

Capital Region Development Authority
100 Columbus Boulevard
Suite 500
Hartford, CT 06103
Thursday, June 15, 2017
6:00 pm

Board Members Present: Chairwoman Suzanne Hopgood; Andy Bessette; Garret Eucalitto; Sean Fitzpatrick; David Jorgensen; James Redeker; Joanne Berger-Sweeney; Catherine Smith

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

Call to Order

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

Presentations

Video – Capitol Lofts – Interview of several people after Capitol Lofts opened.

Power Point Presentation – Dirty Dozen – slides of CRDA projects before and after.

Minutes

The minutes from the May 18, 2017 Board Meeting were moved by Andy Bessette, seconded by Joanne Berger Sweeney and approved.

Mayor Reports

Sean Fitzpatrick reported the following in Mayor Bronin’s absence.

- Mayor Luke Bronin worked to raise private funds to maintain the Connecticut River Fireworks on Mortensen Riverfront Plaza happening on July 8, 2017. This along with other events that are being marketed together on the website summerinhartford.com.
- Thanks to Commissioner Redeker for helping to move on the \$30 Million Albany Avenue Streetscape Improvement project this summer. After several failed attempts to have a conduit installed through Frontier, we are now in contact with Comcast and there is a good chance that Comcast will step in however, this cannot wait, this conduit needs to get done prior to CTDOT starting to dig. We have made a request to the Neighborhood Committee and to the CRDA Board for back-up financing in the amount of \$525, 000 for this infrastructure. I will talk more about this in the Neighborhood Committee report.

Housing Committee

Sean Fitzpatrick and Michael Freimuth gave an update regarding the following projects that were discussed by conference call Housing Committee Meeting on June 2, 2017.

- There was discussion regarding how the Committee should be thinking about the “single” projects that are being submitted considering the State’s financial situation and the level of the current commitments that are already extended. It is the sense of the Committee, and if the Board concurs, that the Committee would probably not take on smaller projects at this time as to not overextend

ourselves and reserve the funds until there is a full understanding of what is going on with major developments such as Bushnell Square.

- Pipeline report – all projects are rented between 96-100% with the exception of Capitol Lofts, which is currently in the rent-up phase.
- \$44 Million remaining in the Housing Fund Balance, this does not include the approximately \$5 Million that has been recaptured from the reimbursement of principal.

Venue Committee

Andy Bessette reported on the following Venue Committee items:

XL Center

- Awaiting the special legislative session and adoption of a bond package to know where we stand in terms of funding for the XL Center transformation. We've received one response to our RFQ for a public-private partnership and staff is currently reviewing this.
- Bob Saint will provide a construction update later in the meeting.

Pratt & Whitney Stadium at Rentschler Field

- Ticket sales are doing well for the July 1st soccer match between US and Ghana. 16,500 tickets have been sold to date, anticipating a crowd of about 20k people.
- Roof repair has been completed, while repaving work is underway and concrete repairs will begin shortly.
- In light of recent events in Manchester England, as well as recommendations from security experts, we are pricing metal detectors for the Stadium. We expect that we would need between 40 and 50 machines and our hope is that by purchasing these in conjunction with XL, we can reduce the overall cost.
- Clearing work will begin next week on the new 10-acre parking lot, while work on East Hartford Boulevard North is proceeding on schedule.

Convention Center

- Elevator repair work is continuing in the freestanding garage.

Tennis Center

- The Connecticut Open tournament is scheduled for August 18-26.

Neighborhood Committee

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

The Neighborhood Committee has not met since the last Board meeting, however, there are a few brief updates:

Albany Streetscape

Sean Fitzpatrick explained that the Albany Avenue Streetscape project is a \$30 million DOT project that will install landscape, utility, sidewalk and crosswalk improvements designed to improve pedestrian and vehicular safety on a 1.5 mile stretch of road from Bedford Street to Westbourne Parkway.

As noted in the Mayor's report, the City had been working with Comcast to include the installation of fiber optic cabling for high-speed internet as part of the project. In the event that Comcast declines to participate, the City is hoping to at least install the conduit for such cabling while the streets are opened for other utility work, with the hope that another provider can be found in the future.

Work on the project is expected to start soon and the City is asking CRDA to fund the conduit installation at a cost \$525,000. Mr. Freimuth noted that even if the Board approved funding for the conduit, the funds could not be made available until after the Bond Commission meets and no meetings are scheduled for the foreseeable future. Mr. Freimuth reported that DOT had been approached about including the conduit in its scope of work, with CRDA picking up the costs of another component later in the project once Bond Commission approval had been secured. Commissioner Redeker indicated that he would look into the possibility of such an arrangement.

In the meantime, the Board was asked to consider a resolution approving the use of \$525,000 in CRDA neighborhood funds for any portion of the Albany Avenue Streetscape project.

After a lengthy discussion, the following motion was moved by Sean Fitzpatrick, seconded by Joanne Berger Sweeney and unanimously approved.

“The CRDA Board of Directors hereby approves the use of \$525,000 in CRDA Neighborhood funds for the Albany Avenue Operational, Safety and Streetscape Improvements Project. Such funds shall be distributed as a grant to assist the City of Hartford with landscape, utility, sidewalk and crosswalk improvements designed to improve pedestrian and vehicular safety in a 1.5 mile stretch of Albany Avenue from Bedford Street west to Westbourne Parkway. Such grant shall be subject to 1) State Bond Commission approval, if necessary, and 2) such fiduciary terms deemed appropriate by the Executive Director.”

Bowles Park (\$5m for demolition/abatement)

- Both the CRDA and DECD grant agreements have been executed;
- Abatement of the buildings should be completed soon, with demolition to follow;
- It is believed that HHA has closed on CHFA financing for the project, while closing on the bank financing is scheduled for end of June 2017.

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 us to construct the road on the City-owned site.

Swift Project (\$4.3m)

- The US Economic Development Administration has increased their initial award from \$2.4m to \$2.8m for fit out of the food business incubator and shared office space - the developer is working to execute a formal agreement for that funding.
- Community Solutions has received permission from the City to demolish two ancillary garages on the Swift property and they are working with the demo/abatement contractor to schedule that work. They are also awaiting bids for renovation of the two houses on site.
- They expect to have leases with Bears and Trifecta executed shortly, while negotiations are continuing with the health clinic.

Finance

Joseph Geremia reported on the *Fiscal Year 2017 Operating Statistics*:

CT Convention Center – April/May 2017

May stats: 243 event days held YTD with YTD attendance at 344,600
April financials: F&B revenue favorable compared to budget with expenses even with budget
Total year projection \$250,000 favorable to budget

CRDA Parking Facilities – April/May 2017

May stats: Utilization favorable to budget at 69%
Monthly rate customers favorable to prior year by 740 at 28,500 YTD
Transient customers favorable to prior year by 50,600 at 431,100 YTD
April financials: Transient revenue and monthly rate customer revenue favorable compared to budget
Total year projection \$500,000 favorable to budget

XL Center - April/May 2017

May stats: 139 event days held YTD with YTD attendance at 524,000
April financials: Event revenue \$900,000 unfavorable to budget attributed to cancelled concerts which includes \$550,000 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

Church Street Garage - April/May 2017

May stats: Utilization of 72% even with budget
Monthly rate customers unfavorable to budget by 600 at 11,500 YTD
Transient customers unfavorable to budget by 3,900 at 14,800 YTD
April financials: Transient revenue and monthly rate customer revenue unfavorable to budget
offset with favorable event parking revenue and expense savings
Total year projection even with budget

Rentschler Field - April/May 2017

May stats: 148 event days held YTD with YTD attendance at 183,900
April financials: Event revenue \$300,000 unfavorable to budget with \$250,000 attributed to UCONN football and \$100,000 from removal of soccer game
F&B revenue \$125,000 unfavorable to budget
Expenses \$300,000 favorable to budget
Total year projection \$125,000 unfavorable to budget

<u>Residential Housing Initiatives</u> –	Total Contracted Loans:	\$49.4M
	Current Contracted Loans:	\$43.5M
	Current Disbursed:	\$41.7M

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
 - 3.B. May 23 and June 13 (scheduled) Meetings

Board attendees: Suzanne Hopgood, Andy Bessette, Ben Barnes
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)

Fiscal Year 2018 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.

Central Utility Plant (CUP) FY18 Operating Budget: \$3,015,080

FY18 Net Operating Gain of \$0

FY17 Projected Net Operating Gain of \$0

FY18 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 FY18 Operating Budget: \$7,122,179

FY18 Net Operating Gain of \$3,287,964

FY17 Projected Net Operating Gain of \$3,435,830

FY18 Budget Highlights: Revenue increase in monthly contracts due to addition of UCONN downtown campus. No changes made to Parking rates except elimination of early bird rates.

Bond Indenture/Trustee FY18 Operating Budget: \$8,976,351

FY18 Net Operating Gain of \$1,783,167

FY17 Projected Net Operating Gain of \$2,645,313

FY18 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. Excess funds are sent to the State Treasurer’s Office for the use of covering CRDA revenue bond debt. Capital needs budget amounts to \$672,000.

Front Street District FY18 Operating Budget: \$120,347

FY18 Net Operating Gain of \$261

FY17 Projected Net Operating Loss of \$27,309

FY18 Budget Highlights: Budget includes expenses of insurance and infrastructure maintenance.

CRDA Office FY18 Operating Budget: \$3,153,112

FY18 Net Operating Gain of \$391,467

FY17 Projected Net Operating Loss of \$76,896

FY18 Budget Highlights: Budget includes a \$200,000 appropriation reduction, approximately \$725,000 in revenue related to the CRDA Residential Housing Initiative projects, and approximately \$430,000 in capital construction project fees.

Church Street Garage FY18 Operating Budget: \$2,603,900

FY18 Net Operating Gain of \$897,314

FY17 Projected Net Operating Gain of \$1,242,218

FY18 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 FY18 Operating Budget: \$7,963,941

FY18 Net Operating Gain of \$0 [Net operating loss of \$3,808,300 without CRDA appropriation.]

FY17 Projected Net Operating Gain of \$206,556 [Includes CRDA appropriation of \$3,808,300.]

FY18 Budget Highlights: Revenue increase in city-wide conventions and banquets for events held every other year. Venue generates approximately \$5.3 million in State tax revenue.

Subsidy Program FY18 Operating Budget: \$129,000

FY18 Net Operating Loss of \$102,600

FY17 Projected Net Operating Loss of \$23,825

FY18 Budget Highlights: Program subsidies offered and contracted are now fully reserved through FY23. Inherited the program from the GHCVB with a \$600,000 deficit balance.

XL Center FY18 Operating Budget: \$5,500,869

FY18 Net Operating Loss of \$1,105,397 [Net operating loss of \$2,105,397 without CRDA appropriation.]

FY17 Projected Net Operating Loss of \$941,452 [Includes CRDA appropriation of \$1,000,000.]

FY18 Budget Highlights: Revenues include 7 full concerts vs 2 hosted in FY17. Also increased security personnel due to system upgrades.

Pratt & Whitney Stadium @ Rentschler Field FY18 Operating Budget: \$2,305,752

FY18 Net Operating Loss of \$37,241 [Excludes \$250,000 UCONN operating assessment]

FY17 Projected Net Operating Loss of \$232,381 [Excludes \$250,000 UCONN operating assessment]

FY18 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
FY18 Appropriation	\$1,440,821	\$3,908,300	\$600,000	\$200,000	\$6,149,121
FY17 Appropriation	\$1,704,953	\$3,908,300	\$600,000	\$200,000	\$6,413,253

Board members congratulated Joe Geremia and Mike Freimuth for a job well done with the work on this years' budget.

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

“The CRDA Board of Directors approves the State Appropriation FYE2018 Allocation and the ten FYE 2018 Budgets approved by the Finance/Executive Committees on May 3, May 23, and June 13, 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.”

Executive Director Report

Michael Freimuth reported on the following construction and legislative items:

Construction

XL Center Ice Slab - Bob Saint presented a PowerPoint of the XL Center Ice Slab Replacement that included the demolition through the beginning of the insulation process. Bob went on to explain the procedure that was used and the steps going forward which includes replacing the slab on July 14 with all things staying on schedule.

XL Security Upgrades – well underway and on schedule to be complete before building reopens.

XL & Church Street Garage elevators – in the XL Center, the NE freight elevator is being replaced and we are replacing three elevators in the Church Street garage. Construction is expected to begin in both facilities at the end of August.

Church Street Garage – Design work is being done to work on the membrane of the Church Street Garage, this is a function of funding. Emergency repairs have been done however there is considerable work yet to be completed.

UConn - 84% complete. It is expected that classes will be held in August.

Legislative update

2017 Legislative Session - Update on CRDA-related Bills

1) FY18 / FY19 Appropriation - Awaiting Special Session action

	FY18	FY19
CRDA Requested	\$6,413,253	\$6,413,253
Governor's Budget	\$6,149,121	\$6,149,121
Approved by Legislature	?	?

2) **FY18 / FY19 Bond Package** – Awaiting Special Session action

	Requested FY18	Requested FY19	Finance Committee FY18	Finance Committee FY19	Approved FY18	Approved FY19
Development/Housing	\$30 m	\$30 m	\$40 m	\$40 m	?	?
Parking Garages	\$5 m	\$5 m	\$5 m	\$5 m	?	?
Front Street	\$3 m	\$7 m	\$3 m	\$7 m	?	?
XL Center	\$50 m	\$75 m	\$40 m	\$35 m	?	?
Stadium	\$1.5 m	\$1.5 m	\$1.5 m	\$1.5 m	?	?

3) **Advisory Council on Large Entertainment Events**

In conjunction with casino legislation, the General Assembly created an “Advisory Council on Large Entertainment Events” to coordinate large entertainment events at facilities of greater than 5,000 seats in the State. In addition to the XL Center and Pratt & Whitney Stadium, the Council includes Webster Bank Arena, Harbor Yard Ballpark, Dunkin' Donuts Park and New Britain Stadium.

The Council must meet at least annually to consider (1) the coordination of concerts, mixed martial arts events and other large entertainment events and (2) other issues related to the facilities' operation, as determined by the Council. Once authorization for a third casino is in place, the Mashantucket Pequot and Mohegan tribes will each designate a representative to serve on the Council. Such representatives must assist the other facilities in scheduling large entertainment events that are booked at the casinos, but may be available for additional dates in the state.

4) **Mixed Martial Arts (MMA)**

Of particular interest to both the XL Center and the Convention Center, the Legislature has eliminated the requirement that MMA promoters pay health care costs for competitors and instead requires promoters to provide liability insurance and death benefits, as is currently required for boxing events. The health care requirement had effectively prevented promoters from booking events in the State and efforts to overturn the law had been ongoing for a number of years.

The new legislation also eliminates the current 5% gross receipt tax on boxing and MMA events.

5) **Ticket Sales at Concert Venues**

- a) **Transfer of Tickets** -- Legislation was approved prohibiting venues from denying admission to a ticket holder because their ticket was purchased through a third party seller. It prohibits venues from using a ticketing system that does not give the purchaser the option to buy tickets that can be transferred to another person without (1) additional fees and (2) the consent of the venue.

Paperless ticketing -- which requires purchasers to show a credit card and ID for admission instead of a ticket -- is allowed, but venues must give purchasers the option of a paper or e-ticket. Concert or theater venues with less than 3,500 seats are exempt from the requirement.

While designed to offer consumers a more convenient, user-friendly purchase process, the legislation can be seen as anti-consumer in that it benefits third party ticket sellers who purchase large blocks of tickets to a show for resale, increasing demand and driving up resale prices. Such sellers will now have the ability to “transfer” any tickets to their clients, where previously some were designated as “non-transferrable”.

The legislation could also limit the XL Center's ability to book certain artists who require venues to offer paperless ticketing for their shows in an effort to restrict such third party sales. Such artists include Bruce Springsteen, Adele, Miley Cyrus and Metallica. A number of other states have passed similar legislation and Spectra advises us that over the long term the number of artists insisting on paperless ticketing systems may diminish if it begins to impact them financially.

- b) **Use of Ticket Software** -- An additional provision passed this session prohibits the use automated software to purchase tickets on the internet. Such software enables third party ticket sellers to bypass or render inoperable security measures in order to purchase large blocks of tickets for resale. Any violation will be deemed to violate the Connecticut Unfair Trade Practices Act.

Meeting Adjourned at 7:43.

DRAFT