

Capital Region Development Authority
100 Columbus Boulevard
Suite 500
Hartford, CT 06103
Thursday, May 18, 2017
6:00 pm

Board Members Present: Chairwoman Suzanne Hopgood; Joanne Berger-Sweeney; (arrived 6:20pm); Sean Fitzpatrick; Nick Lundgren; Michael Matteo; Tim Sullivan

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

Guests: Shana Schlossberg, Upward Hartford

Call to Order

Chairwoman Hopgood called the Board Meeting to order at 6:03pm.

Upward Hartford

Shana Schlossberg, Founder of Upward Hartford, formerly Innovate Hartford, presented a video regarding Upward Hartford which is a venture about creating a network of business owners, inventors, entrepreneurs and others to spur economic activity. Upward Hartford is located at 20 Church Street, in the Stilts Building.

Minutes

The minutes from the April 18, 2017 Board Meeting were moved by Sean Fitzpatrick, seconded by Joanne Berger Sweeney and approved with Tim Sullivan and Nick Lundgren abstaining.

Mayor Reports

Sean Fitzpatrick reported the following in Mayor Bronin's absence:

- Willow Creek, fka, Bowles Park, received second round of LiHTC credits from CHFA. Demo to begin this year with the support from CRDA Neighborhood funds.
- Westbrook Village did not get credits in this round. We are trying to keep them focused on the retail development.
- Capitol Gateway Master Planning process is being driven by the I84 Viaduct Program and has hired two federally funded consultants to look at location and orientation of the new rail station as well as all of the development, including traffic and development opportunities.
- Now that Stadium is complete, the Department of Development Services primary focus is on the following three development items:
 - 1.) to build a full service grocery store in the DONO area. In 2014, market studies and other work was done that created contacts with supermarket chains that entertain urban stores. We would like to bring in new members because stores like Whole Foods have opened in urban areas like Detroit, Jackson MS, and Newark (with the help of Prudential Financial) which the City has also spoken to regarding corporate support. To look at different areas around town so it can serve the community as well as adjacent areas.

- 2.) to focus on the properties that are adjacent to the stadium but not within the six parcels that are tied up in the master development plan, those will get untied eventually.
- 3.) South Green Development process – we are taking steps to talk about the social services side of this development. We want to make sure what is done in the short term will be consistent with the larger development and the connection between Bushnell Park and Colt Park.

Housing Committee

Sean Fitzpatrick and Michael Freimuth gave an update regarding the following projects that were approved by the Housing Committee, Colt Gateway North Armory and 105-7 Wyllys Street. Mike Freimuth reviewed the Housing Pipeline Reports as well as introduced a newly developed report regarding absorption.

Colt Gateway North Armory

Project Sponsor: Colt Gateway, LLC

Description: The North Armory (100 Huyshope Ave., Hartford) is one of the last buildings to be renovated and brought back on line at the Colt complex. This phase will include 48 units of housing (12 studios, 20 1BRs and 16 2Br/2Bath) and commercial space on the first floor. The project is modeled after the unit configurations and operational history of the earlier residential developments within the Colt complex by the developer.

TDC: \$13,629,653

Sources: \$ 3,305,872 Equity
 2,500,000 Bank Financing
 1,517,236 Federal Historic Credit
 1,896,545 State Historic Credit
 1,530,000 Brownfield Loan
 2,880,000 CRDA Gap (\$60k/unit x 48)

CRDA Request: Gap financing of \$2.88M at 3% for 20 yrs.

The following resolution regarding Colt Gateway North Armory was moved by Sean Fitzpatrick, seconded by Michael Matteo and approved by the CRDA Board of Directors with Tim Sullivan abstaining.

“The CRDA Board hereby approves the use of State Bond allocation housing funds to assist the developer, Colt Gateway, LLC (or such acceptable single purpose entity) to construct 48 new units of housing within the North Armory complex, Hartford and the Executive Director is authorized to extend a formal term sheet to the developer offering up to \$2.88 million in assistance at 3% interest amortizing over a 20 year term, in no less than a second position subordinate lien on the North Armory, subject to 1/ State of Connecticut Bond Commission approval, 2/ all other sources of funds being secured; and 3/such fiduciary terms and conditions as deemed appropriate by the Executive Director and CRDA Counsel.”

105-7 Wyllys Street

Project Sponsor: Joseph Citino
Providian Builders of CT

Description: The new construction of 18 3BR units with parking.

TDC: \$4.2M

Sources:	\$ 1,600,000	Hartford Community Loan Fund
	1,000,000	Equity
	1,600,000	CRDA Gap

CRDA Request: Construction loan of \$1.6M at 3% interest converting to permanent financing of \$1.6M at 2%, 30 yrs.

History: This project, in various forms has appeared previously before CRDA. Most recently (Dec. 2016) it was approved for \$1.9M in CRDA funds at 1%, 30 yrs. for a different configuration of 24 smaller units and a \$4.2M TDC. However, it proved impossible to secure conventional financing. It has been re-booted with help from the HCLF and by adjusting the developer's equity upwards, changing the unit profile, reducing the total CRDA commitment with a slightly higher interest rate.

The project has a higher loan/unit cost ratio at \$88k/unit (compared to CRDA average of \$60k/unit) but this reflects 1/ new construction costs (and is comparable to other CRDA new construction \$/unit); 2/ larger units (3BR); as well as 3/ the loss of other significant public financing options from earlier deal structures.

The following resolution regarding 105-7 Wyllys Street was moved by Sean Fitzpatrick, seconded by Joanne Berger Sweeney and approved by the CRDA Board of Directors.

“The CRDA Board hereby approves the use of State Bond Allocation housing funds to assist the developer, Providian Builders/Joe Citino (or such acceptable single purpose entity) to construct 18 3BR units of housing at 105-7 Wyllys Street, Hartford and the Executive Director is authorized to extend a formal term sheet to the developer offering up to \$1.6 Million in assistance at 3% interest during construction and converting to a 2% interest mortgage, amortizing P&I over a 30 year term with no less than a second position subordinate lien, subject to 1/State of Connecticut Bond Commission approval, 2/all other sources of funding being secured; and 3/such fiduciary terms and conditions as deemed appropriate by the Executive Director and CRDA counsel.”

Venue Committee

Kim Hart reported on the following Venue Committee items:

XL Center

A Request for Qualifications and Expressions of Interest was issued on May 8th looking for a private development partner to assist with transformation of the XL Center, bids are due June 9th. A short list of interested parties will be developed and will be asked to submit detailed proposals through an RFP.

The XL Center did very well with the last tour of the Ringling Brothers and Barnum & Bailey circus in April –revenue was budgeted at approximately \$120k and actual figures were closer to \$340k.

CCSU's graduation will be held at XL on Saturday and then the building will be closed for events as work begins on the ice slab project. The glycol in the system has already been drained, the floor has been cut and slab removal will begin next week. Work is on schedule to be completed by September 1st. (The next scheduled event is Roger Waters concert on Sept. 24th)

Work is also continuing on security upgrades and elevator repairs, along with additional elevator work and concrete repairs at the Church Street garage. Two full time staff are transitioning to part time.

Pratt & Whitney Stadium at Rentschler Field

The building is preparing for a soccer game on July 1st. 12,000 tickets have been sold already and about 18,000 people are expected (budgeted \$150k). Three US Men's games are being televised prior to the July 1st game and the upcoming game will be featured in ad spots.

In addition to regular off-season maintenance projects, the building is undertaking some concrete and roof repairs, as well as some repaving work over the summer, utilizing bond funds.

Global has updated their five year capital plan for the building – some of the bigger ticket items that will be required over the next few years include: (a) replacement of 5 HVAC units (\$2.5m), (b) security camera upgrades, (c) toilet valve replacements, (d) parking lot signage and lighting and (e) furniture replacement. \$3m has been requested in the next bond package that's currently pending before the General Assembly.

Last week, a contractor was selected to construct the 10 acre grass lot at the far southern end of the site – the same contractor who built the existing grass lots - and we expect to have a shovel in the ground by June 1st. Also at Rentschler, work is continuing on EHBS – with drainage, granite curbing and light pole bases currently being installed.

The design for the Horizon project is being revised to a slightly smaller footprint. Bids are due, May 19 on the infrastructure and site work package that CRDA is administering on behalf of the Town. There are still some required agreements that have not been executed, but the project is still scheduled to break ground in June.

CT Convention Center

Elevator repair work in the free-standing garage.

Neighborhood Committee

Kim Hart, in Mayor Bronin's absence, gave the following update regarding the Neighborhood Committee:

Willow Creek (CRDA is providing \$5m for demolition/abatement)

- Abatement work has started at the site in preparation for demolition of structures
- HHA has executed all of the CRDA and DECD funding documents and they are making their way through the AG approval process. They are awaiting final documents from CHFA on the mortgage modification that needs to be resolved before we can release our funding. The developer is finalizing a couple of issues with their equity investor and permanent lender.
- Official groundbreaking tentatively scheduled for third week in June.

Brackett Knoll (\$1.56 million - \$925k for road, \$630k for site acquisition/improvements)

- CRDA staff has been meeting with the developer and the site/civil engineer on the overall site plan. There have also been meetings with the City, MDC and other utilities to finalize plans and secure necessary approvals. The developer needs to convey a sliver of land that it owns to the City before work on the road can begin, so that is in the works, as is an agreement between the City and CRDA to allow CRDA to construct the road on the City-owned site.

Swift Project

- Community Solutions has reached a GMP with its contractor and work on the main factory building is set to start in late July/early August. Community Solutions has received conditional approval from the U.S. Economic Development Administration for \$2.4m for fit out of the food business incubator and shared office space. They are working with Bears BBQ, Trifecta Ecosystems and the health clinic tenant to finalize the details of their respective leases.
- On May 12th, the State Bond Commission approved \$4.3m in CRDA funding for the project. The Board previously approved a \$4m package in March, however, just prior to the Bond Commission meeting, an issue arose concerning CRDA funds being used as leverage for the New Market Task Credits. It became apparent that the use of CRDA funds in this way triggered a State Treasurer approval process and another trip back to the Bond Commission. In order to avoid this delay, \$300k in additional funding as offered – **subject to Board approval** – to make up for the funding lost when the funds are taken out of the NMTC equation.

The following resolution regarding the Swift Factory was moved by Sean Fitzpatrick, seconded by Joanne Berger Sweeney and approved by the CRDA Board of Directors.

“The CRDA Board of Directors hereby approves increasing the amount of Neighborhood funds authorized for the Swift Factory project from \$4,000,000, as authorized at its March 16, 2017 meeting, to \$4,300,000.

Such funds shall be distributed as a loan, with minimum debt service calculated using an initial 1% APR and paid monthly upon stabilization. The developer shall also pay CRDA 70% of net available cash after payment of first lien debt service and other required distributions, per the federal tax code requirements for historic credits. Payment to CRDA shall continue over a 20-year term until the Authority has received all of its capital with a 3% IRR.

Such assistance shall be subject to 1) the execution of leases governing no less than 50% of leasable project space or those generating no less than 50% of projected rental revenue; 2) all state and federal approvals required by tenants, if any; 3) the resolution of any outstanding tax liabilities to the City of Hartford, and 4) such fiduciary terms and hiring requirements deemed appropriate by the Executive Director.”

Finance

Michael Freimuth, in CFO Joseph Geremia’s absence, reported on the following FY 2017 Operating Statistics for May and also the Quarterly Financial Update. Finance Committee Meetings to review FY18 Budgets were also announced.

Fiscal Year 2017 Financial Statements for the Nine Months Ending 3/31/2017

Balance Sheet

- Accounts receivable decrease reflects timing differences between funding and payments relating to the State office relocation projection managed by CRDA off-set with a decreased liability in accrued expenses

- Loans receivable increase reflects housing construction drawdowns from 50 Morgan St (Radisson)
- Current loans payable decrease reflects payoff of XL Center loan with Spectra

Statement of Revenues, Expenses and Changes in Net Position

- Operational and other grants decreases reflect a timing difference between State appropriation quarterly funding percentages (\$745,000) and an overall State appropriation budget decrease (\$550,000)
- Restricted revenue decrease reflects completion of State Office relocation project fees
- Combined facilities income and expenses referenced below
- Development cost for the current fiscal year reflects CT Open tennis tournament support

Fiscal Year 2017 Operating Statistics

CT Convention Center – March/April 2017

April stats: 220 event days held YTD with YTD attendance at 330,100
 Qtr. 3 financials: Net Income \$150,000 favorable to budget
 F&B revenue favorable compared to budget
 Total year projection \$175,000 favorable to budget

CRDA Parking Facilities – March/April 2017

April stats: Utilization favorable to budget at 70%
 Monthly rate customers favorable to prior year by 650 at 25,900 YTD
 Transient customers favorable to prior year by 53,000 at 398,000 YTD
 Qtr. 3 financials: Net Income \$100,000 favorable to budget
 Transient and monthly rate customer revenue favorable to budget by \$100,000 each
 Total year projection \$300,000 favorable to budget

XL Center - March/April 2017

April stats: 136 event days held YTD with YTD attendance at 515,500
 Qtr. 3 financials: Event revenue \$750,000 unfavorable to budget attributed to cancelled concerts which includes \$525,000 unfavorable F&B revenue to budget
 Hockey operations \$150,000 unfavorable compared to budget
 Operating expenses even with budget
 Total year projection approx. \$750,000 unfavorable to budget
 (Slightly more favorable than prior month's projection)

Church Street Garage - March/April 2017

April stats: Utilization of 67% unfavorable to budget of 70%
 Monthly rate customers favorable to budget by 550 at 11,600 YTD
 Transient customers unfavorable to budget by 3,600 at 9,800 YTD
 Qtr. 3 financials: Net Income \$250,000 favorable to budget
 Event revenue \$125,000 favorable to budget due to XL Center family shows and sporting events
 Operating expenses \$125,000 favorable to budget due to savings in insurance, equipment leasing, and snow removal
 Total year projection \$250,000 favorable to budget

Rentschler Field - March/April 2017

April stats: 128 event days held YTD with YTD attendance at 178,400
 Qtr. 3 financials: Event revenue \$300,000 unfavorable to budget with \$200,000 attributed to UCONN football and \$100,000 from removal of soccer game

F&B revenue \$125,000 unfavorable to budget
Expenses \$275,000 favorable to budget
Total year projection \$200,000 unfavorable to budget

FY2018 Budget Process

1. Venues prepared draft budgets
2. CRDA staff reviewed draft budgets with Venue staff followed by appropriate adjustments
3. CRDA Board Finance Committee & members reviewed draft budgets with CRDA staff and Venue staff followed by appropriate adjustments
 - 3.A. May 3 Meeting
Board attendees: Suzanne Hopgood, Andy Bessette, Ben Barnes
Discussion: CT Convention Center, Subsidy Program, CRDA Parking Facilities, Central Utility Plant, and Bond Indenture/Trustee
Discussion: XL Center, Pratt & Whitney Stadium @ Rentschler Field, Front Street District, Church Street Garage, CRDA Office, and CRDA State Appropriation Allocation
 - 3.B. Meeting/Phone Conference to be Scheduled
Discussion: XL Center, Pratt & Whitney Stadium @ Rentschler Field, Front Street District, Church Street Garage, CRDA Office, and CRDA State Appropriation Allocation
4. Full Board presented budgets for authorization (June 15)

Residential Housing Initiatives

Contracted Loans: \$44.2M
Current Disbursed: \$42.4M

Executive Director Report

Construction Projects

450 Columbus Blvd. –Restacking taking place in June – DECD move will be completed in September.

Downtown UCONN Campus – 80% complete, substantial completion is targeted for August 11, 2017.

Big Mo event at UCONN campus on May 20, 2017

East Hartford Horizon project – bids are due May 19, 2017

CTCC Garage – construction repairs/updates being made per Revenue Bond Agreement – drawings are in progress, work will begin later this year.

1279 Main Street – demolition near completion

81 Arch Street – nearly ready to close on financing

National Welding Site Project (Newington)– scheduled to meet with OPM – May 19, 2017.

Wethersfield – private financing is still being negotiated.

Bushnell Development Area Summary:

The CRDA has been working with the Bushnell, the City, neighborhood representatives and others to create a plan to redevelop the area around the Bushnell, State office buildings and private properties including that area south of Bushnell Park and fronting along Capitol Avenue, Buckingham Street and parts of Clinton, Hudson and West Streets.

As the project becomes more defined there is a need to advance its formal planning, including how property can be phased to reach the goals of the redevelopment initiative while reflecting other ongoing construction (the State Office Building) and private ownership projects being considered.

After consultation with the city and the Bushnell, CRDA has sought a proposal from Suisman Urban Design, which has been retained by various parties in the area and is familiar with the city's master plan, its land use rules and such initiatives as the iQuilt Program, to provide services that will assess the many moving pieces and create a visual narrative to show how the conceptual master plan can come together.

The following resolution regarding Bushnell Development Area was moved by Sean Fitzpatrick, seconded by Joanne Berger Sweeney and approved by the CRDA Board of Directors.

“The CRDA Board authorizes the Executive Director to contribute up to \$40,000 towards the expense of such services.”

Executive Session

The following motion was moved by Sean Fitzpatrick, seconded by Joann Berger-Sweeney and unanimously approved.

“The CRDA Board of Directors hereby moves to go into Executive Session for a personnel discussion.”

The Board resumed the Board Meeting and made the following motion.

“WHEREAS, pursuant to Connecticut General Statutes § 32-601(c)(2), the Authority shall have an executive director who shall be appointed by the Board of Directors; and

WHEREAS, on March 16, 2017, at its Board Meeting, the Authority authorized its Vice Chairman, Andy Bessette, to negotiate a seven-year employment contract extension with its current executive director, Michael Freimuth, under the same terms and conditions as the current contract (the “Original Agreement”).

WHEREAS, as a result of such negotiations, the Authority and Mr. Freimuth are mutually desirous of amending and restating the Original Agreement to provide for a seven-year extension of such terms and conditions (the “Amended and Restated Employment Agreement”);

NOW THEREFORE, BE IT RESOLVED:

The Authority's Board of Directors hereby authorizes its Chair, Suzanne Hopgood, to execute the Amended and Restated Employment Agreement, as discussed.”

“The minutes of the May18, 2017 CRDA Board Meeting were moved by Andy Bessette seconded by Joanne Berger Sweeney approved by Board Members at the June 15, 2017 CRDA Board Meeting.”