C·R·D·A

Capital Region Development Authority

2016 – 2017 Annual Report

CAPITAL REGION DEVELOPMENT AUTHORITY
2016 - 2017 ANNUAL REPORT

TABLE OF CONTENTS

C•R•D•A
Capital Region
Development Authority

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September 21, 2017

To the Honorable Dannel P. Malloy, Governor of the State of Connecticut; Auditors of Public Accounts; and the Finance, Revenue and Bonding Committee of the General Assembly:

Celebrating its fifth year, the Capital Region Development Authority (CRDA) has lent a new sense of energy to the downtown.

One of CRDA's more prominent endeavors, the creation of new housing in downtown Hartford, is continuing to perform well. The nine completed CRDA-supported housing projects have attracted a diverse demographic to Hartford's central business district. The nearly 850 new apartments are home to residents ranging from 21 to 46 years of age, singles and couples. Professions represented by the residents include small business owners, medical specialists, professors, engineers and attorneys. More than 53 percent of the residents are new to the state and even more are new to the city. Several other projects are in construction.

As the housing projects became stabilized, they have begun to contribute positively to the City tax collection. Eight projects outside of Adriaen's Landing increased their value nearly ten times and now contribute almost $1 million net new tax dollars to the City versus pre-development collections.

Outside of the housing activity, CRDA's other initiatives saw progress. More than one million visitors attended events at the XL Center, Pratt & Whitney Stadium, the Convention Center and the CT Open in fiscal year 2017. Further improvements to the XL Center were launched in 2017 including replacement of the hockey rink ice floor and continued upgrades to security systems.

The Convention Center and Stadium at Rentschler Field both finished the fiscal year ahead of financial projections. The CT Open women's professional tennis event has continued to hone its costs in accordance with its new business model of operating.

Front Street continues to grow as a central entertainment destination of the City and will shortly be expanded with the new UConn campus and the construction of another residential building.

During 2016-17, CRDA began an expanded program into the City of Hartford's neighborhoods including funding the demolition of the Bowles Park public housing complex to make ready the property for new mixed income housing development; funding the construction of a new road within the Promise Zone allowing for the subdivision of 14 new two-family owner occupied houses; and contributing to the capital stack critical to renew the former Swift Factory into a neighborhood economic development project.

Regional projects grew in 2017 as well to include a residential building in Wethersfield and a road system in East Hartford. Bids were opened in Newington to develop the former brownfield site on Cedar Street. In closing, the Agency's role became more comprehensive and increasingly responsive to not just the central business district, but the City as a whole and the greater region.

Suzanne Hopgood

Suzanne Hopgood
Chair, Capital Region Development Authority

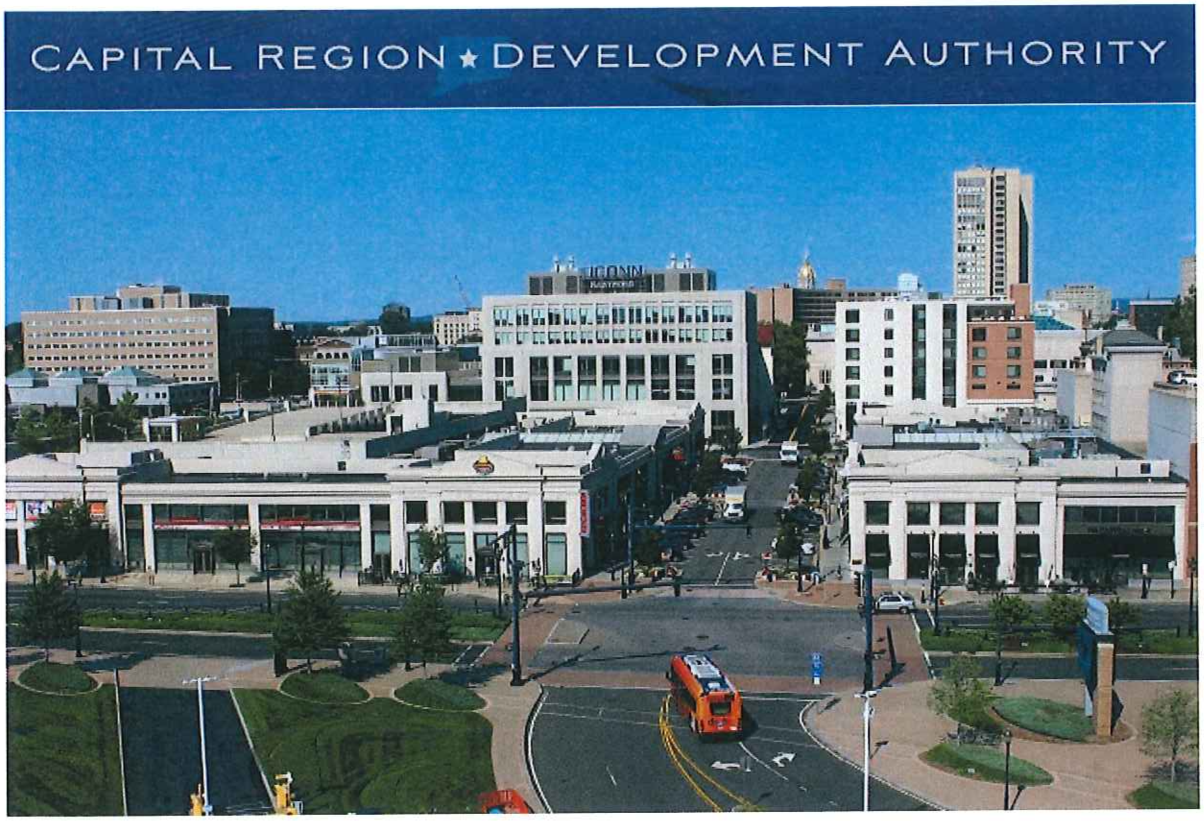
Capital Region Development Authority

100 Columbus Boulevard, Suite 500
Hartford, CT
www.crdact.net

2016 - 2017 Fiscal Year Report

Pursuant to Connecticut General Statutes
§32-605

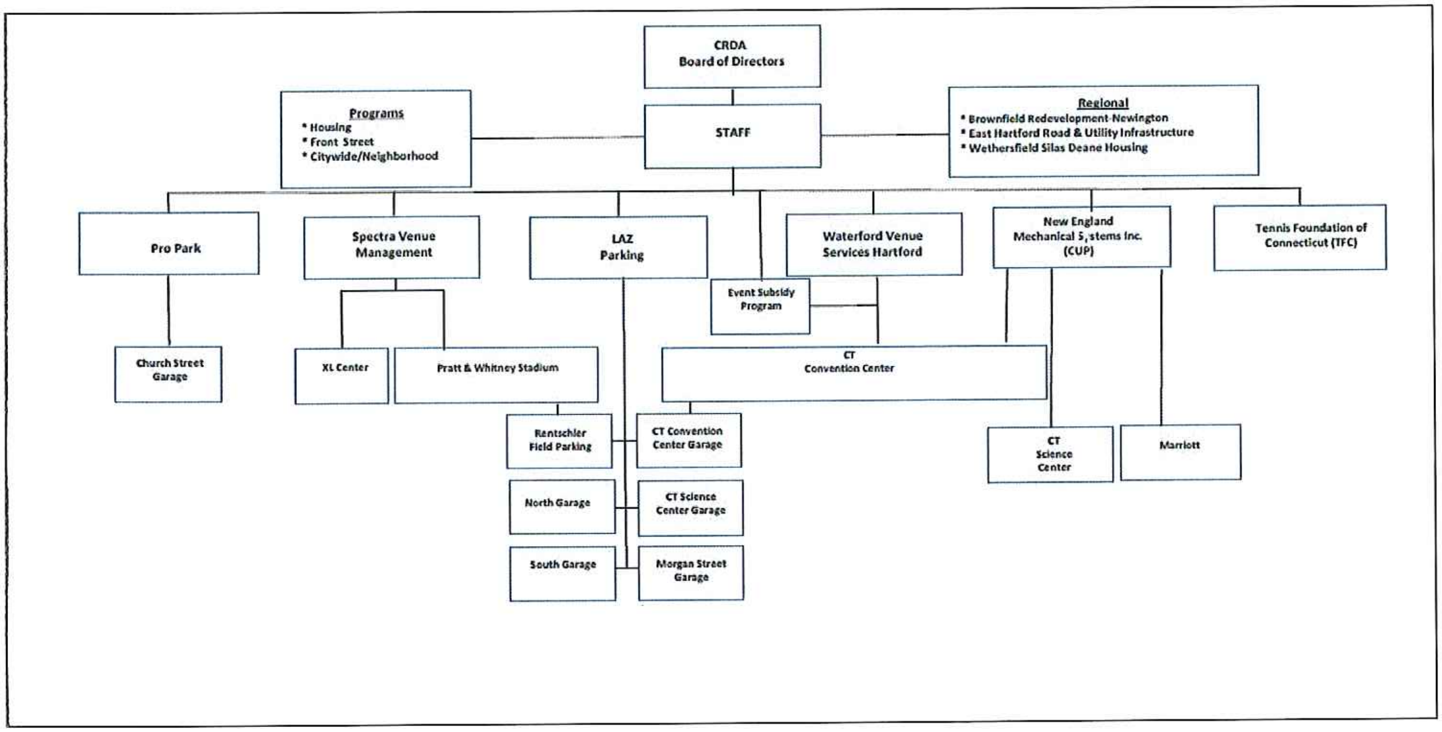
An analysis of the Authority's Success in Achieving Purposes And Planned Activities



On June 15, 2012, Public Act 12-147 of the 2012 legislative session established the Capital Region Development Authority, (CRDA or the Authority) by changing the name of the Capital City Economic Development Authority, (CCEDA), expanding its authorities and redefining its boundaries.

As stated in C.G.S. Section 32-602, the purpose of the Authority shall be: to stimulate new investment in Connecticut; attract and service conventions and events of similar nature; to encourage diversification of the state economy; to strengthen Hartford's role as the region's major business and industry employment center and the state's seat of government; and, to encourage residential housing development in downtown Hartford. With respect to the convention center, the purpose of CRDA is to operate, maintain, and effectively market the project. The overall goal for CRDA is to enable Hartford to become a major, regional family-oriented center for arts, culture, education, sports, and entertainment. The result of these efforts is to create new jobs, increase benefits to the state's hospitality industry, broaden the base of Connecticut's overall tourism effort, and stimulate substantial surrounding economic development and corresponding increased tax revenues to the state. While the mission of CRDA includes the oversight of the original Capital City Projects, the true test of the effectiveness of the state's investment is the degree to which Hartford regains its vibrancy and attracts private investment. These State investments will pay returns that can be quantified in increased property value, economic activity, and municipal revenues.

The CRDA organization and corporate management partners are displayed in the chart below.



As of June 30, 2017

Connecticut Convention Center (CTCC)

Since its first full year of operation in 2006, the Connecticut Convention Center has served as the anchor venue of the Front Street District. The building offers 140,000 square feet of exhibit space, a 40,000 square foot ballroom; an additional 25,000 square feet of meeting space and a 2,339 space garage. Now having completed its twelfth year of operation, the CTCC has attracted more than 3.5 million guests and generated nearly $84 million in revenues.

Between its operating revenues and state subsidies paid for through taxes generated by the building, it finished slightly ahead of budget expectations of $3.8 million with gross operating profit showing losses less than projected. When fixed charges, debt service and reserves are included, the CTCC ended the year at a negative Net Operating Income of $3.8 million, requiring the state appropriation subsidy. Nonetheless, the building produced more in tax revenue to the state than it received in state operating support.

Throughout the fiscal year, the CTCC dealt with a highly competitive marketplace and the changing nature of the industry's event portfolio with fewer city-wide conventions. Typically, city-wide conventions generate a larger amount of tax revenues due to out-of-state attendees utilizing hotels, transportation and restaurants. Fiscal year 2017 conventions consisted of a greater percentage of local and regional based business with fewer out-of-state attendees and the meeting's business consisted of more single day events requiring fewer room nights and restaurant usage resulting in the $3,837,233 state tax generation.

State of Connecticut Tax Generation	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Actuals
Sales & Use Tax	$2,190,958	$2,040,437	$1,722,838
Income Tax	1,760,767	1,640,730	1,082,209
Other Tax	935,164	870,328	592,654
Room Occupancy Tax	775,766	564,314	439,532
Total State of Connecticut Tax Generation	**$5,662,655**	**$5,115,809**	**$3,837,233**

As the year progressed, capital improvements continued, funded by both the building's reserve and specific bonding provided by the General Assembly. Energy upgrades, kitchenware replacements, information systems' improvements, as well as a new box office were funded.

During the fiscal year 2017, 168 events were held attracting 368,000 visitors.

Operating Revenues	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Actuals
Building Rental	$2,514,079	$2,152,185	$2,325,348
Food & Beverage (net)	1,218,871	668,236	1,138,555
Other	28,886	310,586	120,912
Total Operating Revenues	**$4,577,432**	**$3,802,012**	**$4,208,864**
Attendance			
Conventions/Tradeshows	88,737	65,790	74,050
Consumer Shows	116,019	128,829	154,301
Banquets/Receptions	30,271	20,477	22,572
Other Events	67,972	73,276	75,128
Meetings	42,881	33,952	41,612
Total Attendance	**345,880**	**322,324**	**367,663**

The building will experience increased competition, expected by the year 2018 as the Mohegan Tribe completes its 240,000 square foot convention and conference center. Coinciding with new casino facilities in Springfield, MA, the marketplace expects to be increasingly complex and compromising.

Pratt & Whitney Stadium at Rentschler Field

Constructed between 2001 and 2003 and hosting its first UConn game in August 2003, management of the Pratt & Whitney Stadium at Rentschler Field was formally transferred to CRDA on July 1, 2013, pursuant to a Memorandum of Understanding with the Office of Policy and Management and Public Act 12-147.

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 and the facility does not have to seek support from the State general fund. Non-UConn events must produce revenues in excess of expenses and any earnings are retained by the Enterprise Fund for the facility. During the past year, more than 196,000 attendees enjoyed Rentschler Field including the grounds surrounding the stadium. Of this group, 116,000 were attending for UConn events.

An additional ten acres of land were incorporated into the overall Rentschler Field property and construction of this land into approximately 850 parking spaces is progressing. Capital upgrades continue in order to maintain the facility at NCAA Division 1-A standards and to increase fan amenities as well as to achieve some operating economies in both 'day of game' expenses and overall facility costs.

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 for the State of Connecticut and are not included within the Financial Statements of CRDA. A detailed breakdown of the Rentschler operating and capital plans are submitted each June to the General Assembly as per CGS 32-657 (a).

XL Center

The XL Center, owned by the City of Hartford and managed by CRDA in accordance with an operating agreement as a state facility, is at a critical cross road. Repairs and some modernization work were completed in 2014-16 and designed to extend the life of the building, to reduce some operating expenses and to increase revenues. The capital funds were also used to replace some of the critical systems that were at risk of failure. During 2016-17, the replacement of the stressed and original forty-year old ice floor began in recognition that over 60 events a year rely on the ice sheet.

Without substantial reconstruction of the building, as recommended by the CRDA Board with its adoption of a transformation budget, the arena will continue to struggle and demand continued operating subsidies and capital investments. An effort to merely keep it open and muddle along will not improve its fundamental business challenge nor allow it to compete with ever more advanced arenas in the greater region and begs the building's long-term viability. The suggested transformation would allow for a phased construction over a period of years, minimizing disruption in the event schedule. Critical to making the economics work for a new civic center is a long term agreement with the University of Connecticut for its men's and women's basketball games as well as its growing hockey program.

At the completion of fiscal year 2017, the XL Center had net revenues of $3.6 million, $900,000 below budget expectations of $4.5 million, mainly due to the loss of four concerts for various reasons. During the 2016-17 year, the building required an operating subsidy from the State of Connecticut in the amount of $600,000 that passed through the CRDA appropriation as well as $400,000 from net earnings of the adjoining CRDA Church Street Garage.

In spite of these challenges, the XL Center has long been the region's leader in entertainment, hosting three UConn sports, the AHL and a variety of family events. During 2016-17, 140 events were held attracting 506,000 people to the city's downtown. These events in turn add value to local retail, hotel, restaurant and parking enterprises.

Installation of concrete slab over eleven miles of chilled piping (Summer 2017)

Tennis Foundation of Connecticut

THE CONNECTICUT OPEN:

In the summer of 2013, the Sanction to hold a United States Tennis Association event as part of the Women's Professional Tour WTA Premier Event was in jeopardy of being transferred out of New Haven, compromising the New Haven Open's economic impact, nearly eleven years of operations and eliminating the major use of the state constructed Connecticut Tennis Center located on the Yale campus. CRDA was awarded a $618,000 grant from the State DECD consistent with its statutory mandate to promote sports and entertainment statewide and utilized the funds to purchase the Sanction effective October 1, 2013. CRDA in turn licensed the event to the newly-created not-for-profit Tennis Foundation of Connecticut (TFC) with a two year agreement on December 31, 2013 which proceeded to restructure its Board, staff, and its relationship with sponsors.

Renamed the CT Open, the event is now owned by CRDA, managed by the TFC and is subject to an annual review by the CRDA Board. Along with the DECD Commissioner and the Secretary of OPM, CRDA is a member of the TFC executive committee and has worked with the TFC staff to streamline its operations, design and implement capital improvements and to provide budget guidance. The Connecticut Open is aligned with major Connecticut corporations and institutions including UTC, Yale, and Aetna as well as national and international corporations such as American Express, Coke, and Frontier Communications.

The Connecticut Open is the culminating event of the US Open Series, a five-week summer tennis season that links seven North American hard-court tournaments to the final Grand Slam of the year, the US Open. The US Open Series offers centralized coverage across all ESPN platforms with coverage including twenty of the top thirty-one players in the world. The event is the second best attended WTA-only event in the U.S offering the State of Connecticut substantial market exposure.

For the fiscal year ending September 30, 2016, the TFC had revenue from operations of $5 million with expenses in the amount of $5.3 million. In addition, $1.7 million was invested in the stadium's infrastructure. Tournament attendance was over 50,000 visitors for the second year.

Off the court, the TFC supports numerous charitable causes. These causes include breast cancer research through the Smilow Cancer Hospital at Yale New Haven, the Connecticut Food Bank, and Soles4Souls in their fight against global poverty.

Connecticut Science Center

The Connecticut Science Center served nearly 310,000 people in 2016 in both on-site and outbound educational experiences, supporting school-based science learning and serving as a major tourist and family destination for Connecticut. Supporting student science achievement and earning exemplary visitor satisfaction scores, the Science Center has served over 2.6 million people since opening in 2009, routinely including visitors from every Connecticut city and town. Led by attendees from Western Massachusetts, approximately 15% of the Science Center's audience brings out-of-state revenues to Connecticut as it contributes to the state and the capital region as a tourism destination.

The Science Center is a leading resource for Connecticut educators seeking preparation for the Next Generation Science Standards, which were adopted by the State in 2015. The Science Center has also launched an ambitious program of new science exhibits and learning labs to augment its science, technology, engineering and math (STEM) services to families and schools. All of these activities are integral to the Science Center's effort to advance a science and technology-ready workforce for the future.

The Science Center derives about 95% of its operating revenues from earned revenues paid for by its services and from philanthropy, and the remaining 5% from the State of Connecticut, which created the Center starting in 2001. The State has continued to support certain capital improvements, in partnership with private donors who have also contributed funds for special projects and initiatives, over and above annual operating support.

The Connecticut Science Center operates as a 501c3 non-profit entity. Its financial results are not included within the Financial Statements of CRDA.

Front Street District

The Front Street development area saw continued growth during the past year bringing the occupancy of the retail buildings to 93%.

The Front Street Apartments with 121 housing units and completed in 2014 enjoys a 96% occupancy rate.

Complimenting Front Street, the UConn campus neared completion by fiscal year end and opened for classes as of the date of this report. The campus in turn has led to the establishment of a bookstore and coffee shop within the retail space of the Loft Apartment building. Phase IV, the construction of 53 additional units and 11,000 square feet of retail space is expected to begin in FY 2017-2018.

Housing –Downtown

CRDA continued to make progress in fiscal year 2017 towards its statutory goal of 3,000 new housing units in the downtown Hartford development district. At year's end, nine projects were completed producing over 850 units.

The projects continued to out-perform their initial pro formas and underwriting projections. Construction is underway at another three projects. Underwriting and financial closings are progressing for additional projects. Nearly 1,500 units have been built, are in construction, or have been approved pending financial closing.

CRDA analyzed the eight completed residential projects outside of the Front Street district. Prior to their redevelopment, most buildings were vacant; all were underperforming. Following their conversion, there has been a tenfold increase in building value (see Property Values Table). Together they now produce nearly $1 million new tax dollars annually even considering the initial tax agreements that may have been negotiated with the City or preauthorized via CGS 32-610a (see Tax Generation[1] Table).

CRDA utilizes its funds to make both loans and equity contributions to potential projects to fill one of two types of funding gaps, first to address the gap between the cost of construction and the 'upon completion' value, and secondly, to close the financial shortage between the conventional capital stack of debt and equity and the completed value. The Agency investment averages $60,000 per unit and drives projects that are 80% market and 20% affordable in their rents.

Property Values Table

	Pre-Renovation Value[1] ($)	**Post-Renovation Value[2] ($)**
777 Main	900,000	36,580,700
201 Ann/Grand	1,450,000	3,102,800
179 Allyn	1,500,000	3,958,700
Sonesta/Spectra	1,600,000	18,022,900
Capewell Lofts	0	6,913,300
390 Capitol	1,850,000	8,278,400
36 Lewis	200,000	477,100
38-42 Elm	128,600	579,300
Sum	7,628,600	77,913,200

[1]Per appraisal

[2]Fair Market Value 2016 (Hartford City Assessor)

Tax Generation[1] Table

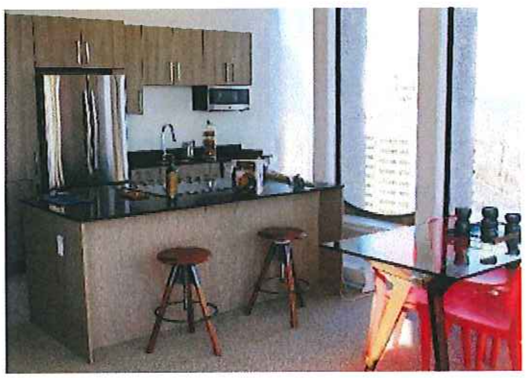
	Property Tax Generation Pre-Reno ($)	**Property Tax Generation Post-Reno ($)**
777 Main	51,280	194,500[2]
201 Ann/Grand	21,059	77,493
179 Allyn	88,150	94,735
Sonesta/Spectra	27,228	438,506
Capewell Lofts	2,292	165,442
390 Capitol	40,584	198,110
36 Lewis	7,571	11,608
38-42 Elm	3,077	13,863
Sum	230,593	1,168,786

[1]Per Hartford City Assessor

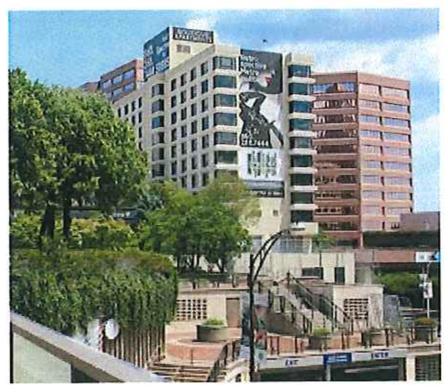
[2]Estimate per Hartford City Assessor

201 Ann Street

179 Allyn Street



777 Main Street



Spectra Apartments

390 Capitol Ave

36 Lewis Street

40 Elm Street

Capewell Lofts

CRDA Housing Approved

Project	# Units	TDC	TDC/Unit	CRDA Amt.	CRDA $/Unit	Mkt/Aff Split	Structure	CRDA Bd. Approval	Bond Commission	Closed	Target Occupancy	Occupancy[1]
777 Main	285	$84.5M	$296K	$17.7M	$62K	80/20	$7.5M equity $10.2M 2nd mortgage	1/30/2013	3/13/2013	3/28/2014	Renting	98%
201 Ann/Grand	26	$4.45M	$202K	$3.8M/$750K	$28.8K	100	initial constr. note $3.8M [3] convert to 2nd mortgage at $750,000	3/21/2013 4/25/2013	6/21/2013	10/29/2013	Renting	100%
179 Allyn	63	$14.89M	$233K	$6.5M	$103K	80/20	$3.25M equity, $3.25M 2nd Loan	3/21/2013	6/21/2013	11/15/2013	Renting	94%
Sonesta/Spectra	190	$23.9M	$123K	$2.05M	$10.6K	85/15	Bridge HTC [3]	6/4/2013	6/21/2013	12/5/2013	Renting	100%
Capewell	72	$26.1M	$359K	$5.0M	$69.4K	80/20	construction financing/converted to mortgage note	1/15/2014	2/28/2014 11/16/2014	6/30/2015	Renting	96%
390 Capitol	112	$35.3M	$290K	$7M	$62.5K	80/20	2 loans, .5%, 20 yr.	6/19/2014	3/17/2015	9/22/2015	Renting	60%
36 Lewis	6	$1.8M	$306K	$300K	$50K	100	construction/perm loan 1-3% 30 yr.	6/19/2014	7/25/2014	4/8/2015	Renting	100%
38-42 Elm	6	$1.24M	$206K	$369,350	$61.5K	100	loan 3% 30 yr.	6/19/2014 2/18/2016	7/25/2014	2/25/2015	Renting	100%
1279-83 Main	8	$950K	$103.7K	$175K	$21.9K	100	loan 3% 25 yr.	5/21/2015 6/16/2016	7/28/2015	9/9/2015	Summer 2018	
370 Asylum	60	$20.3M	$338K	$4M	$66K	70/30	loan <3%, 20 yr.	6/18/2015 2/18/2016	3/24/2016		2019	
Radisson	96	$19.5M	* [2]	$6.5M	$67.7K	100	hotel conv. const. note	10/15/2015	12/11/2015	3/31/2016	Summer 2017	
81 Arch	53	$20.34M	$380K	$5.6M	$103.7K	100	30 yr. 1% loan	10/20/2016	11/15/2016		2019	
101 Pearl	154	$28.4M	$184K	$9.24M	$60K	100	construction/perm loan 3% 30 yr.	12/8/2016	5/12/2017			
111 Pearl	101	$21.55M	$208K	$6.06M	$59.47K	100	construction/perm loan 3% 30 yr.	12/8/2016	5/12/2017			
103 Allyn	66	$10.885M	$164.9K	$6M	$60.6K	100	construction/bridge loan 3% 30 yr. reserve collateral pledge	12/8/2016	2/1/2017			
105-7 Wyllys	18	$4.2M	$233K	$1.6M	$88.8K	100	construction/perm loan 1-3% 30 yr.	5/18/2017				
Colt Armory	48	$13.6M	$283K	$2.88M	$60K	100	construction/perm loan 3% 20 yr.	5/18/2017				
Summary	1364 [5]	$331.9M	$240K avg.	$84.7M	$61.5K median[2] $60K avg.[2]	88/12	1195 mkt./173 affordable					

6/12/2017

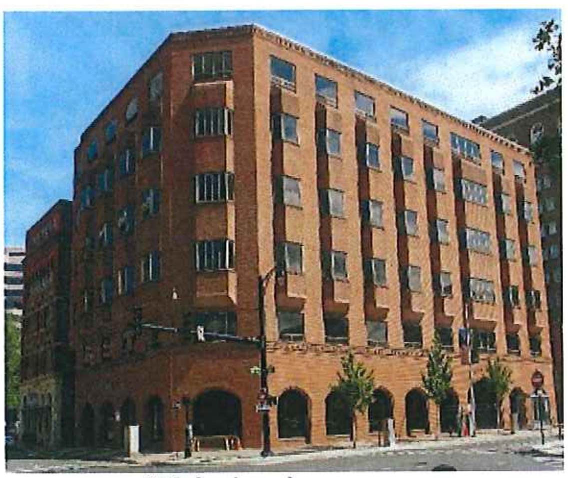
without Front Street

[1] *deposits and leases*
[2] *$75K/unit est. residential + 188 hotel rooms*
[3] *notes repaid*
[4] *begin occupancy Dec. 1, 2016*
[5] 1497 w/ Front St. & Recap deals

CRDA Housing Approved - Varied Funding Sources

Project	# Units	TDC	TDC/Unit	CRDA Amt.	CRDA $/Unit	Mkt/Aff Split	Structure	CRDA Bd. Approval	Bond Commission	Closed	Target Occupancy	Occupancy
Front Street	121	$35.7M	$310K	$12M	$99.1K	100	DECD grant, not part of $60M	N/A	12/12/2007	12/17/2013	Renting	96%
Silas Deane	120	$27M	$225K	$5M	$41.6K	100	Urban Act	N/A	9/30/2016			
289 Asylum	8	$1.345M	$168.2K	$400K	$50K	100	Replenished Capital Funds Condo deal	12/8/2016	N/A			
241 Asylum	4	$1.395M	$100K	$400K	$75K	100	Replenished Capital Funds	12/8/2016	N/A			
Summary	249	$64.045	$257K	$17.4K	$69K avg.	100	249 mkt					

6/12/2017



370 Asylum Avenue

1283 Main Street

Radisson Hotel Renovation

81 Arch Street

101 Pearl Street

111 Pearl Street

The housing pipeline is delivering a mix of units to the marketplace, attempting to serve multiple price points and unit size demands. CRDA is also spreading its risk by offering rehabilitated units, new construction, high amenity properties and other less elaborate high rises and walk ups. Historic rehabs as well as modern design projects are underway in the downtown Hartford core on the edge of the central business district, serving neighborhoods to the north, south and southwest. The unit configuration is predominately one bedroom units. Efficiencies and micro units offer the second highest type of unit with two bedrooms representing only 13% of the market. This is shown below.

Housing Pipeline by Unit

Project	# Units	Split Mkt/Aff	Unit Configuration				Size Units sq. ft.	Avg. Mkt. Mthly Rent
			Studio	1 BR	2 BR	3 BR		
777 Main	285	226/59	65	198	22	0	528-1,086	$714-$1,900
201 Ann	26	26	0	26	0	0	734	$1,575
179 Allyn	63	50/13	0	63	0	0	425-900 (741)	$925-$1,025
Front Street	121	121	36	75	10	0	840-1,125 (722)	$1,516
Sonesta (5 Const.)	190	158/32	54	123	13	0	443-1164	$833-$1,800
Capewell Lofts	72	57/15	16	34	20	2	700-1,841	$1,042-$2,300
390 Capital (HOS)	112	89/23	0	71	41	0	750-925	$1,080-$1,400 1 BR; $1,200-$1,899 2BR
38-42 Elm	6	6	2	2	2	0	700-1300	$1,200-$1,650
36 Lewis	6	6	0	4	2	0	810-1026	$1,600-$1,950
370 Asylum	60	42/18	37	18	5	0	653-1200	$1,100-$1,500
1283 Main	8	8	0	0	8	0	760-790	$850 - $900
Radisson	96	96	0	88	8	0	625	$1,406
81 Arch	53	53	20	13	20	0	810	$1,800
101 Pearl	156	156	121	35	0	0	453-589	$1,100-$1,454
111 Pearl	101	101	77	18	6	0	479-1180	$1,053-$2,420
103-21 Allyn	66	53/13	39	24	3	0	410-800	$850-$1,200
105-7 Wyllys	18	18	0	0	0	18	900	$1,650
241 Asylum	4	4	0	0	4	0	1400	$1,475-$1,650
289 Asylum	8	8	0	0	8	0	1100-1220	N/A (condo)
Colt North	48	48	12	20	16	0	800	$1,623
Totals	**1499**	**1326/173**	**479**	**812**	**188**	**20**		

CRDA is also responsible for the continued monitoring of initiatives launched by its predecessor agency, CCEDA, which helped underwrite the developments at Hartford 21 and the Lofts at Main and Temple. These 340 units have been well received by the marketplace and enjoy some of the highest rents per square foot and highest occupancy rates in the city of Hartford. As of 6/30/17, the units were as follows:

PROJECT NAME: (as of 6/30/13)	HOUSING Available	Leased	%Leased	RETAIL/OTHER COMMERCIAL Available	Leased
Hartford 21	262 units	251	97%	161,475 sq. ft.	48%
Main & Temple (Sage Allen)	78 units	75	96%	13,378 sq. ft.	100%

Hartford 21 Apartments

Main & Temple Apartments

Parking

CRDA manages in excess of 16,500 parking spaces. The largest single *garage*, managed by CRDA however, continues to be the facility at the *Convention Center*, with its 2,339 spaces. This facility had a better than budgeted year producing revenues above projections and delivering revenues to retire principal as well as interest on its outstanding revenue bonds. The four garages located within the Front Street District (CTCC, North and South Garages at Front Street, and the Science Center Garage) produced $7.3 million in revenue and covered $3.6 million in operating expenses and $3.7 million in debt service during the fiscal year.

The largest single CRDA location for parking is the 9,300 spaces at *Rentschler Field* will be adjusted over the next year due to the incorporation of 10 acres of land acquired in 2016 adding approximately 850 spaces.

The state acquired the 2,300 space *Morgan Street Garage* in fiscal year 2014, and contracted with CRDA to manage its operations. The garage currently serves the employees relocated to the State Office Building complex at 450 Columbus Boulevard as well as the Capital Community College. The garage also serves as an emergency parking location during City street parking closures, i.e. snowstorms.

The *Church Street Garage* continues to serve the downtown community including the Hilton Hotel and various corporate and residential users. Since its purchase by CRDA in May of 2015, the facility is managed more closely with the operations at the XL Center to complement the civic center's shows and sporting events. Major replacement of the buildings elevator system began in 2017.

With the exception of the Church Street Garage which is operated by ProPark America, the remainder of the parking inventory is managed by Laz Parking per a competitive bid process that occurred in fiscal year 2015.

CRDA entered an agreement with the Wadsworth Atheneum Museum of Art in fiscal year 2016 providing parking at the Front Street garages for visitors at a discount similar to that at the CT Science Center. As part of this agreement, the Wadsworth Atheneum provided a discount ticket to visitors to the Convention Center. On average, approximately 500 Wadsworth Atheneum visitors per month used CRDA garages.

CRDA-Managed Parking Facilities

SITE	SPACES
CT Convention Center	2,339
CT Science Center	468
Front Street North	657
Front Street South	232
Morgan Street	2,300
Rentschler Field	9,300
Church Street	1,299
Total	**16,595**

Central Utility Plant

In order to efficiently and effectively supply most of Adriaen's Landing with heating and cooling capabilities, a central utility plant ("CUP") was built within the Convention Center. CRDA's role is to manage and maintain it in order to provide a consistent, dedicated and reliable source of heating and cooling to Adriaen's Landing. The CUP supplies heating capabilities to the Convention Center, two outdoor snow-melt systems, the Marriott Hotel and the CT Science Center. It further provides chilled water to these facilities to maintain air temperatures and provides chilled water for their walk-in refrigerators.

Chilled Water System

Steam Boiler System

The CUP is composed of a 9,500 square foot structure located on the mezzanine level of the Convention Center, housing steam generating equipment, central plant chillers, chilled water and condenser pumps and a control room. The total cost of the plant, and its later expansion in 2009 to include the CT Science Center, was $16.2 million. The CUP maintains operations 24/7 and 365 days a year. It has no employees of its own, using the services of outside operators (New England Mechanical Services) and various intelligent systems to properly maintain and manage it.

The CUP is governed by an energy sharing agreement, administrated by CRDA, between the Convention Center, Marriott Hotel and the CT 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. The annual budget is $3 million of which the Convention Center pays approximately $1.6 million each year. CRDA administers the accounting and billing for the CUP, ensuring that each party is represented in its operating decisions and funds its portion of the overall need. Plant upgrades this past year include: calibration of the boiler gas meter, anti-corrosion chiller coating, maintenance of the cooling tower fan blade and vibration sensors, a building automation system ethernet upgrade, and the installation of a hoist and trolley in addition to an air unit catwalk.

State Office Relocation

During the past year, CRDA continued to oversee the renovation of 450 Columbus Boulevard for the State of Connecticut. After completing renovations of the eleven-story South Tower in 2016, renovations were completed in the fifteen-story North Tower. Approximately 1,300 employees from the State Office Building at 165 Capitol Avenue relocated to 450 Columbus Boulevard between last November and this past February. The relocation involved the following State agencies: Departments of Administrative Services, Agriculture, Consumer Protection, and Education, as well as the Office of Early Childhood.

Currently, CRDA is overseeing the South Tower consolidation and re-stack of the Department of Revenue Services office space which will enable the Department of Economic & Community Development to relocate onto two floors in September. The Department of Economic & Community Development will leave their 505 Hudson Street location along with leased space at 1 Constitution Plaza, both in Hartford. During the past year, over $21.5 million was expended for hard construction in the renovation and re-stack of the 558,000 square foot building. Upon completion in fiscal year 2018, an additional 800 state employees will have moved into the modernized complex.

450 Columbus Boulevard

Regional Initiatives

CRDA's regional role as envisioned by its statutory authorization, is to assist upon their request, the seven communities abutting Hartford, with housing, community and economic development initiatives. CRDA in effect, acts on behalf of the municipality to carry out a specific project. CRDA is not a planning nor regulatory agency and acts within the specific scope approved by the respective community's legislative body. In this way, CRDA's legal, financial, real estate and construction staff become an extension of the municipalities' development administrative capacity for a fee that is built into the project to cover CRDA's costs while avoiding the need for additional full time staff and overhead at the municipal level. The seven communities include: West Hartford, East Hartford, Newington, Wethersfield, South Windsor, Windsor and Bloomfield.

Newington CT - National Welding Site

Early in 2014, CRDA entered into an agreement with the Town to demolish and remediate the town owned former National Welding Site. This work was completed by CRDA in 2016 and the agency then assisted the town to issue a Request for Expressions of Interest to develop the site which abuts the CTfastrak system. As of close of the fiscal year 2016-2017, two redevelopment proposals were in review.

East Hartford, CT - Rentschler Field Road System

East Hartford Boulevard North: The State Bond Commission approved $7 million to extend the existing East Hartford Boulevard North/South to provide access to future development and better access to the Stadium at Rentschler Field parking areas. Work began in the spring of 2017 and is scheduled to be complete by fall of 2017.

Access Road and Utility Infrastructure: The State Bond Commission approved $12 million towards the creation of an access road to a pending commercial redevelopment of a part of the Rentschler Field site. CRDA will enter into a Memorandum of Understanding to administer the grant funds on behalf of the town. The design and engineering have been completed. Actual construction work is pending the completion of negotiations by the private parties planning to develop the commercial complex.

Wethersfield, CT - Silas Deane Residential/Retail

Funds to the Town of Wethersfield to assist the redevelopment of a vacant and deteriorating commercial/industrial site on its Silas Deane commercial corridor were awarded to the Town through CRDA by the State in September 2016. A proposed residential building with 120 market rate units with retail space was approved by the Town's land use commission for the site. Contracts for services between the Town and CRDA are in discussion.

Citywide/Neighborhood Programs

Similar in philosophy to the regional initiatives, CRDA was authorized to carry out projects beyond its statutory district within the City of Hartford, upon the recommendation of a project by the City to CRDA for consideration. In this way, once the City has determined the need/merits of a particular project, CRDA assists in underwriting and managing the initiative. Again, CRDA is not a planner or regulatory agent, rather its serves to supplement the City's staff capacity.

In the State's fiscal years' 2016 and 2017 budgets, funds were authorized to CRDA for the purposes of citywide/neighborhood oriented projects outside the core downtown area. Eligible projects must be consistent with the City's development plan and target economic development, housing and infrastructure. One half of the funds in fiscal year 2016 were to be targeted to the City's Promise Zone area. During the 2016 General Assembly Session, a $2.5 million set aside of these funds to hire at risk individuals was also created.

During 2016-2017, four projects were authorized by the CRDA board upon referral from the City. Three were approved by the State Bond Commission, while the fourth project to undertake upgraded and improved high speed internet connection to local businesses along Albany Ave/Promise Zone has been approved by the CRDA board.

Bowles Park/Willow Creek Housing

CRDA awarded $5 million to complement State DECD brownfield funds to remediate and demolish the 410 unit public housing complex known as Bowles Park. Upon clearance of the site, a new mixed income housing development will proceed per separate agreements between the Hartford Housing Authority, the City of Hartford, the State of Connecticut DOH and private investors.

Brackett Knoll Housing

The long delayed second phase of the Brackett Knoll Housing project advanced with the CRDA award of $1.55 million to the effort to construct the new road and assist in the site work for a 14 unit subdivision that will create 28 new units, one-half owner occupied that will be subsequently developed using federal housing funds and private mortgages. The total project budget is $3.7 million in the Promise Zone.

Swift Factory

Also located in the Promise Zone, the long deteriorating and vacant Swift factory will be redeveloped into a food and health related economic development enterprise by Community Solutions. CRDA funds totaling $4.3 million were awarded to complete the capital stack of $32 million necessary to undertake the federal, private, state and city initiative.

Brackett Knoll

Swift Factory

LEGISLATIVE REPORT

The 2016-2017 Annual Report for Capital Region Development Authority, (CRDA) formerly the Capital City Economic Development Authority (CCEDA), details the activities and project status of the Authority as required by the current legislation.

- ### BONDS ISSUED DURING THE 2017 FISCAL YEAR AND THE ISSUES FACE VALUE AND NET PROCEEDS

During the previous fiscal year, the Authority did not issue any revenue bonds. However, in fiscal year 2014, the State of Connecticut Bond Commission through the Special Revenue Bond Fund established $60,000,000 for the purpose of providing grants or loans to encourage residential housing development, as provided in Section 32-617g of the Connecticut General Statutes. In fiscal year 2015, the State of Connecticut Bond Commission through the Special Revenue Bond Fund established $30,000,000 to provide for the acquisition of property in Hartford to provide for development and redevelopment opportunities, as provided in Section 32-602 of the Connecticut General Statutes. In fiscal year's 2016 and 2017, the State of Connecticut Bond Commission through the Special Revenue Bond Fund established $50,000,000 per year to provide for the purposes and uses provided in Section 32-602 of the Connecticut General Statutes, provided not more than $20,000,000 be made available in Hartford outside the CRDA's district, of which $10,000,000 be made available for projects in the federally designated Promise Zone.

Special Revenue Bond Fund

Year Authorized	Total Authorized	Total Allocated FY 2017	Total Allocated as of 6/30/17	Total Unallocated as of 6/30/17
2014	$60,000,000	$ 5,600,000	$58,942,627	$ 1,057,373
2015	$30,000,000	$10,750,000	$26,750,000	$ 3,250,000
2016	$50,000,000	$26,335,000	$26,335,000	$23,665,000
2017	$50,000,000	$ 0	$ 0	$50,000,000

The history of the CRDA (formerly Capital City) Project bond authorizations as defined in Section 32-600 of the Connecticut General Statutes is presented in the following chart:

TOTAL BONDING AUTHORIZATIONS FOR CAPITAL CITY PROJECT

Project	FY 98	FY 99	FY 00	FY 01	FY 03	Total
Convention Center	$ 3,000,000	$187,000,000				$190,000,000
Downtown Higher Ed.		$30,000,000				$ 30,000,000
Civic Center	$15,000,000					$ 15,000,000
Riverfront	$ 3,000,000	$12,000,000		$ 4,880,000		$ 19,880,000[A]
Downtown Housing	$ 3,000,000		$14,000,000	$14,000,000	$4,000,000	$ 35,000,000
Demolition/Rehabilitation	$ 2,000,000	$ 7,000,000	$ 8,000,000	$ 5,000,000	$3,000,000	$ 25,000,000
Parking	$ 5,000,000	$ 5,000,000	$ 2,000,000			$ 12,000,000[B]
Totals	**$31,000,000**	**$241,000,000**	**$24,000,000**	**$23,880,000**	**$7,000,000**	**$326,880,000**

Note A: $5.12 million cancelled by PA10-44, Section 37 effective July 1, 2010.
Note B: $3.0 million cancelled by PA10-44, Section 38 effective July 1, 2010.

In addition to the General Obligation Bonds, the Authority is authorized to issue its bonds, notes and other obligations in amounts sufficient to complete the Convention Center Project. The following table provides a summary of the State Bond Commission authorizations which the Authority has recommended relating to the Capital City Projects.

TOTAL BONDING RECOMMENDATIONS FOR CAPITAL CITY PROJECTS			
	Total Authorized	**Total Allocated FY 2016-17**	**Total Allocated as of 6/30/17**
Convention Center(GO Bonds)	$190,000,000	$ -	$190,000,000
CCEDA Revenue Bonds/Loan	$122,500,000	$ -	$122,500,000
Downtown Higher Ed Ctr.	$ 30,000,000	$ -	$ 30,000,000
Civic Center	$ 15,000,000	$ -	$ 15,000,000
Riverfront	$ 19,880,000[C]	$ -	$ 19,880,000
Downtown Housing	$ 35,000,000	$ -	$ 35,000,000
Demolition/Rehabilitation	$ 25,000,000	$ -	$ 25,000,000
Parking	$ 12,000,000[D]	$ -	$ 12,000,000
Totals	**$449,380,000**	**$-**	**$449,380,000**

Note C: PA10-44, Section 37 cancelled $5.12 million balance effective July 1, 2010.
Note D: PA10-44, Section 38 cancelled $3.0 million balance effective July 1, 2010.

- **OUTSIDE INDIVIDUALS AND FIRMS, INCLUDING PRINCIPAL AND OTHER MAJOR STOCKHOLDERS, RECEIVING IN EXCESS OF $5,000 AS PAYMENT FOR SERVICES**

CAPITAL REGION DEVELOPMENT AUTHORITY VENDOR LISTING

The following is a list of all outside individuals and firms that received more than $5,000 as payment for services during the July 1, 2016 through June 30, 2017 fiscal year. These payments occurred in the ordinary course of operations.

CRDA VENDOR LISTING					
390 Capitol Avenue, LLC	50 Morgan Street, LLC	Bank of America	Bypass Mobile, LLC	Capitol Equipment & Marine	Constellation Energy Services, Inc.
Connecticut Natural Gas Corporation	Crozier Fine Arts, Inc.	Desman Associates	EMCOR Services-New England Mechanical	Eversource	First American Title Insurance Co.- Escrow Agent

CRDA VENDOR LISTING					
Frank Capasso & Sons, Inc.	Global Spectrum, Inc.	GZA GeoEnvironmental, Inc.	Intacct Corporation	Interscape Commercial Environments	IT Direct, LLC
JCJ Architecture, P.C.	Joseph Merritt & Co.	Laz Parking Management	Laurentano Sign Group	Mahoney Sabol & Co., LLP	Milone & Macbroom, Inc.
Morganti Group, Inc.	Nalco Company	Nutmeg Planners, LLC	OFI	Propark, Inc.	People's United Insurance Agency
Red Thread Spaces, LLC	Robinson & Cole, LLP	SCI Architects, P.C.	Shipman & Goodwin	Siemens Industry, Inc	SourceOne
Spectra by Comcast Spectacor	Standard Demolition Services, Inc.	Tecton Architects, P.C.	Tennant Sales and Service Co.	Tennis Foundation of Connecticut	The Lincoln National Life Insurance Co.
The Metropolitan District	The Spectrum Services Co., Inc.	The Westmount Group, LLC	Three-Way Communications, Inc.	Trane	Valley Communications Systems, Inc.
Verizon Wireless	Waterford Venue Services Hartford, LLC-Facility Management	Waterford Venue Services Hartford, LLC-Catering & Concession Services	Wellspeak Dugas & Kane, LLC	West Electric, LLC	William B. Meyer, Inc.

The following vendors have a direct contract with the Authority and received more than $5,000 in payments for services during the fiscal year. Funds were disbursed from various **development accounts** established to cover costs for the Convention Center and the Adriaen's Landing Projects. The funds were authorized to the Authority through the State Department of Economic and Community Development and the Office of Policy and Management.

VENDOR LISTING					
Adams Ahern	Nutmeg Planners, LLC				

CONNECTICUT CONVENTION CENTER VENDOR LISTING

In addition to the required information specified in Section 32-605 of the General Statutes, included are vendors doing business with Convention Center operators who received over $5,000 in payment for services during the fiscal year. The Authority maintains that these subcontractors are not "state contractors" and provide services specific to the Convention Center as directed by Convention Center operations. The Convention Center Management Agreement, which was the result of a bidding process, stipulates that the Convention Center has full autonomy in deciding what services to outsource and the selection of respective service providers. While the Authority funds a portion of the Convention Center operating budget and has the right of approval for the overall Convention Center budget, the Authority does not determine the amount of, or make direct payments to the subcontractors and is not a party to the subcontractors.

CTCC Vendor Listing					
Abby Tent & Party Rentals AD Hoc Design	AD Hoc Design	AFR Furniture Rental	Albert Uster Imports, Inc.	Allan S. Goodman, Inc.	Amadeus Hospitality Amer., Inc.
American Furniture Rentals	American Furniture Rentals	American Medical Response CT	Aztec Technologies, LLC	B-G Mechanical Services, Inc.	Beecher Carlson/ Master Trust
Bell Simmons	Boston Gourmet Chefs, Inc.	Brescome Barton, Inc.	Bright Business Media, LLC	Cambridge Packing Company	C&C Janitorial Supplies
Ceridian HCM Inc.	CIGNA Corporation	Cintas Fire Protection	City Fish Market	City of Hartford Fire & Police	CLR CT Labor Resources
Cognet Communications Inc.	Colonial Video, Inc.	Comcast	Commercial Window Shield	Connecticut Natural Gas Corporation	Connect Marketplace
Connecticut Radio Inc.	Constellation Energy Services	Construction & General Laborers'	Control Systems, Inc.	Corporate Payment Systems	CT Dept. of Revenue Service
CT Distributors, Inc.	CT Science Center	Cummins Power Systems, LLC	CVENT, Inc.	CWPM	Daktronics
Dell Marketing L.P.	Demers Exposition Services, Inc.	Digital Minds Inc.	Digital Printing Systems	Eastern Bag & Paper Co.	Eaton Corporation
Ecolab Equipment Care	Electrical Wholesalers, Inc.	Environmental Systems Corporation	Envision Design, LLC	Eversource.	Experient
Facilities and Destinations	Falvey Linen & Uniform of CT	Farmington Administrative	Fidelity Security Life Insurance	Freshpoint	Frontier

CTCC VENDOR LISTING					
Giovanni's	Hartford Distributors	Gordon Food Service, Inc.	Grainger	Hartford Distributors	Hartford Downtown Marriott
Harvard Pilgrim Healthcare	HD Supply Facilities Maintenance, LTD.	Hedges and Hedges LTD.	Home Builders and Remodelers	Integrated Technical Systems, Inc.	John Annino
Jordan Paige	K&S Distribution, Inc.	LAZ Parking, DBA Maintenance System	LAZ Parking Management, LTD	Lileo Enterprises, LLC	Lummus Webber Co.
Lutron Services, Co.	Marriott International Inc.	Metropolitan District Commission	Midamar Corporation	MJ Daily, LLC	Naylor, LLC
New England Door Closer, Inc.	New England Mechanical	Nurse Finders	Office Max, Inc.	Omar Coffee Company	Oracle America, Inc.
Otis Elevator Company	Pasquariello Electric Corporation	Peak Even Services	Pepsi-Cola	PFG Springfield	Plumfire Mechanical, LLC
PPG Architectural Finishes	R&B Ceramic Tile, Inc.	Rental Solutions and Events	Rentals Unlimited	Rogo Distributors	Ruby Glass Co., Inc.
Russo Lawn & Landscape, Inc.	Schindler Elevator Corporation	Securitas Security Services	Service One Inc.	Sid Wainer & Son	Siegel Egg Co., Inc.
Siegel, O'Connor, O'Donnell & Beck, P.C.	SimplexGrinne ll	Stew Leonard's	Suburban Stationers, Inc.	Sunshine Laundry	SYSCO Food Services of Connecticut
Tee's & More on the Lake	Tennant Sales & Service Company	The Lincoln National Life Insurance	Thurston Foods, Inc.	Touchquest Company	Travelers
United Rentals	Verizon Wireless	W.B. Mason Company, Inc.	Waterford Hotel Group	Waterford Venue Services	Welch Communicatio ns
Wells Fargo	West Electric LLC				

CHURCH STREET GARAGE VENDOR LISTING

Included below are vendors doing business with the Church Street Garage (CHSG) operators and who received more than $5,000 in payments for services during the fiscal year.

CHURCH STREET GARAGE VENDOR LISTING					
Eversource	G4S Secure Solutions	Jones Construction	Kone, Inc.	ProPark America	Wescor Parking Controls

XL CENTER VENDOR LISTING

Vendors doing business with the XL Center operators and who received over $5,000 in payment for services during the fiscal year are listed as follows:

XL CENTER VENDOR LISTING					
Absolute Environmental	ADP, Inc	AEG Facilities LLC	AEG Live LLC	Aero All Gas Co.	Agera Energy
Alexander Global Promotions	All Waste Inc.	Allyson Boal	American Medical Response	Athletica Sport Systems	Automated Logic Construction
Braman	Builders Hardware	Carbonhouse	Carrier Corporation	Choice Marketing Inc.	CID Entertainment, LLC
City of Hartford	Comcast Business	Comcast Spotlight	Commercial Flooring Concepts	Contemporary Services Corporation	Crest Mechanical Services, Inc.
Damon Slecta	Dimeo Construction Company	Ducci Electrical Contractors	Dunbar Armored Inc.	Eastern Water Solutions	Eric Horn
Eversource	Feld Entertainment Inc.	Frontier	Geiger Engineers	GO Graphix	Grainger
H.O. Penn Machinery Company	Hartford Comic Con Merrymac	Hartford Wolf Pack Community	Hussey Seating Co.	IATSE Local 84	IATSE National Benefit Funds
Iheartmedia-Harford, CT	IMG College LLC	Independent Outdoor III LLC	iPROMOTEu	Jackson Lewis PC	John Michael Associates

XL CENTER VENDOR LISTING					
KONE Inc.	Konecranes Inc.	L&L Equipment, Inc.	Lavallee Overhead Door	LAZ Parking LTD	Les Vetements SP Apparel, Inc.
Live Nation Worldwide Inc.	LSK Enterprise Inc.	Madison Square Garden LP	MetroHartford Alliance Inc.	Metropolitan Interactive LTD	Minuteman Press of Hartford
National Ticket Company	New Era Tickets	Nick Enterprises LLC	Northland Tower Block LLC	Otis Elevator Company	Outfront Media
Ovations Food Services LP	Perfectemp Inc.	Physio-Control Inc.	Pitney Bowes Global Financial	Powerstation LLC.	Purchase Power
Reebok CCM Hockey US, Inc	Ricoh USA, Inc	Robert Crawford	RW Commerford & Sons Inc.	Safehold Special Risk, Inc	Schindler Elevator Corporation
SimplexGrinnell LP	Spectra Corporate Partnerships	Spectra Ticketing	Spectrum Arena, LP	Speedy Green, LLC	Success Promotions
Tennant Sales and Service Company	The Hartford Courant Co.	The Hartford Steam Company	The Metropolitan District Commission	Town Square Media	US Bank Equipment Finance
Unifirst Corporation	United Rentals (North America)	University of Connecticut	Verizon Wireless	Viamedia Inc.	Victor Advertising Service LLC
WB Mason Co., Inc.	WDRC- FM	WFSB	WRCH-FM	WTIC-FM	WTIC-TV
WVIT	WVIT-TV	WWE Entertainment Inc.	WZMX-FM	Xerox Corporation	XL Color
XO Communications					

THE AUTHORITY'S CONTRIBUTION: The Authority issued $110,000,000 in revenue bonds and fully drew down $12,500,000 of the Travelers Loan. These funds were used to complete the Convention Center Project as defined in Section 32-600 of the General Statutes: The "Convention Center Project" means the development, design, construction, finishing, furnishing and equipping of the Convention Center facilities and related site acquisition and the site preparation. The following vendors were paid in excess of $5,000 from the revenue bonds construction proceeds and from the Travelers Loan during the fiscal year:

VENDOR LISTING					
Nutmeg Planners, LLC					

Certain other expenses were incurred with the Authority's revenue bonds. These expenses include liquidity facility fees, remarketing fees, rating agency fees, and trustee fees. The following list reflects vendors paid in excess of $5,000 for such expenses during the fiscal year:

Vendor Listing					
Bank of America	Finn Dixon	Fitch Inc.	Merrill Lynch, Pierce, Fenner & Smith, Inc.	Soeder & Associates	Standard & Poor's

➤ THE ANNUAL FINANCIAL REPORT PREPARED IN ACCORDANCE WITH GAAP FOR GOVERNMENTAL ENTERPRISES

See Exhibit A attached hereto.

CUMULATIVE VALUE OF ALL BONDS AND THE AMOUNT OF THE STATE'S CONTINGENT LIABILITY

On July 21, 2004, the Authority issued $15.030 million of Series A and $57.470 million of Series B Parking and Energy Fee Revenue Bonds to pay a portion of the costs of construction of the Convention Center Project. The face value totaled $72.5 million and the net proceeds of these bonds were $72,481,056. In addition, on August 4, 2005, the Authority issued $15 million of Series C Parking and Energy Fee Revenue Bonds for the construction project. On December 16, 2008, the Authority issued $22.5 million of Series D Parking and Energy Fee Revenue Bonds as convention center completion bonds. These Bonds shall not be deemed to constitute a debt or liability of the State or of any political subdivision thereof other than the Authority or a pledge of the faith and credit of the State or of any such political subdivision other than the Authority, and shall not constitute bonds or notes issued or guaranteed by the State with the meaning of section 3-21 of the Connecticut General Statutes, but shall be payable solely from the Trust Estate. Neither the State of Connecticut nor any political subdivision thereof other than the Authority shall be obligated to pay the same or the interest thereon except from the Trust Estate, and neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds.

STATE CONTRACT ASSISTANCE

As authorized by the Act, the Authority and the State, acting by and through the Secretary of the Office of Policy and Management and the State Treasurer, entered into a Contract for Financial Assistance, pursuant to which the State will be obligated to pay to the Trustee on each principal and interest payment date an amount equal to debt service on the 2004 Series A Bonds, the 2004 Series B Bonds, the 2005 Series C Bonds and the 2008 Series D Bonds.

As more fully described in the Official Statement, the obligation of the State to make such payments does not require further appropriation to CRDA and constitutes a full faith and credit obligation of the State. Such amounts, and the Authority's rights under the Contract, have been pledged by the Authority to the Trustee to secure payment of the 2004 Series A Bonds, the 2004 Series B Bonds and any other additional series of Bonds secured by such contract.

The Contract provides that the maximum amount payable pursuant to the Contract is currently limited to $9.0 million in any calendar year. The Authority has agreed with the State in the Contract and covenanted in the Indenture to enter into no obligation which would cause this limit to be exceeded.

➤ AFFIRMATIVE ACTION POLICY STATEMENT

The Authority recognizes the purpose and need for a strong Affirmative Action Program to overcome the effects of past practices, policies or barriers to equal employment opportunity. The Authority is committed to achieving the full and fair participation of women, Blacks, Hispanics and any other protected groups found to be underutilized in the workforce or affected by policies or practices having an adverse impact. The Authority will, to the best of its ability, follow a policy of equal employment opportunity throughout its employment process including, but not limited to, recruitment, hiring, training, upgrading and promotions, benefits, compensation, discipline, layoffs and terminations. In addition, the Authority pledges that all the services and programs provided will be done in a fair and impartial manner.

The Authority will enforce this plan through the application of Connecticut General Statutes, section 46a-60(a) (1) and the federal constitutional provisions, laws, regulations, guidelines and executive orders mandating Affirmative Action for equal opportunity.

CRDA Board of Directors

The Authority's fourteen (14) member Board includes the mayors of Hartford and East Hartford with the Secretary of the Office of Policy & Management and the Commissioners of Housing, Transportation, and Economic & Community Development as ex-officio members of the Board. Pursuant to Public Act 13-234, the Commissioner of the Department of Housing was added to the Authority's Board of Directors as an ex officio member. The balance of the Board consists of two appointees of the Mayor of Hartford (a city employee and a city resident), one from the legislative majority leadership, one from the legislative minority leadership, and four gubernatorial appointments. The Authority's Board of Directors is as follows as of June 30, 2017:

NAME	RACE/ETHNICITY	GENDER	BOARD POSITION
Suzanne Hopgood	White	Female	Chairman/Governor Appointee *
Andy Bessette	White	Male	Vice Chairman/Governor Appointee *
OPM Secretary Benjamin Barnes	White	Male	Treasurer/Ex-Officio *
Hartford Mayor Luke Bronin	White	Male	Secretary/Legislated *
DOH Commissioner Evonne Klein	White	Female	Member/Ex-Officio
DOT Commissioner James Redeker	White	Male	Member/Ex-Officio
DECD Commissioner Catherine Smith	White	Female	Member/Ex-Officio
East Hartford Mayor Marcia Leclerc	White	Female	Member/Legislated
Vacant			Member/Legislative Majority Appointee
Michael Matteo	White	Male	Member/Legislative Minority Appointee
David Jorgensen	White	Male	Member/Governor Appointee
Joanne Berger-Sweeney	Black	Female	Member/Governor Appointee
Sean Fitzpatrick	White	Male	Member/Hartford Mayor Appointee
Vacant			Member/Hartford Mayor Appointee

* Executive Committee member

CRDA Staff

As of June 30, 2017, the Authority has a staff of ten full-time and one half-time employees. They are as follows:

Name	Race	Gender	Occupation
Michael W. Freimuth	White	Male	Executive Director
Anthony L. Lazzaro Jr.	White	Male	Deputy Director, General Counsel
Joseph Geremia	White	Male	Chief Financial Officer
Dorine F. Channing	White	Female	Assistant Controller
Kimberly S. Cooke	White	Female	Part-time Accounting Assistant
Jennifer Gaffey	White	Female	Office Manager
Kimberly Hart	White	Female	Venue Director
Erica Levis	White	Female	Construction Program Assistant
Terryl Mitchell Smith	Black	Female	Director of Marketing and Public Relations
Robert Saint	White	Male	Director of Construction Services
Lauren Vaz	Black	Female	Senior Accounting Analyst

Hartford Jobs Funnel Program

Another stated purpose in C.G.S. Section 32-602 is to create new jobs and stimulate substantial surrounding economic development and corresponding increased tax revenues to the state. To help achieve these objectives, the Jobs Funnel Program was created to help individuals in Hartford avail themselves of career opportunities generated by CRDA and other development projects.

The Jobs Funnel Program (formerly known as the Hartford Jobs Funnel and/or Hartford Construction Jobs Initiative) provides a wide array of services that include outreach/recruitment, assessment, pre-employment preparation, case management, job placement and retention services for residents of Hartford who are interested in preparing to enter the construction field.

The Jobs Funnel Program is a public/private effort overseen by the Jobs Funnel Steering Committee and under the administration of Capital Workforce Partners (North Central Region Workforce Investment Board). Services to participants are delivered in partnership with various community based organizations, minority contractors and labor trade organizations. The program is funded by: The State of CT Office for Workforce Competitiveness, Hartford Foundation for Public Giving, Capital Workforce Partners and Laborers Education and Training Fund. Integral to the success of the program are the in-kind services provided by CT Light & Power, CT Department of Labor and members of the Greater Hartford-New Britain Building Trades Council. The following represents the various entities currently encompassing Adriaen's Landing and their respective staff makeup[1] :

Connecticut Convention Center

Total employees =	262
Total Hartford residents =	86 (33%)
Total Minority (men) =	91 (35%)
Total women employees =	125 (48%)
Total Minority (women) =	35 (13%)

Convention Center Parking Facilities (LAZ Parking)

Total employees =	61
Total Hartford residents =	32 (52%)
Total Minority (males) =	32 (52%)
Total women employees =	24 (39%)
Total Minority (women) =	21 (34%)

Hartford Marriott Downtown

Total employees =	225
Total Hartford residents =	65 (29%)
Total Minority (males) =	67 (30%)
Total women employees =	122 (54%)
Total Minority (women) =	69 (31%)

Connecticut Science Center

Total employees =	110
Total Hartford residents =	13 (12%)
Total Minority (males) =	6 (5%)
Total women employees =	60 (55%)
Total Minority (women) =	20 (18%)

[1] Entities are as follows: Connecticut Convention Center; Convention Center Parking Facilities (LAZ Parking); the Hartford Marriott Downtown; and the Connecticut Science Center

CAPITAL REGION DEVELOPMENT AUTHORITY
(A Component Unit of the State of Connecticut)

FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT AUDITORS

EXHIBIT A

JUNE 30, 2017 AND 2016

CAPITAL REGION DEVELOPMENT AUTHORITY

Table of Contents

June 30, 2017 and 2016

MahoneySabol
CPAs and Advisors

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Glastonbury, CT 06033

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mahoneysabol.com

Glastonbury
Middletown
Essex

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Capital Region Development Authority
Hartford, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the Capital Region Development Authority (the "Authority"), a component unit of the State of Connecticut, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

MahoneySabol
CPAs and Advisors

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Capital Region Development Authority, as of June 30, 2017 and 2016, and the respective changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages EA-3 through EA-13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The information on page 3 through 33 of the Authority's Annual Report is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2017, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Mahoney Sabol + Company, LLP

Glastonbury, Connecticut
September 25, 2017

Management's Discussion and Analysis ("MD&A") of the financial performance and activities of the Capital Region Development Authority (the "Authority" or "CRDA") is intended to provide an introduction to the financial statements of the Authority as of and for the fiscal years ended June 30, 2017 and June 30, 2016. Following the MD&A are the financial statements of the Authority together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority is a quasi-public agency established in 1998 by the Connecticut General Assembly to direct state-supported development projects in Hartford, Connecticut. In 2012, the General Assembly renamed the Authority (it had formerly been called the Capital City Economic Development Authority) and expanded its powers to serve as a regional planning authority. The Authority is funded by appropriations from the State of Connecticut (the "State") and its financial statements are included as a component unit in the State's Comprehensive Annual Financial Report.

The Authority's financial statements use proprietary fund reporting and report its financial position, changes in financial position and cash flows in three financial statements: (1) the Balance Sheet, (2) the Statement of Revenues, Expenses and Changes in Net Position, and (3) the Statement of Cash Flows.

The Balance Sheet presents the financial position of the Authority at the end of the fiscal year and includes all assets and liabilities. Net position represents the difference between the sum of total assets with the sum of total liabilities. Over time, increases or decreases in the Authority's net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Authority's net position changed during the year.

2017 FINANCIAL HIGHLIGHTS

- Total assets exceeded total liabilities by $222.566 million at June 30, 2017. The net position of the Authority totaled $7.645 million unrestricted, $47.597 million restricted, and $167.323 million net investment in capital assets.

- The loss from operations for the year ended June 30, 2017 is $7,738,194. Of this amount, $300,000 relates to costs associated with the Connecticut Tennis Center.

- The Convention Center's 2017 net operating loss of $2,787,040 is $509,531 or 15% favorable to the prior year. The decreased loss is attributed to hosting events that occur every-other year. In addition, fiscal year 2017 experienced a higher percentage of food and beverage revenue as compared to the prior year due to the variety of events held in 2017.

- CRDA parking facilities reported net income of $3,708,401. This is the result of an increase in overall transient parking revenue due to the continued development of the Front Street District as well as parking revenue derived from the Front Street Lofts housing complex which were fully operational in 2017.

- The XL Center's 2017 net operating loss was $1,653,668 excluding depreciation of $1,451,430. The net operating loss was primarily the result of decreased concerts and their associated revenues as well as lost food and beverage revenues generally earned during those events.

2016 FINANCIAL HIGHLIGHTS

- Total assets exceeded total liabilities by $223.234 million at June 30, 2016. The net position of the Authority totaled $7.808 million unrestricted, $40.901 million restricted, and $174.525 million net investment in capital assets. The net position of the Authority is approximately 1% greater than the previous year.

- The loss from operations for the year ended June 30, 2016 is $5,602,765. Of this amount, $700,000 relates to costs associated with the Connecticut Tennis Center and the Church Street Garage, including depreciation of $376,106.

- The Convention Center's 2016 net operating loss of $3,296,571 is $458,539 or 16% greater than the prior year. The increased loss is attributed to fiscal year 2015 activity which included several one-time events and conventions that occur every-other year. In addition, fiscal year 2016 experienced a higher percentage of cancelled events as compared to the prior year.

- CRDA parking facilities reported net income of $3,696,981. This is the result of an increase in overall transient parking revenue due to the continued development of the Front Street District as well as a significant savings in snow removal expenses versus the prior year.

- The XL Center's 2016 net operating loss was $914,575 excluding depreciation of $1,106,224. The net operating loss was the result of decreased facility surcharge revenues as well as increased marketing expenses for UCONN sporting events.

The following table summarizes the condensed Balance Sheets as of June 30, 2017 and 2016.

	2017	2016	Increase/(decrease) 2017 v 2016
ASSETS:			
Current assets	$ 31,083,309	$ 28,272,909	$ 2,810,400
Noncurrent assets:			
Restricted cash and cash equivalents	4,776,279	5,120,140	(343,861)
Loans receivable-housing	37,278,852	35,512,360	1,766,492
Other assets	413,258	301,090	112,168
Capital assets, net	294,776,767	303,754,935	(8,978,168)
Total assets	$ 368,328,465	$ 372,961,434	$ (4,632,969)
LIABILITIES:			
Current liabilities	$ 22,284,995	$ 24,508,425	$ (2,223,430)
Non-current liabilities	123,477,774	125,219,052	(1,741,278)
Total liabilities	$ 145,762,769	$ 149,727,477	$ (3,964,708)
NET POSITION:			
Net investment in capital assets	$ 167,323,359	$ 174,524,727	$ (7,201,368)
Restricted	47,596,900	40,901,083	6,695,817
Unrestricted	7,645,437	7,808,147	(162,710)
Total net position	$ 222,565,696	$ 223,233,957	$ (668,261)
Total liabilities and net position	$ 368,328,465	$ 372,961,434	$ (4,632,969)

2017 BALANCE SHEET ANALYSIS

- Total assets as of June 30, 2017 decreased by $4.633 million or 1% compared to the same period in 2016.
- Current assets increased by $2.810 million or 10% primarily due to one housing loan scheduled to mature in March 2018 offset with timing differences within the Accounts Receivable of the DAS construction project.
- Non-current assets decreased by $7.443 million or 2% as the result of capital asset depreciation significantly greater than capital asset additions.
- Total liabilities decreased by $3.965 million when compared to the prior year. This decrease was due to timing related to the State office relocation project. Also affecting the change was the reduction in bonds and loans payable partially offset with an increase in the obligation to the State for contract assistance.

2016 BALANCE SHEET ANALYSIS

- Total assets as of June 30, 2016 increased by $7.539 million or 2.1% compared to the same period in 2015.
- Current assets increased by $5.631 million or 25% primarily due to timing differences within the Accounts Receivable of the XL Center and the DAS construction project offset with one housing loan which matured in November 2015.
- Non-current assets increased by $1.909 million or 1% as the result of the increase in housing loans receivable due to three additional loan closings.
- Total liabilities increased by $6.208 million when compared to the prior year. This increase was due to timing related to the facility building improvements at the XL Center and Convention Center as well as the State office relocation projects. Also affecting the change was the reduction in bonds and loans payable partially offset with an increase in the obligation to the State for contract assistance.

The following table summarizes the changes in net position for the fiscal years ended June 30, 2017 and 2016.

		2017		2016		Increase/Decrease 2017 v 2016
Operating revenues:						
Grants-State of Connecticut						
Operational	$	1,640,821	$	1,715,991	$	(75,170)
Development district, subsidy & other		4,708,300		5,183,300		(475,000)
Restricted		30,000		434,000		(404,000)
Combined Facilities		38,653,583		39,212,821		(559,238)
Other operating revenue		45,400		218,880		(173,480)
Total operating revenues	$	45,078,104	$	46,764,992	$	(1,686,888)
Operating expenses:						
Personnel and general	$	1,598,044	$	1,279,987	$	(318,057)
Pension expense		634,953		616,205		(18,748)
Combined Facilities		38,052,974		38,641,856		588,882
Depreciation and amortization expense		12,530,327		11,829,709		(700,618)
Total operating expenses	$	52,816,298	$	52,367,757	$	(448,541)
Income (loss) from operations		(7,738,194)		(5,602,765)		(2,135,429)
Non-operating revenue (expense):						
Interest income		432,220		372,417		59,803
Interest expense		(2,390,496)		(2,175,208)		(215,288)
Non-operating (expense), net	$	(1,958,276)	$	(1,802,791)	$	(155,485)
Loss before transfers in - State of CT		(9,696,470)		(7,405,556)		(2,290,914)
Capital contributions		2,339,333		3,853,894		(1,514,561)
Transfer – State of Connecticut Housing Loan Program		6,688,876		4,882,813		1,806,063
Change in net position	$	(668,261)	$	1,331,151	$	(1,999,412)
Net position, beginning of year	$	223,233,957	$	221,902,806	$	1,331,151
Net position, end of year	$	222,565,696	$	223,233,957	$	(668,261)

2017 OPERATING ACTIVITY HIGHLIGHTS

- Operational grant revenue, primarily derived from appropriations from the State of Connecticut in the amount of $6.3 million, provided funding for the operations of the Authority ($1,640,821), the Convention Center Project ($3,908,300), which included the operations of the Convention Center, and the Front Street District maintenance and marketing costs, and the XL Center ($600,000). Total appropriations from the State also included CRDA's support of the Connecticut Tennis Center in the amount of $200,000 during fiscal year 2017.

- The Authority implemented a program for the purpose of providing grants or loans to encourage residential housing development within the capital region. $60 million in appropriations from the State of Connecticut was authorized in fiscal year 2014 under this Act. In fiscal years 2016 and 2017, the State of Connecticut authorized an additional $50 million per year, provided a portion be made available for projects in the federally designated Promise Zone. As of June 30, 2017, the Authority closed a total of ten housing loan projects providing a commitment for $49,418,091 in loans. $42,319,174 of these commitments have been disbursed since the program's authorization and recognized as transfers in from the State of Connecticut.

- Revenues from Combined Facilities decreased by $559,238 in fiscal year 2017 when compared to fiscal year 2016, primarily driven by decreased event revenues at the XL Center offset by increases in event and ancillary revenues at the Convention Center and the related parking facility revenue over the prior year. The following net operating results by facility were derived in fiscal year 2017: Convention Center $(2,787,040), Parking $3,708,401, Central utility plant $499,038, XL Center $(1,653,668), and the Church Street garage $1,669,400.

- Of the Convention Center's operating revenues in fiscal year 2017, $111,000 of the $10.6 million was due to subsidies granted to events. This in turn generated $862,000 in revenue to the building in additional business (rent, food & beverage, and ancillary revenue) otherwise not available plus $973,000 in State taxes (Sales tax, income tax, and bed tax) to the economic region.

- The Authority saw a decrease in expense associated with development costs ($400,000) due to the completion of the Front Street district retail area as well as an increase in expenses associated with bond administration ($47,736).

2016 OPERATING ACTIVITY HIGHLIGHTS

- Operational grant revenue, primarily derived from appropriations from the State of Connecticut in the amount of $6.9 million, provided funding for the operations of the Authority ($1,715,991), the Convention Center Project ($3,983,300), which included the operations of the Convention Center, and the Front Street District maintenance and marketing costs, and the XL Center ($900,000). Total appropriations from the State also included CRDA's support of the Connecticut Tennis Center in the amount of $300,000 during fiscal year 2016.

- The Authority implemented a program for the purpose of providing grants or loans to encourage residential housing development within the capital region. $60,000,000 in appropriations from the State of Connecticut was authorized in fiscal year 2014 under this Act. As of June 30, 2016, the Authority closed a total of nine housing loan projects providing a commitment for $49,199,350 in loans. $40,795,952 of these commitments have been disbursed since the program's authorization and recognized as transfers in from the State of Connecticut.

- Revenues from Combined Facilities increased by $2.1 million in fiscal year 2016 when compared to fiscal year 2015, primarily driven by increases in parking revenue at the Church Street Garage and ancillary income at the XL Center offset by decreased event revenues at the Convention Center over the prior year. The following net operating results by facility were derived in fiscal year 2016: Convention Center $(3,296,571), Parking $3,696,981, Central utility plant $512,228, XL Center $(914,575), and the Church Street garage $1,745,309.

- Of the Convention Center's operating revenues in fiscal year 2016, $152,800 of the $9.6 million was due to subsidies granted to events. This in turn generated $1.746 million in revenue to the building in additional business (rent, food & beverage, and ancillary revenue) otherwise not available plus $1.118 million in State taxes (Sales tax, income tax, and bed tax) to the economic region.

- The Authority saw increases in expenses associated with development costs ($304,176) and bond administration ($24,876).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority's investment in capital assets as of June 30, 2017 and 2016 totaled \$294,776,767 and \$303,754,935, respectively (net of accumulated depreciation). This investment in capital assets includes general operating equipment, building and leasehold improvements, building equipment and furnishings, and construction in progress. The Authority's investment in capital assets at June 30, 2017 decreased by \$8,978,168, and resulted from the depreciation of the capital assets (-\$12.5 million) offset by the capitalization of assets (\$3.6 million).

A total of \$1.5 million, \$924,000 and \$523,000, was expended during fiscal year 2017 for the purpose of alterations, renovations and improvements at the XL Center, Connecticut Convention Center and the Church Street garage, respectively. In addition, building improvements were made to and equipment was purchased for the Central Utility Plant and parking garages, each utilizing their respective capital reserve fund.

Capital Assets, Net of Accumulated Depreciation

	2017	2016	2015
Intangible assets	$ 600,000	$ 600,000	$ 600,000
Construction in progress	55,412	-	2,871,954
General operating equipment	15,868	44,887	81,003
Buildings, equipment and furnishings	294,105,487	303,110,048	307,146,411
Total	$ 294,776,767	$ 303,754,935	$ 310,699,368

Additional information on the Authority's capital assets can be found in Note 5 beginning on page EA-25 of this report.

Loans Receivable - Housing

As a result of the Connecticut General Assembly passing Public Act #189, 2012, as amended, the Authority developed and implemented a program for the purpose of providing grants or loans to encourage residential housing development within the capital region. These construction loans earn interest at rates ranging from 0.5% to 5.75%. The Authority earns a loan closing fee upon issuance of the loans. As of June 30, 2017 and 2016, the Authority closed a total of ten and nine housing loan projects, respectively providing a commitment for \$49,418,091 and \$49,199,350 in loans. \$47,516,486 and \$40,795,952 of these commitments had been disbursed, respectively, at the end of the fiscal years 2017 and 2016 with \$42,319,174 and \$35,630,297 being carried by the Authority as its principal balance outstanding.

Long Term Debt

Bonds Payable

The Authority has issued $110 million of Parking and Energy Fee Revenue Bonds to pay a portion of the costs of construction of the Convention Center Project. The revenue bonds are payable from the parking and energy revenues from facilities associated with the Convention Center. The Authority and the State, acting by and through the Secretary of the Office of Policy and Management and the State Treasurer, entered into a Contract for Financial Assistance, pursuant to which the State is obligated to pay to the Trustee on each principal and interest payment date an amount equal to debt service on the 2004 Series A, the 2004 Series B Bonds, the 2005 Series C Bonds, and the 2008 Series D Bonds. The obligation of the State to make such payments does not require further appropriation and constitutes a full faith and credit obligation of the State. The Contract currently provides that the maximum amount payable pursuant to the Contract is limited to $9.0 million in any calendar year. The Authority has agreed with the State in the Contract and covenanted in the Indenture to enter into no obligation which would cause this limit to be exceeded. For the fiscal year ended June 30, 2017 and 2016, the Authority received contract assistance in the amount of $2,216,408 and $1,592,632, respectively.

Scheduled debt repayments of $3,235,000 and $3,095,000 (principal) reduced the bonded debt outstanding of the Authority to $82,685,000 and $85,920,000, respectively, at the end of the fiscal years 2017 and 2016.

The Authority's 2004 Series A revenue bonds matured on June 15, 2016. The Authority's 2004 Series B, and 2008 Series D revenue bonds are rated A+ and A by Standard & Poor's Corporation and Fitch Ratings, respectively.

Additional information on the Authority's bonded debt can be found in Note 8 beginning on page EA-28 of this report.

Loans Payable

At the end of fiscal years 2017 and 2016, the Authority had a loan payable to The Travelers Indemnity Company of $7,549,248 and $8,154,881, respectively. The loan payable decreased by $576,156 and $548,114 at June 30, 2017 and 2016, respectively, due to principal repayments made during the two fiscal years.

During fiscal year 2014, the Authority commenced operations of the XL Center that led to one-time expenses in the amount of $1,351,363. These expenses were funded by the management company and the remaining balance was repaid by the Authority within fiscal year 2017. The balance outstanding totaled $0 as of June 30, 2017 and $200,000 as of June 30, 2016, comparatively.

Additional information on the Authority's loans payable can be found in Note 8 on page EA-33 of this report.

The following table is a three year comparison of bonded and other long term debt:

Long Term Debt
As of June 30, 2017, 2016 and 2015

	2017	2016	2015
Due to State of Connecticut:			
- contract assistance	$ 36,917,891	$ 34,701,485	$ 33,108,853
Bonds payable, net	82,380,635	85,597,686	88,691,415
Loans payable	8,154,882	8,931,037	9,629,152
Total	$ 127,453,408	$ 129,230,208	$ 131,429,420

CURRENTLY KNOWN FACTS

ENTERTAINMENT/RETAIL/RESIDENTIAL/DEVELOPMENT PROJECT

The Front Street development is an important link between Adriaen's Landing and downtown Hartford. The Front Street District was designed with the goal of attracting not only patrons of the other properties in Adriaen's Landings, such as convention attendees and hotel guests, but also area residents and regional visitors to the area.

Construction of the first phase of the Front Street project was completed in the summer of 2010. There is approximately 65,000 square feet of entertainment and commercial space in Phase I supported by an adjacent 232 space garage owned by the Authority and operated by LAZ Parking. To date, several restaurants have opened at Front Street including The Capital Grille, Spotlight Theatre and Bistro, Ted's Montana Grill, Infinity Music Hall & Bistro, and Nix's Seafood.

Substantial completion of Phase II of the development was reached on October 9, 2015. The development includes one hundred twenty-one (121) units of market-rate rental housing as well as 14,809 square feet of restaurant/retail space.

UNIVERSITY OF CONNECTICUT GREATER HARTFORD CAMPUS

The University of Connecticut's Greater Hartford Campus neared completion by fiscal year end. UCONN incorporated the iconic Hartford Times Building within the Front Street District into its urban campus. Classes will begin in the fall of 2017 with 2,300 commuter students expected to attend the downtown branch where 250 faculty members and staff will be based. The new campus includes 18,000 square feet of entertainment/commercial space owned and leased by the HB Nitkin Group and has led to the establishment of a bookstore and coffee shop within the retail space of the Loft Apartments.

TRAVELERS LOAN

During fiscal year 2005, the Authority entered into a Construction and Term Loan agreement with The Travelers Indemnity Company (Travelers) to provide up to $12.5 million in funding for a parking garage located adjacent to the Travelers office building known as the Front Street North garage. No advancements had been made under this agreement because the Authority had constructed the garage using other funds. During fiscal year 2008, the Authority entered into an Amended and Restated Term Loan Agreement with Travelers and the full $12.5 million was advanced. Repayment of this loan is secured by a first call on parking revenues payable by Travelers to the Authority under its parking agreement.

CONNECTICUT SCIENCE CENTER GARAGE

The Connecticut Science Center garage is located directly under the building and is owned and operated by the Authority. It contains 468 parking spaces. The garage opened concurrently with the Connecticut Science Center in May 2009. The Authority was authorized by the State Bond Commission to issue an additional $22.5 million of its Parking and Energy Fee Revenue Bonds for the permanent financing of this garage and components of the central utility plant. These bonds were issued during fiscal year 2009. The Authority's currently outstanding revenue bonds are backed by a state contract assistance agreement that was amended to include these additional bonds. The amended agreement increased the limit of assistance to $9 million (up from $6.75 million) in any calendar year.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide Connecticut citizens and taxpayers with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the appropriations that it receives. If you have questions about this report or need additional financial information, contact the Capital Region Development Authority at 100 Columbus Boulevard Suite 500, Hartford, CT 06103-2819 or visit our website www.crdact.net.

CAPITAL REGION DEVELOPMENT AUTHORITY

Balance Sheets

June 30, 2017 and 2016

		2017		2016
ASSETS				
Current assets:				
Unrestricted cash and cash equivalents	$	16,498,218	$	18,267,843
Restricted cash and cash equivalents		7,749,547		4,318,669
Accounts receivable, net		1,392,250		4,781,925
Loans receivable: housing-current		5,040,321		117,937
Other current assets		402,973		786,535
Total current assets	$	31,083,309	$	28,272,909
Non-current assets:				
Restricted cash and cash equivalents	$	4,776,279	$	5,120,140
Loans receivable-housing		37,278,852		35,512,360
Other assets		413,258		301,090
Capital assets not being depreciated:				
Construction in progress		55,412		-
Intangible asset, net		600,000		600,000
Capital assets being depreciated:				
General Operations, net		15,868		44,887
Combined Facilities, net		244,431,855		253,576,220
XL Center, net		34,377,303		34,328,219
Church Street Garage, net		15,296,329		15,205,609
Total non-current assets	$	337,245,156	$	344,688,525
Total assets	$	368,328,465	$	372,961,434
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	$	18,223,928	$	20,419,852
Accrued interest payable		85,433		77,417
Current portion of bonds payable		3,370,000		3,235,000
Current portion of loan payable		605,634		776,156
Total current liabilities	$	22,284,995	$	24,508,425
Non-current liabilities:				
Due to State of Connecticut-contract assistance	$	36,917,891	$	34,701,485
Bonds payable, net		79,010,635		82,362,686
Loan payable		7,549,248		8,154,881
Total non-current liabilities	$	123,477,774	$	125,219,052
Total liabilities	$	145,762,769	$	149,727,477
NET POSITION				
Net investment in capital assets	$	167,323,359	$	174,524,727
Restricted		47,596,900		40,901,083
Unrestricted		7,645,437		7,808,147
Total net position	$	222,565,696	$	223,233,957
Total liabilities and net position	$	368,328,465	$	372,961,434

The accompanying notes are an integral part of these financial statements.

CAPITAL REGION DEVELOPMENT AUTHORITY

Statements of Revenues, Expenses, and Changes in Net Position

For the years ended June 30, 2017 and 2016

		2017		2016
Operating revenues:				
Grants - State of Connecticut/Other:				
Operational	$	1,640,821	$	1,715,991
Development district, subsidy and other		4,708,300		5,183,300
Restricted		30,000		434,000
Combined Facilities:				
Convention Center		10,566,170		9,611,313
Parking		7,300,433		6,935,625
Central utility plant		1,338,049		1,330,155
XL Center		16,694,794		18,472,378
Church Street Garage		2,754,137		2,863,350
Other income		45,400		218,880
Total operating revenues	$	45,078,104	$	46,764,992
Operating expenses:				
Authority operations:				
Personnel	$	1,278,665	$	1,238,149
General and administrative		319,379		41,838
Pension expense		634,953		616,205
Combined Facilities:				
Convention Center		13,353,210		12,907,884
Parking		3,592,032		3,238,644
Central utility plant		839,011		817,927
XL Center		18,348,462		19,386,953
Church Street Garage		1,084,738		1,118,041
Front Street		80,360		64,857
Bond administration		455,161		407,550
Development costs		300,000		700,000
Depreciation and amortization		12,530,327		11,829,709
Total operating expenses	$	52,816,298	$	52,367,757
Loss from operations		(7,738,194)		(5,602,765)
Non-operating revenue/(expense):				
Interest income		432,220		372,417
Interest expense		(2,390,496)		(2,175,208)
Non-operating expense, net	$	(1,958,276)	$	(1,802,791)
Loss before capital contributions and transfers		(9,696,470)		(7,405,556)
Capital contributions		2,339,333		3,853,894
Transfer – State of Connecticut Housing Loan Program		6,688,876		4,882,813
Change in net position	$	(668,261)	$	1,331,151
Net position, beginning of year		223,233,957		221,902,806
Net position, end of year	$	222,565,696	$	223,233,957

The accompanying notes are an integral part of these financial statements.

CAPITAL REGION DEVELOPMENT AUTHORITY

Statements of Cash Flows

For the years ended June 30, 2017 and 2016

		2017		2016
Cash flows from operating activities:				
Receipts from:				
Grants	$	6,379,121	$	7,333,291
Customers		42,088,601		35,773,383
Housing developers		108,517		5,165,655
Payments to:				
Employees		(1,881,041)		(1,813,313)
Contractors		(300,000)		(700,000)
Suppliers		(39,913,230)		(29,963,759)
Housing developers		(6,797,393)		(10,048,468)
Net cash provided by (used in) operating activities	$	(315,425)	$	5,746,789
Cash flows from investing activities:				
Interest income on cash and cash equivalents	$	274,062	$	364,771
Increase in receivable from loan		50,000		(50,000)
Purchases of capital assets		(3,552,159)		(4,885,274)
Net cash used in investing activities	$	(3,228,097)	$	(4,570,503)
Cash flows from non-capital and related financing activities:				
Transfer in – State of Connecticut Housing Loan Program	$	6,688,876	$	4,882,813
Net cash provided by non-capital and related financing activities	$	6,688,876	$	4,882,813
Cash flows from capital and related financing activities:				
Advances from State of Connecticut-contract assistance	$	2,216,407	$	1,592,632
Capital contributions – State of Connecticut		2,567,978		4,189,829
Capital contributions – Other		(228,645)		(335,935)
Principal paid on bonds and loans		(3,993,206)		(3,791,843)
Interest paid on bonds and loans		(2,390,496)		(2,175,208)
Net cash (used in) provided by financing activities	$	(1,827,962)	$	(520,525)
Net increase/(decrease) in cash and cash equivalents	$	1,317,392	$	5,538,574
Cash and cash equivalents, beginning of year		27,706,652		22,168,078
Cash and cash equivalents, end of year	$	29,024,044	$	27,706,652
Cash and cash equivalents, end of year:				
Unrestricted cash and cash equivalents	$	16,498,218	$	18,267,843
Restricted cash and cash equivalents (current)		7,749,547		4,318,669
Restricted cash and cash equivalents (non-current)		4,776,279		5,120,140
	$	29,024,044	$	27,706,652
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Loss from operations	$	(7,738,194)	$	(5,602,765)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation and amortization		12,530,327		11,829,709
(Increase)/decrease in operating assets:				
Accounts receivable		3,389,675		(3,658,318)
Other assets		387,567		(339,453)
Loans receivable – Housing		(6,688,876)		(4,882,813)
Increase/(decrease) in operating liabilities:				
Accounts payable and accrued expenses		(2,195,924)		8,400,429
Net cash provided by (used in) operating activities	$	(315,425)	$	5,746,789

The accompanying notes are an integral part of these financial statements.

Note 1 – Organization

The Capital Region Development Authority (the "Authority") was established in 1998 under Title 32, Chapter 588x of the General Statutes of the State of Connecticut (the "Act"), as amended, and was created as a body politic and instrumentality of the State of Connecticut (the "State"). For purposes of financial reporting, the Authority is a component unit of the State of Connecticut and the Authority's financial statements are included in the State's Comprehensive Annual Financial Report. In 2012, the General Assembly renamed the Authority (the Capital Region Development Authority had formerly been called the Capital City Economic Development Authority) and expanded its powers to serve as a regional planning authority. The powers of the Authority are vested in its thirteen-member Board of Directors appointed pursuant to C.G.S. § 32-601.

The purpose of the Authority shall be: (1) to stimulate new investment within the capital region and provide support for multicultural destinations and the creation of a vibrant multidimensional downtown; (2) to work with the Department of Economic and Community Development to attract through a coordinated sales and marketing effort with the capital region's major sports, convention and exhibition venues large conventions, trade shows, exhibitions, conferences, consumer shows and events; (3) to encourage residential housing development; (4) to operate, maintain and market the convention center; (5) to stimulate family-oriented tourism, art, culture, history, education and entertainment through cooperation and coordination with city and regional organizations; (6) to manage facilities through contractual agreement or other legal instrument; (7) to stimulate economic development in the capital region; (8) upon request from the legislative body of a city or town within the capital region, to work with such city or town to assist in the development and redevelopment efforts to stimulate the economy of the region and increase tourism; (9) upon request of the Secretary of the Office of Policy and Management, may enter into an agreement for funding to facilitate the relocation of state offices within the capital city economic development district; (10) in addition to the authority set forth in subdivision (9) of C.G.S. § 32-600, as amended by the Act, to develop and redevelop property within the town and city of Hartford; and (11) to market and develop the capital city economic development district as a multicultural destination and create a vibrant, multidimensional downtown.

The Authority is to coordinate the use of all state and municipal planning and financial resources that are or can be made available for any Capital City Project, as defined in the Act, including any resources available from any quasi-public agency. While the Authority is charged with the oversight of the development of the Capital City Projects, as defined in C.G.S. § 32-600, the Authority's obligation is limited to recommending that applications for funding be approved by the agency of cognizance. The Authority has entered into Memoranda of Understanding with appropriate fiduciary agents to manage these projects.

Under the Act, "Capital City Project" means any or all of the following: (A) a convention center project; (B) a downtown higher education center; (C) the renovation and rejuvenation of the civic center and coliseum complex; (D) the development of the infrastructure and improvements to the riverfront; (E) (i) the creation of up to three thousand downtown housing units through rehabilitation and new construction, and (ii) the demolition or redevelopment of vacant buildings; (F) the addition to downtown parking capacity; (G) development and redevelopment; and (H) the promotion of and attraction to in-state professional and amateur sports and sporting events in consultation with the Sports Advisory Board established under C.G.S. § 10-425. All capital city projects shall be located or constructed and operated in the capital city economic development district, as defined in the Act, provided any project undertaken pursuant to subparagraph (G) of this paragraph may be located anywhere in the town and city of Hartford, and any project undertaken pursuant to subparagraph (D) or (E) (ii) of this paragraph may be located anywhere in the city of Hartford or town of East Hartford, and any project undertaken pursuant to subparagraph (H) of this subdivision may be located anywhere in the state.

Specific conditions are imposed by the enabling legislation, including submission of reports to the Legislature and their acceptance of ongoing progress, in order for certain Capital City Projects to continue to proceed.

Note 1 – Organization *(Continued)*

C.G.S. § 32-666 allows the Authority and the Secretary of the State of Connecticut Office of Policy and Management ("OPM") to jointly designate land on the Adriaen's Landing site in Hartford as a "private development district." As a result of such designation, the Authority is conferred the power to negotiate an agreement with a private developer or an owner or lessee of any building or improvement in the district for payments in lieu of real property taxes ("PILOT") to the Authority.

The Authority is authorized to issue bonds, notes and other obligations. Bonds, notes or other obligations of the Authority shall not be deemed to constitute a debt of the State or any other political subdivision thereof other than the Authority.

Note 2 – Significant Accounting Policies

Measurement Focus, Basis of Accounting and Financial Statement Presentation – The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Authority is considered to be a proprietary fund type. Proprietary funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services on a continuing basis are financed or recovered primarily through user charges.

The Authority's financial statements are prepared using an economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from the operations of the Convention Center Project and the XL Center. The principal operating revenues of the Authority are State of Connecticut grants, revenues generated from the Connecticut Convention Center, revenues generated from the CRDA's parking facilities, and revenues generated from the XL Center. Operating expenses include salaries and benefits, utilities, marketing and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Net Position – The net position of the Authority is presented in the following three categories:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds and loans that are attributable to the acquisition, construction, or improvement of those assets and further reduced by amounts due to the State of Connecticut for contract assistance payments.

- Restricted consists of amounts whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

- Unrestricted represents those which do not meet the definition of the two preceding categories.

Note 2 – Significant Accounting Policies *(Continued)*

New Pronouncements Implemented During the Year Ended June 30, 2017 - Effective July 1, 2016, the Authority adopted certain provisions of Governmental Accounting Standards Board (GASB) Statement No. 79, Certain External Investment Pools and Pool Participants. The adoption of this statement did not have a material effect on the Authority's financial statements.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Authority considers all highly liquid investments (including the State of Connecticut Short-Term Investment Fund ("STIF")) with an original maturity of three months or less to be cash equivalents.

Investments – Investments in external investment pools consist of money market mutual funds, including STIF, which is managed by the State of Connecticut Treasurer's Office. Investments in money market mutual funds and STIF and reported at the net assets value per share as determined by the pool.

Restricted Assets – Unexpended proceeds from the sale of revenue bonds and cash reserves whose use is specified or limited by bond resolution, enabling legislation, laws or third parties are classified as restricted assets in the accompanying balance sheets.

Bond Original Issue Premium or Discount – Bond premiums and discounts are deferred and amortized over the life of the related bonds using the straight-line method, which approximates the effective interest method. Revenue bonds payable are reported net of the original issue bond premium or discount, as appropriate.

Loans Receivable - Housing – Housing loans are carried at their principal balance net of allowance for losses. Interest on loans is accrued and credited to operations based on the principal amount outstanding. These housing loans earn interest at rates ranging from 0.5% to 5.75% and mature at various dates ranging from November 2015 to October 2055. The Authority's interest in the housing properties is held as collateral for these loans.

Capital Assets – Capital assets, which include general operating equipment, buildings and improvements, building equipment and furnishings, and construction in progress are defined by the Authority as assets with an initial individual cost of more than $2,500 and an estimated useful life exceeding one year. Such assets are recorded at historical cost.

The costs of normal maintenance and repairs that do not add to the value of a capital asset or materially extend capital asset lives are not capitalized.

Note 2 – Significant Accounting Policies *(Continued)*

Capital assets of the Authority are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
General operating equipment	3 – 10
Buildings and improvements	19 – 39
Building equipment and furnishings	3 – 10

Inventory – Inventory is stated at the lower of cost (first-in, first-out method) or market. Inventory consists of various food and beverage items used in the operation of the Convention Center.

Accounts Receivable – Receivables are reported at their gross value when earned and are reduced by the estimated portion that is expected to be uncollectible. This estimate is based on history and current information regarding the credit worthiness of the debtors. The Authority does not require collateral or other forms of security from its customers. As of June 30, 2017 and 2016, the Authority had no provision for bad debts.

Other Assets – Other Assets include inventory, prepaid expenses, and other receivables.

Revenue recognition

Grants and capital contributions – Operational grant revenue, primarily derived from an appropriation from the State of Connecticut provides funding for the operations of the Authority, and the Convention Center Project, including the operations of the Convention Center, district maintenance, and marketing costs, and is recorded when the appropriation is made by the legislature. Contributions of capital assets by the State are reported as capital contributions at the same net book value as previously reported by the State as of the date of the transfer.

Convention Center – Convention Center revenues are generated principally from on-site facilities managed by a third party. The Convention Center recognizes revenue, including conference rental income and food and beverage income, from events daily as services are provided.

Parking – Parking revenues are generated principally from on-site facilities managed by a third party. Hourly parking fees are payable prior to exiting the parking garages, and the revenue is recognized at the time of receipt. Both individuals and private businesses may enter into monthly contracts, and related monthly fees are billed to the customer on the 15th of the month prior to the month to which the fees relate. Revenue on monthly contracts is recognized in the month the parking garages are used by the customer.

Note 2 – Significant Accounting Policies *(Continued)*

Central Utility Plant – The Authority recognizes revenue from billings to the Connecticut Convention Center, the adjacent Marriott Hotel and the adjacent Connecticut Science Center for each entities' share of the use and maintenance of the Central Utility Plant upon invoicing. Revenues associated with billings made to the Connecticut Convention Center have been eliminated in the accompanying statements of revenue, expenses and changes in net position.

XL Center – XL Center revenues are generated principally from on-site facilities managed by a third party. The XL Center recognizes revenue, including arena rental income and food and beverage income, from events as services are provided.

Use of Estimates – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the balance sheet, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from the estimates that were used.

Reclassifications – Certain reclassifications have been made to the June 30, 2016 financial statement presentation to conform to the current year presentation.

Note 3 – Funding

Since its inception, the Authority has received a line item appropriation for annual operating funding from the State of Connecticut. The Authority's appropriation for operational use for fiscal year 2017 decreased to $1,640,821 from $1,715,991 in fiscal year 2016. Any unused funds are carried forward to be utilized in subsequent years.

In addition to annual operational funding, the Authority receives additional appropriations for Capital City Projects, including the XL Center, through state agencies (the Department of Economic and Community Development and the Office of Policy and Management), in accordance with the enabling legislation. During the fiscal years ended June 30, 2017 and 2016, the Authority was appropriated $3,908,300 and $3,983,300, respectively, to be expended for the Convention Center Project and $600,000 and $900,000, respectively, for the XL Center. The Authority was also appropriated $200,000 in fiscal year 2017 and $300,000 in fiscal year 2016 to be expended for the Connecticut Tennis Center. The Authority also entered into a Memorandum of Understanding with the Office of Policy and Management, Department of Administrative Services and Department of Construction Services beginning in fiscal year 2013 to facilitate the relocation of certain state offices within the CRDA district for a project fee. For fiscal years 2017 and 2016, the Authority received project fees in the amounts of $30,000 and $434,000, respectively.

From time to time, the Authority receives funding from other sources. In fiscal year 2011, the Authority received a $5,000,000 restricted use gift from The Walt Disney Company and ESPN to use for eligible costs (as defined in the Pledge Agreement), associated with the construction and tenant fit-out of the Front Street District. As of June 30, 2017, the remaining balance from this gift is $567,576 and is included in restricted cash and cash equivalents, in the accompanying balance sheet.

Note 3 – Funding *(Continued)*

The overall development plan for the Adriaen's Landing Project contemplates total budgeted capital expenditures of $522,149,115, exclusive of the Connecticut Science Center (formerly known as the Connecticut Center for Science and Exploration), contingency reserves and capitalized interest. The principal funding sources consist of $263,800,000 of general obligation bonds of the State, general fund appropriations of $113,642,835 and $113,973,942 in net proceeds from revenue bonds of the Authority and loans. The Authority and OPM have entered into a memorandum of understanding pursuant to which acts as the Authority's agent for entering into certain contracts. OPM manages the Adriaen's Landing project budget and the various funds needed to honor these contracts.

The Convention Center Project was turned over by the State to the Authority to operate in June 2005 at the time it commenced operations. A portion of the revenues of the Authority, consisting of parking revenues and energy charges for the central utility plant, which services the Connecticut Convention Center, the adjacent hotel, and the Connecticut Science Center, are pledged for the payment of the Authority's Parking and Energy Fee Revenue Bonds (*See Note 8*). Other revenues of the Authority from operation of the Connecticut Convention Center, and its other resources, are available to fund the expenses of operating the Connecticut Convention Center.

As a result of Public Act #189, 2012, as amended, the Authority developed and implemented a program for the purpose of providing grants or loans to encourage residential housing development within the capital region. $60,000,000 in appropriations from the State of Connecticut is authorized under this Act. As of June 30, 2017 and 2016, the Authority closed a total of ten and nine housing loan projects, respectively providing a commitment for $49,418,091 and $49,199,350 in loans. The Authority disbursed $47,593,345 and $40,795,952 in loans, respectively, by the end of the fiscal years 2017 and 2016 and recognized transfers in of these amounts from the State of Connecticut.

As a result of Public Act #239, 2013, the Authority was authorized $39,122,000 in appropriations from the State of Connecticut for the purpose of alterations, renovations and improvements at the Connecticut Convention Center, XL Center, and Rentschler Field in the amounts of $1,315,000, $35,000,000, and $2,807,000, respectively. Of these appropriations, the Authority has made total disbursements in the amounts of $1,315,000, $35,000,000, and $2,807,000, respectively.

As a result of Public Act #239, 2013, as amended, the Authority was authorized $3,409,000 in appropriations from the State of Connecticut for the purpose of alterations, renovations and improvements at the Connecticut Convention Center and Rentschler Field in the amounts of $2,495,000 and $914,000, respectively. Of these appropriations, the Authority has made total disbursements in the amounts of $2,495,000 and $677,793, respectively.

As a result of Public Act #98, 2014, the Authority was authorized $30,000,000 in appropriations from the State of Connecticut for the purposes and uses provided in Section 32-602 of the Connecticut General Statutes. $26,750,000 of this authorization was appropriated for encouraging development as provided in Section 32-602 of the Connecticut General Statutes. Of these appropriations, the Authority has made total disbursements in the amount of $16,026,668 for the purchase of and renovations for the Church Street garage and $152,769 for the purpose of alterations, renovations and improvements at the XL Center.

Note 4 – Cash Deposits and Investments

Cash and cash equivalents:

Cash and cash equivalents consist of the following as of June 30, 2017 and 2016:

	2017	2016
Unrestricted:		
Cash deposits	$ 9,438,910	$ 11,251,492
Cash equivalents:		
Short Term Investment Fund	7,059,308	7,016,352
	16,498,218	18,267,844
Restricted:		
Cash deposits	10,661,709	7,683,667
Cash equivalents:		
Short Term Investment Fund	1,864,118	1,755,142
	12,525,826	9,438,809
	$ 29,024,044	$ 27,706,653

Cash deposits – custodial credit risk:

Custodial credit risk is the risk that, in the event of a bank failure, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2017 and 2016, the Authority's bank balance of cash deposits totaled $20,502,767 and $19,379,876, respectively. Of those balances, the following represents the amounts exposed to custodial credit risk:

	2017	2016
Uninsured but collateralized with securities held in the Authority's name **	$ 3,736,577	$ 3,683,388
Uninsured but collateralized with securities held by the pledging bank's trust department or agent but not in the Authority's name	15,999,012	14,946,488
Total	$ 19,735,588	$ 18,629,876

** A pledge agreement was executed between the Authority and one of its banks, which requires that the Authority's deposit accounts in that financial institution be secured by granting to the Authority a perfected security interest. Therefore, the Authority's deposits in this particular institution are collateralized by a pledge of securities that enjoy the full faith and credit of the United States Government.

All of the Authority's deposits were in qualified public institutions as defined by Connecticut General Statutes, which state that any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

Note 4 – Cash Deposits and Investments *(Continued)*

Cash and cash equivalents *(Continued)*:

Investments in the Short-Term Investment Fund ("STIF") as of June 30, 2017 and 2016 are included in cash and cash equivalents in the accompanying balance sheets. For purposes of disclosure under GASB Statement No. 40, such amounts in STIF are considered investments and are included in the investment disclosures that follow.

Investments

Interest rate risk

As of June 30, 2017 and 2016, the Authority's investments consisted of $8,923,426 and $8,771,494, respectively, in the Short Term Investment Fund ("STIF"). STIF is an investment pool of short-term money market instruments that may include adjustable-rate federal agency and foreign government securities whose interest rates vary directly with short-term money market indices and are generally reset daily, monthly, quarterly, and semi-annually. The adjustable-rate securities have similar exposures to credit and legal risks as fixed-rate securities from the same issuers. The balance in the pool is reported at net asset value, which is representative of the Authority's pool shares. With respect to interest rate risk, the Authority's investment policy follows Connecticut General Statutes.

As of June 30, 2017 and 2016, STIF had a weighted average maturity of less than 60 days, and as such the investment in STIF is considered to have a maturity of less than one year as of June 30, 2017 and 2016.

Credit risk

Connecticut General Statutes permit the Authority to invest any funds not needed for immediate use or disbursement in obligations issued or guaranteed by the United States of America or the State of Connecticut, including the Short Term Investment Fund and in other obligations which are legal investments for savings banks in this State and in time deposits or certificates of deposit or other similar banking arrangements secured in such manner as the Authority determines. With respect to credit risk, the Authority's investment policy follows Connecticut General Statutes.

As of June 30, 2017 and 2016, the Short Term Investment Fund had an AAAm rating from Standard & Poor's.

Custodial credit risk

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority does not invest in securities that are held by counterparties and as such, no custodial credit risk disclosures are required.

Concentrations of credit risk

With respect to concentrations of credit risk, the Authority's investment policy follows Connecticut General Statutes. As of June 30, 2017 and 2016, the Authority was 100% invested in STIF, which is rated in the highest rating category by Standard & Poor's and provides daily liquidity.

Note 5 – Capital Assets:

In accordance with an agreement executed with the State of Connecticut, the land and air rights on which the Connecticut Convention Center, parking garages and other related structures are built upon are leased to the Authority for $1 per year for a period of 99 years. As part of this agreement, ownership of these structures transfers to the Authority upon substantial completion.

Construction in progress in fiscal year 2016 consisted of building and leasehold improvements at the Convention Center, the XL Center, and the Church Street Garage. In fiscal year 2014, the Authority purchased a U.S. Tennis Association/Women's Tennis Association tournament sanction. The cost of the sanction is presented as an intangible asset with an indefinite life.

A summary of capital assets as of June 30, 2017 is as follows:

	2017			
	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Intangible assets	$ 600,000	$ -	$ -	$ 600,000
Construction in progress (CIP)	-	55,412	-	55,412
Intangible and CIP, net	$ 600,000	$ 55,412	$ -	$ 655,412
Capital assets being depreciated:				
General operations:				
General operating equipment	$ 376,974	$ 3,898	$ -	$ 380,872
Less: accumulated depreciation	332,087	32,917	-	365,004
General operations, net	$ 44,887	$ (29,019)	$ -	$ 15,868
Combined facilities:				
Buildings and improvements	$ 390,967,763	$ 2,481,363	$ -	$ 393,449,126
Equipment and furnishings	13,418,478	1,015,086	(3,727)	14,429,837
Total Combined facilities	404,386,241	3,496,449	(3,727)	407,878,963
Less: accumulated depreciation	101,276,193	12,497,410	(127)	113,773,476
Combined facilities, net	$ 303,110,048	$ (9,000,961)	$ (3,600)	$ 294,105,487

Note 5 – Capital Assets *(Continued)*

A summary of capital assets as of June 30, 2016 is as follows:

	2016			
	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Intangible assets	$ 600,000	$ -	$ -	$ 600,000
Construction in progress (CIP)	2,871,954	1,017	(2,872,971)	-
Intangible and CIP, net	$ 3,471,954	$ 1,017	$ (2,872,971)	$ 600,000
Capital assets being depreciated:				
General operations:				
General operating equipment	$ 372,235	$ 5,434	$ (695)	$ 376,974
Less: accumulated depreciation	291,232	41,550	(695)	332,087
General operations, net	$ 81,003	$ (36,116)	$ -	$ 44,887
Combined facilities:				
Buildings and improvements	$ 385,311,538	$ 5,656,638	$ (413)	$ 390,967,763
Equipment and furnishings	11,471,803	2,110,162	(163,487)	13,418,478
Total Combined facilities	396,783,341	7,766,800	(163,900)	404,386,241
Less: accumulated depreciation	89,636,930	11,788,160	(148,897)	101,276,193
Combined facilities, net	$ 307,146,411	$ (4,021,360)	$ (15,003)	$ 303,110,048

Note 6 – Contingent Assets

During the year ended June 30, 2004, the Authority recommended that the State Bond Commission authorize the State to issue $30,500,000 of bonds in conjunction with a housing, retail and parking project to be located on the L-shaped, 4-acre parcel of land adjoining the Veterans' Memorial Coliseum in downtown Hartford known as Hartford 21. Bonds were issued and a Memorandum of Understanding ("MOU") dated June 30, 2004 was entered into between the Authority and the Connecticut Development Authority ("CDA"), currently known as Connecticut Innovations ("CI"), whereby $13,000,000 of funding known as the Authority's Housing Funds and $2,500,000 of funding known as the Authority Parking Funds were used by CDA to acquire a Class C2 membership interest in Northland Two Pillars, LLC, ("NTP"); and $15,000,000 of funding known as the Authority Civic Center Funds will be used for a Class D Equity interest in NTP. The NTP Class C and D Membership Interests provide for certain distributions from cash flow or capital proceeds, if any, subject to any restrictions in the construction loan agreement, and certain agreed priority returns to other investors, including CDA. The MOU also provides that if at any time the Authority is granted the legal authority to hold these membership interests in its own name, that CDA will transfer these interests to the Authority. If the Authority is not legally authorized to receive and use the distributions, CDA and the Authority shall jointly identify one or more projects or programs supporting the Hartford Civic Center, housing or parking in downtown Hartford, and CDA shall use or apply the distributions in support of those projects. At this time there have not been any Class C or Class D Distributions from NTP. Residential occupancy is currently at 97%.

During the year ended June 30, 2005, the Authority recommended that the State Bond Commission authorize the State to issue $4,680,000 of bonds in conjunction with a mixed use apartment, retail, student/corporate housing and parking project in downtown Hartford known as Temple Street. Bonds were issued and a Memorandum of Understanding dated May 18, 2005 was entered into between the Authority and the Connecticut Housing Finance Authority (CHFA), whereby $4,000,000 of funding known as the Authority Housing Funds and $680,000 of funding known as the Authority Parking Funds has been advanced by CHFA in the form of a construction to permanent second mortgage loan from CHFA to 18 Temple Street LLC (Temple). The loan bears interest at a rate of 0.0% during construction and thereafter at .10%, for a term of 40 years, with interest payable currently and principal payable in full at stated maturity or upon earlier acceleration of the payment of principal, subject and subordinate to a first mortgage in favor of CHFA in a principal amount of $43,448,000. On December 8, 2006, the Authority board approved a resolution that $750,000 of additional Authority Parking Funds be authorized by C.G.S § 32-616(b)5. On May 3, 2007, the second mortgage loan was amended to increase the amount of the Authority Parking Funds to $1,430,000 in order to increase the number of affordable parking spaces in the Temple Street parking garage from 40 to 80. The MOU provides that any interest payments made by Temple and collected by CHFA under the Second Mortgage are to be held by CHFA and remitted to the Authority at intervals agreed to by the parties. As for principal payments, CHFA will advise the Authority of CHFA's receipt of any second mortgage principal payments known as "distributions." If the Authority is legally authorized to receive and use such distributions, then CHFA will pay over to the Authority these distributions. If the Authority is not legally authorized to receive and use the distributions, then CHFA and the Authority shall jointly identify one or more projects or programs supporting or benefiting housing in downtown Hartford, and CHFA shall use or apply the distributions in support of those projects. There have been no distributions from Temple under the Second Mortgage. Accumulative interest pertaining to the property has been received from CHFA totaling $38,310 through June 30, 2017. This project reached substantial completion on May 24, 2007. The apartment component of Temple Street, known as the Lofts, is currently 96% occupied, and the retail/commercial component is currently 100% leased.

Note 7 – Advances from State of Connecticut

The Authority's obligations are not debt of the State of Connecticut, and the State is not liable thereon. The Act provides that the State, acting by and through the Secretary of the Office of Policy and Management and the State Treasurer, and with the approval of the State Bond Commission, may enter into a contract with the Authority providing that the State shall pay contract assistance to the Authority pursuant to the provisions of C.G.S § 32-608. Such contract assistance is to be reimbursed by the Authority from parking and energy fee revenues, and is limited to an amount equal to the annual debt service on the outstanding amount of bonds to be issued pursuant to C.G.S § 32-607 to finance the costs of the Convention Center project, as defined in subdivision (3) of C.G.S § 32-600. The Authority and the State have entered into a Contract for Financial Assistance (the "Contract"), pursuant to which the State is obligated to pay an amount equal to debt service on the Authority's outstanding Bonds. Such amounts, and the Authority's rights under the Contract, have been pledged by the Authority to secure payment for bonds covered by the Contract. The Contract currently provides that the maximum amount payable pursuant to the Contract is limited to $9.0 million in any calendar year. The Authority has agreed with the State in the Contract and covenanted in the Indenture to enter into no obligation which would cause this limit to be exceeded.

For the fiscal years 2017 and 2016 respectively, amounts available from parking and energy fee revenues to reimburse the State for contract assistance payments were $2,216,407 and $1,592,632 less than the amount required to fully reimburse the State *(See Note 8)*. It is anticipated that for the fiscal year 2018, a shortfall of approximately $3.4 million will occur. The Authority remains obligated to repay these amounts that currently total $36,917,892 without interest, from parking and energy fee revenues as and if amounts are available.

Note 8 – Long Term Debt

Bonds Payable

The Act authorizes the Authority to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as, in the opinion of the Authority will be necessary to provide sufficient funds for carrying out its purposes. As of June 30, 2017 the Authority was authorized to issue bonds and other obligations up to $122,500,000 and, as of that date, has issued four series of its Parking and Energy Fee Revenue Bonds in the original aggregate principal amount of $110,000,000 and a loan agreement with the Travelers Indemnity Company of $12,500,000. Proceeds from the bonds provided financing for the construction of the Adriaen's Landing Project.

The revenue bonds are secured by a pledge of parking and energy fee revenues (except for parking revenues from the Travelers parking agreement which are pledged for the Travelers loan), as well as certain other funds on deposit with the trustee, and are due in various installments through 2034. These revenues are available first to pay expenses of the parking facilities and the central utility plant, then for deposits towards debt service, for deposits to an operating expense reserve and a surplus fund, reimbursement to the State for any payments under the Contract not already reimbursed, any reserve established for renewal and replacement and, thereafter, are available for use by the Authority, including the funding of the Connecticut Convention Center. Pursuant to the Contract, in each year following completion of the Convention Center Project, the Authority is required to establish fees and charges such that the pledged revenues, after payment of operating expenses, are equal to 1.20 times debt service. At this time, the Convention Center Project is not considered completed. So long as payments required to be made pursuant to the Contract for Financial Assistance are being made, a failure to meet this requirement is not an event of default with respect to any series of bonds secured by such Contract for Financial Assistance.

Note 8 – Long Term Debt *(Continued)*

Bonds Payable *(Continued)*

Changes in bonds payable (in 000's) were as follows for the year ended June 30, 2017:

Issue	Balance, July 1, 2016	Increases	Decreases	Balance, June 30, 2017
2004 Series A, fixed rate bonds $15,030,000 due from June 2006 to June 2016 (interest rates ranging from 2.5% - 5.0%)	$ -	$ -	$ -	$ -
2004 Series B, variable rate bonds $57,470,000 due from June 2017 to June 2034 (interest rates ranging from 1% - 2.5% as of June 30, 2014)	57,470	-	1,940	55,530
2005 Series C, fixed rate bonds $15,000,000 due from June 2008 to June 2029 (interest rate 5.0%)	9,580	-	705	8,875
2008 Series D fixed rate bonds $22,500,000 due from June 2010 to June 2034 (interest rates ranging from 3.5%-7.0%)	18,870	-	590	18,280
Subtotal	85,920	-	3,235	82,685
Bond premium, 2004 Series A	-	-	-	-
Bond discount, 2009 Series D	(322)	-	(18)	(304)
Bonds payable	$ 85,598	$ -	$ 3,217	$ 82,381

Note 8 – Long Term Debt *(Continued)*

Bonds Payable *(Continued)*

Changes in bonds payable (in 000's) were as follows for the year ended June 30, 2016:

Issue	Balance, July 1, 2015	Increases	Decreases	Balance, June 30, 2016
2004 Series A, fixed rate bonds $15,030,000 due from June 2006 to June 2016 (interest rates ranging from 2.5% - 5.0%)	$ 1,775	$ -	$ 1,775	$ -
2004 Series B, variable rate bonds $57,470,000 due from June 2017 to June 2034 (interest rates ranging from 1% - 2.5% as of June 30, 2014)	57,470	-	-	57,470
2005 Series C, fixed rate bonds $15,000,000 due from June 2008 to June 2029 (interest rate 5.0%)	10,330	-	750	9,580
2008 Series D fixed rate bonds $22,500,000 due from June 2010 to June 2034 (interest rates ranging from 3.5%-7.0%)	19,440	-	570	18,870
Subtotal	89,015	-	3,095	85,920
Bond premium, 2004 Series A	17	-	17	-
Bond discount, 2009 Series D	(340)	-	(18)	(322)
Bonds payable	$ 88,692	$ -	$ 3,094	$ 85,598

Note 8 – Long Term Debt *(Continued)*

Bonds Payable *(Continued)*

The following tables provide a summary of debt service requirements for the next five years and in five-year increments thereafter (in 000's). The interest calculations are based on variable rates in effect on June 30, 2017, and may not be indicative of the actual interest expense pertaining to variable rate bonds that will be incurred. As rates vary, variable rate bond interest payments will vary.

Year ending June 30:	Fixed Rate Bonds			Variable Rate Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2018	$ 1,330	$ 1,445	$ 2,775	$ 2,040	$ 666	$ 2,706
2019	1,375	1,381	2,756	2,140	642	2,782
2020	1,425	1,312	2,737	2,245	616	2,861
2021	1,485	1,241	2,726	2,345	589	2,934
2022	1,550	1,167	2,717	2,445	561	3,006
2023-2027	8,970	4,559	13,529	13,815	2,343	16,158
2028-2032	8,010	2,094	10,104	20,350	1,399	21,749
2033-2035	3,010	263	3,273	10,150	185	10,335
	$ 27,155	$ 13,462	$ 40,617	$ 55,530	$ 7,001	$ 62,531

June 30:	Total Debt Service		
	Principal	Interest	Total
2018	$ 3,370	$ 2,111	$ 5,481
2019	3,515	2,023	5,538
2020	3,670	1,928	5,598
2021	3,830	1,830	5,660
2022	3,995	1,728	5,723
2023-2027	22,785	6,902	29,687
2028-2032	28,360	3,493	31,853
2033-2035	13,160	448	13,608
	$ 82,685	$ 20,463	$ 103,148

Note 8 – Long Term Debt *(Continued)*

Bonds Payable *(Continued)*

Variable Rate Demand Bonds

These two agreements relate to the 2004 Series B bonds (variable rate Parking and Energy Fee Revenue Bonds of $57,470,000 due from June 2017 to June 2034). The remarketing agreement is between the Authority and Merrill Lynch. The standby bond purchase agreement is among the Authority, U.S. Bank National Association (as trustee and tender agent) and Bank of America National Association.

The bonds are subject to purchase based upon certain conditions contained in the bond indenture agreement on the demand of the holder at a price equal to par plus accrued interest. The Authority's remarketing agent is Merrill Lynch. The remarketing agent is authorized to use its best efforts to sell the repurchased bonds at a price equal to 100 percent of the principal amount by adjusting the interest rate.

Under a liquidity agreement dated March 1, 2009, as amended June 24, 2011, August 5, 2014, and July 10, 2015, with Bank of America National Association (the "Bank"), the trustee or the remarketing agent is entitled to draw an amount sufficient to pay the purchase price of bonds delivered to it. This liquidity agreement is in place through August 27, 2018, subject to being extended, and advances carry a variable interest rate equal to the highest of the prime rate, federal funds rate plus .5%, or .6% per annum.

The Authority is required to pay to the Bank an annual fee for the liquidity agreement equal to .80% per annum through July 1, 2011 and .73% per annum, thereafter, of the unused available commitment, with the rate subject to change based upon the rating category assigned to the long-term, unenhanced general obligation bonds of the State of Connecticut. Liquidity fees amounted to $356,851 and $336,478 in fiscal years 2017 and 2016, respectively. The Authority may be subject to other fees in certain instances based upon meeting conditions outlined in the liquidity agreement. In addition, the remarketing agent receives an annual fee equal to .07% of the average aggregate principal amount of the bonds outstanding for the immediately preceding three month period. Remarketing fees were $40,169 and $40,289 in fiscal years 2017 and 2016, respectively.

Note 8 – Long Term Debt *(Continued)*

Loans Payable

During the year ended June 30, 2005, the Authority entered into a Construction and Term Loan agreement with the Travelers Indemnity Company ("Travelers") to provide up to $12.5 million in funding for a parking garage. No advances were made under this agreement because the Authority had constructed the garage using other funds. During the year ended June 30, 2008, the Authority entered into an Amended and Restated Term Loan Agreement with Travelers, at which time the entire $12.5 million was advanced. This loan is secured by a first call on parking revenues generated by the separate parking contract the Authority has with Travelers and bears interest at a rate of 5.0% per annum.

During fiscal year 2014, the Authority commenced operation of the XL Center that led to one-time expenses in the amount of $1,351,363. These expenses were funded by the management company and payable by the Authority at interest rates ranging from 4.0% - 5.0% per annum. The amount payable was due on demand and was repaid by the Authority in July 2016.

Changes in the loans payable (in 000's) were as follows for the year ended June 30, 2017:

	Balance, July 1, 2016	Increases	Decreases	Balance, June 30, 2017
Traveler's Loan Payable	$ 8,731	$ -	$ 576	$ 8,155
XL Center Loan Payable	200	-	200	-
	$ 8,931	$ -	$ 776	$ 8,155

Changes in the loans payable (in 000's) were as follows for the year ended June 30, 2016:

	Balance, July 1, 2015	Increases	Decreases	Balance, June 30, 2016
Traveler's Loan Payable	$ 9,279	$ -	$ 548	$ 8,731
XL Center Loan Payable	350	-	150	200
	$ 9,629	$ -	$ 698	$ 8,931

The following table provides a summary of debt service requirements on the loans payable for the next five years and in five-year increments thereafter (in 000's).

Year ending June 30:	Principal	Interest
2018	$ 606	$ 394
2019	637	363
2020	669	331
2021	703	296
2022	739	260
2023-2027	4,305	693
2028	496	7
	$ 8,155	$ 2,344

Note 9 – Pension Plans

Defined Benefit Pension Plan

Employees of the Authority participate in the Connecticut State Employees' Retirement System ("SERS"), which is administered by the State Employees' Retirement Commission. The annual required contribution is contributed directly by the State on behalf of the Authority, and therefore, the Authority is not required to and does not make contributions on its own, and does not record a liability for pension costs. Actuarial valuations are performed on the SERS as a whole and do not provide separate information for employees of the Authority. Information about the funding status and progress, annual required contributions and trend information can be found in the State of Connecticut's Comprehensive Annual Financial Report. Information regarding the plan as it relates to the Authority and its proportionate share as it relates to GASB Statement No. 68, Accounting and Financial reports for pensions – an amendment of GASB Statement 27 is as follows.

Plan Description - SERS is a single-employer defined benefit public employee retirement system ("PERS") established in 1939 and governed by C.G.S. § 5-152 to 5-192. Employees are covered under one of five tiers: Tier I requires an employee contribution of either 2%, 4% or 5% of salary, depending on the plan; Tier II is a non-contributory plan for all members except those designated as hazardous duty; Tier II hazardous duty members contribute 4% of salary. Tier IIA requires an employee contribution of 2% of salary for non-hazardous duty members and 5% for designated hazardous duty members. Members who joined the retirement system on or before July 1, 1984 are generally enrolled in Tier I. Members who joined the retirement system on or after July 2, 1984 are enrolled in Tier II. Employees first hired on or after July 1, 1997 are members of Tier IIA. Employees rehired on or after July 1, 1997 are also members of Tier IIA unless the application of SERS service bridging provisions mandates their return to membership in either Tier I or Tier II. The State Employee Bargaining Agent Coalition (SEBAC) 2011 provides for two new retirement plans for State employees first hired on and after July 1, 2011, Tier III employees which requires a contribution of 2% of salary for non-hazardous duty members and 5% for designated hazardous duty members. For unclassified employees of the Connecticut State System of Higher Education and the central office staff of the Department of Higher Education only, the Hybrid Plan which requires employees to contribute 3% higher than the contribution required for the applicable Tier II/IIA/III. SEBAC 2011 also provides a one-time, irrevocable opportunity for current members of the Connecticut Alternate Retirement Program to transfer membership to the new Hybrid Plan and purchase credit for their prior State service in that plan at the full actuarial cost.

Benefit Provisions: Tier I members may retire with a normal benefit at age 65 with at least 10 years of credited service, at age 55 with at least 25 years of credited service, or at age 70 with at least 5 years of credited service. Normal retirement benefits for Tier I, Plan B members who have not reached their full retirement age under the Social Security Act or received a Social Security disability award are calculated based on a formula equal to 2% times their credited service times the average of their three highest years' earnings; upon their attainment of full retirement age under the Social Security Act or receipt of a Social Security disability award, if earlier, normal benefits for Tier I, Plan B members are calculated based on a formula equal to 1% times their years of credited service times $4,800 plus 2% times their credited service times the average of their three highest years' earnings greater than $4,800. Tier I, Plan C members' normal retirement benefits are calculated based on a formula equal to 2% times their credited service times the average of their three highest years' earnings. Tier I members may retire at age 55 with a reduced benefit with at least 10 years of actual State service but less than 25 years of credited service or at age 60 with 10 years but less than 25 years of a combination of certain types of credited service; the reduced benefit is calculated using the same formula but with a reduced percentage determined using the member's age and years of service.

Tier II and Tier IIA members may retire with a normal benefit at age 62 with at least 5 years of actual state service or at least 10 years of vesting service; Tier II and Tier IIA members may also retire with a normal benefit at age 60 with 25 years of service. Normal retirement benefits for Tier II and Tier IIA members are calculated based upon a formula equal to 1 and 1/3 % times the average of their three highest years' earnings plus 1/2 of 1 % of the average of their three highest years' earnings in excess of the salary breakpoint for the year in which they are retiring times their credited service up to a maximum of 35 years plus 1 and 5/8% times the average of their three highest years' earnings times their credited service over 35 years. Tier II and Tier

Note 9 – Pension Plans *(Continued)*

IIA members may retire with a reduced benefit at age 55 with at least 10 years of vesting service; the reduced benefit is calculated using the same formula reduced by 1/4 of 1% for each month the member retires prior to attaining age 60 with at least 25 years of vesting service or age 62 with at least 10 but less than 25 years of vesting service. Tier I members are vested if they have at least 10 years of service and have been continuously employed with the State for the last 5 years, without a severance of a year or more. Tier II and Tier IIA members are vested if they have at least 5 years of actual State service or 10 years of vesting service. Tier I, Tier II and Tier IIA hazardous duty members may retire at any age with at least 20 years of hazardous duty service and receive benefits calculated based on a formula equal to 50% of the average of their three highest years' earnings plus 2% times any service over 20 years times the average of their three highest years' earnings. Most Tier I, Plan B hazardous duty members' benefits are reduced upon attainment of full retirement age under the Social Security Act or receipt of a Social Security disability award, if earlier, based on two different formulas with consideration of service rendered prior to July 1, 1988 only. All three Tiers provide for death and disability benefits provided certain conditions are met.

Tier III Hazardous duty members may retire with 25 years of hazardous duty credited service or age 50 with at least 20 years of hazardous duty credited service and receive 2.5% of final average earnings (FAE) times years of service up to 20 years plus 2% for each year of service in excess of 20. All other Tier III and the Hybrid Plan members may retire at the earliest of age 63 with 25 years of vesting service or age 65 with at least 10 but less than 25 years of vesting service. Normal retirement benefits are based on FAE based on a formula equal to 1.33% of FAE plus 0.50% of FAE in excess of the year's breakpoint times years of service up to 35 years and 1.625% of FAE times any years of service in excess of 35 years. FAE is defined as the average salary of the five highest paid years of service, provided that one year's earnings can be greater than 130% of the average of the preceding two years. Effective July 1, 2014, this limit will be 150% for Tier III and the Hybrid Plan members with mandatory overtime earnings.

Contributions: Contributions made by the State on behalf of the Authority were determined on a pay period basis through the Authority's use of the State's system for payroll processing and reporting. Payroll for employees of the Authority for the years ended June 30, 2017 and 2016 was $1,278,665 and $1,238,149 respectively.

The Authority has made total pension payments in the amounts of $634,953 and $616,205 to the State of Connecticut and recorded as Authority operations expense in the accompanying Statements of Revenue, Expenses and Change in Net Position for the years ended June 30, 2017 and 2016, respectively.

Administrative costs of the plan are funded by the State.

The total net pension liability of the SERS as of June 30, 2016 was $22.963 billion, the most recent available reporting provided by the Plan. The portion that was associated with the Authority totaled approximately $6,287,249 or approximately 0.027% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The portion of the net pension liability associated with the Authority was based on a projection of the long-term share of contributions to the plan related to the Authority relative to the projected contributions of all participants, actuarially determined. The pension expense attributed to the Authority totaled $737,107 for the year ended June 30, 2016.

Note 9 – Pension Plans *(Continued)*

As of June 30, 2016, the latest measurement date for which plan information is currently available, the Authority's proportionate share is as follows:

Total SERS Contributions	Contribution Rate	Covered Payroll	Authority Contributions	Authority Proportionate Share
$ 1,501,805,000	40.36%	$ 990,707	$ 411,225	0.027%

The components of the net pension liability of the Authority based on the Authority's proportionate share of 0.027% as of June 30, 2016, the latest measurement date for which plan information is currently available is as follows:

Total pension liability	$	9,204,257
Plan fiduciary net position		2,917,008
Net pension liability	$	6,287,249

Plan fiduciary net position as a percentage of the total pension liability was 31.69% as of June 30, 2016.

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.50%
Salary increases	3.50% - 19.50% (includes inflation)
Investment rate of return	6.90% (includes inflation)

Mortality rates were based on the RP-2014 White Collar Mortality Table projected to 2020 by scale BB at 100% for males and 95% for females is used for the period after service retirement and for dependent beneficiaries. The RP-2014 Disabled Retiree Mortality Table at 65% for males and 85% for females is used for the period after disability. The projection of the mortality rates with Scale BB provides a sufficient margin in the assumed rates of mortality to allow for additional improvement in mortality experience.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap U.S Equities	21.0%	5.8%
Developed Non-U.S. Equities	18.0	6.6
Emerging market (Non-U.S)	9.0	8.3
Real Estate	7.0	5.1
Private Equity	11.0	7.6
Alternative Investments	8.0	1.3
Fixed Income (Core)	8.0	3.9
High Yield Bonds	5.0	3.9
Emerging Market Bond	4.0	3.7
Inflation Linked Bonds	5.0	1.0
Cash	4.0	0.4

Note 9 – Pension Plans *(Continued)*

Deferred Outflows/Inflows of Resources: Deferred inflows and outflows of resources represents an acquisition of net position that applies to a future period(s) and such amounts will not be recognized as an inflow or outflow of resources until that time. The State of Connecticut recognizes deferred inflows and outflows of resources in its government-wide statement of net position for deferred amounts on pension benefits resulting from changes in the components of the SERS's net pension liability. These amounts are deferred and amortized as a component of pension expense. The Authority's share of a deferred outflow of resources for the net difference between projected and actual investment earnings on the plan's investments, changes in assumptions and related pension expense total $1,687,708 and $310,154, respectively, as of June 30, 2016 and June 30, 2015. The deferred inflow is expected to be amortized over the next five years on a straight-line basis in the amount of $337,541.

Discount rate: The discount rate used to measure the total pension liability of the SERS Plan was 6.90%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the State contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the SERS Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the Authority's proportionate share of the Plan, calculated using the discount rate of 6.90% as well as what the Authority's proportionate share of the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net Pension Liability As of June 30, 2016	$ 7,461,077	$ 6,287,249	$ 5,310,355

Detailed information about the Plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

Defined Contribution Pension Plan

During fiscal year 2008, the Authority adopted the State of Connecticut's defined contribution 457 (b) Plan, which allows its employees to participate in the State of Connecticut's deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The Authority holds no fiduciary responsibility for the plan. Such authority rests with the State Comptroller's office.

Note 10 – Commitments and Contingencies

Lease agreements

The Authority has been charged with the construction and operation of the Connecticut Convention Center facilities, which includes the related parking garages and a central heating and cooling plant. On May 31, 2005, the Connecticut Convention Center reached substantial completion. In accordance with the Airspace Lease between the State of Connecticut and the Authority dated as of September 16, 2003, the Authority took possession of the Connecticut Convention Center. The term of the lease is for 99 years and one day, requires a lease payment of $1 per year, and provides that the Authority own and operate the Connecticut Convention Center and the related garages and associated improvements. The Connecticut Convention Center facilities are a component of Adriaen's Landing in downtown Hartford.

On November 3, 2008, the Authority and the State of Connecticut entered into a site lease with the HBN Front Street District, Inc. ("HBN") for Tract I of the with Entertainment, Retail, and Residential portion of the Adriaen's Landing District. The lease has an annual lease payment of one dollar ($1) and expires on June 30, 2104.

On June 12, 2009, the Authority and the State of Connecticut entered into a lease for the State Attraction Parcel with the Connecticut Science Center, Inc. The lease has an annual lease payment of One Dollar ($1) and expires on August 31, 2104.

On December 17, 2013, the Authority and State of Connecticut entered into a site lease with HBN for Tract II of the Entertainment, Retail, and Residential portion of the Adriaen's Landing District. The lease has an annual lease payment of One Dollar ($1) and expires on June 30, 2104.

Effective July 1, 2013 the Authority signed a lease agreement with the City of Hartford for the fee title of the XL Center for a ten-year period with two five-year extensions. The lease requires annual rent of $3,000,000 for the first two lease years and $2,600,000 thereafter, subject to the XL Center's legally available funds. For fiscal years 2017 and 2016, the Authority did not recognize any rent expense due to a shortfall in legally available funds. Payment of the remainder of the rent for the first four lease years in the amount of $9,165,000 is not deemed probable by the Authority prior to the termination of the lease. The Authority will review this determination yearly and will recognize any additional rent expense in the period in which payment of such rent is deemed probable.

Management and other agreements

As part of the operation and marketing of the Connecticut Convention Center, the XL Center, parking, and other managed facilities, the Authority has entered into the following agreements with third parties:

- Facilities management agreement for the Connecticut Convention Center, including a portion of sales and marketing - The original management agreement's term was for a period of five years expiring on June 30, 2015. This agreement was extended for two additional one-year terms and expired on June 30, 2017. A new 5-year agreement was entered into effective July 1, 2017. Fees paid for fiscal years ended June 30, 2017 and 2016 were $199,544 and $198,608 respectively.

- Catering and concessions agreement for the Connecticut Convention Center - The original management agreement's term was for a period of five years expiring on June 30, 2015. This agreement was extended for two additional one-year terms and expired on June 30, 2017. A new 5-year agreement was entered into effective July 1, 2017. Catering and concession fees paid for the fiscal years ended June 30, 2017 and 2016 were $119,522 and $118,962, respectively.

Note 10 – Commitments and Contingencies *(Continued)*

Management and other agreements *(Continued)*

- Central Utility Plant ("CUP") operations and maintenance agreement - The agreement's term expires on September 30, 2019, cancelable by the Authority after the completion of the third year. Fees paid under this agreement totaled $453,260 and $443,580 for the fiscal years ended June 30, 2017 and 2016, respectively. In addition, the Authority has entered into an energy services agreement for the purpose of sharing costs with the adjacent Marriott Hartford Downtown hotel which is not owned by the Authority. During the fiscal year ended 2009, the energy services agreement was amended to include the sharing of costs with the Connecticut Science Center as it is using heating and cooling services generated from the Central Utility Plant.

- Facilities management agreement for the XL Center - The management agreement's term expires on June 30, 2023, cancelable by the Authority for default or special termination events as defined by the agreement. Fees paid for fiscal years ended June 30, 2017 and 2016 were $388,434 and $444,039 respectively. In addition, pursuant to the management agreement, the management company and its catering and concessions and ticketing provider, was required to make certain contributions toward capital improvements. Cumulative capital contributions made totaled $1,000,000, $536,450 and $750,000, respectively and have been included in capital contributions-other. The agreement further provides, that in the event of termination, any unamortized portion of the capital contributions made will be returned to the management company.

- Parking management agreement for all the Authority's owned parking at Adriaen's Landing - The management agreement's term expires on December 31, 2019, cancelable by the Authority after the completion of the third year. Fees paid for management of the Parking Facilities totaled $78,409 and $76,125 for the years ended June 30, 2017 and 2016, respectively.

- Parking management agreement for the Church Street Parking Garage – On June 23, 2015, the Authority acquired the Church Street Parking Garage (the "Garage"). As a result, the Authority accepted assignment of the existing parking management agreement between the Hartford Parking Authority and the Republic Parking. The Authority paid management fees in the amount of $30,000 for the year ending June 30, 2016. On July 1, 2016, the Authority entered into a parking management agreement with Pro Park, Inc. for services relating to the operation of the Garage. The agreement has a term of five years, cancellable by CRDA after the completion of the third year. Fees paid under this agreement totaled $5,000 for the year ended June 30, 2017.

Effective July 1, 2010 the Authority took over responsibility for sales and sales administration for the Convention Center from the Greater Hartford Convention and Visitors Bureau. This responsibility includes ensuring that all conditions of the Authority's charter are met and that the Convention Center's assets are fully utilized. As such, from time to time the Authority or its designee will enter into non-binding arrangements with potential customers for current and future period events whereby certain inducements or subsidies may be offered in cases that meet acceptable levels of area participation, profitability and attendance for the purpose of scheduling and holding selected future dates. These proposed inducements or subsidies are intended to assist potential customers in defraying costs or to be competitive with other city's offers for the express intent of entering into a sales contract to provide convention services. Currently, the Authority has provided such non-binding arrangements to potential customers, and subject to final contracts stipulating acceptable area participation and attendance, has proposed inducements or subsidies not yet committed of approximately $866,100 for fiscal years 2018 through 2023. The Authority records these subsidies as a reduction to revenues once contracts are executed in the year the services are provided. In fiscal years 2017 and 2016, $131,811 and

Note 10 – Commitments and Contingencies *(Continued)*

$155,787, respectively, was paid and expensed under these subsidies. These subsidies generated approximate tax revenue for the State of $1.0 million and $2.0 million, respectively for the same period of time.

Related party transactions

The Authority is a political subdivision of the State of Connecticut for which the formation of the Authority, and its purpose, projects and activities undertaken as a regional authority has been enabled by legislation. As the powers of the Authority are vested in its fourteen-member Board of Directors as appointed pursuant to C.G.S. §32-601, appointed board members from time to time may have a relationship with parties involved in the Authority's activities. Significant agreements and activities executed by the Authority as well as any assistance provided to the Authority have been disclosed throughout these notes to the financial statements. The Authority has evaluated related party transactions and has determined that transactions with related parties would not result in a material adverse impact to the Authority as these related party transactions have occurred to uphold the Authority's mission.

Note 11 – Development Costs

During the years ended June 30, 2017 and 2016, the Authority was obligated to fund the payment of certain development-related costs associated with projects that, when completed, will not be designated assets of the Authority. These costs included the pass-through of grant revenue to the Tennis Foundation of Connecticut, operating funding for the Church Street Garage, and land remediation. Such costs totaled $300,000 and $700,000 for the years ended June 30, 2017 and 2016, respectively, and are reported as development costs in the accompanying Statements of Revenues, Expenses and Changes in Net Position.

Note 12 – Risk Management

The Authority is subject to normal risks associated with its operations including property damage, personal injury, and employee dishonesty. All risks are managed through the purchase of commercial insurance. There have been no losses that exceeded insurance coverage over the last three years.

Note 13 – Segment Information

The Authority has issued various revenue bonds to provide financing for the construction of the Convention Center Project (*See Note 8*). The revenue bonds are secured by a pledge of parking and energy fee revenues (except for parking revenues from the Travelers parking agreement which are pledged for the Travelers loan), as well as certain other funds on deposit with the trustee. Financial segment information as required by the Authority's continuing disclosure requirements is presented below for the years ended June 30, 2017 and 2016, respectively.

Note 13 – Segment Information *(Continued)*

Condensed Statements of Revenues, Expenses and Changes in Net Position				
Pledged revenues:		2017		2016
Parking:				
Bond pledge	$	6,300,810	$	5,936,001
Traveler's loan pledge		999,624		999,624
Total Parking		7,300,434		6,935,625
Energy		2,945,888		2,872,540
Other		3,347		3,881
Total pledged revenues		10,249,669		9,812,046
Operating expenses:				
Parking		3,591,906		3,238,644
Energy		1,751,983		1,625,642
Other		455,286		407,550
Total operating expenses		5,799,175		5,271,836
Net revenue over expenses		4,450,494		4,540,210
Available for the Traveler's loan repayment		999,624		999,624
Available for debt service	$	3,450,870	$	3,540,586

The above table has been prepared using the accrual basis of accounting and is not intended to reflect actual cash flow position.

Note 14 – Litigation

As of June 30, 2017, the Authority is involved in certain legal proceedings and could be subject to lawsuits or legal claims in the ordinary course of business. Historically, any such litigation has not resulted in any judgments that would materially affect its financial position individually or in aggregate.

Note 15 – Recent Accounting Pronouncements

Pronouncements Issued But Not Effective

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and GASB Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. The requirements of this statement are effective for the Authority's reporting period beginning July 1, 2017. The Authority does not expect this statement to have a material effect on its financial statements.

Note 15 – Recent Accounting Pronouncements *(Continued)*

In March 2016, the GASB issued Statement No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for the Authority's reporting period beginning July 1, 2017. The Authority does not expect this statement to have a material effect on its financial statements.

In November 2016, the GASB issued Statement No. 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations. (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement which (1) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (2) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, and (3) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this statement are effective for the Authority's reporting period beginning July 1, 2019. The Authority does not expect this statement to have a material effect on its financial statements.

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Authority's reporting period beginning July 1, 2019. The Authority does not expect this statement to have a material effect on its financial statements.

In March 2017, the GASB issued Statement No. 85, Omnibus. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this statement are effective for the Authority's reporting period beginning July 1, 2017. The Authority does not expect this statement to have a material effect on its financial statements.

In May 2017, the GASB issued Statement No. 86, Certain Debt Extinguishment Issues. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement are effective for the Authority's reporting period beginning July 1, 2017. The Authority does not expect this statement to have a material effect on its financial statements.

Note 15 – Recent Accounting Pronouncements *(Continued)*

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Authority's reporting period beginning July 1, 2020. The Authority does not expect this statement to have a material effect on its financial statements.

Note 16 – Subsequent Events

Subsequent events were evaluated through September 22, 2017 which is the date the financial statements were available to be issued.

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**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of the
Capital Region Development Authority
Hartford, Connecticut

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Capital Region Development Authority (the "Authority"), a component unit of the State of Connecticut, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 25, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

MahoneySabol
CPAs and Advisors

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mahoney Sabol + Company, LLP

Glastonbury, Connecticut
September 25, 2017