

Capital Region Development Authority
100 Columbus Boulevard, 5th Floor
Hartford, CT 06103
Thursday, February 20, 2025
3:00pm – virtual meeting
(The Board Meeting was virtual)

Board Members Present: Chairman David Robinson; Vice Chairman Andy Bessette; Paul Hinsch; Matthew Pugliese; Olusegun Ajayi; Seila Mosquera-Bruno; Bob Patricelli; Mayor Arunan Arulampalam; Andrew Diaz-Matos; David Jorgensen; Pam Sucato

Board Members Absent: Joanne Berger-Sweeney; Mayor Connor Martim

Guests: Real Art Ways – Will Wilkins, Executive Director; Tricia Haggerty Wenz, Director of Development

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

Minutes

The minutes from January 16, 2025 were moved by Bob Patricelli, seconded by Andrew Diaz-Matos and approved.

Presentation – 56 Arbor Street Expansion

Mr. Wilkins and Ms. Haggerty Wenz gave an overview of the history of Real Art Ways and the cost projection of the proposed expansion project. Board members asked questions regarding the project and referred it to the Regional and Economic Development Projects Committee..

Finance Report

CRDA CFO Joseph Geremia reported on the following Quarterly and Monthly Financial Update for February 2025.

Fiscal Year 2025 Financial Statements for the Six Months Ending 12/31/2024

Balance Sheet

- Variances in cash balances reflect timing differences in venue funding and expenses as well as timing differences in housing and regional initiative projects
- Non-current housing loan asset increase reflects housing construction drawdowns from 55 Elm St., 275 Pearl St, Arrowhead Gateway, 275 Windsor St., and Fuller Brush renovations
- Accounts payable net increase reflects funding timing differences related to venues’ operations and capital projects as well as within the CRDA Housing Initiative program and escrowed funds towards the City-funded housing program
- Due to State-contract assistance increase due to 12/15/24 debt service

Statement of Revenues, Expenses and Changes in Net Position

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

Fiscal Year 2025 Operating Statistics

CT Regional Market - Dec. 2024

Stats: Occupancy: 82% with 12 tenants
Dec. financials: Operating revenue \$23,800 favorable to budget due to seasonal parking agreements
Operating expenses \$73,100 favorable to budget due to savings in maintenance deferred to spring offset slightly with increased utility and farmer's market expenses
Net income of \$106,600 favorable to budget by \$96,600
Total year projection of \$147,400 net income is \$25,000 favorable to budget

CRDA Parking Facilities – Dec. 2024/Jan. 2025

Stats (Jan.): Utilization of 82% is favorable to budget by 8%
Dec. financials: Revenues \$266,600 favorable to budget due to increase in corporate validations and consumer show parkers
Expenses \$30,900 favorable compared to budget due to favorable utility expense and timing of insurance invoices offset slightly with increased event personnel and repairs & maintenance expenses
Net income of \$177,500 favorable to budget by \$297,500
Total year projection of \$358,800 net income even with budget

Church Street Garage – Dec. 2024/ Jan. 2025

Stats (Jan.): Utilization of 46% is favorable to budget by 20%
Dec. financials: Revenues \$200,700 favorable to budget due to increases in monthly residential parkers, corporate validations, and transient parkers
Expenses \$3,200 unfavorable compared to budget due to increased personnel and repairs & maintenance expenses offset with savings in utility expense and timing of IT invoices
Net income of \$102,300 favorable to budget by \$197,500
Total year projection of \$77,000 net income even with budget

Bushnell South Garage – Dec. 2024

Stats: Averaging 180 state vehicles per day-47% utilization
Tuesday through Thursday average of 225 state vehicles per day
Dec. financials: Revenues \$34,800 favorable to budget due to event and validation revenues
Expenses \$23,600 favorable compared to budget due to favorable utility expense and misc. services invoices
Net loss of \$169,000 favorable to budget by \$58,400
Total year projection of break-even with CRDA appropriation

CT Convention Center – Dec. 2024

Event Update: Hosted 48 events this fiscal year with YTD approximate attendance of 150,000
Scheduled for 114 events this fiscal year vs. budget of 135 events
Dec. financials: Revenues \$135,800 favorable to budget due to increased catering revenue from Corporate meetings and gala, as well as decreased food cost compared to budget due to event mix
Expenses \$88,800 favorable to budget due to savings in event personnel and vacant positions
Net operations favorable to budget by \$224,600
Total year projection even with budget with CRDA appropriation

XL Center – Dec. 2024

Event Update: 38 events this fiscal year with YTD approximate attendance of 199,000

Scheduled for 110 events this fiscal year vs. budget of 112 events

Dec. financials: Event revenue \$727,400 unfavorable to budget due to cancelled and underperforming events
Other Income \$179,400 unfavorable compared to budget due to F&B other income
Operating expenses, \$192,800 favorable compared to budget due to savings in personnel offset slightly with increased insurance expense and credit card fees
Hockey operations unfavorable compared to budget due to unfavorable ticket sales and attendance – projected increase in ticket sales during second half of season though projected to be \$200,000 unfavorable to budget
Net operations unfavorable to budget by \$946,000
Total year projection \$1,000,000 unfavorable to budget with CRDA appropriation (Notwithstanding, staff has tentatively identified \$600,000 in expense savings)

Sports betting CT Lottery YTD net revenue of \$61,800 through Dec. 2024

Sports lounge net loss of \$151,900 through Dec. 2024.

Sports lounge operations loss of \$320,800 is \$26,200 unfavorable compared to budget offset with \$168,900 event-day revenues

P&W Stadium at Rentschler Field – Dec. 2024

Event Update: 7 UConn football games with 18 parking lot and catered events held with YTD approximate attendance of 132,000

Dec. financials: Event revenue \$52,300 unfavorable compared to budget with \$17,900 attributed to an unfavorable UConn football season and \$34,400 unfavorable parking lot and catered events compared to budget
Operating expenses of \$100,200 unfavorable compared to budget due to F&B personnel, equipment rental, and credit card fees
Other Income \$14,600 favorable to budget due to increased cell tower revenue
Net operations unfavorable to budget by \$137,900
Total year projection of \$8,100 net income even with budget with CRDA appropriation

*Lease Agreement – 315 Trumbull Third Unit Owner, LLC
(the “Wolf Pack Sales Office Lease Agreement”)*

Mr. Geremia gave a brief overview of the Wolf Pack Sales Office Lease Agreement for consideration of the Board.

Background:

For ongoing construction reasons and in consideration of the current limits within the Wolfpack sales office, the Oak View Group has requested that CRDA relocate and fit out new office space for the Wolf Pack sales office. The new office will be located at 315 Trumbull Street in a portion of the Double Tree by Hilton Hartford Downtown hotel immediately adjacent to the XL Center; the office is currently located in the atrium of the Civic Center in property owned by the Northland Group.

The CRDA Venue Committee voted to recommend that the full board of directors approve the lease at its September 6, 2024 meeting. The CRDA Board of Directors voted to approve the lease at its September 19, 2024 meeting.

Due to delays in securing the office lease, adjustment to the lease term, and elimination of the sub-lease requirement, the Chief Financial Officer requests authority to secure the lease agreement on these terms.

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

“The CRDA Board of Directors amends its authorization to allow for a lease period of up to two years and eliminate the sub-lease requirement. The Executive Director and Chief Financial Officer are authorized to take such actions as necessary to initiate and secure the office lease agreement with 315 Trumbull Third Unit Owner, LLC. “

Mayor Reports

Hartford

Mayor Arunan Arulampalam reported on various City projects:

UConn Housing – UConn signed agreement for the residential units on Trumbull & Pratt Streets. Planning for a Fall 2026 opening.

UConn Café – This is expected to be a Café not a cafeteria featuring grab and go items only. Also working with UConn to come to agreement to use “Husky Bucks” in the downtown restaurants and stores.

Data Center – Working with DECD to allow for a Brownfield’s Grant to demo the data center.

Community Investment Fund (CIF) Application – The application was submitted for the demolition of the Talcott Street Property.

East Hartford/Hartford Partnership – continues to move forward.

Innovations Cluster Program – Hartford was officially named as a finalist, applying for one-third of the \$100M funds available.

East Hartford

Mayor Connor Martin was not present therefore the report on the Town’s projects was noted by Mr. Freimuth..

Housing & Neighborhood Committee

Derek Peterson reported that the Housing and Neighborhood Committee last met on February 7, 2025. The following projects were presented for Board action:

Project: Cast Iron Building – Potential Refinance and CRDA Paydown

Address: 241 Asylum St., Hartford, CT

Sponsor: Werner and Company/Cast Iron LLC

Background: The Cast Iron Building (The “Property”) 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. In December 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. CRDA’s loan has been subordinated to NBT Bank’s approximate \$1.5 million loan that originated in 2016.

In May of 2024, CRDA proposed making a two-year loan of up to \$425,000 to Werner to be used to pay off the existing CRDA loan and use up to \$257,000 for the conversion of the remaining two floors (2nd and 3rd floors). CRDA required NBT’s approval as senior lender, and Werner was required to pay current property taxes due. No agreement was reached at that time, and in June of 2024, CRDA negotiated an additional three-month extension of the loan. In September 2024, CRDA proposed an additional one-year extension, however no agreement was reached. As of February 1, 2025, the CRDA loan balance is approximately \$167,000. While the loan matured in September, Werner has kept current on their debt service.

Borrower Proposal: On January 30, 2025, Werner submitted a letter proposal to CRDA suggesting NBT, the current senior lender, and The Community Economic Development Fund (“CEDF”) provide financing to complete the conversion of the remaining two floors, pay down CRDA’s loan, and pay current its property taxes. The estimated Sources and Uses are as follows:

<u>Sources:</u>		<u>Uses:</u>	
Werner Cash Equity:	\$23,000	Paydown CRDA Loan:	\$85,000
NBT Construction Loan:	\$250,000 (TBD)	Payoff RE Taxes:	\$84,000
CEDF Loan:	\$207,000 (9.5%)	Hard & Soft Costs:	\$311,000

CRDA Proposal: The Borrower shall pay down its existing loan to CRDA to approximately \$82,000, with CRDA modifying the terms to a maturity in five years, at 4% interest, and amortizing on a 25-year schedule. The appraised value of the property and the as-is and stabilized proforma supports 1) all debt service payments as outlined in the attached proforma and 2) CRDA assuming a third position lien behind NBT and CEDF. As with CRDA’s existing loan, NBT will continue to allow CRDA to have first priority over the tax credit funds in order to pay off its loan. CRDA has requested additional information from the Borrower regarding historic credits.

The following motion was moved by Matthew Pugliese, seconded by Bob Patricelli and approved.

“The Executive Director is authorized to modify CRDA’s existing loan to Cast Iron Associates to accommodate the redevelopment of 241 Asylum Street, converting 2 remaining floors of office space to residential. CRDA will accept a pay down from Borrower of its existing loan to approximately \$82,000, modify the loan to a 5-year term, at an interest rate of 4% and amortize on a 25-year schedule. CRDA will further accept its loan being subordinate to both NBT Bank and CEDF, as supported by a new appraisal and projected stabilized cash flows. The closing of the modified/new loan is subject to such fiduciary terms as deemed necessary and appropriate by the Executive Director and CRDA counsel.”

*Project: 17 Wells Street
Address: 17 Wells Street, Hartford, CT
Sponsor: Spectra Development*

Background: 17 Wells St. (The “Project” or “Development”) is currently a 14,000 square foot lot made up of two parcels and owned by the city of Hartford. The Project contemplates the new development of 84 apartment units along Wells Street and is an extension (Phase II) of the redevelopment of 525 Main Street which is comprised of 42 apartments over retail. The city of Hartford is currently leasing the parcels to a subsidiary of Spectra Construction and Development Corporation (“Spectra”) for a term of 5-years, who has the option to purchase the land subject to delivering a redevelopment plan to City Council for review and approval. Spectra has an option to extend the lease or purchase the property for \$162,000. Currently Spectra is in year four of the five-year ground lease. It is Spectra’s intent to communicate the development plan after discussions with CRDA and enter into a Purchase and Sale Agreement and Development Agreement with the City of Hartford. Spectra will have a three-month due diligence period which will commence upon P&S execution.

Spectra Construction and Development Corporation is a well-known private development and construction firm based in New York City and Hartford, CT. Spectra has a construction portfolio of \$1 billion, with the successful delivery of over 550 apartments in Hartford across 6 projects, with another 124 in the pipeline (including the Project).

The Project: The \$20.8 million Development includes one new apartment building that will be adjacent and connected to 525 Main Street, consisting of 84 units, with a 20% allocation to affordable housing (80%-120% AMI). Combined with 525 Main, the property will consist of 126 apartments and 2 retail spaces that are occupied by Cornerstone Deli and Felix Shoe Repair. The unit mix for 17 Wells will consist of 56 studios, 16 one-bedroom and 12 two-bedroom apartments, and finishes will be similar to existing Spectra projects; kitchens, wardrobes, Italian stone and tile, vinyl plank wood grain floors, integrated appliances and other high-end finishes. Amenities will be shared with 525 Main and include a lounge, theater, game room, business center/library, pet spa and bike room. 525 Main and 17 Wells will share 58 parking spaces located on the 1st and 2nd floors of 17 Wells St. They will be provided on a first come first served basis equally to both buildings. During construction of 17 Wells St. residents will have to find alternate means of parking. There are a few lots in walking distance with availability.

Proposal: Staff recommend making a loan of up to \$7,000,000 to Spectra for the development of 84 apartment units at 17 Wells Street in Hartford, CT. The proposed loan will have a minimum term of 10 years. The interest rate on the fixed-rate loan will be 3%, with an interest only period during construction, not to exceed 36 months. Principal and interest payments will be made for the remaining term, or until the loan pays off. Interest payments will be calculated using a 360-month amortization schedule and the loan is pre-payable at any time without penalty. As 17 Wells Street will be physically connected to 525 Main Street, the loan will be cross collateralized with CRDA's loan on 525 Main Street.

The following motion was moved by David Jorgensen, seconded by Pam Sucato and approved.

"The Executive Director is authorized to provide financing to Spectra Construction and Development Corp. (or such single purpose entity as approved by CRDA) for the development of 17 Wells Street, Hartford, CT., consisting of 84 residential units. CRDA will lend up to \$7.0 million at 3% interest, with an interest-only period during construction, not to exceed 36 months. Interest will be paid using a 420-month amortization schedule and approval is subject to: 1) All financing being secured; 2) Approval of the State Bond Commission; 3) Approval of a Development Agreement by the City of Hartford for such project; 4) The loan being cross-defaulted with CRDA's loan on 525 Main Street, and 5) Such fiduciary terms as deemed necessary and appropriate by the Executive Director and CRDA counsel."

Board members discussed the lack of housing, including single family homes and condos. Mr. Bessette mentioned that job offers are not being fulfilled due to lack of housing. There was a discussion at the Metro Hartford Alliance regarding the lack of housing and how it would be good to see condominiums and single-family homes being built in Hartford by CRDA. Mr. Bessette asked for a meeting with David Griggs and Mr. Freimuth to have a conversation around this subject. David Jorgensen agreed, and Bob Patricelli asked if CRDA could do some Planning and RFP's that might specify interest in larger units and potentially single-family homes. He added that CRDA is only responding to developers who are building studios and one-bedroom apartments. He asked if we have ever tried to withhold some funds for family housing. Andrew Diaz Matos indicated that he recalled in the Bushnell South process, at least one of the proposals included condos, however they could not make the numbers work. He added that it is clearly an exciting and necessary development.

Chairman Robinson indicated that it is worth a discussion within the Housing & Neighborhood Committee. Mr. Freimuth responded that CRDA has not taken on the liabilities and risks of a developer to date.

Regional & Economic Development Projects Committee (RED)

Mr. Freimuth reported that the committee did not meet in February however the March meeting is expected to include the Real Art Ways Project.

Venue Committee

Andy Bessette gave the following update regarding the XL Center, Pratt & Whitney Stadium and the CT Convention Center.

XL Center

The Wolf Pack are currently 12-12 at home, with an average attendance of 3,900 fans per game. UConn hockey has played the last of its four games at XL this season, averaging just over 4,000 fans per game. UConn men's and women's basketball have both played six games to date, averaging 12,000 and 11,000 fans respectively.

In addition to Wolfpack and UConn games, upcoming XL events include the Grammy-award winning Christian music group, Elevation Worship, Cirque Du Soleil Ovo and Monster Jam in March. A Mary J. Blige concert is scheduled for April.

A selection committee is reviewing responses to an RFP for Ticketing Services that was issued in December. A recommendation is expected shortly.

Bob Houlihan reported on the construction at XL. The UConn locker room will start to take shape within the next two to three months, followed by the Wolf Pack locker room. He further stated that the project is on budget and on schedule.

Pratt & Whitney Stadium

An RFP for a Stadium manager will be issued in the next few days, as OVG's contract is set to expire on June 30th. Proposals are due April 9th and Dave Jorgenson and Paul Hinsch have kindly agreed to serve on the selection committee.

As noted previously, CRDA received a \$5 million State Bond Commission allocation last June and an additional \$4 million in December to cover a variety of renovation projects at the Stadium. An architect has been selected to design the roof replacement for the Tower and several smaller outbuildings. Renovation of the home and visiting team locker rooms is scheduled to begin in April and is expected to be completed by June.

Connecticut Convention Center

The popular CT Flower and Garden Show returns to the building this weekend. Upcoming events include the Yu-Gi-Oh trading card regional championship qualifier next week and the Connecticut Home and Remodeling Show March 7th-9th.

Difficulty sourcing parts has delayed repairs to the outside elevators and that project is scheduled to be completed by the end of March. Work on the P3 stairwell of the garage - including concrete repairs and railing replacements - is ongoing.

Executive Director

Mr. Freimuth shared the Construction Project update found in the package.

CT Convention Center – CTCC is coming up on a 20-year anniversary in June. An event is being scheduled to recognize the participants.

Trinity Projects – looking for these projects to start construction

MIRA Site – A report is due the first of July 2025 regarding next steps.

Bushnell South – CRDA has worked through issues with MDC on storm drainage issues. An MOU between CRDA and MDC is being drafted for consideration at the March Board Meeting.

Governor’s Budget – CRDA has held its recommended budget, through the OPM, for the next two fiscal years. Rentschler received capital funds as well as funds for CTCC and parking garages.

April Board Meeting – change of date from April 19 to April 24, changing the meeting to in-person at 6:00pm.

Search Committee - Chairman Robinson reported that the search firm has approximately one dozen candidates being vetted by Mr. Freimuth and then the Selection Committee. The committee will continue to meet with candidates as scheduled by the search firm. Once the first round is completed, the committee will convene to talk about which candidates move forward to an in-person meeting with the committee and any other Board Members who would like to participate.

The next Board meeting is scheduled for March 20, 2025 at 3:00pm - virtual

April Board meeting date change to April 24, 2025 at 6:00pm – in person.

June Board meeting date change to June 25, 2025 at 6:00pm – in person

The Board adjourned at 4:34pm.