Dollars ($500,000) from Gross Revenues each Contract Year into the Capital Reserve Fund maintained by CRDA to be applied to fund Capital Expenditures at the Civic Center. These contributions are to be considered an annual Operating Expense. In respect to Capital Expenditures, excluding the State's Investment and Manager's Investment, Manager shall be solely responsible for funding all Capital Expenditures, which shall be funded first from the Capital Reserve Fund, and second, if the balance of the Capital Reserve Fund is insufficient, shall be an Operating Expense; provided, however, Manager shall be under no obligation to make any Capital Expenditures if the balance of the Capital Reserve Fund is insufficient to cover the cost thereof. Any Capital Expenditure or Emergency Expenditure treated as Operating Expenses shall reduce Manager's obligation to fund Capital Contributions in the next Contract Year up to the amount of Capital Expenditure or Emergency Expenditure treated as an Operating Expense in the prior Contract Year.

7. Termination Rights and Obligations. The Agreement can be terminated:

a) Default. By either party upon thirty (30) days' prior written notice, if the other party fails to perform or comply with any of the material terms, covenants, agreements or conditions hereof, including Manager's obligation to provide Management Services, and such failure is not cured during such thirty (30) day notification period, provided, however, if such failure is not in the nature of Manager's obligation to pay Profit Share or Capital Contributions otherwise due hereunder, and cannot reasonably be cured within such thirty (30) day period, then a longer period of time shall be afforded to cure such breach, up to a total of one hundred twenty (120) days, provided that the party in default is diligently seeking a cure and the non-defaulting party is not irreparably harmed by the extension of the cure period;

b) Bankruptcy. By either party immediately by written notice upon the other party being judged bankrupt or insolvent, or if any receiver or trustee of all or any part of the business property of the other party shall be appointed and shall not be discharged within one hundred twenty (120) days after appointment, or if either party shall make an assignment of its property for the benefit of creditors or shall file a voluntary petition in bankruptcy or insolvency, or shall apply for bankruptcy under the bankruptcy or insolvency Laws now in force or hereinafter enacted, Federal, State or otherwise, or if such petition shall be filed against either party and shall not be dismissed within one hundred twenty (120) days after such filing; or

c) Gross Mismanagement; Systemic Mismanagement; Failure to Cooperate with Auditors, or Violation of Law. By CRDA upon one hundred twenty (120) days' prior written notice, if (i) Manager has willfully and grossly mismanaged the Civic Center, including by the abandonment of its obligations to perform its Management Services; (ii) Manager has systemically mismanaged the Civic Center through a series of negligent material failures; (iii) Manager has failed to cooperate with CRDA or State auditors or otherwise failed to provide reasonable access to financial records for audit; or (iv) Manager has violated Applicable Law to the detriment of CRDA, the State, or the City, and such failures or violation are not cured during such one hundred twenty (120) day notification period, provided, however, if Manager in good faith disputes CRDA's claims then Manager may commence the dispute resolution procedures described in Section 12.03(b) of the Agreement, which procedures shall conclude prior to any such termination becoming effective.

Additionally, there are a number of special termination events including (a) the termination of the City Lease and (b) the closure of the Civic Center for a period in excess of two (2) years.

Upon termination, in addition to the buyout provisions concerning any Investment Refund Payment (see Section 4 above), Manager must surrender and vacate the Civic Center upon the effective date of termination and return the Civic Center and all Equipment in Satisfactory Condition. Manager must also make available to CRDA all records and data relating to Facility Operations and cooperate in any transition to a successor management company, including new OVG related-party contractors, in an effort to minimize disruptions in operations.

The following motion was moved by Arunan Arulampalan, seconded by Paul Hinsch and approved by the CRDA Board.

"The revised scope for the renovation of the XL Center totaling $145,000,000 and incorporating upgrades to the lower arena bowl, the MEP systems, back of house improvements, code and insurance underwriting requirements is hereby approved. The executive director is authorized to enter into a specific letter of agreement with OVG to finalize the construction program and budget."

The following motion was moved by Arunan Arulampalan, seconded by Andrew Diaz Matos and approved by the CRDA Board.

"The executive director is authorized to seek state bond commission allocation of the remaining $118M authorized to CRDA for the renovation of the XL Center ($73M) and from the general bond authorizations to CRDA for general development totaling ($45M)."

The following motion was moved by Paul Hinsch, seconded by Arunan Arulampalam and approved by the CRDA Board.

"WHEREAS*, by virtue of a lease with the City of Hartford the Capital Region Development Authority ("CRDA") holds a leasehold interest in the land on which the Hartford Civic Center (the "Civic Center") is located and is the owner of the Civic Center;*

WHEREAS*, the State of Connecticut enacted Public Act No. 23-204, effective July 1, 2023, as amended by Public Act 24-81, effective July 1, 2024 (collectively, the "Act"), authorizing CRDA to enter into a new management agreement with the contractor then managing and operating the Civic Center as of July 1, 2023, provided that the contractor invest in the renovation of the Civic Center and bear any losses and share in any profits from the operation of the Civic Center as provided in the Act, and provided such agreement and amendments thereto are approved by the Secretary of the State Office of Policy and Management;*

WHEREAS*, regarding the cost of the renovation and investment therein, the Act further mandates that any such agreement shall provide that CRDA, the State, or any combination thereof, shall contribute not more than one hundred twenty-five million dollars and the contractor shall contribute not less than twenty million dollars towards the costs of the renovation of the Civic Center;*

WHEREAS*, Global Spectrum, L.P., a Delaware limited partnership, d/b/a OVG360, or its affiliate ("Manager") was the contractor that was managing and operating the Civic Center on July 1, 2023;*

WHEREAS*, pursuant to the Act, CRDA desires to reengage Manager as manager the Civic Center under a new Facility Management Agreement, by and between Manager and CRDA, relating to the management of the Hartford Civic Center (the "Agreement), and Manager desires to accept such continued engagement, all on the terms and conditions set forth substantially in the form attached hereto in Exhibit.*

NOW THEREFORE, BE IT AND IT IS HEREBY RESOLVED*, by this Board, that the Agreement, in substantially the form attached hereto in Exhibit, is hereby approved with such non-substantive changes as the Executive Director may deem necessary to finalize the Agreement;*

RESOLVED FURTHER*, that this Board approves (a) the execution and delivery, on behalf of CRDA, of the Agreement, by the Executive Director of CRDA, and (b) the performance by CRDA of its obligations under the Agreement;*

RESOLVED FURTHER*, that the Executive Director is hereby authorized, empowered and directed to do all such acts and things and to execute, acknowledge, delivery and file all such documents, agreements, certificates, instruments and undertakings as may in his respective discretion be deemed necessary or appropriate to carry out and comply with, implement, or facilitate the terms, provisions, intent and purposes of these Resolutions and the Agreement, and to consummate the transactions, events, happenings and actions and to discharge the duties and undertakings on the part of CRDA contemplated hereby or thereby;*

RESOLVED FURTHER*, that this Board authorizes, approves, consents to and ratifies any action heretofore taken, or required to be taken hereafter, by the proper officers, agents and employees of CRDA, which is in furtherance of and consistent with the provisions of these Resolutions."*

Mr. Freimuth indicated that the OVG Board has to approve the agreement prior to any Bond Commission Meeting in August. Attorney Stafstrom and Mr. Luukko indicated that the final draft was sent to the OVG Board prior to the start of the CRDA Board Meeting.

The Board adjourned at 11:37am. The next meeting will be September 19, 2024, 3:00pm.

"The minutes of the July 30, 2024 Board meeting were moved by Andy Bessette, seconded by Paul Hinsch and approved at the September 19, 2024 Board meeting."