

**Capital Region Development Authority
Board Meeting
Infinity Music Hall
Front Street
Hartford, CT 06103
Thursday, January 14, 2016
6:00 pm**

Board Members Present: Chairwoman Suzanne Hopgood; Andy Bessette; Joanne Berger-Sweeney; Mayor Luke Bronin; Sean Fitzpatrick; Scott Jackson; David Jorgensen; Commissioner Evonne Klein; Mayor Marcia Leclerc; Nick Lundgren; Cheryl Malerba; Commissioner Catherine Smith

Absent: Michael Matteo

CRDA Staff Present: Michael Freimuth; Joseph Geremia; Kim Hart; Anthony Lazzaro; Jennifer Gaffey; Robert Saint; Terryl Mitchell Smith, Ira Henowitz (DAS-Construction Services, Office Relocation)

Guests: Governor Dannel Malloy; Sarah Willcox Layedra, Executive Director; Dana Cialfi, Deputy Director of the Tennis Foundation of Connecticut and Anne Worcester, Tournament Director.

Call to Order & Minutes

The Board Meeting was called to order at 6:02pm.

The minutes from the November 19, 2015 Board Meeting were moved by Andy Bessette, seconded by Cheryl Malerba and unanimously approved.

Prior to the commencement of the CRDA Board meeting, Deputy Director Anthony Lazzaro swore in new Board members Mayor Luke Bronin and Sean Fitzpatrick. Chairwoman Hopgood welcomed both Board Members. Chairwoman Hopgood also indicated that Mayor Bronin has an additional appointment to the Board that is currently vacant.

The following motion was moved by Andy Bessette, seconded by Scott Jackson and approved.

“The CRDA Board of Directors hereby appoints its Secretary, Hartford Mayor Luke Bronin, to the Executive Committee.”

Due to the changes on the CRDA Board, Chairwoman Hopgood requested that CRDA Staff introduce themselves to Board Members.

Mayor’s Report

Hartford Mayor Luke Bronin introduced the City of Hartford’s appointment to the CRDA Board, Sean Fitzpatrick, Director of Development Services. Mayor Bronin expressed his gratitude to CRDA for the development that CRDA has accomplished thus far and he is looking forward to being a part of the Board moving forward.

Mayor Bronin indicated that he hopes to have a resolution to the Baseball Stadium construction fund shortfall soon.

The Mayor spoke briefly about the areas of the City that he sees as opportunities for redevelopment including but not limited to Albany Avenue; Capital Avenue and Buckingham; Park and Main and Woodland Street.

East Hartford Mayor Marcia Leclerc reported:

- The Governor announced another Area Revitalization Grant and also an EPA Brownfield Grant. The EPA Grant will be used for programs and studies along the Silver Lane corridor that have been identified as areas of critical redevelopment. The Willowbrook study has been completed, the study revealed that the flood map could be further reduced and thereby create more development area. Those maps have been submitted to FEMA and the town is awaiting their response.
- Pratt & Whitney is completing foundation work for the \$90M construction of a new engineering building.
- Working on a project for Rentschler Field, the Horizon Group continues to be in the planning process. Rentschler Field and Pratt & Whitney are working towards establishing a developer for some other build outs in that area.
- The Town is in final stages for a project that is finishing up design and development for Brewer Street, will go to construction in 2018.
- The Bridge to Bridge design enhancement project is halfway complete.
- Town is setting up funding for purchase/demolition of identified properties..
- East Hartford received another DEEP grant to be used to pay for demolition of an old senior housing project that abuts a large development on Burnside Avenue.
- Making a concerted effort to ensure bodegas are properly licensed and complying with laws.

Governor Malloy visit

Governor Malloy joined the meeting and was added to the agenda. The Governor indicated that he is happy with the work CRDA is accomplishing. He further indicated that he continues to look for ways to partner with the communities that we serve. The collaboration on housing has been very important and in the long run will be game changing. He expressed that there are some big challenges with the XL Center.

Governor Malloy conveyed that he can't imagine Hartford without an XL Center, or an equivalent thereof. He expressed that CRDA has done the early work of competitive data regarding either a rebuilt or a brand new center. If the architects and consultants can accomplish what they are saying for the amount that they are estimating and agreements with parties involved can be reached, then it would make sense to move forward.

Housing Committee

Michael Freimuth reported on the following:

- Radisson – a conversion of the top floors to housing. Is expected to close shortly.
- CRDA received repayment of \$3.2M for 201 Ann Street and the Sonesta repaid its bridge loan of \$2.05M. CRDA will use those funds for housing deals.
- Occupancy rates - reporting better than originally planned.
- 370 Asylum – scheduled to go to Bond Commission in Feb/Mar.
- Lewis Street - received its Certificate of Occupancy.
- HB Nitkin reporting a good deal of interest in Front Street retail space.
- 777 Main Street - small grocery store moving into Asylum side of 777 Main St.; possible retail store moving into ground level.

Venue Committee

Andy Bessette introduced Sarah Layedra. Sarah reported the following with regard to the Tennis Foundation of Connecticut (TFC) Audit and 2015 P&L.

Tennis

Audit

- Sarah reported that Marcum completed the audit of the Tennis Foundation of Connecticut's (TFC) financials for year ending 9-30-15. The auditors conducted a standard audit as well as a state single audit on the bonding money received through DECD since it exceeded \$300,000 in FY 2015. An updated 2016 Budget was distributed.
- The TFC received a clean/unqualified opinion on the audit, with two technical findings in the single audit related to compliance with reporting. TFC received a verbal waiver/extension on these two reporting requirements however DECD does not issue formal waivers. One of the reporting requirements is that TFC submit the audited financials to DECD by December 31 and they were not submitted until January 6. The second requirement is for semi-annual project reports that will be submitted by the end January.

2015 P&L

- \$562,568 short in revenue
 - \$614,134 in sponsorship
- Expenses were \$125,782 less than budgeted (\$100K in CRDA Fee & TFC Reserve)
- Net loss = \$418,693
 - CRDA = \$150K contribution
 - TFC = \$268K from reserve

Chairwoman called on Joseph Geremia. Mr. Geremia stated that CRDA Management has reviewed the TFC budget with the TFC Management and their Board and recommends approval by this Board.

The following motion was moved by Andy Bessette, seconded by Catherine Smith and approved.

“The CRDA Board of Directors hereby approves the FYE 2016 CRDA Office Budget adjustments as presented, subject to available funds.”

Andy Bessette reported on the following Venue details:

XL Center

Security Upgrades

- CRDA is requesting the balance of the \$35m approved for XL renovation from the State Bond Commission. A portion of this \$1.5m will be used for security upgrades, including replacement of outdated and broken security cameras. CRDA is working with a nationally-known security consultant on a two-phased approach – with certain security upgrades done now and a more comprehensive security program included in the reconstruction project.
- Additional law enforcement personnel have been added and new pat down and bag check procedures have been implemented following the events in Paris in mid-November. These steps, however, have significantly increased event costs and slowed access into the building, prompting complaints from some patrons.

Sean Fitzpatrick suggested the availability of federal money to possibly help with security upgrades. Mike Freimuth requested Kim Hart to further investigate this idea.

Long-Term Project

- A number of meetings have been held with Northland related to acquisition of all or part of their building to allow for reconstruction of the XL Center. An analysis of the various acquisition options, as well cost analyses of each, are being conducted by both parties.
- CRDA still anticipates requesting funds in early 2016 for the acquisition of the Northland space and for development of construction design documents.
- A Letter of Intent has been signed with UConn for a long-term presence in a reconstructed XL Center should such a facility be built.

Wolfpack and UConn Team Updates

- Teams are not performing to budget and we hope to see attendance and revenue numbers increase as they move into the second half of their seasons. Lower than expected attendance (particularly for UConn Hockey) and higher security costs have significantly impacted the facility's budget. The postponement of a Janet Jackson concert until next fiscal year will also impact the budget.

Pratt & Whitney Stadium

- CRDA is requesting \$800k from the State Bond Commission for the authorized clearing of a 10-acre wooded parcel acquired as part of the UTC/Pratt naming rights deal. Such area is needed as the lots previously leased from UTC for overflow parking are being torn up as part of the outlet mall construction at Rentschler Field.

Connecticut Convention Center (CTCC)

- The last round of CTCC capital improvements will continue in the Spring. These improvements will include an easier link between the Marriott lobby and the lobby of the Convention Center. The other upgrade will be a ticket/visitor introduction area in the lobby of the CT Convention Center.
- The Convention Center Management contract will expire in June 2016. Chairwoman Hopgood suggested that the Executive Committee discuss their options at the next Executive Committee meeting in February.

Finance

Joseph Geremia reported the following Financial update for January 2016.

Fiscal Year 2016 Operating Statistics

- CT Convention Center – November/December 2015
 - December stats: 87 event days held YTD with YTD attendance at 94,900
 - November financials: Food & beverage revenue favorable by 8% compared to budget
Event-related expenses down favorably to decreased event revenue
Net Income \$140,000 favorable to budget
- CRDA Parking Facilities – November/December 2015
 - December stats: Utilization favorable to budget at 64%
Monthly rate customers even with prior year at 15,000 YTD
Transient customers even with prior year at 180,000 YTD
 - November financials: Transient revenue favorable by 12% compared to budget
Payroll & Utility expenses favorable to budget
Net Income \$250,000 favorable to budget
- XL Center - November/December 2015
 - December stats: 53 event days held YTD with YTD attendance at 210,100
 - November financials: Event revenue unfavorable by 26% with expenses even compared to budget
Hockey operations unfavorable to budget by \$200,000
Net Income \$600,000 unfavorable to budget
Projected to be \$100,000 unfavorable to budget for Fiscal Year
 - Church Street Garage
Linking activity with Hartford Wolfpack and XL Center incentives
Monthly rate customers at 8,800 YTD
Transient customers at 81,100 YTD
- Rentschler Field - November/December 2015
 - December stats: 55 event days held YTD with YTD attendance at 143,500
 - November financials: Event revenue unfavorable by 12% with expenses favorable by 7% compared to budget
Net Income even with budget
- Residential Housing Initiatives – Contracted Loans: \$43.1M
Disbursed: \$37.6M

Fiscal Year 2016 Budget

- State budget effects:
 - Hiring Freeze
 - Spending restrictions – contractual services
 - 6% rescission - \$471,861
 - CRDA Office: \$346,861, TFC: \$50,000, Subsidy program: \$50,000, Front St. District: \$25,000
 - CRDA Office detail – Capital: \$75,000, Legal fees: \$50,000, Payroll/Benefits: \$75,000
 - Expense reductions/Income sources: \$146,861

After a discussion regarding the budget adjustment, the following motion was moved by Andy Bessette, seconded by David Jorgensen and approved.

“The CRDA Board of Directors approves the FYE 2016 CRDA Office Budget adjustments as presented, subject to available funds.”

Executive Director Report

Michael Freimuth reported on the following items:

- Expanding CRDA boundaries to incorporate E. Hartford - Mike Freimuth explained that the legislation that was brought up in last year’s legislative session will be once again brought up in the 2016 legislative session.

Mayor Leclerc asked that CRDA Board Members support the expansion of the CRDA Boundaries into E. Hartford. Mayor Leclerc further explained that E. Hartford will be asking for some professional services, including support for a housing project along the riverfront on E. Hartford side that will serve as an alternative housing option for people that want to live along the riverfront and be near downtown Hartford. Mayor Leclerc asked for Mayor Bronin’s personal support and to also support it through his legislative body to which Mayor Bronin responded that he is supportive of the expansion.

Mayor Bronin asked Mayor Leclerc to consider exploring the possibility of revenue sharing, not so much between cities but with regional assets. Mayor Bronin asked this to be put on the table for future discussion.

Kim Hart distributed a copy of the proposed boundaries map.

- Metropolitan District Commission (MDC) tax – Mike Freimuth explained that the MDC is significantly taxing all the CRDA projects that have converted from commercial to residential. The MDC is charging a “hook-up” charge, when nothing is being hooked-up. The “hook-up” fee is \$1,655 per unit which equates to \$1.6M to date. Developers are requesting additional funds to cover this expense, after the project has closed. Mayor Bronin suggested that CRDA meet with MDC prior to taking any position or action.

Other project updates:

- 450 Columbus – tenant fit-out has begun. Occupancy scheduled for later this year.
- Morgan Street Garage - complete
- 55 Farmington - complete
- XL Center – Complete with the exception of some security matters and drainage and pumping systems that are waiting for the last allocation.
- Church Street Garage – completed some repairs; painting, replacing stairwells. Assembling a capital improvement program that will be presented at a later date.
- 777 Main – Housing is complete, contractor dispute still ongoing.
- Newington – in talks with CDOT regarding a possible parking lot.
- Capewell – project is half complete
- UCONN – demo & environmental cleanup is done, excavation stage is underway

The following motion was moved by Cheryl Malerba, seconded by Andy Bessette and approved.

“The CRDA Board of Directors hereby moves to go into Executive Session for discussion of litigation and contract negotiations.”

No action was taken due to Executive Session. The CRDA Board Meeting adjourned at 8:10pm.

“The minutes of the January 14, 2016 CRDA Board Meeting were moved by Andy Bessette seconded by Catherine Smith and unanimously approved by Board Members at the February 18, 2016 CRDA Board Meeting.”