

**Capital Region Development Authority  
Board Meeting  
CT Convention Center  
100 Columbus Blvd, Suite 500  
Hartford, CT 06103  
Thursday, May 19, 2016  
6:00 pm**

**Board Members Present:** Chairwoman Suzanne Hopgood; Secretary Ben Barnes; Andy Bessette; Mayor Luke Bronin; Sean Fitzpatrick; David Jorgensen; Commissioner Evonne Klein; Mayor Marcia Leclerc; Commissioner Catherine Smith

**Absent:** Joanne Berger-Sweeney; Michael Matteo; Commissioner Jim Redeker

**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 6:04pm.

The minutes from the April 21, 2016 Board Meeting were moved by Andy Bessette, seconded by Evonne Klein and unanimously approved.

**Finance**

CRDA CFO Joseph Geremia reported on the 3<sup>rd</sup> Quarter 'FY16 Financials and the Monthly Financials for March/April. Mr. Geremia also reviewed the FY'17 Budgets.

A discussion amongst Board members also took place regarding the FY 17 allocation of funds to the CT Tennis Tournament.

**Fiscal Year 2016 Financial Statements for the Nine Months Ending 3/31/2016**

*Balance Sheet*

- Current restricted cash increase reflects use of bond funds for residential housing initiatives off-set with an increased 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 cost reflects XL Center support through the Church Street Garage; and CT Open tennis tournament support
- Interest expense decrease reflects full fiscal year without swap interest payments

Fiscal Year 2016 Operating Statistics

*CT Convention Center – March/April 2016*

April stats:

- 187 event days held YTD with YTD attendance at 280,600

Qtr. 3 financials:

- Net Income even with budget
- Utility and snow removal expenses favorable compared to budget
- After third fiscal quarter of activity, total year projection \$200,000 favorable to budget

*CRDA Parking Facilities – March/April 2016*

April stats:

- Utilization favorable to budget at 58%
- Monthly rate customers even with prior year at 25,200 YTD
- Transient customers even with prior year at 345,000 YTD

Qtr. 3 financials:

- Net Income \$265,000 favorable to budget
- Transient revenue favorable by 14% compared to budget
- Payroll, Utility and snow removal expenses favorable to budget
- After third fiscal quarter of activity, total year projection approx. \$600,000 favorable to budget

*XL Center - March/April 2016*

April stats:

- 130 event days held YTD with YTD attendance at 523,400

Qtr. 3 financials:

- Net Income \$260,000 unfavorable to budget
- Event revenue unfavorable by 3% with expenses even compared to budget
  - o Hockey operations even with budget
- After third fiscal quarter of activity, total year projection approx. \$250,000 unfavorable to budget

*Church Street Garage - March/April 2016*

April stats:

- Monthly rate customers at 14,400 YTD, favorable to budget by 320 per month
- Transient customers at 149,600 YTD, favorable to budget by 77,100 YTD

Qtr. 3 financials:

- Net Income \$70,000 favorable to budget
- After third fiscal quarter of activity, total year projection approx. \$230,000 favorable to budget

*Rentschler Field - March/April 2016*

April stats:

- 97 event days held YTD with YTD attendance at 187,500

Qtr. 3 financials:

- Net Income \$155,000 favorable to budget
- Event revenue unfavorable by 6% with expenses favorable by 16% compared to budget
- After third fiscal quarter of activity, total year projection approx. \$140,000 favorable to budget

*Residential Housing Initiatives*

- Total Contracted Loans: \$49.2M
- Current Contracted Loans: \$43.3M
- Current Disbursed: \$34.2M

## Fiscal Year 2017 Budgets

### **Fiscal Year 2017 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. April 25 Meeting  
Board attendees: Suzanne Hopgood, Andy Bessette, Ben Barnes  
Discussion: XL Center, Pratt & Whitney Stadium @ Rentschler Field, CRDA Parking Facilities, Central Utility Plant, and Bond Indenture/Trustee
  - 3.B. May 2 Meeting  
Board attendees: Suzanne Hopgood, Andy Bessette, Michael Matteo  
Discussion: CT Convention Center, Subsidy Program, Front Street District, Church Street Garage, CRDA Office, and CRDA State Appropriation Allocation
4. Full Board presented budgets for authorization (May 19)

### **Fiscal Year 2017 Budget Summary**

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.

#### Central Utility Plant (CUP) FY17 Operating Budget: \$2,941,620

FY17 Net Operating Gain of \$0

FY16 Projected Net Operating Gain of \$0

FY17 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 FY17 Operating Budget: \$6,806,382

FY17 Net Operating Gain of \$3,079,282

FY16 Projected Net Operating Gain of \$3,365,027

FY17 Budget Highlights: Revenue increase in CTCC banquets in addition to a decrease in utility expenses (LED conversion). R&M increase due to 10 –year life structure. No changes made to Parking rates.

#### Bond Indenture/Trustee FY17 Operating Budget: \$6,300,000

FY17 Net Operating Gain of \$2,587,282

FY16 Projected Net Operating Gain of \$2,941,572

FY17 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 and the costs associated with the bond debt service. Excess funds are sent to the State Treasurer's Office for the use of covering CRDA revenue bond debt.

Front Street District FY17 Operating Budget: \$151,397

FY17 Net Operating Loss of \$17,451

FY16 Projected Net Operating Gain of \$3,311

FY17 Budget Highlights: Budget includes expenses of insurance and infrastructure maintenance.

CRDA Office FY17 Operating Budget: \$2,275,695

FY17 Net Operating Gain of \$165,350

FY16 Projected Net Operating Gain of \$481,164

FY17 Budget Highlights: Budget includes approximately \$530,000 in revenue related to the CRDA Residential Housing Initiative projects.

Church Street Garage FY17 Operating Budget: \$2,710,000

FY17 Net Operating Gain of \$1,317,100

FY16 Projected Net Operating Gain of \$1,390,923

FY17 Budget Highlights: Garage net operating gains reinvested in capital improvements such as replacement of elevators and stairwells as well as providing an operating subsidy to the XL Center.

CT Convention Center FY17 Operating Budget: \$7,632,077

FY17 Net Operating Gain of \$0 [Net operating loss of \$3,808,300 without CRDA appropriation.]

FY16 Projected Net Operating Loss of \$175,000 [Includes CRDA appropriation of \$3,983,300.]

FY17 Budget Highlights: Revenue increase in city-wide conventions and banquets for events held every other year. Expense decrease due to event personnel staff and sales expense related to an updated sales strategy focus. Venue generates approximately \$5.3 million in State tax revenue.

Subsidy Program FY17 Operating Budget: \$125,000

FY17 Net Operating Loss of \$12,300

FY16 Projected Net Operating Gain of \$21,379

FY17 Budget Highlights: Program subsidies offered and contracted are now fully reserved through FY21. Inherited the program from the GHCVB with a \$600,000 deficit balance.

XL Center FY17 Operating Budget: \$6,336,189

FY17 Net Operating Gain of \$437 [Net operating loss of \$599,563 without CRDA appropriation.]

FY16 Projected Net Operating Loss of \$199,155 [Includes CRDA appropriation of \$900,000.]

FY17 Budget Highlights: Revenues include 7 full concerts vs 4 hosted in FY16 and hosting AAC basketball tournament. Also increased net F&B revenue due to concession upgrades.

Pratt & Whitney Stadium @ Rentschler Field FY17 Operating Budget: \$2,266,222

FY17 Net Operating Loss of \$67,841 [Excludes \$250,000 UCONN operating assessment]

FY16 Projected Net Operating Loss of \$132,422 [Excludes \$250,000 UCONN operating assessment]

FY17 Budget Highlights: Increase in net revenues due to projected increase in UCONN football average game attendance and increased net F&B revenue due to concession upgrades and increased non-UCONN event catering revenue.

CRDA State Appropriation Allocation

	CRDA	CTCC	XL Center	CT Open	Total
FY17 Appropriation	\$1,704,953	\$3,908,300	\$600,000	\$200,000	\$6,413,253
FY16 Appropriation	\$1,715,991	\$3,983,300	\$700,000	\$500,000	\$6,899,291

The following motion was moved by Andy Bessette and seconded by Evonne Klein.

***“The CRDA Board of Directors approves the State Appropriation FYE 2017 Allocation and the ten FYE 2017 Budgets approved by the Finance Committee on April 25 and May 2, 2016, subject to available funds, known as: CT Convention Center; Subsidy Program; Front Street District; CRDA Parking Facilities; Central Utility Plant (CUP); Bond Indenture/Trustee; CRDA Office; Church Street Garage; P&W Stadium at Rentschler Field; XL Center.”***

The following amendment to the motion below was offered by Ben Barnes, seconded by Evonne Klein and unanimously approved.

***“The CRDA Board of Directors moves that \$500,000 be allocated from the Church Street Garage in the amounts of \$400,000 to the XL Center and \$100,000 to the CT Tennis Center.”***

The motion, as amended was approved.

**Mayors Reports**

Mayor Leclerc indicated that she did not have anything new to report to the Board.

Mayor Luke Bronin reported that the developers for the baseball stadium did not achieve substantial completion and they will not achieve the grace period of May 24, 2016 that was negotiated with the Team. The City is in the process of consulting lawyers and various other partners regarding next steps. The primary concern is whether the current developer has the financial and technical capacity to bring this to completion without attempting to have the City incur more of the financial costs.

As discussed at the last Board meeting, the Teacher’s Corner projects’ request for a \$665,000 loan was unanimously approved at the City Council Meeting. The Mayor also indicated that the City’s team is meeting with developers focused on projects outside of the downtown area. The City is developing a portfolio that it is particularly focused on for investing, using the “neighborhood” funds that CRDA has available. The City plans on coming forward with a more detailed plan and request shortly.

The City negotiated a purchase option of a 3½ acre brownfield property on Ledyard Street with the Hartford Steam Company and they plan to use to develop a 15 megawatt fuel cell. Working with DEEP to remediate the site and also hoping that it will potentially serve as a generator for another micro grid project in that area.

The City continues discussions with potential industrial users for City properties on the Homestead Ave. corridor, which is one of the top priorities.

The City was able to get the ability to assess an admissions tax on the Yard Goat Stadium, and intends to start assessing this tax as soon as the Yard Goats start playing games at the Stadium. That legislation also allows the City to assess a 5% tax on other venues which could include the XL Center.

Michael Freimuth asked if the tax assessment on other venues could be delayed for some time and the Mayor responded by saying that the City does not want to do anything that will make the building less competitive, pointing towards applying the tax more narrowly on certain types of events. Michael Freimuth noted that CRDA staff has already done an analysis on this and offered to meet when the Mayor is ready.

Ben Barnes asked Mayor Bronin what the timeline is to start enforcing the admissions tax. Mayor Bronin expressed that they would move to adopt an ordinance to start charging the admissions tax as soon as the Yard Goats start playing in Hartford, however he indicated that he does not have a timeline for adopting an ordinance for the other venues.

Mayor Bronin stated that he has met with Suzanne Hopgood and Michael Freimuth about police costs and discussed what options there might be to help reduce security costs to the XL Center.

### **Housing Report**

Sean Fitzpatrick reported:

- 370 Asylum - CRDA is moving to close on this project.
- Lewtan Properties on Allyn Street - Michael Freimuth has been working with a number of parties on this project.

Michael Freimuth also reported the following:

- 370 Asylum - CHFA is working through the construction note and it is on the CHFA Bond Commission Agenda. Looking forward to a June closing and then starting construction in July. This building has been vacant for 18 yrs. slides were presented of the view of the Capitol from inside the building. (60 units).
- Radisson – waiting for permits to clear to begin construction.
- Hartford Office Supply & Capewell – 112 units at HOS and 72 units at Capewell will wrap up construction by the end of the year.
- Pipeline Report - Front Street's occupancy is actually 69%, not 49% as reported.
- Lewis Street – spoke with owner yesterday, there are 4 active applications however, they have not been signed yet.
- Lewtan Properties – talking with the bank regarding Basel III. Looking to use some

Housing Funds and go to Bond Commission.

- North Armory Colt - Mixed use, commercial/residential. Looking to use some Housing Funds and go to Bond Commission.

Suzanne Hopgood reported that Mike and she met with Martin Geitz from the Federal Home Loan Bank (FHLB). The FHLB Board Meeting will be held at 777 Main. It was suggested they go through the Hartford Office Supply building while they are touring Frog Hollow. They will tour affordable housing and then meet back at 777 Main for a presentation by Mike Freimuth. They will then be welcomed by Mayor Bronin at a dinner at Carbone's.

### **Venue Committee**

Andy Bessette reported the following to the Board regarding matters that have to do with all four Venues:

#### *XL Center*

Event Update – To date this year, the XL Center has hosted 133 events with over 523,000 patrons in attendance. The building's next big event is the Secret Women's Classic and P&G Men's Gymnastics Championships to be held June 3<sup>rd</sup> through June 5<sup>th</sup>.

Capital Improvements – While the long-term transformation project has been put on hold, additional work is being done to address critical needs in the short term:

- Ice Floor – A tentative work schedule and cost estimates are being formulated for potential replacement of the arena floor and ice piping next summer, pending the State Bond Commission's approval of funding. The building will likely be shut down for the estimated three-month work duration.
- Elevators – Design work is underway on the modernization of four elevators at XL and the Church Street garage, including the infamous "Hilton" elevator.
- Security – Design of the new security camera upgrade project is also underway.
- "Zambonis" – Two new machines have been ordered and should arrive in September.

#### *Pratt & Whitney Stadium at Rentschler Field*

Event Update – In addition to six UConn football games, the stadium has hosted 93 other events, including two international soccer matches, generating \$480,000 in additional revenue. Attendance for these non-UConn events is estimated at over 65,000 people.

New Roadwork – Bids will go out shortly for the new roadway servicing both the stadium and the planned development at Rentschler Field. The project is a joint effort between CRDA and UTC's developer, utilizing \$7 million in State bond funds.

New Parking Lot - Bids will go out shortly on the new 10-acre stadium parking lot adjacent to our existing southern lots. The lot is expected to include over 800 new spaces.

### *Tennis Center (TFC)*

Capital Improvements – Work on the new media and players’ lounge areas will be completed by the start of the Tournament in August. For FY17, the bonding package adopted last week by the General Assembly reduces the TFC capital funding from \$1.5 million to \$1.0 million. In light of this reduction, the TFC capital program has been scaled back.

### *Convention Center*

Event Update – Through April of this year, the Convention Center has hosted 187 events (including both the State Democratic and Republican conventions) and attendance has exceeded 280,000 people. Upcoming events include the Vision New England Conference and the American Public Works Association’s North American Snow Conference.

Capital Improvements – Construction of the new box office will be undertaken this fall.

## **Executive Director Report**

Prior to Executive Director’s report, Chairwoman Hopgood invited Sean Fitzpatrick to explain the discussion during the Hartford Budget Hearings regarding the statements that CRDA owes four million dollars and is 18 month’s delinquent in rent. Sean Fitzpatrick indicated that the wrong impression was given to certain city council members and that is being corrected in writing by Hartford Corporation Counsel. There was a discussion afterwards about the importance of the relationship between CRDA and the City and the importance of making sure we make clear to all the stakeholders in the City that this is a good relationship for Hartford and that CRDA. Chairwoman Hopgood thanked Mayor Bronin and Mr. Fitzpatrick for the meeting to discuss this situation.

### *Legislative Items*

- The \$20M for the Citywide neighborhood funds was restored by the Senate however the House of Representative has not yet acted on the package.
- Senator Coleman and Senator Fonfara have created a set-aside to employ youth in the projects. This would require separating some of the money within the bond allocation. CRDA will meet with the workforce board to further develop this program.
- CRDA allocation has had a reduction in funds for the Tennis Center of \$500K.
- Mayor Bronin explained to Mr. Freimuth that he understood the City to have \$18M unrestricted general Neighborhood Funds and \$20M unrestricted Promise Zone between FY16-FY17. Mr. Freimuth responded stating that it could be interpreted that way. He further explained that there is a differential in year ’17 and ’16 statutory language outlining how the Promise Zone was prioritized and CRDA has been working under the theory that half goes to the Promise Zone. CRDA has not done any allocations for the Promise Zone as of yet.

- The Admissions Tax could impact the XL Center, it would impact the budget just approved this evening in a negative. If the City does place a tax on the building, the XL Center will have to expend funds for the tax out of the building budget somehow. Mayor Bronin asked Mr. Freimuth to explain. Mr. Freimuth explained that XL cannot go back and add an admissions tax on events that were already booked, the XL Center will have to incur that as an additional expense. Also, some events will not book the building at that price point and, some events are taxable, some are not. Mr. Freimuth stated that Rentschler Field will also be impacted when a for-profit event is booked.
- CRDA District expansion did not pass through the legislature.

### *Neighborhood Committee*

The following Board Members make up the Neighborhood Committee. Chairwoman Hopgood asked the following members if they are still interested in being on the Neighborhood Committee. Mayor Leclerc, Mayor Bronin and Mr. Jorgensen all affirmed their position on the Committee. Chairwoman Hopgood indicated she would be seeing Joanne Berger-Sweeney and she would follow-up with her as to her intentions. Kim Hart will be CRDA staff support for this Committee.

### Neighborhood Committee Members

Chairwoman Suzanne Hopgood  
 Mayor of Hartford  
 Mayor of East Hartford  
 Joanne Berger-Sweeney  
 David Jorgensen

Chairwoman Hopgood stated that Don Chapman, City of Hartford, was recommended to be appointed to the committee as a non-voting member.

The following motion was moved by Andy Bessette, seconded by David Jorgensen and unanimously approved.

*“The CRDA Board of Directors hereby appoints Hartford Director of Community and Small Business Development, Don Chapman, to its Neighborhood Committee as an advisory member.”*

Mr. Freimuth presented:

- Referring to the map that is displayed, there are two planning projects that are underway. The map shows that these projects, Bushnell Development and South Green Development border each other. CRDA is working with Bushnell Committee on Development as well as the Department of Administration (DAS) and the City. The National Development Council was retained to put together an economic program for the blocks that are going to be vacated as part of the parking lot at the State Office Building construction site. The idea is to coordinate the progress of development in the area around the Bushnell as the State goes through the renovation program and as we have the opportunity to reposition some of the property including 55 Elm as well as some of the vacant lots owned by Konover and the State. An MOU is envisioned between Bushnell, the State (OPM, DAS, CRDA) and the City to pursue a program to provide funding and private dollars, CRDA’s task would be to manage the project.

South Green planning is at the intersection of Park and Main. There is an existing city redevelopment program and CRDA is working with SAMA and Milone & MacBroom doing a site assembly assessment. Through conversations with some neighborhood groups the boundaries have been extended. The entire hospital complex lies to the south. The hospital increasingly is interested in the Hudson Street Corridor to access highways due to the congestion on Main Street. There are some broad State, Capital Center District as well as City master planning issues that will need to be dealt with. It is expected that citywide funds would be used to leverage investment in the South Green area and some of the CRDA Housing Funds will be used to help underwrite east of the State Office Building.

- It is understood that Congressman Larson is talking to Colt Gateway as it works to transfer properties on the Colt site to the National Park Service, this is a critical element in moving the national park forward.
- Michael McCaffrey, CRDA intern from the University of Hartford, put together a marketing effort for the Flag Beautification efforts on the Mike's Peter's Bridge., Michael was able to raise over \$30K, congratulations Michael.
- UConn is actively looking to place a bookstore downtown. There are a couple of CRDA financed buildings that are trying to champion this effort and would like CRDA to support their efforts however CRDA will not be vying for any one location. Mr. Freimuth indicated that the bookstore will be a Barnes and Noble selling regular books as well as text books. Mayor Bronin mentioned that he is actively lobbying Barnes and Noble and UConn to open the bookstore a couple of blocks away from the campus building because it has the potential to have a greater impact on linking the downtown.

### *Construction Update*

- 450 Columbus – wrapping up tenant fit-out. First occupancy starts this summer, end next year.
- Morgan Street – work is complete
- 55 Farmington – work is complete
- Newington – work is complete
- UConn Campus – UCONN Construction steel erection began on May 16, 2016, substantial completion scheduled for July 2017

### **Executive Session**

At 7:50 Chairwoman Hopgood called for a motion to move to Executive Session to discuss contract negotiations.

The following motion was moved by Sean Fitzpatrick, seconded by Evonne Klein and approved.

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

Executive Session adjourned with no action and the CRDA Board adjourned at 8:05pm

***“The minutes of the May 19, 2016 CRDA Board Meeting were moved by Sean Fitzpatrick seconded by Cheryl Malerba and unanimously approved by Board Members at the June 16, 2016 CRDA Board Meeting.”***