

Capital Region Development Authority
100 Columbus Boulevard
Suite 500
Hartford, CT 06103
Thursday, January 2017
6:00 pm

Board Members Present: Vice Chairman Andy Besette; Mayor Luke Bronin; Joanne Berger-Sweeney; Garrett Eucalitto; Sean Fitzpatrick; David Jorgensen; Mayor Marcia Leclerc; Cheryl Malerba; Catherine Smith

Absent: Suzanne Hopgood; Evonne Klein; Michael Matteo

CRDA Staff Present: Michael Freimuth; Joseph Geremia; Kim Hart; Anthony Lazzaro; Jennifer Gaffey; Robert Saint; Terryl Mitchell Smith

Call to Order

The Board Meeting was called to order at 6:08pm by Vice Chairman Andy Besette.

Minutes

The minutes from the December 8, 2016 Board Meeting were moved by Sean Fitzpatrick, seconded by Cheryl Malerba and unanimously approved.

Mayors Reports

Mayor Luke Bronin reported the following:

- Albany Avenue Streetscape – groundbreaking in Spring
- Albany Ave. / Woodland Street - Bid proposals expected for redevelopment of this parcel
- 525 Main Street – RFQ is being issued for development of property
- Capital Gateway area – make the historic Union Station a gateway for the broader planning of I-84
- Metro Centre – purchased for \$49M by Shelbourne Global Solutions LLC
- 3 Construction Plaza – temporary park being developed at this site

Mayor Marcia Leclerc reported the following:

- Horizon project - moving forward, should be ready by the middle of February
- Silver Lane Improvement Committee – was rolled out in response to Brownfield Grant
- Application for Connecticut Working Cities – public meetings have been held
- Corner of Pitkin/Main Streets – demolishing building and retail going on the site

Housing Committee

Sean Fitzpatrick reported:

Pearl Street – trying to help the tax abatement for the potential purchaser

Mike Freimuth reported on the latest monthly status of projects:
Capewell – 60% leased

Capitol Lofts – started leasing
289 Asylum – Condo project in progress
241 Asylum – project in progress

A “Housing by Unit” spread sheet was distributed and discussed.

Venue Committee

Andy Bessette reported that the Venue Committee has not met since the December 8th Board meeting however, the following are updates on current venue-related issues:

- **XL Center - Construction Update:** The security and elevator upgrade project was put out to bid on January 9th and bids are due on February 7th. The ice slab replacement project is in final design and cost estimates indicate that we can complete the project within available funding. Work on the ice slab is expected to start in late May and should finish up in late August.
- **Convention Center** – CRDA staff have completed their review of the two building management RFP submissions. Anthony Lazzaro gave a brief overview of the two submissions received and the conclusion.

Building Management Services (including Sales & Marketing), and Catering & Concessions Services for the Connecticut Convention Center

Selection Process:

- A formal public Request for Proposals (“RFP”) for management services at the Convention Center was issued on November 4, 2016.
- CRDA received two (2) submissions, Waterford Venue Services Hartford, LLC and Spectra. Spectra’s submission was limited to supplemental services in the areas of sales and event booking. At the conclusion of the evaluation process, CRDA selected Waterford as the preferred bidder. CRDA and Waterford have negotiated a proposed qualified management agreement under the following terms.

Terms:

- The terms of the proposed Building Management Agreement (including Sales & Marketing Services) as well as the Catering & Concessions Agreement are provided on the Term Sheet.

Term Sheet - Building Management Services (including Sales & Marketing)

- Annual Base Fee: \$202,900; with a CPI indexed annual increase capped at 5%.
- Annual Incentive Fee: an amount equal to the greater of (i) the sum of any Revenue Increase and Special Revenue Increase and (ii) the Expense Reduction.
Revenue Increase to be calculated as follows:

Amount over Revenue Benchmark	Percentage of Overage
\$1 - \$500,000	10%
\$500,001 - \$1,000,000	12.5%
\$1,000,001 and up	15%

Expense Reduction to be calculated as follows:

Amount under Expense Benchmark	Percentage of Savings
\$1 - \$500,000	1.5%
\$500,001 - \$1,000,000	2.5%
\$1,000,001 and up	5.0%

Catering & Concessions Services

- Annual Base Fee – \$121,500; with a CPI indexed annual increase capped at 5%.
- Annual Incentive Fee: an amount equal to any Concessions Revenue Increase as follows:
Concession Revenue Increase to be calculated as follows:

Amount over Concessions Revenue Benchmark	Percentage of Overage
\$1 - \$500,000	6%
\$500,001 - \$1,000,000	8%
\$1,000,001 and up	10%

Duration

- The term of the both proposed agreements is five years cancellable, at the Authority’s sole discretion, after the completion of the third year. The duration and fees are in accordance with I.R.S. Guidelines.

The following motion was moved by Catherine Smith, seconded by David Jorgensen and unanimously approved.

“The CRDA Board of Directors hereby authorizes the Executive Director to execute such Agreements as necessary with the terms and conditions presented.”

- Pratt & Whitney Stadium – UConn ended their disappointing 2016 football season with a 3-4 record at home and the lowest average attendance since the Stadium opened in 2003 (16,536). This lower attendance translated into lower parking, concessions and facility fee revenue and the Stadium is now estimated to run an operating deficit this fiscal year. Per the terms of our lease, UConn will pick up the first \$250k of this. Kim Hart reiterated that the low attendance numbers impact concession and parking revenue. Board members inquired about results and what it will take to boost attendance.
- Tennis Center – Joseph Geremia gave detailed highlights of the Connecticut Tennis Tournament audit indicating a clean audit of the 2016 Tournament has been received. The 23 page audit was made available to any Board Member.

Mr. Geremia reviewed the Connecticut Tennis Tournament (TFC) 2017 Budget. Highlights include:

- Corporate sponsorship revenues increasing by \$750K.
- \$100K increase in ticket revenues
- New sales team staff (two remaining/2new) with new ticket sales manager
- The new sales staff charged with reworking sponsorship deals and is primarily commission based
- Includes a \$300K grant from CRDA
- personnel & salary increases are due to commission based sponsorship sales team (reviewed by TFC Personnel and Organization Committee)
- \$50K saving in electrical and overall budget has \$60K worth of expense savings
- after completed renovations in June, a \$150K savings in operating expenses is expected

After a lengthy discussion the following motion was moved by Catherine Smith, seconded by David Jorgensen and unanimously approved.

“The CRDA Board of Directors ratified the TFC 2017 Budget previously approved by the TFC Board on December 13, 2016”

Neighborhood Committee

Sean Fitzpatrick presented the Neighborhood Committee report.

Brackett Knoll - - 14 two-family owned occupied homes in the north end of Hartford. Waiting for Bond Commission approval of \$1.55M.

Bowles Park – Hartford Housing authority is working with developer regarding local hiring requirements prior to moving forward with demolition with \$5M assistance. An MDC owned water/drain that runs through the site is subject to some discussion if it is touched. This is currently being reviewed by lawyers to come up with an agreement.

South Green Project – The City of Hartford met with the Hartford Hospital team about their ideas regarding development in the area. Those discussions will continue as the development of the South Green Project moves forward and can somehow be integrated with Hartford Hospital’s vision of their own development.

Albany Avenue – Woodland Street Project - In late October, the City of Hartford issued an RFQ seeking a qualified development team to purchase and redevelop a 2.3 acre parcel of commercial real estate located at the intersection of Albany Avenue and Woodland Street in the Upper Albany neighborhood and within the Promise Zone.

As outlined in the RFQ, the project seeks to:

- Encourage the development of land for economic purposes
- Stimulate neighborhood revitalization
- Improve conditions by removing blight

The City notes that Albany Avenue is a significant regional, cultural, commercial and commuter corridor with a vibrant Caribbean/West Indian, African-American and Hispanic presence. The project hopes to build on the success of other initiatives in the area, including the University of Hartford Performing Arts Center project, the YMCA North Hartford Center project and the Hartford Public Library – Upper Albany Branch project, as well as other streetscape and façade improvement projects.

Development of the parcel must comply with the City’s Redevelopment Plan for Albany/Woodland area, which calls for neighborhood business development in this area. It must also take into account new P & Z code standards that call for development of storefront buildings with service uses on the ground floor and residential or commercial uses above.

Potential developers must also work with Upper Albany Development Inc. (UADI), an umbrella organization of local resident/merchants groups, to satisfy the community’s goals and objectives for the area.

Interested developers are required to identify the type and amount of federal, state or local financial assistance required for the project. The RFQ notes that “... the Capital Region Development Authority (CRDA) may be a possible partner for project funding.”

At least 15 development teams have viewed the RFQ online, a significantly higher number than for other similar projects. Responses to the RFQ are due on January 23rd and selection of a developer is expected by May.

Swift Factory Project - Community Solutions is seeking to renovate the historic Swift gold leaf factory and to develop and operate a “Community Food and Job Creation Hub” serving the Northeast, Upper Albany and Clay Arsenal neighborhoods. Located at 10 Love Lane, the 65,000 sf. factory sits in the heart of the Promise Zone.

The developer’s plan would create a “multi-purpose community hub and entrepreneurial center for one of Connecticut’s poorest neighborhoods aiming to improve health and create jobs for neighborhood residents.”

Potential tenants include:

- Bears’ BBQ – 13,000 sf of USDA-certified food manufacturing space for the restaurant’s line of sauces and spices;
- Fresh Farm Aquaponics – 4,500 sf for indoor aquaponics farm that would provide a source of fresh produce for the community, as well as educational and community programs;
- Hartford Public Schools – 10,500 sf for central commissary kitchen to allow local school district to improve the quality and freshness of the food served in the City’s public schools;
- Food Business Incubator – 4,500 sf for 10 health department certified food production spaces with access to shared facilities, including office, commercial cooler/freezer and packing facilities;
- Community Health Clinic – 9,000 sf for community-based health and prevention services;
- Office Space – 10,500 sf for shared office space to initially be occupied by Food Corps, Girls for Technology and Community Solutions. Space would also be available for other community-oriented groups;
- Wash Cycle Laundry – 2,500 sf for social enterprise commercial laundry that provides job opportunities for vulnerable adults through environmentally sustainable laundry services;

The total development cost of the project is approximately \$31.4 million. and Community Solutions is requesting \$4.0 million in CRDA financial assistance to complete the project. Other funding sources include:

Federal/State Historic Equity	\$8,795,218
New Market Tax Credit Equity	\$8,385,000
First Mortgage	\$4,279,429
CRDA Funds	\$4,000,000
Federal OCS, EPA & EDA Grants (EDA = pending)	\$2,505,000
Pre-Development Grants	\$2,247,369
Deferred Developer Fee	\$ 747,854
Private Grant (pending)	\$ 450,000
Total	\$31,409,870

Finance

Joseph Geremia presented the following Fiscal Year 2017 Operating Statistics:

CT Convention Center – November/December 2016

December stats: 114 event days held YTD with YTD attendance at 136,000

November financials: F&B revenue favorable compared to budget with expenses even with budget

Total year projection \$100,000 favorable to budget

CRDA Parking Facilities – November/December 2016

December stats: Utilization favorable to budget at 100%

Front Street garages at 159% utilization due to increased transient turnover

Monthly rate customers favorable to prior year by 525 at 15,500 YTD

Transient customers favorable to prior year by 20,000 at 200,000 YTD

November financials: Transient revenue and monthly rate customer revenue even with budget

Total year projection \$100,000 favorable to budget

XL Center - November/December 2016

December stats: 57 event days held YTD with YTD attendance at 207,700

November financials: Event revenue \$500,000 unfavorable to budget

Hockey operations even with budget

Total year projection approx. \$650,000 unfavorable to budget

Church Street Garage - November/December 2016

December stats: Utilization of 71% even with budget

Monthly rate customers even with budget at 6,600 YTD

Transient customers unfavorable to budget by 2,400 at 5,600 YTD

November financials: Transient revenue and monthly rate customer revenue unfavorable to budget offset with expense savings

Total year projection even with budget

Rentschler Field - November/December 2016

December stats: 88 event days held YTD with YTD attendance at 166,000

November financials: Event revenue \$350,000 unfavorable to budget with \$250,000 attributed to UCONN football and \$100,000 from removal of soccer game

Expenses \$150,000 favorable to budget

Total year projection \$200,000 unfavorable to budget

Residential Housing Initiatives –	Total Contracted Loans:	\$49.4M
	Current Contracted Loans:	\$43.5M
	Current Disbursed:	\$39.4M

Executive Director Report

Newington – Request For Expression of Interest (RFEI) was put out January 12, 2017.

Church Street – Valet Parking is essential. This needs sign-off from Hartford DPW – traffic division. Sean Fitzpatrick offered to look into where this stands.

3 Constitution - AI Engineers owned parcel will be made into a temporary park funded by multiple parties. This should happen fairly quickly.

Northland – waiting for the second appraisal

Infinity Theater – Joseph Geremia updated the Board regarding Infinity. He indicated that CRDA and DECD staff meet quarterly with Infinity staff to review financials.

- DECD approved an interest deferral until January 2018 on debt owed
- Owe equipment taxes to City of Hartford.
- Continue to only open restaurant and bar for event nights
- Infinity has asked the Board to convert the \$50K loan from CRDA to a one year sponsorship agreement to the CT Convention Center. Board members would like the sponsorship to be longer than one year and asked Mr. Geremia to work with Infinity to lengthen the agreement

The following motion was moved by Sean Fitzpatrick, seconded by Catherine Smith and unanimously approved.

“The CRDA Board of Directors moves to convert the Fifty Thousand Dollar Infinity Loan to a sponsorship for the Connecticut Convention Center.”

East Hartford – A map presented showed all three of the construction projects that CRDA is involved in at Rentschler Field.

South Klondike Expansion Project – This project will expand parking at Pratt & Whitney Stadium with the clearing and grading of a 10-acre wooded parcel given to the State by United Technologies in 2015 as part of the Stadium naming rights deal. The \$775k project is expected to be completed by the start of the 2017 football season and should net approximately 800 new grass parking spaces.

East Hartford Boulevard North Project – CRDA is working in conjunction with United Technologies’ development partner to construct a new \$7 million roadway that will service Pratt & Whitney Stadium parking lots, as well the new Horizon outlet mall and future development at Rentschler Field. Construction of the four lane road will begin this spring and should be completed by the end of 2017.

Horizon Outlet Mall Infrastructure Project - The Town of East Hartford has been awarded a \$12 million DECD grant for site preparation, utilities, sidewalks, roadways, parking lots and other public infrastructure related to planned Horizon Outlet Mall and other development at Rentschler Field. Under an MOU with the Town, CRDA will administer these funds and oversee construction of these improvements.

Church Street - getting bids on security for the elevator systems
- work continues on structural cracking

Housing - Radisson is a quarter of the way complete
- 1279 Main Street, small project working with P&Z
- 450 Columbus Blvd., move ongoing, three unoccupied floors left to fill

Garrett Eucolitto asked if Uber or Lyft had been considered for football games at Rentschler Field. Uber and Lyft will be meeting with OPM later in the month and he offered to send their contact information to Mr. Freimuth.

Adjourned at 7:45pm