

**Capital Region Development Authority
100 Columbus Boulevard
5th Floor
Hartford, CT 06103
Thursday, May 16, 2019
6:00 pm**

Board Members Present: Chairwoman Suzanne Hopgood; Mayor Luke Bronin; Joseph Giulietti; Kerry Kelley; David Kooris; Mayor Marcia Leclerc; Melissa McCaw; David Robinson; Joanne Berger Sweeney

Board Members Absent: Andy Bessette; Mayor Luke Bronin; Erik Johnson; David Jorgensen Glendowlyn Thames; Seila Mosquera-Bruno

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

Resignation from Board: Michael Matteo, appointee of the Republican Leadership of the House and Senate, resigned from the CRDA Board on April 24, 2019

Minutes

“The minutes of the March 20, 2019 CRDA Board Meeting were moved by Joanne Berger Sweeney, seconded by David Robinson and approved.”

New Board Members

The following CRDA Board Members were sworn in, prior to the Board meeting, by Attorney Anthony L. Lazzaro:

Joseph Giulietti-Commissioner of Transportation

Mayors Reports

East Hartford - Mayor Marcia Leclerc reported on the following projects:

- Great River Park – Agreement with Riverfront Recapture not yet signed. In the meantime, the Town has signed a new contract with RR, and applied for two grants, ADA equipment and trees.
- Goodwin College – Drainage improvements on Ensign. First phase going out to bid, walkthrough for Ensign work was May 15, 2019.
- Founder’s Plaza Garage – selection committee chose Tecton. Contract not yet signed. The Committee will be meeting with Mayor Leclerc and Mike Freimuth June 26th for more input regarding vision.
- Silver Lane Streetscape – the Town is working to finalize a work plan for Transystems. Work will include sidewalks, benches, bus shelters, barrels, planters. Increased pedestrian/biker safety improvements. It is looking likely that a road diet with bike/turning lanes will be

implemented with VIP paving program for this fall. Public hearing was held on April 24th with good attendance. One more public hearing will be held in the fall.

- Demolitions – several properties are being targeted – 4 properties on Main Street – 2 town owned properties ready to go.
- Showcase Cinemas – The town closed on the building January 31st. Draft bid specs are done and being reviewed by CRDA.
- DDDIII – “College District Zone” approved by P&Z – Goodwin has submitted their first building for Main and Ensign to the P&Z Commission for approval May 15th.
- Senior center site went to P&Z May 15th. Bid specs will be completed in the near future and will be bid over the summer.
- 141 Prestige Park sold to Horst Engineering.
- Dunkin (Donuts) on Main Street opened.
- Last business visit was Nixon Uniform, next one is American Eagle Credit Union

Hartford - No project update

Finance

CRDA Chief Financial Officer, Joseph Geremia reported the following financials:

-Fiscal Year 2020 Budgets

-Fiscal Year 2019 Financial Statements for the Nine Months Ending 3/31/2019

Fiscal Year 2020 Budgets

FY2020 Budget Process

1. Venues prepare draft budgets (March/April)
2. CRDA staff review draft budgets with Venue staff followed by appropriate adjustments (April)
3. CRDA Board Executive/Finance Committee & members review draft budgets with CRDA staff and venue staffs (April 24)
4. Full Board presented budgets for authorization (May 16)

FY2020 Budgets

Note: Net operating gain or loss accounts for all income sources less total expenses, excluding depreciation expense and CRDA State appropriation. Operating gains for CRDA Parking Facilities, Central Utility Plant and Bond Indenture/Trustee budgets are netted together with excess funds sent to the State Treasurer’s Office for the use of covering CRDA revenue bond debt.

CRDA State Appropriation Allocation

	<u>CRDA</u>	<u>CTCC</u> ¹	<u>XL Center</u> ²	<u>Front ST</u> ³	<u>Total</u>
FY20 Appropriation	\$1,390,821	\$4,058,300	\$800,000	\$ 0	\$6,249,121
FY19 Appropriation	\$1,415,821	\$3,958,300	\$800,000	\$75,000	\$6,249,121

¹ - CTCC funding includes convention services subsidy program funding.

² - XL Center funding supplemented with excess revenues from Church St garage.

³ - Front St PILOT to sufficiently fund maintenance starting in FY2020.

Central Utility Plant (CUP) FY20 Operating Budget: \$3,043,298

FY20 Net Operating Gain of \$0

FY19 Projected Net Operating Gain of \$0

FY20 Budget Highlights: Zero-sum budget with expenses being covered on a pro-rated basis between the CT Convention Center, CT Science Center and the Hartford Marriott.

CRDA Parking Facilities FY20 Operating Budget: \$7,574,045

FY20 Net Operating Gain of \$3,647,528

FY19 Projected Net Operating Gain of \$3,792,435

FY20 Budget Highlights: Revenue increase in transient parking due to increased available daily space from decreased market monthly parkers. Expense increases in utilities and snow removal. No changes made to Parking rates.

Bond Indenture/Trustee FY20 Operating Budget: \$9,517,105

FY20 Net Operating Gain of \$1,711,806

FY19 Projected Net Operating Gain of \$1,819,094

FY20 Budget Highlights: Revenues from the CRDA Parking Facilities and the CUP are deposited with the Trustee. CRDA then allocates a Board-approved budget to fund the expenses of the operations, capital needs, and the costs associated with the bond debt service. Of these funds, \$900,000 is allocated towards the 5-year capital plan of \$4.5 million. Excess funds are sent to the State Treasurer's Office for the use of covering CRDA revenue bond debt.

Front Street District FY20 Operating Budget: \$108,529

FY20 Net Operating Gain of \$1,193

FY19 Projected Net Operating Gain of \$24,932

FY20 Budget Highlights: Budget includes expenses of insurance and infrastructure maintenance. Due to PILOT sufficiently funding expenses, FY20 does not contain an operating subsidy.

CRDA Office FY20 Operating Budget: \$4,311,846

FY20 Net Operating Gain of \$314,629 (\$124,368 not including non-cash interest accrual.)

FY19 Projected Net Operating Gain of \$296,231

FY20 Budget Highlights: Budget includes approximately \$1.041M in revenue related to the CRDA Residential Housing Initiative projects (\$144,000 from fees and \$897,000 from interest), and approximately \$163,000 in capital construction project fees. Management fees for the XL Center, P&W Stadium, Dillon Stadium, and Front St District are not included in budget. Appropriation covers approximately 55% of CRDA Office expenses. Personnel includes 3% COLA and Step increases.

Church Street Garage FY20 Operating Budget: \$2,676,859

FY20 Net Operating Gain of \$235,012 [Includes \$1.4M equity draw for XL Center supplemental funding]

FY19 Projected Net Operating Gain of \$530,135 [Includes \$1M equity draw for XL Center supp. funding]

FY20 Budget Highlights: Garage net operating gain provides a supplemental operating subsidy to the XL Center as well as reinvested in capital improvements such as replacement of waterproof membrane and structural repair.

CT Convention Center FY20 Operating Budget: \$7,930,367

FY20 Net Operating Gain of \$0 [Net operating loss of \$3,808,300 without CRDA appropriation.]

FY19 Projected Net Operating Gain of \$92,442 [Includes CRDA appropriation of \$3,808,300.]

FY20 Budget Highlights: Revenue increase in banquet and convention food & beverage.

Venue generates approximately \$4 million in State tax revenue. Conventions generating approximately 30,000 room nights.

Convention Services Subsidy Program FY20 Operating Budget: \$290,000

FY20 Net Operating Gain of \$129,950

FY19 Projected Net Operating Loss of \$166,127

FY20 Budget Highlights: Event subsidies offered and contracted are fully reserved through FY25.

Inherited the program from the GHCVB with a \$600,000 deficit balance.

XL Center FY20 Operating Budget: \$7,893,720

FY20 Net Operating Loss of \$71,525 without depreciation [Net operating loss of \$2,271,525 without CRDA appropriation.]

FY19 Projected Net Operating Loss of \$250,000 [Includes CRDA appropriation of \$2,000,000.]

FY20 Budget Highlights: Revenues include 6 full concerts vs 7 hosted in FY19. Venue generates approximately \$2.5 million in State tax revenue. No significant staffing changes.

Pratt & Whitney Stadium @ Rentschler Field FY20 Operating Budget: \$2,356,649

FY20 Net Operating Loss of \$537,777 [Includes \$250,000 UCONN operating assessment]

FY19 Projected Net Operating Loss of \$150,000 [Includes \$250,000 UCONN operating assessment]

FY20 Budget Highlights: Decrease in net revenues due to no US Women's, US Men's or USL soccer events. UCONN football attendance based on UCONN athletic department projections.

The following resolution was moved by Melissa McCaw, seconded by David Robinson and approved.

“The CRDA Board of Directors hereby authorizes the State Appropriation FYE2020 Allocation and the ten FYE 2020 Budgets subject to available funds known as: CT Convention Center; Convention Services Subsidy Program; Front Street District; CRDA Parking Facilities; Central Utility Plant (CUP); Bond Indentures/Trustee; CRDA Office; Church Street Garage; P&W Stadium at Rentschler Field; and the XL Center.”

Financial Update – May 2019

Balance Sheet

- Current restricted cash increase reflects timing differences with increased capital improvement funds escrowed for Dillon Stadium renovation
- Accounts receivable increase reflects operating activity at the XL Center
- Housing loan's receivable net increase reflects housing construction drawdowns from 101 & 111 Pearl St, 81 Arch St, 241 & 370 Asylum St, 103 - 121 Allyn St, 28 High St, as well as the Bowles Park/Willow Creek, Swift Factory, and the Borden projects
- Accounts payable net increase relates to increases with CRDA Regional Initiatives (Dillon Stadium) and the XL Center
- Loans Payable decrease reflects scheduled repayments towards Traveler's loan

Statement of Revenues, Expenses and Changes in Net Position

- Other Income reflects administrative fees on housing loans and capital projects

- Combined facilities income and expenses referenced below

Fiscal Year 2019 Operating Statistics

CT Convention Center – March/April 2019

- Apr. stats: 203 event days held YTD with YTD attendance at 291,200
- Qtr. 3 financials: Net Income \$100,000 unfavorable to budget due to decrease in F&B
Income offset with \$75,000 in wages and benefit savings
- Facility maintenance expenses slightly unfavorable to budget
- Total year projection \$100,000 favorable to budget

CRDA Parking Facilities – March/April 2019

- Apr. stats: Utilization favorable to budget at 84%
- Monthly rate customers unfavorable to prior year by 100 at 32,600 YTD
- Transient customers favorable to prior year by 3,900 at 402,500 YTD
- Qtr. 3 financials: Net Income \$100,000 favorable to budget
- Transient revenue favorable to budget with monthly rate customer revenue even with budget
- Expenses favorable compared to budget due to utilities and snow removal savings
- Total year projection \$250,000 favorable to budget

Church Street Garage - March/April 2019

- Apr. stats: Utilization even with budget at 72%
- Monthly rate customers favorable to budget by 300 at 11,300 YTD
- Transient customers unfavorable to budget by 1,600 at 11,800 YTD
- Qtr. 3 financials: Net Income even with budget
- Total year projection even with budget

Rentschler Field - March/April 2019

- Apr. stats: 108 event days held YTD with YTD attendance at 130,400
- Qtr. 3 financials: Event revenue unfavorable to budget with \$100,000 unfavorable variance attributed to UCONN football partially offset with favorable budget variance with soccer game
- Expenses even with budget
- Total year projection \$150,000 unfavorable to budget of which \$225,000 unfavorable F&B revenue and \$100,000 unfavorable event revenue both due to UCONN football attendance is partially offset with favorable US Women, US Men, and USL soccer game revenues

XL Center - March/April 2019

- Apr. stats: 123 event days held YTD with YTD attendance at 481,900
- Qtr. 3 financials: Event revenue \$400,000 unfavorable compared to budget, of which \$220,000 is attributed to underperforming family shows and \$460,000 is attributed to a lower than budgeted number of concerts and two underperforming concerts offset with a favorable NCAA settlement
- Hockey operations \$100,000 unfavorable to budget
- Operating expenses \$500,000 favorable to budget due to event operating expense savings as well as savings in personnel due to vacant positions
- Total year projection approx. \$250,000 unfavorable to budget attributed to a lack of two minor concerts being scheduled, two underperforming concerts, and two underperforming family shows offset with a favorable NCAA settlement

Housing and Neighborhood Committee Report

Occupancy – occupancy has been holding firm. One additional building opened up on May 1, 2019, which is the Teacher’s Corner Project. The numbers show that it is 50% leased and pre-leased after a month of activity.

Rents – rents are drifting up a bit on the properties that are seeing lease renewals.

Projects – 111 Pearl – June; 101 Pearl – September; 81 Arch Street – July; other properties come on-line next year. Colt-U is still pending as it has not yet gone to Bond Commission.

Heritage Homes – It is an Asylum Hill initiative with NINA, home ownership/new construction on Hawthorne and home ownership & rental on Sigourney with both pending closing.

Park & Main – is currently in underwriting, it has cleared City Council. This project is pre-fab modular construction that will need oversight regarding what was purchased and what is delivered. A possible Fall commitment from the bank is pending.

Arrowhead Block – \$4M set aside for the Arrowhead Block. Mayor Bronin and Eric Johnson put together a proposal to prioritize three of the buildings, two of them owned by the City.

289 Asylum – CRDA funded this project as a condo project using funds that came back in. This project will now likely become a rental project. The historic credits will not be secured to help with the equity. CRDA has met with the HCLF and Mr. Ramirez to restructure the project as an eight-unit rental. This was always the backup plan. The Housing Committee will take this up in June and bring it back to the Full Board.

Brackett Knoll – This project has been out to bid twice. The road has come back over budget both times. The site work and housing costs are both over budget. If the City can come up with some additional home monies, can CRDA come up with additional monies to complete the road? It looks like the project may need CRDA to come up with an additional \$100,000 in gap funding, if the City can come up with \$300,000+ gap funding. CRDA’s funding would come from capital that has come back to CRDA from earlier projects.

18 Temple Street – former CCEDA project that CHFA managed and who has now foreclosed and sold the note. CRDA will have to take steps to release its old note. This is currently informational only and dependent on how CHFA proceeds. The buyers of the note will require a clean title before it can be refinanced. \$4M-housing; \$680K for parking in two separate notes.

Venue Committee

“A motion to add Commissioner David Lehman to the Venue Committee was moved by Mayor Marcia Leclerc, seconded by Joanne Berger Sweeney and approved.”

XL Center

Events - The NCAA tournament was a big success, despite issues with delays getting patrons in and out of the building on Thursday evening when the earlier afternoon game ran long. It typically takes a few months to get a final settlement with the NCAA, but preliminary estimates show that the building netted around \$480k, which is significantly higher than the \$200k that had been budgeted for the event. About 47,000 tickets were sold over the three sessions and actual attendance was just under 41,000.

Upcoming events include WWE on the 19th and three commencements (St. Joe's, ECSU, Central) before the end of the month. Upcoming concerts include Khalid in August and Eric Church in November.

Transformation Project – Briefing books have been distributed to entities that might be interested in public private partnership opportunities at the XL Center.

Related to the issue of public private partnerships, at its May 3rd meeting, the Venue Committee voted to formally reject the Oak Street proposal received in response to our 2017 Public Private Partnership and formally close out that RFP process. Oak Street has been notified of the Committee's decision.

CRDA is looking to restart the Public/Private concept again. We have learned that the private investors are likely wanting to invest in the revenue side of the ledger, where you can increase concessions, F&B, tickets, sponsorships. They are less likely to want to invest in chiller, elevators, escalators and plumbing. There is going to have to be public dollars that match the private dollars.

Commissioner David Lehman put CRDA in touch with investors familiar with the Public/Private partnerships.

Mr. Freimuth also reported that staff met with Spectacor to analyze what's been going on with sponsorship sales and received a thorough report from them. The information is being analyzed. The Venue Committee will take this up at the next meeting.

Pratt & Whitney Stadium

Event - Hartford Athletic played their first two “home” games on May 4th and May 10th at the Stadium. Attendance totaled 8,500 for the first game and 2,200 for the second. The Stadium will receive \$7,500 rent for each game, in addition to a \$1 facility fee on all paid tickets over 2,000. Game expenses will be deducted from concession and parking revenue, with Hartford Athletic covering any deficit. The team is expected to play at the Stadium until work on Dillon is completed.

Tickets are currently on sale for the NCAA Lacrosse Quarterfinals to be held at the Stadium this Sunday, May 19th. Two games will be held - #1 seed Penn State will play Loyola at noon and Yale will play Penn at 2:30. Some 4,700 tickets have already been sold for the event.

Seatbacks – Seat repairs have been underway in the lower bowl and work on the upper bowl will commence shortly.

CT Convention Center

A draft of the Johnson Consulting study of Convention Center operations is expected any day now. The study will compare assumptions made in the original pre-construction study with actual outcomes and to outline a future business plan taking into account industry trends and changing market conditions.

The State's first mixed martial arts (MMA) event was held at the Convention Center on March 29th and was a great success. Building on enthusiasm for that event, a second event is scheduled for May 31st.

Dillon Stadium

Target date is July 13, 2019. Due to rain, the Springtime has been terrible for the construction schedule. Landscaping and paving have been complicated by the excessive rain. The certification of the field even requires that it be dry to a certain degree, which has also been difficult.

Regional & Economic Development Committee

Michael Freimuth reported on the following Regional & Economic Development Committee projects:

Hartford Regional Market – CRDA is in conversations with OPM and Department of Agriculture to transition the property into some level of CRDA management in the next fiscal year. In the interim, CRDA has begun to lease up the empty space. Capital improvements will continue into the Spring.

Front Street District – Columbus Boulevard crosswalk project has been delayed due to inclement weather and could be started as early as June 1, 2019.

Showcase Cinemas – bids are about to go out for demolition of this site.

Storm Drainage project - bids are due on the storm drainage project near Goodwin College.

Wethersfield – the Borden is under construction at about 23% completion.

Bushnell South Garage – Very close to a selection of the preferred bidder. This will be approximately a 14 month construction window once this process begins.

Founders Plaza Garage – Site and garage investigation work to begin shortly.

Parkville Market – Negotiations with bank underway. Hoping to close in June. Year end completion of project is estimated.

Church Street/Convention Center /Front Street -Garages – capital programs moving forward.

Infinity Hall – Sale of Infinity Hall has gone through. CRDA will meet with new owners soon to discuss how they will move forward.

Executive Director Report

Colt North Armory – 16% complete

28 High Street – Construction has begun

Allyn Street – 25% complete

Lawrence Street – construction underway.

Swift Factor – 50% completed

Dillon – Bleachers are up, buildings are being plumbed. Turf has to be certified.

Quirk/Pal Center – made a CM selection.

Executive Session

A motion to move to Executive Session was moved by Mayor Marcia Leclerc, seconded by Joanne Berger Sweeney and approved.

Executive Session ended at 7:35pm without any further action.

Adjourn at 7:35pm.