

**Capital Region Development Authority
100 Columbus Boulevard
Suite 500
Hartford, CT 06103
Conference Call
Wednesday, August 8, 2018
1:30pm**

Board Members Present: Andy Bessette; David Robinson

Board Members Present by phone: Chairwoman Suzanne Hopgood; Ben Barnes; Michael Matteo; Mayor Luke Bronin; Joanne Berger Sweeney; David Jorgensen; Nick Lundgren; Glendowlyn Thames

Board Members Absent: Mayor Marcia Leclerc; Jim Redeker; Kiley Gosselin; Catherine Smith

CRDA Staff Present: Michael Freimuth; Jennifer Gaffey; Joseph Geremia

Guests: Ernest M. Lorimer, Soeder & Associates, LLC

Finance

Joseph Geremia gave a brief outline of the CRDA Parking & Energy Fee Revenue Bonds (2018 Refunding Bonds) and related Agreements.

- Authorization for Redemption of 2008 Series D CCEDA Bonds
- Authorization to issue refunding Bonds
- Approval of Fifth Supplemental Indenture with U.S. Bank as Trustee
- Approval of Amendment No. 3 to Contract for Financial Assistance with the Office of Policy and Management (OPM) and State of Connecticut Treasurer

RESOLUTIONS OF THE BOARD OF DIRECTORS OF THE CAPITAL REGION DEVELOPMENT AUTHORITY AUTHORIZING ITS PARKING AND ENERGY FEE REVENUE BONDS (2018 REFUNDING BONDS), AND AUTHORIZING RELATED AGREEMENTS

ADOPTED: August 8, 2018

WHEREAS, the Capital Region Development Authority (the “Authority”) has previously financed construction of the convention center project (as that term is used in Chapter 588x of the Connecticut General Statutes (as amended, the “Act”)) (the “Project”) located in Hartford, Connecticut, through the issuance of its bonds, notes or other obligations, including term loans, in the aggregate principal amount of \$122,500,000 (the “Obligations”).

WHEREAS, the Obligations the Authority has previously issued included its Parking and Energy Fee Revenue Bonds, 2008 Series D (the “Prior Bonds”) pursuant to its Special Obligation Indenture of Trust, dated as of July 21, 2004, with U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented (as amended and supplemented, the “Indenture”), in an aggregate original principal amount of \$22,500,000 (capitalized terms used in this resolution and not otherwise defined having the same meaning ascribed to such terms in the Indenture), and it is advantageous to refund such Prior Bonds with a new series of bonds issued under the Indenture.

WHEREAS, the Authority proposes to issue a further series of its Parking and Energy Fee Revenue Bonds (2018 Refunding Bonds) (the “2018 Series Bonds”) pursuant to the Indenture, in an aggregate principal amount of not more than the remaining outstanding principal amount of the Prior Bonds, for purposes of paying the cost of refunding the Prior Bonds and, together with any net premium received on the sale of the 2018 Series Bonds, paying costs of issuance of the 2018 Series Bonds.

WHEREAS, the 2018 Series Bonds are proposed to be issued pursuant to a supplemental indenture (the “Supplemental Indenture”) in the form or substantially the form distributed to this Board.

WHEREAS, a portion of the proceeds of the 2018 Series Bonds will be placed in escrow under an Escrow Trust Agreement in order to provide for the defeasance of the Prior Bonds in accordance with the Indenture.

WHEREAS, pursuant to the Act and resolutions of the State Bond Commission, the Authority entered into a Contract for Financial Assistance, dated as of July 21, 2004, as amended (as amended, the “Contract for Financial Assistance”) between the Authority and the State of Connecticut (the “State”) in which the State agreed to make payments to the Trustee for the account of the Authority in an amount equal to the full amount of Debt Service payable on the bonds issued under the Indenture, including the Prior Bonds, on each Interest Payment Date or Principal Installment Date; provided that the aggregate amount of contract assistance to be paid by the State shall not exceed \$9,000,000 in any year, unless the Contract for Financial Assistance was amended with the approval of the State Bond Commission.

WHEREAS, the Contract for Financial Assistance provides that if the Authority shall issue Additional Bonds under the Indenture, and/or redeems bonds outstanding under the Indenture, the Authority and the State shall adopt an amendment to the Contract for Financial Assistance to state the amount of Debt Service payable by the State under the Contract for Financial Assistance, which amendment shall be in the form or substantially the form distributed to this Board.

WHEREAS, the Authority has prepared a preliminary official statement for the purpose of presenting information to investors in connection with the offering and sale of the 2018 Series Bonds in the form or substantially the form distributed to this Board.

WHEREAS, the Authority proposes to issue and sell the 2018 Series Bonds to Janney Montgomery Scott LLC, as underwriters, pursuant to a bond purchase agreement (the “Bond Purchase Agreement”) in the form or substantially the form distributed to this Board.

WHEREAS, the 2018 Series Bonds are expected to be issued on terms such that the interest thereon shall be excludable from gross income for federal income tax purposes, and for the purpose of establishing such terms and giving assurance as to future compliance with the Internal Revenue Code of 1986, as amended, the Authority proposes to enter into a tax regulatory agreement in the form or substantially the form distributed to the Board.

WHEREAS, the 2018 Series Bonds are to be payable from Pledged Revenues, consisting of parking revenues of the Authority from the garage facilities associated with the Convention Center Project, including the two garage facilities which are part of the Front Street Development Project, and energy fees payable pursuant to an Energy Services Agreement dated July 21, 2004 (the “Energy Services Agreement”), between the Authority and Adriaen’s Landing Hotel LLC (“Hotel”), an affiliate of Waterford Group LLC, for cooperative operation, maintenance, and use of a single central utility plant as part of the Project, which is proposed to be amended to reflect the reduction in debt service effected by the proposed refunding.

WHEREAS, pursuant to Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, as part of the offering of the 2018 Series Bonds, the Authority proposes to enter into a Continuing Disclosure Agreement in the form or substantially the form circulated to the Board.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

Section 1. The Board approves the terms of the 2018 Series Bonds, and authorizes their issuance in a principal amount not in excess of the remaining outstanding principal amount of the Prior Bonds, with such changes thereto as the proper officers shall determine, and delegates to the proper officers of the Authority the determination of the interest rate, purchase price, terms of redemption, and principal maturities and amounts, as they shall deem advisable, provided such terms achieve net present value debt service savings.

Section 2. The Board determines it is advisable and in the best interest of the Authority to authorize, and does hereby authorize, the Authority to enter into:

1. the Supplemental Indenture for the 2018 Series Bonds;
2. Amendment No. 3 to the Contract for Financial Assistance with the State;
3. the Bond Purchase Agreement;
- 4.. the Continuing Disclosure Agreement;

each such agreement to be in the form, or substantially the form, as has been distributed to the Board of Directors, and authorizes the proper officers of the Authority to execute and deliver each such agreement in such form, with such further changes and additions as such officers shall approve, such approval to be conclusively evidenced by the execution and delivery of such agreements by such officers, and further authorizes the proper officers of the Authority to execute and deliver a tax regulatory agreement such that the 2018 Series Bonds may be issued so as to be federally tax-exempt, and an escrow agreement with an escrow agent to effect the defeasance of the 2008 Series D Bonds pursuant to the terms of the Indenture.

Section 3. The Board, having reviewed the form of preliminary official statement relating to the 2018 Series Bonds, authorizes the use of such preliminary official statement and supplements in connection with the public offering of the 2018 Series Bonds, with such further changes and additions as the proper officers shall deem advisable, and authorizes the proper officers, in the name of the Authority, to deem the preliminary official statement and such supplements final when appropriate and execute a final official statement and such supplements, and any further amendment or supplement thereto, in connection with and after the sale of the 2018 Series Bonds.

Section 4. The proper officers of the Authority are hereby authorized to execute and deliver an amendment to the Energy Services Agreement with the Science Center and the Hotel to reflect the reduction in debt service effected by the refunding.

Section 5. The proper officers of the Authority are hereby authorized to do and perform such acts, and execute and deliver, in the name of the Authority, such additional instruments, agreements and certificates as they deem necessary or appropriate to carry into effect the intent of the foregoing resolutions, and as shall not be inconsistent with the foregoing resolutions.

Section 6. For purposes of this resolution, the “proper officers” of the Authority shall be the Chairman, the Vice Chairman, the Secretary, the Treasurer, the Executive Director and the Deputy Director of the Authority, and each or any of them.

Section 7. This resolution will take effect immediately.

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

“The CRDA Board hereby unanimously authorizes the restructuring of the Bonds with the noted changes as stated.”

Housing

103-21 Allyn Street Contingency Loan

Michael Freimuth provided a brief overview of the changes to the 103-21 Allyn Street project as stated below:

Background: The conversion of this multiple building complex into 66 units, located just west of the XL Center and abutting several other CRDA conversions has been structured and re-structured several times over the last two years. The building lost its initial financing, has incurred significant holding costs, experienced several construction design problems but is now close to locking down all its financing.

<u>Funding:</u>	United Bank	\$5.54M	first loan
	CRDA 2 nd	\$6 M	
	Hist Credits	\$5.4 M	
	Def Dev Fee	\$1.32M	
	Equity	<u>.227M</u>	
		18.467M	TDC

Issue: Construction must begin now in order to meet the ‘place in service’ requirements. However, closing cannot occur as there remains an approximately \$600k gap in the capital stack due to three factors: 1/ the historic credits can only be bridged by the lender at 90% of value; 2/there is a bridge lender requirement to increase the hard cost contingency; and 3/interest rates have been increasing on non-CRDA financing.

Request: Can CRDA provide contingency funding to cover the remaining historic credit bridge and increased contingency of \$600,000? The funds would be available as a loan per same terms as initial CRDA agreement (3% construction period interest, perm financing 3% P&I, 30 yr amortization, 10 yr note). The funds would only be drawn if needed (construction cash flow, existing contingency and possible savings will all determine use), will be secured by historic credits when monetized and by building security and will be repaid as credits are monetized in advance of any developer fee.

The following motion was moved by Andy Bessette, seconded by Joanne Berger Sweeney and approved.

“The CRDA Board hereby authorizes the contingency funding for the 103-21 Allyn Street project as stated.”

Adjourned at 1:45