

Agenda
CRDA Board Meeting
Tuesday, July 30, 2024

*****10:00am*****

Virtual Meeting with in-person option

- | | | |
|-------------------|---|--|
| 10:00am - 10:00am | ● | Call to Order & Minutes {6-18-24} * |
| 10:00am – 12:00pm | ● | XL Center * - Construction Budget - Bond Authorization - New OVG Facility Agreement |
| 12:00pm | ● | Adjourn |

** Vote Item*

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DRAFT

CRDA Board Meeting Minutes

June 18, 2024

**Capital Region Development Authority
100 Columbus Boulevard, 5th Floor
Hartford, CT 06103**

Tuesday, June 18, 2024

5:00pm –In-person meeting with virtual option

(The Board Meeting was held via Microsoft Teams with in-person availability)

Board Members Present: Chairman David Robinson; Paul Hinsch; David Jorgensen; Matthew Pugliese; Joanne Berger-Sweeney; Bob Patricelli; Pam Sucato; Mayor Connor Martin; Seila Mosquera-Bruno

Board Members Absent: Vice Chairman Andy Bessette; Mayor Arunan Arulampalam; Randal Davis; Andrew Diaz-Matos

CRDA Staff Present: Michael Freimuth; Joseph Geremia; Anthony Lazzaro; Robert Houlihan; Jennifer Gaffey; Terryl Mitchell Smith; Mark O'Connell; Derek Peterson; Erica Levis

Guests: General Manager, XL Center/P&W Stadium, Ben Weiss; General Manager CT Convention Center, Michael Costelli. Director of Development Services for the City of Hartford, Jeff Auker and Economic Development Director, Patrick Pentalow.

Chairman David Robinson called the meeting to order at 5:00pm.

Minutes

The minutes from May 22, 2024, were moved by Bob Patricelli, seconded by Paul Hinsch and approved.

Mayor Reports

Director of Development Services for the City of Hartford, Jeff Auker and Economic Development Director, Patrick Pentalow reported on the following in Mayor Arulampalam's absence.

Albany and Woodland – Closed on the Real Estate transaction. Working on closing checklist so a financial closing can be done for next phase of the project.

Arrowhead Development –Mortgage closed, groundbreaking in near future

525 Main Street – Construction to be completed by end of August 2024

275 Pearl Street - Construction to be completed by end of August 2024

17&35 Bartholomew & 235-7 Hamilton – Carlos Mouta and City are working through options. Parking study is required.

17 Wells – Phase II of 525 Main. City owes CRDA feedback from the development team.

64 Pratt St – UConn Dormitory project, moving forward. city identified the \$2M, also have a preliminary tax deal that's been submitted to CRDA. Working with developer.

Mayor Connor Martin reported on the following:

Silver Lane Plaza – Continue relocating the last four tenants, trial is Monday, June 24, 2024.

Completed demolition of center building. Currently out to bid for some hazardous waste abatement for the two side remaining buildings. Those are where the remaining tenants reside so demolition cannot happen before the tenant issue is resolved. The town is working with the Grossman Realty Group, the sole respondent to the RFP. A final concept plan is close to being solidified to present to the town council.

Concourse Park – Positive meeting with CRDA and Brian Zellman, charting a path forward that includes more involvement by CRDA in terms of programming needs \$10M of public funds. The town is working with Jasko and Brian Zellman to close on the property sometime this fall. There has been a request to sub-divide the property. This may have to go back to the Town Council for an amended PDD, an amended development agreement and an extension of the tax agreement.

McCartin School – The State Bond Commission approved \$4.5M request for East Hartford. This project is to demo the old Sr. Center/elementary school and sub divide into 16-20 single family homes or townhouses can be built.

Founders Plaza – continue to work with CRDA and the Town’s Bond Council and Port East Side Partners to get the grant agreement finished.

Main Street revitalization – the town is looking to create a version of Pratt Street and possibly a “Parkville Market” East model at an old movie theater. The town is submitting a CIF application for \$4.5M, that is to reconfigure the traffic around Bissell Street. Making Bissell St a pedestrian only plaza and to bury the utility poles and any utilities that are near and around the area. \$1M of the funds will be used for the planning and engineering of a complete street model such as roundabouts, decreasing the number of lanes and addressing the traffic flow on Main St.

Financial Update – June 2024

CRDA’s CFO Joseph Geremia reported the following financial update for June 2024. Mr. Geremia presented the CRDA Standby Bond Purchase Agreement Renewal terms and need for agreement.

CRDA Parking and Energy Fee Revenue Bonds - Standby Bond Purchase Agreement Renewal

Fifth amendment expiring on August 25, 2024
Sixth amendment – three-year extension with Bank of America

CRDA Parking & Energy Fee Revenue Bonds Standby Bond Purchase Agreement

Request to approve a three-year extension (the sixth amendment) of the Standby Bond Purchase Agreement {SBPA} per the attached resolution and rates provided effective on or before August 25, 2024. Extension assumes no material changes to the terms or conditions of the current SBPA.

Agreement extension reviewed by bond counsel: Updike, Kelly, Spellacy, P.C.

Extension requires approval by the State Treasurer's office and OPM per the Contract for Financial Assistance related to CRDA's revenue bonds.

Fee Letter Table:

Bank of America, the existing liquidity provider on the Authority's Series 2004B Variable Rate Bonds, proposed the following fee grid for a three-year extension on the SBPA.

(State's GO Rating)

| Level | Moody's | S&P | Fitch | Current Fee | Proposed Fee |
|-------|----------|----------|----------|-------------|--------------|
| 1 | Aa3 or > | AA- or > | AA- or > | 0.47% | 0.44% |
| 2 | A1 | A+ | A+ | 0.52% | 0.49% |
| 3 | A2 | A | A | 0.62% | 0.59% |
| 4 | A3 | A- | A- | 0.72% | 0.70% |
| 5 | Baa1 | BBB+ | BBB+ | 0.87% | 0.85% |
| 6 | Baa2 | BBB | BBB | 1.02% | 1.00% |
| 7 | Baa3 | BBB- | BBB- | 1.17% | 1.15% |

The following motion was moved by Bob Patricelli, seconded by Paul Hinsch and approved.

RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAPITAL REGION DEVELOPMENT AUTHORITY AUTHORIZING EXTENSION OF THE AMENDED AND RESTATED STANDBY BOND PURCHASE AGREEMENT IN EFFECT WITH RESPECT TO ITS REVENUE BONDS, 2004 SERIES B, AND AUTHORIZING RELATED AGREEMENTS

ADOPTED: June 18, 2024

BE IT RESOLVED by the Board of Directors of the Capital Region Development Authority (the "Authority") as follows:

Section 1. The extension of the Amended and Restated Standby Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Authority, U.S. Bank National Association, predecessor in interest to U.S. Bank Trust Company, National Association, as Trustee and Tender Agent, and Bank of America, N.A. (the "Bank"), in effect with respect to the Authority's Parking and Energy Fee Revenue Bonds, 2004 Series B (the "Bonds"), for an additional three years pursuant to a Sixth Amendment to the Amended and Restated Standby Bond Purchase Agreement (the "Sixth Amendment"), and on terms outlined in the fee proposal set forth in that certain Third Amended and Restated Fee Letter between the Authority and the Bank (the "Fee Letter"), is hereby approved.

Section 2. The proper officers of the Authority are hereby authorized to execute and deliver, in the name of the Authority, the Sixth Amendment to effect such extension and the Fee Letter on terms at least as favorable as the fee proposal presented to this meeting, with such further changes and additions as such officers shall approve, such approval to be conclusively evidenced by their execution and delivery of the Sixth Amendment and the Fee Letter.

Section 3. 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, notices and certificates, including a remarketing supplement, with respect to the Bonds and the amendment of the Bond

Purchase Agreement, 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 4. 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 5. This resolution will take effect immediately.

Mr. Geremia provided an audit update.

Fiscal Year 2024 Financial Statements and Audits

CRDA Fiscal Year 2024 audit
CRDA Financial Statements
CRDA Federal Awards audit
CT Convention Center Contractual-Basis Financial Statements
XL Center Contractual-Basis Financial Statements
CRDA Parking Facilities Contractual-Basis Financial Statements
Rentschler Field Contractual-Basis Financial Statements

Mr. Geremia noted that the Executive and Finance Committee met June 4, 2024 and approved the following budgets to be presented for Board approval.

Fiscal Year 2025 Budgets

FY2025 Budget Process

1. Management companies/CRDA staff prepared draft budgets (March through May)
2. CRDA staff reviewed draft budgets followed by appropriate adjustments (May/June)
3. CRDA Board Executive & Finance Committee members reviewed budgets with CRDA staff (June)
4. Full Board presented budgets for authorization (June)
 - All budgets subject to available funding and appropriations from the State of Connecticut
 - All budgets fully funded

CRDA State Appropriation Allocation Request

| | <u>FY25 Appropriation</u> |
|-----------------------------|---------------------------|
| CRDA Office | \$ 1,445,022 |
| Bushnell South Garage | \$ 400,000 |
| XL Center | \$ 2,000,000 |
| XL Center Sports Bar | \$ 600,000 |
| Convention Services Program | \$ 100,000 |
| CT Convention Center | \$ 5,650,000 |
| P&W Stadium ¹ | \$ 650,000 |
| Total | \$10,845,022 |

¹ - P&W Stadium at Rentschler Field financial results are reported within the operations of the Office of Policy and Management contained in the Consolidated Financial Statements of the State of Connecticut and are not included within the Financial Statements of CRDA.

CT Regional Market FY25 Operating Budget [Net]: \$122,428

The Regional Market is funded through three sources. The market receives lease revenue for refrigerated agricultural space, farmers' market fees, and billboard revenue. CRDA will be working with State agencies to determine the financial feasibility of converting static billboards to electronic billboards. Operating expenses consist of maintenance, utilities, security, facility management fees, and transitional expenses, as well as net operating expenses of \$20,480 associated with the farmers' market.

Front Street District FY25 Operating Budget [Net]: \$107,549

The Front Street district is funded through PILOT revenues received from the district's retail operator and residential housing operator. Operating expenses consist of insurance, median and bridge maintenance, utilities, snow removal, and misc. expenses.

CRDA Parking Facilities, Central Utility Plant, and Bond Indenture/Trustee Budgets

The operations and budgets for the CRDA Parking Facilities, Central Utility Plant, and Bond Indenture/Trustee budgets are related to the economic activity generated by the CT Convention Center. Their revenues are netted together with excess funds sent to the State Treasurer's Office for the use of covering CRDA revenue bond debt.

CRDA Parking Facilities FY25 Operating Budget [Net]: \$358,754

The CRDA Parking Facilities include the garages located at the Connecticut Convention Center, the Connecticut Science Center, and the two garages on Front Street, Front Street North and South garages. These garages generate revenues through monthly parking contracts, employee parking, and residential parking contracts. Additional revenues are generated through convention center and hotel events, transient parking, and parking along Front Street.

Central Utility Plant (CUP) FY25 Operating Budget [Net]: \$0 (Breakeven)

The central utility plant ("CUP") is governed by an energy sharing agreement, administered by CRDA, between the Connecticut Convention Center, the Marriott Hotel and the Connecticut Science Center whereby each party is required, among other things, to fund a certain portion of the CUP's operations, debt service and capital needs.

Bond Indenture/Trustee FY25 Operating Budget [Net]: \$4,893

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, \$240,000 is allocated towards the capital plan. This budget authorizes up to \$960,000 to be allocated towards the capital plan upon available funds. Excess funds are sent to the State Treasurer's Office for the use of covering CRDA revenue bond debt.

Church Street Garage FY25 Operating Budget [Net]: \$76,997

The Church Street Garage generates revenues through monthly parking contracts, corporate validations, transient parking, and through events held at the XL Center.

This budget includes a market monthly contract rate increase that continues to offer the lowest level downtown rates.

Expenses include payroll and benefits, insurance, security, utilities, maintenance, and snow removal.

Bushnell South Garage FY25 Operating Budget [Net]: \$1,433

The Bushnell South Garage provides parking for State employees from a number of State agencies as well as the Judicial branch. The garage also has the ability to generate revenue in the evening and during weekends by providing parking to patrons of the Bushnell Theatre.

Expenses include payroll and benefits, insurance, security, utilities, maintenance, and snow removal.

FY25 Net Operating Loss of \$398,567 without CRDA appropriation.
Projected CRDA appropriation of \$400,000.

Jospeh Geremia introduced OVG's General Manager Ben Weiss and CTCC General Manager Michael Costelli. Both gentlemen gave an overview of their respective facilities and how the buildings are performing.

XL Center **FY25 Operating Budget [Net]: \$3,350**

The XL Center generates operating revenues through rental income, ticket fees, and ancillary income comprised of food and beverage income and from novelty and club income. Net ticket revenue is not retained by and is not reflected in the venue's financials. Events held at the XL Center include concerts, UCONN men's and women's basketball, UCONN hockey, misc. sporting events, and family events. The AHL hockey operations is recorded as net profit.

Operating expenses are facility overhead costs as well as administrative, financial, marketing and sales expenses.

FY25 Net Operating Loss of \$1,996,650 without CRDA appropriation.
Projected CRDA appropriation of \$2,000,000.

Mr. Geremia noted that venue naming rights are currently being negotiated by OVG and not included in the budget being presented.

XL Center Sports Bar **FY25 Operating Budget [Net]: \$762**

The XL Center Sports Bar generates operating revenues through food and beverage income.

Operating expenses are food and beverage cost of goods, payroll and benefits, as well as administrative, financial, marketing, and utility expenses.

FY25 Net Operating Loss of \$599,238 without CRDA appropriation.
Projected CRDA appropriation of \$600,000.

Mr. Geremia noted that this budget does not contain any possible gaming venues received by CT Lottery.

Convention Services Subsidy Program **FY25 Operating Budget [Net]: \$(85,000)**

Contractual event subsidies are used at the CT Convention Center as a marketing tool to draw business to the city and the Convention Center which has significant economic impact to the state. The event inducements, or event subsidies, or event rebates, are used by groups to offset expenses such as transportation, convention center costs or marketing of the convention. There are guidelines on their use and a formal approval process between the convention center and CRDA.

The convention subsidy program is funded through two sources. The program receives a state appropriation and a parking subsidy from the CRDA Parking Facilities due to the increased revenue generated by booking these city-wide events. Program commitments are reserved through fiscal year 2030.

Projected CRDA appropriation of \$100,000.

CT Convention Center FY25 Operating Budget [Net]: \$0 (Breakeven)

The Connecticut Convention Center net event revenues through building rental income and through event services income for rental of equipment and decorating. The remaining net event revenues represent net food and beverage income with catered events representing 70% and concession income representing 30%.

Expenses are divided into operating expenses, fixed costs, and debt service. Operating expenses consists of all payroll-related expenses as well as administrative, financial, marketing, and security. Fixed costs consist of maintenance, utilities, insurance, and management fees.

FY25 Net Operating Loss of \$5,650,000 without CRDA appropriation.
Projected CRDA appropriation of \$5,650,000.

CRDA Office FY25 Operating Budget [Net]: \$24,204

The CRDA office is funded through numerous sources. The Authority receives a state appropriation {\$1.45M}, program administrative fees through its management of capital projects at its venues and throughout the region {\$400K} as well as loan origination fees through the residential housing program {\$405K}. The Authority also generates interest on its residential housing loans {\$1.48M} as well as accrued interest on its residential housing loans and non-residential housing investments payable to the Authority in future fiscal years {\$1.16M}.

Expenses are for payroll and benefits which are transferred to the State Treasurer and fees including legal, auditing, information technology, and consulting. Administrative expenses also include insurance and office expenses which includes marketing, telephone, and office supplies. This budget includes fully staffing 14.5 FTEs and reflects State COLA adjusted with Authority market analysis.

Projected CRDA appropriation of \$1,445,022.

Pratt & Whitney Stadium @ Rentschler Field FY25 Operating Budget [Net]: \$8,144

Financial results of the Stadium at Rentschler Field are reported within the operations of the Office of Policy and Management contained in the Consolidated Financial Statements of the State of Connecticut and are not included within the Financial Statements of CRDA.

Pratt & Whitney Stadium revenues and expenditures are managed through an Operating Account and an Enterprise Fund, a special revenue fund of the State of Connecticut specifically dedicated to the stadium. This mechanism assures that revenue from non-UConn events and other event revenues are dedicated to the venue's operating expenses. Non-UConn events must produce revenues in excess of expenses and any earnings are retained by the Enterprise Fund for the facility.

The Stadium generates operating revenues through rental income, ticket fees, and ancillary income comprised of food and beverage income and from parking fees. Net ticket revenue is not retained by and is not reflected in the venue's financials. Events held at the Stadium include UConn football, international soccer games, as well as catered and parking lot events.

Operating expenses are facility overhead costs as well as administrative, financial, marketing and sales expenses.

FY25 Net Operating Loss of \$891,856 without CRDA appropriation.
Projected State appropriation of \$650,000 and UConn operating assessment of \$250,000.

The following motion was moved by Chairman David Robinson, seconded by Pul Hinsch and approved

“The CRDA Board of Directors hereby authorizes the FYE 2025 State Appropriation request and the twelve FYE 2025 Budgets under the scenarios recommended by management subject to available funds known as: CT Convention Center; Convention Services Subsidy Program; XL Center; XL Center Sports Bar; CT Regional Market; Front Street District; Bond Indenture/Trustee; Central Utility Plant (CUP); CRDA Parking Facilities; Church Street Garage; Bushnell South Garage; and CRDA Office; and for OPM review and recommendation purposes, Pratt & Whitney Stadium @ Rentschler Field.

Mr. Freimuth thanked and highlighted the work performed by Mr. Geremia and his staff. Mr. Geremia thanked the financial staff at CRDA as well as the management and financial staff at each venue for the work performed in this budget presentation.

Housing and Neighborhood Committee

Michael Freimuth presented the Housing and Neighborhood report. He reported that the Committee did not meet in June. He noted that the apartments at the Revel are above 50% occupancy. Derek Peterson is working to understand the projections and the proformas and the debt structures so that we can adjust our underwriting to compliment what private monies are available and their terms for future housing projects.

Regional and Economic Development Projects Committee

Michael Freimuth presented the Regional and Economic Development Projects report. He reported that the Committee did not meet in June. A majority of the projects, that are on the project spreadsheets, were reported on by the Mayor of East Hartford in his report.

Venue Committee

Mr. Freimuth presented the Venue Committee report.

XL Center

The Wolfpack advanced to the Atlantic Division Finals of the Calder Cup championships for the second year in a row, but saw their hopes dashed by the Hershey Bears. It was nevertheless a successful season in terms of attendance with 24 of the team’s 36 regular season home games drawing more than 5,000 fans. Nineteen of those games featured lower bowl sellouts. Overall, the team averaged 5,500 fans per game, the club’s highest average attendance since the 2010-11 season and a 56% increase in ticket sales since the 2021-22 season.

The building continues a run of successful events this spring. Aventura performed on May 27th with nearly 13,000 fans in attendance – 25% higher than expected, with per caps also exceeding budget expectations. Columbian singer Feid performed on June 9th in front of 10,000 fans – per caps and net F&B sales outperformed budget by nearly 20%.

Upcoming events include a Karaoke Night in the Sports Lounge later this month, as well as Monster Trucks in September and a cannabis convention in October. Tickets have also gone on sale for a Katt Williams comedy show scheduled for May of 2025. The popular comedian is expected to draw a significant crowd.

Pratt & Whitney Stadium

Last weekend, the Stadium hosted two international soccer matches - Columbia and Bolivia on Saturday with over 21,000 fans in attendance and Ecuador and Honduras on Sunday with approx. 10,000 fans in the venue.

The Stadium will be the site of a number of fun runs and charity events this summer, including a flag football tournament, the Mudgirl run and a Wishes on Wheels event. UConn football will play their 2024 home opener on Saturday, September 7th against Merrimack. Upper Deck golf will visit on September 13th and 14th, allowing fans to play a round of golf in the Stadium.

On June 7th, the State Bond Commission approved \$5 million in funding for roof repairs, renovation of team facilities and smaller projects around the building. Full implementation of the Populous repair/renovation plan remains on hold pending Bond Commission approval.

Connecticut Convention Center

Upcoming events this summer include a Connecticut Health Foundation conference, the Little House on the Prairie 50th Anniversary Cast Tour and the Retro World Gaming and Esports Expo.

In addition to funding for Stadium repairs, the Bond Commission has approved \$2 million for replacement of pavers and repair of waterproofing and drainage on the Convention Center's riverfront esplanade.

Executive Director

Mr. Freimuth reported on the following:

The State Bond Commission was good to us this past month. East Hartford received funds for the McCartin project, as did a housing project on Laurel Street. Church Street garage and Front Street also received capital funds.

July Board Meeting – Based on where we are with the most recent bids with XL, we will need a July board meeting to discuss the construction budget for the XL building and approve a new management agreement with OVG.

The Board adjourned at 6:15pm. The next meeting will be July 18, 2024, 3:00pm.

Construction Budget

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7/30/2024

XL CENTER 2024 RENOVATION

SUMMARY Revised Scope

| Item # | Description |
|--------|---|
| D | New Event Level Club & Suites (excl. Loges) <i>Event Level Club including VIP Lobby, Full Service Kitchen, private dining room, (5) Bunker Suites and associated corridors.</i> |
| I | AV Infrastructure <i>Construct Rack Room and interconnect panels for the relocation of Broadcast Truck systems.</i> |
| E | Main Concourse - Level 61 <i>Painting (incl L71), digital signage, AV menu boards including associated electrical and HVAC relocations, upgraded finish on concession stands.</i> |
| G | Switchgear <i>Furnish and install new switchgear including temporary power during the removal and installation of the new gear.</i> |
| F | Generator <i>Provide new 1000kW generator at the top of the exit ramp. Including architectural, fire protection and HVAC upgrades and removal of the existing 500kW generator.</i> |
| J | Rigging - Bid - Enhanced Option B <i>Structural steel improvement to enhance theatrical rigging functions.</i> |
| B | Arena Bowl <i>Structural work and seating associated with the stage relocation. New wider fixed seating, new retractable seating, creation of loge boxes -</i> |
| C | Event Production / Performer Team Areas <i>UConn Locker Room, Wolf Pack Locker Room, Artist Lounge, Star Dressing Room, Multipurpose Room, Changing Rooms and Break Rooms.</i> |
| L | Vertical Transportation <i>Lee McGinley Elevator replacement and shaft extension (will serve ALL levels - access to suites and clubs at 118). Exhibition elevator replacement and associated shaft work upgrade. Shipping and Receiving replacement elevator and associated shaft work upgrades. Replacement of two escalators in VIP Lobby 1301 to serve new event level club.</i> |
| M | Roof <i>Replace existing main roof with 60 mil - TPO membrane/20yr NDL including increased insulation to meet current energy code, temp. access to roof, plumbing and HVAC costs flashing of existing roof top equipment. Perimeter roofs to be replaced per Gale Report including all associated roof flashings/copings.</i> |
| | ALTERNATES: |
| #2 | #2. Deduct: Retain Level 61 Fan Club Bars |
| #7 | #7. Add: Replace Upper Bowl ACT, Paint Grid and Replace Lighting |
| #9 | #9. Add: CRAC unit cooling in transformer room in Quad C of Levels 31 and 48. |

| | | |
|--------------------------------|-----------|--------------------|
| TOTAL CONSTRUCTION COST | \$ | 99,240,000 |
| Owner Soft Costs / Design Fees | \$ | 21,560,000 |
| Owners Contingency | \$ | 24,200,000 |
| PROJECT TOTAL | \$ | 145,000,000 |

| Alt # | POSSIBLE PHASED WORK * | |
|---|-----------------------------------|------------------------|
| 11 | Show Power | included |
| 12,13,14,15 | Elevators | included |
| 3 | Artist Lounge | included |
| 5 | Bunker Suites | included |
| 4 | Full Service Kitchen | included |
| 8 | Enhanced Rigging | included |
| | Roof | included |
| | POSSIBLE PHASED WORK TOTAL | \$ (20,000,000) |
| Notes: | | |
| * "Phased Work" = alternates to be funded at a later date if necessary. | | |
| * All phased work alternates are currently INCLUDED in the \$145M. | | |
| * All phased work alternates would have to be re-bid. Actual cost may vary depending on timing. | | |

| WORK NOT INCLUDED IN REVISED PROJECT | |
|--------------------------------------|---|
| A | Improved Truck Load In/Out - New Ramp <i>Reconstruction of entry truck ramp including plaza, stair, planters, structural modifications, and loading changes.</i> |
| K | MEP Infrastructure <i>Existing AHU refurbishments and supplemental work required for access.</i> |
| Alt #6 | New Bar at the east end of L61 |

XL Center Renovation – Revised Scope

RESOLUTION:

The revised scope for the renovation of the XL Center totaling \$145,000,000 and incorporating upgrades to the lower arena bowl, the MEP systems, back of house improvements, code and insurance underwriting requirements is hereby approved. The executive director is authorized to enter into a specific letter of agreement with OVG to finalized the construction program and budget.

XL Center

Bond Authorization/Allocation

15

XL Center Bond Authorization and Allocation

To fully contract the renovations at the XL Center, CRDA will have to request that the State Bond Commission allocate funds from five specific authorizations within the State budget.

XL specific authorizations are:

- PA 20-1, June special session, Sec. 2(g) in the amount of \$20,500,000
- PA 20-1, June special session, Sec. 21(e) in the amount of \$37,500,000
- PA 23-205, Sec. 2(i)(3) in the amount of \$15,000,000

General authorization:

- PA 22-118, Sec. 314(h) in the amount of \$38,500,000
- PA 23-205, Sec. 13(i)(1) in the amount of \$6,500,000

This would total \$118M (\$7M was previously allocated for design and bid work). Twenty (\$20) million will be added per the new facility management agreement from OVG for a total budget of \$145M.

RESOLUTION:

The executive director is authorized to seek state bond commission allocation of the remaining \$118M authorized to CRDA for the renovation of the XL Center (\$73M) and from the general bond authorizations to CRDA for general development totaling (\$45M).

New OVG Facility Agreement

The Civic Center Facility Management Agreement can be found on the
CRDACT.NET website

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Facility Management Agreement Summary

Global Spectrum, L.P. d/b/a OVG360 and the Capital Region Development Authority

This memorandum summarizes the material terms of the proposed Facility Management Agreement (the “Agreement”), by and between Global Spectrum, L.P., d/b/a OVG360 (the “Manager”) and the Capital Region Development Authority (“CRDA”) relating to the management of the Hartford Civic Center.

1. **Background and The Facility.** The Hartford Civic Center (the “Civic Center” or the XL Center”), is a multi-purpose arena and event center located in Downtown Hartford owned by the City of Hartford (the “City”) and operated by CRDA. Under an existing Facilities Management Agreement currently set to terminate on June 30, 2025 (the “Existing Agreement”), Manager is contracted to oversee the Civic Center’s operations including catering, event bookings, and sales. For the purposes of this Agreement, the Civic Center consists of an approximately 16,000 seat arena (the “Arena”) including skyboxes and premium suites, exhibition and event space, Parking Level P3 of the Civic Center Parking Garage as well as the adjoining parking garage owned by CRDA that is located on Church Street, as well as other associated access, mechanical, support areas.

2. **The Project.** The building, which originally opened in 1975 is in need of major renovations to stay competitive with other sports and entertainment venues in the surrounding entertainment market. Accordingly, a project to renovate and reconstruct the Civic Center is proposed, including but not limited to the development of new premium seating opportunities, added capacity in the front of stage area, improvements to the concourse and artist facilities, a renovation of the UConn locker rooms and upgrades to the load-in and backstage areas.

Under this Agreement, Manager has the right to review and approve initial design plans and any changes to such design plans. Manager shall have the right to comment and provide meaningful input on any construction change orders, and the right to review and approve equipment selections and any construction change orders over \$1,000,000, including without limitation those related to Premium Seating, food and beverage, and back of house areas.

3. **New Agreement and Term.** The State of Connecticut enacted Public Act No. 23-204, as amended by Public Act 24-81 (collectively, the “Act”) authorizing CRDA to enter into a new management agreement with the contractor then managing and operating the Civic Center as of July 1, 2023, provided that the contractor invest in the Project and bear any losses and share in any profits from the operation of the Civic Center as provided in the Act, and provided such agreement and amendments thereto are approved by the Secretary of the State Office of Policy and Management. Manager was the contractor that was managing the Civic Center as of July 1, 2023 under the Existing Agreement.

The term of this Agreement (the “Term”) shall begin on its Effective Date solely for the purposes of Article II, Section 3.06, Section 5.03, Section 14.05 and Schedule A. All remaining terms and provisions shall become effective on the Operational Start Date (the date on which the Certificate of Occupancy is issued following completion of the Project). During the Construction Term, the Existing Agreement shall be in full force and effect and continue to apply according to its terms, without modification by this Agreement other than the extension of the term thereof. Upon the Operational Start

Date, the Existing Agreement shall be terminated and superseded by this Agreement. This Agreement, unless sooner terminated shall expire on the twentieth (20th) anniversary of the Operational Start Date or September 1, 2045, whichever is earlier.

However, if the Operational Start Date is delayed such that the length of the Term is shorter than twenty (20) years, upon the written request of Manager, CRDA will use commercially reasonable efforts to obtain an extension of the term of the City Lease for a period of time equal to the balance of time that would bring the Operating Term to a full twenty (20) years. If said extension of the City Lease is approved, the Term of this Agreement shall be extended an equivalent period of time as the City Lease extension.

4. Investment Structure. The Act further mandates that any such agreement shall provide that CRDA, the State, or any combination thereof, shall contribute not more than one hundred twenty-five million dollars and the contractor shall contribute not less than twenty million dollars towards the costs of the renovation of the Civic Center.

Under Article II of this Agreement, Manager's Investment totaling \$20 million shall be payable in its entirety into an interest-bearing escrow account at the commencement of the Construction Term. Pursuant to an Escrow Agreement, Manager's Investment shall be drawn down from the escrow account such that \$5 million is to be drawn following an aggregate \$20 million contribution by CRDA to the Project, with the CRDA contribution inclusive of the \$7 million in funds spent on the design of the Project prior to the Effective Date. Thereafter, an additional \$5 million of Manager's Investment will be drawn after aggregate contributions by CRDA of \$40 million, \$60 million, and \$80 million, respectively. Then, the final up to \$45 million in funding contributed by CRDA will be the last money in.

Among the conditions for Manager's Investment are that the State Bond Commission shall approve the State's Investment in the Project.

The Manager's Investment shall amortize on a straight-line monthly basis over a twenty (20) year period. Should the Agreement be terminated for any reason (other than a bankruptcy default by Manager under Section 11.02(b), a gross mismanagement default by Manager under Section 11.02(c)(i), a series of negligent material failures under Section 11.02(c)(ii), a failure to cooperate with auditors default under Section 11.02(c)(iii), or a violation of law default under 11.02(c)(iv)) prior to the full amortization of Manager's Investment, Manager shall be paid, subject to Legally Available Funds, the unamortized portion of the Manager's Investment (the "Investment Refund Payment") less any damages suffered by CRDA as a result of the uncured default.

5. Profit Sharing. As authorized by the Act, this Agreement provides that Manager shall retain the first \$4 million of any Net Profit each Contract Year and that for any Net Profit in excess of \$4 million, the Profit Share shall be split 50% to Manager and 50% to CRDA. Notably, there shall be no carry-over of Operating Net Loss at the end of any Contract Year.

Manager shall assume the bottom-line operating risk for the Civic Center, meaning that if the Civic Center Operating Expenses exceed the Operating Gross Revenues in any Contract Year, the difference shall be borne by Manager rather than CRDA.

Regarding the Church Street Garage, CRDA shall provide to Manager up to fifty-six (56) parking spaces in the Church Street Garage for use during Events, with it being understood that Manager is not the operator of the Church Street Garage and that the revenues and expenses from the Church Street Garage operations shall not be included in the determination of Net Profit except for (i) the expense of Manager paying CRDA for such reserved parking spaces and (ii) the revenues Manager receives from reselling those parking spaces. CRDA shall bill Manager at a cost equivalent to the posted parking rates for members of the public during such Events.

6. Operations. Under the Existing Agreement, Manager is already managing the Civic Center. Most of the operations terms and provisions have been carried over into this new Agreement such that Manager shall be engaged to staff, administer, manage, maintain and operate the Civic Center during the Term. This includes but is not limited to concessions, ticketing, security and other event-related services as well as maintenance and repairs.

Notably, Manager is permitted to engage its food/beverage and its marketing affiliates to provide certain services during the Term; however, such services, if not offered at a discount, shall be provided on an arms' length basis and shall be reflective of market rates. The Agreement permits Manager to extend the existing C&C Agreement and Marketing Agreement for the length of the Term; however, the Agreement requires Manager re-bid ticketing services at the expiration of the current term of the Ticketing Agreement, with approval of any new ticketing agreement at CRDA's absolute discretion.

Manager shall have an obligation to use commercially reasonable efforts to maintain an AHL or AHL-equivalent professional hockey team at the Civic Center. Manager shall also have an obligation to continue discussions in good faith with UConn and shall use commercially reasonable efforts to secure the execution of a new UConn Arena Lease no later than December 31, 2024. Such lease shall require UConn to play at least twenty (20) men's basketball, women's basketball, and hockey games, collectively, at the Arena each Contract Year for at least five years, with the game split made in consultation with CRDA on a year-to-year basis.

At this time, the terms and provisions currently governing the arrangement for management services of the Sports Bar are within the Fourth Amendment to the Existing Agreement. Under this Agreement, Management Services includes those related to the Sports Bar, and all revenues from the operation of the Sports Bar are included in Gross Revenues and all expenses from the Sports Bar are included in Operating Expenses. However, the Parties have expressly agreed to revisit and discuss in good faith such terms and provisions prior to the Operational Start Date, including any potential legislative corrections.

In respect to Capital Investment during the Term, Manager shall contribute Five Hundred Thousand Dollars (\$500,000) from Gross Revenues each Contract Year into the Capital Reserve Fund maintained by CRDA to be applied to fund Capital Expenditures at the Civic Center. These contributions are to be considered an annual Operating Expense. In respect to Capital Expenditures, excluding the State's Investment and Manager's Investment, Manager shall be solely responsible for funding all Capital Expenditures, which shall be funded first from the Capital Reserve Fund, and second, if the balance of the Capital Reserve Fund is insufficient, shall be an Operating Expense; provided, however, Manager shall be under no obligation to make any Capital Expenditures if the balance of the Capital Reserve Fund is insufficient to cover the cost thereof. Any Capital Expenditure or Emergency Expenditure treated as

Operating Expenses shall reduce Manager's obligation to fund Capital Contributions in the next Contract Year up to the amount of Capital Expenditure or Emergency Expenditure treated as an Operating Expense in the prior Contract Year.

7. **Termination Rights and Obligations.** The Agreement can be terminated:

- a) **Default.** By either party upon thirty (30) days' prior written notice, if the other party fails to perform or comply with any of the material terms, covenants, agreements or conditions hereof, including Manager's obligation to provide Management Services, and such failure is not cured during such thirty (30) day notification period, provided, however, if such failure is not in the nature of Manager's obligation to pay Profit Share or Capital Contributions otherwise due hereunder, and cannot reasonably be cured within such thirty (30) day period, then a longer period of time shall be afforded to cure such breach, up to a total of one hundred twenty (120) days, provided that the party in default is diligently seeking a cure and the non-defaulting party is not irreparably harmed by the extension of the cure period;
- b) **Bankruptcy.** By either party immediately by written notice upon the other party being judged bankrupt or insolvent, or if any receiver or trustee of all or any part of the business property of the other party shall be appointed and shall not be discharged within one hundred twenty (120) days after appointment, or if either party shall make an assignment of its property for the benefit of creditors or shall file a voluntary petition in bankruptcy or insolvency, or shall apply for bankruptcy under the bankruptcy or insolvency Laws now in force or hereinafter enacted, Federal, State or otherwise, or if such petition shall be filed against either party and shall not be dismissed within one hundred twenty (120) days after such filing; or
- c) **Gross Mismanagement; Systemic Mismanagement; Failure to Cooperate with Auditors, or Violation of Law.** By CRDA upon one hundred eighty (120) days' prior written notice, if (i) Manager has willfully and grossly mismanaged the Civic Center, including by the abandonment of its obligations to perform its Management Services; (ii) Manager has systemically mismanaged the Civic Center through a series of negligent material failures; (iii) Manager has failed to cooperate with CRDA or State auditors or otherwise failed to provide reasonable access to financial records for audit; or (iv) Manager has violated Applicable Law to the detriment of CRDA, the State, or the City, and such failures or violation are not cured during such one hundred twenty (120) day notification period, provided, however, if Manager in good faith disputes CRDA's claims then Manager may commence the dispute resolution procedures described in Section 12.03(b) of the Agreement, which procedures shall conclude prior to any such termination becoming effective.

Additionally, there are a number of special termination events including (a) the termination of the City Lease and (b) the closure of the Civic Center for a period in excess of two (2) years.

Upon termination, in addition to the buyout provisions concerning any Investment Refund Payment (see Section 4 above), Manager must surrender and vacate the Civic Center upon the effective date of termination and return the Civic Center and all Equipment in Satisfactory Condition. Manager must also make available to CRDA all records and data relating to Facility Operations and cooperate in any transition to a successor management company in an effort to minimize disruptions in operations.

CRDA Board Resolution

WHEREAS, by virtue of a lease with the City of Hartford the Capital Region Development Authority (“CRDA”) holds a leasehold interest in the land on which the Hartford Civic Center (the “Civic Center”) is located and is the owner of the Civic Center;

WHEREAS, the State of Connecticut enacted Public Act No. 23-204, effective July 1, 2023, as amended by Public Act 24-81, effective July 1, 2024 (collectively, the “Act”), authorizing CRDA to enter into a new management agreement with the contractor then managing and operating the Civic Center as of July 1, 2023, provided that the contractor invest in the renovation of the Civic Center and bear any losses and share in any profits from the operation of the Civic Center as provided in the Act, and provided such agreement and amendments thereto are approved by the Secretary of the State Office of Policy and Management;

WHEREAS, regarding the cost of the renovation and investment therein, the Act further mandates that any such agreement shall provide that CRDA, the State, or any combination thereof, shall contribute not more than one hundred twenty-five million dollars and the contractor shall contribute not less than twenty million dollars towards the costs of the renovation of the Civic Center;

WHEREAS, Global Spectrum, L.P., a Delaware limited partnership, d/b/a OVG360, or its affiliate (“Manager”) was the contractor that was managing and operating the Civic Center on July 1, 2023;

WHEREAS, pursuant to the Act, CRDA desires to reengage Manager as manager the Civic Center under a new Facility Management Agreement, by and between Manager and CRDA, relating to the management of the Hartford Civic Center (the “Agreement), and Manager desires to accept such continued engagement, all on the terms and conditions set forth substantially in the form attached hereto in Exhibit.

NOW THEREFORE, BE IT AND IT IS HEREBY RESOLVED, by this Board, that the Agreement, in substantially the form attached hereto in Exhibit, is hereby approved with such non-substantive changes as the Executive Director may deem necessary to finalize the Agreement;

RESOLVED FURTHER, that this Board approves (a) the execution and delivery, on behalf of CRDA, of the Agreement, by the Executive Director of CRDA, and (b) the performance by CRDA of its obligations under the Agreement;

RESOLVED FURTHER, that the Executive Director is hereby authorized, empowered and directed to do all such acts and things and to execute, acknowledge, delivery and file all such documents, agreements, certificates, instruments and undertakings as may in his respective discretion be deemed necessary or appropriate to carry out and comply with, implement, or facilitate the terms, provisions, intent and purposes of these Resolutions and the Agreement, and to consummate the transactions, events, happenings and actions and to discharge the duties and undertakings on the part of CRDA contemplated hereby or thereby;

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RESOLVED FURTHER, that this Board authorizes, approves, consents to and ratifies any action heretofore taken, or required to be taken hereafter, by the proper officers, agents and employees of CRDA, which is in furtherance of and consistent with the provisions of these Resolutions.

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