

**Capital Region Development Authority
Board Meeting
CT Convention Center
100 Columbus Blvd, Suite 500
Hartford, CT 06103
Thursday, February 18, 2016
6:00 pm**

Board Members Present: Chairwoman Suzanne Hopgood; Ben Barnes; Andy Bessette; Mayor Luke Bronin; Garrett Eucalitto; Sean Fitzpatrick; David Jorgensen; Mayor Marcia Leclerc; Cheryl Malerba; Michael Matteo; Commissioner Catherine Smith

Absent: Joanne Berger-Sweeney; Commissioner Evonne Klein

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

Call to Order & Minutes

The Board Meeting was called to order at 6:00pm.

The minutes from the January 19, 2016 Board Meeting were moved by Sean Fitzpatrick, seconded by Catherine Smith and unanimously approved.

Chairwoman Hopgood asked for a motion to add Sean Fitzpatrick to the CRDA Housing Committee as well as designating him as Chairman of the Housing Committee.

The following motion was moved by Mayor Bronin, seconded by Andy Bessette and approved.

“The CRDA Board of Directors hereby appoints Sean Fitzpatrick to the CRDA Housing Committee as well as designating Mr. Fitzpatrick to the role of Chairman.”

Chairwoman Hopgood asked for a motion to add Kiley Gosselin, to the CRDA Housing Committee as a non-voting member.

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

“The CRDA Board of Directors hereby appoints Kiley Gosselin, Development Services Deputy, City of Hartford, as a non-voting member of the CRDA Housing Committee.”

Prior to the commencement of the CRDA Board meeting, Deputy Director Anthony Lazzaro swore in new Board member Garrett Eucalitto, Board Designee for Office of Policy and Management (OPM) Secretary Ben Barnes. Mr. Eucalitto is an Undersecretary at OPM.

Mayor’s Report

Hartford Mayor Luke Bronin reported:

- The city is working with CRDA to restructure the project at 370 Asylum. One of the obstacles includes back taxes, however we may be close to a solution.

- Mayor Bronin and Sean Fitzpatrick will tour neighborhoods, in particular they will be exploring, Albany Ave; N. Main and Terry Square and Park and Main.
- The city is interested in the vacant lots that will tie Park & Main neighborhood to the revitalization of the State Office Building.
- Developers that have contacted Mayor Bronin have been referred to Mike Freimuth/CRDA.
- Chairwoman Hopgood indicated that Helen Nitkin will be contacting Mayor Bronin to schedule a meeting with Mayor Bronin, Sean Fitzpatrick and Michael Freimuth to discuss the possibility of future development projects
- Chairwoman Hopgood mentioned that Front Street Loft apartments include primarily empty nesters and a family. Mayor Bronin expressed that he is not surprised by this news, as he has heard that empty nesters are looking for more living space.

East Hartford Mayor Marcia Leclerc reported:

- East Hartford has had the most significant increase in Grand List in over a decade, keeping mil rate at 45.8.
- Working to revamp zoning especially with regard to pavement, we are looking at parking in a very strategic way.

Housing Committee

Chairwoman Hopgood reported that the Housing Committee met on February 5 and reviewed the CRDA portfolio and took action regarding two projects and made recommendations on a third development, see below.

40 Elm Street

Funded by CRDA, state historic credits and Hartford Community Loan Fund, this \$ 1.2 million, six unit historic rehab is now in lease up with four units rented. However, it ran over budget by approximately \$33,000; resulting primarily from unanticipated structural repairs and related necessary code adjustments. Negotiations are underway and expected to reduce this overrun. The developer has requested a supplemental loan from CRDA of up to \$20,000 per the same terms and conditions of the initial CRDA note of \$322,650, 3%, 30 yrs. These funds are available in the CRDA housing pool due to repayment on earlier CRDA housing notes. The Housing Committee approved such additional terms.

The following motion was moved by Andy Bessette, seconded by Sean Fitzpatrick and approved.

“The CRDA Board of Directors approves the awarding of a supplemental loan to Daniel Peabody, developer of 40 Elm Street in an amount up to \$20,000, as determined by the Executive Director and at the same interest rate and term length as has been provided in the initial award.”

105-7 Wyllys

This 46 unit new construction project was approved by CRDA on October 15, 2015. The funding sources are as follows: \$4 Million private loan, \$3.5M 20 yr 1% CRDA loan, \$3,082,000 from the City of Hartford and \$1.56M in land and equity totaling \$12.08 million. Since the CRDA approval, the application of new bank regulatory rules (Basel III) have required more equity to

leverage the bank loan, changing its terms and conditions. We have been working to restructure the deal to meet the new equity rules and stretching the initial CRDA loan from 20 years to 30 years frees up sufficient cash flow to meet the needs of the project and its debt service capacity. The Housing Committee approved extending the initial amortization period from 20 years to 30 years.

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

“The CRDA Board of Directors approves the extension of the initial amortization time as approved by the Housing Committee for the 105-7 Wyllys Street project with an interest rate adjustment from 1%/20 years to 1% years 2-10 and 2.5% years 11-30 with a one year deferral following the issuance of the certificate of occupancy with all other conditions and understandings of the initial award remaining the same.”

370 Asylum

Sponsored by Community Solutions Inc. and developed with the RBH Group of Newark, NJ, this project was approved for \$3.6M of CRDA funds on June 18, 2015. However, the conversion of 370 Asylum into 60 units for a \$20.3 million estimated total development costs has struggled through the complicated multi-agency underwriting process (CHFA, DOH, CRDA, City, DECD and private funding through Prudential). During this time, taxes, accruing with interest and penalties have outrun the project underwriting resulting in the need to re-construct some of the financing. The Housing Committee discussed increasing the loan award to \$4M with an adjustment to the amortization period and interest rate to mitigate the impact of an increased debt service.

After more detail was communicated by Michael Freimuth regarding this project, the following motion was moved by Andy Bessette, seconded by Sean Fitzpatrick and approved.

“The CRDA Board of Directors approves the adjustment of its initial award from \$3.6M to \$4M and authorizes the Executive Director to extend the amortization term from 20 years to 30 years if necessary based on final underwriting from all public agencies with all other conditions and understandings of the initial approval of June 18, 2015 remaining the same.”

Mike Freimuth reported that occupancy numbers have been updated and are reflected on the Pipeline report. Pending a couple of details the Radisson project is nearly ready to close. The 105-7 Wyllys and 370 Asylum projects will have to go to State Bond Commission.

Venue Committee

Andy Bessette reported on the following regarding the Venue Committee discussions:

XL Center

- Long Term Reconstruction Project – In light of the current state budget situation, the Governor is deferring the decision to put new funds into the capital budget for the XL or its long term transformation at this time. He has, however, given CRDA the discretion to use bond funds previously authorized for the agency for (1) land acquisition, (2) design work and (3) capital improvements that would serve the current building as well as be retained in any future improved building (e.g., ice repair).

- Northland – Discussions are continuing with Northland regarding acquisition of all or part of the Trumbull block. There are essentially three options available to us: (1) purchase of the atrium, (2) purchase of the atrium and those small slivers of the building needed for reconstruction and (3) purchase of the whole Trumbull block (the more expensive, but cleaner option in terms of construction and operation). Under each of these, Northland would retain their garage, however, CRDA would look to acquire approximately 40 spaces to allow for expansion of the arena concourse. Cost estimates for the project are currently being developed.
- AAC Tournament – The XL Center will once again host the AAC Men’s Basketball tournament in March 2017. The working group who organized the 2015 tournament - including representatives of CRDA, Global, the City of Hartford, State DOT and local business groups - is expected to reconvene shortly. The St. Patrick’s Day Parade and the cheerleading convention at CTCC will again be challenges to organizing the event. An announcement regarding the tournament is expected to be made soon.
- Security Upgrades – The balance of the \$35 million for XL renovations was approved by the State Bond Commission on January 29th. Most of this \$1.5 million will be used for much-needed security upgrades at the XL Center.

Rentschler Field – New Roadwork and Parking Lot

- CRDA is working with UTC’s developer on construction of a new roadway that will service both the Stadium and the proposed outlet mall at Rentschler Field. \$7 million in State bond funds secured by OPM are being utilized for the project.
- The Bond Commission has also approved \$775,000 for construction of a new parking lot on 10 acres recently acquired by the State as part of the Pratt & Whitney naming rights deal. The lot, which will provide an additional 1,000 parking spaces, should be completed in time for the 2016 football season.
- Global has just confirmed that the U.S. Women’s National soccer team will be playing Columbia on April 6th at the Stadium. (Tickets go on sale Friday, 2/19)

Tennis Center – Capital Improvements

- The Bond Commission has also approved \$1.2 million for interior renovations and utility upgrades at the CT Tennis Center. Work will include construction of new offices, renovation of the media center and players’ lounge and electrical, water and sewer upgrades.

Finance

CRDA CFO, Joseph Geremia reported the following Financial update for February 2016.

- Director and Officer Insurance has been renewed for FY16-FY17.
- CRDA Finance Committee will meet to review all FY17 CRDA Budgets. Scheduled meeting dates will be forwarded, all Board Members are invited to attend.

- Reviewed the Balance Sheets for Fiscal Year 2016 Financial Statements for the Six Months Ending 12/31/2015 and FY16 operating Statistics.

Balance Sheet

- Current restricted cash increase reflects use of bond funds for Residential housing initiatives off-set with a decreased liability in accrued expenses
- Current unrestricted cash increase reflects timing differences between funding and expenses at the CTCC and the XL Center

Statement of Revenues, Expenses and Changes in Net Position

- Combined facilities income and expenses referenced below
- Development costs reflects TFC support
- Interest expense decrease reflects start of fiscal year without swap interest payments
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Fiscal Year 2016 Operating Statistics

CT Convention Center – December 2015/January 2016

January stats: 109 event days held YTD with YTD attendance at 138,100

Qtr. 2 financials: Total revenue even with budget.

Expense savings in utilities, maintenance, and event staffing

Net Income \$136,000 favorable to budget

After second fiscal quarter of activity, total year projection even with budget

CRDA Parking Facilities – December 2015/January 2016

January stats: Utilization favorable to budget at 86%

Monthly rate customers slightly favorable with prior year at 17,500 YTD

Transient customers slightly favorable with prior year at 223,200 YTD

Qtr. 2 financials: Monthly rate customer revenue and event revenue even with budget

Transient revenue favorable by 13% compared to budget

Expense savings in utilities, snow removal, and staffing

Net Income \$330,000 favorable to budget

After second fiscal quarter of activity, total year projection approx. \$230,000 favorable to budget

Rentschler Field - December 2015/January 2016

January stats: 70 event days held YTD with YTD attendance at 146,500

Includes full UCONN football season

Qtr. 2 financials: Event revenue unfavorable by 12% with expenses favorable by 13% compared to budget primarily due to savings in maintenance

Net Income \$47,000 favorable to budget

After second fiscal quarter of activity, total year projection approx. \$164,000 unfavorable to budget

XL Center - December 2015/January 2016

January stats: 85 event days held YTD with YTD attendance at 335,700

Qtr. 2 financials: Event revenue unfavorable by 29% compared to budget due to F&B expenses and;

decreased facility ticket surcharges

F&B fixed expenses to be off-set by second half of year event sales volume

Expenses (other than F&B) even compared to budget

Net Income \$705,000 unfavorable to budget

After second fiscal quarter of activity, total year projection approx. \$230,000 unfavorable to budget

Church Street Garage

Monthly rate customers at 10,200 YTD, unfavorable to budget by 400 per month

Transient customers at 100,600 YTD

Qtr. 2 financials: Monthly rate customer revenue and transient revenue even with budget

Event revenue unfavorable by \$40,000 compared to budget due to budget event seasonality

Expense savings in security and snow removal

After second fiscal quarter of activity, total year projection even with budget

<u>Residential Housing Initiatives</u> –	Total Contracted Loans:	\$44.2M
	Current Contracted Loans:	\$38.3M
	Current Disbursed:	\$33.0M

Executive Director Report

Michael Freimuth reported on the following items:

- Maps were displayed on the overhead projector and were presented Mr. Freimuth, Mayor Bronin and Sean Fitzpatrick. Two of the maps shown reflect the Plaza Mayor and Bushnell Square projects, a third map showed the projects in proximity to the District.

Plaza Mayor Planning Study

- Plaza Mayor is a mixed use neighborhood scale development which is owned by the City of Hartford.
- The Plaza Mayor Planning Study’s objective is to follow up on a series of meetings between CRDA, SAMA and the City and to map out a redevelopment project at the intersection of Main Street and Park Street.
- The task is for CRDA to retain consultant to identify and review several planning initiatives and proposals; to evaluate in light of city planning and new zoning; conduct session(s) with SAMA, HRA, City and community to plan project(s); to market test the concepts; to conduct economic modeling; and to determine public/private capital attraction.
- The estimated cost is: \$20-\$25,000

After a lengthy discussion between Board Members the following motion was moved by Andy Bessette, seconded by Catherine Smith and approved.

“The Executive Director is authorized to retain planning services for a redevelopment project at the intersection of Main and Park Streets for a sum up to \$25,000.”

Bushnell Square Planning Agreement

Mayor Bronin explained this project has the potential to reconnect the Bushnell to the rest of the City:

- The objective is to plan and quantify the redevelopment of state and private property located adjacent to or as part of the State Office Building (S.O.B.) complex at 165 Capitol Avenue and extending eastward along Capitol Avenue and Buckingham Streets.
- The task is to program and phase the redevelopment to meet needs of S.O.B. and The Bushnell as well as to capitalize on market demand and funding availability; assess residential, retail, parking and public space development; model financial pro forma; prepare solicitation of private investors; and determine public/private capital mix.
- The estimated cost is: \$25,000 CRDA matched by \$75,000 Bushnell.

After a discussion between Board Members the following motion was moved by Andy Bessette seconded by Catherine Smith and approved.

“The Executive Director is authorized to enter an agreement with The Bushnell to advance the planning of the Bushnell Square area with a matching CRDA contribution of \$25,000.”

College Student Engagement in Downtown Hartford Project Summary

Michael Freimuth asked Terryl Mitchell Smith to describe the initiative that is based on work that was done last summer by CRDA intern and Trinity Student Jennifer Tran. The following is the “College Student Engagement in Downtown Hartford Project Summary”.

PREMISE

CRDA wanted to explore entertainment programming that would attract students from surrounding colleges and universities to downtown Hartford. Information on what would appeal to college students as far as concerts, shows and other events would be helpful to Spectrum in booking shows at the XL Center as well as a smaller live music venue such as Infinity Music Hall.

CRDA’s fall 2015 intern was an Urban Studies major with a minor in Community Action, Models and Data junior from Trinity College. The research project fit well within her scope of study. Since this information was something of great interest to many entities focused on marketing the city to young adults, the intern worked closely with the director of marketing and public relations on design and execution of the research process.

RESEARCH MODEL

Information was gathered from three target groups: students, educational institutions and stakeholders. The student group was limited to a very small segment of Trinity students since it was difficult to arrange opportunities to identify and set up meetings with students from other schools during the short time frame the of the intern’s term. Many of the surrounding colleges and universities were contacted and asked to participate.

The following responded and were willing to be interviewed:

- Trinity College
- University of Saint Joseph
- Goodwin College
- Central Connecticut State University
- Capital Community College

The following were identified and participated as stakeholders:

- Metro Hartford Alliance
- HYPE
- iQuilt
- Hartford Business for Downtown
- Hartford Promise Zone
- CT Convention Center
- CT Convention and Sports Bureau
- Hartford Consortium for Higher Education
- CT Department of Transportation
- Group Raise

Construction Update

- 450 Columbus Boulevard –occupancy in South Tower begins this summer, North Tower, early next Spring, employees will relocate from the State Office Building.
- Morgan Street – series of repairs have been completed
- 55 Farmington – follow-up work on HVAC System are complete
- Church Street – painting complete, new signage added, some stairwells have been rebuilt. Capital work may be added as part of XL Program.
- Capewell – half completed
- Hartford Office Supply – is approximately 35% complete, windows are going in; roof is complete; units are being framed out.
- Newington – talking to DOT about commuter lot, DECD is also involved in discussions.
- UCONN Campus – site work is underway.

Miscellaneous

Michael Freimuth shared the letter sent to MDC Chairman William DiBella as a follow-up to his meeting with Chairman DiBella explaining CRDA’s stance on Supplemental Assessments. Mr. DiBella indicated he would bring this topic to the MDC Board.

Executive Session

At 7:15pm, Chairwoman Hopgood called for a motion to move to Executive Session to discuss CT Convention Center Management Contract. The following motion was moved by Sean Fitzpatrick, seconded by Andy Bessette and approved.

“The CRDA Board of Directors hereby moves to go into Executive Session.”

Coming out of Executive Session, the CRDA Board resumed the regular Board meeting at 7:45pm.

The following motion was unanimously approved.

“The Executive Director is authorized to extend the current management contract for the convention center for a period up to 12 months during which time a solicitation and review of management proposals for the convention center for the next five year period will be conducted, negotiated and contracted”.

Adjournment at 7:46pm.

“The minutes of the February 18, 2016 CRDA Board Meeting were moved by Evonne Klein seconded by Andy Bessette and unanimously approved by Board Members at the April 21, 2016 CRDA Board Meeting.”